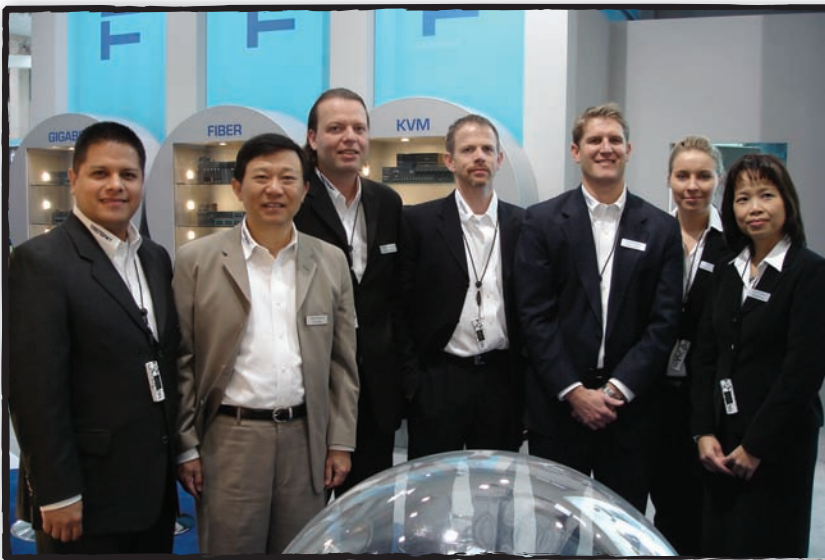# President's Brief

The end of 2005 marked the 15th year TRENDnet has been in the networking business based on the exciting developments over the past two quarters we seem to be aging very well indeed. The company closed 2005 with year over year revenue growth of 26%. The company's momentum has been fueled, in part, by country expansion, increased presence in existing markets and a growing product line. Recent landmarks in mobile innovation have included the line of HotSpot Detectors

(TEW-429UB, etc.), the Bluetooth / WiFi Combo Adapter (TBW-103UB), 802.11g MIMO Router / PC Card (TEW-611BRP / TEW-601PC) and the recently launched VoIP Skype Phone Kit (TVP-SP1BK). The awareness of these new products has not been lost on major industry publications from around the world, who have granted us several awards and editorials highlighting the products for their exceptional performance and value. Combined with a host of marketing and brand image

updates, we had plenty to talk about during the 2006 CeBIT tradeshow in Hannover, Germany. Inside the Spring 2006 Newsletter, you will find more detail on these new developments and what's on the horizon. Continued thanks to all of our partners who have supported us in making our 15th year in the business one to truly celebrate!

Left to Right: Pablo Garcia, Pei Huang, Stefan Throm, Jens Ringlstetter, Heath Gregory, Kamila Krzyzanowska and Stephanie Xian.

Contents

CeBIT 2006

The CeBIT 2006 tradeshow marked TRENDnet's 13th consecutive attendance, and in many regards, the most successful. This year's 80m^2 booth was open to traffic on three sides and was ideally located at the front of the main entrance to Hall 16. Over the 7 day period, the International Sales Team met with over 78 existing and over 236 prospective partners from Thailand to Iceland. As a result of leads generated from the show, the sales team received over 20 initial stocking orders from new partners within 1 month. The attention from the press was exceptional with over 14 press interviews from the German media and two TV appearances. The products of the hour were the upcoming 802.11n Draft Wireless Family, the TEW-429UB World Cup Edition and the TVP-SP1BK VoIP Skype Phone Kit. In the end, the show gave TRENDnet the opportunity to connect and strategize with our overseas partners in person. Of course, our annual night out at the Munich Hall always makes the ideal environment to share in the excitement of another year of prosperous growth and the promise of more to come.
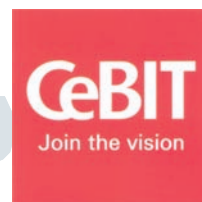
COMMENTS from our partners
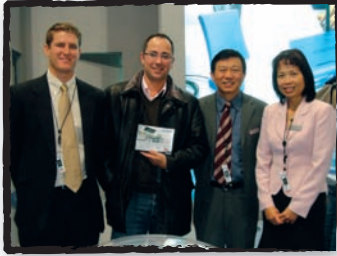
"You always learn a lot when you meet the TRENDnet staff at CeBIT but this year was very special. A bigger booth, more design, a new logo, exciting products...I was really impressed and truly think that TRENDnet has achieved a new stage in its development."
Christophe Gallien
Comtrade
France

