

# Exhibit 29

## INDUSTRY NOTE

Rating | Target | Estimate Change

USA | Technology | Comm. Equipment

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Jefferies

EQUITY RESEARCH GLOBAL

# Comm. Equipment

## Global Smartphone Outlook: Mid-Tier Under Pressure

### Key Takeaway

**We believe the smartphone market has reached an inflection point in its penetration rate as 50% of U.S. subs will use smartphones by year end. Implications: 1) lower ASPs as growth driven by emerging markets and prepaid; 2) slower growth in post paid, 3) ecosystems become a huge issue. Winners: AAC, AAPL, AVGO, BRCM, Murata, Spreadtrum, ZTE. Losers: MMI, NOK, RIM. We downgrade CELL to Hold and cut our RIM target from \$21 to \$18.**

**Lower ASPs as next billion smartphone subscribers will come from emerging markets and prepaid:** The new smartphone battleground is in the sub-\$150 tier with ZTE, Huawei, and Lenovo seeing substantial traction. These offerings are geared toward prepaid markets (non-subsidized) and to emerging markets. Apple's low-cost 3GS iPhone priced at \$375 will pressure the mid-range that is currently dominated by Android and Blackberries.

**Slower growth for mid-tier OEMs targeting post-paid developed market subscribers:** a more penetrated sub base combined with competitive pressures from the high end (Apple 3GS) and low end will pressure mid-tier vendors like MMI, Nokia, RIM, etc. They will likely respond with price cuts and attempt to increase their exposure to prepaid and emerging markets that are still on the cusp of seeing mass-market smartphone adoption.

**Ecosystem becomes a huge issue:** Based on our discussions with carriers, we believe age, utility, or affordability are the main reasons why some people have yet to buy a smartphone. In our opinion, utility has to be more than voice, texting, email, or Internet browsing.

**Winners:** AAC (leveraged to smartphone and tablet growth), Apple (penetration of mid-market), Avago (benefits from multi-mode 3G/4G phones), Broadcom (low-end Android share gains), Murata (benefits from multi-band and scale), Spreadtrum (adoption of TD-SCDMA in China and 2G share gains), ZTE (sub \$150 smartphones).

**Losers:** MMI (Google likely focuses on high end and abandons mid-range), Nokia (near-term stability but needs Windows 8 to compete), RIM (needs QNX to compete).

**Downgrade Brightpoint (CELL) to Hold:** we see risk/reward as more balanced especially in light of the stock's outperformance (since mid-August +19% vs. Nasdaq +6%; since mid-June +30% vs. -2%), an uncertain macro environment, and exposure to RIM, MMI, Nokia, and others who are likely share losers.

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Ticker	Price	Current	Previous	Current	Previous	Current			Previous			
		Rating	Rating	Target	Target	Est.	2010	2011	2012	2010	2011	2012
2018 HK	HK\$19.14	BUY	BUY	HK\$21.00	HK\$21.00	EPS	HK\$0.96	HK\$1.15	HK\$1.40	HK\$0.96	HK\$1.15	HK\$1.40
6981 JP	¥4,215	BUY	BUY	¥6,100	¥6,100	EPS	¥249.23	¥287.94	¥332.20	¥249.23	¥287.94	¥332.20
763 HK	HK\$22.70	BUY	BUY	HK\$30.00	HK\$30.00	EPS	CNY1.01	CNY1.05	CNY1.21	CNY1.01	CNY1.05	CNY1.21
AAPL	\$397.41	BUY	BUY	\$500.00	\$500.00	EPS	\$15.15	\$27.68	\$33.26	\$15.15	\$27.68	\$33.26
CELL	\$9.91	HOLD	BUY	\$11.00	\$12.00	EPS	\$0.88	\$1.09	\$1.23	\$0.88	\$1.05	\$1.23
NOK1V FH	€4.79	HOLD	HOLD	€4.06	€4.06	EPS	€0.50	€0.13	€0.29	€0.50	€0.13	€0.29
RIMM	\$18.91	UNDERPERFORM	UNDERPERFORM	\$18.00	\$21.00	EPS	\$4.37	\$6.34	\$4.02	\$4.37	\$6.34	\$4.02
SPRD US	\$28.18	BUY	BUY	\$31.35	\$31.35	EPS	\$1.28	\$2.48	\$2.65	\$1.28	\$2.48	\$2.65
VOD LN	173.40p	BUY	BUY	195.00p	195.00p	EPS	16.11p	16.75p	15.02p	16.11p	16.75p	15.02p

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**Exhibit 16: Mix of Feature Phone and Smartphone Sell-Through Shipments by Region, 2008-2020E**

% of Smartphone	Device Type	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Global</b>	Feature phone	89%	86%	81%	74%	65%	58%	52%	41%	36%	32%	27%	23%	19%
	Smartphone	11%	14%	19%	26%	35%	42%	48%	59%	64%	68%	73%	77%	81%
Asia/Pacific ex. Japan	Feature phone	94%	92%	90%	85%	75%	68%	61%	46%	41%	36%	31%	26%	22%
	Smartphone	6%	8%	10%	15%	25%	32%	39%	54%	59%	64%	69%	74%	78%
Eastern Europe	Feature phone	92%	91%	87%	82%	72%	61%	52%	44%	38%	33%	28%	23%	20%
	Smartphone	8%	9%	13%	18%	28%	39%	48%	56%	62%	67%	72%	77%	80%
Latin America	Feature phone	97%	94%	89%	80%	73%	66%	58%	51%	44%	38%	33%	29%	26%
	Smartphone	3%	6%	11%	20%	27%	34%	42%	49%	56%	62%	67%	71%	74%
Middle East & Africa	Feature phone	91%	90%	88%	83%	76%	68%	60%	53%	46%	41%	37%	33%	29%
	Smartphone	9%	10%	12%	17%	24%	32%	40%	47%	54%	59%	63%	67%	71%
Northern America	Feature phone	80%	75%	62%	49%	37%	30%	25%	20%	16%	12%	8%	5%	2%
	Smartphone	20%	25%	38%	51%	63%	70%	75%	80%	84%	88%	92%	95%	98%
Western Europe	Feature phone	82%	76%	56%	37%	33%	27%	23%	18%	14%	11%	8%	5%	2%
	Smartphone	18%	24%	44%	63%	67%	73%	77%	82%	86%	89%	92%	95%	98%
Japan	Feature phone	51%	48%	47%	26%	13%	3%	1%	1%	1%	1%	1%	1%	1%
	Smartphone	49%	52%	53%	74%	87%	97%	99%	99%	99%	99%	99%	99%	99%
<b>Note:</b>														
Total Europe	Feature phone	85%	81%	67%	54%	48%	40%	35%	28%	24%	20%	17%	13%	10%
	Smartphone	15%	19%	33%	46%	52%	60%	65%	72%	76%	80%	83%	87%	90%
Total Asia	Feature phone	90%	89%	88%	83%	73%	66%	59%	45%	40%	35%	30%	25%	22%
	Smartphone	10%	11%	12%	17%	27%	34%	41%	55%	60%	65%	70%	75%	78%

Source: Jefferies &amp; Co. estimates. Note: actual through 2010