EXECUTIVE INFORMATIONAL OVERVIEW

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IP- and Ethernet-based Network Technologies and Solutions

Snapshot

September 11, 2008

Allied Telesis Holdings, K.K. (collectively, "Allied Telesis," "the Company," or "the Group") delivers advanced, cost-effective, end-to-end **Internet protocol (IP)**†**/Ethernet**-based scalable networking solutions and services that meet current and future business demands. Allied Telesis comprises 40 companies operating in 21 countries, which include eight research and development (R&D) centers, multiple production facilities, and a series of sales, marketing, and services offices that synergistically align to create a global leader in the network business. To the Company's knowledge, it is one of only a few network device vendors in the world that has operations ranging from developing, manufacturing, and marketing high-speed, high-capacity network equipment to providing expert service solutions. Moreover, as an innovator in the expanding **IP Triple Play** market, Allied Telesis can offer an integrated voice, video, and data solution spanning an entire network—from the core devices to the **customer premise equipment (CPE)**—over both conventional copper and next-generation **fiber optic** infrastructure. At present, the Group markets over 700 active products and has 32,000 customers. Since its inception in 1987, Allied Telesis has created more than 2,000 products for over one million customers, resellers, **systems integrators**, and end users. Allied Telesis believes that its network solutions offer a high level of performance, reliability, security, and manageability, as well as competitive pricing and single-vendor convenience. The Group trades under the code "6835" on the **Second Section** of the Tokyo Stock Exchange.

Recent Financial Data

Ticker (Exchange)*	6835 (Tokyo)
Recent Price (09/11/2008)	¥45.00
52-week Range	¥30.00 – ¥107.00
Shares Outstanding	156.8 million
Market Capitalization	¥7.1 billion
Average 3-month Volume	666,900
Insider Owners +5%	22.36%
Institutional Owners	9.88%
EPS (6 mos. ended 06/30/2008)	¥0.05
Employees	2,285

* Share information in Japanese yen (¥).
On 09/11/2008, ¥1 = ~US$0.01.

Key Points

- The SwitchBlade® x908, one of Allied Telesis' key products, was launched in Japan and Europe in 2007 and in the U.S. in 2008. The SwitchBlade® x908 is a high-performance, high-capacity, scalable **core switch** that the Company believes is competitive in terms of price and feature set to other switches of this type on the market. In Japan and Europe during the first half of 2008, purchase commitments for the SwitchBlade® x908 totaled approximately $9.5 million for the Company.
- Allied Telesis' integrated Multiservice Access Platforms (iMAPs) and intelligent Media **Gateways** (iMGs) can simultaneously deliver IP Triple Play services ranging from **plain old telephone service (POTS)** to **10 Gigabit Ethernet (10GbE)**, one of the fastest Ethernets available. The Company has been awarded contracts to support IP Triple Play for over 100 service providers in the U.S., Japan, and Europe—totaling over 500,000 IP Triple Play deployments and millions of committed lines and ports.
- The Group can equip small systems for residences and businesses or much larger networks for service providers and other institutions that require thousands of nodes. Its customers include IBM Corp. (IBM-NYSE), AT&T Inc. (ATT-NYSE), the U.S. Postal Service, the North Atlantic Treaty Organization (NATO), San José State University, and the French Ministry of Defense, among many others.
- The Company has been issued more than 100 patents worldwide since 1998, holds nearly 40 additional patents and patent applications through its U.S. subsidiary, and maintains several trademarks.
- The Group's multinational leadership has extensive engineering and networking experience and has shown the ability to execute needed transitions in business strategy based on industry trends.
- Allied Telesis had 2007 net sales of ¥53.8 billion (approximately $480 million at December 31, 2007). On June 30, 2008, the Group had cash and equivalents of ~¥2.3 billion (roughly $21 million).

†**BOLD** WORDS ARE REFERENCED IN THE GLOSSARY ON PAGES 59-62.

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Executive Overview

Allied Telesis Holdings, K.K. (collectively, "Allied Telesis," "the Company," or "the Group") is engaged in the planning, design, manufacture, and sale of network solutions. The Company seeks to develop next-generation Internet protocol (IP)- and Ethernet-based solutions that meet the emerging needs of its global customers. In 2000, Allied Telesis began preparing for the paradigm shift that was taking place in the form of next-generation **broadband** services by transitioning from merely selling network components to supplying the complete network solution—a position that the Company still maintains today.

At present, Allied Telesis functions as a one-stop solutions provider, which allows the Company to differentiate itself from competitive network device vendors. Essentially, the Company can operate in three roles: (1) as a consultant to conduct a cost-benefit analysis of a proposed networking system; (2) as an equipment supplier, designing, developing, and manufacturing specific devices for a system; or (3) as a customized one-stop solution to handle the entire process from design and installation to network operation. Over the years, Allied Telesis' ability to provide the latter has become as vital a part of its business as its commitment to industry-leading manufacturing. The Company expects this service to continue to expand, representing a major business for Allied Telesis that may provide a source of long-term, stable income.

The Allied Telesis Group

Allied Telesis encompasses 40 consolidated subsidiaries operating in 21 countries—collectively called the Allied Telesis Group. Each subsidiary is responsible for its independent operations, ranging from product sales and distribution to technology integration. Allied Telesis' international presence includes eight research and development (R&D) centers spanning Europe, Asia, New Zealand, and North America; worldwide sales, marketing, and support offices; three manufacturing facilities (two in China and one in Singapore); and global partnerships with contract manufacturers, distributors, resellers, and systems integrators.

Owning and operating internal R&D and production facilities allows Allied Telesis to enforce stringent quality control measures as well as employ an "Optimal Region Strategy," where development, production, marketing, and other operations are undertaken in the region offering the greatest cost-effectiveness. As worldwide market demands are identified, Allied Telesis selects the optimal region in which to conduct R&D and production. Once created, products are sold globally through numerous in-country and regional sales channels. The result is that the Group supplies equipment with competitive cost structures and pricing. Allied Telesis maintains both a localized and a global approach to product development and delivery. In essence, group companies benefit from a global design and manufacturing competency while offering the advantages of local, hands-on customer service.

In June 2006, the Group, formerly called Allied Telesyn, began to transition its name to Allied Telesis. Prior to this, only the Company's European segments operated under the Allied Telesis brand. This change brings all global engineering, manufacturing, sales, and marketing operations under the single Allied Telesis name. Table 16 (page 58) in the Appendix summarizes the Company's progression from its inception into the global group that it is today.

To the Company's knowledge, it is one of only a few network device vendors in the world that has operations ranging from developing, manufacturing, and marketing high-speed, high-capacity network equipment to providing expert service solutions. Primarily, Allied Telesis focuses on three areas: (1) continuing to gain market share with its network products; (2) capitalizing on global growth of IP Triple Play by expanding solutions in this area; and (3) directing resources toward R&D in order to remain flexible, responsive, and competitive in the dynamic network technology markets.

Networks

A network is the system that transmits voice, video, or data between users. Based on size, there are primarily three types of networks: (1) a **local area network (LAN)**, which is often less than a mile in range, such as an office building or campus; (2) a **wide area network (WAN)**, which connects many

LANs over large geographic distances; and (3) a **metro area network (MAN)**, which covers greater areas than LANs but smaller distances than WANs. All networks are based on a common **protocol** or language that governs the transmission of information. Allied Telesis specializes in **IP networks**—currently the global standard. The Internet is today's largest IP network. When designing such a system, the choice of what hardware to employ is critical, as equipment varies in capacity, security, quality, and speed, among other characteristics. As consumers manage more and more tasks online, from phone calls to downloading videos, the network has become a critical element, with as many as 14 billion devices expected to be connected to the Internet by 2010 (Source: Cisco Systems, Inc. [CSCO-NASDAQ]).

Ethernet, the data transfer protocol governing most LANs, connects networked and non-networked computers to a modem for Internet access. It is available in varying speeds, depending upon the connection and equipment. To date, one of the fastest Ethernets is 10 Gigabit Ethernet (10GbE). Allied Telesis estimates that Ethernet provides connectivity for over 97% of networking devices worldwide.

The global marketplace for information and communication technologies is expected to exceed $3.7 trillion in 2008 and $4 trillion by 2011, according to a study released in May 2008 by the World Information Technology and Services Alliance. The study documented that within this market, communications technologies comprised more than 57%, or $1.9 trillion, of spending in 2007.

Product Areas

Allied Telesis believes that it is at the forefront of emerging IP delivery technologies, such as **wavelength division multiplexing (WDM)**-based **optical transport**, high-speed **digital subscriber line (DSL)** and **fiber-to-the-home (FTTH)**, enhanced wireless, and 10GbE transport. The Company's complete line of devices is expansive, presently totaling over 700 active products. Since its inception over 20 years ago, Allied Telesis has created more than 2,000 products. Current devices can be grouped as follows:

- Switches (Unmanaged, WebSmart, **Power over Ethernet [PoE]**, Fast Ethernet, Gigabit Ethernet, 10GbE, and the SwitchBlade® x908);
- Integrated Multiservice Access Platforms (iMAPs);
- Intelligent Media Gateways (iMGs);
- **Network Interface Cards (NICs)**;
- **Routers**;
- Optical Components;
- Media Converters;
- Wireless; and
- Network Management and Software.

Of these categories, switches comprised approximately 67% of the Company's total revenue in 2007. In a **telecommunications** network, a switch is a device that channels incoming data from multiple input ports to the specific output port that transports the data toward its intended destination. One of Allied Telesis' newest and most powerful switches is the SwitchBlade® x908 (also known as "xCalibur"), designed to offer scalability for any size network and a long lifecycle. The SwitchBlade® x908 has the economics of a stackable, box switch but the expandability of a **chassis** switch. The Company has incorporated several features into this switch—as well as into many of its other products, such as iMAP—to ensure economical **redundant networks** that are applicable to both today's networking environment and that of the future.

For instance, one method the Company employs to "future-proof" its devices is to make them compatible with IPv6, which is expected to be the next-generation IP standard. It is thought that within the next several years (2009 to 2013), the remaining "available" IP addresses under IPv4 (the current IP standard)

will likely be exhausted (Source: the Internet Corporation for Assigned Names and Numbers [ICANN] 2007). In contrast, IPv6 drastically increases the number of available IP addresses and is now being deployed in many emerging markets.

IP Triple Play

IP Triple Play is the simultaneous integration of telephone, high-speed Internet, and television on a single broadband line. The advantage of IP Triple Play is that it requires only the broadband line, whereas conventional service necessitates telephone lines to carry voice communication, copper media or FTTH systems to transport data, and separate cable or satellite systems to receive television broadcasts. A report from the Frost & Sullivan research service detailing the Triple Play market found that convergence is a significant technological trend in the telecommunications industry, with the primary focus of next-generation networks being the combination of data, video, and voice applications on a single platform (Source: *World Triple Play and Next Generation Services Test and Monitoring Markets* 2007).

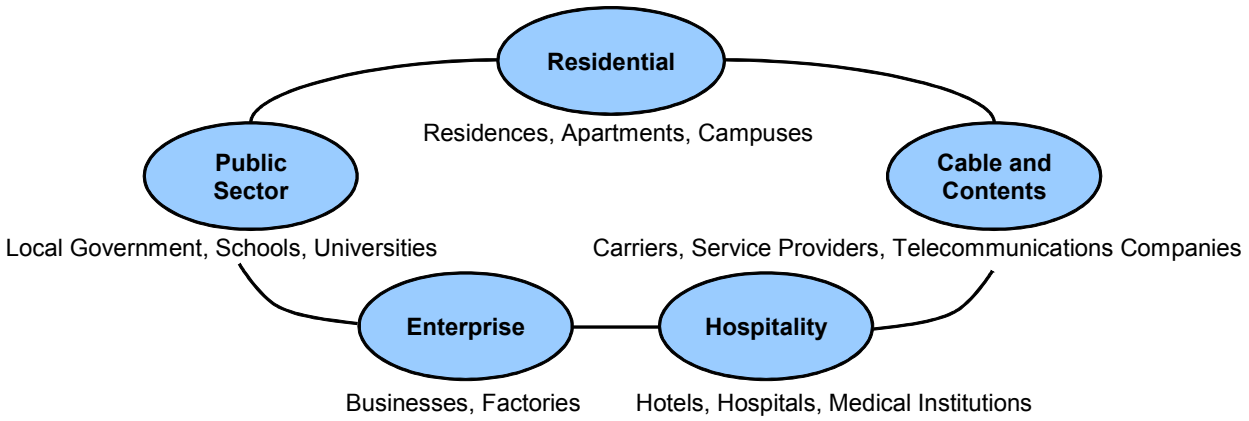
Allied Telesis first began offering IP Triple Play in 2000 and continues to increase its penetration into this market today. The Company believes that it was one of the first vendors to present an end-to-end, purpose-built Triple Play solution for Telco (local telephone carriers), and to date, it has established IP Triple Play in more than 20 countries. This segment's largest customers are located in the U.S. and Europe, with growth of these services occurring in Japan, where IP Triple Play is relatively newer.

Two primary product areas associated with Allied Telesis' IP Triple Play technology are iMAPs and iMGs. The iMAP is a carrier-grade, IP/Ethernet networking solution that supports IP Triple Play services simultaneously over copper and fiber infrastructure, which Allied Telesis believes to be the industry's only method for carriers to supply converged services via both copper and fiber lines at the same time. Because it supports both infrastructures, this product may simplify the move from traditional copper wiring to next-generation fiber optic cabling by not requiring service providers (or other users) to reinvest in the network's hardware. Allied Telesis' iMGs are located at the end user's premises (called customer premise equipment [CPE]) to facilitate the delivery of the iMAP's next-generation service offerings to the home or business. Greater details of both of these product families are provided on pages 34-38 of the Core Story.

Customer Base

As illustrated in Figure 1, Allied Telesis offers its IP solutions to a broad range of customers, including residential (home users), the public sector, enterprises, hospitality organizations, and cable and contents providers. The Company's expertise has even been requested to assist large telecommunications companies that have in-house resources with their **multicast** networks.

Figure 1
Allied Telesis Holdings, K.K.
TARGET MARKETS FOR ALLIED TELESIS' IP SOLUTIONS



Source: Allied Telesis Holdings, K.K.

At present, Allied Telesis' brands are supplied to 32,000 customers worldwide. Since the Company's inception in 1987, it has delivered products and IP solutions to over one million customers, resellers, systems integrators, and end users. Among its clients, the Company has been awarded contracts to support video, voice, and high-speed data transfer for over 100 service providers in the U.S., Japan, and Europe—totaling more than 500,000 IP Triple Play deployments and millions of committed lines and ports. The service provider client base is a considerable market for Allied Telesis. It includes independent operating companies (IOCs), metropolitan Ethernet providers, **regional bell operating companies (RBOCs)**, public utility districts, as well as certain hospitality organizations.

In addition, Allied Telesis manages a service and support business that assists the Company's customers with issues from network design, maintenance, and troubleshooting to classroom training and product customization. In 2007, 10% of Allied Telesis' total revenue in its Japanese region was due to services and support functions. This business encompasses the following areas: (1) vendor warranties; (2) professional services; (3) enterprise support through the sale of service contracts called Net.Cover®; and (4) service provider support through the sale of service contracts called Services.Cover.

Headquarters and Employees

Established in March 1987, Allied Telesis is headquartered in Tokyo, Japan. Allied Telesis Holdings, K.K., a holding company, handles business strategy and management for the entire group. It owns shares issued by group companies in order to control their business activities. Allied Telesis began trading on the Second Section of the Tokyo Stock Exchange under the code "6835" on July 27, 2000.

The Company believes that it has a solid sales force as well as highly skilled engineers. Altogether, it employs 2,285 individuals throughout the Group, approximately 18% of whom are directly involved in engineering (R&D).

Growth Strategy

Allied Telesis' mission is to build a global company delivering quality, cost-effective, advanced, end-to-end, IP-based networking solutions and services that meet current customer requirements, while also scaling to meet tomorrow's business application demands. Two significant focus areas for Allied Telesis are as follows: (1) consistently growing its core network products business; and (2) advancing new businesses that accelerate revenue growth. The latter primarily entails expanding IP Triple Play operations, which encompass solutions for the network service provider and the Company's new IP-GSP business (detailed on pages 38-39). Table 1 summarizes this approach.

Table 1
Allied Telesis Holdings, K.K.
EXPANDING BUSINESS FOCUS

	Existing Business (Sustain/Grow Revenue)	New Businesses (Accelerate Revenue Growth)
Business Model	Network Appliance Sales (Product Provider)	Solution Sales (Solution Provider)
Business	Network Appliances	Network Applications and Business Solutions Using IP Triple Play
Customers	Service Providers Channel Systems Integrators	End Users Service Providers Content Providers Systems Consulting Firms

Source: Allied Telesis Holdings, K.K.

The cornerstone of the Group's business continues to be equipment manufacturing of network products, whereby the Company quickly assesses customers' needs, develops and markets technologically advanced products, expands sales of its core products through innovative campaigns, and ultimately aims to increase its market share. In this area, the Company's broadly based business strategy includes enhancing support services and providing professional services to build an optimal information technology (IT) foundation in order to establish a stable base for profitability. Allied Telesis also seeks to strengthen its in-country sales capabilities with a focus on Gigabit network products.

IP Triple Play

For the IP Triple Play segment, Allied Telesis anticipates that it can meet demand for newer services, such as **IP television (IPTV)**, by establishing partnerships with integrators as well as expanding through enhanced marketing capacity and product strengths. Additionally, the IP-GSP business is intended to function as a gateway toward a future global entity that may lead to a stable source of earnings. To develop the IP Triple Play market, Allied Telesis has already begun delivering Triple Play-related solutions to small- and mid-sized IOCs, hotels, and campuses. During 2008, the Company intends to further target large IOCs, utility companies, and local governments, with the goal of supplying large-scale IP Triple Play systems to carriers by 2010.

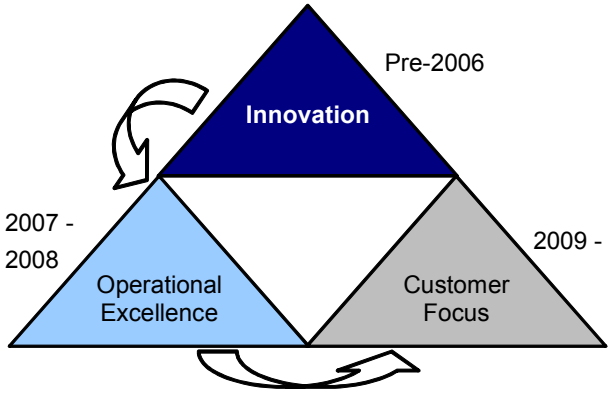
Sales Strategy

Allied Telesis' sales strategy entails the following: (1) continuing to announce channel distribution partners to focus on the mid-range products that are not always integrated into full-scale projects; (2) leveraging systems integrators to improve sales by adding and educating integrators about the Company's technical product features; and (3) expanding the number of vertical market sales specialists for direct sales in order to access more end users. Whereas previously Allied Telesis built its sales primarily through distributors, today the Company is project-oriented—approaching the end user with network solutions and then executing delivery in conjunction with other systems integrators.

Corporate Strategy

Prior to 2006, Allied Telesis directed funding toward innovation, product development, R&D, and accessing the service provider segment. During 2007 and 2008, the Group has been and is still centered on advancing internal operational processes, such as resolving manufacturing issues and building stronger communication with the sales organizations. As a result of these efforts, Allied Telesis has experienced improvement in its profitability indicators. Key accomplishments have included reducing overall debt, worldwide operating expenses, and global inventory, while increasing operating profit and continuously striving to obtain profitable revenue. From this platform, the Company seeks to again expand its markets, but in a more efficient manner than in the past. To this extent, beginning in 2009, the Company intends to enhance its customer focus. Figure 2 illustrates the shift in corporate strategy.

Figure 2
Allied Telesis Holdings, K.K.
A SHIFT IN CORPORATE STRATEGY TO DRIVE RESULTS



Source: Allied Telesis Holdings, K.K.

Intellectual Property

Allied Telesis maintains an extensive intellectual property portfolio, with more than 100 patents issued worldwide since 1998. In addition, the Company's U.S. subsidiary, Allied Telesis, Inc., held nearly 40 patents and patent applications in various jurisdictions around the world as of November 2007. These portfolios include both design and utility patents. Design patents protect the look, configuration, and shape of the Company's products. However, these patents, which last for 14 years in the U.S. from the patent's issue date, cover only the product's appearance and not its structural or utilitarian features. To protect the manner in which the products function and are operated, Allied Telesis also holds utility patents, which last for 20 years in the U.S. from the patent application's filing date.

Additionally, Allied Telesis, ATI and its logo, Allied Telesyn, CentreCom, TurboStack, Rapier, Net.Cover, iMAP, and SwitchBlade are trademarks of Allied Telesis, Inc., a U.S. subsidiary.

Table 2 summarizes a selection of the Company's issued patents at the global level. For a complete listing of Allied Telesis' intellectual property, please consult the Company, the U.S. Patent and Trademark Office (www.uspto.gov), or the World Intellectual Property Organization (www.wipo.int). Many of the patents included in Table 2 are registered in multiple countries beyond those specifically listed.

Table 2
Allied Telesis Holdings, K.K.
INTELLECTUAL PROPERTY SNAPSHOT

Patent No.	Country	Kind	Title	Date of Patent
U3046904	JP	Utility	LAN line concentrator	Jan. 07, 1998
US5990577	US	Pat	Hub for LAN with backup power supply system	Nov. 23, 1999
1118453	JP	Design	Router	Jun. 29, 2001
D2002/926/J	SG	Design	Media converter	Mar. 28, 2002
D2002/1104/D	SG	Design	An optical wireless communication device	Apr. 02, 2002
ZL02339205.3	CN	Design	Desk mount	Aug. 30, 2002
1161071	JP	Design	Modem	Oct. 25, 2002
USP6475022	US	Pat	Housing structure of a communication apparatus	Nov. 05, 2002
0324332	KR	Design	Switching hub	May 09, 2003
170542	TW	Pat	Media converter and failure detection technique	May 22, 2003
JP3474548	JP	Pat	Multiple dwelling building	Sep. 19, 2003
US6621297	US	Pat	Semiconductor device malfunction preventive circuit	Sep. 23, 2003
USD479838	US	Design	Rack mount	Sep. 23, 2003
US6642843	US	Pat	Management system	Nov. 04, 2003
183784	TW	Pat	Accommodation apparatus for communication devices	Dec. 16, 2003
JP3528085	JP	Pat	Structure for communication equipment	Mar. 05, 2004
190542	TW	Pat	Media converter and transmission system using the same	Mar. 11, 2004
US D489059	US	Design	Network concentrator	Apr. 27, 2004
US D499398	US	Design	Optical communication apparatus	Dec. 07, 2004
JPD 1229575	JP	Design	Image processing apparatus	Dec. 17, 2004
US 6910118	US	Pat	Table management technique	May 21, 2005
JP3683053	JP	Pat	Power circuit	Jun. 03, 2005
US 6961771	US	Pat	Multi-unit building with secure entry system	Nov. 01, 2005
JPU31117782	JP	Utility	Apparatus with a DC plug	Dec. 07, 2005
JPU3118940	JP	Utility	Multi-function telephone	Jan. 18, 2006
JP3784269	JP	Pat	Network management device, network management program, network management method, and computer network system	Mar. 24, 2006

Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

Company Leadership

Management

Since 1987, Allied Telesis' multinational management teams have demonstrated abilities to identify spending shifts and execute the needed transitions in business strategy. Management believes that the Group has the engineering expertise, foresight, and innovation to create value through cost-effective, state-of-the-art products. Table 3 summarizes Allied Telesis' key global leadership, followed by brief biographies of these individuals.

