

The World Leader in High-Performance Signal Processing Solutions



# Consumer Electronics Styling Trends in the U.S. and the Need For Good Sound

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# ADI: A Brief Summary

- ◆ **Founded in 1965**
- ◆ **FY2001 Revenue of \$2.3 Billion**
- ◆ **Over 10,000 Products**
- ◆ **Approximately 8,800 Employees Worldwide**
- ◆ **Traded on the NYSE: ADI**

# High-Performance Analog and DSP Signal Processing Enables New Markets

**Wireless  
Everything**

**Networking  
Equipment**

**High-Speed  
Internet  
Connections**

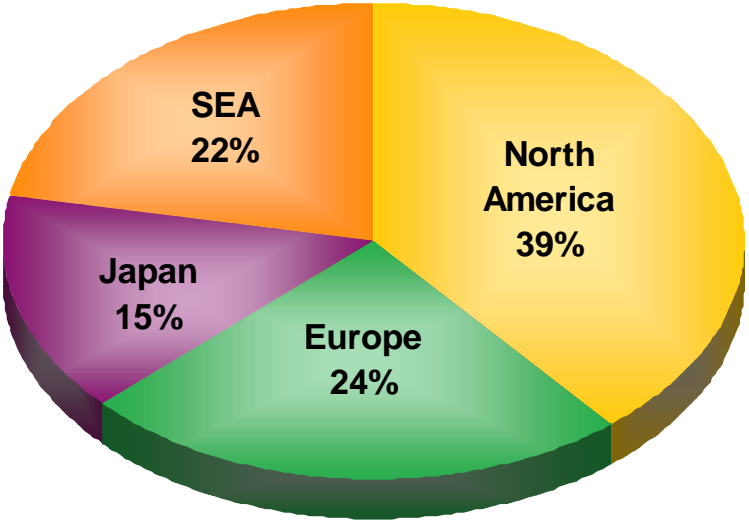
**Analog & DSP  
CONVERGE**

**Industrial  
Revolution  
Part II**

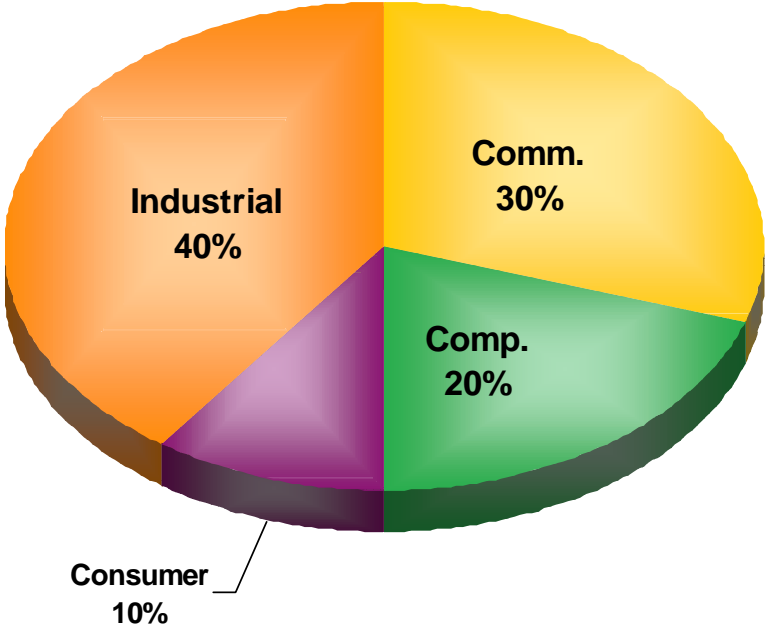
**Personal  
Computers**

**Digital  
Imaging and  
Entertainment**

# ADI Revenue By Geography and Market

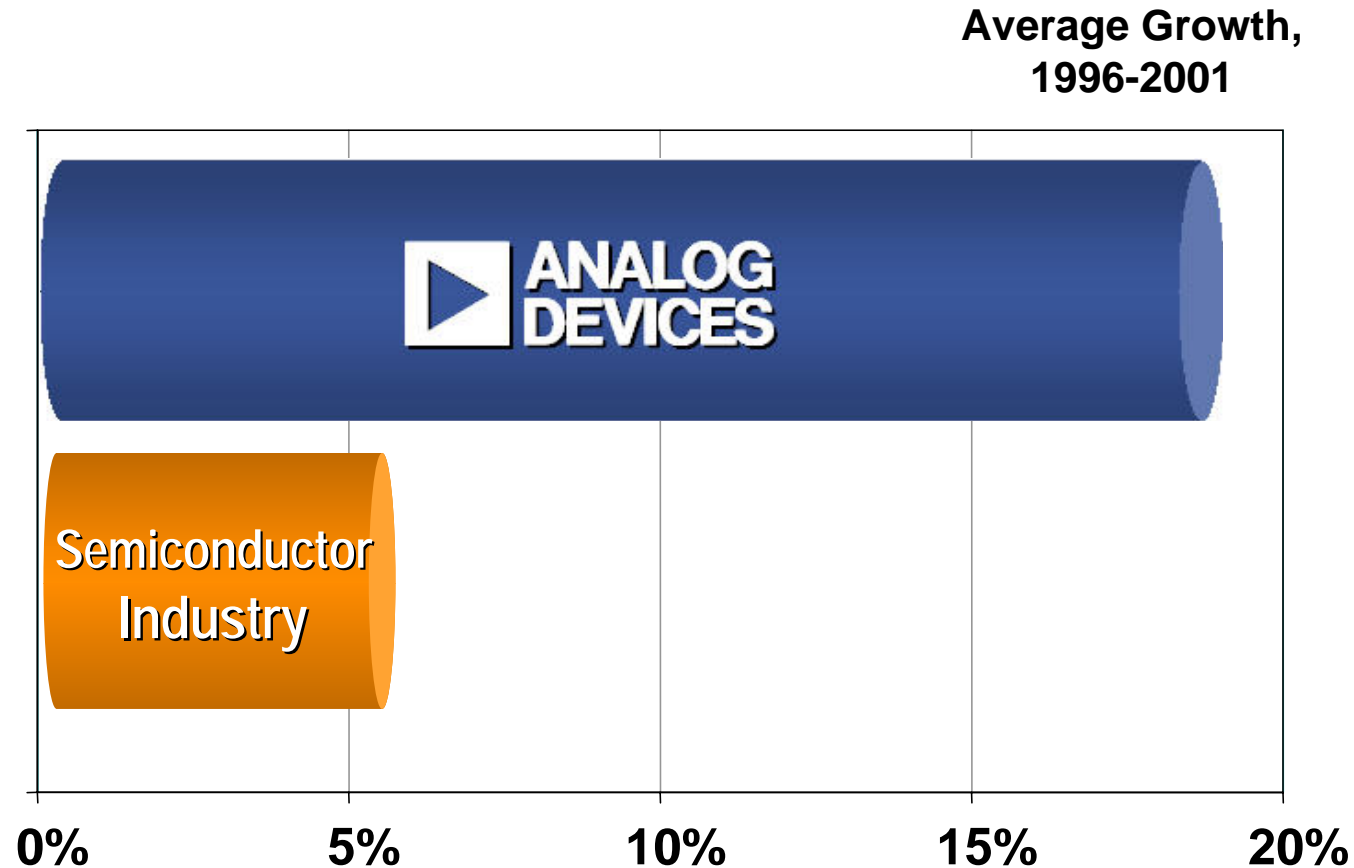


Source: ADI Financials, 2001



Source: ADI Financials, 1Q02

# ADI Has Been Growing Faster Than the Semiconductor Industry



Source: ADI Estimates



# Consumer Electronic Trend: Clean Style

- ◆ **High-end American consumers want consumer electronics that will blend into their lifestyle.**
- ◆ **Life style trend example: Kitchens**
  - **Kitchens have become large living spaces with lots of style.**
  - **Americans do not live in the living room. They live in the kitchen.**

















# Clean Electronics Needed for Kitchen

- ◆ **American consumers need Personal Computers and Televisions in the Kitchen.**
- ◆ **Designs must blend in: small and sleek.**
- ◆ **Consumers not willing to sacrifice on performance and will pay for it.**
- ◆ **Audio performance is important, especially in the PC.**

High performance video and audio in a small, sleek package.



“Slim, Sleek, and Sophisticated”



From an early leader in industrial design



Turn the  
**Watts Up**

Hear what your music sounds like  
with the powerful new Apple Pro Speakers.





**“ .....delivers full, natural sound from a small enclosure”**



# WAF

- ◆ **WAF = Wife Acceptance Factor**
  - 1000s of hits for WAF when searching on the internet
  - Not just in America: also found in 5 other languages
- ◆ **Consumer electronics purchasing decisions are made by both husband and wife. The wife has veto power.**
- ◆ **When the consumer electronics items fit into the style of the house, then the decision to spend the money is much easier.**
- ◆ **Display devices and speakers are usually big, expensive, and unpopular**
- ◆ **Flat panels offer some of the best improvements WAF in history**

Early attempt to address the WAF challenge:  
Not effective!!

