

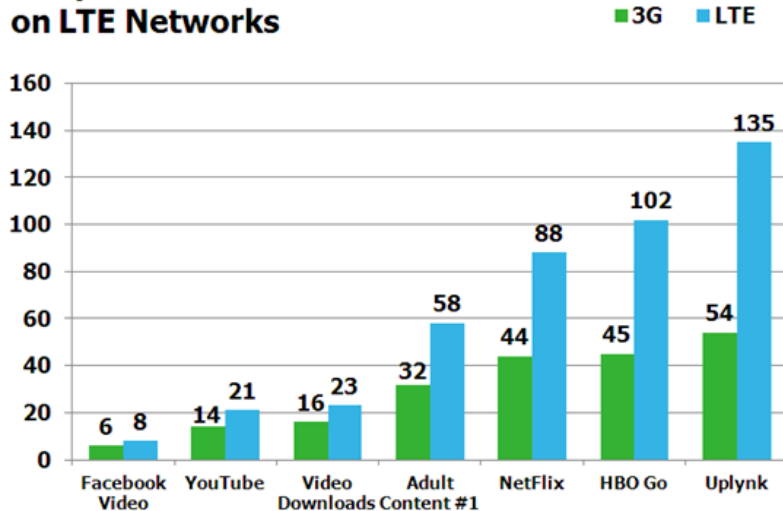


Economics of Mobile Broadband  
@CassidyShield  
September 17, 2013

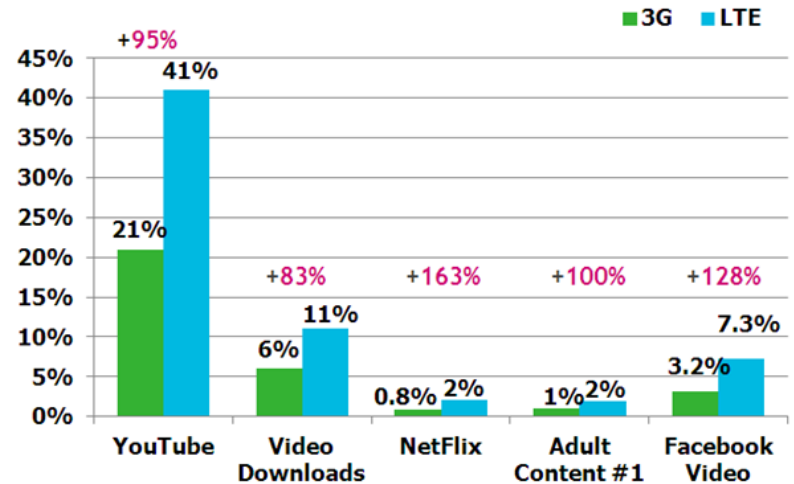
# SUBSTANTIAL DEMAND FOR MOBILE BROADBAND EXISTS

