

Personal storage for handsets: up for grabs

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Agenda

- Personal storage: Where will it reside?
- Phenomenal flash growth
- Maintaining this rate: 4-point strategy
- Innovating for life
- msystems at a glance
- msystems 4-point strategy: A case study
- Personal storage. made smarter™
- Brief biography

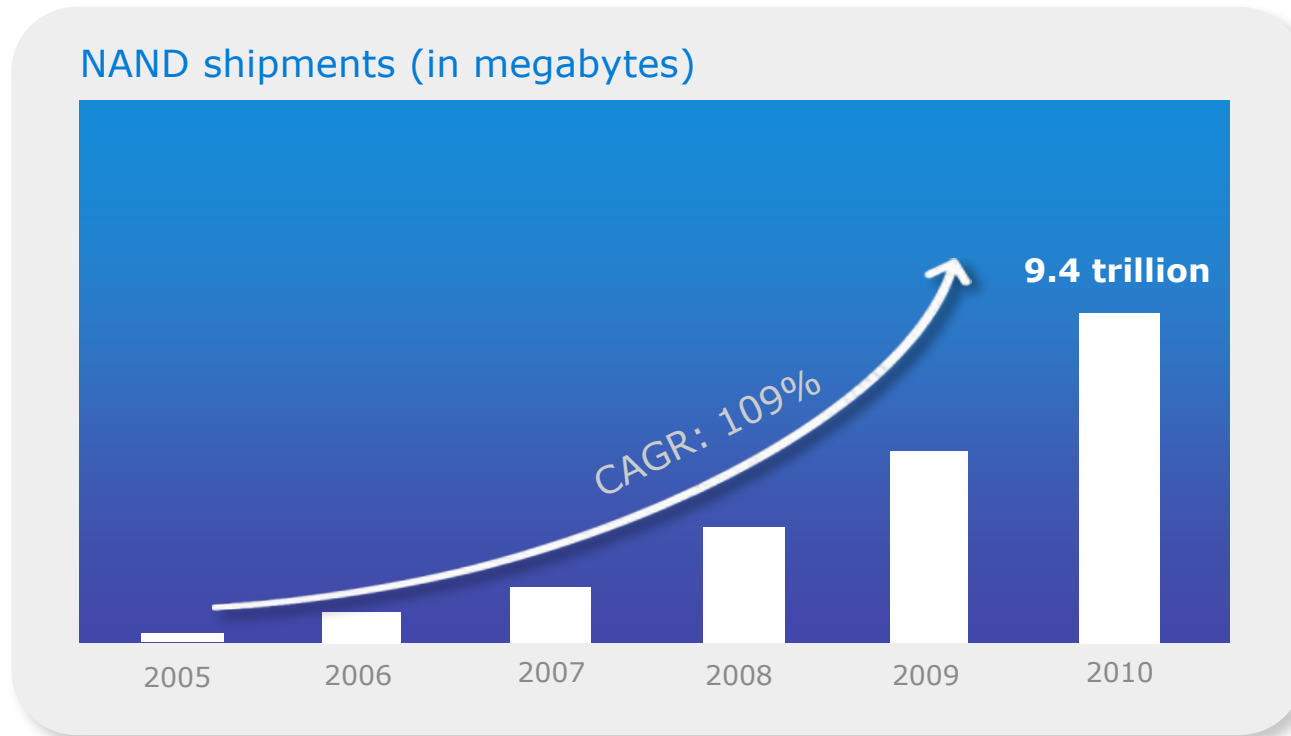


Personal storage: Where it will reside?

- **Local: flash in all flavors**
 - EFDs: iNAND, OneNAND, ManagedNAND, mDOC
 - Cards
- **Remote: networks**
 - Wider bandwidths
 - Advanced technologies
 - Geographical spread
- **Local + remote = Lomote**
 - High-density SIMs: ARPU driver for MNOs
 - mTrust: IT control over UFDs



Explosion in NAND flash fuels our opportunity



Source – Gartner; Forecast: Memory, Worldwide, 2005-2010 (1Q06 Update)



