

UpSNAP
Rating: Speculative Buy
Price Target: \$3.35

Key Statistics	
Ticker	UPSN
52-Week Range	N/A
Recent Price (04/27/06)	\$0.95
Market Cap, mn	20.09M
Current Shares Outstanding, mn	21.15M
Float, mn	7.98M
Avg. Daily Trading Volume (3m)	N/A
Fiscal Year-End	30-Sep

Analyst summary

We Initiate Coverage of UPSN with a Speculative Buy rating and we assign a 12-month price target of \$3.35 per share. The Speculative Buy rating is predicated on the price gap between UPSN's current stock price and the implied Company intrinsic value, along with consideration of the following meaningful events, both quantitative and qualitative: (1) UpSNAP, Inc. ("UpSNAP", "UPSN" or "the Company") is first to market, has a leading next generation mobile data solutions and is building the first cellular specific directory listings and entertainment platform provided by paid listings and premium services. Therefore, UPSN has a significant technological advantage to future competitors (2) Having a leader such as Sprint/Nextel for a partner is more than a confirmation of the business plan of UPSN. (3) UPSN has state of the art technology from the recently acquired XSVoice: SWInG (Streaming Wireless Internet Gateway) technology, enables mobile access to virtually any type of audio content, including Internet-based streaming audio, radio, television, satellite and other audio source. (4) The mobile search industry is a rapidly developing market with a very high potential and mobile data revenues are to reach \$15.9Bn by 2009 and (5) The US mobile search market is still young , with little competition which will allow UPSN's margins to remain high for years to come (6) UPSN relies on a highly qualified management team with seasoned leadership experience: the president of UPSN, Tony Philipp, was president of Vivisimo Inc., Europe, the leading provider of automatic content-clustering software and also the founder of iTransEuro, a company that is a premier European accelerator in the Research Triangle.

We assigned Speculative to the rating to reflect the Company's stock quotation risk associated with OTCBB, nascent business, current losses and limited market penetration.

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INVESTMENT HIGHLIGHTS

Company is first to market

UPSN is an innovative company operating in the rapidly growing mobile search and entertainment sector. The company has been first to mobile search market and pay-per-call advertising and benefits from the potential of an important new advertising driven market for search on mobile phones.

In the web world, pay-per-click advertising has proved to be enormously popular, and has been responsible for driving the revenues of companies such as Google and Yahoo!

Merchants prefer to pay only on actual performance metric for sales leads, rather than a flat fee for a specific time period or position in a publication. Consumers benefit from unobtrusive advertising that is directly targeted to their search needs.

In the mobile world, the network operators have traditionally charged the consumer for the search. A 411 search query costs and average of \$1.40 per look-up.

Mobile consumers are not searching for web sites, but they are actively looking for people, products, services, sports information, entertainment, podcasts and fun services to play on their phones.

UpSNAP is the first company to come to market with a suite of mobile search and entertainment products monetized by pay-per-call advertising platforms. It is working with an impressive set of media partners, from ESPN to ABC to offer both premium content and free information services to the US marketplace.

State of the art technology

UPSN has assembled a state of the art carrier-grade technology platform to support millions of consumers. The technology consists of three main platforms.

- **Pay-Per-Call Advertising Platform:** UpSNAP's Pay-Per Call Engine allows audio advertisements to be placed into all types of audio content. The engine acts just like Google AdWords in the pay-per-click advertising world. It allows merchants to track sales from individual subscribers, and offers targeted content delivery using keywords, to match mobile consumers with the best targeted advertising offerings.