Table 3
Allied Telesis Holdings, K.K.
MANAGEMENT

Takayoshi Oshima	Chief Executive Officer and Chairman
Eu-Jin Lim	Chief Operating Officer
Mick Burke	Chief Information Officer
Fred Huey	Chief Financial Officer
Eric Floyd, MBA	Senior Vice President of Global Service Provider Sales and Marketing
Sultan Cochinwala, MBA	Senior Vice President of Logistics

Source: Allied Telesis Holdings, K.K.

Takayoshi Oshima, Chief Executive Officer (CEO) and Chairman

Mr. Oshima is currently chairman and CEO of Allied Telesis Holdings, K.K. and CEO of the Allied Telesis Group. Mr. Oshima founded Allied Telesis in March 1987 and has served as chairman, CEO, and representative director since its inception. Over the past 30 years, he has also held technical, marketing, and managerial positions with companies spearheading the growth of the high-technology industry, including ITT Corp. (ITT-NYSE), Fairchild Camera and Instrument Corp., Advanced Micro Devices, Inc. (AMD-NYSE), and Ungermann-Bass. Mr. Oshima holds a B.S.E.E. from the University of Florida.

Eu-Jin Lim, Chief Operating Officer (COO)

Mr. Lim joined Allied Telesis in 1992. He was promoted from senior vice president and general manager of engineering in April 2006. Mr. Lim divides his time managing the Company's engineering team in the U.S. and its global manufacturing facilities in Singapore and China. Prior to joining Allied Telesis, he held technical positions in Conner Peripherals Pte Ltd., a subsidiary of Conner Peripherals, Inc. Mr. Lim holds a B.S.E.E. from the University of Western Australia.

Mick Burke, Chief Information Officer (CIO)

Mr. Burke joined Allied Telesis in February 2002. He currently manages the Company's global IT, Triple Play business operations, and human resources for North America. Prior to Allied Telesis, Mr. Burke held various IT management positions at LSI Corp. (LSI-NYSE) over a six-year period. He has a B.A. from Stanford University.

Fred Huey, Chief Financial Officer (CFO)

Mr. Huey joined Allied Telesis, Inc. in January 2007. He has over 18 years of experience working with technology and entertainment companies in Silicon Valley. He currently manages Allied Telesis' finance and accounting functions for North America and the Europe, Middle East, and Africa (EMEA) region. Prior to Allied Telesis, Mr. Huey held various financial and management positions within the Sega Group (Sega of America, Inc.), CSK International Headquarters, Inc., and Sega.com over a 16-year period. Mr. Huey was critical in the development of Sega Mobile, a division of Sega.com dedicated to bringing wireless gaming to the forefront of the video game industry as well as cellular phone and personal digital assistant

(PDA) users in North America. He has extensive experience with U.S. restructuring, financial reporting, strategic and financial planning, and overseeing mergers and acquisitions. He has a B.S. in accounting from San Francisco State University.

Eric Floyd, MBA, Senior Vice President of Global Service Provider Sales and Marketing

Mr. Floyd joined Allied Telesis, Inc. in 2007. He has responsibility for sales teams in the U.S., Latin America, Europe, and Asia. Prior to joining Allied Telesis, Mr. Floyd spent seven years with Cisco Systems in sales management roles covering the service provider and manufacturing market segments in Seoul, Korea; Hong Kong; and Detroit, Michigan. He originally moved to Asia with Samsung Electronics Co., Ltd., where he worked for three years in the chairman's office driving strategic change initiatives for the Latin American and Eastern European sales operations of the Telecommunications Systems Division. He started working in the telecommunications industry in 1991 in Washington, D.C., in a consulting role supporting regional bell operating companies (RBOCs) in deregulation efforts with the Federal Communications Commission (FCC). Mr. Floyd received a B.A. in economics from the University of Virginia and an MBA from the Haas School of Business at the University of California, Berkeley.

Sultan Cochinwala, MBA, Senior Vice President of Logistics

Mr. Cochinwala joined Allied Telesis, Inc. in April 1997. Prior to joining the Group, he held management positions at Maxtor Corp. (now part of Seagate Technology [STX-NYSE]). Over the past 25 years, Mr. Cochinwala has also worked in various capacities in the areas of manufacturing, quality assurance, new product introductions, business operations, customer services and repairs, materials management, and logistics. He has an MBA from Santa Clara University and a B.S.E.E. from Oklahoma State University.

Board of Directors

Allied Telesis' Board of Directors oversees the conduct of and supervises the Company's management. Table 4 provides a summary of Board members, followed by brief biographies.

Table 4
Allied Telesis Holdings, K.K.
BOARD OF DIRECTORS

Takayoshi Oshima	Chief Executive Officer and Chairman
Atsushi Kotani	Vice Chairman and Representative Director
Tomoyuki Sugihara	Representative Director
Tadashi Wakana, Ph.D.	Representative Director
Iwao Ishikawa	Director

Source: Allied Telesis Holdings, K.K.

Takayoshi Oshima, Chief Executive Officer (CEO) and Chairman

Biography on page 10.

Atsushi Kotani, Vice Chairman and Representative Director

Mr. Kotani is currently vice chairman and representative director of Allied Telesis Holdings, K.K. He joined Allied Telesis in 1993 as a director. Prior to Allied Telesis, he held senior management positions at Nippon Life Insurance Company over a 30-year period. During his tenure at Nippon Life Insurance, Mr. Kotani was on loan to several government agencies and organizations, including the Planning Bureau, Economic Planning Agency, the Research Institute of Culture and Life Insurance, and the Tokyo Corporate Insurance Administration Department. Mr. Kotani is a member of the Society of International Economics, the Japan Association of Civil Law, and the Anglo-American Law Society. He holds a degree in economics from Kyoto University.

Tomoyuki Sugihara, Representative Director

Mr. Sugihara is currently president and representative director of Allied Telesis R&D Center K.K. He joined Allied Telesis in 1991 as manager of the software department. During the past 17 years, Mr. Sugihara has held management positions in both software and technology divisions of Allied Telesis. Prior to Allied Telesis, he held development positions in NEC Tele-Com System, Inc. Mr. Sugihara received a degree in electrical engineering from Kyoto Sangyo University in 1985.

Tadashi Wakana, Ph.D., Representative Director

Dr. Wakana is vice president and representative director of Allied Telesis. He joined the Company in 2005 as a director. Previously, he was professor at the School of Business Administration at Saitama Gakuen University. Prior to Saitama Gakuen University, he held senior management positions at Nippon Telegraph & Telephone Corp. (NTT-NYSE) over a 20-year period. Mr. Wakana received a Ph.D. in 1969 from Tohoku University and an undergraduate degree in 1964.

Iwao Ishikawa, Director

Mr. Ishikawa joined Allied Telesis as a director in March 2008. Prior to Allied Telesis, he held senior positions including representative partner with Tohmatsu Awoki & Sanwa (now Deloitte Touche Tohmatsu). Mr. Ishikawa spent more than 30 years as an auditor. He currently holds corporate audit positions with Nikko Antfactory K.K. and Sekichu Co., Ltd. (9976-JSD). Mr. Ishikawa received an undergraduate degree in 1961 from Saitama Gakuen University.

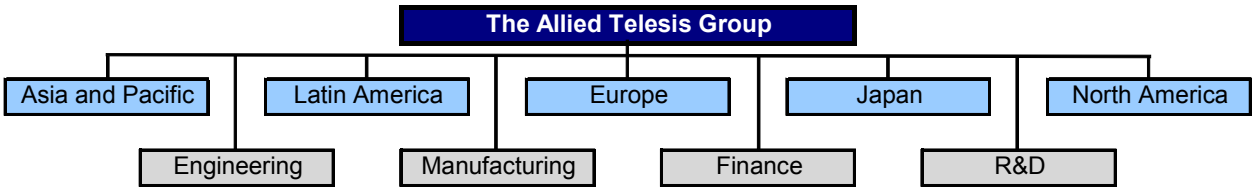
Core Story

Allied Telesis Holdings, K.K. (collectively, “Allied Telesis,” “the Company,” or “the Group”) comprises 40 companies operating in 21 countries. Each subsidiary is focused on a specific field of business related to Internet protocol (IP) and Ethernet systems and services—synergistically aligned to create a worldwide leader in the network business. To the Company’s knowledge, it is one of only a few network device vendors in the world that has operations ranging from developing, manufacturing, and marketing high-speed, high-capacity network equipment to providing expert service solutions. Primarily, Allied Telesis focuses on three areas: (1) continuing to gain market share with its network products; (2) capitalizing on global growth of IP Triple Play by expanding its solutions in this area; and (3) directing resources toward R&D in order to remain flexible, responsive, and competitive in the dynamic network technology markets.

The Allied Telesis Group Structure

Allied Telesis is structured as an assembly of companies, where each has its own specific field of focus. Each subsidiary is responsible for its independent operations, ranging from logistics and finances to product marketing, sales, and distribution, support and services, and technology integration. Each region also manages its specific legal, financial, and commercial constraints, as these areas often differ around the world. Thus, while the entire Allied Telesis organization reflects the aims of its corporate headquarters, the exact parameters are not the same in every country in which it does business. In this manner, Allied Telesis is not burdened by a bulky corporate structure, which the Company believes would not be suitable for an entity seeking to be at the forefront of the fast-evolving network field. In contrast, Allied Telesis has refined its business with the intent of enabling speed, creativity, flexibility, and synergy. Table 5 depicts how the business operates—based on both geographic region and global function.

Table 5
Allied Telesis Holdings, K.K.
FUNCTIONAL STRUCTURE OF THE GROUP'S OPERATIONS

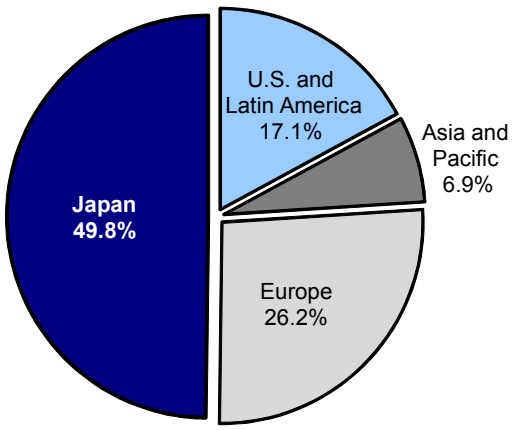


Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

Allied Telesis creates a synergistic network of businesses by leveraging the specific capabilities of each of its subsidiaries—internally sourcing products, services, and technologies—for the betterment of the group as a whole. Allied Telesis' worldwide operations enable the Company to accomplish the following:

- define a global product marketing strategy;
- design and develop product solutions that fit the customers' needs;
- manufacture those products in the most cost-competitive environment; and then
- market the products through global sales offices.

Figure 3
Allied Telesis Holdings, K.K.
2007 REVENUE BY GEOGRAPHIC REGION



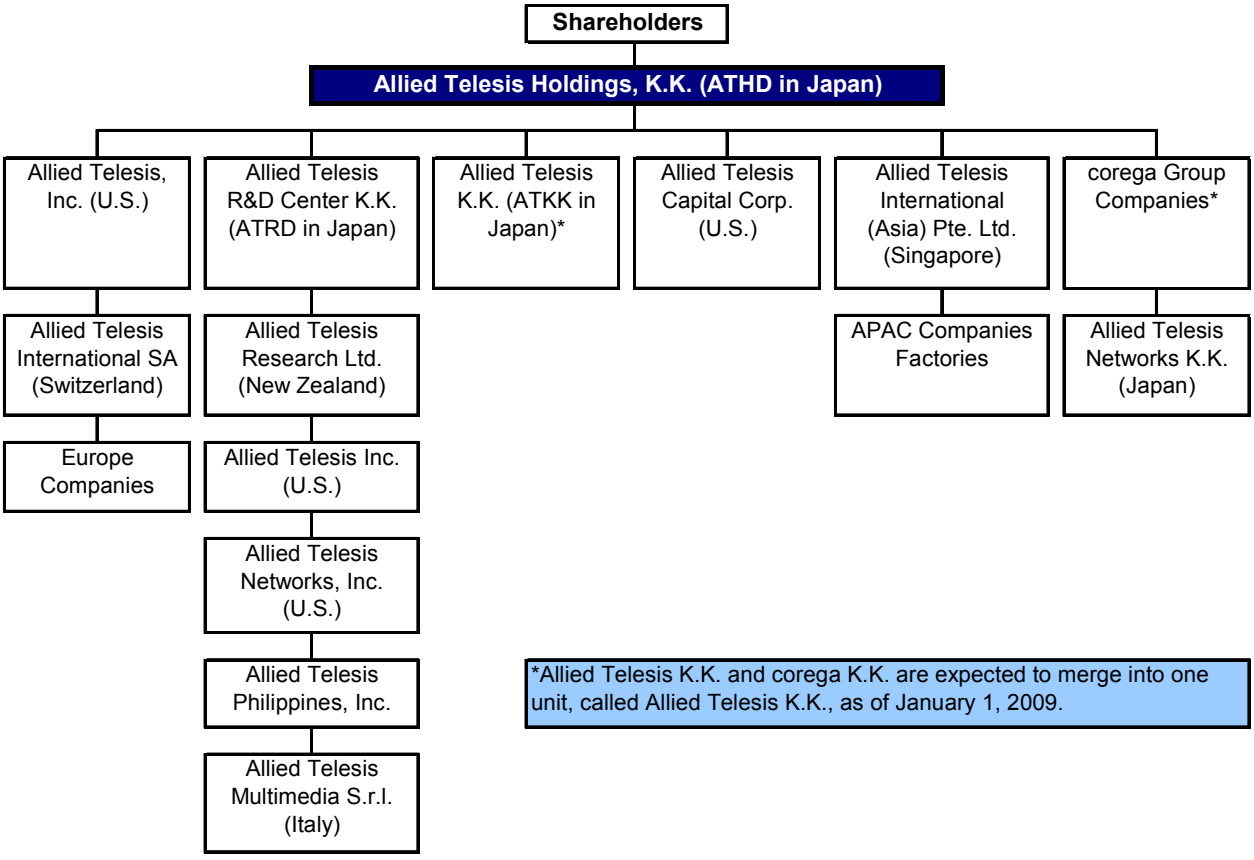
Source: Allied Telesis Holdings, K.K.

For instance, the Group's R&D/engineering companies (detailed on pages 17-19) collaborate and share expertise with each other as well as receive market trend information from Allied Telesis' marketing divisions. Final product designs are sent to the group's production units for manufacturing. Details of Allied Telesis' manufacturing are provided on pages 19-20.

Figure 3 depicts each region's revenue contributions to the Allied Telesis Group in 2007. The Company believes that it maintains a healthy balance of revenue from various parts of the world, which provides a diversification in times of economic turmoil that many of its direct competitors are not thought to possess. As emerging markets continue to experience growth, the Group expects to further expand its U.S./Latin America and Asia/Pacific regions.

Due to its international presence—development centers spanning Europe, Asia, New Zealand, and North America, as well as 33 worldwide sales offices—Allied Telesis can maintain both a globalized and yet localized approach to product development and delivery. In essence, group companies benefit from a global design and manufacturing competency while offering the advantages of local, hands-on customer service. Table 6 illustrates Allied Telesis' structure, highlighting some of the Company's more critical businesses. Table 7 (page 16) provides a comprehensive listing of each subsidiary, its major function, and its region and country of operation.

Table 6
Allied Telesis Holdings, K.K.
ALLIED TELESIS GROUP STRUCTURE



Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

On May 30, 2008, the Company's Board of Directors announced its decision to proceed with a merger of two of its Japanese sales organizations: Allied Telesis K.K. and corega K.K. At present, Allied Telesis K.K. targets medium-sized and larger enterprise networks, while corega K.K. supplies general home network products. In order to better address Japan's growing small- and medium-sized business sector, Allied Telesis seeks to merge these two subsidiaries, thus capitalizing on each company's brand strengths to create a unique department within the merged entity, called the corega Office Network Solution. Suitable for mid-sized offices, corega Office Network Solution is expected to combine the product functions, quality, and support capabilities that Allied Telesis K.K. fine-tuned for larger enterprises with the usability and cost performance that corega has established for the consumer market. Additionally, Allied Telesis intends to create a domestic sales network (for Japan), called corega e-Partners, within the merged entity to handle sales, network construction, and equipment installation. The merger is anticipated to become effective as of January 1, 2009, with Allied Telesis K.K. as the surviving corporation and corega (operating under the Allied Telesis K.K. umbrella) continuing to boost its market share in the retail sector.

Table 7
Allied Telesis Holdings, K.K.
GLOBAL COMPANIES WITHIN ALLIED TELESIS

Company Name	Major Activity	Region	Country
Allied Telesis Holdings K.K.	Holding Company	Asia	
Sales and Service			
Allied Telesis, Inc.	Sales / R&D / Service	America	
Allied Telesis Canada Inc.	Sales	Canada	
Allied Telesis International S.A.	Holding Company / Sales	Europe	
Allied Telesyn Europe Sagl	Sales	Europe	
Allied Telesyn International GmbH	Sales	Europe	
Allied Telesyn Vertriebsgesellschaft mbH	Sales	Europe	
Allied Telesyn International S.r.l.	Sales	Europe	
Allied Telesis International Services S.r.l.	Service	Europe	
Allied Telesyn International Ltd.	Sales	Europe	
Allied Telesis International Services Ltd.	Service	Europe	
Allied Telesyn International S.A.	Sales	Europe	
Allied Telesis International S.L.U.	Sales	Europe	
Allied Telesis K.K.	Sales	Asia	
Allied Telesis Networks K.K.	Service (Sales)	Asia	
Allied Telesyn South Asia Pte. Ltd.	Sales	Asia	
Allied Telesyn Korea Co., Ltd.	Sales	Asia	
Allied Telesyn (China) Ltd.	Sales	Asia	
Allied Telesyn (Hong Kong) Ltd.	Sales	Asia	
Allied Widuri SDN. BHD.	Sales	Asia	
Allied Telesyn International (Australia) Pte. Ltd.	Sales	Oceania	
Allied Telesyn New Zealand Ltd.	Sales	Oceania	
Research and Development (R&D)			
Allied Telesis Labs, Inc.	R&D	America	
Allied Telesis Labs S.r.l.	R&D	Europe	
Allied Telesis R&D Center K.K.	R&D	Asia	
Allied Telesis (ShenZhen) Ltd.	R&D	Asia	
Allied Telesis Labs (Philippines) Inc.	R&D / Sales	Asia	
Allied Telesis Labs Ltd.	R&D / Sales	Oceania	
Production			
Allied Telesyn International (Asia) Pte. Ltd.	Production / R&D	Asia	
Allied Telesyn International (Suzhou) Co., Ltd.	Production	Asia	
Allied Telesis (Dongguan) Ltd.	Production	Asia	
Logistics			
Allied Telesyn International B.V.	Logistics	Europe	
Allied Telesis (Hong Kong) Ltd.	Logistics	Asia	
Capital			
Allied Telesis Capital Corp.	Service	America	
Other			
Allied Telesyn Asia Pacific Ltd.	Holding Company	Asia	
corega Group			
corega Holdings K.K.	Holding Company	Asia	
corega K.K.	Sales	Asia	
corega Taiwan Inc.	Sales	Asia	

Source: Allied Telesis Holdings, K.K.

Optimal Region Strategy

The Company employs an Optimal Region Strategy, where development, production, marketing, and other operations are undertaken in the region offering the greatest cost-effectiveness. The result is that Allied Telesis can supply network equipment with competitive cost structures and pricing. This system has helped the Company earn customer trust and market share in Japan and other worldwide markets.

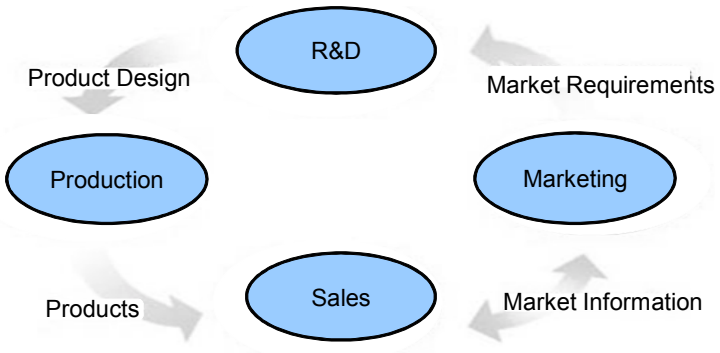
For example, this strategy can be applied to the Company's R&D businesses. As worldwide market demands and users' needs are identified, Allied Telesis selects the optimal region in which to begin R&D. The Company considers the specific characteristics of each business that might make it the most appropriate venue to meet the market's needs. Following product design, the Group selects certain production facilities in order to take advantage of local cost competitiveness. Once created, the products can then be sold globally through Allied Telesis' numerous in-country and regional sales channels.

Research and Development (R&D) Business

Allied Telesis' umbrella of companies includes eight R&D organizations that are dedicated to meeting ever-changing market demands for improved products and services. These organizations take direction from the Company's Marketing Division, which analyzes market trends and users' needs in order to conceptualize new products. Based on the information received from the Marketing Division, the R&D businesses work to develop new technologies, implement cost-reduction measures, and pursue greater interoperability of new products with existing products either from Allied Telesis or other vendors. In addition, the Company places considerable emphasis on product reliability, as measured by the **Five 9s** standard, where a system should be operational 99.999% of the time. As such, Allied Telesis believes that its products have high customer satisfaction.

Figure 4 depicts Allied Telesis' product development process, from R&D through sales and marketing. This process embodies a core strength of the Group: its information gathering and technical development capabilities. The Company believes that as global competition for network-related product development intensifies, its R&D business will likely become more central to the Group's growth. To this extent, Allied Telesis continues to invest in R&D and execute its activities with the future in mind. The Company believes that it may have one of the largest R&D budgets and one of the most efficient R&D teams in the industry. Roughly 18% of personnel are directly involved with engineering (R&D). Furthermore, Allied Telesis does not expect to deliver every single product from only its engineering centers. The Company also finds appropriate partners that can offer a head start for time-critical opportunities. This assistance is largely sourced from Asia, where there is a plethora of small companies with new technologies that may fit with one of Allied Telesis' solutions.

