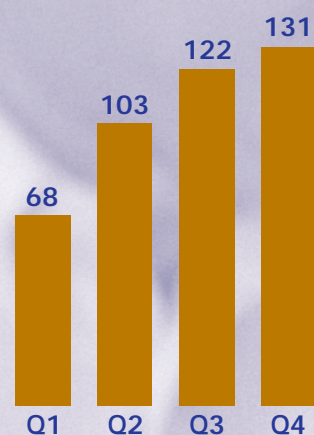


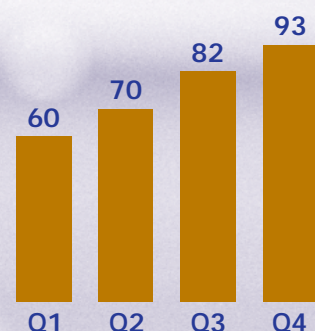


DRIVING THE TECHNOLOGY CURVE

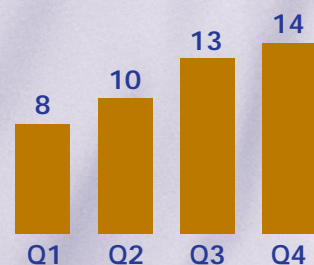
# FISCAL 2000 FINANCIAL HIGHLIGHTS



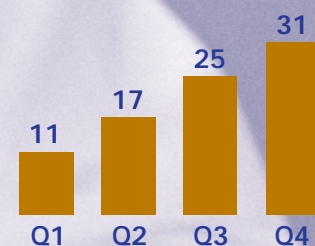
**Orders**  
(in millions)



**Revenues**  
(in millions)



**R&D**  
(in millions)



**Tax Adjusted EPS**  
(in cents)

## CORPORATE PROFILE

LTX designs, manufactures, markets, and services semiconductor test equipment. We sell our Fusion® test platform worldwide to designers and manufacturers of semiconductor devices, such as Vitesse Semiconductor Corporation, Texas Instruments, Philips Semiconductor, National Semiconductor, Motorola, Lucent Technologies, Infineon Technologies, and Hitachi. These devices are incorporated in a wide range of products, including network equipment such as switches and servers, personal communication devices such as cell phones and personal digital assistants, Internet access products such as modems, cable modems and Ethernet accessories, consumer products such as televisions, videogame systems, digital cameras and automobile electronics, and personal computer accessory products such as disk drives and 3D graphics accelerators.

Our principal executive offices and manufacturing operations are located in Westwood, Massachusetts.

We also have development facilities in San Jose, California, as well as sales and service facilities throughout North America, Europe, and the Pacific Rim. LTX is traded on the Nasdaq National Market under the symbol "LTXX." LTX's web address is [www.ltx.com](http://www.ltx.com).

LTX in this report makes, and may from time to time elsewhere make, disclosures which contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve risks and uncertainties included, but not limited to, the Business Risks discussed on pages 18 through 23 of this annual report that could cause actual results to differ materially from those in the forward-looking statement.

# Driving The TECHNOLOGY Curve

Speed. Cost. Performance. Words that describe the characteristics of the technology curve for next generation semiconductor devices. Bluetooth, SONET, broadband, 3G cell phone and other advanced devices will power the future of communications, and LTX through Fusion, its single platform, system-on-a-chip tester, will continue to drive the technology curve by providing the enabling technology these devices require.

The management team at LTX understands that the key to success in testing next generation communications chips is to hire the best and the brightest engineers, work closely with our customers, and partner with companies who further the development of Fusion. Engineers at LTX are a select group of talented individuals who thrive on staying ahead of the technology curve.

Our collective intellectual property for testing communications devices is among the most sophisticated in the industry. Collaborative arrangements with our customers give us access to semiconductor products still in the design stage. LTX's engineering teams use this product information to create the leading edge test solutions our customers demand. We have also expanded our R&D efforts to include companies like Ando Electric Co., Ltd. of Japan and StepTech, Inc. who work with LTX engineers to further broaden the capabilities of Fusion and position it to address new markets.



Customers and potential customers can design their next generation communications products with confidence because they know we will design and build the test equipment and advanced options to test their complex, system-on-a-chip communications devices.



Engineers at LTX are a select group of talented individuals who thrive on staying ahead of the technology curve...





# PRESIDENT'S LETTER




## Dear Fellow Investors

This past fiscal year was exciting and energizing for all of us at LTX. It was a powerful demonstration of the impact of our Fusion product line and our new business strategy. We started the fiscal year with a well-focused management team, newly launched Fusion product line, and a solid backlog of new customers that were won during the second half of fiscal 1999. By the time the books were closed on fiscal 2000, we had exceeded our goals and beaten all of our prior financial results. We had a blockbuster year.