- **SWInG** (Streaming Wireless Internet Gateway) VoIP Platform: a voice streaming service that can send content to any phone in the United States. The SWInG platform enables mobile access to any type of audio content, including Internet-based streaming audio, podcasts, radio, television, satellite and other audio source. With XSVoice's technology, carrier distribution channels and premium content provider relationships, wireless users can access a continuously growing array of streaming, mobile-oriented information and entertainment services. For example, the SWInG Platform currently powers the FanScan application from Sprint/Nextel which allows consumers to dial *RACE on any Sprint/Nextel phone and listen to the NASCAR drivers live. We believe that SWInG offers several benefits to UpSNAP. Mobile content owners can now offer their content – from podcasts to NASCAR to any mobile phone subscriber. By using the cost benefits of VoIP as the platform, the company can increase its margins as well as offer scalability and enormous distribution.
- **Mobile Search Engine:** UpSNAP mobile search engine allows mobile consumers to search for 411, weather and other information services, sports scores, mobile content including podcasts, using any phone. UpSNAP announced in September a suite of mobile search applications covering every phone type and platform in the United States.

Large potential market

The mobile search industry is a rapidly developing market with a very high potential. Technology changes in the sector have made accessible SMS technology to almost every mobile user in the US. Search has always been the number one reason people use the Internet and mobile SMS seems to be a good extension when Internet is unavailable. Smart marketers are discovering that mobile messaging is one of the best ways to target new clients and according to eMarketer, global mobile market data revenue is expected to reach \$15.9 billion in 2009. UPSN's mobile services have only been distributed to date via Nextel, which is primarily a business network. Once UPSN's services are distributed out widely, either on the decks of the main carriers, or off-deck through consumer portals on the Internet, we believe that there is enormous potential for growth.

Strong well-balanced management team with significant experience

UPSN has a strong management team. Tony Philipp, was the former Chief Operating Officer of Lycos Bertelsmann, which he founded in Munich and was taken for a \$5 billion IPO by Goldman Sachs three years later. Wendell Brown is one of the leading practitioners of Voice Over IP in the US. Wendell was co-founder of Telio, which was sold to Microsoft in Nov 2005, Co-founder of CallCast which was sold to LiveOps in July 2003, and co-founder of eVoice sold to AOL Time Warner in July 2001. Wendell is the holder of several US patents and has been recognized as a top 100 industry leading executive by MicroTimes Magazine.

An extensive product offer

UPSN has a very extensive product offering which covers a wide range of mobile entertainment services. UpSNAP has key partners such as Sprint/Nextel, NASCAR Fan Scan, EPSN, ESPN Deportes (Spanish Language) ABC, Fox News, and over 1600 other content providers, as well as its free 411 and information service offerings. UPSN recently announced a suite of mobile search and entertainment products across all the mobile platforms – SMS or Text messaging, WAP (phone browser) as well as BREW (phone applications residing on the handset).

High margin business

Companies like UPSN (which have a minimal or non-existing cost of goods sold) tend to have significant levels of operating margins. In addition, the US mobile search market is still too young to suffer from severe competition and margin levels will continue to stay high for years to come before this type of product becomes commoditized.

The presence of Sprint/Nextel as a partner validates UPSN's business model

UPSN has an 'on deck' agreement with Sprint/Nextel. "On deck" promotion is a partnership where the carrier actually promotes the service from the menu's on the carrier handset, bills the consumer on their mobile phone bill, and takes its cuts, and then remits the balance to UPSN. Having a leader such as Sprint/Nextel for a partner is more than a confirmation of the business plan of UPSN.

RISKS

No operating history

UPSN is an early stage development company that operates in a recently created industry. Until June 30, 2006, UPSN has had accumulated net losses of \$1,497,762. It has a working capital of \$737,427, not enough to carry the company through 2007. All this makes the company a high risk investment. No visibility into forward sales, marketing costs, customer acquisition and retention are available.

Potential dilution

The September and October 2005 private placements diluted the interest of the prior stockholders, and existing stockholders may suffer additional dilution in connection with future financings. 2,760,000 warrants that are not in the money are issued and outstanding. If these warrants are converted and exercised in full, the current shareholders will hold only a fraction of the equity interest they currently hold in the company. Moreover, to finance its business plan, UPSN will have to raise additional funds, which will result in further dilution.

Competitive pressure

The market is ruled by large companies with established products and significantly larger financial and research resources. Many existing search engines, such as Yahoo! and Google have attempted to use a small browser built into the mobile phone. This technology tries to turn a mobile phone into a PC and those big players can limit UPSN's future market share and revenues. This represents a risk to both competitive strengths of UPSN's products and to the company's ability to market them effectively.

