

# Transmeta Corporation

## Corporate Overview

November 9, 2005

Leader in Efficient Computing Technologies

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# Safe Harbor

This presentation contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements speak only as of the date of this presentation, and we will not necessarily provide updates of our projections or other forward-looking statements. Investors are cautioned that such forward-looking statements are subject to many risks and uncertainties, and may differ materially or adversely from our actual results or future events. We urge investors to review our filings with the Securities and Exchange Commission, including our most recent reports on Forms 10-K, 10-K/A, 10-Q and 8-K, which describe these and other important risk factors that could have an adverse effect on our results. We undertake no obligation to revise or update publicly any forward-looking statement for any reason.

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# Investment Highlights

- Strong Portfolio of Intellectual Property
  - History of innovation in low power microprocessor development
- Positioned for Growth Through Industry Trends
  - Increasing demand for leading edge semiconductors requiring enhanced power management capabilities
- Partnerships with Leading Technology Companies
  - Sony, Microsoft, Fujitsu, NEC
- New Leadership Team Dedicated to Operational Execution
- Strong Financial Position and Recent Results
  - Business transformation plan announced March 31, 2005
  - First positive cash flow and first positive earnings in Q2, 2005

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# Transmeta at a Glance

- Headquartered in Santa Clara, CA
  - Founded 1995
  - Publicly traded NASDAQ:TMTA
- Market Capitalization: \$270 Million
- Stock price: \$1.42
- 52 week range: \$0.58-\$2.50
- Average trading volume (50 day average): 2.9 Million



**Market data as of 11/3/05**

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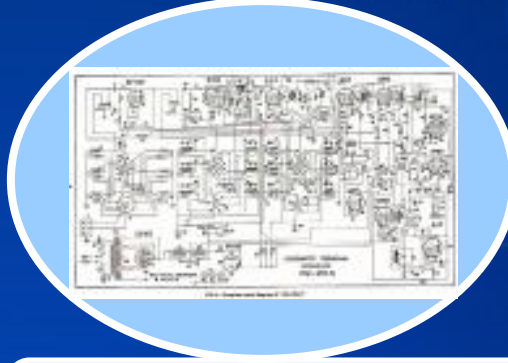
# Mission Statement and Synergistic Solutions Strategy

*Transmeta develops and provides efficient computing technologies that improve performance and reduce power consumption in electronic devices*