"It was our great pleasure to meet TRENDnet team at the CeBIT show. TRENDnet booth was magnificently well displayed with innovated products. A very nice atmosphere and a lot of positive energy at the booth. An efficient & serious team and especially a very warm & kind welcome during our visit at TRENDnet's booth. Thank you."
Danilo Orellana
Sacom
Switzerland

"It was great to see the stand - bigger and better than ever before, but what really impressed us was the presence of new products, such as the TVP-SP1BK and the draft 802.11n product range, that we can really get behind to drive TRENDnet forward in the UK."

"TRENDnet definitely created an impression at CeBIT, the inquiries we've had since our return prove that."
Duncan Beattie & Bryce Twomey
Philex Electronic Ltd
U.K.

"I can say that as every year TRENDnet uses CeBIT as a means to promote upcoming products & technologies rather than showing already existing products. The booth design was spacious & elegant and the team, as always, kind & warm."
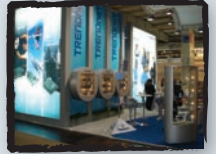**Andra Angeleanu**
Romsoft (Depozitul de Calculatoare)
Romania
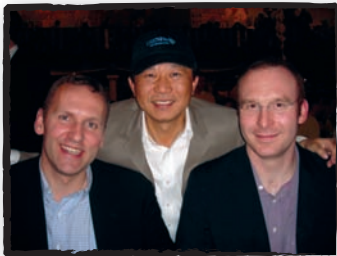
"CeBIT 2006 edition has shown us TRENDnet's real willingness to develop high tech & innovative products. TRENDnet reflects this trend thanks to their enthusiastic team and to their leader's one of a kind smile."
Nicolas Ritter
PEARL Diffusion
France

Eduardo Vales
Flytech
Spain

TRENDnet Marketing Update

Since October 2005, the Marketing Team set into motion a series of changes intended to align the company's image under one trademark and bring more consistency to our communications. To ensure our new brand direction would be in sync with positive brand attributes perceived by our partners and end-user customers, we conducted extensive online surveys. After over 100 logo designs, our new trademark was born, incorporating the most frequently sighted attributes, including: Global, Blue,

Flexible, Balanced, Connected and Inclusive. We formally launched the new logo in November 2005 with the intention for all of our channel partners to align their marketing communications under the TRENDnet brand within 1 year. The trademark change has set into motion a new look and feel that has been expressed across all of our customer touch points. Our new print and online advertising has focused on providing a consistent theme, use of brand colors and focus on the main product benefits. In

only three months, the Product Marketing Team implemented a complete overhaul of our retail products from the Box and Clamshell design, to the Installation Guides and Web Interfaces. The goal has been to provide a consistent user experience across all of our new products. Judging by the initial feedback from our partners, the change has been well received. Keep your eyes open for new selling and marketing tools in the months to come.

New Company Logo
effective November 2005

New Packaging

2006 Ad series

New Quick Install Guides (QIG's)

New Install Utilities

4

802.11b/g 9dBi Indoor/Outdoor
High-Gain Directional Antenna
TEW-A009D

ALL NEW!
Antenna Solutions

Eliminate dead spots and increase wireless coverage with the new line of antennas. Magnetic wall mountings, fully-adjustable Wi-Fi antennas, dual-band support, surge protection and low-loss cables make extending WiFi coverage indoors or outdoors flexible and secure.

NEW PRODUCTS

TRENDnet's latest mobility solutions enhance productivity in the home or office. The devices help enhance mobile productivity using long-range Bluetooth and Wi-Fi signals.

