

# Second Quarter Fiscal 2009 Results

November 20, 2008

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**MOS  
AID**



# Forward Looking Information

This document and certain other public documents incorporated by reference in this document, contain forward-looking statements to the extent they relate to MOSAID or its management, including those identified by the expressions “anticipate,” “believe,” “foresee,” “estimate,” “expect,” “intend,” “could,” “may,” “plan,” “will,” “would” and similar expressions. Similarly, statements in this document that describe MOSAID’s business strategy, outlook, objectives, plans, intentions or goals also are forward-looking statements. These forward-looking statements are not historical facts, but rather reflect MOSAID’s current expectations regarding future events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results, performance or achievements to differ materially from those in such forward-looking statements. Assumptions made in preparing forward-looking statements and financial guidance include, but are not limited to, the following: MOSAID’s continued expansion of its patent portfolio and of its opportunities for future patent licensing revenue as a result of MOSAID’s acquisition of patents from third parties and from development of new inventions; DRAM manufacturers continuing to infringe MOSAID’s patents; the timing and amount of MOSAID’s litigation expenses; MOSAID’s ability to sign new patent licensees; current assumptions as to the identification of products that are unlicensed to MOSAID’s wireless patents; and the timing and amount of MOSAID’s Research & Development expenses.

Factors that could cause actual results to differ materially from expected results include, but are not limited to, the following: the extent of embedded DRAM proliferation in the System-on-a-Chip markets; legal rulings and/or regulatory investigations or complaints having an adverse impact on the validity, enforceability, potential royalty rates, and strength or breadth of coverage of MOSAID’s essential and/or nonessential patents (including, but not limited to, adverse results from litigation or proceedings in patent offices and government regulatory agencies in various countries around the world); judicial, legislative or regulatory changes that impair the ability of patent holders to earn licensing revenues; economic, social, and political conditions in the countries in which MOSAID or patent licensees operate, including security risks, health conditions, possible disruptions in transportation networks and fluctuations in foreign currency exchange rates; non-payment or delays in payment by, or insolvency of, licensees or other debtors; variability in patent licensees’ sales of licensed products, failure to maintain and enforce MOSAID’s existing patent portfolio, or failure to obtain valuable patents as a result of research and development activities, or failure to acquire valuable patents from third parties; MOSAID’s ability to recruit and retain skilled personnel; change in MOSAID’s financial position; consolidation of MOSAID’s licensees; natural events, such as severe weather and earthquakes in the locations in which MOSAID or patent licensees operate; and changes in the tax rate applicable to MOSAID as the result of changes in the tax law in the jurisdictions in which profits are determined to be earned and taxed, the outcome of tax audits and the ability to realize deferred tax assets.

MOSAID assumes no obligation to update or revise any forward-looking statements. Additional information identifying risks and uncertainties affecting MOSAID’s business and other factors that could cause MOSAID’s financial results to fluctuate are contained in MOSAID’s Annual Information Form, under the section entitled “Risk Factors,” and in MOSAID’s other public filings available online at [www.sedar.com](http://www.sedar.com).



## Strong Second Quarter Results

### *Raises Annual Revenue Guidance*

- MOSAID well positioned to continue to deliver revenue growth and profits
- Company meets Q2 revenue guidance, exceeds pro forma income guidance
- Raises annual revenue guidance for fiscal 2009
- Continues returning cash to shareholders, announces quarterly dividend of \$0.25 per share



## Focused on Intellectual Property

- Building high-margin, recurring revenues by licensing patents into multiple technology markets
- Diversification opens new avenues for growth
  - Patent licensing revenues from internally developed patents, from acquired patents, and from exclusively licensed patents
- MOSAID now established as licensor in wireless market

**Panasonic ideas for life**

**TOUGHBOOK Series Notebooks**



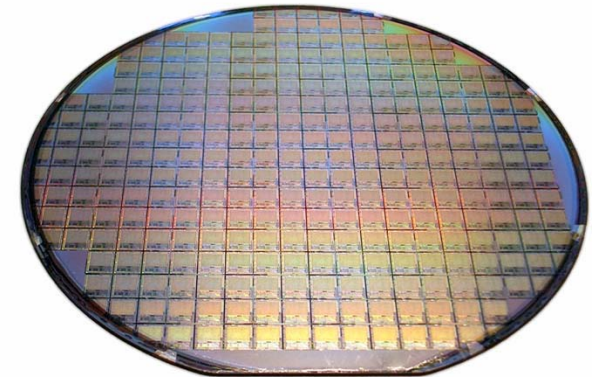


# MOSAID Licenses Microcomponent Patent Portfolio

- MOSAID has exclusive licensing rights to portfolio of 50 U.S. microcomponent patents
- First microcomponent patent portfolio license granted to Panasonic
  - 10 year term license covering application specific and microcomponent semiconductor products