Market with frequent technology changes

UPSN's business is subject to frequent technology changes, multiple standards, rapid roll-out of new mobile handsets, and changes in the method of Internet broadcasting delivery, that could lead the company being unable to provide services to some existing and new users, leading to loss of revenues and poor performances. Any change in the method of delivery of Internet broadcasting or mobile communications standards could result in UPSN not being able to deliver our services to some or all of our customers. The company should continue to develop its technology to address emerging mobile platforms and standards to avoid this problem, but no assurance can be given that this will be accomplished being given the financial difficulties of UPSN.

UPSN is largely dependent on one strategic partnership

In Q3 of fiscal 2006, more than 99% of UPSN's revenues were generated from the Sprint/Nextel Distribution relationship. Due to the Sprint/Nextel merger, UPSN does not have in place a current contract with Sprint. The company continues to operate under the terms of the expired contract and as such, the relationship could be terminated at any time.

In order to decrease this dependence on one major client, UPSN needs to find new strategic partners in order to create additional distribution channels for new products and to generate increased revenues. The creation of strategic partnerships requires a sophisticated sales effort and further investments and for those, budget is currently unavailable.

Poor liquidity

UPSN common stock is quoted on the NASD OTC Bulletin Board and is has little to no liquidity. The stock has a low-trading volume, a limited number of market makers, and a limited number of round lot holders. This lack of liquidity of the share will likely have an adverse effect on the market price and on the ability to raise additional capital. As a penny stock, UPSN common share is highly volatile and can be considered as a high risk investment.

VALUATION

Our assumptions

Our valuation is based on a 2015 DCF estimations with the following assumptions:

- Yankee Group and eMarketer estimate total mobile data revenue in 2009 to reach \$15.9Bn
- Taking consideration of 5 out of the 13 categories in the market study that represent UPSN's business, the company's potential market will reach \$5.2Bn in 2009.
- Because of UPSN's state of the art technology and company's advantage as first to market, we are assuming a 2.5% market penetration by 2009.
- We are also assuming a normalized EBIT margin of 15%.
- We apply a WACC discount rate of 18% taking into consideration the high risk associated to UPSN's early stage of development
- The explosive growth of mobile data will happen between 2006 and 2009 and we are normalizing growth rates afterwards as the market matures. The growth rate will decline significantly to reach a 20% level in 2015.
- UPSN's most significant investments are to be made between today and 2009 so we are assuming negative cash flows for this period.
- UPSN's share are listed on the NASD OTC Bulletin Board and lack liquidity so we apply a 20% discount rate to our fair value to compensate.

DCF valuation

Our assumptions

UPSN Current price	\$0,95
Global market for US Mobile data revenues in 2009, \$bn	\$15,9
Global market for UPSN in 2009,\$Bn	\$5,2
Discount rate (WACC)	18%
Terminal growth	2%
UPSN's market share at maturity	2,5%
Years to reach maturity sales since launch	4
Annual loss of market share since maturity	1,0%

FCF estimations, \$Mn	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Global market, \$Mn	5400	7 741	11 097	15 907	21 793	29 420	38 246	48 572	60 715	72 858
<i>growth</i>	<i>n/a</i>	43,4%	43,4%	43,4%	37,0%	35,0%	30,0%	27,0%	25,0%	20,0%
UPSN market, \$Mn	1700	2 468	3 582	5 199	7 174	9 757	12 782	16 361	20 614	24 943
<i>growth</i>	<i>n/a</i>	45,2%	45,2%	45,2%	38,0%	36,0%	31,0%	28,0%	26,0%	21,0%
Market share, %	0,00%	1,50%	2,00%	2,50%	2,48%	2,45%	2,43%	2,40%	2,38%	2,35%
Sales, \$Mn	0,0	37,0	71,6	130,0	177,6	239,1	310,1	392,9	490,1	587,1
<i>growth</i>	<i>n/a</i>	<i>n/a</i>	93,5%	81,4%	36,6%	34,6%	29,7%	26,7%	24,7%	19,8%
EBIT, \$Mn	0,0	5,6	10,7	19,5	26,6	35,9	46,5	58,9	73,5	88,1
<i>EBIT margin, %</i>	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%	15,0%
DAP	0,0	0,6	0,5	1,0	0,9	1,0	1,2	1,6	1,5	1,8
Investments	3,0	11,1	10,7	19,5	17,8	19,1	24,8	31,4	29,4	35,2
BFR	0,0	0,4	0,7	1,3	1,8	2,4	3,1	3,9	4,9	5,9
FCF	-3,0	-5,4	-0,2	-0,3	8,0	15,3	19,8	25,1	40,7	48,7
Terminal value										311

