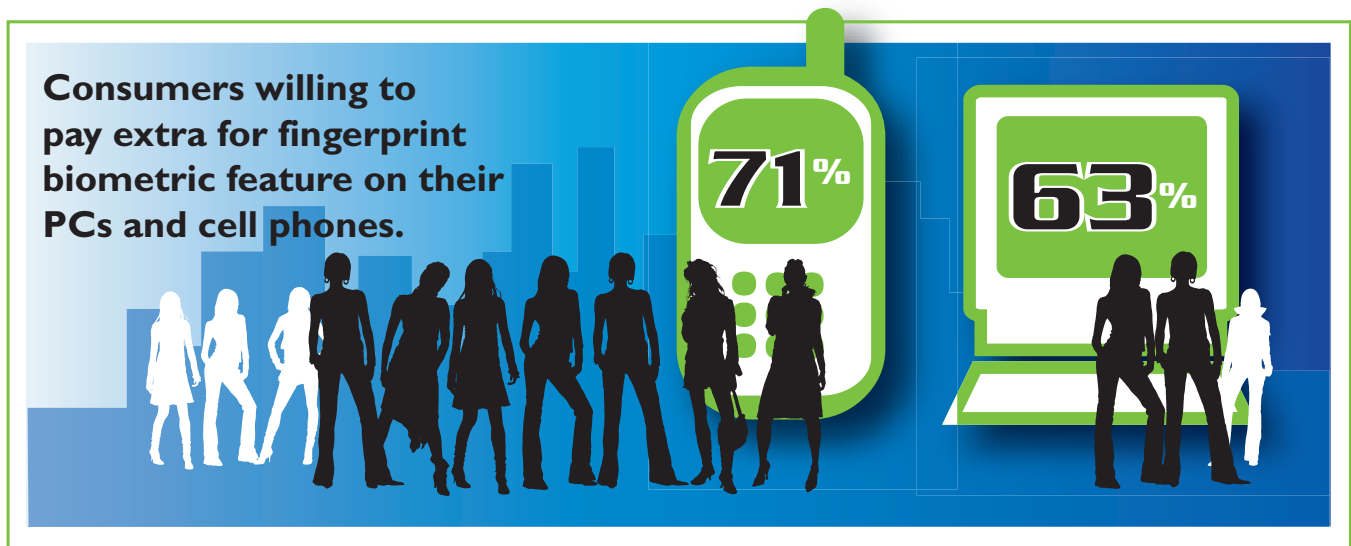


AuthenTec 2004 Consumer Biometrics Survey

Summary:

In November 2004, AuthenTec commissioned StrategyOne to conduct an independent, scientific nationwide telephone survey of 2,049 American adults (those 18 years of age and older) to determine their attitudes and prospective behaviors regarding biometric fingerprint sensors. The margin-of-error for this survey is ± 2.2 percentage points. The interviews were conducted via telephone using a Computer Assisted Telephone Interviewing (CATI) facility utilizing Random Digit Dialing (RDD) technology. The survey results showed that a majority of U.S. consumers are willing to pay a premium to add fingerprint biometrics to their electronic devices – such as PCs and cell phones – to help make their life easier and more secure, according to a recent nationwide survey. Sixty three percent of consumers would pay extra to add fingerprint biometrics to their PC and notebook computers, while 71 percent would pay more for this feature in their cellular phones. Most consumers said they would use the technology to replace their PC and Internet passwords, as well as to help transform their cell phones into their personal wallets to conduct m-commerce and wireless banking.



Nationwide survey of more than 2,000 adults. Source: AuthenTec, Inc., December, 2004

Survey Findings:

PC and notebook computer segment:



- Younger consumers (18-44) are the most interested and are willing to pay the highest price for a biometrically-enabled device.
- Parents also showed a higher interest than non-parents in adding the feature to PCs than non-parents – at 75 percent versus 58 percent.
- 43 percent are most interested in using fingerprint sensors to replace their computer or internet passwords.
- Navigating the cursor and automatically starting favorite programs were other key capabilities consumers were interested in using.
- Three in ten (29 percent) said they would be willing to pay more than \$25 for the additional feature.

