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PRESS RELEASE

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inCode Announces Top 10 Global Wireless Predictions for 2007

Key Trends Include Internet-like Services, Multi-Function Handsets at Affordable Prices, Mobile Ads and More Influence from Asia

SAN DIEGO, CA. Jan. 25, 2007—inCode Telecom Group, Inc., a global business and technology consulting firm, today revealed its Top 10 Global Wireless Predictions for 2007. The predictions help identify emerging wireless trends for the year and indicate ways that consumers and businesses will benefit. These trends include widespread use of mobile social networks, greater choice in multi-function devices and more wireless home entertainment options.

"Over the past few years, consolidation rationalized and stabilized most wireless markets," said Bengt Nordstrom, Chief Strategy Officer for inCode. "Now we're ready for the next level, where Internet services are mobilized and deeply woven into our everyday lives, whether we're at home, work or play."

In 2007 affordable handsets and service bundling will make mobile data a more attractive offering in established markets, where third-generation (3G) networks could become the preferred choice for most customers. Flourishing infrastructure and handset businesses in Asia will help bring low-cost wireless to emerging markets, enabling many small businesses to join the economic mainstream.

Here are some highlights of the 2007 Predictions (full text follows this release):

- Compelling Internet brands, such as Google, Yahoo and Skype, give wireless operators a run for the money
- Prices of multi-function 3G handsets with various combinations of music, location, video and other capabilities dip below $90 USD
- A seismic shift occurs as wireless technologies are developed and deployed first in China and India, rather than Europe and North America

- To own mobile marketing channels, global brands may subsidize handsets and services for target demographics

In 2004, 2005 and 2006, the inCode Top 10 Predictions proved more than 80 percent accurate. To view previous predictions, go to: http://www.incodewireless.com/insights/top10.aspx.

inCode 2007 Top 10 Predictions for the Global Wireless Market

Operators

1) **Social Networking Gets Mobilized.** Mobility is added to existing Internet business models, services and behaviors, driving traffic for wireless operators. Teens and twenties accustomed to constant connectivity and habit-forming Web sites, such as MySpace and Facebook, lead a wave of membership in mobile social networks. Location social networking including friend and event finder services gain popularity, even in the professional and over-50 segments. Google, Yahoo and Skype are more compelling for users than wireless brands, which are hard-pressed to compete. As customer appetites for social data and video services spike, wireless operators offer more "all you can eat" pricing for high-end data packages. Social networking applications initially are preloaded on many mobile devices sold and later become downloadable.

2) **Mobile TV—Now Showing for Early Adopters.** In the short term, wireless users are unlikely to plunk down US $5.99-9.99 per month for mobile TV service. Instead, look for per-view or per-minute pricing for "sneaking," a consumer tendency to watch key minutes of a sports event or drama while engaged in another activity. Sneaking leads to more regular viewing, and within 3-5 years, mobile TV becomes an indispensable service. When Verizon Wireless and MediaFLO launch early this year, expect both user-generated and professional content consumed and shared in many ways. Broadcast TV is the primary driver of revenues and consumer adoption, but peer-to-peer video gains interest, too. Operators square off with content providers over control of the subscriber relationship and user experience.

Devices

3) **Multi-Function Devices Become Cheaper and More Versatile.** Intense competition and margin pressure continue in the handset market, forcing prices of third-generation (3G) handsets below US $90 and making them affordable for a wide range of users. Seeking to replicate the success of camera phones, device manufacturers produce more multi-function units with music-playing, location, video and other capabilities. These lower-cost, multi-function handsets help wireless operators increase traffic and margin. However, like swimming pools at hotels, some functions, such as music, are "must haves" used only by a few. Still, inCode estimates that 20 percent of all handsets sold in North America are application specific—built for a usage proposition, such as music or video consumption or business productivity. WiFi handset capability could become the Trojan horse that allows Internet companies to bypass revenue from mobile subscribers.

4) **Location-Based Services: And the Winner Is. . . GPS!** Yes, GPS is the location technology of choice for the wireless industry. Handset manufacturers continue to push GPS-enabled handsets as the technology evolves from popular in-car satellite navigation systems like TomTom to a broadly accepted feature in wireless phones. With Nokia having launched its

first GPS-enabled handsets in early 2007 and bandwidth available to support new multimedia services, location-based service providers build critical mass. Since there are 10 to 20 times more mobile phones sold than any other consumer electronics device, wireless is a huge driver for GPS adoption. That's great for users and handset vendors, but the benefit to operators isn't clear.