A quick summary of the year will highlight what we achieved. We geared ourselves to aggressively ramp Fusion production capacity. Our timing was right. New customer wins and a strong inflow of orders allowed us to increase revenues by nearly 100% over the previous year. The emerging efficiency of our single-platform product strategy boosted our operating income to 19% of sales, delivering record earnings of \$58.5 million.

Orders for the year were also up by 100% and reached an all time high of \$422 million. Four factors contributed to the brisk pace of business: the positive impact of communications and Internet infrastructure on IC manufacturers—a move away from the PC as the dominant product driver for IC companies; the desire of major IC producers to invest in Fusion's single-platform system-on-a-chip (SOC) test



technology to support that production shift; the need for sub-contract test companies to make the technology transition from primarily digital test systems to system-on-a-chip technology; and, the appeal of Fusion's extensive parallel test capability, which lowers cost of test for advanced communication devices.

On the competitive front, Fusion continued to win next generation tester decisions, bringing in thirteen new customers, including two Asian test sub-contract firms. As the fiscal year closed, eight of the top twelve semiconductor manufacturers were using Fusion to test their latest products and we had delivered the 100th Fusion system.

**“ We visualized one advanced platform leading the industry, winning next generation decisions—first at the major merchants IC producers as they launched their new SOC chips, then among the leading Asian sub-contract test companies. ”**

**Foundations for Success.** In 1997, our customers realized the advantages of combining mixed-signal and RF chip technology together with digital signal processing (DSP) cores and embedded memory into a single, system-on-a-chip device. Recognizing that system-on-chip technology would power wireless communications and the Internet, we implemented three initiatives that would reshape the company to address this emerging technology.

- We changed our strategic focus to develop a new product named Fusion for testing these SOC devices.

- To accomplish this aggressive engineering goal, we changed our company from a multi-division structure producing several digital and mixed-signal test systems to a single unit producing a single test platform. We visualized one advanced platform leading the industry, winning next generation decisions—first at the major merchant IC producers as they launched their new SOC chips, then among the leading sub-contract test companies of Asia.
- Finally, we created a highly efficient and flexible business model that could deliver the strong operating margins necessary to fund the research and development efforts needed to stay ahead of the technology curve and produce the profits expected of an industry leader.

**“ ...we have developed a company with real earning power and the financial strength to fund the R&D activities required of a market leader. ”**

**Research and Development.** Fusion is a scalable, single platform test system capable of testing a broad range of integrated circuits, from high-volume consumer to advanced system-on-a-chip devices. Our research and development efforts will continue to focus on expanding Fusion's scalability by creating options that will broaden Fusion's reach into new markets. In fiscal 2000, we increased our R&D investment 40% and produced new options for testing digital signal processing, RF and microwave, embedded memories and battery power-management. New products to satisfy the expanding needs of our customers are currently under development. In addition to these products, our applications engineering teams have been developing test techniques and software to augment LTX's growing intellectual property library. This library has become a significant competitive advantage for winning next generation tester decisions.

**Operations.** The early success of Fusion among our customers has been very satisfying. As we build upon this success, the financial and operational performance generated by our new business model makes it clear that we have developed a company with real earning power and the financial strength to fund the R&D activities



required of a market leader. The combination of a flexible business model, an extensive shift to outsourced manufacturing, and a company-wide determination to spend only as an investment, has led to our record earnings and a P&L that is geared toward the cyclical

growth of our industry. An example of the efficiency we gain from this approach can be seen in our manufacturing area where we are well along in our plans to increase our manufacturing output tenfold even though we've reduced total manufacturing space by 50%.

**Looking Ahead.** During fiscal 2000, we increased shareholder equity by 475% and built a strong cash position that resulted from our retained earnings and two successful equity offerings. We will use this financial muscle to further invest in our own R&D and to reach out and invest in Fusion Technology Partners who will apply their resources to our development objectives. Our goal for fiscal 2001 is to increase Fusion's lead by launching new, advanced options and by expanding Fusion's capability to be scaled to cost-effectively address a broader mix of our customers' production. We intend to stay singularly focused on extending the two year lead that we've developed in single-platform, SOC testing and to fully apply ourselves to producing superior business results.

Roger W. Blethen, President and CEO

## BOARD OF DIRECTORS

Samuel Rubinovitz  
Chairman of the Board  
Retired Executive Vice President  
EG & G, Inc.

Roger W. Blethen  
President and  
Chief Executive Officer  
LTX Corporation

Robert J. Boehlke  
Retired Executive Vice President  
and Chief Financial Officer  
KLA-Tencor Corporation

Jacques Bouyer  
Retired Chief Executive Officer  
and Chairman of the Board  
Philips Composants S.A.

Stephen M. Jennings  
Director  
Monitor Company

Roger J. Maggs  
President  
Celtic House Investment  
Partners

Robert E. Moore  
President and  
Chairman of the Board  
Reliable Power Meters, Inc.