Discounted Cash Flow	
Discounted earnings, \$Mn	\$40,0
Discounted terminal value, \$Mn	\$70,0
Enterprise value, \$Mn	\$110,0
Shares outstanding, diluted, Mn	26,296
Value per share, diluted	\$4,2
Value per share after 20% illiquidity discount	\$3,35

COMPANY OVERVIEW

Company Overview

UPSN was founded in 2004 to develop services around mobile search and advertising. In November 2005, UPSN completed a reverse merger and went onto the NASDAQ OTC exchange.

Today UPSN, Inc. is a provider of free mobile search and entertainment services. UPSN is building the first cellular specific directory listings and entertainment platform provided by paid listings and premium services. Users can easily search and browse for mobile content, comparison shop for different products, and directly connect with merchants, at no cost, save those imposed by the carriers for service minutes, to the customer. As the first company to address mobile search, UPSN has built its technology platform with focus on the challenges of providing a usable and functional mobile search.

Currently, mobile consumers must load up a WAP, or wireless application protocol, to browse web sites, or pay as much as \$2.50 for 411 information directory services. UPSN solves this problem by using text messaging and callback services to connect consumers to paying advertisers, free of charge.

UPSN's patent-pending technology combines wireless search and natural language commands to deliver premium services to mobile phones, while generating revenue via a voice over IP (VOIP) call connect infrastructure that links mobile phone users with vendors in its advertising program. The idea is that UPSN connects merchants that are willing to pay for new customers with consumers that benefit from free service.

In addition, through its proprietary SWInG (Streaming Wireless Internet Gateway) platform, UPSN enables mobile access to virtually any type of live and on-demand streaming audio content including NASCAR In-Car

Audio, ESPN Radio, and over 1600 additional radio channels covering music, news, podcasts and entertainment. All the UPSN technology can be licensed by wireless carriers, service providers and content providers who wish to incorporate searchable wireless streaming audio capabilities into their existing product and service offerings.

What makes UPSN different is that they reverse the cellular industry model, allowing consumers to have free access while merchants pay per call. The VoIP telephony infrastructure activates also a premium callback service from paid listings advertising. The Directory Assistance and Comparison Shopping Service offer keyword triggered sponsored listings, creating a pay-per-click version of Yellow Pages, optimized for mobile.

As an early stage company the revenue model of UPSN relies substantially on the assumption that they will be able to successfully expand their sales and distribution channels quite rapidly. To be successful in the communications services market that they operate in, they must, among other things:

- Continue to expand distribution and sales channels with carriers for different products
- Attract and maintain customer loyalty
- Continue to establish and increase awareness of the UPSN brand
- Provide desirable products to customers at attractive prices
- Establish and maintain strategic relationships with strategic partners and affiliates
- Rapidly respond to competitive developments
- Build an operations and customer service structure to support the business
- Attract, retain and motivate qualified personnel

The continued growth in mobile subscribers and specifically the global growth of SMS or text messaging are generating demand for features that improve the usefulness of the handsets.

UPSN will develop its activity mainly in the United States, which until recently has lagged the rest of the world in the growth of SMS. We believe that there are two main reasons for this gap:

- First, the US has cheap and accessible local calling, which makes it far easier to make a call than to type SMS on a mobile phone with no keyboard.
- Secondly, until recently, the carriers in the US did not have inter-operability of text (SMS) applications. With the introduction of inter-operability, SMS has experienced a dramatic increase in growth among the 67 million subscribers who actively use SMS services.