Equipment

5) **AOL, Yahoo! and Google Multimedia Platforms Challenge IMS.** As multimedia service platforms emerge, Internet service providers build their own media architecture. That poses a risk to telecom operators adopting an IP Multimedia Subsystem (IMS) approach. However, IMS needs a flagship application and develops slowly until entrepreneurs and venture capitalists create innovative IMS services as they did with the Internet. YouTube demonstrated the two key success factors for these services: 1) Access to millions of users and 2) Inexpensive, peer-to-peer marketing. Intelligent Networking (IN) in the mid-1990s provides another useful example. IN took off when operators discovered they could use the technology for business 800 numbers and prepaid wireless.

6) **China and India Tilt Equipment Market.** Together, China and India connect more than 10 million wireless customers per month in 2007, creating a subscriber base that is larger than Vodafone's at 200 million customers. By the end of the year, China finally starts issuing 3G licenses. Wireless technologies are developed and deployed first in China and India, rather than Europe and North America as in the past. The result is a significant shift in industrial influence. Although Chinese infrastructure vendors may be viewed as the "Wal-Mart of wireless," that's more perception than reality. Chinese manufacturers make rapid technology improvements and aim for long-term strategic advantage. Expect intensified focus to ensure a strong Asian influence in the 4G market.

Media and Advertising

7) **Mobile Advertising Breaks Loose.** Major brands shift from basic SMS marketing to more sophisticated multimedia advertising. RBC Capital Markets expects mobile marketing revenues to balloon from $45 million in 2005 to $1.5 billion by 2010. With the technological ability to target and measure the effectiveness of mobile advertising, brands are more strategic in their approach. Operators under increasing price pressure set limits on current handset subsidization. Brands take up the slack, subsidize handsets and services for target demographics and take direct ownership of marketing channels. Rich 3G content and video services and accuracy advancements in GPS-based location services deliver further value to brands targeting existing and potential customers in innovative ways.

8) **Wireless Providers Move into Home Entertainment.** This year, mobile makes headway against fixed broadband operators, who have dominated Internet and cheaper voice service provision in the home. WiFi remains the primary wireless access technology. Low cost femtocells and combined WiFi/High-Speed Packet Access (HSPA) routers emerge as attractive alternatives to VoIP over WiFi. The fixed operators may be strengthened by WiFi capabilities in consumer electronics devices (set-top boxes, game consoles and MP3 players) that enable cost-effective content downloads. However, innovative business models for HSPA give mobile operators a real way to fight back, particularly in emerging markets.

Enterprise Wireless

9) **Wireless Security Moves to the Forefront.** Put strong security measures in place. This could be the year that hackers really start paying attention to millions of wireless devices, the growth in mobile data usage and vulnerable points between mobile and fixed networks. CIOs consistently cite security as their number one concern in extending network access to wireless devices. Attacks, viruses and data security now exceed device loss or theft as concerns. Emerging services, such as VoIP and mobile payments, provide additional challenges. Vulnerabilities directly affect the bottom line, corporate image, regulatory compliance and competitive advantage. In the consumer segment, seamless mobility, off-portal content, IMS and convergence evolution continue to create new business needs for end-to-end security solutions.

10) **Enterprise Mobility—It's for Real Now.** Enterprises can't resist the convenient, reliable, attractively priced, bundled mobile solutions entering the market. Corporations switch from phones to mobile computers for transactions, data collection and messaging for a wide variety of employees. Many voice communications processes, such as order placement and delivery notifications, dispatch operations and remote asset monitoring, continue to shift to wireless data to increase information access and field transaction volume across organizations. Many corporations completely replace their cellular handsets with a combined voice/data device or a data-only device.

The inCode "Wish" for 2007:
While inCode predicts the above trends, it also sees a subject that the global wireless industry should address this year:

Operators Go Back to Basics and Finally Get Them Right. Battery life. Coverage holes. E911 access. Confusing bills. Frustrating customer service. Wireless consumers have heard all about new high-end services that add to their monthly charges. But they're still beefing about niggling problems that detract from the user experience. With penetration higher than ever worldwide, the wireless industry needs to make big strides in quality, efficiency and customer service. inCode wants improvements in device component technology and an intense focus on smoothing and simplifying the entire wireless value chain.

About inCode
inCode (www.incodewireless.com), a VeriSign company, is a global wireless business and technology consulting firm. inCode develops and implements high-impact strategies and solutions to help increase the profitability and performance of wireless networks. inCode also helps guide enterprises in harnessing the power of wireless communications for productivity and competitive advantage. inCode understands where the wireless world is going and how to get there first. On Nov. 30, 2006, VeriSign, Inc. (NASDAQ: VRSN) acquired inCode. VeriSign operates intelligent infrastructure services that enable and protect billions of interactions every day across the world's voice and data networks. Additional news and information about the company is available at www.verisign.com.

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