## LTE DAILY VOLUME 168% HIGHER THAN 3G

Daily Volume Per User on LTE Networks



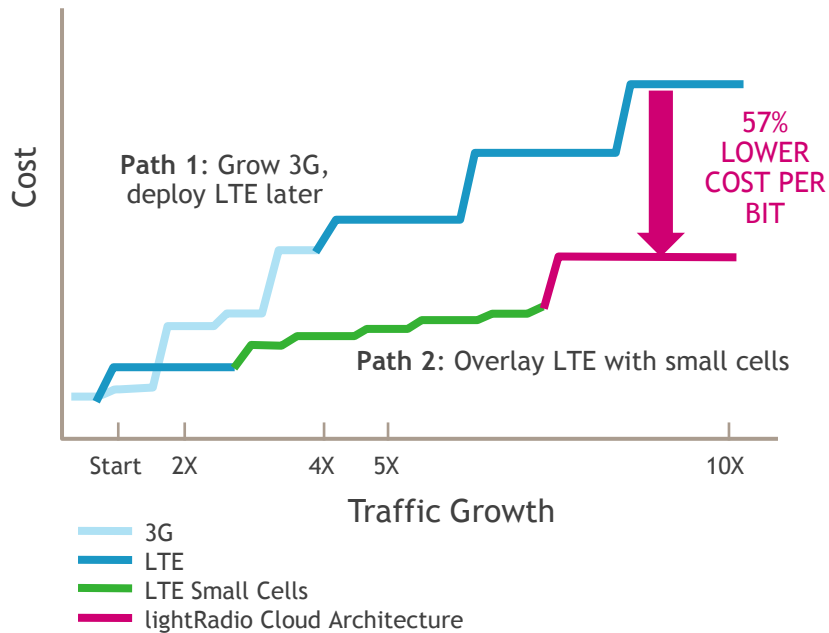
Share of Users on LTE Networks



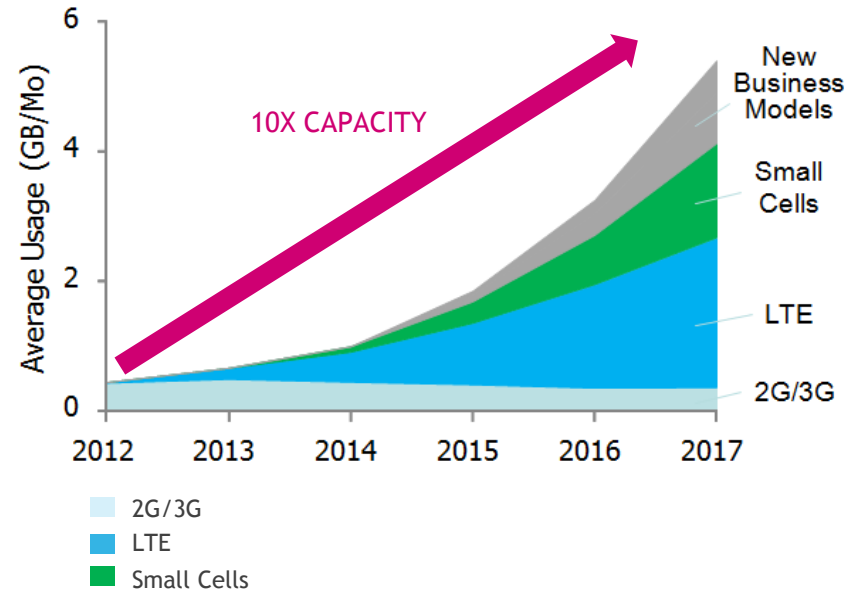
Source: Alcatel-Lucent Wireless Network Guardian, network analytics

# MEETING DEMAND PROFITABLY IS NEAR TERM FOCUS

## TCO ADVANTAGE FROM LTE EARLY DEPLOYMENT



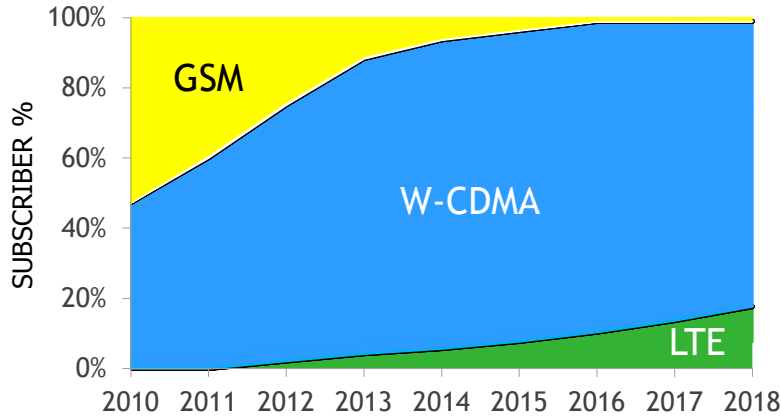
## ATTAINABLE CAPACITY



Source: Bell Labs Modeling

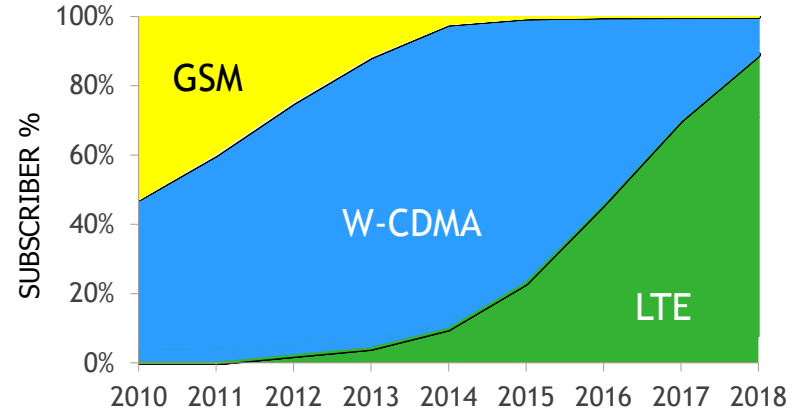
# FAST TO LTE + CAP 3G = HIGHER RETURN ON INVESTED CAPITAL

SLOW TRANSITION TO LTE



Slow transition to LTE requires investing in both 3G and LTE, resulting in higher overall CAPEX

