



## Gennum Reports 2008 Fourth Quarter and Year-End Results

**Burlington, Ontario (January 29, 2009)** – Gennum Corporation (TSX: GND) today announced its unaudited financial results for the fourth quarter and fiscal year ended November 30, 2008.

For the 2008 fiscal year, consolidated revenue grew by 25% as we experienced growth in all product groups. Gross margin as a percentage of revenue remained strong through to the end of the year as productivity programs and positive revenue mix offset price pressures in the marketplace. Throughout 2008, we continued to invest aggressively in new product development. To drive sales growth, Gennum now has six regional offices and fifteen channel partners, all located close to major customers and fast-growth markets. Our increased investment in research and development generated twenty seven new products – five times more than we delivered in 2007.

The slow-down in the global economy began to impact the Company's revenue in the fourth quarter. As a result, consolidated revenues showed a sequential decline of about 9% from the prior quarter but were still up 2% over the same quarter in 2007. In addition, the global liquidity crisis has impacted negatively on our investments in Toumaz and Cellpoint Connect. During the quarter, we took an impairment charge against the value of our Toumaz common shares and provided fully against our note, loan receivable and the share repurchase agreement from Cellpoint which, in combination, reduced our after-tax earnings by \$2.4 million in the quarter and the year. The earnings per share for the quarter before and after these provisions are included in the table below.

*(in millions of U.S. dollars except per share amounts)*

	<u>2008</u>	<u>% of Revenue</u>	<u>2007</u>	<u>% of Revenue</u>
<b>Fourth quarter</b>				
Revenue	30.3		29.9	
Gross margin	23.1	76%	22.3	75%
Net earnings from continuing operations before provisions on loans and investments	5.1	17%	4.9	16%
Net earnings from continuing operations	2.7	9%	4.4	15%
Net earnings per share – continuing operations before provisions on loans and investments	0.14		0.14	
Net earnings per share – continuing operations	0.07		0.12	
<b>Year</b>				
Revenue	126.9		101.8	
Gross margin	96.4	76%	77.2	76%
Net earnings from continuing operations before provisions on loans and investments	22.0	17%	20.9	20%
Net earnings from continuing operations	19.6	16%	20.3	20%
Net earnings per share – continuing operations before provisions on loans and investments	0.62		0.58	
Net earnings per share – continuing operations	0.55		0.57	
Cash and cash equivalents	48.7		34.1	

*(all per share amounts are basic and diluted)*

Earnings from continuing operations before provisions on loans and investments for the year was \$22.0 million, or \$0.62 per share, representing a 5.4% increase over 2007. Earnings from continuing operations before provisions on loans and investments for the quarter was \$5.1 million compared to \$4.9 million for the same period last year.

The cash and cash equivalents balance at November 30, 2008 was \$48.7 million, an increase of \$14.6 million from the end of the 2007 fiscal year. This increase was primarily due to strong cash from operations, the sale of VXP® in the first quarter of 2008 and the sale of the Company's corporate office land and building in the third quarter of 2008.

"Gennum had an exceptional 2008. I am pleased that our team accomplished many critical milestones including delivering five times as many new products versus the prior year, expanding our customer base and delivering solid financial results," said Dr. Franz Fink, President and CEO of Gennum Corporation. "As with many of our peers in the semiconductor industry, we are currently seeing a weakening in customer demand as the global economy continues to decline. As a result, we have taken proactive measures to reduce our operating expenses. We are continuing to aggressively fund R&D critical to our long-term success and to deliver a significant number of new products in 2009. Our solid financial position allows us to be flexible in our investments to drive future growth. I am confident that we have the resources to continue to invest in key projects that offer the greatest opportunity to deliver value to our customers and shareholders."

### **New product introductions and business developments**

In the fourth quarter of 2008 and early in 2009, Gennum launched several new products to further expand its CDR and ActiveConnect™ portfolio. Gennum participated in new technology demonstrations and announced it is partnering with a leading consumer OEM to integrate ActiveConnect™ into next-generation HDMI cable products.