Figure 4
Allied Telesis Holdings, K.K.
R&D ORGANIZATION

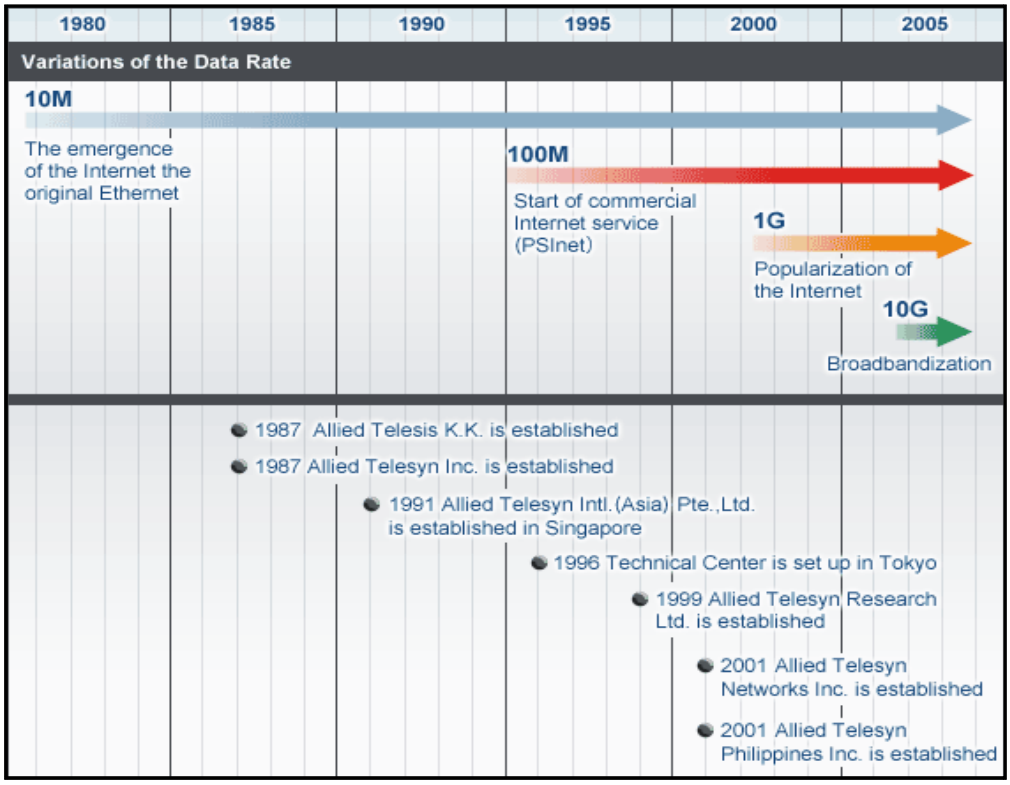


Source: Allied Telesis Holdings, K.K.

R&D History

In 1969, the U.S. Department of Defense's Advanced Projects Research Agency (ARPA) developed a computer network for data communications between scientific and military agencies. Called ARPANET, this network was the prototype for the modern-day Internet. As the Internet emerged, so did Ethernet, a family of technologies first designed in the 1970s for linking computers into a local area network (LAN). The top portion of Figure 5 highlights the evolution of the Internet and Ethernet, which progressed from Ethernet (10M) at 10 **Megabits per second (Mbps)** to Fast Ethernet (100M) at 100 Mbps, Gigabit Ethernet (1G) at 1000 Mbps, and 10 Gigabit Ethernet (10GbE) at 10 Gbps—currently one of the fastest available Ethernets. The bottom portion of Figure 5 marks the inceptions of Allied Telesis' R&D centers, which capitalized on expansion of network technologies in this dynamic field.

Figure 5
Allied Telesis Holdings, K.K.
THE HISTORY OF NETWORK TECHNOLOGY AND THE COMPANY'S R&D GROUPS



Source: Allied Telesis Holdings, K.K.

Allied Telesis' Current R&D Locations

Each of Allied Telesis' R&D centers specialize in certain products, technologies, components, or market segments. For instance, the locations in Raleigh, North Carolina, and Milan, Italy, focus on meeting the needs of service providers with high-operability, carrier-grade products, while R&D in New Zealand and the rest of the U.S. (Bothell, Washington, and San José, California) primarily supports enterprise customers through enterprise switches, routers, media converters, and network interface cards (NICs). In contrast, Japan is largely a "localization" organization that customizes the products created at the other development centers for the Japanese market. The bulleted list at the top of page 19 briefly overviews the Group's R&D centers by region. Greater details of the products noted in the following summaries are located on pages 26-43.

- *U.S.* Allied Telesis has three R&D centers in the U.S.— San José, California; Raleigh, North Carolina; and Bothell, Washington. As both R&D and sales/service organizations, the Company's U.S. operations have become a leader in the deployment of IP Triple Play networks, and have developed an extensive line of optical transport products. While one U.S. R&D center refines **Layer 2**/Layer 2+ switches, another specializes in the Company's integrated Multiservice Access Platform (iMAP) family of products. The San José location is moving toward becoming chiefly a hardware center, as it is situated near the many **merchant silicon** vendors in Silicon Valley. These entities supply the Company with the merchant silicon used to manufacture most of its hardware. Alternatively, Raleigh performs software development and system test engineering.

- *Europe.* The R&D location in Milan, Italy, produces intelligent Media Gateway (iMG) products for IP Triple Play services installed at the customers' premises. IMG devices are the central customer premise equipment (CPE) product essential for **Voice over IP (VoIP)** and video services.

- *Asia.* Allied Telesis R&D Center K.K. in Tokyo, Japan, designs Layer 2 switches, optical products, and **wireless LAN (WLAN)** products. The Company maintains that this equipment, designed to meet the quality requirements demanded by Japanese users, is also accepted worldwide. In addition, the Company has support centers in the Philippines and Singapore that facilitate the development of network management and software offering enhanced usability. The Philippine location also performs an extensive amount of work to assist the R&D centers in Raleigh and Milan. Asia is Allied Telesis' price leader, spearheading the Company's cost reduction measures for many of its products.

- *Oceania.* Allied Telesis Labs Ltd. in Christchurch, New Zealand, creates **Layer 3** switches and routers—product categories that contribute significantly to the Company's total revenue.

Manufacturing and Distribution

Allied Telesis operates two internal manufacturing facilities, one in China and one in Singapore, that span more than 300,000 square feet. The Company also maintains distribution warehouses in California, the Netherlands, Japan, and Southeast Asia. The Company's products are sourced from a combination of internal manufacturing, contract manufacturers, and customized units from third-party Original Equipment Manufacturers (OEMs). The factory in southern China is intended for lower-complexity products manufactured in medium to high volumes. Conversely, the Singapore facility caters to next-generation, high-complexity devices (e.g., modular, chassis-based products) and just-in-time manufacturing.

Part of Allied Telesis' objective for its contract manufacturers is for them to manage much of the subassembly required by the Singapore plant. In particular, the Company employs Celestica Electronics (S) Pte Ltd (part of Celestica Inc. [CLS-NYSE]) in Singapore and PT SAT Nusapersada Tbk. (PTSN-JAK) in Indonesia to support many of the capital-intensive components that are needed for final assembly and testing at the Group's facilities.

- *Celestica Inc.* Celestica, which operates a global manufacturing network of over 30 locations and 43,000 employees, became one of Allied Telesis' partners in 2008. Formerly a wholly owned subsidiary of International Business Machines Corp. (IBM), Celestica had 2007 revenue of more than $8 billion. Celestica's 120,000-square foot Woodlands, Singapore, facility specializes in electronics manufacturing and after market services, such as new product introduction, high-complexity board assembly, box build, build-to-order, configure-to-order, and fulfillment services. The site also has General Services Administration (GSA) status, which allows it to sell to the U.S. government.

- *PT Sat Nusapersada Tbk. (PTSN).* PTSN has been supporting Allied Telesis since 1999. Its Indonesian facility is approximately 480,000 square feet and employs roughly 6,000 individuals. PTSN is estimated to have an annual turnover of $300 million. This subcontractor is certified as compliant with both ISO 9001 and ISO 14001 (detailed on pages 20-21) as well as SMK3, an Indonesian government certification for safety and health management. PTSN's principal activities include manufacturing electronic components, assembling mechanical parts, and supplying printed circuit boards. Its main products are network equipment, consumer and automotive electronics, handheld parts, multimedia peripheral, telecommunications products, and power supplies.

Owning and operating internal production facilities allows Allied Telesis to enforce stringent quality control measures while keeping costs and prices low. It also enables the Company to produce an array of diversified end-to-end network products in any desired quantities—from dozens of a particular unit to thousands in a month. Allied Telesis believes that this strategy has contributed to a flexible supply chain that can manage dynamic lead times while maintaining a high level of quality. The Company estimates that its average time between failure at its manufacturing plants is as high as 4.5 million hours. Allied Telesis further believes that it has sufficient manufacturing capacity to double production output from current levels.

The Group also has an engineering organization that continuously strives to lower production costs and improve product quality. This organization is located near the supply chain business in Singapore. The supply chain tower based in Singapore centralizes product planning, manages corporate quality, performs global commodity management, unifies warehousing and logistics for the corporate level (versus the local distribution level), and executes some localized engineering. The Company exerts considerable effort maximizing profit margins through reengineering to keep up with current silicon and technology requirements.

Moreover, Allied Telesis has been working toward streamlining order flows within the Company. One of the changes enacted to this end was the establishment of a global operations group that consolidates purchasing from the regional levels and maximizes the Company's purchasing power, managing pricing and demand changes across the Group's various business units. The global operations group also feeds product orders from the regional levels to the appropriate manufacturing factories. Over the next 12 to 18 months, Allied Telesis expects to begin to experience the benefit of this new organization.

The Group has also altered its inventory management. In the past, Allied Telesis operated where each geographic region essentially had inventory in its own warehouses, leading to duplication between Europe, the U.S., and other locales. However, over the past several months, the Company has designed a plan to determine which products need to remain in the region and which products can be consolidated closer to the factory. The inventory at the factory is now shipped based on customer backlog rather than on forecast. Following this change of strategy, the Group expects that its business can be more efficient, with the intent of converting more inventory into cash over the next 12 to 18 months.

Commitment to Quality Standards

Allied Telesis works with its suppliers to enforce product manufacturing in compliance with the EU's Restriction of the Use of Certain Hazardous Substances (ROHS) in Electrical and Electronic Equipment, which the Company believes improves its global reputation, social credit, and overseas sales. The ROHS directive prohibits the import of equipment containing certain hazardous substances. In addition, the Company strives to adhere to standards from the International Organization for Standardization (ISO).

ISO Certifications

The ISO develops, coordinates, and publishes national standards from more than 100 countries as a comprehensive guide to promote the international exchange of goods and services and to develop cooperation within intellectual, scientific, technological, and economic fields. Businesses that adopt these voluntary international standards can develop and market products and services meeting specifications that have wide international acceptance.

To fulfill its objective of being a network leader, Allied Telesis continually invests in the latest available network technologies, testing them in its development centers. The Company also pursues quality certifications of its group businesses. Its manufacturing plants in both Singapore and China are certified as ISO 9000 and ISO 14000 compliant.

The ISO 9000 set of standards pertains to quality management and quality assurance. ISO 9000 certification demonstrates that an entity has a standard language for documenting quality processes, a system to manage evidence that these practices are instituted throughout an organization, and third-party auditing to review, certify, and maintain certification of organizations. Separately, ISO 14000 provides a framework to regulate a business's environmental impact. ISO 14001 is more specific, detailing methods to identify and reduce those operations, processes, and products that negatively impact the environment.

ISO 14001—Environmental Management System

Allied Telesis supports environmental preservation and sustainable social progress throughout its organization. To this extent, the Company is committed to proactively performing the following environmental management activities:

- Continually striving to prevent pollution and improve upon its Environmental Management System, which could include establishing environmental targets and executing management reviews;
- Offering products that have a low environmental load, such as energy- or resource-saving devices that do not incorporate hazardous chemical substances;
- Promoting the three R's: reduction, reuse, and recycling of waste materials; and
- Complying with environmental and industry-specific regulations as well as self-regulation.

In addition to its manufacturing facilities, five of the Company's Japanese businesses have also acquired an ISO 14001 certification: (1) Allied Telesis Holdings, K.K.; (2) Allied Telesis K.K. and its associated Fujisawa Office and Customer Center; (3) Allied Telesis R&D Center K.K.; (4) Allied Telesis Networks K.K.; and (5) Root, Inc. (a wireless network development company that became a subsidiary in 2005). These subsidiaries were registered as ISO 14001:2004 compliant in March 2008, after undergoing a review in February 2008.

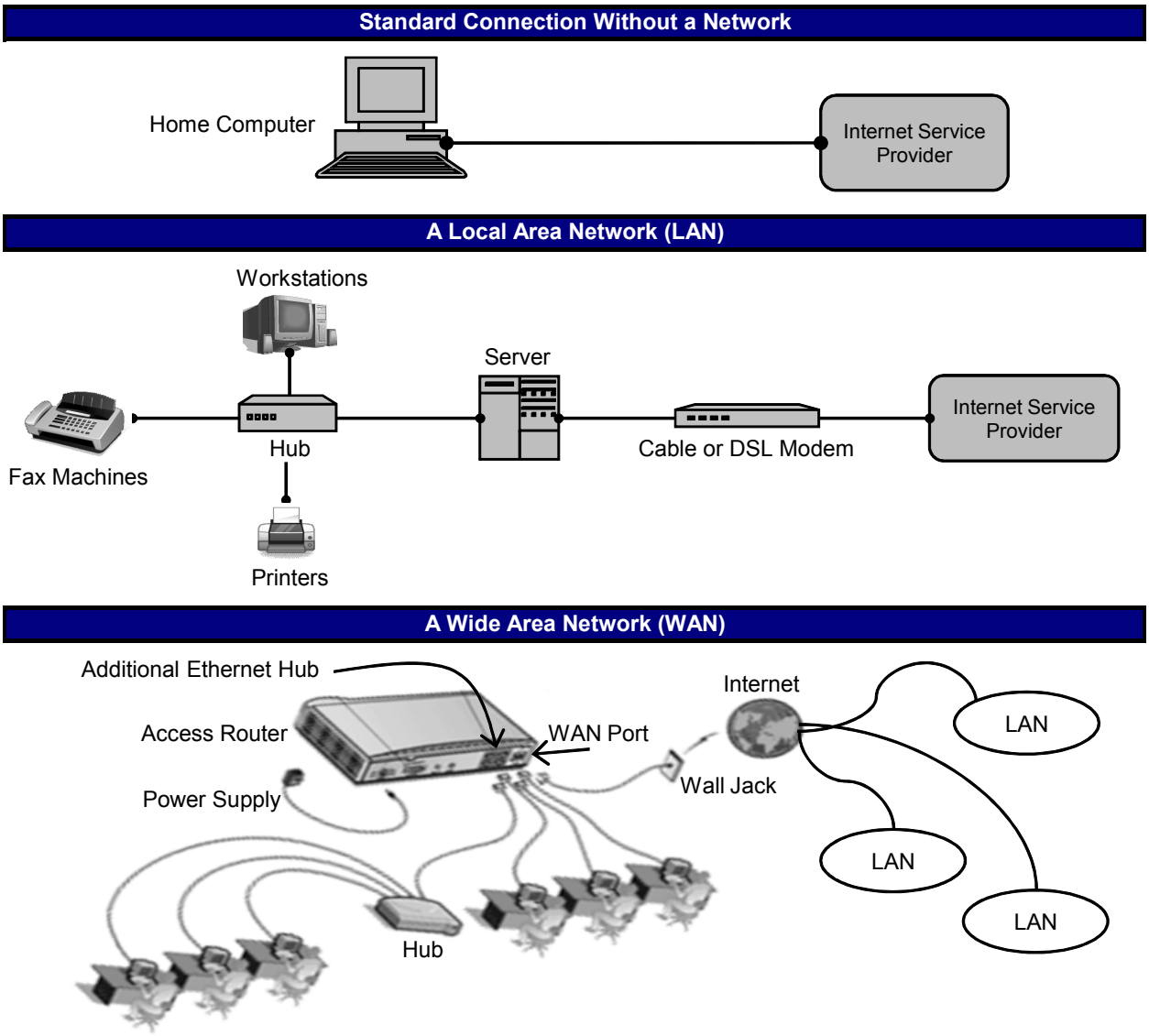
ISO/IEC 27001:2005—Information Security

Allied Telesis and its affiliated companies in Japan (listed above) also acquired the international Information Security Management System standard, ISO/IEC 27001:2005, in February 2008. Meeting this standard indicated that Allied Telesis improved its information security by introducing company-wide information security management systems. Both the Company's Service and Support business at the Fujisawa Office and Customer Center and its telemarketing business had already received ISO/IEC 27001 in 2005.

Network Overview

A network is any system that transmits voice, video, or data between users. Networks are generally categorized based on size, hardware, and protocol. A local area network (LAN) is confined to a smaller area often less than a mile in range, such as an office building or campus. Multiple computers, printers, telephones, and other devices can be linked within a LAN, as illustrated in Figure 6. In contrast, a wide area network (WAN) connects many smaller LANs over large geographic distances using satellite uplinks, private lines (e.g., a **T1 connection**), public networks (e.g., the telephone system or the Internet), or even transoceanic undersea cabling. Unlike with a LAN, WAN users do not typically own the communication lines connecting their remote computer systems. Rather, they subscribe to a service through a telecommunications provider. Once an organization has installed a WAN, employees at its headquarters and its remote locations can freely exchange information as if they were connected to only one network. A third, rapidly expanding segment are metro area networks (MANs). These connect larger distances than LANs, but smaller areas than WANs.

Figure 6
SAMPLE NETWORK CONNECTIONS



Sources: Crystal Research Associates, LLC, Red Line Software, and 3Com Corporation.

Network Devices

A network has many components, including the network operating system (which is stored on the **server**), cables to connect equipment, and all the supporting hardware in between, such as hubs, routers, and switches, as well as antennas and towers (needed for wireless systems). When designing a network, the choice of what hardware to employ is critical, as equipment varies in capacity, security, quality, and speed, among other characteristics. As consumers manage more and more tasks online, from phone calls to downloading videos, the network has become a critical element, with as many as 14 billion devices expected to be connected to the Internet by 2010 (Source: Cisco Systems, Inc.).

A large part of Allied Telesis' business entails manufacturing network devices. When the Company was founded in the late 1980s, it produced equipment for LANs and Ethernet (overviewed on pages 24-25), but as technology progressed, Allied Telesis' product line expanded as well. Today, Allied Telesis' network devices access both home consumer and corporate markets. For at-home users, Allied Telesis markets wireless LAN equipment, routers, and other network devices. For corporate customers, such as large businesses and telecommunications companies, the Company supplies its latest LAN, WAN, and MAN products. Allied Telesis believes that the quality and cost performance of the Ethernet products that it has manufactured since inception have contributed to the Company's capture of market share and have helped establish a high level of brand recognition for the Company as a network device vendor.

Supported Infrastructure

Allied Telesis' architecture provides customers with significant flexibility in their network designs. A single platform from Allied Telesis can support multiple types of network infrastructure, whether it only entails reconfiguring an entity's existing copper wiring or installing new, next-generation fiber optics. With this characteristic, the Company's products can access a range of market segments from hotels or hospitals (where pulling new cable would be disruptive and undesirable) to enterprises looking to construct a future-proof, state-of-the-art network with increased **bandwidth**. Since a single platform supports several transport options, carriers can transition their networks from copper to fiber without the need to reinvest in the core hardware purchased from Allied Telesis.

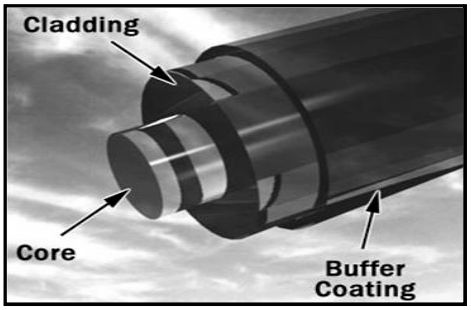
Copper

Digital subscriber line (DSL) is a network infrastructure that entails packing data onto existing, pre-installed copper telephone wires in order to increase capacity and transmit high-bandwidth information. One type of DSL used for consumers is asymmetric DSL (ADSL), which supports data rates of 1.5 Mbps to 9 Mbps when receiving data and 16 Kbps to 640 Kbps when sending data. For business applications that require a faster connection, very high speed DSL (VDSL) provides more rapid data transmission over a single twisted pair of copper wires. VDSL can support high-bandwidth applications, such as high-definition television (HDTV) and VoIP (addressed on page 25). These types of copper infrastructure are typically used only for the network's "last mile" or "local loop," which is the distance between the local provider's office to the consumer's home or office.

Fiber

In contrast, fiber optics transmit digital information as pulses of light sent along a glass or plastic fiber. One strand can be as thin as a human hair. Thousands of optical fibers are bundled as optical cables that are protected by an outer covering. As shown in Figure 7, each strand has a thin glass center where light travels called the core, as well as an outer material to reflect light back into the core, called the cladding, and a plastic buffer to protect the fiber from moisture or other damage. Fiber infrastructure may be classified according to its end destination, such as fiber-to-the-home (FTTH), fiber-to-the-curb ([FTTC] for multiple homes), or fiber-to-the-building (FTTB).

Figure 7
FIBER OPTICS



Source: HowStuffWorks, Inc.

Typically, fiber optics send digital signals over long distances more economically (as it can be less costly to deploy than the equivalent lengths of copper), with greater capacity, and at higher speeds than conventional copper wiring. Yet, installation of fiber is intensive because the cables require more exterior protection than copper and often need repeaters at specified intervals to regenerate and amplify the digital signal in order to prevent its attenuation over long distances. For this reason, many providers still combine a fiber **backbone** with copper local loops.

Allied Telesis' Optical Transport

Allied Telesis' optical transport technology facilitates the efficient use of fiber infrastructure in MANs. The technology leverages fiber's ability to transport multiple wavelengths of light on one fiber span, enabling service providers to increase capacity by adding services to their existing fiber networks. Multiplying capacity while maintaining performance may maximize efficiency and profitability for carriers with an economical subscription cost for end users. In addition, Allied Telesis believes that its multi-protocol, 40G optical transport technology could be beneficial for entities that seek to backhaul a large number of customers and move massive amounts of high-bandwidth services.

Ethernet-based IP Networks

All networks are based on a common protocol or language, which is the procedure that governs the transmission of information on the network. Allied Telesis specializes in IP networks, also called **transmission control protocol (TCP)/IP** networks. IP has become the global standard for networking. Today, the Internet is the largest IP network. Computers that adhere to TCP/IP can transfer data to any other computer that also operates on TCP/IP. Likewise, two computers speaking different languages (following separate protocols) cannot communicate with each other.