PRODUCTS

UPSN's product line consists of the following:

- **Mobile Search and Entertainment Packages** In October 2006 UPSN released a suite of packages allowing mobile consumers to access a wide range of mobile content and information services using any mobile device or platform. Mobile consumers can choose from free information services, from 411, weather, horoscopes, to over 1600 premium audio channels.
- **Sports Packages:** UpSNAP has partnered with ESPN to build a sports application on the mobile handsets. The sports package allows sports fan to access on demand content for NCAA football games as well as NBA basketball. UPSN also powers the NASCAR Fan Scan audio product for live on demand NASCAR driver—to pit crew communication.

- **Pay-Per-Call Advertising Engine:** The unique mobile pay-per-call engine allows all the mobile content and information services to be targeted directly to consumers with targeted pay-per-call advertising.
- **Podcasts:** UPSN has a comprehensive Podcast offering and has over 1000 podcasts now supported. Consumers can set up their own podcast playlist and listen to their podcasts on their phone on demand. The service can work on any phone.
- **Music Packages:** UPSN has thousands of music on demand packages available to any cell phone. Consumers sign up to the service, and are billed by the carriers directly onto their phone bill. USPN offers content from Hip-Hop to religious services.

MANAGEMENT

Tony Philipp has served as director and as Chief Executive Officer and President since November 15, 2005. Mr. Phillip is the co-founder of UPSN and acted as a director and the Chief Executive Officer of UpSNAP USA since its formation in April 2004. During 2002 to 2004, Mr. Philipp was the president of Vivisimo Inc., Europe, the leading provider of automatic content-clustering software and powers 10% of web searches world wide, with blue chip customers including the US Government, HP, NASA, German Government, AOL, Infospace, and Overture, etc. Mr. Philipp was responsible for establishing worldwide sales and marketing strategy during that period. Mr. Philipp is also the founder of iTransEuro, a company that is a premier European accelerator in the Research Triangle. He has served as the president of iTransEuro since 2000. iTransEuro assists in the transition of technology firms between the US and Europe through performing market studies, identifying/hiring of key personnel, implementing local presence, establishing business development channels, localizing online marketing and PR, and accessing local venture capital. Mr. Philipp previously served on the board of Mobileway, Inc. and has in the past been nominated to serve as Non-Executive board member of selected 3i investments, the largest European venture group. Mr. Philipp is a dual citizen in Germany and the USA, and holds a Bachelor of Science Degree from Clemson University, a Master of International Business (MBA) from the University of South Carolina, and was a Fulbright Scholar at the University of Cologne (Germany).

Richard Jones has been Vice President of Content and Corporate Secretary since November 15, 2005 and director Since November 26, 2005. Mr. Jones is the co-founder of UpSNAP USA. Prior to joining UpSNAP USA, Mr. Jones served as the Chairman of Vavo Ltd. from 1999 to 2001. From 1996 to 1999, Mr. Jones served as the Chief Executive Officer of FortuneCity of which he was a co-founder. Mr. Jones also served as Editor in Chief of Network Week, LAN Magazine and PC Magazine in the UK from 1990 to 1996.

Paul Schmidt has been Chief Financial Officer since November 15, 2005. Mr. Schmidt was the Chief Financial Officer of UpSNAP USA. Since 2004, Mr. Schmidt has served as a managing director at Von Steuben Financial, LLC, a service firm that provides part-time senior level financial executive services. From 2001 to 2004, Mr. Schmidt was the Vice President and Chief Financial Officer of B.R. Lee Industries, Inc., a large manufacturer of commercial asphalt paving equipment. From 1999 to 2001, Mr. Schmidt served as the Treasurer and Chief Financial Officer of Powerscape Equipment Corp., an outdoor power equipment dealership. Mr. Schmidt is a licensed CPA and has a Bachelor of Business Administration degree from University of Michigan.

