

Changing the Face of Wireless Communications



SPECTRIAN ANNUAL
REPORT 2000



Cancelled flights,
hurricanes, and
traffic jams
no longer
concern me.

I've got the
web in the
palm of my hand.

Can I stay
out later?
I've got my
cell phone
with me.



If, in the course of a few short years, wireless communications can change the way parents and their children interact, imagine the impact it can have on society as a whole?

We have. And it has affected our thinking as a company.

We have undergone a philosophical and strategic shift intended to make Spectrian more responsive and more competitive. We are now taking our products to a higher level of manufacturing excellence. We have implemented a standardized, process-oriented strategy that allows for flexible and responsive manufacturing. We are balancing our product mix. And we have unleashed RF semiconductor design and production. UltraRF, an autonomous business unit, is

now able to design products for a diverse group of customers. So we now have the opportunity to capture revenue that would otherwise be unavailable to us as an RF amplifier manufacturer.

With bold moves such as these, we are showcasing our ability to adapt to the present, as well as shape the future.

My mom just
phoned to ask
if it was okay
to call me on my
cell phone.



As common as wireless phones and devices might seem, there are still a great many people who are unfamiliar with them. These people are our potential. They are the reason why field-proven multi-channel amplifiers are so critical to the continued growth of the wireless industry.

The single-channel amplifiers commonly found in cellular base stations worldwide successfully supported the first wave of early wireless adopters.

Thanks to these pioneers, their families and friends are jumping on the wireless bandwagon in large numbers.

This is good. Service providers will get more subscribers. Subscribers will get better rates through increased competition. And additional subscriber traffic will drive the need for more multi-channel amplifiers.

While single-channel amplifiers will continue to be a major source of our revenue, we have already completed more than 25 field trials, worldwide, for our multi-channel amplifiers. And to take advantage of the emerging wireless data market, we have started to ramp up our broadband products.

So, mothers everywhere will soon be e-mailing their children at their offices to see if it's okay to e-mail them on their wireless handheld devices.

My grandfather
never saw a
telephone.

I'm working
so that my
children will
never see a
telephone line.



The world is a rugged place, divided by high mountains, deep oceans and vast tracts of inhospitable terrain. It's no wonder that much of its population still lacks household telephone service.

People in remote areas and economically disadvantaged countries that can't afford the cost of developing a wired telephone network may find wireless local loops (WLL) a viable alternative.

Using cellular technology and base stations armed with our amplifiers, customers can make the leap from the 19th Century to the 21st.

The world is also a diverse place. We are branching out, establishing design centers, sales offices, and manufacturing partners outside the Silicon Valley to take advantage of regional cost differences, attract the best talent, and better serve our customers.

In addition to reducing costs, partnering with manufacturers in Thailand improves production of our volume line and supports our ongoing efforts to improve our flexibility and responsiveness.

With global thinking and WLL technology, we are able to bring the world together and make it work for us.

Let my
assistant have
the corner
office—
and the
commute
that goes
with it.



Being able to work from home—to telecommute—is one thing. Being able to work anywhere you want is another. That's freedom.

We're not talking about the fantasy of working while lounging on some tropical island beach. We're talking about the reality of being able to get your work done while you enjoy a sunny day on your

balcony, instead of being chained to a desk that looks a lot like the one you have at the office. We're talking about catching up on your e-mail correspondence while watching your daughter score her first goal.

We're talking about changing the way you live—for the better.

That's where the wireless telephones and data solutions that run across our RF power amplifiers are designed to make an impact. A leading provider of wireless data networking and technology is using our amplifiers for their new, 128-kilobit service. As broadband wireless Internet service grows more popular, so will our opportunity for product and customer diversity. And corner offices will become less popular.

To our Stockholders:

As depicted in the previous pages of this annual report, the wireless industry is rapidly and globally changing the way people conduct their day to day lives. At Spectrian, we are proud to play a important role in the dynamic wireless market by supplying critical components in the form of RF power amplifiers and high-power transistors.

In order to keep up with the pace at which the wireless world is changing, we at Spectrian are undertaking what we believe will be an equally complete and profound transformation.

For years, we thrived as an engineering-driven company that depended on the technological superiority of its products to give it a market advantage. As the widespread use of cellular technology expanded the market, our efforts to produce high-quality, technologically advanced products in sufficient volume became more complex with longer than desired time to market.

