

# Smartphones

COMPANIES: AAPL, ERIC, ERICB SS, GOOG, MOT, MSFT, NOK, NOK1V FH, PALM, RIM CN, RIMM, SNE, 2498 TT, 005930 KS, 066570 KS, 6758 JP



## RIM Rebounds with Curve, Bold, Tour

**RIM gained share during June-August qq, reversing prior share losses with the launch of the Tour, increased promos and better pricing, and is set to gain again in its largest markets in September-November.**

- OTR Global's read on RIMM is positive, an improvement from the negative June report; the read on HTC remains mixed
- Category sales up 19%-24% yy, driven by new devices, attractive pricing and increased promos and subsidies
- RIMM global sales up 16%-21% yy with Curve, Bold and Tour sales driving growth; RIMM device orders for September-November expected up 6%-11% yy
- AAPL iPhone gained share in key regions with 3GS launch, but lost share in India and Russia with uncompetitive pricing; Samsung still gaining with new device introductions in key markets
- HTC lost share in most regions as competition heated up; September orders expected up with launches of Android and WinMo 6.5 devices; PALM, MOT also losing share
- Area to Watch: Strong September orders anticipated for NOK following slight share gains with new device introductions in key channels

### EXECUTIVE SUMMARY

Although **Research In Motion Ltd.**'s yy growth slightly underperformed the category, it has started to gain share in key regions with steady Curve and Bold sales and the launch of the Tour, a positive change in momentum for RIM compared to OTR Global's June report. While RIM's order outlook was largely flat for the June-August period, OTR Global's sources are seeing a substantial increase in momentum for the forward-looking quarter. **Apple Inc.** gave category sales a boost with the launch of the new iPhone 3GS and gained share qq, and **HTC Corp.** lost share with little to offer against the iPhone. **Nokia Corp.** gained slightly with its E71 and N-series devices. **Palm Inc.** continued to lose share as older devices were discontinued and the Pre remains exclusive to only a few channels and has yet to launch in most regions. Inventories mostly were normal with shortages and excesses in spot channels. Wholesale pricing decreased slightly or remained steady overall. Subsidies again favored smartphones and netbooks during June-August, trending away from lower-end mobile handsets. Overall smartphone demand is expected to increase slightly yy during September-November, most significantly influenced by increased demand expectations in Latin America.

### KEY DATA

**RIM Market Share Gains for June-August** (number of sources)

	N. AMERICA	L. AMERICA	EUROPE	CHINA	INDIA	RUSSIA	TOTAL
Gained significantly	-	3	-	-	7	-	10
Gained slightly	5	3	4	-	2	1	15
On par	2	3	1	-	1	-	7
Lost slightly	-	1	3	2	2	-	8
Lost significantly	1	-	-	1	-	-	2

### SOURCES & BACKGROUND

**60 buyers, managers, distributors, resellers and wholesalers** representing sales of more than 41 million smartphone units in 2008

**NORTH AMERICA** 8 hardware buyers, product managers, distributors and management directors at wireless carriers, wholesalers and electronics retailers (5 in the United States and 3 in Canada) representing 16.9 million smartphone units; **WESTERN EUROPE** 8 hardware buyers, product managers, heads of distribution and management directors with leading wireless carriers (2 in France, 2 in the United Kingdom, 1 each in Spain and Germany and 2 pan-European carriers, 1 of them including Eastern Europe) representing more than 11.8 million smartphone units; **ASIA** 29 handset distributors, carrier executives and resellers, comprising 18 in India representing more than 1.1 million smartphone units, and 11 in China representing more than 4.8 million smartphone units; **LATIN AMERICA** 11 handset distributors, carrier executives and resellers (4 in Brazil, 4 in Mexico, 1 in Argentina, 1 in the Caribbean and Colombia and 1 Pan-Latin American distributor) representing more than 5.4 million smartphone units; **RUSSIA** 4 distributor and carrier executives representing more than 890 thousand smartphone units

**REPEAT SOURCES** 42 (5 in North America, 6 in Western Europe, 20 in Asia, 8 in Latin America and 3 in Russia) from OTR Global's June report

**INTERVIEWS** Last three weeks of August

**AVERAGES** Weighted according to each source's 2008 smartphone unit sales

**BACKGROUND** One major North American carrier declined to be interviewed, and North American sources also would not discuss Apple's iPhone sales data. Growth data is now being reported on a yy comparative basis, while market share shifts are reported on a qq basis.

See last page for Important Disclosures and Analyst Certification

# Smartphones

## UNITED STATES AND CANADA

### Sales driven by new devices, 3G

North American smartphone sell-through during June–August increased an average 6%–11% yy, as data devices surged in popularity despite economic limitations. Sales primarily were driven by new models and the availability of 3G devices. “The smartphone category is growing rapidly. What used to be 15% of our portfolio mix is now 25% and is expected to be up to 40% next year and 50% in 2011,” one source said.