ClearSky Bluetooth VoIP
Phone Kit (for Skype)
TVP-SP1BK

802.11g Wireless & Bluetooth
Combo USB Adapter
TBW-103UB

HotFlash 802.11g Wireless &
512MB Flash Memory Combo
USB Adapter with HotSpot
Detector
TEW-429UF

Dual-Band
802.11a/b/g 7/5dBi
Indoor Omni Antenna
with Mounting Base
TEW-AI750B

Dual-Band
802.11a/b/g 8/6dBi
Indoor Directional
Antenna with
Mounting Base
TEW-AI86DB

802.11 b/g 14dBi
Outdoor High-Gain
Directional Antenna
TEW-AO14D

802.11 b/g 19dBi
Outdoor High-Gain
Directional Antenna
TEW-AO19D

Coming Soon:

Unlimited access to multimedia content throughout the digital home is an ever increasing trend. TRENDnet's upcoming 300Mbps Wireless N product line and IDE Storage Servers make it easy to store and transfer multiple streams of high definition (HD) entertainment simultaneously throughout the house without bottlenecks.

802.11 b/g 8dBi
Indoor/Outdoor Omni
Directional Antenna
TEW-AO080

802.11 b/g 10dBi
Indoor/Outdoor Omni
Directional Antenna
TEW-AO100

300Mbps 802.11n Draft Family

Multi-Function Print Server

300Mbps Wireless N
Router
TEW-631BRP

300Mbps Wireless N
PC Card
TEW-621PC

Multi-Function USB
Print Server
TE100-MP1U

Media Storage Servers

Outdoor Arrestor Kit
TEW-ASAK

IDE Network Storage
Enclosure
TS-IS300

Wireless IDE Network
Storage Enclosure
TS-I300W

5

Awards & Recognition

"Why doesn't TRENDnet call more attention to the unique features you include in your products?" This is a question posed from time to time by our customers. Over the past six months we have taken it to heart and done our best to ensure the editors in the U.S., and around the world, are more conscious of our new products and the innovative features they can highlight for their audience. The effort appears to be paying dividends. Since August of last year, TRENDnet has received over 300 tracked features in industry publications from around the world, including PC Magazine, Laptop, PC Professionnell, Info and others. Since December 2005, TRENDnet has received 10 awards for excellence.

Hardwareluxx's Excellent Hardware Award April 2006 – Germany
TEW-429UB Limited Edition HotSpot Detector + USB 802.11g Adapter
"The design and functionality of this USB adapter is refreshing."

Laptop Magazine Editor's Choice Award April 2006 – U.S.
TBW-103UB 802.11g Wireless & Bluetooth Combo USB Adapter
"TRENDnet's TBW-103UB gets 5 out of 5 stars and wins Editors Choice Award."

PC Pro Magazine Recommended Award April 2006 – U.K.
TEW-429UB 802.11g Wireless USB Adapter with HotSpot Detector
"As an adapter, it supports 802.11b and g, as well as WPA and WEP encryption, and we couldn't find any performance difference between it and Intel's integrated wireless adapter."
5 out of 6 Stars

UPGRADE's 2006 Technical Perfection Award March 2006 – Russia
TEW-453APB 108Mbps 802.11g HotSpot Access Point
"The quality and performance of the TEW-453APB was deemed perfect."

PC Guia Magazine Silver Medal Award March 2006 – Portugal
TEW-610APB 108Mbps 802.11g MIMO Wireless Access Point
"....one of the many great aspects of the TEW-610APB is the security."
8 out of 10 Stars

PC Professionell Editor's Choice Award March 2006 – Germany
TEW-611BRP / TEW-601PC Wireless Super G MIMO Family
"TRENDnet's TEW-611BRP combined with TEW-601PC received the PC Profesionell Editors Choice Award for being the fastest MIMO set with also the biggest stable distance among its competitors; D-Link, Linksys, Buffalo, Zyxel, SMC and more."

PC World Magazine Recommended Award March 2006 – Bulgaria
TEW-511BRP 108Mbps 802.11a+g Wireless AP Router
"This router showed the best results in terms of speed and was one of the best in terms of coverage."

Techzone.com Editor's Choice Award February 2006 – U.S.
TEW-429UF HotFlash 802.11g Wireless & 512MB Flash Memory Combo USB Adapter with HotSpot Detector
"This is undoubtedly the perfect solution for mobile users. It is easy to use, convenient to carry around, and provides solid performance along with some very helpful features."
9 out of 10 Stars

Laptop Magazine Editor's Choice Award December 2005 - U.S.
TEW-429UB 802.11b/g HotSpot Detector + USB Adapter
"Based on features and performance, this two-in-one WiFi device is the best in its class."

