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## DSP Group, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator instructions) And the first question comes from the line of Elrad-Jakoby of Susquehanna. Please proceed.

#### Elrad-Jakoby – Susquehanna

Hi, good morning and thank you. For revenue guidance in Q4 you gave a very wide range, but if we take the mid point of this range, I think it contemplates a bigger decrease than we expected. Is this a result of what you are seeing in the macro, is this a trend that you expect to carry through into 2009?

#### Eli Ayalon

No Elrad. What I explained is that we kept the revenues of 2008 as projected in the last conference call. If I recall the mid range of this projection was \$310 million. This is how we gave it in the last conference projection and we left it as it is. The wide range is due to the lowered visibility that the consumer market is facing now. We cannot ignore the economic turmoil in which all of us are and the reluctance on the part of our customers to be more specific in projecting and our assurance that we can rely on figures that we receive is by nature lower than before the crisis, and because of this we decided to take our precautions and expand the range. And we feel comfortable with the range that we have given.

#### Elrad-Jakoby – Susquehanna

Okay. Fair enough. So, moving along to XpandR, you mentioned two design wins with – on the consumer electronics front, what are you seeing from operators in this area?

#### Eli Ayalon

What we keep seeing from operators is one, great interest, two, discussing details of the project, three, discussions between operators and OEMs about joint projects for the next year. We have to remember that we are not the ones that will have to sign with the operator at the end. At the end of the day, we are selling to the OEMs, but as I mentioned before, because of the chain of the decision making (inaudible) we are in close contact also with that link of the chain, the operators.

#### Elrad-Jakoby – Susquehanna

Okay. So, do you expect any operator-related deals and design wins to be signed this year too?

**Eli Ayalon**

We hope so, yes.

**Elrad-Jakoby – Susquehanna**

Okay, thank you and I will pass it on.

**Operator**

And the next question comes from the line of Hugh Cunningham of Oppenheimer. Please proceed.

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