My predecessor, Garrett Garrettson, began the process of changing our corporate culture. Utilizing the leadership and experience recruited from other industries that achieved similar transitions, he was able to focus the company's energy into becoming a market-driven company. He also orchestrated the creation of UltraRF, a move that turned our RF semiconductor division into an autonomous business unit to enhance our potential for growth.

As I take the reins of the company as president and chief executive officer and Garrett ascends to his new role as chairman of the board of directors, I believe that the entire organization understands that operational efficiency, combined with technological superiority is the right winning formula.

Although I have only been at my post for a short time, I am encouraged by what I have seen at Spectrian. Our year-end and fourth quarter results for fiscal 2000 trended upward, although they continued to display inconsistent profitability and revenue fluctuations. This was due, in part, to an unfavorable product mix, a narrow customer base, and a volatile market. Ironically, it is market volatility that necessitates the broadening of our product line. We believe a greater diversity of products will enable us to attract a wider variety of customers and better predict our financial performance in the future. The growth of our multicarrier lines and the successful launch of our broadband wireless data products have already attracted interest from the industry.

Spectrian is also changing its geographic focus to encompass a broader, global perspective. With sales offices in Sao Paulo, Brazil and Seoul, Korea, we can better serve these rapidly developing markets. We also have substantially completed the shift of manufacturing operations to Thailand to more cost-effectively manufacture our products. And we have standardized our processes on an enterprise



Spectrian's leadership team, clockwise from left: Dave Piazza, Chris Tubis; Richard Johanson (sitting); Darien Spencer; Tom Waechter; Mike Angel; Joe Madden; Chris Menicou; Shelley Hertzler. Not pictured: Harry Oh; Warren Dumanski.

resource planning system so that we can more easily take advantage of outsourced manufacturing services and other opportunities in the global marketplace.

In conclusion, I would like to thank our stockholders for their support during this portion of our sixteen-year history. Although we are not satisfied with our performance during the past fiscal year, we are pleased with the progress we have made toward our goals. We have increased product and customer diversity,

expanded our global presence, launched new broadband data products, formed UltraRF, and streamlined our processes. With this foundation, and a new management team now in place that has resulted in a flatter, more efficient organization, I am very enthusiastic about the future and optimistic about our improving financial performance and continued growth.

Sincerely,

Thomas Waechter

C O R P O R A T E I N F O R M A T I O N

BOARD OF DIRECTORS

James A. Cole *
General Partner
Windward & Spectra Ventures

Charles D. Kissner * +
Chairman of the Board of Directors
DMC Stratex Networks, Inc.

Robert C. Wilson * +
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Wilson & Chambers

Martin Cooper +
Chairman and Chief Executive Officer
ArrayComm, Inc.

Robert A. Shaner +
President and Chief Executive Officer
SBC Wireless

* Human Resources Committee
+ Audit Committee

Garrett A. Garrettson
Chairman of the Board of Directors
Spectrian Corporation

Thomas H. Waechter
President and Chief Executive Officer
Spectrian Corporation

C O R P O R A T E M A N A G E M E N T

Thomas H. Waechter
President and
Chief Executive Officer

Michael D. Angel
Executive Vice President, Finance
& Administration, Chief Financial Officer
and Secretary

Christopher J. Tubis
President, UltraRF Division

Richard A. Johanson
Vice President, Human Resources

S P E C T R I A N C O M M O N S T O C K

Spectrian Common Stock is traded on the Nasdaq national Market under the symbol SPCT. The following table indicates the quarterly high, low and close Common Stock prices per share.

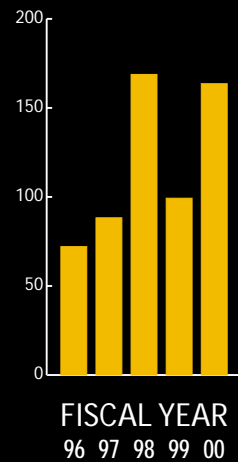
FY00 quarter ended	High	Low	Close
June 27, 1999	\$15.500	\$8.875	\$15.000
September 26, 1999	\$25.625	\$11.188	\$21.250
December 26, 1999	\$35.250	\$21.266	\$25.312
March 31, 2000	\$30.000	\$16.250	\$22.500

FY99 quarter ended	High	Low	Close
June 28, 1998	\$18.938	\$13.813	\$15.437
September 27, 1998	\$16.750	\$12.125	\$12.875
December 27, 1998	\$14.500	\$8.375	\$13.875
March 31, 1999	\$19.750	\$9.250	\$11.750