- **Gennum Partners with Monster Cable to Deliver World's Highest Performance Cabling Solutions** - Monster is leveraging Gennum's ActiveConnect™ technology for its new Hyper-Speed product line. Monster unveiled six new products that leverage Gennum's ActiveConnect™ technology all of which will be available in April of 2009. Monster will use ActiveConnect™ technology in its future HDMI cabling and switching solutions in its high performance lines. Additionally, Monster and Gennum jointly demonstrated at the Consumer Electronics Show, 50 feet of cable that can distribute signals up to 21 gigabits per second (Gbps). The new cabling technology is capable of running twice the rate of today's HDMI 1.3 specification and is the highest performance HDMI cabling technology ever publicly demonstrated.
- **Gennum Expands ActiveConnect™ Product Portfolio with New Connectivity Solution for DisplayPort Cable Products** - DisplayPort is rapidly emerging in a variety of electronic devices including laptops, PCs, media servers, DVRs, home theater displays and commercial signage displays. Many of these applications require cables as long as 100 feet and have therefore been unable to take advantage of the multimedia quality that DisplayPort offers. By leveraging ActiveConnect™ technology, Gennum can extend DisplayPort Cable Lengths by up to 15 times.
- **Gennum Enables High Performance Computing Solution with World's First Quad 10 Gbps Clock and Data Recovery (CDR) Product** - Gennum announced the industry's first quad 10 Gbps CDR solution, designed to restore and clean digital signals at extremely high data rates for applications such as next-generation high performance computing and networking interconnects. The end result is the highest level of performance and signal integrity for emerging Infiniband QDR and 40 gigabit Ethernet (GbE) and 100 GbE applications
- **Gennum and AMCC Announce Interoperability for High-speed, Power-Efficient Data Center Connectivity** - AMCC and Gennum jointly demonstrated interoperability of a new technology which showcases the ability for Service Providers to leverage their existing fiber base to enable 10 Gbps Ethernet traffic over much farther distances, while significantly reducing their hardware investment. Gennum's innovative Receive Optical Sub-Assembly (ROSA) solution provides unparalleled performance in a low cost, plug-and-play single assembly that is enabling 10GbE adoption.

## OUTLOOK

Analysts, such as Gartner Dataquest, Citigroup, and Inside Chips, have published forecasts that show declines ranging from 16-28% for the semiconductor industry in 2009. Recent outlooks from several semiconductor companies are indicating the declines to be more significant in the early part of 2009.

Looking ahead, we also anticipate a significantly weaker first quarter due to lower product demand and the impact of our customers and channel partners working through excess inventory. However, as we move through 2009, we expect overall decline in demand for our products to be in line with general industry conditions.

We reacted to this market weakness by identifying and implementing productivity improvements which will enable Gennum to minimize the impact of lower revenue on our bottom-line results in fiscal 2009. Specifically, we are exploring strategic alternatives for our BST technology and related assets. We are further reducing our operating expense by freezing 2009 salary increases, minimizing capital expenditures and optimizing sales, marketing and administrative programs and roles not tightly aligned with short and mid-term customer revenue generation activities or new product development. All of these actions are intended to preserve our Company's profitability and the strong foundation that we have built.

Our solid financial position allows us to be flexible in our investments to drive future growth. We are confident that we have the resources to continue to invest in key projects that offer the greatest opportunity to deliver value to our customers and shareholders. Specifically in 2009, we will continue to make strategic investments in research and development enabling us to deliver a significant number of new products, capitalize on new customer opportunities and grow our leadership in our target markets.

We are having good initial traction with our expanded product portfolio in new adjacent markets such as consumer connectivity. Additionally, our refreshed core portfolio is enabling us to secure new customers in our traditional broadcast, data communication and IP markets. Related revenue for new products, however, is expected to start small and gradually grow as we move into the second half of 2009 and into 2010.

2008 has been a year in which Gennum delivered strong financial results, expanded its global presence, introduced a record number of new products and added to its portfolio of semiconductor IP. We believe our signal integrity expertise puts us in a unique position to capitalize on critical inflection points in high-growth markets where there is a growing need to deliver more bandwidth intensive data at increasing speeds.

Despite current industry challenges, we believe that Gennum is well positioned for long-term growth beyond 2009. With our continued product development plans, we expect to exit 2009 with an even stronger product portfolio and market position. Combined with the strategic use of our strong capital position, we believe that Gennum is on the right path to create shareholder value.