Mobile flash market growth



Voice



1.3-2Mpx camera



Music



Productivity



Video



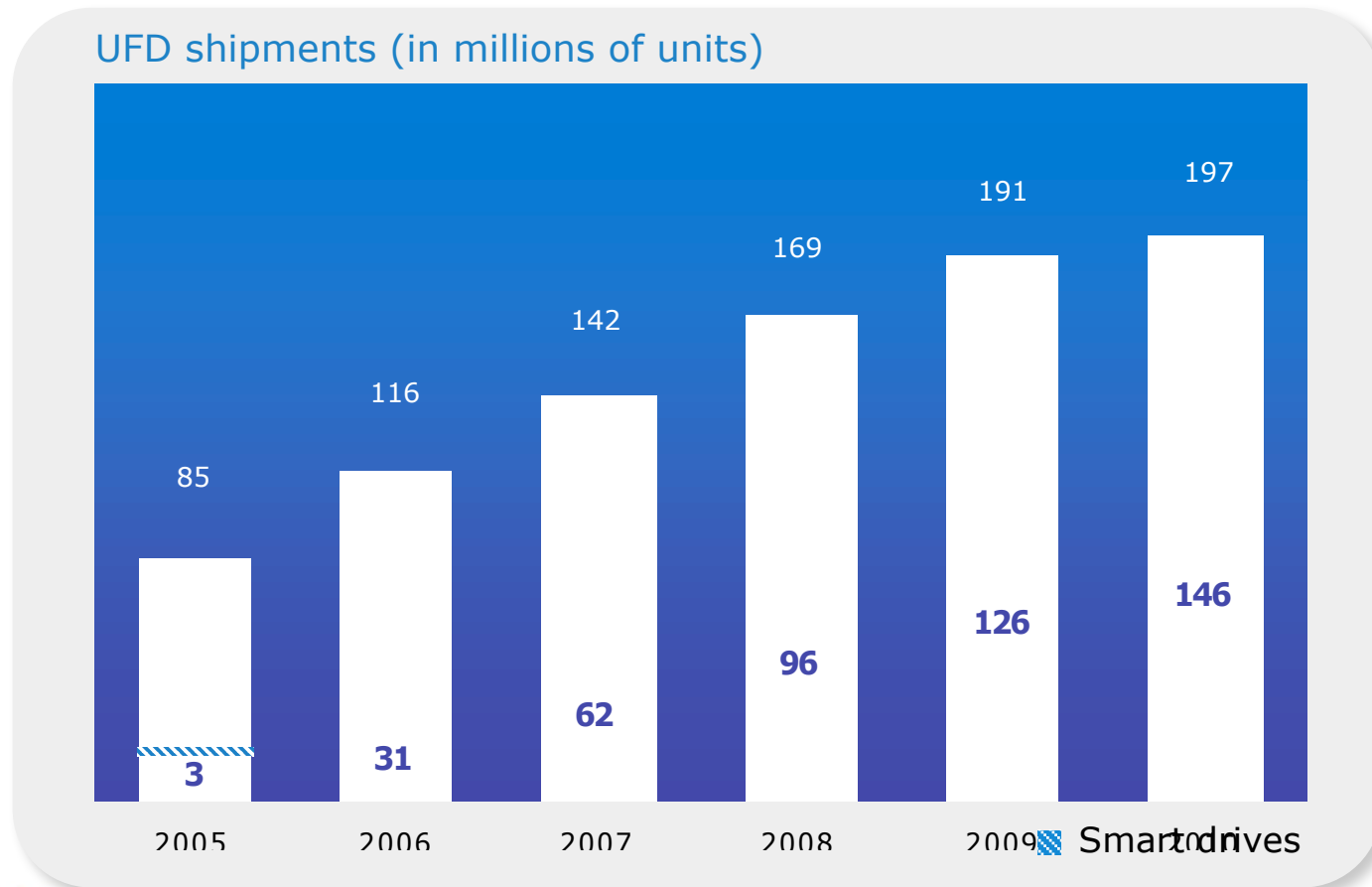
GPS



Mobile TV



USB flash drive market growth



Source – Gartner (May 2006)



Maintaining this rate: 4-point strategy

- 1. Devices:** Introduce newer, fancier, more sophisticated, memory-hungry devices.
- 2. Cost:** Whittle down the cost of increasingly high-density memory so that it can be used in all of these devices.
- 3. Quality:** Make sure that the “local” experience on handsets remains better than the “remote” one.
- 4. Security:** Make privacy an imperative.