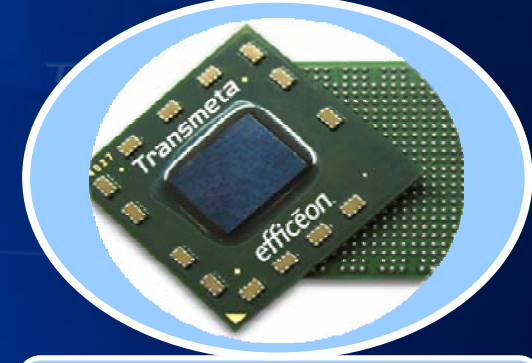
## Technology Deployment Strategy



Licensing & Royalties



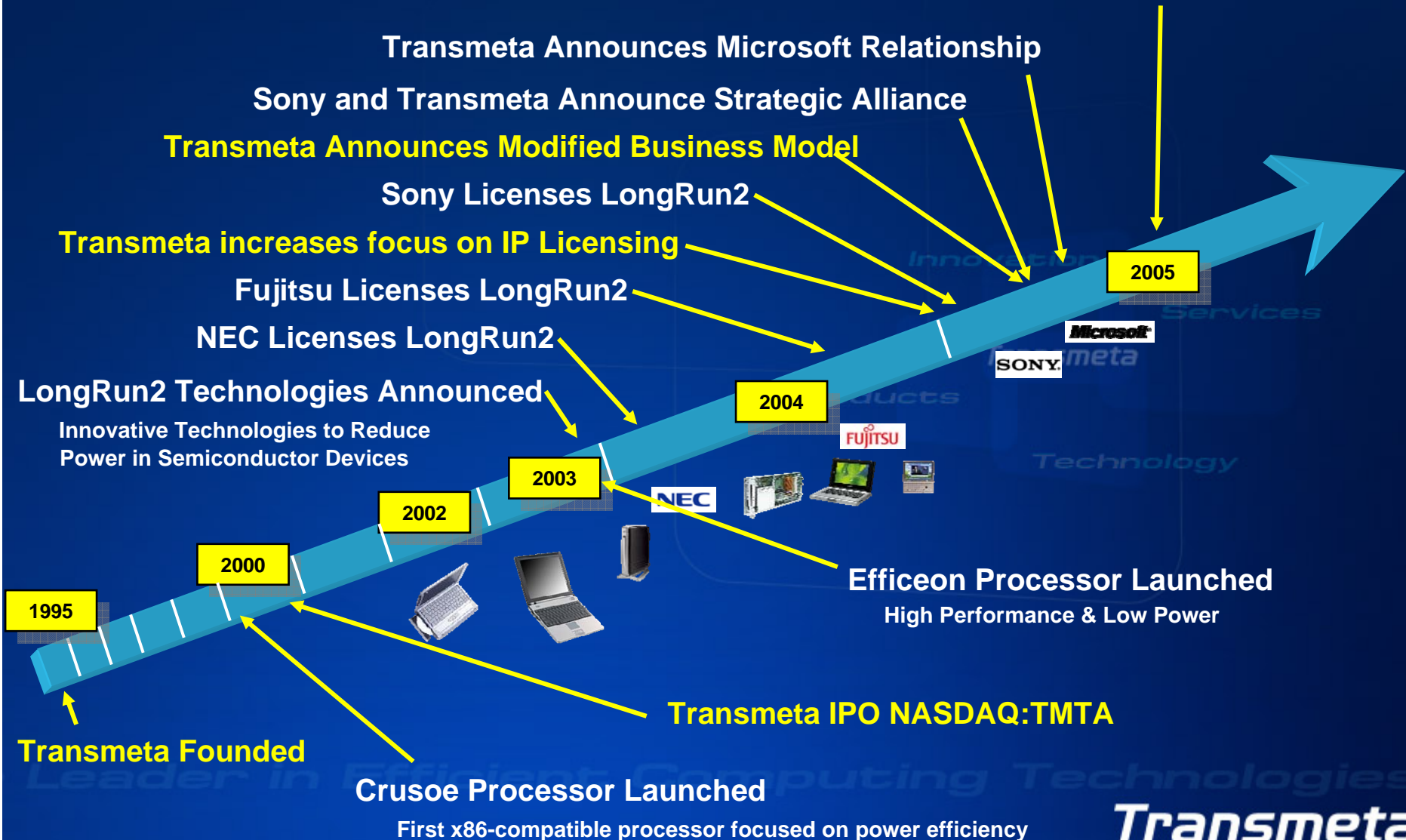
Engineering Services



Products

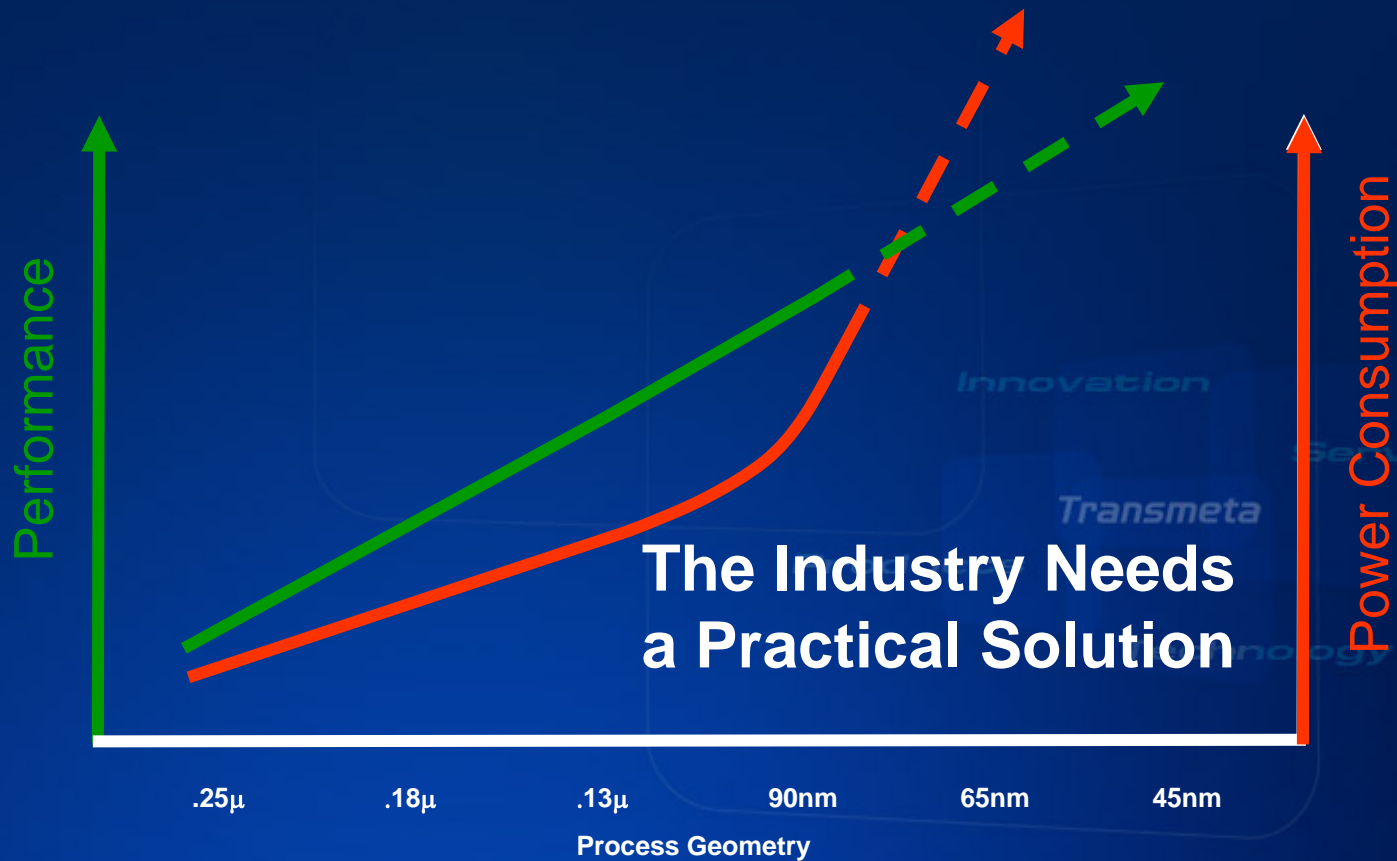
# Transmeta History

## Transmeta Announces Second Consecutive Profitable Quarter



# A Major Challenge for Our Industry

## Moore's Law and Rising Power



**“Moore’s law drives the industry for higher performance and lower cost, but...  
The leakage power explosion and  $V_t$  fluctuation will be big stumbling blocks for  
Moore’s law.”**

-Professor Takayasu Sakurai, Ph.D., University of Tokyo

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# Transistor Leakage: Power Management Concerns

**“Chipmakers are in pursuit of less power – The technology industry is working on new ways to bring down energy consumption”**

Financial Times (9/2/05)

**“Progress in microelectronics slowed by power leakage, says IBM director”**

Electronics Weekly (10/12/05)

**“90-, 65-nm yields prey to leakage”**

EE Times (10/24/05)

*And many more headlines, papers, articles, panels and seminars...*

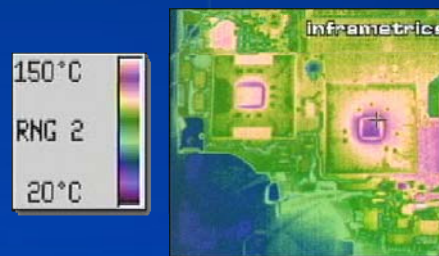
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# Transmeta's View of Transistor Leakage: Power Management Concerns

- Transistor leakage is becoming an increasing problem as semiconductor technology scales to smaller dimensions
- Leakage problems are expected to get progressively worse as the industry scales to 90nm, 65nm and 45nm process geometries
- Leakage power could easily dominate total chip power and prevent low power standby operation if not controlled



*The market is accelerating towards our solution...*

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## Solution: Transmeta's LongRun2

- Transmeta has invented a new way to control transistor leakage and threshold voltages at run time
- Transmeta-developed interdisciplinary solution involving:
  - New semiconductor structures
  - New circuits and algorithms
- Implemented with standard bulk CMOS process
- LongRun2 not only can reduce leakage, but can compensate for unwanted changes due to manufacturing process variation
- Can lower power consumption and improve manufacturing yield

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# LongRun2 License Model

- Technology licensing and transfer fees
  - Front loaded payments
  - Expect these may be spread over multiple quarters
  - Revenue recognized upon completion of technology transfer
- Maintenance and support fees
- Royalties
  - Royalties are customer specific
    - Based on volume, wafer size and technology generation

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# Synergistic Engineering Services