Most wide area IP networks are based on a technology called packet switching. Each computer on the Internet has at least one IP address that uniquely identifies it from all other computers. When data is sent or received, the message is divided into smaller amounts of information called packets. Each packet contains the sender's and receiver's IP addresses. The packet is sent first to a router that reads the destination address and forwards the packet to an adjacent router that in turn reads the destination address. This process continues until one gateway recognizes the packet as belonging to a computer within its immediate neighborhood or domain. That device then forwards the packet directly to the computer whose address is specified. In its quest to send information via the least congested course, packet switching does not always use the same network path to send each packet, and the message must be reassembled at its final destination.

Alternatively, standard telephone service uses circuit-switching technologies, where a continuously connected, dedicated line is allocated for voice transmission between two parties for a certain duration. When the call is complete, the line becomes available for a second set of parties. Circuit switching has been employed for data that must be transmitted quickly and arrive in the same order in which it is sent. Real-time data, such as live audio and video, has often used circuit switching. However, this technology can lead to slower transmission, since the connection must stay open. As carriers and enterprises accelerate the deployment of voice, video, and data services based on IP infrastructures, current circuit-based networks are being transformed into packet-based networks—presenting opportunities for Allied Telesis.

Ethernet

Allied Telesis also provides products and services to support Ethernet, which is the data transfer protocol governing the majority of LANs. Ethernet is used to connect networked and non-networked computers to a modem for Internet access. The Company estimates that Ethernet technology provides connectivity for over 97% of networking devices worldwide. New computers are already equipped for Ethernet, but users may require an Ethernet adapter for older computers. The wireless version of Ethernet is called **Wi-Fi**.

Ethernet is available in varying speeds, depending upon the connection and equipment. To date, one of the fastest Ethernets is 10 Gigabit Ethernet (10GbE), which is used for high-speed backbones in WANs. A network's backbone is the part of the network that carries the most traffic, and as such, requires the greatest capacity. Smaller, local networks connect to the broader backbone. Slower data transfer rates

that are commonly used for other segments of the network are as follows: (1) Ethernet at 10 Mbps; (2) Fast Ethernet at 100 Mbps; and (3) Gigabit Ethernet at 1000 Mbps. With regard to the capabilities of Allied Telesis' products, these data transfer rates are often referred to as 10/100 or 100/1000, etc., indicating that the specified product can support Ethernet at those speeds.

IP Triple Play

IP Triple Play is the simultaneous integration of telephone (e.g., VoIP [described below]), high-speed Internet, and television (e.g., IPTV [detailed below]) on a single broadband line. The advantage of IP Triple Play is that it requires only the broadband line, whereas conventional service necessitates telephone lines to carry voice communication, copper media or FTTH systems to transport data at high speeds, and separate cable or satellite systems to receive television broadcasts. In line with its mission of being a complete IP solutions provider, Allied Telesis is capable of everything from designing the IP Triple Play network infrastructure to managing its content and consulting on the system's operation and maintenance. Greater details of the Company's expanding IP Triple Play operations and products are provided on pages 33-39. Allied Telesis believes that networks worldwide are actively moving toward high-speed and IP Triple Play products. In Europe and the U.S., where the market structure is relatively open, many entities from hotels and hospitals to individual residences already subscribe to IP Triple Play services.

A report from the Frost & Sullivan research service details the Triple Play market, finding that as convergence continues to be a significant technological trend in the telecommunications industry, the primary focus of next-generation networks is to combine data, video, and voice applications on a single platform (Source: *World Triple Play and Next Generation Services Test and Monitoring Markets* 2007). Driving forces of this trend include the following:

- customers' preferences of receiving all three services from only one provider;
- providers' preferences to only use one equipment vendor that can outfit an entirely integrated Triple Play system while also testing and monitoring the voice, video, and data, thereby saving providers time, money, and space;
- service providers' and carriers' efforts to increase average revenue per user by increasing sales orders from existing customers; and
- Telco's (local telephone companies) need to begin offering IPTV and other services (beyond standard telephony) over legacy copper networks in order to compete with cable companies and wireless vendors.

Voice over Internet Protocol (VoIP)

A newer form of telephone service, VoIP, uses packet switching instead of circuit switching. With VoIP, voice is converted into digital signals (packets) that travel over the Internet instead of via a traditional (**analog**) copper phone line. VoIP services have the potential to offer a variety of benefits to companies, including increasing information technology (IT) efficiency and enhancing productivity through new applications that can be linked to data infrastructure. However, if not deployed properly, VoIP may complicate communications by straining the network. Thus, a client's network must be evaluated and, where necessary, enhanced in order to ensure that it can run efficiently and funnel data correctly to achieve this new functionality.

IP Television (IPTV)

IPTV is similar to traditional cable television, but the IPTV service is digitally supplied using packet switching over a broadband connection to the Internet. It is often bundled with video-on-demand (VOD), VoIP, or other Internet-based services. Many telephone companies are now offering IPTV over their DSL lines in order to compete with cable television providers. Whereas cable television simultaneously transmits many video channels, IPTV users request a particular channel at a time, which is routed to them in the same manner as data resources are routed on the Internet.

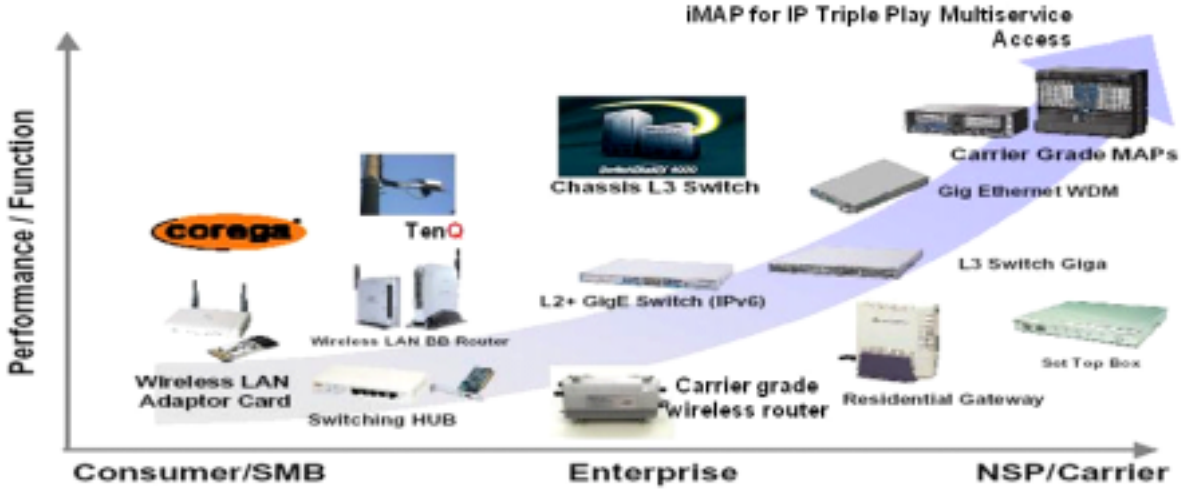
Allied Telesis' Featured Products and Customers

As the market demands increased network speeds (e.g., 10GbE) with superior security features to guard against hacking and breach of data, network equipment manufacturers must continuously innovate to develop more extensive and sophisticated solutions supported by quality software and specially designed hardware. Moreover, entities that also participate in **access networks**, such as Allied Telesis, must focus on reducing development costs and accelerating time to market as well, in order to address evolving network requirements (Source: Frost & Sullivan's *World Communications Test Equipment for Manufacturers Market* 2008). The global marketplace for information and communication technologies is expected to exceed $3.7 trillion in 2008 and $4 trillion by 2011, according to a study released in May 2008 by the World Information Technology and Services Alliance. The study documented that within this market, communications technologies comprised more than 57%, or $1.9 trillion, of spending in 2007.

To capitalize on this expanding industry, Allied Telesis leverages its global structure and worldwide R&D, manufacturing, sales, and marketing divisions to maintain constant contact with the field. Allied Telesis believes that its history in the industry and resulting information, expertise, and technological skill that it has accumulated allows the Group to continually develop innovative products and technologies as well as positions the Company to meet emerging market trends.

The Company's complete line of IP/Ethernet devices is expansive, presently totaling over 700 active products. Since its inception over 20 years ago, Allied Telesis has created more than 2,000 products. Figure 8 highlights the range of Allied Telesis' current product portfolio. The Company sells equipment customized for homes and small- or medium-sized businesses (SMB) as well as carrier-grade devices that are more powerful, have increased speeds and capacities, and that support a multitude of functions and services. This type of equipment, illustrated toward the right side of Figure 8, is intended for larger enterprises that require enhanced performance and for the network service providers that deliver extensive services to a large geographic area.

Figure 8
Allied Telesis Holdings, K.K.
SAMPLE PRODUCT LINE



Source: Allied Telesis Holdings, K.K.

One of the benefits of using Allied Telesis' equipment is customization, even of large deployments. At the factory, the Company can preload customer-specific defaults, affix labels or include certain instruction inserts, and standardize the customer's preferred firmware across separate product shipments. All of these customized services ease in-field maintenance. Moreover, when Allied Telesis designs hardware or software, its engineers purposefully allow for differentiation in each product—ways that the Company can later tailor the products into a solution for each customer's exact requirements. Allied Telesis views this as a local globalization approach to increase consumer satisfaction and ensure that the Company becomes a customer's prime vendor.

PRODUCT AREAS

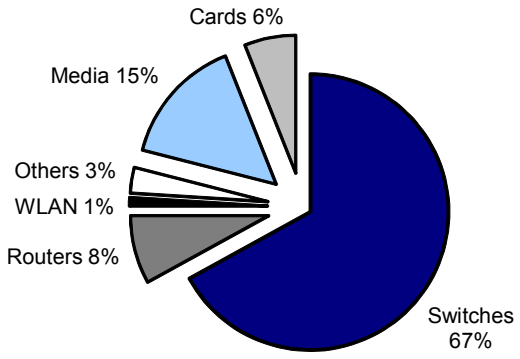
Allied Telesis' product strategy is to continue proactively developing next-generation IP products focused on meeting the new needs of converged services, such as IPTV and broadband access. Table 8 summarizes the Company's major product categories, and Figure 9 highlights each category's revenue contribution for the consolidated Group in 2007. Whereas Allied Telesis was previously recognized for its media converters (hardware that connects different transmission media, such as copper and fiber optics), the Company is now also viewed as an Ethernet switching company, as exemplified in Figure 9. Part of Allied Telesis' competitive advantage with regard to switches is the Company's AlliedWare Plus™ operating system (overviewed on page 31). With this proprietary software on market chip sets, Allied Telesis believes that its switches are flexible, cost effective, and future oriented. In addition, the Company believes that it is still the top provider of media converters in Europe.

Table 8
Allied Telesis Holdings, K.K.
>700 ACTIVE PRODUCTS IN THESE CATEGORIES

- Unmanaged Switches
- WebSmart Switches
- Power over Ethernet Switches
- Fast Ethernet Switches
- Gigabit Ethernet Switches
- 10GbE Switches
- SwitchBlade® x908
- Network Interface Cards (NICs)
- Optical Components
- Media Conversion
- Routers
- Wireless Products
- iMAPs
- iMGs
- Network Management and Software

Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

Figure 9
Allied Telesis Holdings, K.K.
REVENUE CONTRIBUTION, 2007



Source: Allied Telesis Holdings, K.K.

Product Traffic Lights

With the aim of keeping the high volume, high revenue, high margin products available for sale, Allied Telesis employs a "Product Traffic Light" strategy. Under this policy, the products that represent approximately 80% of the Company's turnover each month are designated as "green" and are kept in stock ready to be delivered. "Yellow" and "red" products require longer lead times and greater forecasting due to less worldwide inventory. The primary objective of Product Traffic Lights is to orient sales teams on what they need to be able to sell in order for the Company's operations and supply chain to align in the most efficient manner.

Further, since Allied Telesis controls its marketing, production, delivery, and sales, the Group maintains cost competitiveness through constant reviews of its expenses associated with product components, design, packaging, shipping, and technologies, among other factors.

Ongoing Product Development

The Group's ongoing product development encompasses designing new devices with a focus in three areas: (1) Gigabit Ethernet; (2) modular switching platforms; and (3) energy efficiency. The costs of Gigabit ports have decreased to a point where it makes economical sense for the industry (and Allied Telesis) to transition to Gigabit products versus those still using 100 Mbps Ethernet technology. A 2007 report published by Gartner, Inc. (IT-NYSE) documents the expansion of Gigabit technologies, noting that end-user spending on 10GbE could account for more than 23% of the market by 2011 versus less than 7% in 2006. Likewise, spending on 100 Mbps Ethernet is anticipated to decrease to only 14% of the market in 2011 versus almost 30% in 2006.

In the area of modular switches, Allied Telesis has already released its novel SwitchBlade® x908 (detailed on pages 29-33), but intends to expand this product line with the introduction of new higher-density modular switches in 2009. In addition, the Company expects to launch a new product that incorporates several eco-friendly features. Energy efficient (or "green") products may realize a reduction in costs through proprietary power saving techniques, a feature that has rapidly become a concern for today's consumers. Additional green aspects that the Group employs are the reduction or elimination of hazardous substances and the use of energy-efficient technologies.

Due to the depth and breadth of the Company's product line, only Allied Telesis' primary product areas are overviewed on the accompanying pages. These include the x900 series of core switches and the critical IP Triple Play-enabling product families: integrated Multiservice Access Platforms (iMAPs) and intelligent Media Gateways (iMGs). Greater details of all available products can be obtained from Allied Telesis at www.at-global.com or its Allied Telesis, Inc. subsidiary at www.alliedtelesis.com.

x900 Core Switches

In a telecommunications network, a switch is a device that channels incoming data from any of multiple input ports to the specific output port that transports the data toward its intended destination. There are many types of switches, but those positioned in the network's backbone are often called core switches. These devices are designed to receive information and quickly determine which subsequent switches should receive the data based on the intended destination. For example, in an office building's LAN, the core switch is the one directing data traffic to the appropriate edge routers (possibly representing a specific floor in the building), which could then transmit information to a third switch associated with a particular individual's desk.

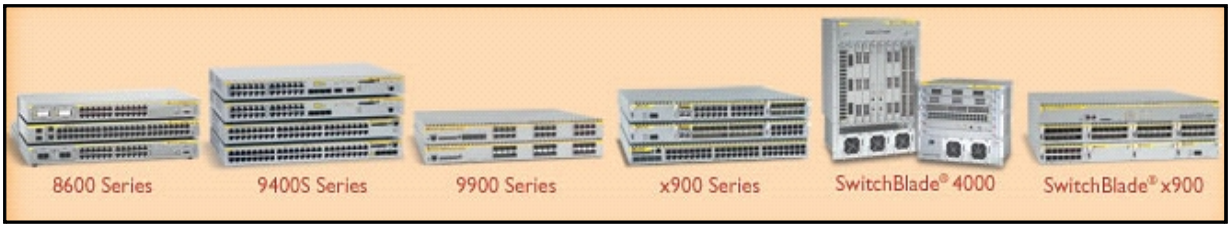
For its enterprise and service provider customers, Allied Telesis has recently introduced the x900 series of core switches, which are designed to offer scalability for any size network and a long lifecycle. These switches can be adapted to meet specific customer needs and may save costs on future upgrades, enabling affordable networks. In addition to this latest product family, Allied Telesis sells a wide array of other switches that vary in complexity, price, feature sets, and target customer. Figure 10 (page 29) illustrates the Company's switch portfolio. As the switches progress from unmanaged and WebSmart to Layer 2 or Layer 3 capabilities, they are designed to be faster, smarter, and more complex. Allied Telesis believes that the feature sets on its Layer 3 switches make these products competitive with any other equivalent switch on the market, in part due to the Company's ability to combine ideas from many individuals at multiple development centers into innovative, integrated design solutions.

Also depicted in Figure 10 is one of Allied Telesis' newest and most powerful x900 switches, the SwitchBlade® x908 (also known as "xCalibur"). This device is further detailed following the Figure. For greater information on the remainder of the Company's products in the x900 class, as well as its additional switches for small to medium enterprises (SMEs) and SMBs, refer to the Products section of Allied Telesis, Inc.'s website at www.alliedtelesis.com.

Figure 10
Allied Telesis Holdings, K.K.
SWITCH PORTFOLIO

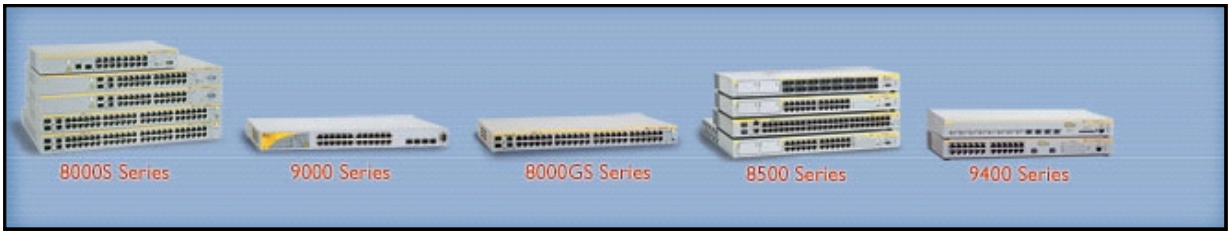
Capability

Layer 3
Enterprise and Service Provider



- Large network applicability
- High degree of traffic manipulation and management
- Customizable script-based actions for network management
- 10GbE
- Power over Ethernet (PoE)
- Multiple redundancy options

Layer 2
Small to Medium Enterprise (SME)



- PoE
- VoIP optimization
- Security - Quality of Service (QOS)

Layer 2 Unmanaged and WebSmart
Small to Medium Business (SMB)

- Simple connectivity
- PoE
- Connectivity for <1,000 users

Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

The SwitchBlade® x908

In the U.S., the SwitchBlade® x908 advanced Layer 3 modular switch was first profiled in April 2008 at Interop Las Vegas, a global business technology event where IT solutions are displayed to as many as 20,000 guests. Allied Telesis launched this product in Japan and Europe during 2007 in order to gain momentum before entering the U.S. market. This strategy reflects what has always been the Company's marketplace priorities—accessing the Japanese and European markets first, followed by the U.S.

Shown in Figure 11, the SwitchBlade® x908 is a combination of both a box-type switch and a traditional chassis-type switch. It has the features and economics of a stackable box switch, but the expandability of a chassis switch. It holds eight **expansion bays** in its chassis and can be configured for up to 96 Gigabit Ethernet ports and eight 10GbE ports by stacking four devices using virtual chassis stacking (VCS), as described below under Creating Low-cost Redundant Networks. To the Company's knowledge, the SwitchBlade® is the only mini-chassis product available that supports stacking. With this product in particular, Allied Telesis believes that it is positioned to compete with Cisco System's enterprise switch portfolio, as the SwitchBlade® x908 can be converted into a 1.2 terabits per second (Tbps) virtual switch.

Figure 11
Allied Telesis Holdings, K.K.
THE SWITCHBLADE® x908

Source: Allied Telesis Holdings, K.K.

Creating Low-cost Redundant Networks

The Company estimates that as many as one-third of all chassis products use just 50% of their allotted capacity, therefore, the VCS capabilities of the SwitchBlade® present a cost-effective method to add network space only as needed.

Figure 12
Allied Telesis Holdings, K.K.
TWO SWITCHBLADE® x908s JOINED WITH OPTIONAL STACKING CABLES (back view)

Source: Allied Telesis Holdings, K.K.

All of the x900 switches incorporate VCS, which uses special stacking cables to connect multiple devices as one virtual switch operating on a single IP. The benefits of VCS include lower costs to grow the network, easier setup, saved space, and versatility for customers' unique needs. As bandwidth and feature requirements evolve, customers can achieve network scalability with their x900 series switches by adding or removing nodes from the stack. Allied Telesis believes that when two SwitchBlade® units are linked by 80 Gbps cables (as shown in Figure 12), they deliver functionality equivalent to a dual-controller chassis solution, but at a lower cost. Importantly, VCS also synchronizes the information being transmitted through each node. Thus, even if there is a malfunction in one device, operation continues—enabling a favorable effect called **redundancy** that minimizes the risks of system errors.

Ethernet Protection Switched Ring (EPSR)

In its quest to deliver redundancy, Allied Telesis has also integrated Ethernet Protection Switched Ring (EPSR) features into its x900 switches, including the SwitchBlade®. EPSR was first designed for Allied Telesis' iMAP product family (detailed on pages 34-37) but became so effective that the Company opted to employ the technology in its enterprise solutions as well. The aim of EPSR is to better detect and repair failures in ring-based Ethernet networks versus conventional technologies, such as **spanning tree protocol (STP)** and **rapid spanning tree protocol (RSTP)**. While STP can take approximately 30 seconds to respond to a fault, EPSR is designed to automatically heal a network by directing traffic over a protected reverse path in roughly 50 milliseconds. The EPSR technology that Allied Telesis employs is based on industry standards, but contains proprietary enhancements that the Company has created, such as the ability to build super loops or rings on rings. In the future, Allied Telesis plans to also include software capable of healing multiple breaks.

By leveraging EPSR, the Company seeks to ensure survivability of its Ethernet networks, suggesting that the network can remain operable and resolve failures on its own in a manner that is not noticeable to the subscriber. Collectively, the integration of VCS and EPSR creates a virtual core in the x900 products that supports low-cost load-sharing redundant networks. As networks graduate in size, there is a significant price differential to install Allied Telesis' EPSR-supported systems versus competitors, such as Extreme Networks, Inc. (EXTR-NASDAQ). For example, based on the Company's knowledge of Extreme's pricing, Allied Telesis estimates that a small system with EPSR costs nearly ¥1.17 million ($10,900) from Allied Telesis and ¥2.45 million ($22,800) from Extreme. For a large EPSR system, enterprises would likely need ¥58.7 million ($547,000) for Allied Telesis and ¥67.4 million ($628,000) for Extreme.

AlliedWare Plus™ Operating System

All of the x900 core switches, including the SwitchBlade® x908, utilize the Company's new AlliedWare Plus™ operating system, which has a modular structure. Due to the modular structure, Allied Telesis is able to reduce development time while still providing security and reliability. To create this software, Allied Telesis purchased code from IP Infusion Inc., a provider of intelligent network software solutions for enhanced IP services, combined it with some open source code (available in the public domain), and then developed added functionalities in-house for an improved user experience.

AlliedWare Plus™ incorporates industry-standard **command lines**, which decreases the time and costs associated with training engineers to use the Company's products and could facilitate a customer's decision to replace other vendors' products with those of Allied Telesis. AlliedWare Plus™ is also compatible with the Linux operating system. The Company believes that overall product functionality as well as the lower ownership costs of AlliedWare Plus™ devices may enable new revenue streams as Allied Telesis penetrates the SME and network service provider markets.