Innovating for life

- Competing for life
 - Flash industry vs. networks
 - Flash vs. flash
- Personal storage for life experiences
 - Consumers

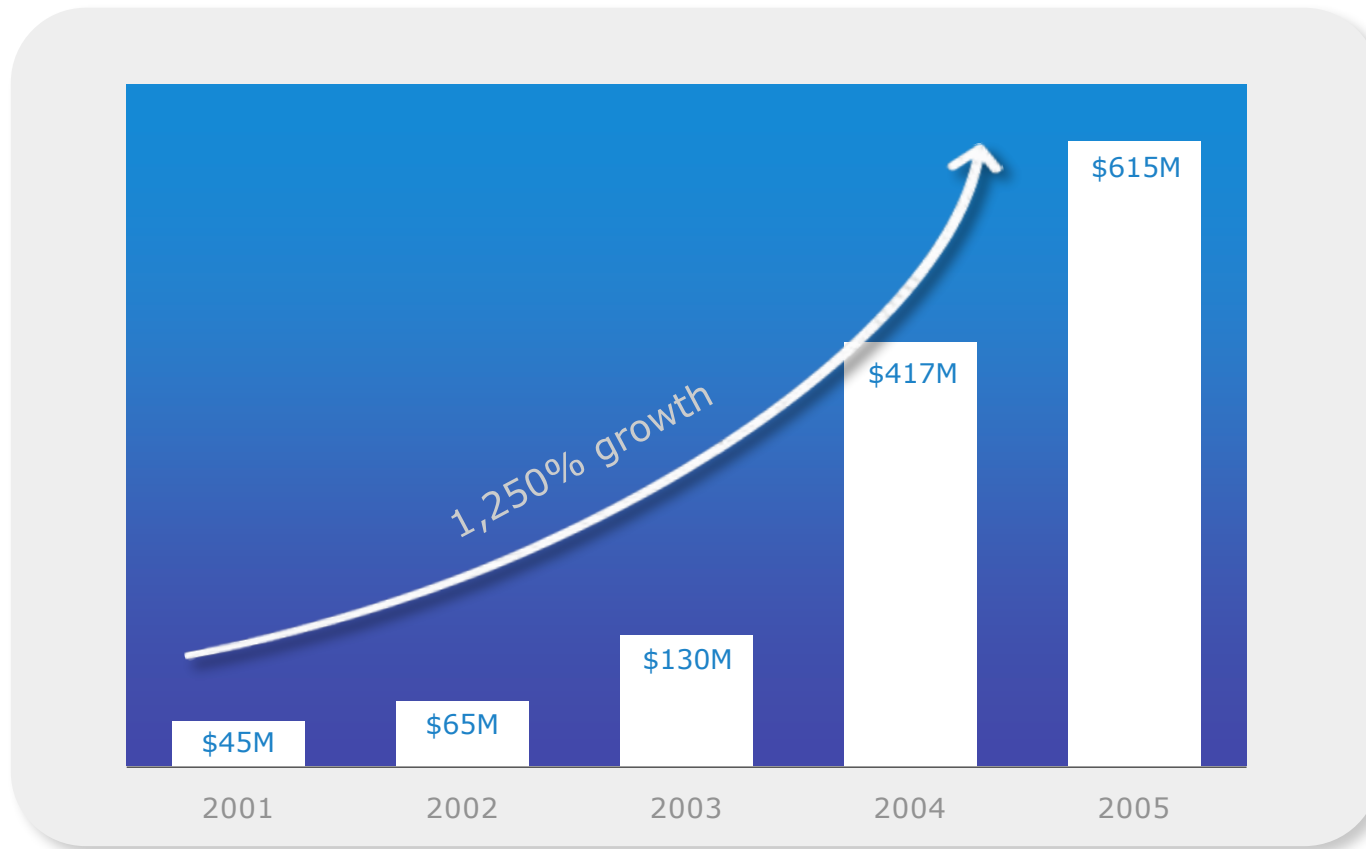


msystems at a glance

- msystems has pioneered in flash disks since 1989
- msystems sharpened its focus to smart personal storage in 2005
- Revenues are expected to grow 20x from 2000 to 2006
- msystems has 46 US patents and 154 US patent applications
- msystems' innovative technologies have created new categories for personal storage
 - mDrive (formerly DiskOnKey®) for the UFD market
 - mSIM MegaSIM® and mDOC™ for the mobile handset market



