



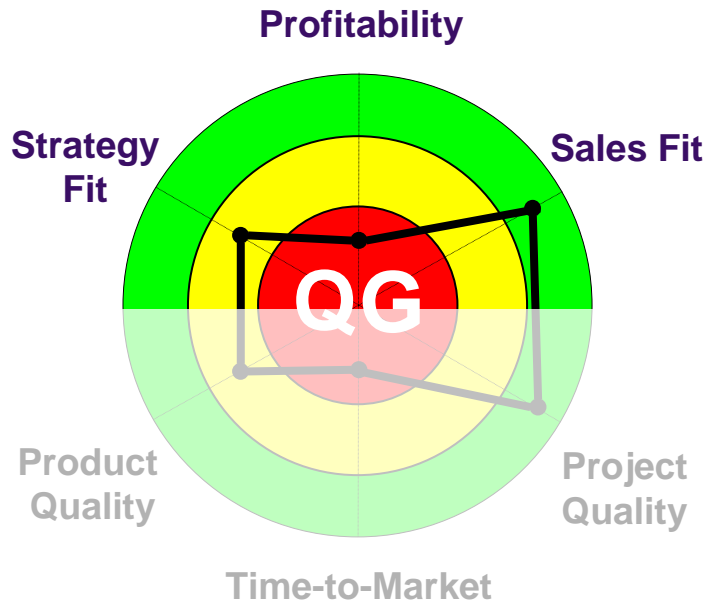
Polaris (S68)

**Delivery Start (DS) declaration:
23.02.06**

Eric Hachmann
CPM
Thomas Neumann
TPM

Quality Gate Rating Polaris

DS Status



Strategy Fit

- Product strategy well perceived
- There will be at least one competitor with a slim and premium design bar phone in the market by 02/06 (eg. Moto L6), but there is no competitor seen that combines slim design, metal casing and convenient features

Profitability

- Profit **-42'5 € (-36,2%, current)** vs. target **11'8 € (10%, target)** -> latest changes: Increase in volume and price
- Gross Margin **10' € (8,5% of turnover)**
- No risk impacts on price nor time-to-market

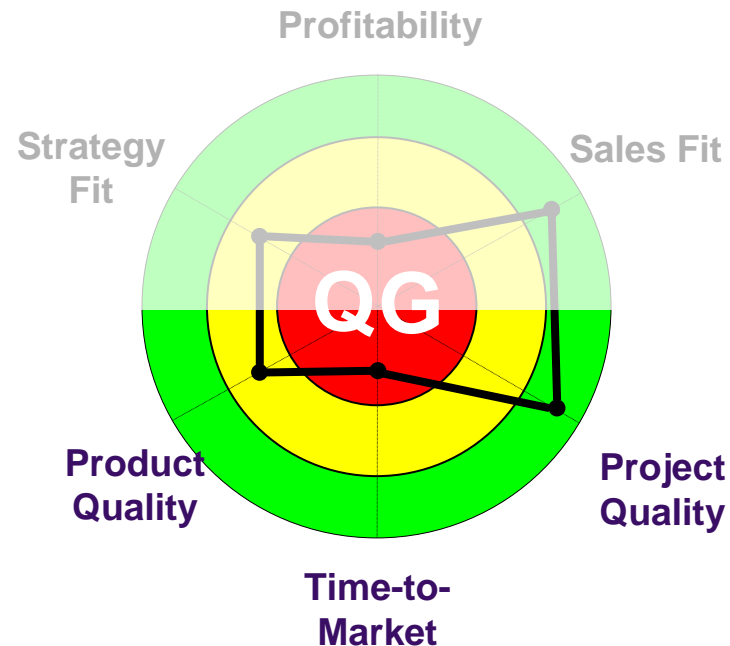
Sales Fit

- Volume **1'253 (current forecast)** vs. 1'221 (M1 target).
- Sales margin: 25'9 € (current) vs. 28'7 € (M1 target)
- Price: 99€ launch, 75€ EOL, 94€ ASP

Rating Meeting: February 23, 2006
PSO support: Stefan Gallner

Quality Gate Rating Polaris

DS Status



Product Quality

- Current Return Rate estimation: 19% (SW+HW) at Delivery Start for less than 10K units. But Goal with 12% should be reachable within next 2 weeks
- 100% inspection needs to be maintained until 1st March (13K), since still shipments from supplier are contaminated with 'old' parts