Computer Magazine Editor's Choice Award December 2005 – Czech
TEW-510APB 802.11a/g Wireless Access Point
"With 2.4GHz becoming a flooded frequency band, it is the time to look around for a higher quality of transmission. The hot product in our market is the TRENDnet TEW-510APB. It is the right solution as it communicates on both frequencies, supporting dual band."

Creative Partner Marketing

Customer: DC Shop
Country: Romania
Channel: 56 Retail Stores across Romania
Objectives: 1. Increase sell-through across TRENDnet line. 2. Highlight TRENDnet as preferred networking brand.
Initiative: Sponsored TRENDnet Week. From April 17-23rd 2006, 200 sales reps wore TRENDnet T-shirts. The first time this has been done for a vendor. Increased brand exposure with posters and TRENDnet bags for top customers.
Results: Achieved highest weekly sell-through of TRENDnet across all stores.

Customer: LDLC.com
Country: France
Channel: A leading online e-commerce reseller in France
Objectives: 1. Expand TRENDnet Brand Awareness to Parisian market. 2. Highlight close relationship between TRENDnet and LDLC. 3. Focus on leading growth category – Wireless.
Initiative: Posted 100 4 x 6 ft. banners in 50 Parisian subway stations for 15 days in June 2006. Over 3.7 million travelers per day travel via the subway in Paris.
Results: Strong promotion and exposure drove wireless sales to highest recorded volume.

SPECIAL PROJECTS

New Bangkok International Airport (NBIA) Project
400 units of TRENDnet's TFC-110MSC Fiber Converters are being used to transfer image data for surveillance using IP Cameras in Thailand's new International Airport opening this September 2006.

Philippines Steelwork Iligan Security Project
A comlete range of TRENDnet wireless, IP cameras and Fiber solutions are being used to monitor a 20 hectares plant and equipment by placing recording devices in Iligan City and at the remote office in Manila during Q1 2006. Products include (101 of each) : TRENDnet IP Cameras TV-IP100W & TV-IP200W, TRENDnet Switches TE100-S24, TEG-240WS, TE100-S88Eplus, TRENDnet Fiber Converter TFC-110MST, TRENDnet Access Points TEW-430APB & TEW-410APB+, TRENDnet Router TW-100-S4W1CA and TRENDnet Antennas TEW-OA080K & TEW-OA14D .

Indonesia Highway Project
TRENDnet was chosen over competitors, D-Link and Allied Telesyn, to be included in Indonesia's Highway Project. This is the first highway linking 2 city capitals Jakarta and Bandung usingTRENDnet's Fiber Converters (249 units of TFC-110MSC, 64 units of TFC-110S15, 8 units of TFC-110S60, 4 units of TFC-110S30) and 35 units of theTEG-S2400i Switches. Spanning Tree Protocol was a key management feature the network relies upon. The switches are used to link offices along the Indonesian Highway via a Fiber Optic Connection.

Uruguayan Department of Commerce Project
According to the Uruguayan Department of Commerce, TRENDnet's TW100-S4W1CA is the # 1 best selling router in Uruguay. In the last 6 months, TRENDnet has sold more than 700 units in a market of only 1.5 million habitants. The unit is sold through resellers for small projects with the Uruguayan Government, particularly the Department of Communication.

Brazilian U.N. Day-by-Day Education Portal
TRENDnet partners with Conecta to provide 11,000 schools of Parana State 24,000 units of the TU2-700 7 Port Hi-Speed USB 2.0 Hub as part of the UN project callled Parana Digital. The TU2-700 is part of a special multi-terminal built with four monitors, keyboards and mice connected to a single computer. The special unit multiplies the number of users who can simultaneously use a PC with access to the Internet and the Day-by-Day Education Portal. According to the schedule, in May the project will begin at 2,100 schools in 399 cities. By the end of September, 1.5 million teachers and students will have access.