Opportunity drives our financial results



Millions of dollars



4-point strategy: msystems case study

1. Devices: msystems' personal storage for newer, fancier, more sophisticated, memory-hungry devices

- a. mDrive
- b. U3 smart mDrive
- c. mDOC
 - HTC
 - Virgin
 - Motorola RAZR
- d. mSIM MegaSIM (Orange + LG)



slashphone.com



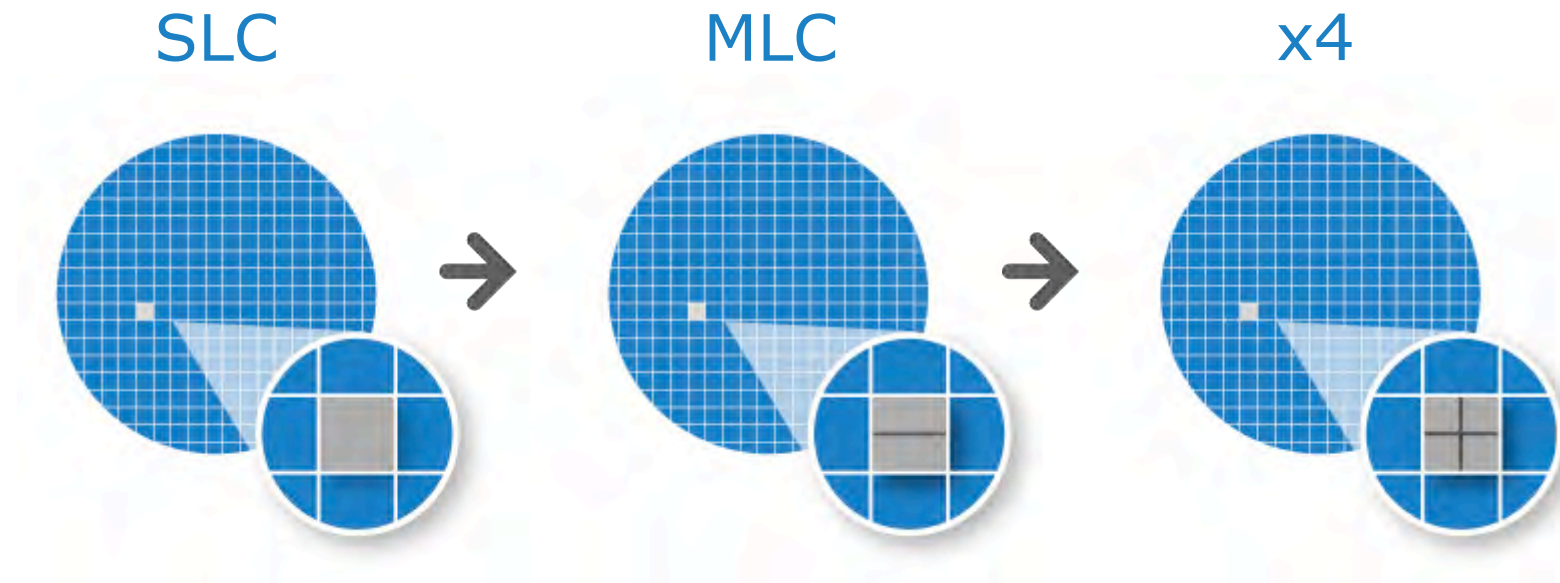
msystems

4-point strategy: msystems case study

2. **Cost:** msystems' technologies whittle down the cost of increasingly high-density memory so that it can be used in all of these devices.
 - a. 2-bit MLC NAND and x2 technology: becoming mainstream
 - b. 4-bit MLC NAND and x4 technology: **at least 30% cost reduction**