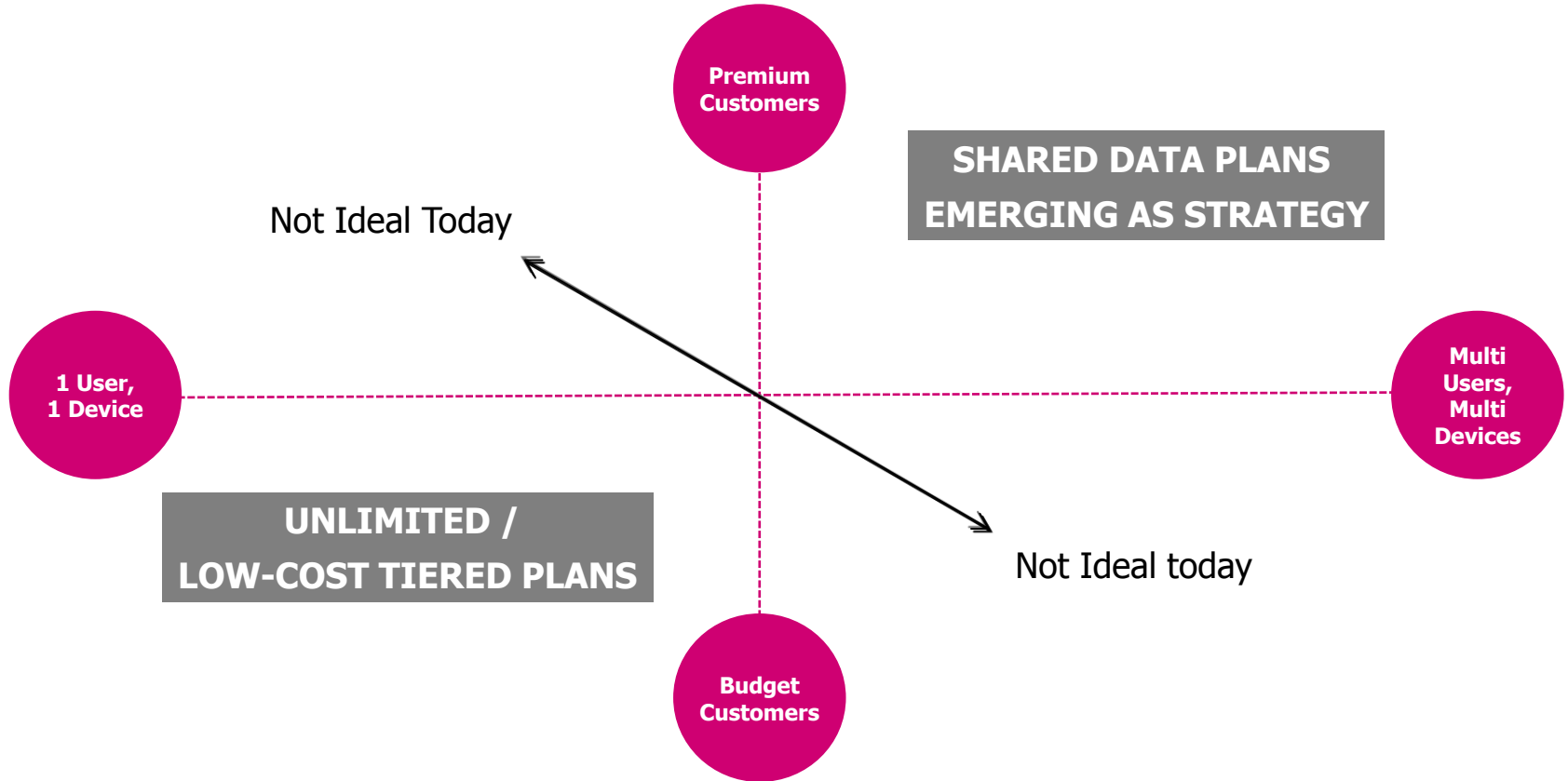
FAST TRANSITION TO LTE



Faster to LTE focuses investment on the future, resulting in CAPEX having "long life" depreciation