U.S. Secure Wireless Credit Card Transaction Solution
TRENDnet is supporting SecuredPay Solutions Inc. Secure Wireless Internet Payment Environment (SWIPE) with the wireless backbone. SWIPE is a real-time payment solution that processes Credit Card, Debit and Gift Card Transactions using a handheld PDA over a encrypted wireless connection. TRENDnet will provide the routing (TW100-BRF114) and wireless backbone (TEW-450APB & TEW-AO080). The project is expected to include several national retail restaurant chains including Chilis, Outback Steakhouse, the Melting Pot and others.

Russian Cable TV Bundles Cards for Broadband Internet Service
TRENDnet partner Evernet based in Moscow, is rolling out 12,000 networking cards for the largest Russian Cable TV operator Comstar to be bundled with their broadband service. The project started in December 2005.

Portuguese Projects use TRENDnet for Remote Monitoring and High Speed Performance
EFACEC is the largest Portuguese organization in electromechanics and electronics and run facilities responsible for Power Generation, Transmission and Control. They are using 500 TV-IP200 / TV-IP400 cameras across their facilities including disturbance monitoring at their headquarters and hydroelectric plants. Also, Refer Telecom, the largest telecommunications operator in Portugal is connecting remote train station ticketing consoles via a fiber backbone. The project will be rolled out over 2 years and will include 2000 TFC-110MSC fiber converters.

> "Large-scale projects require close collaboration between TRENDnet and our partners."
>
> **Evan Davis**
> Presales Engineer

NEW CHANNEL EXPANSION

One of the key drivers of growth for TRENDnet over the years has been the channel and country expansion around the world. Here is a list of notable new partners TRENDnet has recently added to our worldwide network:

Carrefour (France)
The second largest retailer recently added 4 new 802.11g skus to their shelves, bringing the sku total to 7.

FutureShop (Canada)
The largest retailer in Canada added TRENDnet's 802.11g and sold over 20,000 routers in one week on a recent Boxing Day promotion.

Dell (Canada)
One of the largest Direct Marketers in North America has added the new HotSpot Detector TEW-429UB and several IP Cameras to their online and catalog offering.

ASI (Worldwide)
ASI has become one of the leading distributors in the world with over $1 billion in annual revenue. They are now offering 60 skus.

BAX IT Service (Australia)
With offices in Sydney and Melbourne, BAX IT is a specialized distributor of IT and Telecommunications equipment to the Australian and New Zealand Reseller Channels.

MultiMedya (Turkey)
Based in Instanbul, MultiMedya was founded in 1996 and is one of the leading distributors in Turkey, selling over 1,000 PC solutions to a network of over 900 resellers.

Better Business (Egypt)
Better Business has 8 branch offices across Egypt, Dubai and Sudan with over 1200 customers in 10 countries. The company has been recognized as one of the top suppliers of PC's to the Egyptian Market.

PARTNERSHIPS

To help deliver additional value to our customers TRENDnet has recently signed partnership agreements with three industry leading software providers: HP, McAfee and Pure Networks.

TRENDnet will include HP's Photosmart Essential 1.9 software for free in its line of existing storage and print servers to help users streamline printing, editing, storing and sharing digital photos. The products will begin shipping with the software in June 2006. (www.hp.com)

TRENDnet is always committed to making home networking easy. Towards this end, TRENDnet has partnered with Pure Networks to create an Automatic Install Wizard "EasyGo", to make installation simple and intuitive. Users will receive a step-by-step graphical view of how to install their router, helping to improve success from the beginning and reducing technical support calls for basic installation questions. Best of all, customers will receive a free basic version of the Network Magic software that makes networking simple by helping users configure their network, view a complete network map, ensure network security, set up remote and local printer and file sharing. The TEW-432BRP is the first product to include the solution and is currently shipping. (www.networkmagic.com)

McAfee is recognized as a global leader in software security with a range of Firewall, Wireless Security and malware solutions. TRENDnet will include a 30-Day Free Trial on all of McAfee's Home and Small Office security solutions to help protect customers from identity theft, online hacker attacks, harmful viruses, spyware and other unwanted programs. TRENDnet will be bundling the offer with its complete line of 802.11g and Super G wireless products beginning in mid-May 2006. (www.mcafee.com)