Wireless segment:



- 71 percent are interested in adding fingerprint sensors to protect their sensitive and personal information stored on their cellular phone.
- Overall, 32 percent would be willing to spend more than \$25 to have the feature added to their cell phones, while nearly half (45 percent) of young adults (18-24) indicated they are willing to pay more than \$25.
- 60 percent said they would like to use biometrically-enabled cellular phones as a replacement for their wallets – debit cards or credit cards – to conduct purchases or online banking. Nearly half of those said they would be interested in using a biometric cell phone to purchase items from a store, while 30 percent for wireless banking, 27 percent to gain access to mass transit, and 25 percent for wireless shopping.
- Parents, younger adults, and men are the most interested in using the cell phones as a replacement for their wallets.

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Wireless Segment Specifics:

Securing the personal information stored on cellular phones through the use of a finger print sensor is a level of protection for which seven in ten Americans (71%) are willing to pay. Among those interested in this type of information security, three quarters (77%) would be willing to pay \$50 or less, while the remaining 23% would pay more than \$50.

TOTAL INTERESTED [N = 1,396]

\$50 OR LESS	55%	77%
\$15 OR LESS	28%	40%
\$16 – \$25	11%	15%
\$26 – \$50	16%	22%
MORE THAN \$50	16%	23%
WOULD NOT SPEND EXTRA	17%	-

Three out of five American consumers (60%) would like to use their cellular telephones as a replacement for their wallets to do several day-to-day activities including purchasing items at stores, wireless banking, gaining access to mass transit, and wireless shopping. Percentages total more than 100% because multiple responses were allowed.

ANY USE	60%
PURCHASING ITEMS AT STORES	41%
WIRELESS / ONLINE BANKING SERVICES	30%
GAINING ACCESS TO BUSES, TRAINS, AND OTHER FORMS OF TRANSPORTATION	27%
WIRELESS / ONLINE SHOPPING	25%
OTHER (VOLUNTEERED)	1%
WOULD NOT USE	36%

Men – many of whom suffer from pocket space over-crowding (with cell phones, PDAs, MP3 players, wallets, keys, etc.) – are more likely to indicate that they would like to discard their wallets in favor of their cell phones to handle daily activities than their female counterparts. Percentages total more than 100% because multiple responses were allowed.

	TOTAL	MEN	WOMEN
ANY USE	60%	61%	59%
PURCHASING ITEMS AT STORES	41%	44%	38%
WIRELESS / ONLINE BANKING SERVICES	30%	32%	28%
GAINING ACCESS TO BUSES, TRAINS, AND OTHER FORMS OF TRANSPORTATION	27%	31%	24%
WIRELESS / ONLINE SHOPPING	25%	28%	23%
WOULD NOT USE	36%	35%	37%

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Young adults, many of whom are already using their cellular phones for more than just making calls, are significantly more likely than their older peers to indicate they would like to use their cell phones as a replacement for their wallets. Percentages total more than 100% because multiple responses were allowed.

	TOTAL	AGE					
		18 – 24	25 – 34	35 – 44	45 – 54	55 – 64	65+
ANY USE	60%	84%	73%	67%	57%	50%	32%
PURCHASING ITEMS AT STORES	41%	55%	51%	48%	41%	32%	20%
WIRELESS / ONLINE BANKING SERVICES	30%	40%	40%	34%	28%	26%	11%
GAINING ACCESS TO BUSES, TRAINS, AND OTHER FORMS OF TRANSPORTATION	27%	44%	34%	28%	26%	21%	12%
WIRELESS / ONLINE SHOPPING	25%	37%	33%	30%	25%	18%	10%
WOULD NOT USE	36%	13%	25%	30%	40%	47%	59%

Parents represent another group of consumers displaying a significant interest in replacing their wallets with the ease of a cellular phone. Seven in ten (72%) would like to use their cell phones as a replacement for their debit or credit cards, a significantly higher percentage than non-parents (53%). Parents are significantly more likely than non-parents to indicate they would like to use their cell phones in all of the potential situations listed to them, with the exception of gaining access to mass transportation. Percentages total more than 100% because multiple responses were allowed.