## Exclusive Licensing Rights

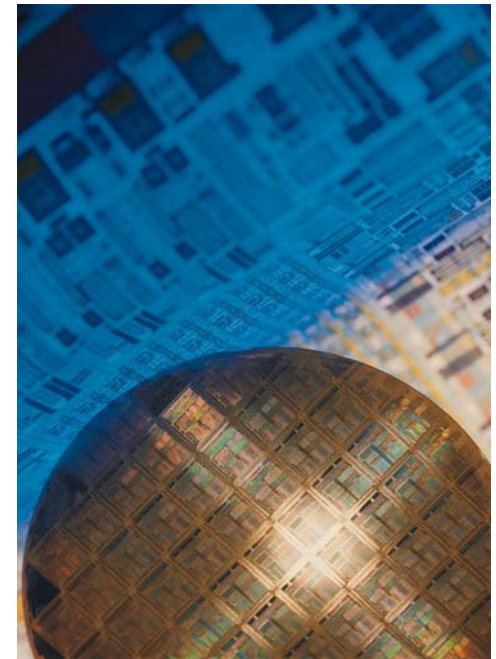
MOSAID has sub-licensing rights to patents reading on DSPs, RISC cores, microprocessors, ASICs, FPGAs, semiconductor memory and processing technologies, wireless, power, LEDs





## Entering a New Market

- First microcomponent patent portfolio license establishes MOSAID in another new market
  - Business discussions under way with more potential licensees
- First agreement under patent alliance strategy puts new program in the black
  - Profit for MOSAD
  - New revenue source for patent owner





## Powerchip Settles, Signs License

- Taiwan's Powerchip Semiconductor settles patent infringement litigation with MOSAID
- Takes five-year running royalty license for all non-foundry DRAM, PSRAM products
- 90% of global DRAM market now licensed to MOSAID's patents



### Taiwan's DRAM vendors sign up

MOSAID has signed renewable, term-based, royalty bearing licenses with all five major semiconductor memory companies in Taiwan



## Litigation Update

- MOSAID has now settled with three of four defendants in patent infringement litigation
  - ProMOS Technologies signed six-year royalty bearing license
  - Mosel Vitelic Corporation paid lump sum amount
  - Powerchip signed five-year running royalty license
- Micron Technology remains as sole defendant
  - Jury trial set for May 22, 2009