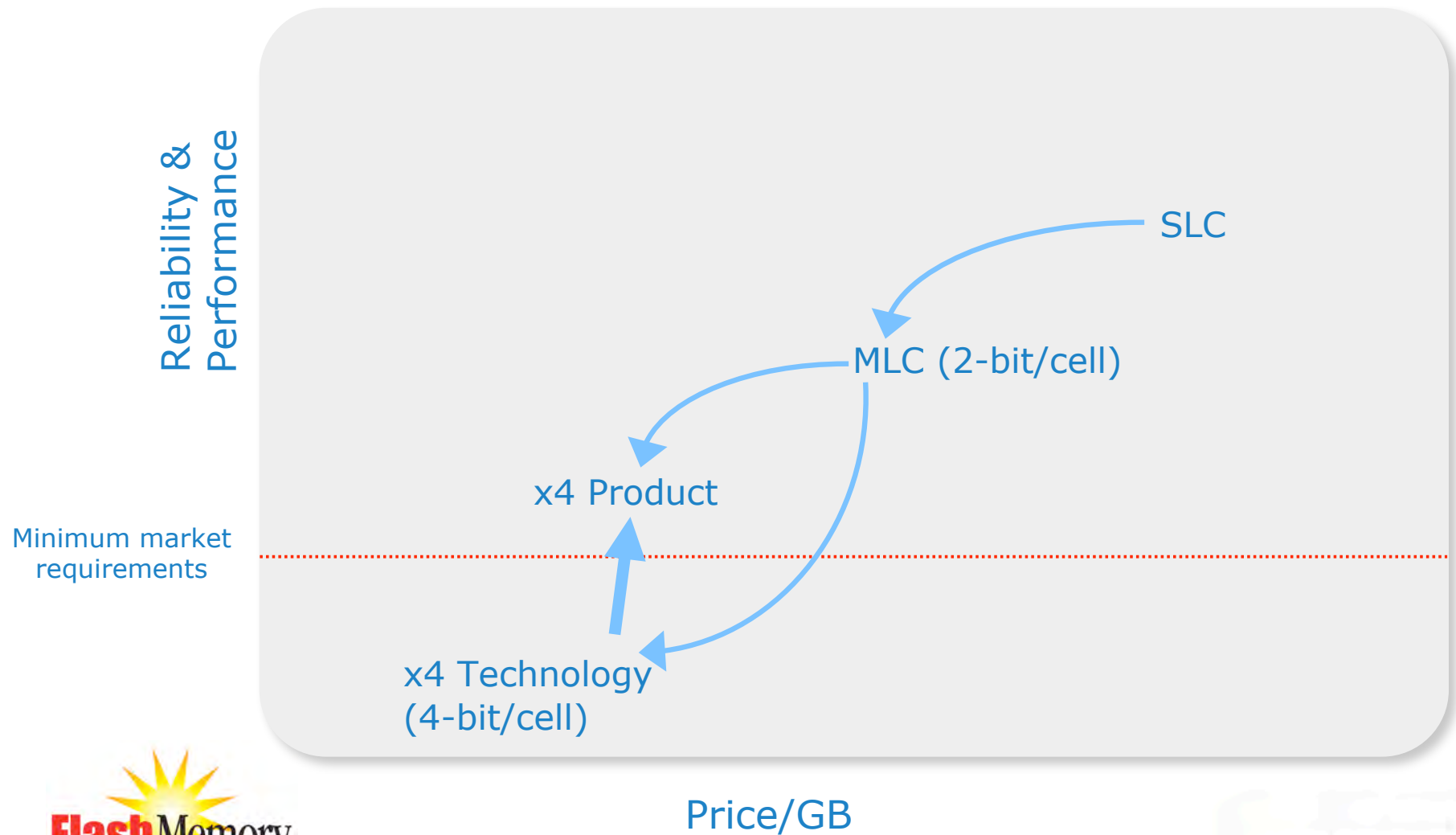


What is x4 technology?



x4 technology enables 4-bit/cell

From x4 technology to x4 product



4-point strategy: msystems case study

3. **Quality:** msystems' TrueFFS[®] flash management software makes sure that the "local" experience on handsets remains better than the "remote" one.
 - a. Always available and always reliable
 - b. Fast access
 - c. Long-lasting flash with dynamic and static wear-leveling



4-point strategy: msystems case study

4. **Security:** msystems makes privacy an imperative.
 - a. mSafe
 - b. BCH-Hamming EDC/ECC
 - c. DRM support



Summary

mSystems. personal storage. made smarter™



Innovation 30" clip



Brief Biography

Arnon Dinur is msystems' Senior VP of strategy, responsible for all aspects of corporate and division strategy. Previously, Dinur served as Corporate VP and general manager of msystems' DiskOnKey division.



Thank you