Assumption: Tier 1 European Operator with a 3% CAGR between 2012 and 2016

# LTE ALLOWS A RETHINKING OF THE BUSINESS MODEL



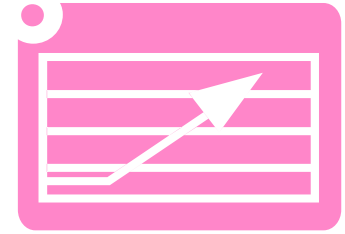
# STRONG EARLY MARKET RESULTS OF SHARED DATA PLANS



Consumers spend \$30/month more on shared data

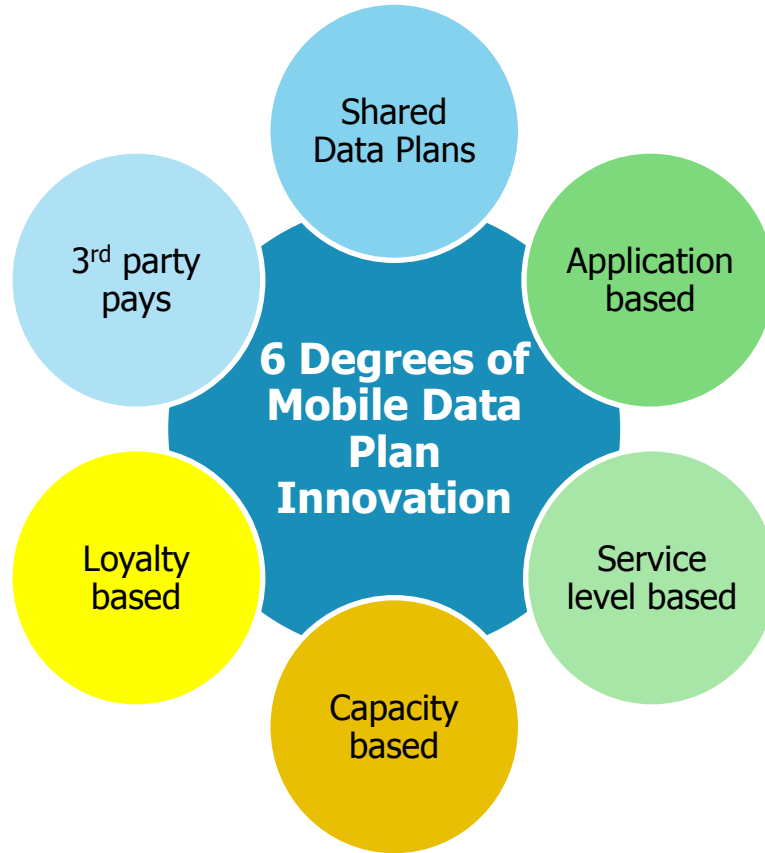


Consumers connect ~3 mobile devices / account



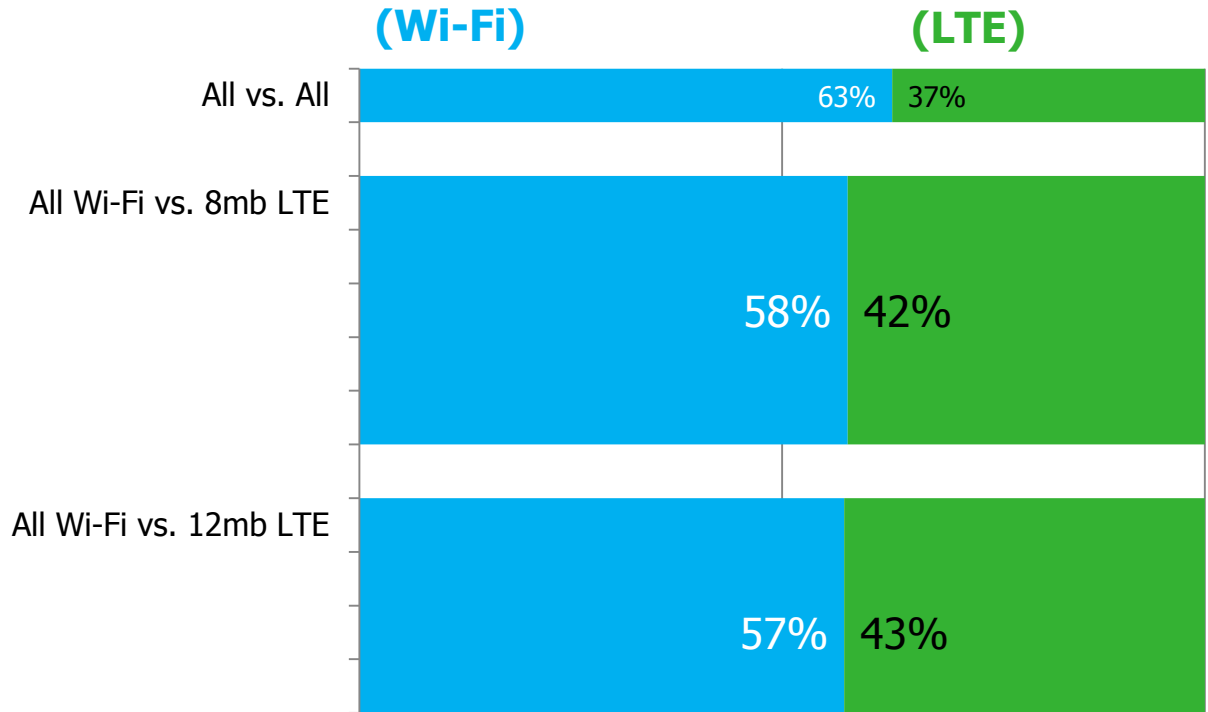
Strong growth in quarterly service revenues