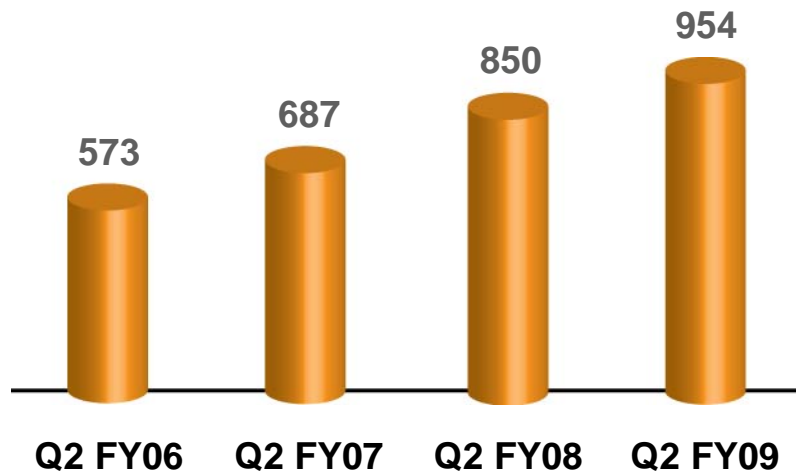




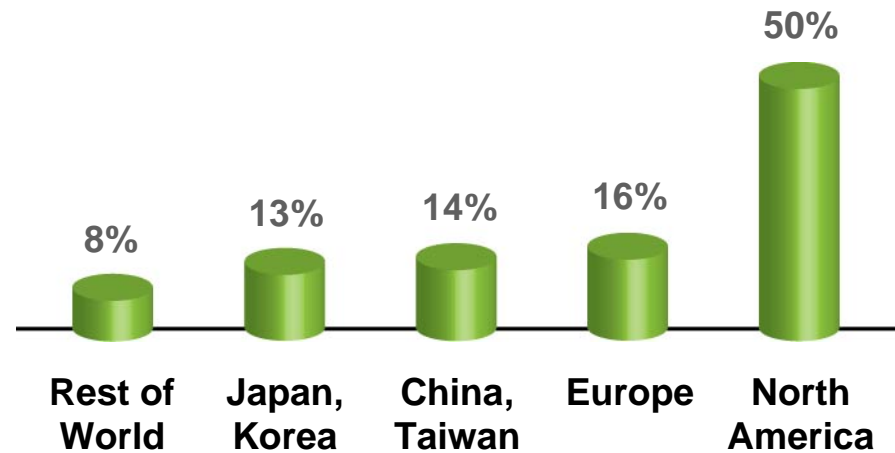
# Patent Portfolio Growth

**Q2 fiscal 2009 – 954 patents and applications**

Patents by Year



Patents by Geography





# Emerging Applications for HLNAND

- HLNAND™ – MOSAID's NAND Flash memory architecture and interface
- Emerging opportunities in Enterprise storage systems and 'memory appliances'
  - File, web and transaction servers; multi-media editing systems, simulation servers and workstations
- Seeding licensing opportunities
  - 193 Flash-related patent applications filed



**Memory appliance concept**

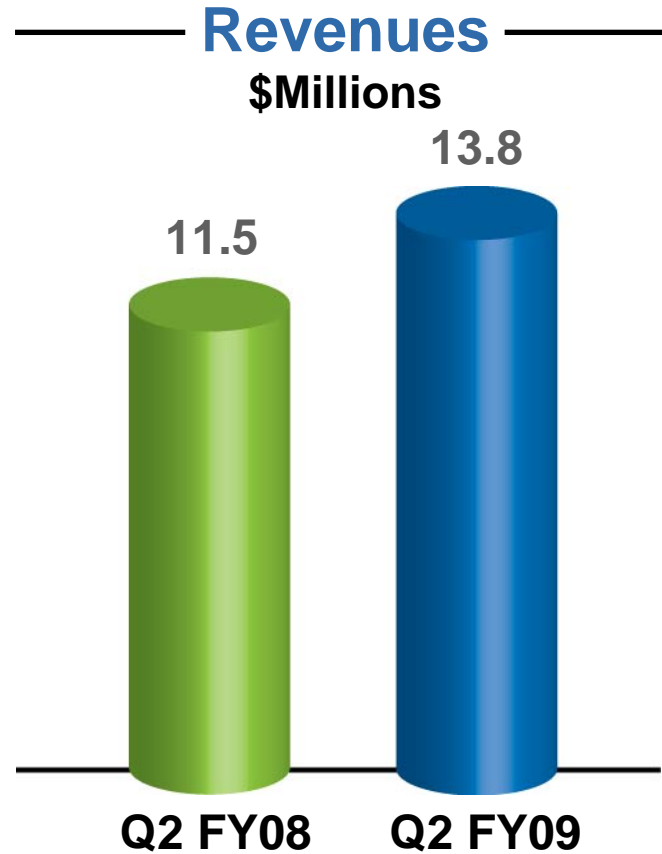


## Fiscal 2009 – Going Forward

- Continue to operate MOSAID profitably for the benefit of shareholders
- Maintain financial discipline
- Stay focused on the business plan
- Build a Company that will deliver sustainable, long-term revenue and earnings per share growth