Wholesale prices remained stable or decreased slightly qq as vendors reduced prices on end-of-life devices in preparation for the launch of **Microsoft Corp.**’s Windows Mobile (WinMo) 6.5 devices. **Samsung Electronics Co. Ltd.** was the most aggressive on pricing, while RIM continued to be aggressive with marketing support. Subsidies remained the same or increased overall, but shifted once again toward the popular smartphones and away from handsets.

Inventories were normal for five of eight sources, but RIM’s Pearl and Pearl Flip remained in excess in two carrier channels, as originally reported in OTR Global’s March report. Excess HTC devices were reported because of slow sales at two carriers, with one also reporting slumping RIM Storm sales. Shortage of RIM’s Tour at one carrier was attributed to minor quality issues on the devices coming out of its Mexican manufacturing plant, which led to limited availability as well as some pent-up demand.

### Customers pick up more data packages

Sources said RIM experienced a revenue boost as customers purchased more data packages. “We’re seeing only a slight increase in units year to year, but overall RIM revenue is up because more customers are taking data packages to realize the full benefit of the devices. But there are also a lot more devices available now ... more competition,” a source said. RIM device sales met or exceeded expectations for six of eight sources, an improvement compared with five of nine in the March–May quarter. “RIM exceeded our expectations slightly. They did well overall this quarter, and last quarter’s allocation issues were remedied and RIM has made a full recovery. Our recent launch of the Tour has helped as well, as there is healthy demand for the device,” one said. RIM sales were up 2%–7% during June–August yy, with another source saying, “Our RIM sales were way less than last year, which was all about the new Javelin, Pearl Flip and Bold. This quarter is about other smartphone devices.”

### Nokia, RIM gain share qq while HTC, Palm lose

Nokia gained slight share qq in North America with steady sales of the E71 and others, despite increased competition from the iPhone 3GS. RIM also gained share with strong Curve sales, steady performance of the Bold and the launch of the Tour, an improvement compared with last quarter’s share loss. **LG Electronics Inc.** gained share in one channel following aggressive promotional pricing on the enV3, while HTC lost share again against fierce competition from RIM and Apple. “We launched two **Google [Inc.]** Android devices in June. They did really well for a month, and then the iPhone launched and killed sales of everything else. Now we’re over-subsidizing to try to get rid of them,” a source said. The unpopularity of the WinMo OS has continued to contribute to falling sales of HTC products, but sources said there is momentum building for the release of WinMo 6.5. Palm lost share overall as already-limited device lineups were further reduced. One source was anxiously anticipating the Pre’s

“RIM exceeded our expectations slightly. They did well overall this quarter, and last quarter’s allocation issues were remedied; RIM has made a full recovery. Our recent launch of the Tour has helped as well as there is healthy demand for the device.”

*North American carrier*

# Smartphones

launch, while others remained indifferent. Samsung lost significant share at one carrier because of the increased competition of the RIM Tour and a competitive carrier's lower pricing.

## Variety of new models expected

RIM's September–November orders are expected to be flat–down slightly yy, as sources said RIM's introduction of new devices last year was hard to beat. RIM is expected to launch several devices including the 3G Bold, Gemini, Onyx, Storm2 and Tour in key channels. HTC, **Motorola Inc.**, LG and Samsung are expected to launch Android devices, and Nokia's N86 is expected to launch with several sources. Order volumes are expected to favor RIM, Nokia, LG, Motorola and Palm.

Smartphone demand is expected to strengthen slightly yy during September–November as the migration to smartphones continues. "Overall, we expect demand in general will increase significantly. The amount of advertising will be massive; every billboard, every magazine ad and every TV commercial will be about wireless devices," a source said.

## WESTERN EUROPE

### iPhone drives smartphone sales

Smartphone unit sales increased 36%–41% during June–August yy, driven by attractive pricing and demand for Apple's iPhone. One source reported triple-digit category growth driven largely by the iPhone. Another said, "The iPhone is leading the market and taking market share as it comes down through the price points. What we're also seeing this year is smartphones [becoming] more affordable." Carriers' focus on the high ARPU-generating smartphone sector also boosted growth.

Wholesale pricing decreased slightly or remained the same qq. Inventories mostly were normal, with three sources reporting shortages of the iPhone 3GS. Overall carrier subsidy levels remained the same or decreased qq and remained unchanged regarding the distribution between handsets, smartphones and netbooks.

### RIM meets expectations

RIM sales met expectations for most, as in OTR Global's June report, but underperformed the category overall as no new devices were launched during the quarter. RIM's sales increased an average 24%–29% during June–August yy, with continued strong sales of the Curve and Bold. (Those models drove triple-digit growth for two sources. Excluding those two sources, RIM sales increased 13%–18% yy.) Sources expect continued RIM order growth during September–November because of the consumer-focused Gemini (8520) and the launch of the new Storm 2.