### Dividend

Gennum's Board of Directors has declared a regular cash dividend of 3.5 cents per share Canadian to be paid on February 25, 2009 to shareholders of record on February 11, 2009. The dividend is considered an "eligible dividend" for tax purposes.

Management will hold a conference call to discuss fourth quarter and year-end results on Thursday, January 29, 2009 at 5:30 p.m. (ET). To access the call, participants should dial 1-800-733-7560. The conference call will also be Webcast live at [www.gennum.com](http://www.gennum.com) or [www.newswire.ca/en/webcast](http://www.newswire.ca/en/webcast) and subsequently archived on the Gennum site. A rebroadcast of the call will be available until midnight on February 28, 2009. To access the rebroadcast, dial 416-640-1917 and enter the passcode 21292591#.

### About Gennum Corporation

Gennum Corporation (TSX: GND) designs innovative semiconductor solutions and intellectual property (IP) cores for the world's most advanced consumer connectivity, enterprise, video broadcast and data

communications products. Leveraging the company's proven optical, analog and mixed-signal products and IP, Gennum enables multimedia and data communications products to send and receive information without compromising the signal integrity. Recognized as an award winner for advances in high definition (HD) broadcasting, Gennum is headquartered in Burlington, Canada, and has global design, research and development and sales offices in Canada, Mexico, Japan, Korea, Germany, United States, Taiwan, India and the United Kingdom. [www.gennum.com](http://www.gennum.com)

#### *Caution Regarding Forward-Looking Information*

*This document contains statements which constitute forward-looking statements. These forward-looking statements are not descriptive of historical matters and may refer to management's expectations or plans. These statements include but are not limited to statements concerning: Gennum's business objectives and plans including Gennum's corporate strategy and strategic priorities; Gennum's future financial performance and prospects including revenues, gross margins and earnings; future trends in the semiconductor and intellectual property licensing industries and, in particular, market trends for analog and mixed signal products, optical products and intellectual property products and licensing; Gennum's expectations for sales and licensing of its products in these markets including anticipated costs, sales, size, duration, growth or decline of market opportunities and competitive and pricing pressures in these markets; Gennum's product roadmap and the speed at which Gennum is able to introduce new products; the adoption of new standards in the markets in which Gennum competes and the ability of Gennum to anticipate these changes and successfully address new opportunities; sales and capital spending plans and estimates, shipment levels and operating expenses; exchange rate fluctuations in, and the relative values of, the Canadian dollar, the U.S. dollar and the Japanese yen; Gennum's ability to finance its growth plans and make necessary investment; and litigation in which Gennum is involved.*

*Inherent in forward-looking statements are risks and uncertainties beyond Gennum's ability to predict or control including but not limited to risks associated with: competitive and pricing pressures in the increasingly competitive environment in which Gennum operates; economic cycles in the semiconductor industry including downturns which can result from adverse general economic conditions; our ability to anticipate needs for future products and successfully execute our product roadmap; including the possibility of the emergence of disruptive technologies which negatively impact our positioning in the marketplace; fluctuations in foreign exchange rates and their potential adverse impact upon our financial results; our reliance on external foundries and suppliers and the potential adverse effects of disruptions in any of these arrangements; the successful integration of acquisitions; our ability to attract and retain key personnel necessary for our business; our ability to successfully protect our intellectual property rights; and the initiation and outcome of legal proceedings. Readers should also refer to the sections entitled "Risks and Uncertainties" in our most recent annual report and "Risk Factors" in our most recent annual information form.*

*Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this document. Such statements are based on a number of assumptions which may prove to be incorrect including but not limited to the following assumptions: there is no material deterioration in the business and economic conditions in the marketplace for Gennum's products; Gennum's expectations regarding market trends for analog and mixed signal products, optical products and intellectual property products and licensing are not materially incorrect; Gennum is able to execute its product roadmap without delays or disruptions having a material impact on Gennum; Gennum's expectations relating to the needs and direction of the marketplace for its products are within reasonable bounds of accuracy and Gennum is able to introduce products and capitalize on new opportunities generally as expected; material disruptions in the manufacture and supply of products and services to Gennum by foundries and suppliers will not materialize; Gennum's expectations relating to competitive pressures, including pricing pressures, are not materially incorrect; significant fluctuations in foreign exchange rates which materially adversely affect Gennum's financial results do not arise; customer demand for Gennum's products remains generally as anticipated; Gennum is able successfully integrate acquisitions; and Gennum is able to continue to retain and attract technical and other key employees.*

