

For immediate release

\$25 Cellular Handset Achievable Within Two Years

A Portelligent Survey of Customers Indicates Strong Industry Consensus That A Handset with Bill-of-Materials at \$25 Can be Achieved Within 24 Months or Less

(Austin, Texas – May 30, 2005): Within two years, and possibly within 12 months, the wireless handset industry is on track to design and manufacture low-end cellular handsets that cost \$25 or less to make, according to results of a recent survey conducted by Portelligent among the company's customers in the wireless and electronics industries.



Among respondents to the survey, 80 percent reported a belief that a low-end GSM handset with a total bill-of-materials cost of \$25 can be achieved within two years or less, while 51 percent believe this level can be reached within one year or less. In addition to electronic and mechanical components, the cost of the handset as presented in the survey was defined to include battery, testing, final assembly, software and IP licensing, and product packaging.

"We have believed for some time, based on the trends in product design and component cost which we see in our product teardown analyses, that very low-cost cellular handsets will emerge in the next several years," comments David Carey, president of Portelligent. "We think this survey is significant in that it shows that a substantial majority of our customers seem to agree on the near-term reality of the \$25 handset, as they represent diverse points of view within the electronics industry, including semiconductor and device makers, handset makers, and wireless service providers. With the handset industry reaching maturity throughout the developed world, more

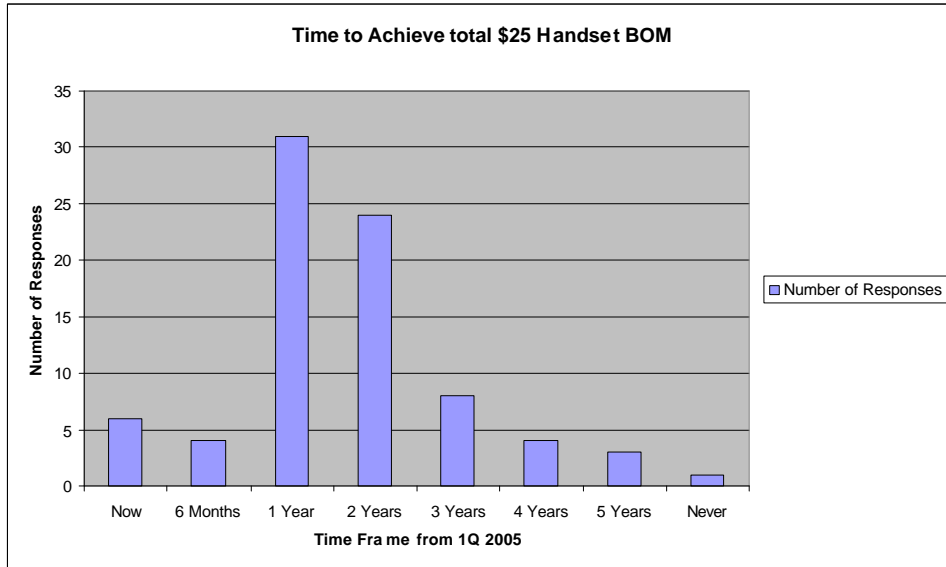
economic cellular phone designs will be a key factor in securing 'the Next Billion' wireless subscribers."

In structuring the survey, Portelligent distinguished 14 categories of electronic components and other items in a "strawman BOM" (Bill-of-Materials) for the \$25 handset. When asked about these individual categories, survey respondents reported that target cost levels were most likely to be achieved in printed circuit boards, passive devices, baseband processing ICs, and product casings and enclosures. The most challenging categories for achievement of the target costs were display modules, radio transmitter and receiver ICs, memory devices, and software and intellectual property.

The "strawman BOM" for a \$25 handset used as a core data-gathering mechanism in the Portelligent customer survey was first presented by Mr. Carey at Informa's San Diego World Handset Forum in December 2004.



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Distribution of Portelligent survey responses: number of years to achievement of \$25 bill-of-materials in entry-level handset. [Source: Portelligent, Inc.]

PRESS RELEASE

Portelligent, Inc., located in Austin, Texas, USA, offers reports and analyses that are generated through a rigorous “product-teardown” methodology to the electronics, wireless, semiconductor, and financial sectors. Portelligent is a spin-out of the MCC research consortium, where underlying analytical methods and cost models were developed.

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