- Provide design engineering services to accelerate and expand adoption of LongRun2 technologies
  - Utilized within products such as portable applications
- Provide development engineering services to expand the use of our microprocessor products
  - Software based architecture allows customization for specialized versions
- Engage in strategic technology collaboration in other related engineering areas

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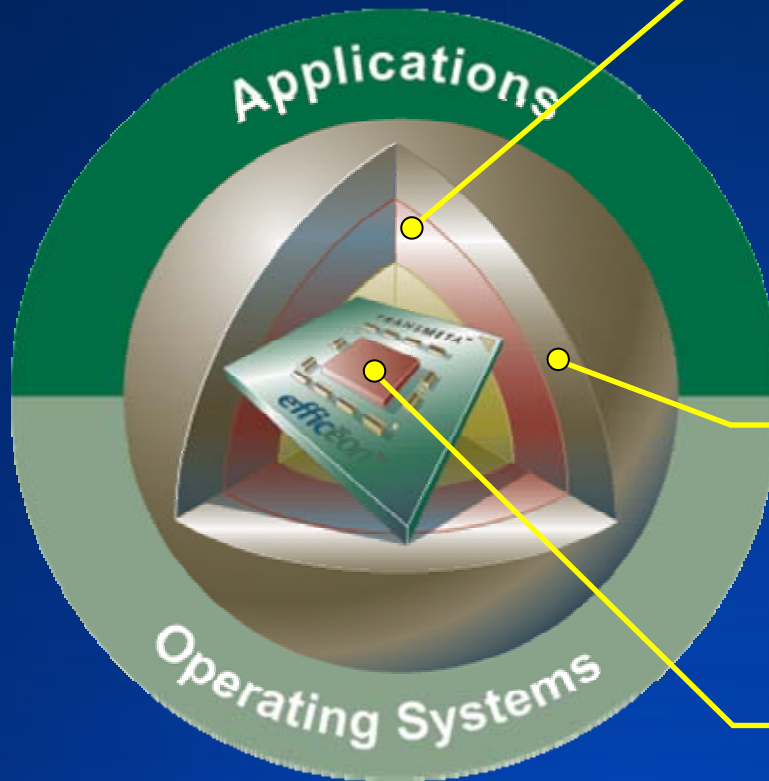
# Microprocessor Product Business

- Efficeon 90 nanometer products
  - Focused product strategy
  - Specialized versions available to select customers through partnership model
  - Recover design costs with NRE paid by customer
- End-of-life products
  - Crusoe and Efficeon 0.13  $\mu\text{m}$ , EOL announced March 2005

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# Transmeta's Underlying Microprocessor Architecture



## Code Morphing Software (CMS)

- Allows for specialized versions
- Allows for rapid development of advanced custom features