Time-to-Market

- DS: **23.02.06 (current)** vs. 24.02.06 (M1 target). No delay.
- Allocation due to reduction of RU-quantity for Feb. to 5k and March to 55k. We are still able to fulfill actual BTO (35K) and major part of BTS (43K)

Project Quality

- The Team declared DS on **23rd of Feb** vs. 24th of Feb (M1)

Rating Meeting: February 23rd, 2006
PSO support: Stefan Gallner

Quality Gate Rating Polaris

DS status

 DS reporting vs.  M1 & M2 reporting



Improvements:

Sales Fit

- Volume **1'253 (current orders)** vs. 1'221 (M1 target).
 - Sales margin: 25'9 € (current) vs. 28'7 € (M1 target)
 - Price: 99€ launch, 75€ EOL, 94€ ASP

Decline:

Time-to-Market

- DS: **23.02.06 (current)** vs. 24.02.06 (M1 target). No delay.
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Polaris / S68 –DS BC

Compared to M2 the DS BC shows an increase of +2'4 Sales Margin and +0'1 Gross Margin

	M0 BC 13.07.2005	M1 BC 28.09.2005	M2 BC 15.12.2005	DS BC 23.02.2006	DS BC CY 2006	Deviation Analysis DS vs. M2
Life Cycle (months)	15	14	14	14	11	<u>Lifecycle:</u> 02/2006 → 03/2007; DS 24.02.2006
Units	1'235	1'221	1'134	1'253	1'104	<u>Units:</u> Delta: +119k units WE: 727k (727k @M2); EE: 501k (382k @M2) Americas: 25k (25k @M2)
Revenue	132'7	113'2	104'9	117'5	106'3	<u>ASP:</u> Delta: +1€ CRP Launch: 99€ EOI 100€ Launch: 100€ stable (100€ @M2) Sep (8 months)
ASP	107,5	92,7	92,5	93,8	96,3	
HK per unit	58,80	69,20	71,77	73,15	73,76	
thereof BOM	58,80	59,20	58,90	62,04	62,62	
thereof CoC	6,35	6,20	6,02	6,09	6,09	
Sales Margin	27'7	28'5	28'6	29'0	29'0	
in %	20,8%	25,2%	27,4%	24,6%	27,4%	
COGS	8'2	8'9	13'6	15'8	14'3	
Gross Margin	39'5	19'6	9'9	10'0	10'0	
in %	29,8%	17,3%	9,5%	8,5%	9,4%	
R&D	37'6	30'5	31'0			
Marcom	18'0	13'7	13'8	14'5	12'7	
Selling	6'6	5'7	5'2	5'3	5'3	
Admin.	1'6			1'4	1'3	
Profit	20'5	19'6	19'6	22'6	19'2	
in %	15,4%	17,4%	18,7%	19,2%	18,0%	
Profit target	10'3	10'3	10'5	11'8	10'6	
in %	10,0%	10,0%	10,0%	10,0%	10,0%	

Removed due to confidentiality reasons:
Please contact Markus Aicher for accessing the Business Case

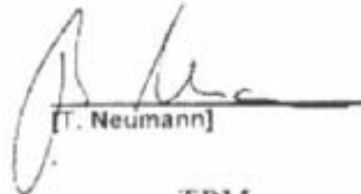
Signatures for Polaris (68) DS declaration on 23rd of Feb. 2006

This document is review and agreed by the Polaris Team
...and the head of Category Mgt.


[Phil Mulholland]


[E. Hachmann]

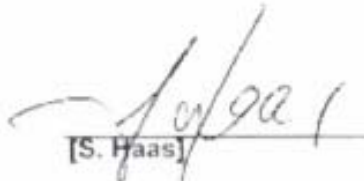
CPM


[T. Neumann]

TPM


[M. Aicher]


CPM RA


[S. Haas]

Sales

Digitally Signed
[A. Hartung]

SD


[S. Bischof]

QM

Due to the PSR decision as of Oct 27, 04 all extended core team members have to commit to the content of this presentation and “virtually” sign the presentation! Please send email to CPM.

BenQ

Enjoyment Matters

**Not only on time... but 1 day ahead!!!
Congratulations to the WHOLE team,
it is a pleasure to work with you!**