### Apple gains as Nokia, HTC lose

Apple's iPhone made significant gains qq with lower price points, early adopter interest in the 3GS and continued consumer appeal. RIM gained slight share qq as the continuing strength of the Bold and Curve offset enterprise weakness and a stale portfolio, a turnaround for RIM compared to the previous quarter when they lost share. Meanwhile, Nokia lost slight share with its relatively expensive and uncompetitive smartphones and one source's decision to reduce its Nokia offering. HTC also lost slightly with a lack of new Android models and weaknesses associated with the Windows Mobile portfolio "After the [HTC] Hero, there was nothing to follow up with, and nothing in sight. We might go for [other vendors'] Android devices instead of HTC going forward," one source said.

"After the [HTC] Hero, there was nothing to follow up with, and nothing in sight. We might go for [other vendors'] Android devices instead of HTC going forward."

*Western European source*

# Smartphones

Palm's minimal share remained flat ahead of Pre's launch in Europe. Meanwhile, LG and Samsung made spot gains in the smartphone sector with budget-priced touch screen alternatives to the iPhone. Although responses were mixed, most sources expect demand to increase during September–November. RIM is expected to benefit the most from orders during the period, while Nokia is expected to lose slightly. Sources plan to add a number of new devices during September–November, primarily from RIM, HTC, Nokia and Samsung.

## LATIN AMERICA

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### New devices, RIM drive sales

Smartphone sales increased an average 29%–34% yy, driven by expanded offerings from RIM and to a lesser degree Nokia, Apple, Samsung and LG with features supporting the growing popularity of mobile social networking. Wholesale prices declined because of increased competition and end-of-life promotions. Subsidies increased overall and shifted more toward smartphones. Inventories were mostly normal with some delivery problems reported on the new Apple iPhone 3GS in Mexico and the older version in Brazil.

### BlackBerry blossoms

RIM sales increased an average 33%–38% yy for June–August, outperforming the overall category in the region. Sources said the boost that mobile social networking gave sales favored RIM. “BlackBerry messenger is the main feature that generates demand in the mass market,” one said. As a result, RIM sales exceeded expectations, according to more than one-half of sources, an improvement compared with OTR Global's June report. Best sellers included Bold, Curve and Javelin, while the newly-launched Storm disappointing with its form-factor and pricing.

### RIM, Nokia, Apple gain; Palm, HTC lose

RIM gained share qq with a broad portfolio, new product launch and heavy marketing investment. Nokia also gained slight share with help from the E71 and N95 — a hot regional seller, especially in Argentina. The iPhone gained slightly, boosted by one large carrier who decreased the price of the old iPhone in anticipation of the 3GS launching in October. Samsung also gained share with its strong portfolio (including the popular Jack device), good product mix, aggressive pricing and strong brand confidence. LG received positive marks for entry-level devices, and its Cookie remains a top-seller regionally. Palm and HTC again lost share this quarter. Palm reportedly is closing its doors in Latin America, except in Mexico where sources still anticipate the new Palm Pre to launch this year. HTC lost with high device and data plan pricing.

Demand in 3Q09 is expected to increase significantly with new devices, promotions and increased subsidies. Order expectations for 3Q09 favor RIM and Samsung.

## CHINA

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### 3G and price cuts drive sales

China's smartphone sales during June–August increased an average 11%–16% yy, driven by 3G sales and price cuts because of more competition. “More people are starting to replace 2G handsets

“More people are starting to replace 2G handsets with 3G handsets.”

*Chinese source*

# Smartphones

with 3G handsets,” a source said. Carrier sources also launched more 3G smartphones with subsidy packages.

Inventories mostly were normal, but three sources reported slight excesses of some China-based vendor phones and high-end smartphones from Nokia, Motorola and Samsung because of their high pricing. A source reported shortages of CDMA EVDO smartphones. Wholesale prices were flat—down slightly qq because of strong price competition from China-based vendors. Motorola cut prices the most aggressively. However, Nokia increased wholesale prices slightly because of shortages of its QWERTY keyboard smartphones.

## RIM, HTC losing, Samsung gaining, Nokia mixed qq

RIM's BlackBerry sales were mixed among sources who carried the brand because of a lack of new models. Sales met expectations for two of three sources selling RIM, but it lost significant share to other vendors, a decrease in performance compared to the March–May period when RIM gained slight share. Meanwhile, Nokia lost share overall but gained slightly in the carrier channel and lost slightly in distributor channels. The N81, N86, E71 and N96 all sold well with carrier promotions and a strong recognition for quality. However, sources said Nokia did not launch enough 3G smartphones and still had no TD-SCDMA smartphones in China. Share losses also were attributed to competition from mid-range models. HTC's **Dopod International Corp. Ltd.** brand lost share slightly because of a lack of new models, quality issues and competition with black market devices, but gained slightly in the WCDMA and CDMA EVDO smartphone segment. Samsung gained significant share with increased advertising and competitive pricing.