Support Hardware for IPv4 and IPv6

Allied Telesis' x900 series switches also have hardware to support two versions of IP: (1) the widely used, older IPv4; and (2) the next-generation IPv6 anticipated to fully replace IPv4. IPv6 increases the number of available Internet IP addresses (combating problems that are arising as more and more computers seek to connect to the Internet), as well as improves quality of service (QOS) and data security. While IPv4, which has been used since the 1970s, supports approximately four billion separate IP addresses, IPv6 is estimated to allow for over 340 trillion trillion trillion addresses. It is thought that within the next several years (2009 to 2013), the remaining "available" IP addresses under IPv4 will likely be exhausted (Source: the Internet Corporation for Assigned Names and Numbers [ICANN] 2007). Allied Telesis believes that its products should be compatible to both the current standard, IPv4, as well as the future requirement, IPv6, in order to be the best long-term solution at a cost-effective price point for its customers.

Quality of Service (QOS) Features

The SwitchBlade® x908's QOS features include the ability to efficiently schedule and prioritize different types of traffic. These characteristics dictate that time-sensitive services (e.g., voice [VoIP] and video) take precedence over non-critical activities, such as file downloads. For businesses, this may increase the reliability and responsiveness of critical enterprise applications, while for service providers, the switch offers the ability to tailor bandwidth and performance profiles to a consumer's precise needs.

The device incorporates dual, **hot swappable** power supplies and fan modules that offer the possibility of uninterrupted operation even if a fan or power supply fails. Additionally, due to its full IPv6 capabilities and comprehensive multicast support at **wire speed**, the SwitchBlade® x908 is suited for the provision of IP Triple Play services. The capability for multicast allows the transmission of large volumes of data to multiple recipients using one transmission stream. This approach saves considerable bandwidth over unicast, which requires a separate transmission stream from source to destination for each recipient. This switch is targeted for medium-sized businesses, larger enterprises, and network service providers, among other institutions. Moreover, because it supports multiple fiber interface speeds, this device may be beneficial for aggregation of high-capacity uplinks and for use from the edge to the core of military networks, where data security is critical.

SwitchBlade® x908 Deployment

Since the debut of the SwitchBlade® x908 in Japan and Europe in 2007, Allied Telesis has realized increased sales of project-based systems centering on this product as the core switch. Table 9 summarizes the increased value to the Company of its newest switch, measured in terms of projects that Allied Telesis has won to date during 2008 on the basis of being able to supply the SwitchBlade® x908. These projects represent customers that have already deployed or made purchase commitments for the SwitchBlade® x908. Table 9 does not reflect the U.S., as the SwitchBlade® x908 was not officially launched in the U.S. until April 2008. Allied Telesis believes that a considerable factor driving sales of this product is that the Company's chief competitor in this class, Cisco Systems, has not made significant changes to its switches in several years. Thus, customers that are looking to expand or upgrade their networks benefit from Allied Telesis' enhanced feature sets and affordability.

Table 9
Allied Telesis Holdings, K.K.
DEPLOYMENTS OF THE SWITCHBLADE® x908 IN JAPAN AND EUROPE

	Quantity	Value (in US$ millions)
Total Projects in Pipeline*	460	$45.0 M
Projects Won (now operational)	157	$9.5 M
Projects Lost**	91	$7.4 M

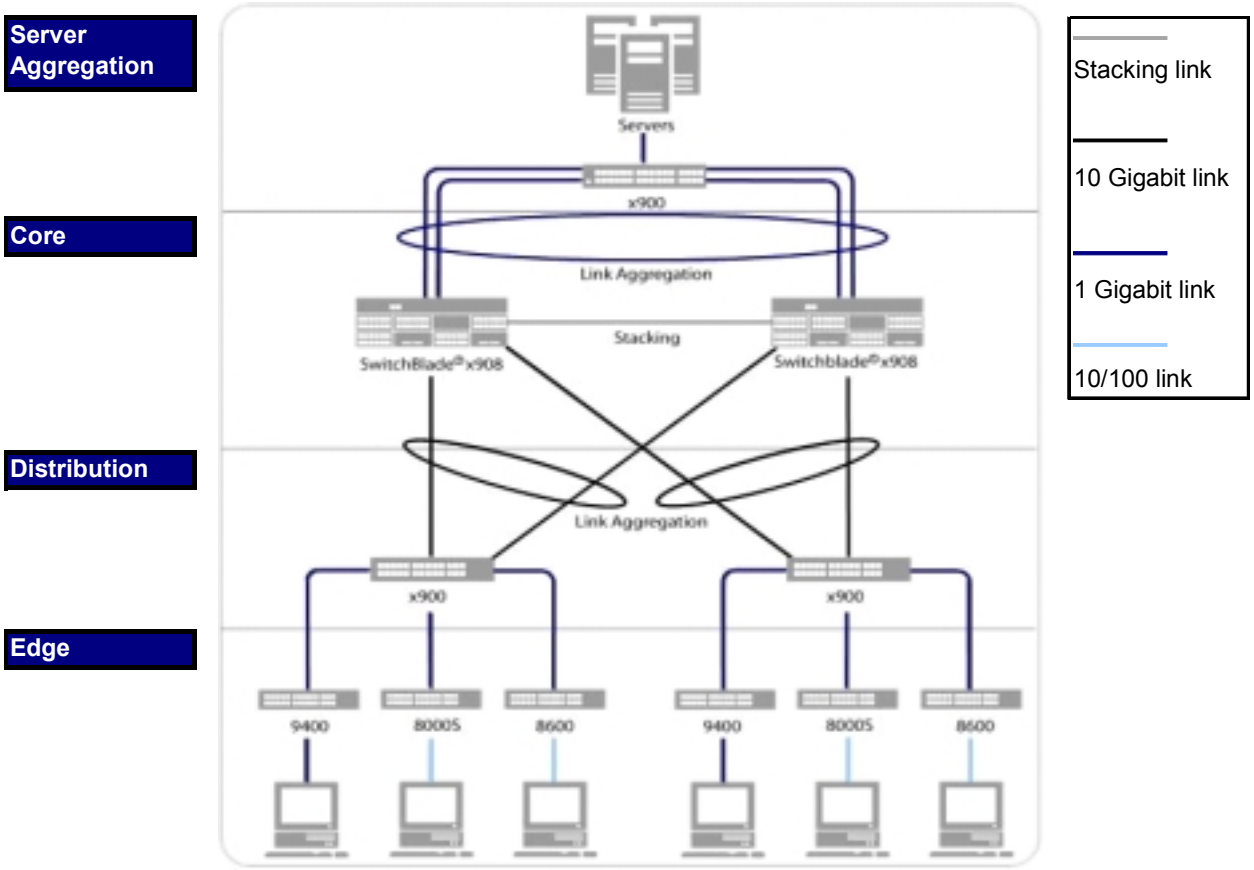
* Identified as potential projects by Allied Telesis' sales force for the first half of 2008; those not won or lost are pending.

** The value of projects won represents the value of the project to Allied Telesis, which may only be a portion of the total project. In contrast, the Company has classified the value of projects lost in their entirety.

Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

Figure 13 (page 33) illustrates a possible configuration of an enterprise's network using the SwitchBlade® x908 in combination with some of Allied Telesis' other switches. As depicted in Figure 13, the SwitchBlade® x908 is the core switch, directing traffic to subsequent switches via 10GbE links. With VCS of two SwitchBlade® products (represented in the Figure by the "stacking link"), the enterprise has deployed a highly redundant core, where losing a link or a switch does not affect data delivery.

Figure 13
Allied Telesis Holdings, K.K.
SWITCHBLADE® x908: THE ENTERPRISE CORE



Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

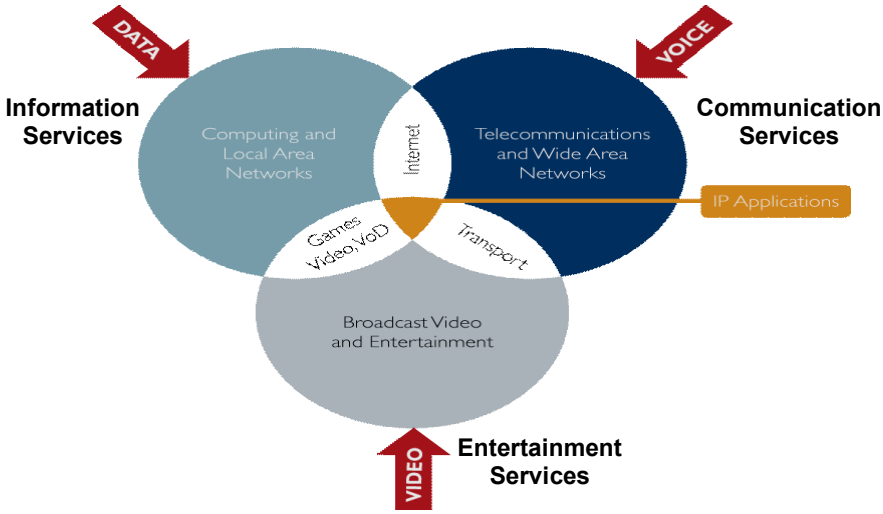
IP TRIPLE PLAY

Allied Telesis entered the IP Triple Play arena in 2000, after completing proof of concept. The Company had initially attempted multicasting large quantities of IP with equipment from other vendors, but was unsatisfied with the performances. Today, the Company internally supplies the required hardware and software. The Company's integrated Multiservice Access Platform (iMAP) is a carrier-grade, IP/Ethernet networking solution that supports IP Triple Play services simultaneously over copper and fiber infrastructure. In addition, Allied Telesis' range of intelligent Media Gateways (iMGs) located at the end user's premises facilitate the delivery of next-generation service offerings to the home or business. Both of these product lines are overviewed on pages 34-38, followed by details of the Company's Triple Play-dedicated business, IP-GSP, on pages 38-39.

Allied Telesis believes that it was one of the first vendors to present an end-to-end, purpose-built Triple Play solution for Telco (local telephone carriers). To date, the Company has established IP Triple Play in more than 20 countries. Its largest customers are now located in the U.S. and Europe, and the Company is experiencing growth of these services in Japan, where IP Triple Play is relatively newer. Allied Telesis also leverages pan-European systems integrators, such as Siemens AG (SI-NYSE) and IBM, to help facilitate sales and deployment of the Company's IPTV and Triple Play offerings across Europe, the Middle East, and Africa (EMEA).

Figure 14 illustrates the IP Triple Play combination of data, voice, and video. The integrated multimedia content is customized based on need but ultimately can include a wide array of proven features, including those listed in the lower half of Figure 14.

Figure 14
Allied Telesis Holdings, K.K.
IP TRIPLE PLAY



Multimedia Content

- *High-speed Internet Access*
  From 1 to 1,000 Mbps; Voice and video conferencing
- *Gaming and P2P Communications*
  Virtual communities; Broadcast P2P video
- *IPTV and Video (broadcast, VOD)*
  Channel bundle (TV, HDTV); Streaming and downloading video; Personal video recorder (PVR)
- *Video Conferencing Devices*
  Voice and video mail
- *Personal Communication Portal*
  PC-TV or videophone based
- *Telephony*
  One or multiple lines with the same access

Source: Allied Telesis Holdings, K.K.

Integrated Multiservice Access Platform (iMAP)

For the service provider market, Allied Telesis' leading products are the iMAPs. To the Company's knowledge, iMAP is the industry's only method for carriers to supply IP Triple Play via both copper and fiber lines simultaneously. Because it supports both infrastructures, this product may simplify the move from traditional copper wiring to next-generation fiber optic cabling.

With iMAP, carriers can deliver any version of DSL desired, VoIP, IPTV, IP video, video-on-demand (VOD), plain old telephone service (POTS), 10GbE transport, and business-oriented **virtual private networks (VPNs)**, among other applications, to their customers. VPNs are secured, private networks that use public infrastructure, such as the Internet. Similar to Allied Telesis' other products, iMAP devices contain built-in security and redundancy features, such as EPSR, to ensure that networks remain operational and capable of sub-50 milliseconds repair times. With these features, Allied Telesis estimates that it provides carrier-grade Five 9s availability and service (99.999%).

The model for the next-generation delivery of IPTV entails video arriving in either an IP or analog format from terrestrial or satellite links, being converted by encoders and merged with VOD service and local broadcasts into an IP stream, and then being delivered through the network to the end user. As many of the carriers migrating to Triple Play from traditional telephone service are still largely focused on supplying voice, Allied Telesis' iMAP integrates video and data applications with several voice options,

including POTS or VoIP. Thus, if some customers do not elect to receive Triple Play from their service provider, but still want telephone service, the provider can route only POTS from the iMAP to a house. Table 10 summarizes the versatility of the iMAP architecture.

Table 10
Allied Telesis Holdings, K.K.
VERSATILITY OF THE IMAP ARCHITECTURE

- End-customer services mix (POTS, xDSL, Ethernet, GEPON, E1/T1, and DS3/E3)
- Application mix (IP Triple Play and Metro Ethernet services)
- Transmission media mix (copper, fiber)
- Topologies mix (stat, ring, sub-tending)
- Network interfaces (n x GbE, 10GbE, and E1/T1)
- Flexible deployment process (phased investment for maximum return on investment)
- Full protection using EPSR rings (super loops are supported)

Source: Allied Telesis Holdings, K.K.

Cost Management and Network Interoperability

Allied Telesis performs extensive analyses of its customers' requirements in order to provide them with a solution that meets their needs while minimizing the total cost of ownership through features such as automated provisioning. Furthermore, improving operational performance to drive down the total cost of ownership is critical to customers. As such, the team at the iMAP's main development center in Raleigh, North Carolina, seeks to ensure end-to-end application interoperability with a method called "EASIER" or "**E**nd-to-end **A**pplication and **S**ystem **I**nteroperability **E**ngineering **R**elease." Essentially, the Company seeks to ensure that all of the Triple Play components, either Allied Telesis' or a third party's, work. To do so, Allied Telesis designs a product-by-product guideline that the customer can adhere to in order to keep the network operational. In this way, the Company is also able to decrease its costs of having to troubleshoot problems later. Part of ensuring network interoperability also entails qualifying and maintaining Gold Partner vendors for voice and video compatibility. For instance, all iMAP VoIP features have passed an extensive set of Interop certifications with industry leading softswitches (software-based switches) from CopperCom, Inc., Data Connection Ltd.'s MetaSwitch, and Nortel Networks Corp. (NT-NYSE).

AlliedView™ Network Management System (NMS)

iMAPs are fully supported by the Company's Allied*View*™ NMS. The Allied*View*™ NMS is a comprehensive network management suite that service providers can use to ensure quality of IP Triple Play offerings. This software manages all of Allied Telesis' Triple Play network components and simplifies the process of provisioning services. When technicians are sent to install a gateway, they simply plug in the equipment. The iMGs communicate with Allied*View*™ NMS to download the appropriate configurations for that unit. Moreover, the Allied*View*™ NMS monitors performance, performs diagnostics and provision changes, and has stringent event/alarm notifications—allowing operators to manage hundreds of network elements remotely.

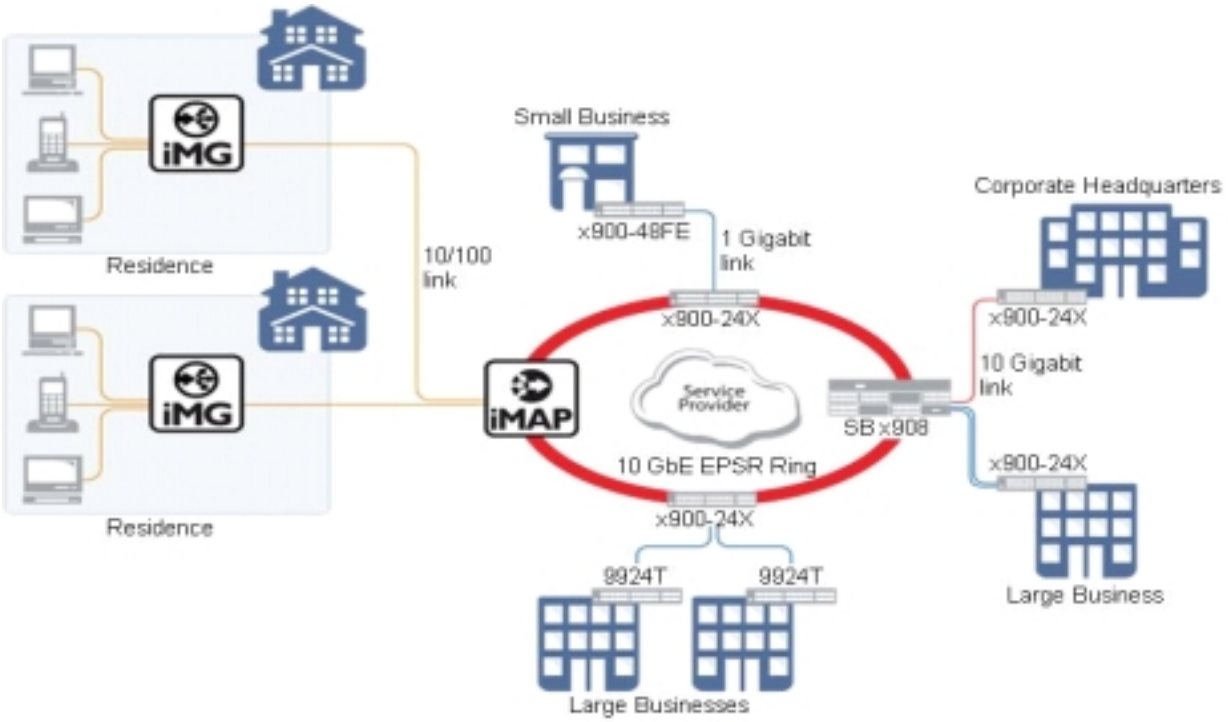
iMAP Deployments

iMAP has been available since 2003. It is established in telecommunications companies and service providers globally, for more than 500,000 IP Triple Play deployments and millions of committed lines and ports. The Company positions its iMAP at the access network level and believes that this product family could benefit alternative or emerging carriers, independent operating companies (IOCs), Internet service providers, **incumbent local exchange carriers (ILECs)**, public utilities, and private organizations, such as hospitals, hotels, or apartment complexes.

Allied Telesis offers a range of iMAPs with varying feature sets, from the 17-slot fiber and DSL iMAP 9700 designed for central office deployments to the 3-slot MiniMap 9100 and the iMAP Express 7100, which are more suited for use at remote terminals, an outside plant, or building basements where space is at a premium and temperatures may be extreme (-40°C to +65°C). In August 2005, *Heavy Reading*, an independent market researcher for the telecommunications industry, ranked the iMAP 9000 platforms among the top and best-in-class for both outside plant and central office deployments.

Figure 15 illustrates how Allied Telesis' IP Triple Play products and its x900 core switches can function in concert. In addition, one of the benefits of Allied Telesis' IP Triple Play solutions is that the Company's access/edge products can integrate with the core products of other entities. For some deployments, Allied Telesis' customer premise equipment (CPE) may interface with the core solutions of a separate incumbent, such as Cisco Systems or Juniper Networks, Inc. (JNPR-NASDAQ).

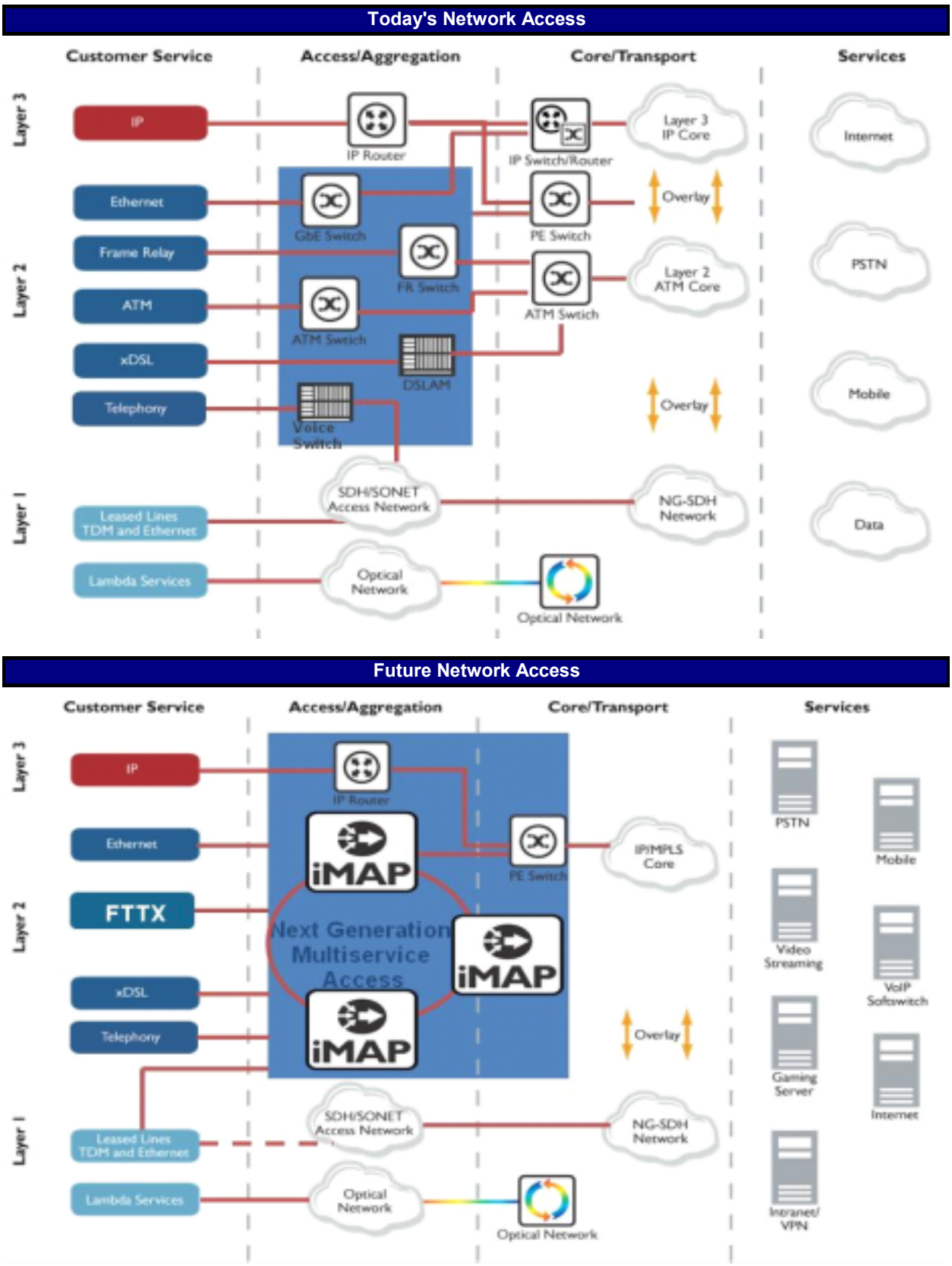
Figure 15
Allied Telesis Holdings, K.K.
SOLUTIONS FOR IP TRIPLE PLAY AND THE METRO EDGE



Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

Using its iMAP family and x900 core switches, Allied Telesis intends to further penetrate the following markets, particularly within the EMEA region: financial, government, hospitality, automotive, Telco, and SMB. Figure 16 (page 37) illustrates what Allied Telesis views as the current standard network configuration and the network configuration of the future, where its iMAP products can replace multiple switches in use at the access level today.