INDUSTRY OUTLOOK

Industry trends

As wireless voice service becomes increasingly commoditized in the US, and subscriber growth slows down, carriers are looking to non-voice applications and services in an attempt to keep revenues growing.

Until 3G networks are more widely available, US wireless carriers will have to be creative and deploy a range of revenue-boosting solutions. By the end of the decade, however, non-voice services should be making a significant contribution to wireless carriers' revenue.

US Mobile Data Revenues, by Type, 2006-2010 (billions)

	2006	2007	2008	2009	2010
Messaging	\$3.3	\$5.9	\$10.1	\$12.5	\$15.0
Entertainment	\$1.1	\$2.6	\$5.9	\$9.5	\$15.0
Information	\$1.0	\$2.0	\$3.8	\$5.1	\$7.5
Total	\$5.4	\$10.5	\$19.8	\$27.1	\$37.5

Note: Messaging includes text, multimedia and instant messaging and e-mail; entertainment includes graphics/logos, games, ringtones, other music, audio, interactive entertainment and communities, adult, TV and film; information includes productivity, non-voice directory, news, sports, travel, etc

Source: eMarketer, September 2006

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The explosive success of accidental consumer applications such as Short Messaging Service (SMS) in contrast to industry-led Multimedia Messaging Service (MMS) holds the important lesson that most consumers value mobile data for what it helps them do as opposed to the content they can pull into a handset.

At the same time, smart marketers are discovering that mobile messaging is one of the best direct response mechanisms available — providing a time stamp and demographics each time a user responds to a marketer's call to action. When tethered to another rich media platform such as TV, or even digital outdoor displays, marketers get richness and reach in the same experience.

Short Text Message Revenues Worldwide, by Region, 2006-2010 (millions)

	2006	2007	2008	2009	2010
Western Europe	\$20,408	\$19,815	\$18,316	\$16,325	\$14,629
Asia-Pacific	\$9,163	\$9,950	\$10,342	\$10,559	\$10,469
China/India	\$8,167	\$10,754	\$12,524	\$14,150	\$14,436
North America	\$7,060	\$7,915	\$8,231	\$8,266	\$8,316
Latin America	\$4,102	\$6,066	\$7,604	\$9,095	\$9,499
Middle East/Africa	\$3,541	\$4,625	\$5,364	\$6,222	\$6,537
Eastern Europe	\$2,422	\$2,480	\$2,303	\$1,945	\$1,503

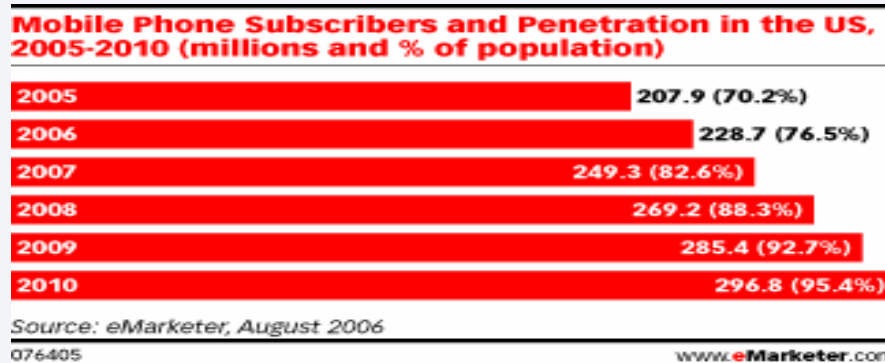
Source: Ovum, March 2006; Tekelec, June 2006

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According to the latest analyst forecasts, the global messaging market for SMS, MMS, MIM and mobile e-mail should reach \$50 billion in 2006 and \$100 billion by 2011.

The fixed lines revenues on the US telecom market have decreased by 1.4% between 2004 and 2005 while mobile phones revenues are growing by more than 11% for the same period. Cell phones' market share will continue to increase as the number of mobile devices is steadily growing in the US. Market penetration should reach 95.4% in 2010 with nearly 300 millions of subscribers.