# BUT HEY, WHAT ABOUT THOSE IN THE MIDDLE?



# LTE SPEED AND NATIONWIDE MOBILITY VS. WI-FI

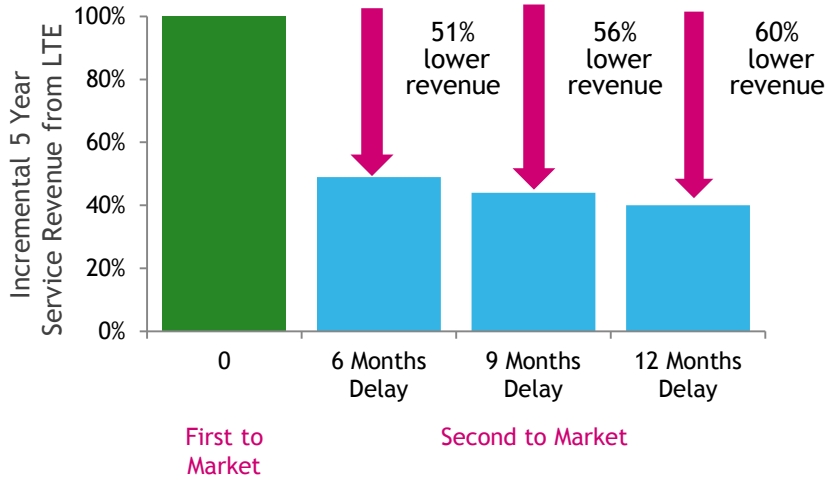
**Q84:** Assuming following two offers both cost the exact same amount, which would you prefer as the primary internet connection for you and those in your household?



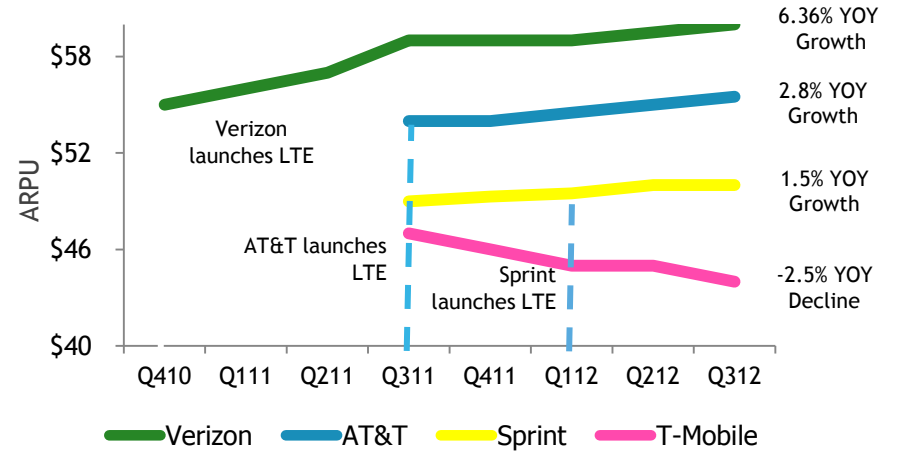


# FIRST MOVERS REAPING EARLY BUSINESS BENEFITS

## THE FIRST SIX MONTHS ARE CRITICAL



## A LOOK AT WHAT HAPPENED IN THE US



Source: Bell Labs Business Modeling (Based on Actual Market Dynamics)

Source: Industry reports

[www.alcatel-lucent.com](http://www.alcatel-lucent.com)