*Readers are cautioned that the foregoing list of important factors and assumptions is not exhaustive. Forward-looking statements are not guarantees of future performance. Events or circumstances could cause Gennum's actual results to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. Consequently, readers should not place any undue*

*reliance on these forward-looking statements. Forward-looking statements are provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. In addition, these forward-looking statements relate to the date on which they are made. We disclaim any intention or obligation to update or revise any forward-looking statements or the foregoing list of factors, whether as a result of new information, future events or otherwise, except to the extent required by law.*

*All financial results referenced are unaudited, in United States currency and, unless otherwise indicated, are determined in accordance with Canadian Generally Accepted Accounting Principles (GAAP).*

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**GENNUM CORPORATION**

Unaudited Consolidated Balance Sheets and Statement of Earnings

For the Year ended November 30, 2008

*(Amounts in thousands of U.S. Dollars)*

The attached consolidated financial statements have been prepared by management of Genum Corporation and have not been reviewed by an auditor.

## Gennum Corporation

### CONSOLIDATED BALANCE SHEETS (unaudited)

As at November 30 (U.S. dollars, amounts in thousands)

	2008	2007
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	48,748	34,141
Instruments held for trading	268	1,000
Accounts receivable, net	22,726	20,951
Inventories	14,361	12,131
Prepaid expenses and other assets	4,863	4,371
Promissory notes receivable	816	1,051
Income taxes receivable	547	3,054
Future income taxes	13,295	19,463
Assets held for sale	---	6,576
<b>Total current assets</b>	<b>105,624</b>	<b>102,738</b>
Capital assets, net	22,195	26,037
Long-term investments	1,300	3,079
Intangible assets, net	8,652	7,467
Deferred costs	403	---
Loan receivable	---	658
Promissory note receivable	606	1,749
Goodwill	18,029	19,393
Future income taxes	2,915	893
Assets held for sale	---	922
	<b>159,724</b>	<b>162,936</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	18,609	16,426
Deferred revenue	308	733
Current portion of long-term payable	1,013	1,252
Income taxes payable	1,138	214
Future income taxes	1,515	1,220
Liabilities related to assets held for sale	240	1,740
<b>Total current liabilities</b>	<b>22,823</b>	<b>21,585</b>
Long-term payable	1,013	2,504
Deferred revenue	3,430	---
Future income taxes	2,478	2,491
<b>Shareholders' equity</b>		
Capital stock	8,576	8,680
Deferred compensation	(2,092)	(3,404)
Retained earnings	113,981	93,200
Contributed surplus	2,493	1,078
Accumulated other comprehensive income	7,022	36,802
<b>Total shareholders' equity</b>	<b>129,980</b>	<b>136,356</b>
	<b>159,724</b>	<b>162,936</b>

## Gennum Corporation

### CONSOLIDATED STATEMENTS OF EARNINGS (unaudited)

Years ended November 30 (U.S. dollars, amounts in thousands except per share data)

	2008	2007
Revenue	126,912	101,836
Cost of goods sold	30,467	24,599
Gross margin	96,445	77,237
Sales, marketing and administration expense	35,777	26,220
Research and development expense	36,586	22,725
Amortization of intangible assets	1,816	426
Less government assistance	(5,921)	(3,711)
	68,258	45,660
Operating income	28,187	31,577
Investment income	1,162	1,595
Other income (expense)	4,701	(611)
Provisions on loans and investments	(2,840)	(652)
Earnings from continuing operations before income taxes	31,210	31,909
Provision for income taxes	11,585	11,581
Net earnings for the year, from continuing operations	19,625	20,328
Net earnings (loss) on discontinued operations, net of tax	7,370	(24,699)
<b>Net earnings (loss) for the year</b>	<b>26,995</b>	<b>(4,371)</b>
<b>Earnings (loss) per share</b>		
Continuing operations – basic and diluted	0.55	0.57
Discontinued operations – basic and diluted	0.21	(0.69)
Net earnings (loss) – basic and diluted	0.76	(0.12)