In October Apple's iPhone will officially launch in the Chinese market. A carrier said, “In the 3G battle, we need more killer phones and services to attract users. We hope the iPhone will be one of them.” However, iPhone's WiFi will be blocked in China to meet government regulations.

Sources expect September–November RIM unit orders to be flat—down yy because RIM has not provided models any newer than the 8700. Sources are looking forward to new smartphone models from Nokia, Samsung and LG. Demand for September–November yy is expected to increase. Orders will primarily benefit Nokia, LG and a variety of China-based brands.

## Netbook subsidies increase

Carriers reported overall subsidies increased during June–August and shifted away from smartphones toward handsets because of summer promotions targeting students on vacation. “We increased the proportion of subsidies for regular mobile phones because students don't have enough money to buy high-priced handsets,” one said. Subsidies also shifted toward netbooks as carriers aimed to promote their data services.

## INDIA

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### Growth driven by RIM

Smartphone sales in India increased an average 45%–50% yy, driven by RIM, which cut prices to attract first-time buyers in carrier channels and open distribution. “The focus is not on corporate customers anymore, but on consumers,” a source said. Increased interest in business phones added to growth.

“We increased the proportion of subsidies for regular mobile phones because students don't have enough money to buy high-priced handsets.”

*Carriers*

# Smartphones

Inventories were mixed as sources reported supply issues with spot shortages of RIM and Nokia. Wholesale pricing, though mixed, decreased for most sources because of competition. Carriers said subsidy levels were unchanged qq, with allocations to each segment remaining the same.

RIM sales increased an average 53%–58% yy, outperforming the category, with 10 of 12 sources meeting or exceeding expectations, a slight improvement compared with the June report because of better availability and price cuts. “RIM is now positioning their devices as not merely email phones, but as multi-featured phones, with emphasis on multi-media, camera and everything except FM radio,” a large carrier said.

## Nokia, RIM gain; HTC, iPhone lose

Nokia gained slight share, driven by the 5800 and E63. RIM gained significant share qq with increased availability and price cuts. HTC lost slight share with a lack of new models and weak customer support, while Apple's iPhone lost significant share because of its pricing. Most sources have stopped dealing with Palm, citing its poor distribution approach and a lack of new models. Samsung gained significant share, becoming the preferred choice of many carriers and distributors because of its aggressive marketing strategy and broad portfolio. Motorola and Sony Ericsson Communications AB (a joint venture of **Sony Corp.** and **Ericsson LM**) lost significantly because of a lack of new models.

All sources expect increased demand for smartphones during September–November yy. RIM unit sales are expected to grow 32%–37% yy. Orders also are expected to increase for Nokia, HTC and Samsung and decrease for Motorola, Sony Ericsson and the iPhone. New models are expected from RIM, HTC and Samsung.

## RUSSIA

### Lack of credit hurts sales

Russian smartphone sales decreased 5%–10% during June–August yy because of ongoing credit problems and device shortages. “Our sales have decreased strongly since credit became almost unavailable for consumers,” a source said.

RIM unit sales increased single digits yy for one carrier as the Bold and Curve made a positive impact. Wholesale prices remained stable qq. Nokia's share remained flat because of its broad portfolio, though sources noted high prices and distribution problems. HTC gained share from iPhone and Nokia despite supply disruptions. RIM gained share for one carrier with the addition of new models, an improvement from no share gain last quarter. Apple's iPhone lost share to HTC and RIM with its high pricing, while Palm maintained its small share. Sources expect smartphone demand to decrease overall yy during September–November.

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# Smartphones

## U.S. AND CANADA

"We end-of-life'd the Centro in June, and we have nothing new on the horizon from Palm."

"HTC performed much better last year, but there is a lot of momentum for the WinMo 6.5 release."

"No one is being more or less aggressive at cutting prices. Most manufacturers have been reducing prices for end-of-life to prepare for the 6.5 WinMo launch."

"Our inventories are running lean in preparation for the WinMo release. No brands are being affected by shortages or excesses this quarter."

"Customers are getting more acclimated to smartphones and expect more from their devices. We are definitely not seeing customers holding back their purchases."

"We did some promos for the 8900 Curve. Now we are launching the Gemini, but we're not expecting it to be a big seller. It's a relatively basic 2G device."

"We will add an LG Android product, the Nokia N86, the RIM Gemini [sub \$300] and the Onyx [at the Bold price point]."

"RIM is the vast majority of our smartphones and is the main driver of the category for us. It really is fueling the growth. WinMo devices don't sell very well for us. We launched the RIM Tour, and it is doing really well on upgrades, but it is expensive. But the Curve still does five times the sales of the Tour."

## FRANCE

"We've only increased subsidy of the iPhone; all others have decreased."

"LG gained significantly with the KP501 and KU990i; these are budget touch-screen phones that customers are buying because of their attractive low prices."