Figure 16
Allied Telesis Holdings, K.K.
CONVERGENCE



Source: Allied Telesis Holdings, K.K.

Intelligent Media Gateways (iMGs)

Allied Telesis' iMG products address a network's "last mile," which is the connection between the customer and the service provider. Regardless of how efficient and powerful a carrier's equipment is, it is the CPE that ultimately determines the type and quality of services that can be delivered. CPE includes any end-user equipment physically located at the customer, such as telephone handsets, cable television set-top boxes, or DSL routers, among a variety of other devices. This equipment can be owned by either the customer or the provider.

The Company offers a range of iMG devices designed to function with either ADSL or FTTH networks. These products are compatible with Allied Telesis' iMAP line, thus they provide all of the advanced features that iMAP supports, including VOD, IP video streaming, VoIP, IP multicasting, and high-speed Internet access. Allied Telesis supplies iMGs with varying configurations and speeds, depending on the customer's requirements and the service provider's capabilities. Installation of the Company's CPE requires little more than connecting cables, i.e., plug-and-play operation. Built-in security protects the consumer as well as the service provider. Further, these gateways have remote configuration and diagnostic options, which simplifies service deployment and upgrades. The Company's iMG product family is in use worldwide.

IP-GSP Business

In 2006, Allied Telesis created its IP Global Service Provider (IP-GSP) business, which develops IP Triple Play infrastructure and supports service providers in their quest to offer multiple IP applications and content to a specific geographic area, such as a university or a military base. IP-GSP is based on IP Triple Play applications, for which network infrastructures are procured economically by combining the Company's networks and products (e.g., the iMAP product family) with contracts for dark fibers and contents obtained by Allied Telesis Capital Corp. (a subsidiary of the Group). Dark fiber is fiber optic cabling that is already in place but currently unused.

Designed for the execution of IP Triple Play initiatives at a U.S. Air Force Base in Japan and the San José State University in California, the IP-GSP unit controls its own operations and has become a central element in Allied Telesis' IP Triple Play business model. Likewise, the initiatives at both the Air Force Base and San José State serve as key demonstrations of Allied Telesis' IP Triple Play capabilities.

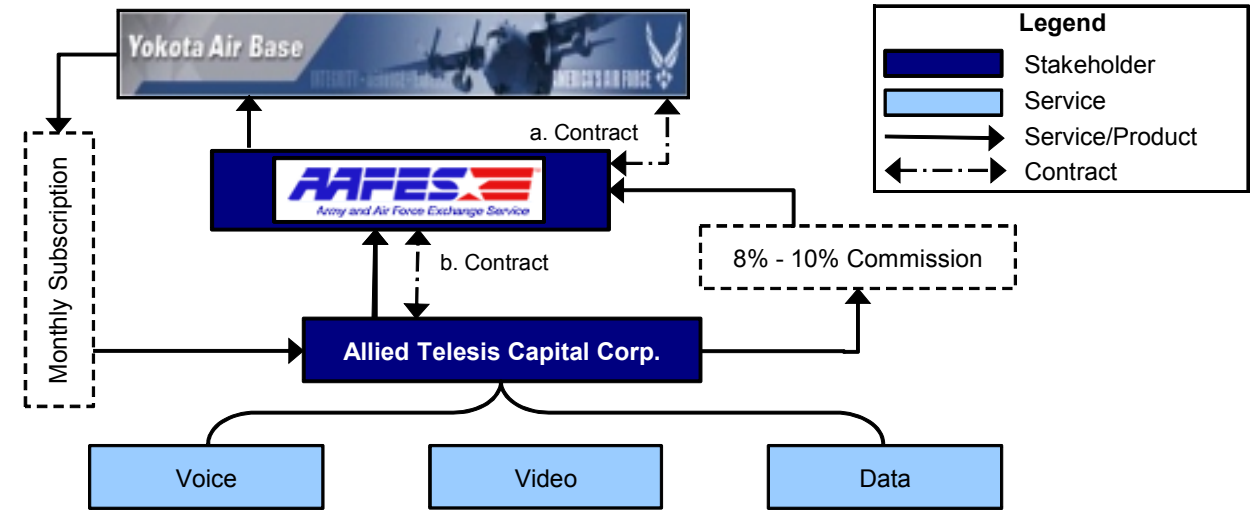
U.S. Air Force Base in Japan

One of Allied Telesis' first IP-GSP Triple Play deployments was to the U.S. Air Force Base in Yokota, Tokyo. The Yokota Air Force Base occupies approximately 7,100 square kilometers of land near Tokyo and has a population of approximately 11,000 people. It serves as headquarters for U.S. military operations in Japan. Yokota also functions as a transportation staging base.

The key aspect of this deployment at Yokota is that Allied Telesis was able to demonstrate that it can deliver IPTV (with voice and data) over extreme distances. Via a trans-Pacific undersea optical cable that connects the U.S. and Japan (NTT America, Inc.'s Global Super Link), Allied Telesis is supplying IPTV services in real time from the U.S. to the base. In addition, the Company is providing IP telephone services between the base and the U.S. with no international calling charges. To the Company's knowledge, this deployment is the first for trans-Pacific IPTV between the U.S. and Japan.

In 2006, Allied Telesis signed a 15-year contract with the Army and Air Force Exchange Service (AAFES) to provide voice, video, and data services at Yokota Air Force Base. The AAFES, jointly managed by the U.S. Army and Air Force, sells products to military families worldwide. Earnings from these sales supplement military morale, welfare, and recreation (MWR) programs. As illustrated in Figure 17 (page 39), the transaction did not end after Allied Telesis delivered the needed equipment, but continues to provide income through service subscriptions. This project currently delivers IP Triple Play to homes, hospitals, schools, and commercial businesses at the base. The AAFES subscribes to services from Allied Telesis that the Company estimates could generate annual revenue between $50 million and $60 million over the next 13 years.

Figure 17
Allied Telesis Holdings, K.K.
THE STRUCTURE OF IP TRIPLE PLAY DEPLOYMENT TO THE YOKOTA AIR FORCE BASE



Source: Allied Telesis Holdings, K.K.

Allied Telesis maintains affiliate agreements with entities such as Fox Cable Networks that allow the Company to provide the following programs to the Yokota Air Force Base: FX, Fox News, A&E, the Biography Channel, the History Channel, Fox College Sports, Lifetime, Nickelodeon, MTV, VH1, the Travel Channel, the Military Channel, TV Land, the Discovery Channel, TLC, and Spike, among other U.S. and local Japanese stations. For billing, customer support, and transport of the television signals, Allied Telesis partners with the Vernon Telephone Cooperative, Inc.—for which the Group first supplied an IP Triple Play system in 2003.

San José State University

Allied Telesis' IP-GSP business has also deployed an IP Triple Play platform consisting of the Company's switches, iMAP, and iMG products at San José State University. San José State's 15-story residential community is now equipped with high-speed Internet access, VOD, a computer laboratory, a convenience store, and an interactive gaming center. San José State selected Allied Telesis to build its network because of the Company's reputation as a vender of proven technologies as well as the ongoing support that Allied Telesis was also able to offer.

San José State, located in San José, California, is part of the larger California State University System, which encompasses 23 campuses with almost 497,000 students, faculty, and staff. Allied Telesis' work with San José State serves as a model for what the Company can offer universities.

CUSTOMER BASE

Today, Allied Telesis' brands are supplied to more than 32,000 customers worldwide, a select sampling of which are represented in Figure 18 (page 40). Of these, the Company has been awarded contracts to support video, voice, and high-speed data transfer for over 100 service providers in the U.S., Japan, and Europe—totaling over 500,000 IP Triple Play deployments and millions of committed lines and ports. Since the Company's inception in 1987, it has delivered products and IP solutions to over one million customers, resellers, systems integrators, and end users.

Figure 18
Allied Telesis Holdings, K.K.
SNAPSHOT OF SOME OF THE COMPANY'S CORPORATE CUSTOMERS

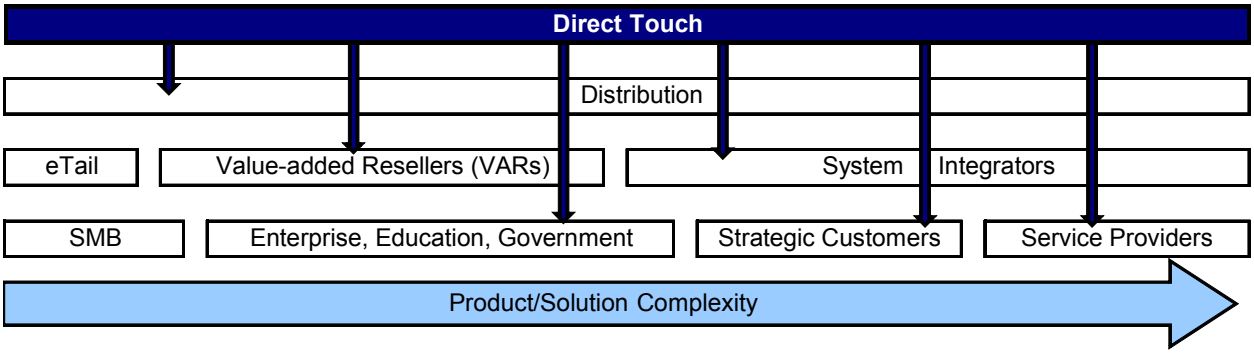
Source: Allied Telesis Holdings, K.K.

Allied Telesis' customer base is wide ranging, comprising incumbent telecommunications companies, competitive carriers, IOCs, housing associations (multi-tenant dwellings), public utilities, municipalities, enterprise, SMB, government, school systems, industry, hospitality, hospitals, distributors, and **value-added resellers (VARs)**. For example, Allied Telesis is partnered with a VAR to sell to AT&T Inc. In addition, the military markets represent an important customer for Allied Telesis in many countries, including Germany, France, Japan, and the U.S., where the Company is recognized for the capability and stability of its fiber products on the battlefield. For product sales to government agencies, one of the key drivers is the security that Allied Telesis is able to supply in its products, even in the Company's very traditional media converters and NICs.

Allied Telesis has found that there are certain market niches where it performs better. The Company is analyzing these areas and refocusing its sales teams to specifically target certain customer types where the Company believes that it has an improved likelihood of success. For the enterprise segment, the Group's value propositions highlight the features, functionalities, and cost efficiencies of its products. Alternatively, Allied Telesis has found that, while these characteristics are still important, its service provider segment is highly dependent on the quality of service and support.

As illustrated by Figure 19 (page 41), the Company combines direct sales to end customers for larger projects with additional sales through distributors, VARs, and systems integrators.

Figure 19
Allied Telesis Holdings, K.K.
MARKET CHANNELS



Sources: Allied Telesis Holdings, K.K. and Crystal Research Associates, LLC.

Customer Spotlights

A selection of the Company's current customers/strategic partners are overviewed below. This is not an exhaustive listing of the Company's current business opportunities, but is representative of the types of revenue-generating agreements that Allied Telesis maintains and the types of entities that are using the Company's solutions.

International Business Machines Corp.

In May 2007, Allied Telesis and IBM entered into a collaborative agreement for the development of IPTV systems that target telecommunications companies and network service providers worldwide. Under the agreement, the Company is IBM's preferred access network supplier for broadband access, and IBM is Allied Telesis' preferred systems integration partner for IPTV sales activities in the EMEA region. Essentially, this relationship combines the Company's products with IBM's systems integration capabilities. Allied Telesis anticipates that revenue from equipment sales to IBM under the collaborative agreement could reach $100 million over five years.

SureWest Communications

SureWest (SURW-NASDAQ) is a provider of digital cable television, fiber optics, DSL, high-speed Internet access, data transport, and local and long distance telephone service in Northern California. The company selected Allied Telesis' iMGs to facilitate delivery of IP Triple Play services over a fiber network. SureWest believes that it has one of the largest FTTH networks in the U.S. with over 28,000 customers, as well as one of the highest residential DSL penetration rates at over 30%. Before purchasing Allied Telesis' equipment, SureWest conducted extensive tests using a minimum of 60 iMGs.

Consip S.p.A.

In April 2007, Allied Telesis entered into a joint business partnership with Telecom Italia S.p.A., Elsag S.p.A., and Selex Communications S.p.A. for the sale of the Company's products, and was awarded the Consip S.p.A. tender (the Italian Central Purchasing Company for Public Administration) for the supply of telecommunication services, voice, data, and LANs for the Italian Public Administration. This tender, which the Company believes represents an $8 million annual potential, includes the supply and implementation of structured networks as well as active LAN devices and related telecommunication services. Prior to being awarded this contract, Allied Telesis had contributed to the upgrade of the Italian Public Administration's technical infrastructure by delivering more than 14,000 switches to customers, such as the Italian Social Security Organization.

Service and Support

In the past, Allied Telesis' service and support business was more of a cost center, as the Company provided mainly technical trainings and low-end products, such as media converters or unmanaged switches, that did not require extensive service beyond the warranty support. However, as Allied Telesis transitioned into supplying complete IP solutions that incorporate more advanced devices for the service provider market, the Company also strengthened its service and support offerings. Today, the service and support business can be grouped into four categories, each overviewed below and on page 43:

- Vendor Warranty;
- Professional Services;
- Enterprise Support; and
- Service Provider Support.

Ultimately, the Company's goal with its service and support business is to transform it from a cost center into a profit center. In 2007, 10% of total revenue of Allied Telesis' operations in Japan was due to services versus an estimated 0.7% due to services in the EMEA region. As sales of network solutions (instead of individual low-end devices) expand, providing advanced expertise is expected to become more crucial for each project. Furthermore, Allied Telesis is focused on educating its sales teams and end users to fuel purchases of the Company's service contracts in conjunction with each sale. In this manner, Allied Telesis' EMEA divisions aim to improve the share of total revenue due to service and support to 2% during 2008.

The Company believes that enterprise customers and service providers are willing to pay extra for expert support, as the core products are mission-critical and any malfunctions could cause considerable problems for the entire network. For example, when the core devices in a large enterprise network require maintenance, the customer cannot afford to wait several days for service. The enterprise might as well send all of its employees home for the day because without the network, employees do not have access to the Internet, databases, or phones, among other functions. These are situations where a vendor's service and support business becomes critical. Allied Telesis' sales teams leverage the Company's ability to provide this level of support as a key benefit of its products.

Vendor Warranty

The Company offers warranties on its products (ranging from one year to lifetime), as required by law. Every vendor must provide a warranty, but as it is free of charge to the customer, Allied Telesis does not earn revenues from this service. As such, the Company has established mechanisms to automate the warranty process as much as possible, thus saving its resources and efforts for the customers that pay for upgraded support.

Professional Services

Allied Telesis' professional services organization performs a variety of tasks for its clients, as listed in Table 11 (page 43). Clients of these services include networking companies and other in-house divisions that subsidize their capabilities and staff with those of Allied Telesis, such as performing regular onsite maintenance or providing one-time assistance on device configuration or engineering changes. Resellers of the Company's equipment may outsource customer support to Allied Telesis as well.

Table 11
Allied Telesis Holdings, K.K.
ENGINEERING AND SUPPORT SERVICES

- Onsite engineers
- Customer-site educational offerings
- Network design assistance
- Classroom training at Allied Telesis' facilities
- Sustainment engineering
- Product customization
- Interoperability and systems testing

Source: Allied Telesis Holdings, K.K.

Enterprise Support

Allied Telesis' enterprise customers can purchase service contracts called Net.Cover®, as summarized in Table 12. Depending on plan type, clients of the Company's enterprise support may have access to an online knowledge base, telephone help and priority queuing that advances calls to the front of the line, remote configuration assistance, software updates, onsite support, and the elimination of out-of-warranty expenses. In addition, whereas customers that have not purchased a Net.Cover® plan may have to wait 15 to 20 days to receive a product replacement shipment, Net.Cover® subscribers are offered same-day shipments (on business days).

Table 12
Allied Telesis Holdings, K.K.
ENTERPRISE SUPPORT: NET.COVER®

Net.Cover®

- Handling of incidents prioritized
- Dedicated support experts
- Access to latest firmware and tools
- Proactive support through a knowledge base
- Advanced hardware replacement (same-day shipping on business days)
- Onsite support provided by Allied Telesis' experts

Source: Allied Telesis Holdings, K.K.

In particular, onsite support is an area that Allied Telesis seeks to expand. For example, the Company's European operations cannot manage onsite support within six hours (Allied Telesis' preferred timeframe) for every country in the EMEA region. As a result, the Company aims to employ certified partners to perform certain on-location technical assistance functions for its enterprise customers.

Service Provider Support

Allied Telesis has been developing the service provider market over the past few years and believes that it presents significant growth opportunities. Similar to the Net.Cover® plan, the Company's service provider customers may purchase Services.Cover. These contracts are structured differently from the enterprise agreements, as service providers have different needs. In the service provider environment, the provider generally manages its own service for issues relating to its subscribers (e.g., a customer cannot access the Internet or a voice line goes down), but expects virtually 24/7 expert support for network-critical matters. Allied Telesis has integrated modularity in its Services.Cover contracts in order to customize the agreements based on the unique requirements of this client segment. In addition, Allied Telesis has partnered with IBM to facilitate service to this market. IBM's role is positioned between what the service provider handles itself and the specific level of advanced support that the Company supplies. Capitalizing on IBM's expertise and capabilities, this strategic partnership makes it possible for Allied Telesis to expand further into this market with the scalability that the Company needs.

Competition

Allied Telesis views the network technology markets as highly competitive, where the Company must be proactive and prepared for business everyday. As the network market continues to expand and undergo rapid technological change, Allied Telesis expects competition to intensify. However, the Group believes that the breadth of its product range provides it with a significant competitive advantage over many other suppliers of access networks. Allied Telesis has also established a solid product portfolio that can address enterprises and non-traditional service providers as well as the conventional Telcos. As entities beyond just the local telephone companies increasingly opt to deploy advanced solutions, such as IP Triple Play on a university campus or in an apartment building, Allied Telesis believes that it is well positioned to address these needs.

Figure 20 summarizes some of the companies that the Group may compete with, followed by a brief description of each. This is not an exhaustive collection of the Company's competitors; however, it is believed to represent the type of competition that Allied Telesis faces as it strives to further penetrate the Japanese, European, and North American regions.

Figure 20
Allied Telesis Holdings, K.K.
COMPETITIVE SNAPSHOT

	Allied Telesis	Cisco	ProCurve	3Com	Foundry Networks	[illegible]	Transition Networks	Microsens
Layer 3 Chassis/Modular Switches	■	■	■	■	■	■		
Layer 3 Fixed/Stackable Switches	■	■	■	■	■	■		
Layer 2 Fixed/Stackable Switches	■	■	■	■	■	■	■	
Layer 2 WebSmart Switches	■	■	■	■			■	■
Layer 2 Unmanaged Switches	■	■	■	■			■	■
Modular Enterprise WAN Routers	■	■	■	■				
Branch Office, SMB Access Routers	■	■	■	■				
Broadband Access Router	■	■	■	■				
Wireless	■	■	■	■	■	■		
Managed Media Conversion	■						■	■
Unmanaged Media Conversion	■						■	■
Copper NICs	■			■			■	■
Fiber NICs	■						■	■
Network Management Systems	■	■	■	■	■	■	■	■

Source: Allied Telesis Holdings, K.K.

Cisco Systems, Inc.

Allied Telesis' launch of the SwitchBlade® x908 line enabled it to begin increasing market penetration versus Cisco's switching solutions. Cisco designs, manufactures, and sells IP-based networking and other products related to the information and communication technology industry, and provides services associated with these products and their use. Cisco markets a line of products for transporting data, voice, and video within buildings, across campuses, and around the world. Its core development areas are routing and switching, and its products are installed at corporations, public institutions, telecommunications companies, and businesses of all sizes. Cisco operates in five global segments: the U.S. and Canada, Europe, Emerging Markets, Asia Pacific, and Japan. Cisco's umbrella of operations includes its Linksys Division (established in 2003) and Scientific Atlanta (acquired in 2006).

HP ProCurve Networking

HP ProCurve Networking is a division of the Hewlett-Packard Company (HPQ-NYSE). HP ProCurve provides solutions, products, and services for wired and wireless networks. Its "Adaptive Networks" vision enables customers to implement an open, standards-based network infrastructure that adapts to the changing needs of users, applications, and organizations. In April 2008, HP ProCurve began integrating its ProCurve Identity Driven Manager (IDM) policy management tool with Microsoft Corp.'s (MSFT-NASDAQ) Network Access Protection policy enforcement technology built into the Windows Vista® and Windows® Server 2008 operating systems. This move was designed to improve network protection against potential security threats. HP ProCurve is also beginning to incorporate IPv6 capabilities in its products. However, Allied Telesis believes that its feature sets still exceed those of HP ProCurve.

3Com Corporation

3Com (COMS-NASDAQ) targets its networking solutions to enterprise and small businesses worldwide. In 2007, 3Com acquired 100% its former China-based joint venture, H3C Technologies Co., Ltd. As such, the company now has more than 1,400 issued patents in the U.S. and nearly 50 in China. 3Com's portfolio includes wireless access products, standalone and stackable switches, core switches, interoperability-tested routers, standards-based convergence applications, and IP phones. 3Com's TippingPoint division manages security of network infrastructure and introduced the first Intrusion Prevention System (IPS) in 2002. 3Com markets and deploys its solutions through a worldwide distribution system comprising channel partners, systems integrators, and service providers.

Foundry Networks, Inc.

Foundry Networks (FDRY-NASDAQ) provides enterprises and service providers with switching, routing, security, and application traffic management solutions, including edge and backbone Ethernet switches, Web and content-aware application switches, network-wide security solutions, wireless LAN and access points, wide area access routers, and Internet provider edge and service provider core **multi protocol label switching (MPLS)** routers. Foundry believes that its products offer advanced network processor technology and switch design, enhanced feature sets, network-wide security, scalable architectures, and top customer support. In April 2008, Foundry was awarded the "Best of Interop" Green Award for its ability to minimize power, space, and cooling consumption in its switching, routing, and application delivery controller (ADC) product set and solutions.

Extreme Networks, Inc.

Extreme Networks is a provider of network infrastructure equipment for corporate, government, education, and healthcare enterprises, as well as metropolitan telecommunications service providers. The company designs, builds, and installs Ethernet infrastructure solutions. Extreme focuses on enterprises and service providers that demand high-performance converged networks supporting voice, video, and data over a wired and wireless infrastructure. In 2005, Frost & Sullivan named Extreme the winner of its Product Line Strategy Award for the enterprise switch market.

