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AKUSTICA'S MICROPHONES WIN LAPTOP MARKETSHARE IN 2007, LOOKING TO CELL PHONES IN 2008

--Akustica Ships 2 Millionth Microphone, Announces World's Smallest Microphone Die, Launches Mics for HD Voice, Wins Industry Awards in 2007

Pittsburgh, Pa.—December 18, 2007—With more than two million of his company's microphone chips in the hands of PC manufacturers this year, Akustica, Inc., President Jim Rock can count more than a dozen mobile computer models with the AKU200x family of CMOS MEMS digital microphones inside.

Akustica's shipment milestone points to a "coming of age" and acceptance of Akustica's unique CMOS (Complementary Metal Oxide Semiconductor) MEMS (microelectromechanical) technology, which Rock and Akustica co-founder and chief technologist Dr. Kaigham Gabriel spun out of the engineering labs at Carnegie Mellon University in 2001 and brought to market in 2006.

So far, Akustica has delivered the majority of its two million-plus pencil-point-sized chips to popular portable PC makers, who go on to embed the tiny microphones into the bezels of PC notebooks. The inclusion of Akustica mics in these computers reflects a trend toward laptop manufacturers installing next-generation technologies that solve the problem of historically low-quality—or simply non-existent—voice input. Key drivers of the trend are increased usage of Voice over Internet Protocol (VoIP) applications like Skype and other speech-based applications on laptops, as well as the new human-to-machine interfaces that are a part of Microsoft's Windows Vista which debuted this year.

Also this year, Akustica:

- Announced its development of the world's smallest microphone, a 1mm x 1mm microphone chip with integrated transducer and accompanying electronics;
- Launched the first HD (high definition) microphones with a frequency response that is guaranteed to conform to the industry standard TIA-920 specification for wideband digital-transmission telephony; and
- Entered into a cross-licensing agreement with Itasca, Ill.-based Knowles Acoustics, a fellow silicon MEMS microphone supplier.

In addition to customers, chip-industry publications took notice of Akustica in a big way in 2007. The AKU200x family of products earned:

- Electronic Products' "Product of the Year" designation;
- An EDN "Innovation Award"; and
- The Electronic Design "Most Significant Leapfrog" technology of the year.

The Promise of Cell Phones

The next market opportunity for Akustica is as a supplier to makers of cellular handsets—a market that analyst group In-Stat estimates will grow to more than 1.8 billion units by 2011¹. With cell-phone handsets getting smaller and more tightly packed with functions like music players and video cameras, the segment is ripe for higher-quality, ever-smaller components, including microphones.

By the end of next year, Akustica's co-founders predict that their microphones will be embedded in cell phones from major OEMs. Akustica isn't the only one optimistic about the mobile telephone industry's demand for MEMS microphones.

Jérémie Bouchaud, director of market research with Munich-based Wicht Technologie Consulting, told a gathering of industry leaders at the MEMS Executive Congress last month that microphones represent the fastest-growing segment of the MEMS market, with a compound annual growth rate of 30 percent.

In 2008, says Rock, Akustica plans to ship its HD microphones, bring to market even-smaller packaged microphones, and introduce new microphone technologies for the mobile phone, PC and consumer device market. System designers should also be on the lookout for other types of components based on Akustica's CMOS MEMS technology, he says.

About Akustica

Akustica is the leading supplier of digital-output microphone products that are improving voice input quality in a host of voice-enabled applications, from Internet telephony on notebooks to PC camera modules and mobile phones. Customers include Fujitsu, Gateway and NEC. More information about Akustica is available at www.akustica.com or by calling (412) 390-1730.

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¹ "The Big Trends for Cell Phones 2006-2011," In-Stat Research Report, May 2006, by Principal Analyst Bill Hughes.