## Enhanced LongRun™ Power Management

- Low power operation
- Fanless operation for quiet runtime

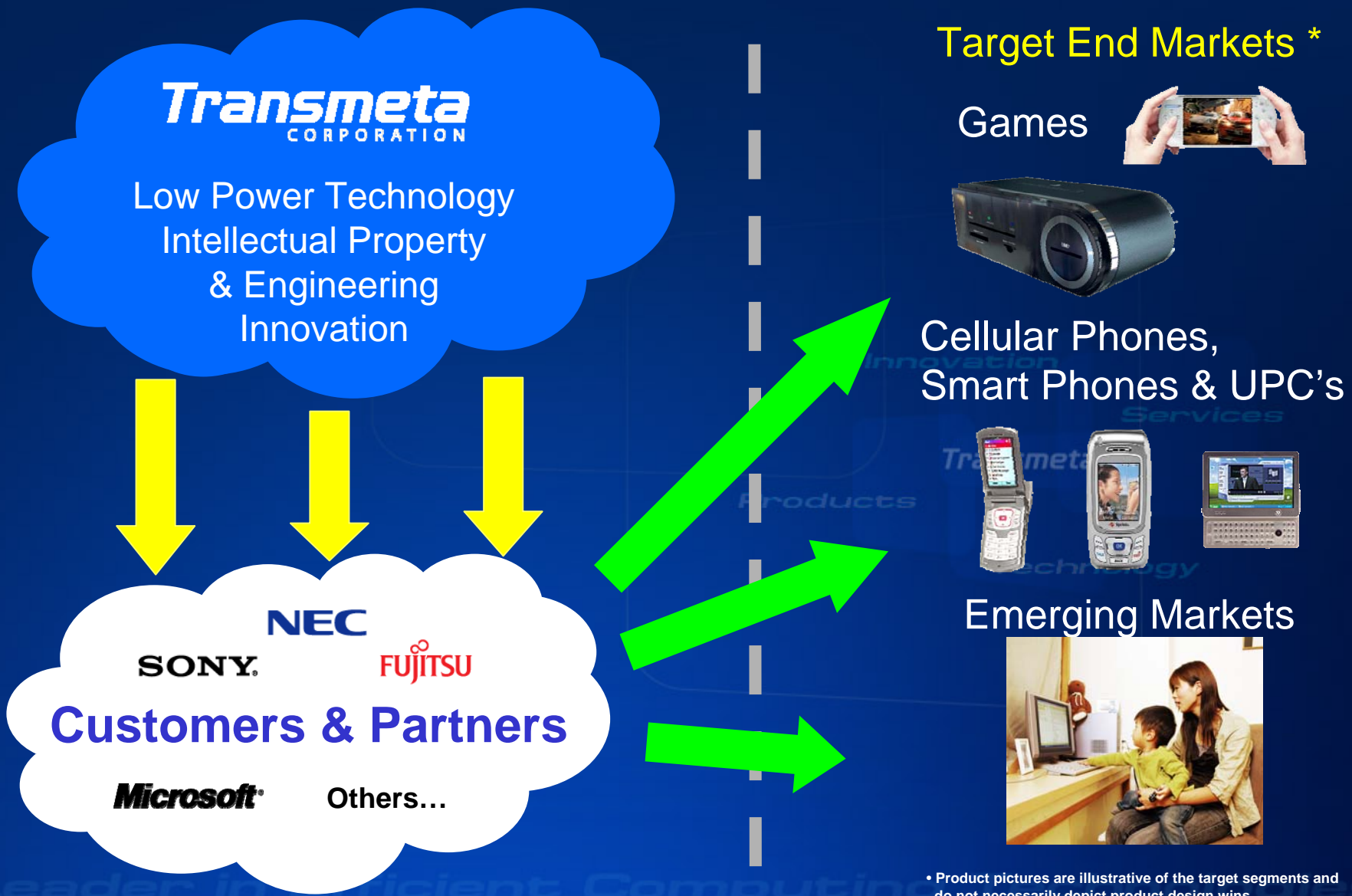
## Enhanced 256-bit VLIW Core

- Issues up to 8 instructions per cycle

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# Transmeta's Value Chain



• Product pictures are illustrative of the target segments and do not necessarily depict product design wins

# Corporate Officers

	<b>Title</b>	<b>Experience</b>
<b>Art Swift</b>	<i>President &amp; CEO</i>	Summit Microelectronics, Cirrus Logic, Sun, Digital Equipment
<b>Mark Kent</b>	<i>Chief Financial Officer</i>	Oak Investment Partners (CFO in residence), CrossWorlds Software, LSI Logic
<b>Robert Bismuth</b>	<i>VP, Strategic Alliances</i>	VisionCompass, Connex, Digital Equipment, Cadmus
<b>Dave Ditzel</b>	<i>CTO, VP Technology Alliances</i>	Sun, SPARC Labs, AT&T Bell Laboratories
<b>Patrick Gainer</b>	<i>VP, Software</i>	Microsoft, 64k, Silicon Graphics, IBM
<b>John Horsley</b>	<i>EVP, General Counsel</i>	FTC, Pillsbury Madison & Sutro
<b>Andre Kowalczyk</b>	<i>VP, VLSI Design</i>	Sun, Silicon Graphics
<b>Takashi Murayama</b>	<i>VP, and President of Japan K.K.</i>	Conexant, Intel

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# *Financial Overview*



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# Financial Highlights for Third Quarter Ended September 30, 2005

	Third Quarter 2005	Third Quarter 2004
Revenue	\$27.9 million	\$7.0 million
Total OPEX	\$9.7 million	\$24.4 million
Net Income (Loss) Earnings per Share	\$10.1 million \$0.05	(\$28.6 million) (\$0.16)
Cash Flow from Operations	\$9.5 million	(\$21.2 million)
Deferred Income	\$6.0 million	\$0.03 million