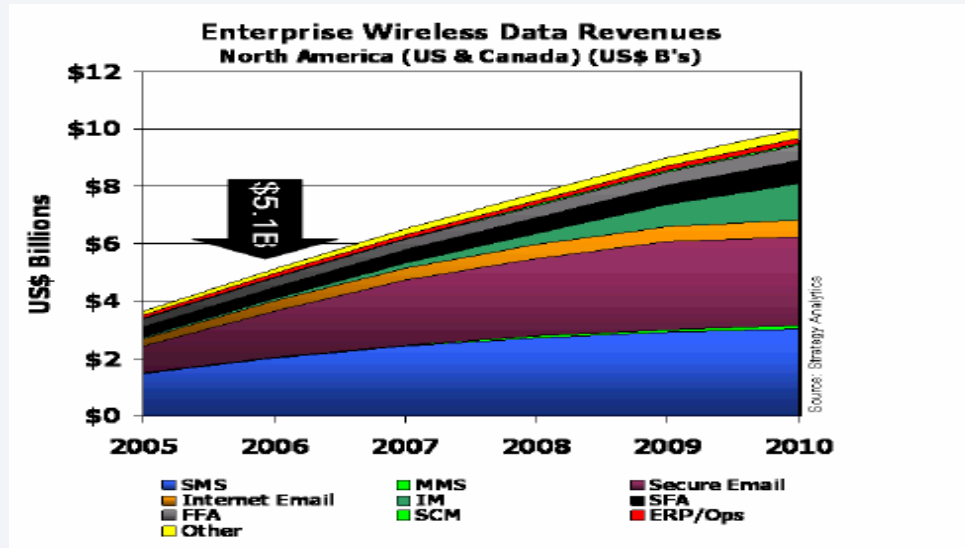


The combination of a maturing infrastructure and a growing messaging culture is also causing corporate marketers to take notice of the importance of text messaging as a support for advertising.

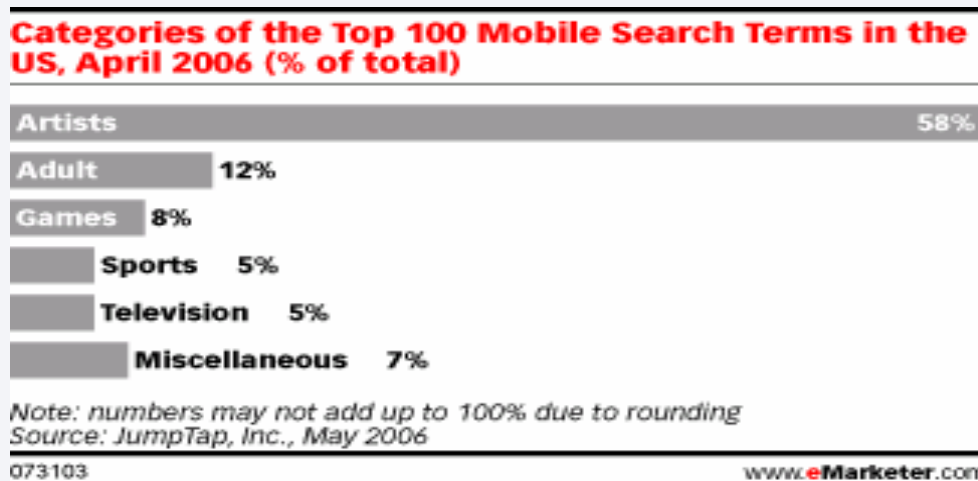


Mobile advertising and market spending are expected to reach \$600 millions by 2009 as budgets for multimedia advertising are growing rapidly in all sectors. Nowadays, less than 1% of advertisement expenses go to mobile services and a real explosion of the mobile advertising budgets will take place between 2006 and 2009 stimulated by the multimedia supports diversity which will be brought by the 3G technology (video and TV on mobile, fast internet access). Marketers, entertainment producers and equipment providers are all looking at the global messaging market for SMS, MMS, mobile IM and mobile e-mail estimated to reach \$50 billion in 2006 and \$100 billion by 2011.