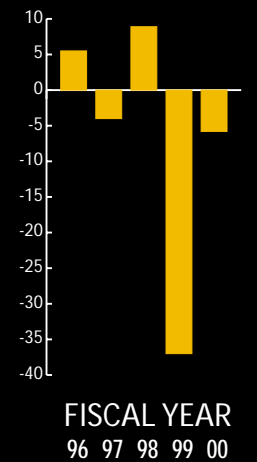
The Company has never paid any cash dividends on its Common Stock and does not anticipate paying cash dividends in the foreseeable future. The Company's bank line of credit agreement prohibits the payment of cash dividends without prior written consent of the lender.

F I N A N C I A L H I G H L I G H T S

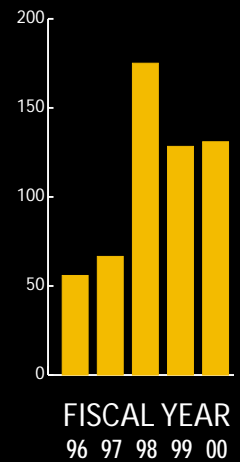
NET REVENUES
(In millions)



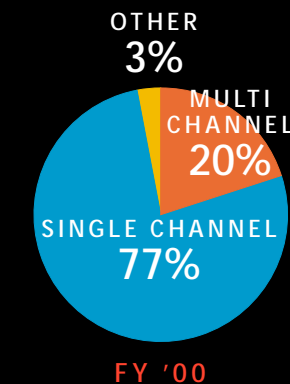
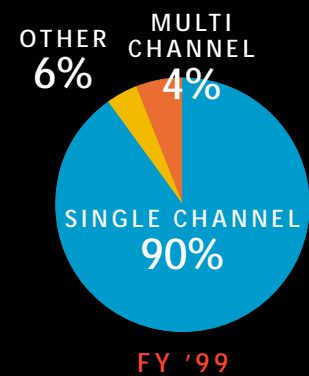
NET INCOME
(Loss) (In millions)



TOTAL ASSETS
(In millions)



P R O D U C T M I X



C O R P O R A T E A N D I N V E S T O R I N F O R M A T I O N

A copy of the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission, may be obtained by sending a written request to:
Investor Relations
Spectrian Corporation
350 West Java Drive
Sunnyvale, California 94089
voice: 408-745-5400
fax: 408-541-0263
email: spctir@spectrian.com
www.spectrian.com
www.ultrarf.com

T R A N S F E R A G E N T A N D R E G I S T R A R

For inquiries about stock ownership, change of address, or lost certificates, contact:
ChaseMellon Shareholder Services, LLC
85 Challenger Road
Ridgefield, New Jersey 07660
800-356-2017
www.chasemellon.com

L E G A L C O U N S E L

Wilson Sonsini Goodrich & Rosati
Palo Alto, California

I N D E P E N D E N T A C C O U N T A N T S

PricewaterhouseCoopers LLP
San Jose, California

The statements contained in this Annual Report to Stockholders that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), including statements regarding Spectrian Corporation's ("the Company") expectations, hopes, intentions or strategies regarding the future. When used herein, the words "may," "will," "expect," "anticipate," "continue," "estimate," "project," "intend" and similar expressions are intended to identify forward-looking statements within the meaning of the Securities Act and the Exchange Act. Forward-looking statements include: statements regarding events, conditions and financial trends that may affect the Company's future plans of operations, business strategy, results of operations and financial position. All forward-looking statements included in this document are based on information available to the Company on the date hereof, and the Company assumes no obligation to update any such forward-looking statements. Investors are cautioned that any forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties and that actual results may differ materially from those included within the forward-looking statements as a result of various factors. These forward-looking statements are made in reliance upon the safe harbor provision of The Private Securities Litigation Reform Act of 1995. For factors that could cause or contribute to such differences that include, but are not limited to, those described in this Annual Report to Stockholders, investors are encouraged to read the Company's Annual Report on Form 10-K for the year ended March 31, 2000, particularly the section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" entitled, "Factors Affecting Future Operating Results."



SPECTRIAN CORPORATION
350 WEST JAVA DRIVE
SUNNYVALE, CA 94089
408.745.5400
WWW.SPECTRIAN.COM



ULTRARF
160 GIBRALTAR COURT
SUNNYVALE, CA 94089
877.206.5657
WWW.ULTRARF.COM