

# News Flash

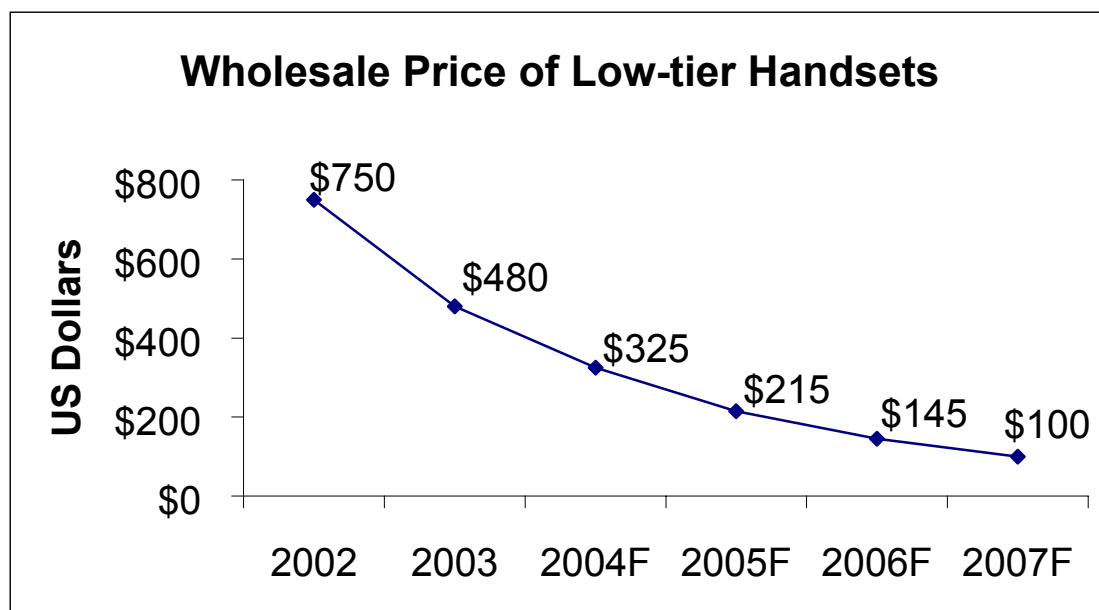


## WCDMA (3GSM) Handset Prices in a Freefall

Since DoCoMo introduced its first fully commercial WCDMA (3GSM) models in 2002, the wholesale prices of the lowest cost 1900/ 2100 handsets have declined by an average of 34% annually or a total of \$425 from the original price of \$750. According to Shosteck Group there will be continuing declines of 33% to lead to prices of \$215 by the end of this year and \$100 by year-end 2007.

Such price declines follow a historical pattern, which ranges from 20% to 35% per year, and are attributed mainly to reduced chip costs and economies of manufacturing scale. Price declines are also affected by the rapid fall in non-recurring engineering costs. Networks are more stable than a year ago, so engineers require less time to test new handsets.

Price declines for WCDMA (3GSM) 1900/ 2100 handsets are closer to 35% due to the far greater production volumes of early WCDMA (3GSM) compared to those of early GSM.



Source: Wireless Asia, April 15, 2005