As prices go down for voice communications, wireless data revenues will continue growing rapidly to reach more than \$10 billions until 2010. In the US, SMS are to increase almost as fast as email communication revenues and are expected to reach \$2,5 billions in five years.



If we take a quick look in most frequent uses of mobile search services, we see that in the top five are the following:



SMS search is a young market, which has not yet reached maturity, but we believe that important changes in consumers' mobile use behavior are to come while technology is rapidly progressing towards the convergence of TV, data and voice services on cell phones. In this context, search of information is to take the same proportions in the mobile services as it already has taken on Internet and most search engine companies are actually creating mobile phone adapted wap applications to browse the web at any time from one's mobile device.

Mobile Website	Unique Audience (000)	Reach of Subscribers
Yahoo! Mail	6,531	3.0%
The Weather Channel	5,827	2.7%
ESPN	5,345	2.5%
Google Search	4,356	2.0%
MSN Hotmail	3,441	1.6%
MapQuest	3,067	1.4%
AOL Mail	2,907	1.4%
CNN	2,799	1.3%
Yahoo! Weather	2,740	1.3%
Yahoo! Search	2,531	1.2%

We can see that two of the ten most visited mobile websites today in the US are Google and Yahoo's new search portals. And this shows that business is growing for the mobile search so companies which offer SMS-based search engines will see their market share grow rapidly.

	% of total Revenues	
Messaging	51%	\$8.2
Text messaging	33%	\$2.7
Multimedia messaging	29%	\$2.4
E-Mail	24%	\$1.9
Instant messaging	15%	\$1.2
Entertainment	29%	\$4.6
Graphics/logos	6%	\$0.3
Games	26%	\$1.2
Ringtones, other music and audio	31%	\$1.4
Interactive entertainment and communities	16%	\$0.7
Adult	4%	\$0.2
TV and film	17%	\$0.8
Information	20%	\$3.1
Productivity	4%	\$0.1
Non-voice directory	33%	\$1.0
News, sports, travel, etc	63%	\$2.0
Total	-	\$15.9

Note: Data ARPU calculated including additional revenue from connectivity and unassociated with applications
Source: Yankee Group, May 2005; eMarketer calculations, November 2005

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Competition analysis

UPSN operates in an industry that becomes more and more competitive. Some of his principle competitors are:

4info is a mobile services company and a direct competitor of UpSNAP. Its suite of mobile services goes through text message search, mobile web search, text alerts, and a mobile search application.

Askmenow is a new mobile information content service that enables users of any mobile device with text messaging/SMS or email capability, to call, email, or send text (SMS) message questions to the AskMeNow service center.

Technorati who provides a live view of the global conversation of the web has recently launched Technorati Mobile, a special version of the blog search facility set up to be easily viewed on mobile phones and handheld computers. Their mobile site provides similar options to the main Technorati site.

411SMS is a mobile search company which has focused on developing a suite of tools aimed at providing consumers with information access and search through their mobile phones. Services include movie listings, driving directions, 411 information at little to no cost to the end user.

Synfonic Inc.: Synfonic is a Silicon Valley based developer of on-demand information services for cell phone users. They bring internet services such as news and search to mobile handsets, stripping and formatting web content to fit cell phones.

Smarter.com: Smarter.com is an online comparison shopping service, which provides a mobile search comparison service. If an user is in a store, and want to compare prices, he can SMS a product name or identification number to a phone number, and have a SMS answer with the lowest price available on Smarter.com.

TicTap.com: TicTap provides a browser-based search interface. In addition to providing the search results in a concise and uncluttered format, it also provides a spelling tool and a tool to send the price information for a product by SMS to a US mobile phone.

Most major search engine websites such as **Google, Yahoo!, MSN** and **AOL** have already launched wap mobile search engines based on their web search sites. They actually adapt contents displayed on the web results page to a mobile screen but do not offer any free SMS search like UPSN.

UPSIN CHART 1 YEAR



Source: www.marketwatch.com

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