



ZARLINK

SEMICONDUCTOR

Zarlink Semiconductor delivers world-leading, mixed-signal chip technology for a broad range of communications and medical applications. The Company's core capabilities are in network timing, voice over cable and broadband, and ultra low-power wireless communication. Serving the world's largest equipment manufacturers, Zarlink's highly integrated chip solutions help customers simplify design, lower costs and reach market quickly.

Winter 2010

Market Data
(As of 01/21/11)
TSX symbol: ZL

Recent share price: \$1.95
Shares outstanding: 122M
Market capitalization: \$238M
52-week range: \$1.00–\$2.24

Key Business Segments*

Communication products:
~ 80% of revenue



Facilitate transmission of voice, multimedia and services over wireless and wired packet networks

- Timing products that manage delay-sensitive services over wired and wireless networks
- Line circuit products that enable high-quality voice services over cable and broadband networks
- Telecom network and voice enhancement products that support superior service quality over converging networks

Market Trends

- Investment in packet network upgrades to manage higher bandwidth video and data traffic created by mobile Internet applications and smartphones
- Investment in new networks to deliver "triple play" services (phone, T.V. and Internet)
- Emergence of new optical platforms to better address network capacity issues

Corporate Data

Founded: 1971
Employees: 530
Year end: March 31

Analyst Coverage

Brian Piccioni
BMO Capital Markets
Michael Urlocker
GMP Securities
Jim Powell
Laurentian Bank Securities
Steve Arthur
RBC Capital Markets
William Harrison
Signal Hill

Medical products:
~ 13% of revenue



Enable new wireless medical applications and therapies to improve patient care and lower healthcare costs

- Highly integrated, standards-compliant ultra low-power radios for implanted medical devices and monitoring/programming equipment

Market Trends

- Demand for new therapies and "always-on" home-based wireless monitoring due to aging population
- Wireless applications and therapies that can improve patient care, shorten surgery times and help reduce healthcare costs

Head Office

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* ~7% of revenue derived from custom products

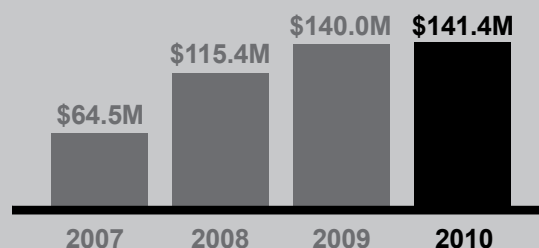
Recent Operational Highlights

- Delivered sixth consecutive quarter of profitability, with third quarter revenue of \$56.9 million and gross margin improvement to 52%
- Cash increased by \$14.6 million, driven by operations and the sale of real estate in Sweden, to reach \$124.2 million
- NEC choose Zarlink's Synchronous Ethernet technology for new microwave backhaul equipment
- Launched new application development kit to help speed the design and evaluation of wireless telemetry systems linking implanted medical devices and home monitoring and programming equipment

Growth Strategy

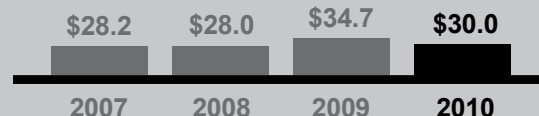
Communication products:

Leverage investment required by telecom and cable companies to deliver bundled voice, video, data and mobile services

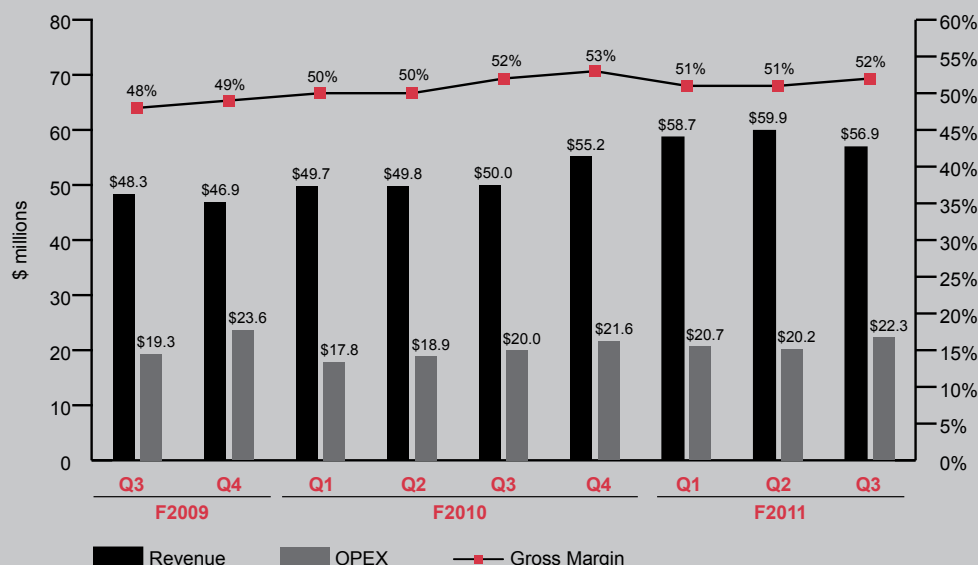


Medical products

Enable new wireless applications and therapies that improve patient quality-of-life and reduce healthcare costs



Financial Results



\$USD	Q3 F'11	Q2 F'11	Q3 F'10
Revenue	\$56.9M	\$59.9M	\$50.0M
Gross Margin	52%	51%	52%
R&D	\$9.9M	\$10.7M	\$9.5M
SG&A	\$12.4M	\$9.6M	\$10.5M
Net Income	\$34.6M	\$7.2M	\$0.6M
Non-GAAP Net Income*	\$7.4M	\$9.4M	\$6.1M
Basic EPS	\$0.28	\$0.06	\$0.0
Non-GAAP Basic EPS*	\$0.06	\$0.07	\$0.05

- Q3 Revenue represents a YOY growth of 14%
- GAAP net income driven primarily by a reduction in the valuation allowance of \$17.5 million related to deferred tax assets in Canada and a gain of \$14.1 million related to sale of real estate in Sweden; excluding one-time items and the effects of foreign exchange, third quarter earnings are at the midpoint of Company guidance of \$0.03 to \$0.05 per share

* For a full definition, see Company's MD&A and Financial Statement and notes filings for the period ended December 24, 2010.

Company Information

Senior Management

Kirk Mandy
President & CEO

Gary Tanner
COO

Steve Swift
Sr. VP & GM, Medical Products Group

Dr. Stan Swirhun
CTO & CMO

Andre Levasseur
Sr. VP Finance & CFO

Renato Pontello
VP & General Counsel

Eileen Speirs
VP Human Resources

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