"There are shortages of the iPhone 3GS due to Apple not being able to keep up with demand."

## GERMANY

"The smartphone category is still growing as it is the only segment with attractive prices for the consumer and good value for us with data contracts and a loyal customer."

"Sales of RIM devices without data contracts is the new trend to watch."

"[Nokia's] N-Series sales were really weak, but sales of the E71 held up quite nicely."

"We have taken out another big chunk of subsidies — even from smartphones — as we have to look better at which devices are making us money and which ones are not."

## SPAIN

"The overall market has turned around in a more positive way compared to three months ago. People are spending money again."

"We are trying to decrease subsidies overall in almost all areas in order to increase our revenues."

## UNITED KINGDOM

"Smartphone sales are definitely up double digits. The main reason is our focus on chasing additional ARPU by better positioning of smartphones. Essentially, we're focusing more on smartphones because they drive ARPU growth."

"Apple continues to gain share, including in the SME [small to midsized enterprise] and corporate segments, though we're not at the stage yet where we're seeing significant corporate sales volumes of the iPhone. It's still more of an 'end-user chooser' type of scenario."

# Smartphones

“Networks over-subsidize RIM devices because RIM is such a good ARPU generator. The networks subsidize by £50 a box more than anything else out there.”

“Acer [Inc.] is beginning to show itself in the market more significantly. I think Acer is beginning to erode HTC's share a little.”

## PAN EUROPEAN

“Without the iPhone, the smartphone category is flat to down, but with iPhone, it's up almost 100%; this is our new boom category.”

“The RIM Gemini will be a play into a lower price point, which should drive increased consumer adoption.”

“The market has driven more subsidies to smartphones and, as a result, we've been over-investing in terms of getting smartphone customers onto our networks. That's because there's still something of a land grab going on.”

“Next quarter, the expectation is that Apple will have a consistent pattern, but I think in [4Q09] if they don't drop their pricing their sales, they will start to stagnate. Nokia will definitely see its share increase because of the N97. The N97 is doing well, though not as well as the N95 or N96 because of changes to the competitive landscape.”

“I think we're seeing the beginning of the iPhone question; I've now seen enough to tell me that in the next two or three quarters, there will be substantially better products out there than iPhone, and that will start to have an impact on the market.”

## PAN-LATIN AMERICAN

“Price of devices is still a barrier for prepaid consumers in Latin America.”

“LG is also gaining significantly due to a strong product portfolio, aggressive pricing and an attractive publicity. The Cookie is the best seller.”

“Palm is betting strongly on Palm Pre in the U.S. and paying less attention to Latin America.”

## BRAZIL

“Only 20% of postpaid users in Latin America have smartphones. There's plenty of space to increase smartphone sales in the region.”

“There are now more entry-level smartphone options available in the Brazilian market, like Samsung Scrappy and LG GT360. Both are youth-oriented.”

“BlackBerry was not very impacted by the economic downturn because it has a loyal customer base. BlackBerry is almost a separate category inside the smartphone segment.”

“We prefer to focus our subsidies on smartphones. Our studies show that the more multimedia is the phone, the higher is the ARPU of its user.”

## MEXICO

“I believe the users are more and more interested in applications such as the social networks like Facebook [Inc.'s] or [News Corp.'s] MySpace. Those are easier to manage with a smartphone than a normal handset because of the keyboard.”

“Last year, we hardly had any participation in this sector. Also, this growth is due to our increased participation in the enterprise sector, especially among small and medium-sized companies.”

“Nokia has not increased its share in the smartphone sector, but the N95 in particular and the whole N series are still selling.”

“There has been an explosion of new [Chinese] low-cost devices offered. They cost about half as much as other smartphones, but the quality is not the same.”

“We fell short of our goal. We had higher expectations. The BlackBerry we are selling now is a much better one, but it is also more expensive. And the bottom line is, people are looking after their money more carefully now.”

# Smartphones

## ARGENTINA, CARIBBEAN & CENTRAL AMERICA

“The N95 was the best-selling smartphone in Argentina in 2008, but the market is shifting toward BlackBerry this year.”

“In terms of the amount of marketing and brand development, Nokia still has the big bucks.”

“One of the issues with HTC is the gray market. It is very difficult for them to compete because illegal imports of Chinese smartphones are so big.”

“We are using the Chinese [white box] smartphone as a benchmark for negotiations with our Tier 1 vendors. We think there is a significant market for our region.”

## CHINA

“Before, there were only a few 3G models on the market. Now, Nokia, Samsung, Sony Ericsson and Motorola launched more models, so overall sales also increased.”

“Strong advertising for 3G helped smartphone sales. Customers pay more attention to these kinds of devices because they can access the Internet.”

“This quarter, students even started to buy the smartphones during the summer holidays, but [last summer] the smartphone customers were business people.”

“We found many people could buy the latest models, but we didn’t have them because RIM did not provide them to us. The 8700 does not sell very well, and we will not order it anymore.”