# Second Quarter Revenues



**Q2 fiscal 2009 revenue at top end of guidance  
provided on August 28, 2008**



# Operating Expenses

## *Second Quarter Fiscal 2009*

**Patent Portfolio Management: \$1.2 million**

**Patent licensing and litigation: \$6.5 million**

**Research and Development: \$508,000**

**General and Administration: \$885,000**

**Pro Forma Foreign Exchange: \$874,000 gain**



## **Operating Expenses**

### *Second Quarter Fiscal 2009 (cont'd)*

**Patent Amortization and Imputed Interest: \$3.3 million**

**Net Interest Income: \$613,000**

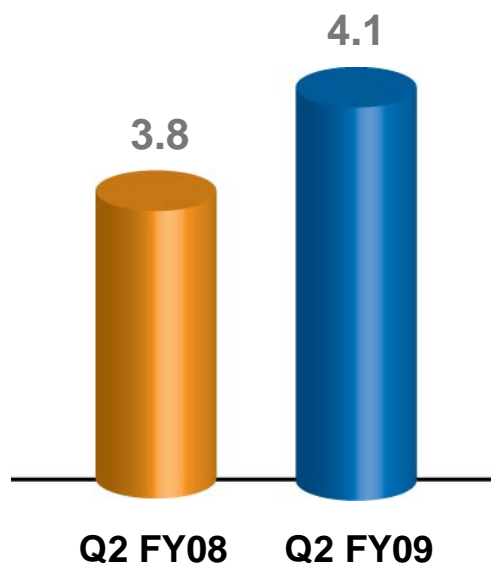
**Income Tax Recovery: \$191,000**

**Discontinued Operations: \$569,000 profit**



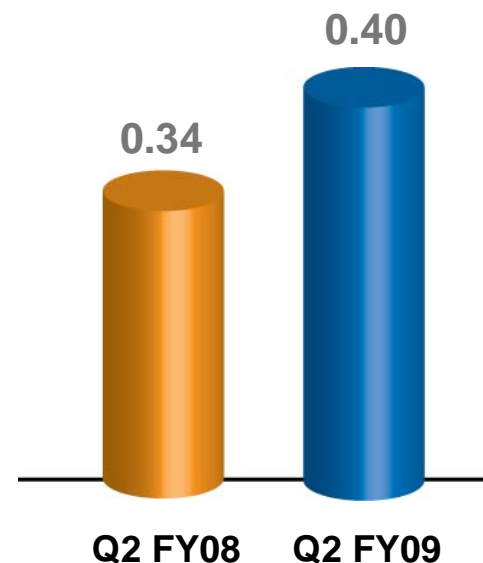
## 2<sup>nd</sup> Quarter Pro Forma Income

**Pro Forma Income**  
**\$Millions**



**Q2 FY09 pro  
forma income  
exceeds  
guidance  
provided on  
Aug. 28, 2008**

**Pro Forma Income**  
**\$ Per Diluted Share**



Pro forma income, a non-GAAP measure, is GAAP net income adjusted for stock-based compensation, patent amortization and imputed interest, foreign exchange gains and losses on "Other long-term liabilities," and any other non-recurring items. The Company uses pro forma measures internally to evaluate and manage operating performance as well as to forecast and plan. Non-GAAP measures do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures presented by other issuers.



## 2<sup>nd</sup> Quarter GAAP Results

	GAAP Net (loss) Income \$Millions	GAAP Net (loss) Income \$ Per Diluted Share
Q2 Fiscal 2009	(3.4)	(0.33)
Q2 Fiscal 2008	4.7	0.43

Q2 fiscal 2009 GAAP net loss resulted from an unrealized foreign exchange loss of \$6.0 million



# Balance Sheet

## *Second Quarter Fiscal 2009*

**Cash and Marketable Securities: \$59.8 million**  
**\$2.5 million returned in dividends**  
**\$4.6 million used on NCIB**

**Working Capital: \$56.0 million**

**Accounts Receivable: \$5.0 million**

**Capital Assets and Acquired Intangibles: \$67.5 million**

**Future Income Taxes Recoverable: \$30.3 million**



# Balance Sheet

## *Second Quarter Fiscal 2009 (cont'd)*

**Accounts Payable and Accrued Liabilities:  
\$9.0 million**

**Other Long-term Liabilities: \$43.8 million  
(Current and long-term portions)**

**Shareholders' Equity  
Retained Earnings: \$8.8 million**



# Third Quarter Fiscal 2009 Guidance

## Q3 FY 2009

### Revenue

\$16.0 million to \$17.0 million

### Pro forma income

\$3.8 million to \$4.2 million, or \$0.37 to \$0.41  
per diluted share\*

Guidance for Q3 fiscal 2009 was approved by MOSAID's  
Board of Directors on November 19, 2008

\* Assuming 10.3 million diluted shares



## **Q3 FY09 Guidance Details** *Pro Forma Statement of Operations*

**Patent Portfolio Management: \$1.4 million to \$1.6 million**

**Patent Licensing and Litigation: \$6.0 million to \$7.5 million**

**Research and Development: \$600,000 to \$800,000**

**General and Administration: \$1.0 million to \$1.5 million**

**Pro Forma FX Expense: \$200,000 to \$300,00**

**Net Interest Income: \$300,000 to \$400,000**



# Fiscal 2009 Annual Guidance

## Fiscal Year 2009

### Revenue

\$61.0 million to \$63.0 million

Annual guidance for fiscal 2009 was approved by MOSAID's Board of Directors on November 19, 2008



# Fiscal 2009 Guidance Details

## *Pro Forma Statement of Operations*

**Patent Portfolio Management: \$4.5 million to \$5.5 million**

**Patent Licensing and Litigation: \$19.0 million to \$20.0 million**

**Research and Development: \$2.5 million to \$3.0 million**

**General and Administration: \$4.5 million to \$5.0 million**

**Pro Forma FX Expense: \$300,000 to \$500,000**

**Net Interest Income: \$1.6 million to \$2.0 million**



# Fiscal 2009 Annual Guidance

## Fiscal Year 2009

### Revenue

\$61.0 million to \$63.0 million

### Pro forma income

\$20.0 million to \$21.0 million, or \$1.90 to \$2.00  
per diluted share\*

Annual guidance for fiscal 2009 was approved by MOSAID's  
Board of Directors on November 19, 2008

\* Assuming 10.5 million diluted shares



Q & A



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