	TOTAL	Parents	Non Parents
ANY USE	60%	72%	53%
PURCHASING ITEMS AT STORES	41%	49%	36%
WIRELESS / ONLINE BANKING SERVICES	30%	36%	26%
GAINING ACCESS TO BUSES, TRAINS, AND OTHER FORMS OF TRANSPORTATION	27%	29%	26%
WIRELESS / ONLINE SHOPPING	25%	33%	21%
WOULD NOT USE	36%	26%	42%

Respondents living in metropolitan areas are more interested in using their cell phones as debit and credit card replacements than those living in more suburban and rural settings (62% vs. 55% respectively). The most significant differences between these two populations are seen in metropolitan respondents' desire to pay for mass transit (30% vs. 19% non-metropolitan) and to shop online (27% vs. 22% non-metropolitan). Percentages total more than 100% because multiple responses were allowed.

	TOTAL	METRO	NON-METRO
ANY USE	60%	62%	55%
PURCHASING ITEMS AT STORES	41%	42%	38%
WIRELESS / ONLINE BANKING SERVICES	30%	31%	26%
GAINING ACCESS TO BUSES, TRAINS, AND OTHER FORMS OF TRANSPORTATION	27%	30%	19%
WIRELESS / ONLINE SHOPPING	25%	27%	22%
WOULD NOT USE	36%	35%	40%

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PC Segment Specifics:

Sixty three percent of U.S. consumers would be willing to pay for a convenient and secure fingerprint scanner to access their computers and/or the Internet.

TOTAL OF THOSE INTERESTED IN

\$50 OR LESS	48%	75%
\$15 OR LESS	24%	38%
\$16 – \$25	10%	15%
\$26 – \$50	14%	22%
MORE THAN \$50	15%	25%
WOULD NOT SPEND EXTRA	20%	-

Forty three percent feel that “replacing your computer or Internet passwords” would be the biggest benefit provided to them by fingerprint sensors. Replacing your computer mouse or touch pad” and “automatically starting your favorite programs” are tied with one third of Americans (32%) each indicating they would be benefits provided a biometric fingerprint scanner. Percentages total more than 100% because multiple responses were allowed.

ANY USE	65%
REPLACING YOUR COMPUTER OR INTERNET PASSWORDS	43%
REPLACING YOUR COMPUTER MOUSE OR TOUCH PAD TO NAVIGATE	32%
AUTOMATICALLY STARTING YOUR FAVORITE PROGRAMS	32%
OTHER	1%
WOULD NOT USE	25%
DEPENDS	1%
DON'T KNOW	7%

Younger consumers – those 44 years of age and younger – are significantly more likely than their older peers to indicate an interest in buying a password-replacing fingerprint sensor, and are also willing to pay a significantly higher price for this device on average.

	AGE						
	TOTAL	18 – 24	25 – 34	35 – 44	45 – 54	55 – 64	65+
ANY PRICE	63%	76%	74%	68%	63%	55%	38%
\$50 OR LESS	48%	56%	53%	51%	48%	42%	32%
MORE THAN \$50	15%	20%	21%	17%	15%	13%	
MEAN PRICE	\$30.40	\$31.00	\$33.00	\$31.20	\$29.10	\$29.30	\$25.70
WOULD NOT BUY	20%	15%	19%	17%	24%	24%	19%

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Men are slightly more likely than women to find that a fingerprint sensor on their computer would yield a benefit to themselves (67% vs. 62% respectively), and are more likely than women to find each of the potential uses of fingerprint sensors to be beneficial. Percentages total more than 100% because multiple responses were allowed.

	TOTAL	MEN	WOMEN
ANY BENEFIT	65%	67%	62%
REPLACING YOUR COMPUTER OT INTERNET PASSWORDS	43%	46%	41%
REPLACING YOUR COMPUTER MOUSE OR TOUCH PAD FOR NAVIGATION	32%	33%	31%
AUTOMATICALLY STARTING YOUR FAVORITE PROGRAMS	32%	33%	31%
WOULD NOT USE	25%	23%	27%

As a potential indicator of their desire to keep adult material away from young children, three in four (75%) parents – those respondents indicating there is at least one child under the age of 18 in the household – see the benefits of utilizing biometrics in association with their computers. Percentages sum to more than 100% because multiple responses were allowed.

	TOTAL	PARENTS	NON-PARENTS
ANY BENEFIT	65%	75%	58%
REPLACING YOUR COMPUTER OT INTERNET PASSWORDS	43%	49%	39%
REPLACING YOUR COMPUTER MOUSE OR TOUCH PAD FOR NAVIGATION	32%	40%	27%
AUTOMATICALLY STARTING YOUR FAVORITE PROGRAMS	32%	37%	29%
WOULD NOT USE	25%	19%	30%