“Although we tried to clean out most of our excess inventories this quarter, we still have slight excess of some high-end smartphones from Nokia and Motorola because they are too expensive for the customers in our region.”

“Our 2G CDMA smartphone inventory is normal now, but we experienced inventory shortages for CDMA EVDO smartphones during June through August because there were too few of the newest models.”

“People accepted smartphones just like they accepted the PC.”

## INDIA

“If a BlackBerry kind of device is available for \$225, who wouldn’t buy it?”

“A couple of models [from RIM] fell short on supply due to increase in demand beyond expectations.”

“RIM cut down the end customer price by over 40% on some models for the first time ever.”

“[RIM] reduced prices on the GSM range, and CDMA got the benefit too as they had to cut prices on the CDMA models, too.”

“[Category] growth is coming from people’s newfound need to use email on the go.”

“Nokia has gained significantly because of the E-series phones like the E63, which is now available at close to \$200.”

“Samsung has demand, the phones have style, output and even the corporate sector has begun to demand Samsung phones.”

“Apple lost significantly. Its earlier euphoria died down, and the price still remains high.”

“The iPhone 3GS is not expected to come through official channels for another six months.”

“Nokia 5230 is expected during 4Q09, which should help the vendor further consolidate its position.”

“Samsung’s S3650, the Corby, is coming sometime in the next few months.”

“HTC Magic will continue to be a prized item for them.”

“We will stop selling all small-time brands and unbranded [smartphones].”

# Smartphones

## RUSSIA

“The average price for smartphones decreased; people are looking for low-end smartphones. Our sales decreased 35% in value year to year because of this trend.”

“Nokia has held its leading position due to its wide model range and reasonable pricing.”

“The iPhone lost share to HTC. Nobody needs an iPhone at the price carriers are trying to sell them for.”

“HTC cannot supply as many devices as we need. HTC, along with [Asustek Computer Inc.] and HP [Hewlett-Packard Co.], has limited capacities and has reduced supplies to Russia.”

## Smartphones

## 1. Have total smartphone unit sales increased, decreased or remained the same during June–August yy?

	NORTH AMERICA	LATIN AMERICA	EUROPE	CHINA	INDIA	RUSSIA	TOTAL
Up 91%–100%:	-	-	2	-	1	-	3
Up 51%–60%:	-	1	-	-	-	-	1
Up 41%–50%:	1	-	-	-	1	-	2
Up 31%–40%:	-	-	-	1	1	-	2
Up 26%–30%:	-	3	-	-	1	-	4
Up 21%–25 %:	1	-	1	-	2	-	4
Up 16%–20%:	2	1	1	1	1	-	6
Up 11%–15%:	-	1	-	5	4	-	10
Up 6%–10%:	-	1	3	1	4	-	9
Up 1%–5%:	2	1	-	-	1	1	5
Up:	-	2	-	3	1	-	6
Flat:	1	-	1	-	-	-	2
Down:	-	1	-	-	-	-	1
Down 1%–5%:	1	-	-	-	-	1	2
Down 16%–20%:	-	-	-	-	-	1	1
Down 51%–60%:	-	-	-	-	-	1†	1
Not applicable:	-	-	-	-	1	-	1
<b>Weighted average:</b>	<b>Up 6%–11%</b>	<b>Up 29%–34%</b>	<b>Up 36%–41%</b>	<b>Up 11%–16%</b>	<b>Up 45%–50%</b>	<b>Down 5%–10%</b>	<b>Up 19%–24%</b>

† One source who did not give weighted data excluded from the weighted average

## 2a. Did total BlackBerry unit sales increase, decrease or remain the same during June–August yy?

Up 101% or more:	-	-	1*	-	-	-	1
Up 91%–100%:	-	-	1*	-	1	-	2
Up 51%–60%:	-	1	1	-	-	-	2
Up 41%–50%:	1	-	-	-	2	-	3
Up 31%–40%:	-	2	1	-	-	-	3
Up 26%–30%:	-	2	-	-	1	-	3
Up 21%–25%:	1	-	-	-	1	-	2
Up 16%–20%:	-	2	-	-	-	-	2
Up 11%–15%:	-	-	-	-	3	-	3
Up 6%–10%:	-	-	2	-	-	-	2
Up 1%–5%:	2	1	-	1	-	1	5
Up:	1	2	-	-	2	-	5
Flat:	2	-	2	-	2	-	6
Down:	-	-	-	2	-	-	2
Down 1%–5%:	1	-	-	-	-	-	1
Not applicable:	-	1	-	8	6	3	18
<b>Weighted average:</b>	<b>Up 2%–7%</b>	<b>Up 33%–38%</b>	<b>Up 24%–29%</b>	<b>Not averaged</b>	<b>Up 53%–58%</b>	<b>Not averaged</b>	<b>Up 16%–21%</b>