3Q05 results announced 11/8/05

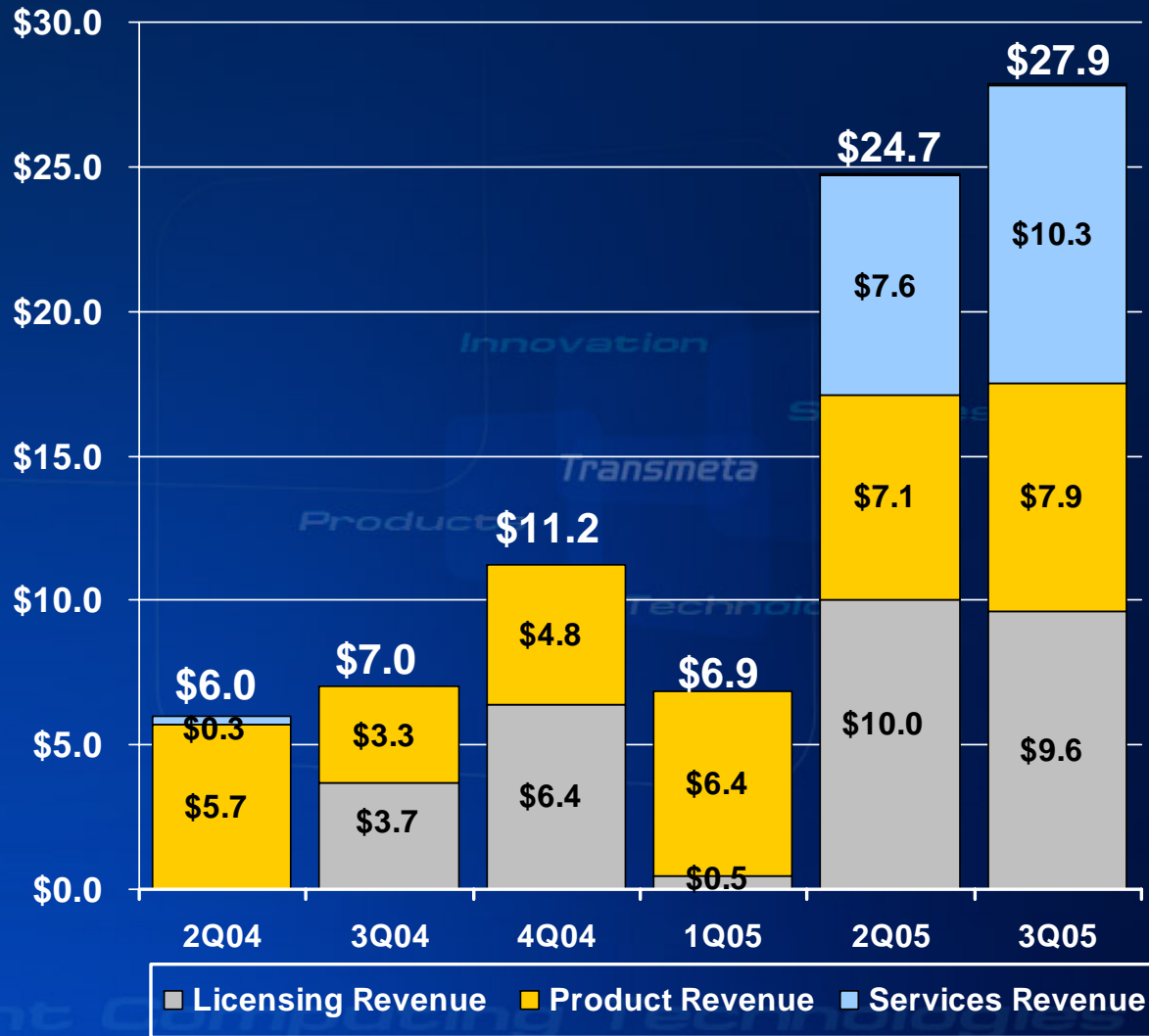
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# Revenue Mix

## Q3 2005 Results:

Revenue	\$27.9M
Licensing	\$9.6M
Product:	\$7.9M
Services	\$10.3M
Deferred Income	\$6.0M



# Operating Cash Flow & EPS

## Q3 2005 Results:

EPS: \$0.05

Operating Cash Flow: \$9.5M

Cash Balance: \$56.9M



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# FY2004 vs. YTD 2005 Performance

	FY2004 Full Year	FY2005 YTD 9 months ended 9/30/05
• Revenue	\$29.4 million	\$59.4 million
• Net Loss	(\$0.61) per share	(\$0.02) per share
• Cash and Equivalents	\$53.7 million	\$56.9 million
• Working Capital	\$40.7 million	\$39.7 million
• Stockholders' Equity	\$ 58.0 million	\$56.9 million

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