## CHAIRMAN EMERITUS

Graham C.C. Miller  
Former Director and President  
LTX Corporation

## OFFICERS

Roger W. Blethen  
President and  
Chief Executive Officer

David G. Tacelli  
Executive Vice President

Mark J. Gallenberger  
Vice President and  
Chief Financial Officer

Richard L. Bove  
Vice President

David Brown  
Vice President

Joseph A. Hedal  
General Counsel and Clerk

Neil Kelly  
Vice President

Edward J. Terrenzi  
Senior Vice President

Thomas J. Young  
Vice President

## FELLOWS

Solomon M. Max  
Warren R. Necoechea  
Philip E. Perkins

## LEGAL COUNSEL

Bingham Dana LLP  
Boston, Massachusetts 02110

## AUDITORS

Arthur Anderson LLP  
Boston, Massachusetts 02110

## TRANSFER AGENT

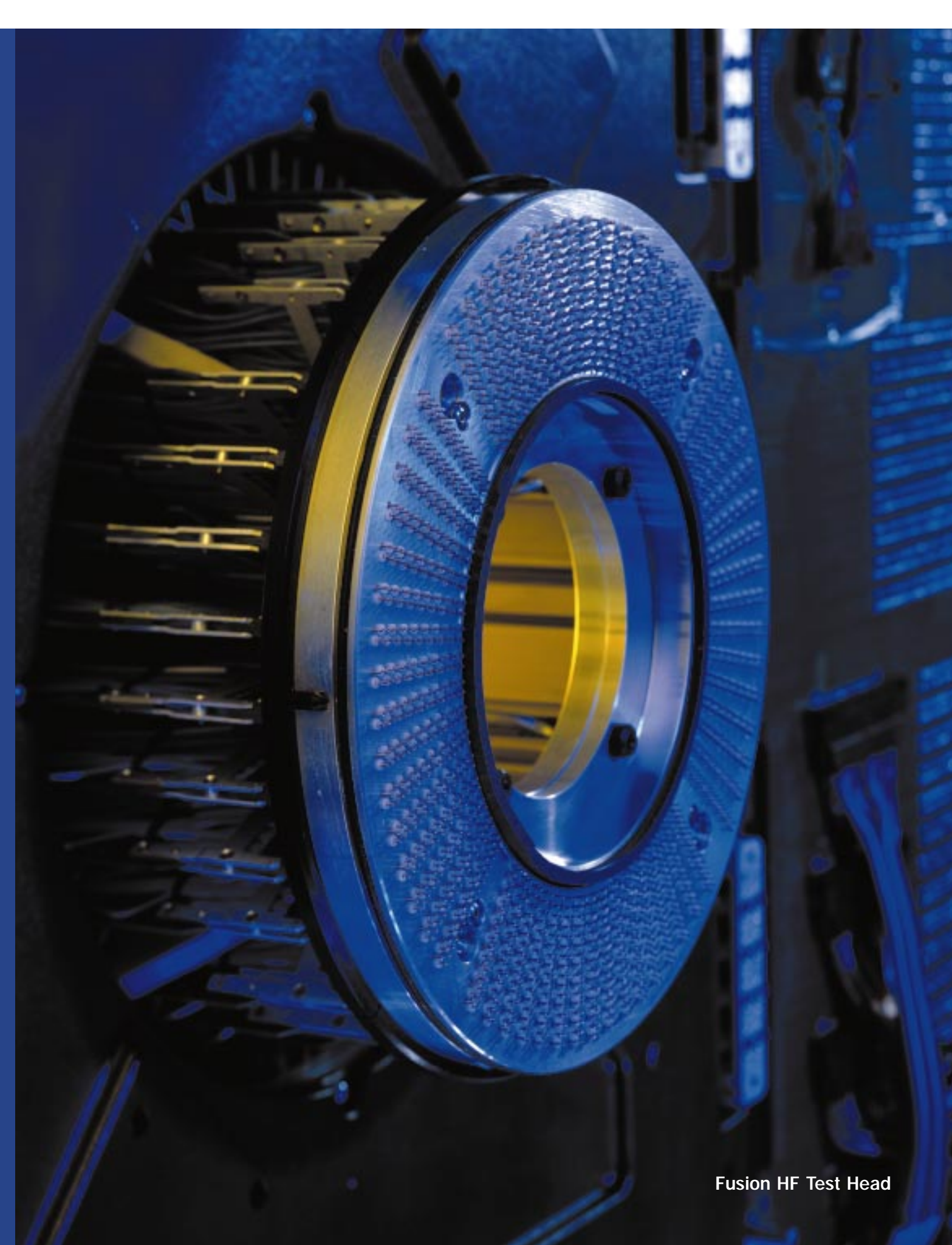
EquiServe LP  
Boston, Massachusetts 02110

## STOCK

"LTX," traded on the  
NASDAQ National Market

## INVESTOR RELATIONS

Rich Yerganian  
Director of Investor Relations  
781.467.5123  
ir@ltx.com



Fusion HF Test Head