\* Excluding these outlying sources with triple-digit growth would result in European average being up 13%–18% and global average being up 12%–17%

## 2b. Did BlackBerry device sales exceed, meet or fall below expectations during June–August?

Exceeded:	3	6	1	-	5	-	15
Met:	3	3	6	2	5	1	20
Fell below:	2	1	1	1	2	-	7
Not applicable:	-	1	-	8	6	3	18

## Smartphones

## 3a. Which smartphone vendors gained, maintained or lost share in your portfolio during June–August qq?

NOKIA	NORTH AMERICA	LATIN AMERICA	EUROPE	CHINA	INDIA	RUSSIA	TOTAL
Gained significantly:	-	-	-	-	4	-	4
Gained slightly:	1	1	2	4	6	-	14
On par:	-	2	1	1	1	2	7
Lost slightly:	1	1	3	5	-	-	10
Lost significantly:	1	1	1	-	1	1	5
No response:	-	1	1	-	-	-	2
Not applicable:	5	5	-	1	6	1	18
<b>RIMM</b>							
Gained significantly:	-	3	-	-	7	-	10
Gained slightly:	5	3	4	-	2	1	15
On par:	2	3	1	-	1	-	7
Lost slightly:	-	1	3	2	2	-	8
Lost significantly:	1	-	-	1	-	-	2
Not applicable:	-	1	-	8	6	3	18
<b>APPLE'S IPHONE</b>							
Gained significantly:	-	-	2	-	-	-	2
Gained slightly:	-	1	2	-	-	-	3
On par:	-	-	1	-	-	1	2
Lost slightly:	-	2	-	-	1	2	5
Lost significantly:	-	-	-	-	5	-	5
No response:	2	-	-	-	-	-	2
Not applicable:	6	8	3	11	12	1	41
<b>HTC</b>							
Gained significantly:	1	-	-	-	2	1	4
Gained slightly:	1	-	2	3	3	1	10
On par:	1	2	-	-	5	1	9
Lost slightly:	4	2	3	8	2	-	19
Lost significantly:	1	4	2	-	2	-	9
Not applicable:	-	3	1	-	4	1	9
<b>PALM</b>							
Gained significantly:	-	1	-	-	-	-	1
On par:	2	1	2	1	-	2	8
Lost slightly:	1	2	-	-	1	-	4
Lost significantly:	1	3	-	-	-	-	4
Not applicable:	4	4	6	10	17	2	43

## 3b. Which other smartphone vendors have been gaining or losing share in your product portfolio? (Some sources gave more than one answer while others did not respond.)

<b>GAINED</b>							
Samsung:	-	3	1	3	10	1	18
LG:	1	3	2	-	2	-	8
China-based brands:	-	-	-	1	1	-	2
Motorola:	-	1	-	-	-	-	1
Sony Ericsson:	-	-	-	1	-	-	1
Philips Electronics N.V.:	-	-	-	-	-	1	1
Other:	-	-	-	-	1	-	1
None:	7	5	5	6	5	2	30

## Smartphones

LOST	NORTH AMERICA	LATIN AMERICA	EUROPE	CHINA	INDIA	RUSSIA	TOTAL
Motorola:	-	2	-	2	10	-	14
Sony Ericsson:	-	2	-	-	5	-	7
China-based brands:	-	-	-	2	-	-	2
Samsung:	1	-	-	-	-	-	1
None:	7	6	8	6	4	4	35
Other:	-	-	-	1	-	-	1

**4. Did smartphone wholesale prices increase, decrease or remain the same during June–August qq?**

Increased slightly:	-	-	-	1	1	-	2
Same:	4	2	3	4	4	3	20
Decreased slightly:	4	6	4	6	7	1	28
Decreased significantly:	-	1	1	-	5	-	7
Don't know:	-	1	-	-	-	-	1
Not applicable:	-	1	-	-	1	-	2

**5a. Did your overall subsidy amounts increase, decrease or remain the same during June–August qq?**

Increase:	3	6	-	4	-	-	13
Same:	3	3	4	-	2	-	12
Decrease:	-	-	3	1	-	-	4
Not applicable:	2	2	1	6	16	4	31

**5b. Did subsidies in the following areas increase, decrease or remain the same during June–August qq?**

**MOBILE HANDSETS**

Shift toward:	-	1	-	4	-	-	5
Same:	1	3	6	-	2	-	12
Shift away from:	5	5	1	1	-	-	12
Not applicable:	2	2	1	6	16	4	31

**SMARTPHONES**

Shift toward:	5	5	1	1	-	-	12
Same:	1	1	6	-	2	-	10
Shift away from:	-	1	-	4	-	-	5
Not applicable:	2	4	1	6	16	4	33

**NETBOOKS**

Shift toward:	-	-	1	3	-	-	4
Same:	1	1	3	2	-	-	7
Don't know:	1	1	1	-	-	-	3
No response:	-	1	-	-	-	-	1
Not applicable:	6	8	3	6	18	4	45

**6. Did you experience smartphone inventory excesses or shortages during June–August?**

Moderate excess:	-	-	-	-	4	-	4
Slight excess:	-	1	-	3	3	-	7
Normal inventory:	5	6	3	7	6	1	28
Slight shortages:	1	2	3	-	4	-	10
Moderate shortages:	-	1	1	1	-	3	6
Significant shortages:	-	1	-	-	-	-	1
Mixed inventories:	2	-	1	-	-	-	3
Not applicable:	-	-	-	-	1	-	1

## Smartphones

7. Which new smartphone models do you expect to add to your lineup during September–November? (Some sources gave more than one answer while others did not respond.)