Transition Networks, Inc.

Transition Networks, a wholly owned subsidiary of Communications Systems, Inc. (JCS-AMEX), manufactures media and rate conversion products for telecommunications networks. Its media conversion technologies include many networking protocols, such as Ethernet, Fast Ethernet, Gigabit, and T1/E1, among others. Additionally, in 2005, MiLAN Technologies integrated with Transition Networks, providing the company with MiLAN's brand of multilayer switching products. Transition Networks has resellers in 50 countries, and some of its end users include 3M Company (MMM-NYSE), Cisco Systems, Nortel Networks, and Siemens. In June 2008, the company introduced a new 24-port, carrier-grade fiber access switch that was designed with operations, administration, and maintenance capabilities to ease the delivery of carrier Ethernet and Triple Play services.

Microsens GmbH & Co. KG

Microsens supplies optical networking equipment and transmission systems for telecommunications, data, and network technologies. Microsens' fiber optic products encompass wavelength multiplexing, fiber-to-the-office, high-speed access, and industrial solutions using specific industrial switches that enable ring connectivity of several terminals for redundant operation. Its business areas include enterprise networks, enterprise access, industrial solutions, and MANs. Supported locally by professional partners responsible for distribution and systems integration, Microsens' products have been used by enterprises, French municipalities, universities, and approximately 12 FIFA World Cup stadiums. New product launches include an end-to-end IP Triple Play solution for FTTH using a residential gateway and a 24-port fiber switch as well as industrial switches that are protected against dust, splashed water, and temporary submersion into water.

Potential Milestones

Allied Telesis is focused on building a profit-making structure and enhancing its international sales while continuing to reduce manufacturing costs and sales administrative expenses. Throughout the remainder of 2008, the Company intends to further enhance its traditional network products business as well as expand IP Triple Play-related segments. Allied Telesis is working toward the following milestones during 2008:

- Increased market share through products for Gigabit networks;
- Increased profit by continuing cost reduction;
- Cooperation with major companies to progress the IP Triple Play operations;
- Furthered R&D of network products; and
- Increased efficiency of business management.

Key Points to Consider

- Allied Telesis delivers advanced, cost-effective, end-to-end Internet protocol (IP)/Ethernet-based networking solutions and services that meet current requirements as well as scale to meet the business demands of tomorrow. To the Company's knowledge, it is one of only a few network device vendors in the world that has operations ranging from developing, manufacturing, and marketing high-speed, high-capacity network equipment to providing expert service solutions.

- Allied Telesis comprises 40 companies operating in 21 countries, which includes eight research and development (R&D) centers; multiple production facilities; worldwide sales, marketing, and services offices; and global partnerships with contract manufacturers, distributors, resellers, and systems integrators. The Group leverages a global design and manufacturing competency while offering the advantages of local, hands-on customer service—a localized global approach to product development and delivery.

- Allied Telesis can operate in three roles: (1) as a consultant to conduct a cost-benefit analysis of a proposed networking system; (2) as an equipment supplier, designing, developing, and manufacturing specific devices for a system; or (3) as a customized one-stop solution to handle the entire process from design and installation to network operation.

- At present, the Company markets over 700 active products that address network needs from the core level to the customer premise equipment (CPE). One of Allied Telesis' most critical new products is the SwitchBlade® x908, which was launched in Japan and Europe in 2007 and in the U.S. in 2008. The SwitchBlade® x908 is a high-performance, high-capacity, scalable core switch that the Company believes is competitive in terms of price and feature set to other switches of this type on the market. In Japan and Europe alone during the first half of 2008, purchase commitments for the SwitchBlade® x908 totaled approximately $9.5 million for the Company.

- Since 2003, Allied Telesis has offered an integrated voice, video, and data (IP Triple Play) network solution over both conventional copper and next-generation fiber optic infrastructure. To date, the Company has been awarded contracts to support IP Triple Play for over 100 service providers in the U.S., Japan, and Europe—totaling over 500,000 IP Triple Play deployments and millions of committed lines and ports.

- Allied Telesis' current 32,000 customers include service providers, incumbent telecommunications companies, competitive carriers, independent operating companies (IOCs), housing associations, public utilities, municipalities, enterprises, small and medium businesses (SMB), governments, school systems, hotels, and hospitals.

- The global marketplace for information and communication technologies is expected to exceed $3.7 trillion in 2008 and $4 trillion by 2011, according to a study released in May 2008 by the World Information Technology and Services Alliance. The study documented that within this market, communications technologies comprised more than 57%, or $1.9 trillion, of spending in 2007.

- The Company has been issued more than 100 patents worldwide since 1998, holds nearly 40 additional patents and patent applications through its U.S. subsidiary, and also maintains a variety of trademarks.

- Allied Telesis believes that the cumulative knowledge of the networking business that its leadership teams and engineers have obtained from over 20 years in the industry enables them to quickly integrate unique technologies into network solutions. Moreover, the Company's personnel continue to innovate, adding value to products through new features such as virtual chassis stacking (VCS) and Ethernet Protection Switched Ring (EPSR), and have shown the ability to execute needed transitions in business strategy based on industry trends.

- Allied Telesis had 2007 net sales of ¥53.8 billion (approximately $480 million at December 31, 2007). On June 30, 2008, the Group had cash and equivalents of roughly ¥2.3 billion (about $21 million).

Historical Financial Results

The Group strives to sustain its revenue while continuously aiming to generate more profitable revenue. Table 13 (below and continued onto page 50) and Table 14 (page 51) provide a summary of Allied Telesis' key historical financial statements: its Consolidated Balance Sheets and Consolidated Profit and Loss Accounts. Each of these Tables is computed in U.S. dollars ($), using the exchange rate of US$1 = ¥105. For copies of the Company's most recent financial statements denominated in Japanese yen (¥), please consult Allied Telesis. In addition, Table 15 (page 52) summarizes the Company's largest shareholders.

Table 13
Allied Telesis Holdings, K.K.
FIRST QUARTER CONSOLIDATED BALANCE SHEETS

Exchange Rate	105.00		105.00				105.00	
	Previous First Quarter (March 31, 2007)		**Current First Quarter (March 31, 2008)**		**Increase and decrease**		**Previous Consolidated Accounting Term (Dec. 31, 2007)**	
Items	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**
(Assets)								
I. Current Assets								
1. Cash and Deposits	43,199		26,531		(16,668)	(38.6)	30,844	
2. Bills and Accounts receivable	100,686		105,220		4,534	4.5	112,340	
3. Marketable securities	1,479		0		(1,479)	(100.0)	1,095	
4. Inventory assets	84,781		69,871		(14,910)	(17.6)	72,538	
5. Other	21,160		22,172		1,012	4.8	14,061	
Allowance for bad debt	(6,087)		(7,614)		(1,528)	25.1	(7,908)	
Total Current Assets	245,219	81.5	216,179	84.0	(29,039)	(11.8)	222,970	83.5
II. Fixed Assets								
1. Tangible fixed assets								
(1) Tools and equipment	16,244		7,968		(8,276)	(50.9)	9,227	
(2) Other	21,964		22,999		1,035	4.7	23,704	
Total Tangible Fixed Assets	38,208	12.7	30,968	12.1	(7,241)	(19.0)	32,931	12.3
2. Intangible Fixed Assets			—					
(1) Others	3,784		2,440		(1,343)	(35.5)	2,985	
Total Intangible Fixed Assets	3,784	1.2	2,440	0.9	(1,343)	(35.5)	2,985	1.1
3. Investment and Other Assets								
(1) Investment securities	6,123		712		(5,411)	(88.4)	650	
(2) Others	7,803		6,937		(865)	(11.1)	7,521	
Allowance for bad debt	(118)		—		118	(100.0)	—	
Total of Investment and Other Assets	13,808	4.6	7,650	3.0	(6,158)	(44.6)	8,171	3.1
Total of Fixed Assets	55,800	18.5	41,058	16.0	(14,742)	(26.4)	44,087	16.5
Total Assets	301,019	100.0	257,237	100.0	(43,782)	(14.5)	267,057	100.0

Source: Allied Telesis Holdings, K.K.

Table 13 cont.

Allied Telesis Holdings, K.K.

FIRST QUARTER CONSOLIDATED BALANCE SHEETS

Exchange Rate	105.00		105.00				105.00	
	Previous First Quarter (March 31, 2007)		**Current First Quarter (March 31, 2008)**		**Increase and decrease**		**Previous Consolidated Accounting Term (Dec. 31, 2007)**	
Items	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**
(Liabilities)								
I. Current Liabilities								
1. Bills and payable and Accounts payable	58,941		53,578		(5,363)	(9.1)	45,745	
2. Short-term Loan	30,253		17,082		(13,171)	(43.5)	34,963	
3. Long-term Loan repayable within one year	24,224		8,122		(16,102)	(66.5)	10,297	
4. Corporate Bonds redeemable within one year	2,552		1,238		(1,314)	(51.5)	2,514	
5. Accrued expenses	21,892		14,779		(7,113)	(32.5)	16,448	
6. Accrued corporate income tax	3,019		1,051		(1,968)	(65.2)	3,905	
7. Deferred tax liabilities	28		—		(28)	(100.0)	—	
8. Allowance for bonus payable	3,905		3,165		(740)	(18.9)	1,854	
9. Other	20,720		23,359		2,638	12.7	16,572	
Total Current Liabilities	165,534	55.0	122,374	47.6	(43,159)	(26.1)	132,299	49.6
II. Fixed Liabilities								
1. Corporate bonds	1,238		—		(1,238)	(100.0)	—	
2. Long-term loan	23,972		3,668		(20,304)	(84.7)	4,452	
3. Deferred tax liabilities	298		105		(193)	(64.8)	93	
4. Allowance for retirement	5,763		6,051		288	5.0	5,831	
5. Other	385		479		95	24.6	657	
Total of Fixed Liabilities	31,656	10.5	10,304	4.0	(21,353)	(67.5)	11,033	4.1
Total Liabilities	197,190	65.5	132,678	51.6	(64,512)	(32.7)	143,331	53.7
(Net Assets)								
I. Shareholder's Equity								
1. Capital	85,687	28.4	93,382	36.3	7,695	9.0	93,382	35.0
2. Capital surplus	105,977	35.2	113,672	44.2	7,695	7.3	113,672	42.5
3. Accumulated profit	(88,117)	(29.3)	(91,558)	(35.6)	(3,441)	3.9	(86,883)	(32.5)
4. Treasury stock	(115)		(115)		(0)	0.1	(115)	—
Total Shareholders' Equity	103,432	34.3	115,380	44.9	11,949	11.6	120,055	45.0
II. Valuation and Translation Adjustments								
1. Other appraisal gain/(loss) on marketable securities	309	0.2	27	—	(281)	(91.1)	11	—
2. Deferred gain/(loss) on hedging instruments	192		—		(192)	(100.0)	—	—
3. Foreign currency translation adjustment account	(698)	0.2	6,721	2.6	7,419	(1,063.1)	1,229	0.4
Total of appraisal and Translation Adjustments etc.	(197)		6,748	2.6	6,945	(3,523.6)	1,240	0.4
III. Warrants	594	0.2	2,431	0.9	1,836	308.9	2,431	0.9
Total Net Assets	103,829	34.5	124,559	48.4	20,730	20.0	123,725	46.3
Total Liabilities and Net Assets	301,019	100.0	257,237	100.0	(43,782)	(14.5)	267,057	100.0

Source: Allied Telesis Holdings, K.K.

Table 14
Allied Telesis Holdings, K.K.
FIRST QUARTER CONSOLIDATED PROFIT AND LOSS ACCOUNTS

Exchange Rate	105.00		105.00				105.00	
	Previous First Quarter (Jan. 1 to Mar. 31, 2007)		**Current First Quarter (Jan. 1 to Mar. 31, 2008)**		**Increase and decrease**		**Prev. Consolidated Accounting Term (Jan. 1 to Dec. 31, 2007)**	
Items	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**	**Amount (1,000US$)**	**Ratio (%)**
I. Sales	125,663	100.0	119,684	100.0	(5,979)	(4.8)	513,330	100.0
II. Cost of Sales	66,670	53.1	61,975	51.8	(4,695)	(7.0)	279,138	54.4
Gross profit margin	58,993	46.9	57,709	48.2	(1,284)	(2.2)	234,192	45.6
III. Selling, General, and Administrative Expenses	58,999	47.0	48,972	40.9	(10,027)	(17.0)	220,346	42.9
Operating Income/(Loss)	(7)	(0.1)	8,737	7.3	8,743	—	13,846	2.7
IV. Non-operating income/(Loss)	1,645	1.3	202	0.2	(1,444)	(87.7)	1,639	0.3
1. Interest received	177		122		(55)	(31.2)	704	
2. Dividend received	1		1		0	14.6	1	
3.	—		30		30	—	—	
4. Others	1,467		48		(1,419)	(96.7)	934	
V. Non-operating Expenses	1,087	0.8	13,181	11.0	12,094	—	8,384	1.6
1. Interest paid	514		1,147		633	123.1	3,868	
2. Foreign exchange loss	414		12,010		11,596	—	2,351	
3. Valuation loss on foreign exchange contract	47		—		(47)	—	248	
4. Equity in loss of affiliates	12		—		(12)	—	44	
5. Compliance expense	—		—		—	—	738	
6. Others	99		23		(76)	(76.3)	1,136	
Ordinary Income/(loss)	552	0.4	(4,242)	(3.5)	(4,794)	—	7,100	1.4
VI. Extraordinary Income	11	—	13	—	1	9.7	7,089	1.4
1. Gain on sale of fixed assets	0		12		12	—	154	
2. Gain on sale of investment securities	11		—		(11)	—	6,057	
3. Reversal of allowance for doubtful accounts	—		0		0	—	527	
4. Reversal of allowance for Warrants	—		—		—	—	87	
5. Others	—		—		—	—	264	
VII. Extraordinary loss	725	0.6	69	0.1	(656)	(90.5)	7,950	1.5
1. Loss on sale of fixed assets	—		0		0	—	19	
2. Loss on disposal of fixed assets	14		13		(1)	(9.2)	163	
3. Appraisal loss on securities investments	—		—		—	—	3	
4. Loss on sales of investment securities	—		—		—	—	4	
5. Impairment loss	—		—		—	—	3,735	
6. Loss on redemption of bonds	—		—		—	—	552	
7. Restructuring expenses	—		—		—	—	1,405	
8. Litigation-related expenses	—		—		—	—	1,002	
9. Others	711		56		(655)	(92.1)	1,067	
Net income/(loss) before tax adjustment	(161)	(0.2)	(4,298)	(3.6)	(4,137)	—	6,239	1.3
Tax Expenses	796	0.6	377	0.3	(420)	(52.7)	5,816	1.1
Loss of minority shareholders	146	(0.2)	—	—	(146)	—	—	—
Net Income/(Loss)	(811)	(0.6)	(4,675)	(3.9)	(3,864)	—	423	0.1

Source: Allied Telesis Holdings, K.K.

Table 15
Allied Telesis Holdings, K.K.
MAJOR SHAREHOLDERS

Rank	Major Shareholders	Shares	%
1	Takayoshi Oshima	35,060,000	22.36
2	Oshima General Holdings No. 1 LLC	3,500,000	2.23
3	Oshima General Holdings No. 2 LLC	3,500,000	2.23
4	Oshima General Holdings No. 3 LLC	3,500,000	2.23
5	Japan Securities Finance Co., Ltd.	2,568,900	1.64
6	CPNY International	1,340,900	0.86
7	SBI e trade Securities	1,334,800	0.85
8	Risona Bank	1,150,000	0.73
9	Barclays Bank PLC	960,900	0.61
10	BNP Paribas Securities Japan Ltd.	923,500	0.59
	All Others	102,987,421	65.67
	Total	**156,826,421**	**100**

Source: Allied Telesis Holdings, K.K.

Risks

Some information in this Executive Informational Overview® (EIO®) relates to future events or future business and financial performance. Such statements can be only predictions and the actual events or results may differ from those described. The content of this EIO® with respect to Allied Telesis has been compiled primarily from information available to the public and released by the Company through various publications. Allied Telesis is solely responsible for the accuracy of that information. Information about other companies has been prepared from publicly available documents and has not been independently verified by the Company. For more information about Allied Telesis, please refer to the Company's website at www.at-global.com.

One should carefully consider the risks and the information about Allied Telesis' business described below. One should not interpret the order in which these considerations are presented as an indication of their relative importance. The risks and uncertainties described below are not the only ones the Company faces. Additional risks and uncertainties not presently known or those it currently considers immaterial may also have an adverse effect on its business. If any of the matters discussed in the accompanying risk factors were to occur, Allied Telesis' business, financial condition, results of operations, cash flows, or prospects could be materially adversely affected. The statements on future possibilities and assumptions within the descriptions below are based on the Group's assessment as of June 30, 2008.

Risks Related to Political Situations

Allied Telesis has production bases in China and Singapore. In the event that unanticipated changes in the political or legal environments or in the economic or other circumstances of these countries disrupt production activities, the operations of the Group could be adversely affected.

Risks Related to Suppliers

The Group's products utilize many precision electronic components, such as integrated circuits, memory chips, and optical devices. In order to ensure a stable supply of these components, the Company maintains close relationships with its suppliers and is constantly engaged in collecting information about new products and other developments. Nevertheless, these components have a tendency to be affected by the global balance of supply and demand. In the event that a sudden change in the balance of supply and demand (e.g., increases in demand from certain industries or regions or decreased supply due to disasters or other unexpected events) disrupts the ability to procure these components, the operations of the Group could be adversely affected.

Risks Related to Legal Regulations

Allied Telesis currently has bases of operations in 21 countries around the world. There are various safety, environmental, and other standards in each of these countries, and the Group provides products that conform to the relevant standards and regulations. In the event that amendments to these standards and regulations disrupt the manufacture or sale of the Company's products, Allied Telesis' operations could be adversely affected.

Risks Related to Quality

The Group is engaged in thorough quality control with respect to the products it delivers, but it is difficult to completely eliminate risks related to quality. In the unexpected event of an accident or other incident related to quality, the Company could be subjected to claims for compensation and could suffer damage to its reputation, regardless of whether or not the Group is actually at fault for the occurrence, which could adversely affect Allied Telesis' operations.

Risks Related to Exchange Rates

The Group currently has bases of operations in 21 countries around the world. Its overseas sales account for approximately 50% of its consolidated sales (as illustrated in Figure 3 [page 14]). Moreover, the main settlement currency for the Company's purchases of parts, products, and other supplies in Japan is the dollar, so the business is vulnerable to changes in the exchange rate. The Group hedges exchange risk through exchange contracts, but it is difficult to completely eliminate such risk. In the event of a sudden fluctuation in exchange rates, Allied Telesis' operations could be adversely affected.

Risks Related to Competition

Declining market prices and ever-shortening product cycles are especially pronounced in the network-related products market to which the Company belongs. The Group is introducing value-added products to the market and investing in new technologies, among other things, to improve its competitiveness while also making efforts to reduce costs. However, in the event of further drops in product prices or changes in IT-related investment trends within the industry, the operations of the Group could be adversely affected.

Risks Related to Disasters and Other Unexpected Events

Allied Telesis' worldwide facilities could incur devastating damages in the event of natural disasters (e.g., earthquakes) or terrorist acts in these areas. If any unexpected event such as these happens, it could require that the Company suspend operations at the affected location and also incur considerable expenditures for equipment repair and replacement, which could adversely affect the operations of the Group.

Risks Related to Dependence on Particular Individuals

The Group depends on its chairman and chief executive officer (CEO), Mr. Takayoshi Oshima (biography on page 10), for the promotion of the business. As the CEO of Allied Telesis, he has substantial influence over decisions related to management strategies and the execution of the business. As such, in the event that he is unable to perform his duties as CEO due to some reason or another, the operations of the Company could be severely and adversely affected.

Recent Events

The following summary of recent events includes those pertaining to Allied Telesis' corporate headquarters in Tokyo, Japan, as well as important announcements from the Group's regional operations. Additionally, the Company is frequently the subject of news articles from a variety of sources, such as IT PRO, which provides the UK with information technology (IT) news, reviews, advice, and peer-to-peer information, *Forbes*, and MSN Money, among many others. Links to these articles are located on the Company's News page at www.at-global.com.

08/19/2008 (Japan)—Allied Telesis Holdings, K.K. reported earnings results for the first half year to June 30, 2008. The Company reported that net loss improved from (¥566 million) in the first half of 2007 to a profit of ¥7 million for the six-month period ended June 30, 2008. Revenue decreased 8.1% to ¥24.4 billion. Operating loss improved from (¥225 million) to a profit of ¥892 million, and ordinary profit fell from ¥93 million to a loss of (¥56 million) in the 2008 period.

08/04/2008 (Switzerland)—Allied Telesis announced that it joined the partner ecosystem supporting Microsoft Network Access Protection technology. Network Access Protection is a policy enforcement technology built into the Windows Vista® and Windows® Server 2008 operating systems that allows customers to better protect network assets from unhealthy computers by enforcing compliance with network health policies. Allied Telesis' solution supports Network Access Protection by enforcing user access based on network policy rules. Network Access Protection is currently available on a range of Allied Telesis' Layer 2 and Layer 3 switches.

07/15/2008 (Switzerland)—Announced the introduction of AT-SPEX, its new extended-reach, Gigabit multi-mode fiber Small Form Pluggable (SFP) module. The AT-SPEX can give companies Gigabit Ethernet connectivity for a distance of up to two kilometers without needing to replace existing cabling. This could benefit companies with multi-mode fiber, which cannot carry Gigabit Ethernet traffic farther than approximately 220 meters.

06/10/2008 (U.S.)—Announced a new network service provider (NSP) division in North America, augmented by a new management team. This new division is focused on an improved understanding of the needs of the service provider customer base and an alignment with their business interests. The new members selected to lead this division include Mr. Thor Johnson, general manager of NSP Global; Mr. Eric Floyd, senior vice president of global service provider sales and marketing; and Mr. Bill Allen, vice president, sales and operations, NSP North America.

06/10/2008 (U.S.)—Announced a new deployment in Huntsville, Arkansas. Madison County Telephone, an independent operating company (IOC), turned up its 14th node of Allied Telesis' integrated Multiservice Access Platform (iMAP). The iMAP is presently delivering copper services, with IP Triple Play planned in the next phase of deployment.

05/30/2008 (Japan)—Announced that its Board of Directors was resolved to merge the consolidated subsidiaries, Allied Telesis K.K. and corega K.K., effective on January 1, 2009.

05/22/2008 (Switzerland)—Announced details of the AT-GS900/16 and the AT-GS900/24, two new unmanaged 10/100/1000T Gigabit Ethernet switches with 16 and 24 ports, respectively. The Company has had success on a global scale with its cost-effective AT-GS900 family, and the two new devices were introduced to replace existing switches in this family. They enable customers to upgrade networks to Gigabit Ethernet from Fast Ethernet at a competitive price and benefit from a number of new features.

