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For immediate release

Gut Check: Apple's iPod Nano Employs Portal Player Audio Chip; Samsung Flash

Portelligent Analysis Indicates that Apple has Chosen Portal Player's PP50201C-TDF Chip for the new iPod Nano.

(Austin, Texas – September 9, 2005): In a quick-turn "product teardown" analysis, Portelligent, Inc., has confirmed that Apple's just released iPod Nano flash-based MP3 player employs Portal Player's PP50201C-TDF "digital media management system-on-chip" audio processor. This represents a shift from the audio sub-system of the prior iPod Shuffle, which employed Sigmatel's STMP3550 chip.

Also confirmed are rumors that Samsung Electronics is the supplier of the NAND flash memory found in the first iPod Nanos that have appeared on the market. In the 4-Gigabyte Nano analyzed, the physical memory architecture features two separate memory packages fixed to a daughter card, which, in turn, is connected to the main board of the Nano. Each package contains two 1-Gigabyte Samsung flash chips.

"Our initial analysis of the bill-of-materials of the Nano suggests that Samsung and Apple have reached an agreement with very aggressive pricing on flash memory. At pricing levels that currently prevail in the spot market for NAND memories, by our estimates gross margin on the Nano would be less than 10 percent," according to Dave Carey, president of Portelligent. "But of course, we don't believe that is the pricing that prevails in this case – Apple and Samsung share a strong interest in seeing many Nanos sell, to reinforce their already strong market-share positions in the MP3 market, in Apple's case, and in NAND flash memory, for Samsung's part."

Following on the iPod Shuffle, which was the first product in the iPod line to employ flash memory rather than a micro hard-drive, the Nano provides storage equal to the first-generation iPod Mini, in a smaller form factor at half the weight.

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.

For additional information about Portelligent's product teardown analyses and other analytical offerings, in the U.S. contact Don Stroud (dstroud@teardown.com; Tel. 1-512-338-3600). In Europe contact Niels Kellerhoff (niels@teardown.com; Tel. +49-(0)211-467-998).

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