	NORTH AMERICA	LATIN AMERICA	EUROPE	CHINA	INDIA	RUSSIA	TOTAL
RIM:	5	6	4	1	3	-	19
HTC*:	3	3	4	1	6	1	18
Nokia:	3	2	2	3	6	1	17
Samsung:	2	1	3	3	6	-	15
LG:	1	1	-	4	3	-	9
China-based brands:	-	-	-	8	-	-	8
Motorola:	2	1	1	1	1	-	6
Apple's iPhone:	-	3	-	1	-	1	5
Sony Ericsson:	-	-	2	-	1	1	4
Palm:	1	-	1	-	-	-	2
Asustek:	-	-	-	-	1	-	1
Other:	1	1	-	1	-	-	3
None:	-	3	-	-	4	1	8

\*Includes HTC devices carrier branded or OEM for other vendors, including Hewlett-Packard, UTSI and others

8. From which manufacturer do you expect to order more or fewer smartphones for September–November? (Some sources gave more than one answer while others did not respond.)

## ORDERING MORE

RIM:	6	6	5	-	11	-	28
Nokia:	1	1	2	6	10	1	21
Samsung:	-	3	1	2	13	-	19
HTC*:	2	2	2	2	9	1	18
LG:	2	2	-	3	4	-	11
China-based brands:	-	-	-	7	3	-	10
Sony Ericsson:	-	-	2	1	1	1	5
Apple's iPhone:	1	1	1	1	-	-	4
Motorola:	1	-	1	1	-	-	3
Palm:	1	-	1	-	-	-	2
None:	-	2	-	-	-	-	2

## ORDERING FEWER

Motorola:	-	2	-	3	9	-	14
HTC*:	4	4	2	-	3	-	13
Sony Ericsson:	-	1	1	2	7	-	11
Nokia:	-	2	3	2	2	1	10
Apple's iPhone:	-	-	1	-	5	-	6
China-based brands:	-	-	-	6	-	-	6
Samsung:	3	-	1	1	-	-	5
RIM:	2	1	1	1	-	-	5
LG:	1	-	1	-	1	-	3
Palm:	-	3	-	-	-	-	3
Other:	2	-	-	1	-	-	3
None:	-	2	-	-	2	-	4

\* Includes HTC devices carrier branded or OEM for other vendors, including Hewlett-Packard, UTSI and others

## Smartphones

## 9. Do you expect BlackBerry unit orders during September–November to increase, decrease or remain the same yy?

	NORTH AMERICA	LATIN AMERICA	EUROPE	CHINA	INDIA	RUSSIA	TOTAL
Up 41%–50%:	-	2	-	-	2	-	4
Up 31%–40%:	-	-	-	-	1	-	1
Up 26%–30%:	-	2	-	-	1	-	3
Up 21%–25%:	-	-	-	-	4	-	4
Up 16%–20%:	-	1	-	-	-	-	1
Up 11%–15%:	1	-	2	-	2	-	5
Up 6%–10%:	1	-	-	-	-	-	1
Up 1%–5%:	1	-	-	-	-	-	1
Up:	1	4	3	-	1	-	9
Flat:	3	-	-	1	-	1	5
Down:	-	1	-	2	-	-	3
Down 1%–5%:	-	-	1	-	-	-	1
Down 6%–10%:	-	-	-	-	1	-	1
Down 31%–40%:	1	-	-	-	-	-	1
Don't know:	-	-	1	-	1	-	2
No response:	-	-	1	-	-	-	1
Not applicable:	-	1	-	8	5	3	17

**Weighted average:** Flat–down slightly Up 31%–36%\* Not averaged Not averaged Up 32%–37% Not averaged Up 6%–11%†

\* The fewer than one-half of Latin American sources who responded all were the largest sources in the region.

† Average includes slightly fewer than one-half of the source base

## 10. Do you expect smartphone demand during September–November to increase, decrease or remain the same yy?

Increase slightly:	4	2	1	10	10	1	28
Increase significantly:	4	7	3	1	8	-	23
Same:	-	2	2	-	-	1	5
Decrease slightly:	-	-	2	-	-	-	2
Decrease significantly:	-	-	-	-	-	2	2

# Smartphones

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