05/15/2008 (Japan)—Allied Telesis gave notice that, at its Board of Directors meeting, the Company would issue the Stock Acquisition Rights as Stock Options pursuant to Article 236, 238, and 239 of the Corporate Law, approved at the ordinary general shareholders meeting held on March 25, 2008.

05/12/2008 (Japan)—Announced that it entered into a Distribution Agreement with Extricom (Israel), which develops and markets high-end wireless LAN systems. Allied Telesis launched Extricom's wireless LAN (WLAN) switch "EXSW Series" and WLAN access point "AP EXRP Series."

04/18/2008 (U.S.)—Announced the U.S. launch at Interop Las Vegas of the SwitchBlade® x908 and AT-x900-12XT/S, a new addition to the Company's x900 series of core switches.

03/21/2008 (Japan)—Announced that Allied Telesis, its group companies in Japan (Allied Telesis K.K., Allied Telesis R&D Center K.K., Allied Telesis Networks K.K., and Root, Inc.), and the Fujisawa Office and Customer Center (Yokohama City) of Allied Telesis K.K. acquired the international standard of Information Security Management System (ISO/IEC 27001:2005) and the international standard of Environmental Management System (ISO 14001:2004) in February 2008 and March 2008, respectively.

02/27/2008 (Switzerland)—Announced its participation as a Silver Sponsor at the fiber-to-the-home (FTTH) Council Europe conference (http://paris.europeftthcouncil.com/). Allied Telesis launched two new products at the show: (1) the FX20BX (AT-TN-139-A), a 20-port bi-directional FTTH/B service module for its iMAP family; and (2) the AT-iBG915FX, a fiber-to-the-business (FTTB) intelligent Business Gateway (iBG). In addition, Allied Telesis showcased its range of intelligent Media Gateways (iMGs); iMAPs; and the x900 advanced multilayer 10 Gigabit Ethernet (10GbE) switches.

02/01/2008 (Switzerland)—Announced a new family of stackable Layer 2 managed Gigabit switches, the 8000GS series. Following in the footsteps of Allied Telesis' AT-8000S Layer 2 Ethernet switch series, the AT-8000GS is currently the only Layer 2 managed Gigabit switch range on the market that features true (not virtual) stacking. This capability delivers superior performance for small and medium businesses (SMBs) and enterprises at a very competitive price. The 8000GS family includes two 24-port models, with or without Power over Ethernet (PoE), and a 48-port model.

11/28/2007 (Switzerland)—Announced that it launched its new iBG, the iBG900 series. Designed for indoor installation, the new gateway can deliver high-performance broadband for business applications.

10/30/2007 (Switzerland)—Announced details of the AT-9424T, the Company's new 24-port, entry-level Layer 3 Gigabit Ethernet switch. Its low price makes it ideal for small companies and educational institutions that can save money by buying just the features they need in the short term, upgrading to higher-end switches as they grow.

09/24/2007 (Switzerland)—Announced participation at the Broadband World Forum Europe (October 8-11, 2007, in Berlin, Germany), where Allied Telesis introduced an array of new solutions and technologies. The Company showcased its latest offerings in FTTH, Internet protocol television (IPTV), and migration solutions toward next-generation broadband services. Allied Telesis also sought to further strengthen its relationships with operators and service providers from across Europe, the Middle East, and Africa (EMEA) and to initiate new business partnerships.

09/20/2007 (Japan)—Announced that it participated in the 24th APAN meeting in Xi'an, China, (August 29-30, 2007) to demonstrate the advanced medical services led by AQUA (Asia-Kyushu Advanced Medical Network). The Company assisted with building secure, virtual private networks (VPNs) and establishing video transmission using Layer 2 Gigabit switches and high-speed broadband routers. AQUA is a medical network project that has been operational since 2002. It aims to send advanced medical information from Fukuoka, Kyushu, to the Asia-Pacific region. APAN is an international consortium established in 1995 to promote international cooperation via the spread of computer networks between Asia-Pacific countries.

09/19/2007 (Switzerland)—Announced the availability of its latest software version, Release 10, for iMAP. Release 10 significantly enhanced the portfolio of Voice over IP (VoIP) features available in the iMAP chassis.

07/19/2007 (Switzerland)—Announced the launch of the AT-x900-48FS, an advanced Layer 3 switch. The high-density device with a low cost per port is believed to be appropriate for both FTTH and fiber-to-the-desk (FTTD) applications. With a next-generation switching core for wire speed IPv4 and IPv6 routing, the AT-x900-48FS is supplied with several functions to ensure that service and resilience are paramount. These range from AC or DC hot swappable power supplies to a robust hardware design with extended operating temperatures of up to 50°C (122°F).

07/16/2007 (Switzerland)—Announced the launch of the AT-FS750/48, a Fast Ethernet WebSmart switch. With its high port density, the AT-FS750/48 is particularly suitable for use in computer rooms where space is limited. The new AT-FS750/48 combines the simplicity of unmanaged switches with easy-to-use, web-based management functionality.

07/12/2007 (Singapore)—Announced that Mydin Mohamed Holdings, Malaysia's largest local wholesaler, began deployment of a network solution from Allied Telesis to deliver timely communication, value-added customer service, and efficient data management.

07/11/2007 (Switzerland)—Announced details of its Rapier 48w (AT-RP48w), a combination of switch and router in a single device for wide area network (WAN) connectivity with up to 50 LAN ports. The new Layer 3 switch featured 48 10/100TX Fast Ethernet ports, two SFP Gigabit uplinks, and a Network Services Module for WAN connectivity. Allied Telesis developed the Rapier 48w especially for service providers using legacy backhaul technology. It enables the expansion of their customer base with a range of new services without the need for major infrastructure investments.

07/09/2007 (Switzerland)—Announced the launch of the AT-GS950/48, a Gigabit Ethernet WebSmart switch for small office networks and workgroups.

07/04/2007 (Switzerland)—Announced its 2972 series of fiber Gigabit Network Interface Cards (NICs) that use the new PCI Express (PCIe) bus for improved performance. PCIe was designed specifically to deliver exceptional levels of performance and significantly more bandwidth versus the previous PCI-x bus. As a result, Allied Telesis developed the new 2972 range of NICs to fully leverage the advantages of the new bus. An additional boost to efficiency and speed is provided by the cards' 78Kb memory, which allows tasks to be offloaded by the host CPU, improving its performance.

06/18/2007 (Switzerland)—Announced the introduction of the SwitchBlade® x908.

06/14/2007 (Switzerland)—Announced availability of the AT-10408XP, a Layer 3 Gigabit Ethernet switch aggregating eight 10GbE switching ports. This switch is different from others addressing the 10GbE aggregation market due to its small form factor and it being a standalone device. Many other switches on the market aggregate multiple 10GbE uplinks in a chassis, making them both larger and significantly more costly. Other features distinguishing the AT-10408XP from the competition are its use of industry-standard XFP modules and the location of its eight ports on the unit's front panel to ensure easy access.

05/01/2007 (Switzerland)—Announced a new collaborative agreement with IBM focusing on the development of IPTV systems targeting telecommunications companies and network service providers worldwide.

04/26/2007 (Japan)—The Allied Telesis Capital Corp. subsidiary and Fox Cable Networks announced that entertainment programming from FX, the National Geographic Channel, Fox Movie Channel, FUEL TV, and Fox Reality along with popular sports programming from Fox Soccer Channel, Fox College Sports, Big Ten Network, and Fox Sports en Español was available at the U.S. Air Force Base in Yokota, Japan.

04/17/2007 (Italy)—Announced a joint business partnership with Telecom Italia S.p.A., Elsag S.p.A., and Selex Communications S.p.A., and was awarded the Consip S.p.A. tender (the Italian Central Purchasing Company for Public Administration) for the supply of telecommunication services, voice, data, and LAN for the Italian Public Administration.

04/10/2007 (Switzerland/U.S.)—Announced the launch of a new corporate website for the Allied Telesis, Inc. subsidiary at www.alliedtelesis.com. The site was completely redesigned and rebuilt to optimize its usability for customers and partners.

Appendix

Table 16 summarizes Allied Telesis' history and evolution into the global group that it is today.

Table 16
Allied Telesis Holdings, K.K.
HISTORY

Mar. 1987	System Plus Co. is established with ¥1 million capital stock.
Sep. 1987	The Company is renamed Allied Telesis K.K.
Dec. 1988	Capital stock is increased to ¥80 million.
Apr. 1990	Capital stock is increased to ¥99 million.
Feb. 1991	Allied Telesyn Intl. (Asia) Pte., Ltd. is established in Singapore.
Jun. 1995	Allied Telesyn Intl. Pty Ltd. is established in Australia.
Nov. 1995	Malaysia Sales Office opens.
Dec. 1995	Capital stock is increased to ¥502.75 million.
Jun. 1997	Capital stock is increased to ¥734 million.
Jul. 1997	Taiwan Representative Office is launched.
May 1999	Acquires a networking division from Teltrend Ltd. CentreCom Systems Ltd. is established in UK.
Jun. 2000	Allied Telesyn Europe Service S.r.l. is established in Italy.
	Allied Telesyn Korea Co., Ltd. is established in the Republic of Korea.
Jul. 2000	Allied Telesis K.K. is listed as "6835" on the Second Section of the Tokyo Stock Exchange.
Sep. 2000	Allied Telesis Engineering K.K. is established in Shinagawa, Tokyo.
Nov. 2000	Allied Telesis R&D Center Yamanashi K.K. is established in Kofu, Yamanashi. NACSE Japan Co. is established in Shinagawa, Tokyo.
Mar. 2001	Allied Telesyn Philippines Inc. is established in the Philippines as a software development base.
	Allied Telesyn International m.b.H is established in Austria.
Jun. 2001	Allied Telesyn International (Asia) Pte., Ltd receives ISO 14000.
Sep. 2001	Allied Telesis (Suzhou) Co., Ltd. is established in China.
Oct. 2001	Allied Telesyn Networks Inc., an R&D base, is established in North Carolina, U.S.
Jan. 2002	Allied Telesis International SA is established in Switzerland.
Feb. 2002	Allied Telesyn International S.L.U. is established in Spain.
Apr. 2002	Allied Telesis Engineering K.K. is renamed Allied Telesis Networks K.K.
Oct. 2002	Allied Telesyn New Zealand Ltd. is established in Christchurch, New Zealand.
Jul. 2004	Allied Telesis K.K. is renamed Allied Telesis Holdings, K.K. due to a transition to a holding company; Allied Telesis K.K. remains as a sales company along with a newly established Allied Telesis R&D Center K.K.
Mar. 2005	ROOT Inc., a wireless network development company, is made a subsidiary of the Company through a share exchange.
May 2005	Allied Telesyn Capital Corp. is established in the state of Washington, U.S., as a network management company.
Jun. 2006	Names of the U.S.-based subsidiaries are changed from Allied Telesyn to Allied Telesis.
Jun. 2007	Introduced the SwitchBlade® x908.
Mar. 2008	The Group companies in Japan acquired ISO/IEC 27001:2005 and ISO 14001:2004.
May 2008	Elected to merge Allied Telesis K.K. and corega K.K., effective January 1, 2009.
Jun. 2008	Established a new network service provider division in North America.

Source: Allied Telesis Holdings, K.K.

Glossary

10 Gigabit Ethernet (10GbE)—Built on the Ethernet technology used in most of today's local area networks (LANs), 10GbE offers a more efficient and economical approach to moving data on backbone connections between networks while also providing a consistent end-to-end technology. Using optical fiber, 10GbE can improve the data rate from 2.5 Gbps to 10 Gbps. It can interconnect LANs, wide area networks (WANs), and metro area networks (MANs).

Access Networks—Networks that connect directly to the end user or customer.

Analog—The technology in use for more than 50 years to transmit conventional radio and TV signals. Vinyl recordings and many cellular phones are examples of analog technology.

Backbone—The part of a network that handles the major traffic. It employs the highest-speed transmission paths in the network and may also run the longest distances. Smaller networks are attached to the backbone. A backbone can span a geographic area of any size from a single building to an office complex to an entire country.

Bandwidth—The amount of information or data that can be sent over a network connection in a given period of time. Bandwidth is usually stated in bits per second (bps), kilobits per second (Kbps), or megabits per second (Mbps).

Broadband—Commonly refers to high-speed Internet access. The Federal Communications Commission (FCC) defines broadband service as data transmission speeds exceeding 200 kilobits per second (Kbps), or 200,000 bits per second, in at least one direction: downstream (from the Internet to the user's computer) or upstream (from the user's computer to the Internet).

Chassis—A physical structure that holds everything or to which everything is attached. A computer's cabinet is often called the chassis.

Command Lines—A user's interface with a computer's operating system where the user responds to a visual prompt by typing in a command on a specified line, receives a response back from the system, and then enters another command, and so forth. The MS-DOS Prompt application in a Windows operating system is an example of a command line interface. Today, most users prefer the graphical user interface (GUI) offered by Windows, Mac OS, BeOS, and others. Typically, Unix-based systems offer both a command line interface and a GUI.

Core Switch—A high-capacity switch positioned in the physical core, or backbone, of a network. In general, a switch is a network device joining many systems together at a low-level layer of the network protocol. The core switch can interconnect edge switches, which are positioned at the network edge. In a local area network (LAN), a core switch serves to interconnect workgroup switches, relatively low-capacity switches that serve groups of workers in geographic clusters.

Customer Premise Equipment (CPE)—The terminal, equipment, and inside wiring located at a subscriber's premises that is connected to a carrier's communication channel(s) at the interconnection point.

Digital Subscriber Line (DSL)—A technology for bringing high-bandwidth information to homes and small businesses over ordinary copper telephone lines.

Ethernet—This term does not specify a unique technology but rather a family of technologies for local, metropolitan, and access networks covered by IEEE 802.3 standards. Data rates defined for operation over different media (coaxial, twisted pair, fiber optics, and wireless) are known as Ethernet at 10 Mbps, Fast Ethernet at 100 Mbps, Gigabit Ethernet at 1000 Mbps, and 10 Gigabit Ethernet (10GbE) at 10 Gbps.

Expansion Bays—Open areas inside the system unit that are used to install additional equipment.

Fiber Optic—An optical technology related to the transmission of light through transparent fibers for the transmission of data or communications or through fiber bundles for the transmission of images. Fiber optic technology offers high-bandwidth, small-space needs and protection from electromagnetic interference, eavesdropping, and radioactivity.

Fiber-to-the-Home (FTTH)—The deployment of fiber optic cable from a central office to a home.

Five 9s—99.999. In information technology (IT), a system should be operating 99.999% of the time, which equates to just over five minutes of downtime in a year.

Gateway—A device that converts one protocol or format to another or a device that acts as a go-between for two or more networks that use the same protocols. Also, an earth station and computer complex that switches data and voice signals between satellites and terrestrial networks.

Hot Swappable—Capable of being replaced while the system using it remains in operation.

Incumbent Local Exchange Carriers (ILECs)—In the U.S., the local exchange carrier (LEC) in an area that was providing telephone exchange services on the date of the enactment of the Telecommunications Act of 1996, and was deemed to be a member of the exchange carrier association pursuant to the Code of Federal Regulations (C.F.R.) Title 47, section 69.601(b) on that date. ILECs may also be any entity that, on or after the date of enactment, became a successor or assignee of a member already designated as an ILEC.

Internet Protocol (IP)—A standardized method of transporting information across the Internet in packets of data. It is the network layer protocol in the transmission control protocol (TCP)/IP communications protocol suite. Transmission control protocol (TCP) assembles the packets once they have been delivered to the intended location. The terms “IP network” and “TCP/IP network” are synonymous, although just “IP” is used more frequently.

IP Network—A network that uses IP, which is part of the TCP/IP suite. IP has become the global standard for networking, which includes the entire Internet, private LANs, and many carriers’ data and voice networks. Any network that has not migrated to IP is considered a “legacy network.” Today, Windows PCs default to TCP/IP.

IP Television (IPTV)—Delivers scheduled television programs and video-on-demand (VOD) content via IP and digital streaming techniques used to watch video on the Internet. In order to receive and decode the images in real time, the user requires either an IPTV set-top box or a software-based media player and a computer.

IP Triple Play—A data-voice-video service based entirely on IP, as Internet access, voice over Internet protocol (VoIP), and IP television (IPTV) can all use the same IP packet format.

Layer 2—The data link layer of the open system interconnection (OSI) seven-layer architecture. Layer 2 is concerned with moving data across the physical links in the network.

Layer 3—The third layer in the OSI architecture, the network layer (Layer 3) determines routing of packets of data from the sender to the receiver via the data link layer (Layer 2) and is used by the transport layer (Layer 4). The most common network layer protocol is IP.

Local Area Network (LAN)—A group of computers and associated devices that share a common communications line and typically share the resources of a single processor or server within a small geographic area (e.g., within an office building).

Megabits Per Second (Mbps)—Not to be confused with MBps (megabytes per second), Mbps is a measure of bandwidth (the total information flow over a given time) on a telecommunications medium. Depending on the medium and the transmission method, bandwidth is also sometimes measured as Kbps (thousands of bits or kilobits per second) or Gbps (billions of bits or gigabits per second).

Merchant Silicon—Application-specific standard products produced by silicon vendors. Merchant silicon can offer several benefits over the alternative of developing equivalent technologies in-house, including cost savings and time-to-market advantages versus custom silicon development programs.

Metro Area Network (MAN)—A computer network usually spanning a campus or a city that connects LANs using high-speed backbone technologies. A MAN often provides connections to a WAN as well.

Multicast—To transmit data to multiple recipients on the network at the same time using one transmission stream to the switches, at which point data are distributed out to the end users on separate lines. In contrast, "unicast" entails a separate transmission stream from source to destination for each recipient. When sending large volumes of data, multicast saves considerable bandwidth over unicast.

Multi Protocol Label Switching (MPLS)—A data-carrying mechanism that belongs to the family of packet-switched networks. MPLS operates at an OSI Model layer that is generally considered to be between the traditional definitions of Layer 2 (data link layer) and Layer 3 (network layer), and thus is often referred to as a "Layer 2.5" protocol.

Network Interface Cards (NICs)—A computer circuit board or card that is installed in a computer so that it can be connected to a network.

Optical Transport—Leverages the ability to transport multiple wavelengths of light on one fiber span, enabling service providers to increase capacity by adding services to their existing fiber networks.

Plain Old Telephone Service (POTS)—Voice-grade telephone service that remains the basic form of residential and small business service connection to the telephone network in most parts of the world. The name is a reflection of the telephone service still available after the advent of more advanced forms of telephony, such as mobile phones and VoIP. It has been available almost since the introduction of the public telephone system in the late 19th century, in a form mostly unchanged to the normal user.

Power Over Ethernet (PoE)—A technology for wired Ethernet LANs that allows the electrical current necessary for the operation of each device to be carried by the data cables rather than by power cords.

Protocol—The format and procedure that governs the transmitting and receiving of data.

Rapid Spanning Tree Protocol (RSTP)—An enhancement to STP that enables faster reconvergence. See the entry for *Spanning Tree Protocol (STP)* below.

Redundancy—Having a secondary peripheral, computer system, or network device that takes over when the primary unit fails.

Redundant Networks—In IT, any computer, telecommunication, or system components that are installed as back up in case the primary resources fail.

Regional Bell Operating Companies (RBOCs)—The Bell telephone companies that were spun off of AT&T by court order in 1984.

Routers—A network device that connects two similar networks having the same network protocol. It also chooses the best path between two networks when there are multiple paths, based on the origin and destination address of the information being transmitted.

Second Section—(of the Tokyo Stock Exchange) Stocks on the Tokyo Stock Exchange are grouped into three different sections: (1) the First Section, which contains large companies; (2) the Second Section, which contains mid-sized companies; and (3) the Mothers (or Third) Section, which contains high-growth startup companies.

Server—This is a very fast computer with a large amount of RAM and storage space, and a fast network interface card (NIC), that stands at the heart of most networks. The file server controls the communication of information between the nodes on a network. The network operating system software resides on this computer, along with any software applications and data files that need to be shared.

Spanning Tree Protocol (STP)—A link management protocol that is part of the IEEE 802.1 standard for media access control bridges. STP provides path redundancy while preventing undesirable loops in a network, which occur when there are alternate routes between hosts. To establish path redundancy, STP creates a tree that spans all of the switches in an extended network, forcing redundant paths into a standby, or blocked, state. STP allows only one active path at a time between any two network devices (this prevents the loops) but establishes the redundant links as a backup if the initial link should fail.

Systems Integrators—An organization that builds systems from a variety of diverse components. With increasing complexity of technology, more customers want complete solutions to information problems, requiring hardware, software, and networking expertise in a multivendor environment.

T1 Connection—A 1.544 Mbps point-to-point, dedicated, digital circuit provided by the telephone companies. T1 lines are widely used for connecting a LAN to an Internet service provider. Monthly cost is typically based on distance.

Telecommunications—Any transmission, emission, or reception of signs, signals, writings, images, sounds, or intelligence of any nature by wire, radio, optical, or other electromagnetic systems.

Transmission Control Protocol/Internet Protocol (TCP/IP)—A communications protocol developed under contract from the U.S. Department of Defense to inter-network dissimilar systems. Invented by Vinton Cerf and Bob Kahn, this de facto Unix standard is the protocol of the Internet and the global standard for LANs and WANs, the major exception being the traditional networks of the telephone companies. However, telephone companies that deploy VoIP networks use TCP/IP as well.

Value-Added Reseller (VAR)—A company that adds features to an existing product, then resells it (usually to end users) as an integrated product or complete turn-key solution. This practice is common in the electronics industry, where a software application might be added to existing hardware.

Virtual Private Network (VPN)—A private network that is configured within a public network (a carrier's network or the Internet) in order to take advantage of the economies of scale and management facilities of large networks. VPNs are widely used by enterprises to create WANs that span large geographic areas, to provide site-to-site connections to branch offices, and to allow mobile users to dial their company LANs.

Voice Over IP (VoIP)—The technology used to transmit voice conversations over a data network using IP.

Wavelength Division Multiplexing (WDM)—A technology that multiplexes multiple optical carrier signals on a single optical fiber by using different wavelengths (colors) of laser light to carry different signals.

Wide Area Network (WAN)—A network or group of networks that span a large geographical area.

Wi-Fi—A logo from the Wi-Fi Alliance that certifies that network devices comply with the IEEE 802.11 wireless Ethernet standards. In the early 2000s, Wi-Fi/802.11 became widely used, and within a short time, all laptops and other handheld devices were equipped with built-in Wi-Fi. Earlier laptops can be Wi-Fi enabled by plugging in a Wi-Fi adapter via the USB port or PC card.

Wire Speed—The bandwidth of a particular transmission or networking system. When data are transmitted at wire speed, it implies that there is little or no software overhead associated with the transmission and that the data travel at the maximum speed of the hardware.

Wireless LAN (WLAN)—Allows a mobile user to connect to a LAN through a wireless (radio) connection.

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