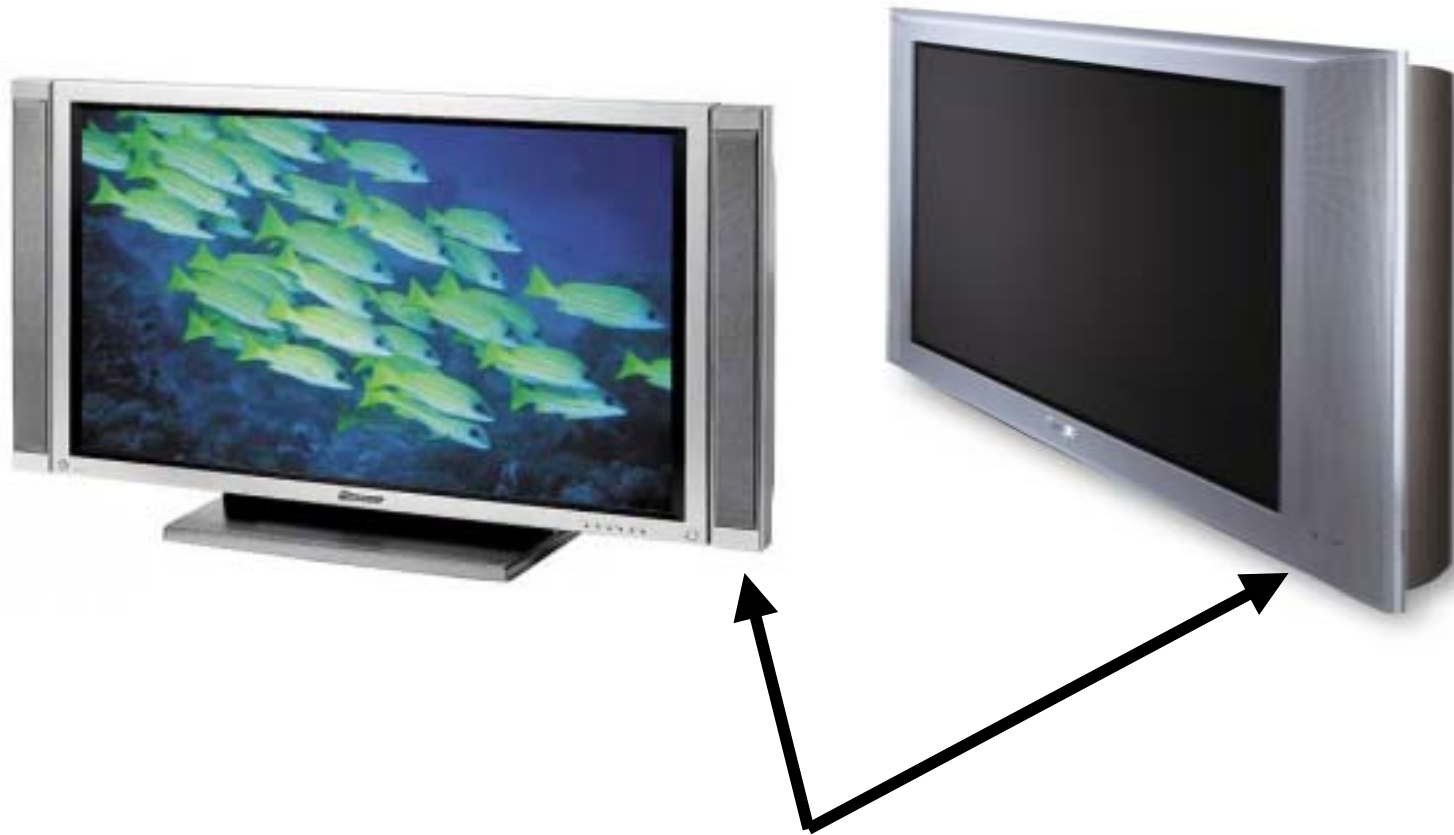


Better.....but not there yet.



**“The perfect wife acceptance factor! Visual design is by an actual wife.”**

Now we have it!



Should have integrated speakers

" ..... we do our best to ensure that it's something that will compliment - not dominate - your home. "



“ .....emphasize the elegant design”



# New Ritz-Carlton Hotel in New York City



“Luxurious in-room amenities include state-of-the-art technology including high-speed internet access, flat screen television and DVD player’



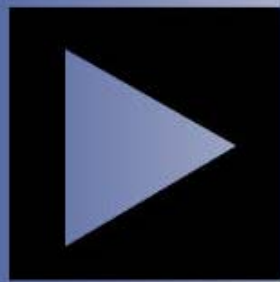


# Conclusions

- ◆ American consumers want sleek and small electronics items that will blend into their homes and lifestyles.
- ◆ WAF is a key factor in the choice of more expensive items.
- ◆ Flat panel displays will be very popular in American homes.
- ◆ Audio speakers must be integrated into displays.
- ◆ PCs must have neatly integrated high performance speakers.

***Therefore.....***

**Very high demand for very small, high performance audio!!!**



# ANALOG DEVICES

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