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IT'S A BANDWIDTH-HUNGRY WORLD

DELIVERING A REVOLUTIONARY USER EXPERIENCE WHILE EMPOWERING SERVICE PROVIDERS TO MEET THE GROWING SUBSCRIBER DEMANDS. NORTEL LEADING THE EVOLUTION.

[LEARN MORE AT NORTEL.COM/LTE](http://NORTEL.COM/LTE)

BUSINESS MADE SIMPLE

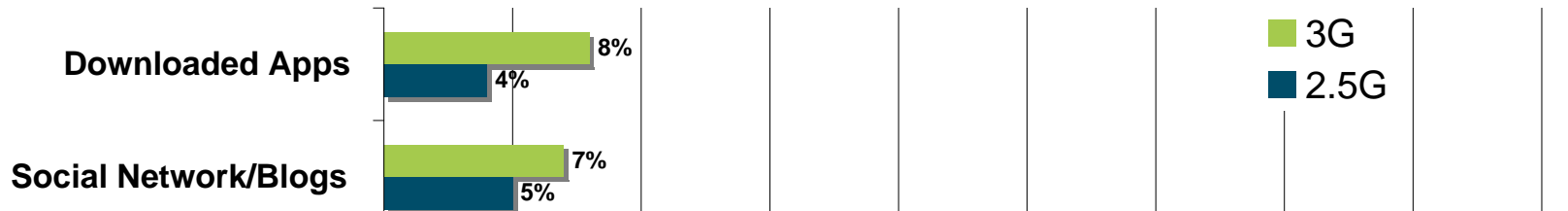


2009 Market

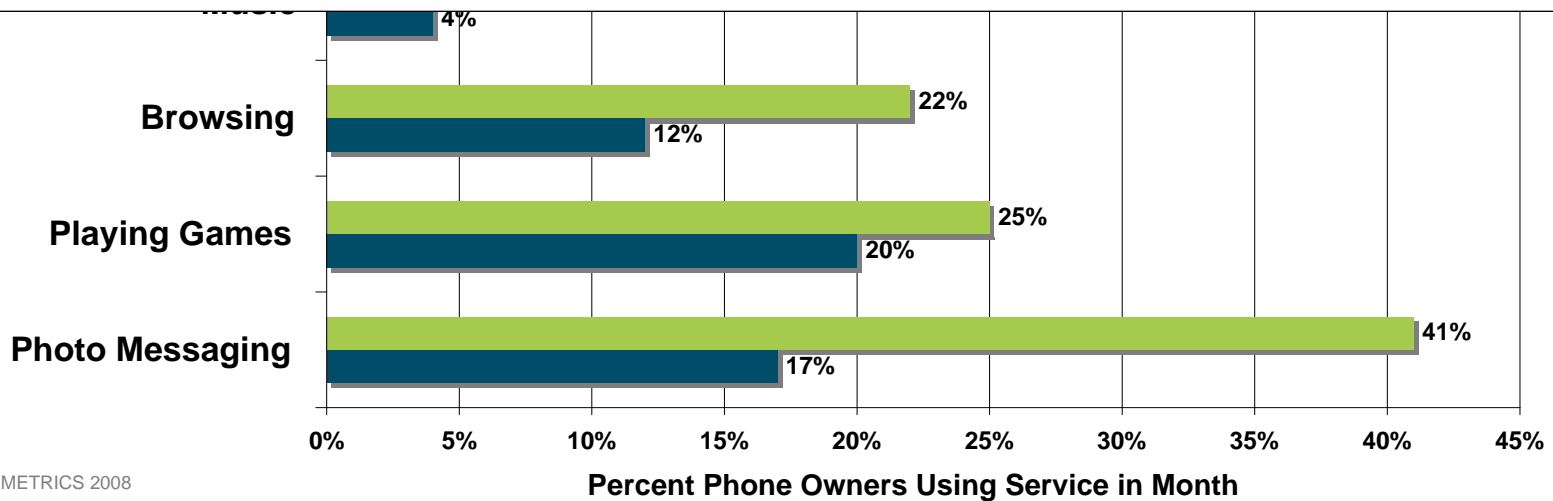
- **Economic Influences**
 - Wireless not immune, consumers and operators likely to manage spend closely
 - VC and Private equity limitations
- **Benefits of focused Business Models**
 - ✓ Unlimited players, Regionals, Verizon, ATT
 - × Tier 2, MVNOs,.....
- **Wireless ARPU flat lining**
 - Competition and economics pressure offset by data arpu improvements
 - Mobile advertising models emerging
- **Regulatory Transition**
- **Network Performance Focus**
 - DO Rev A, HSPA+, WiMax, LTE
- **Device Innovation**
 - Dueling Ecosystems and Operating Systems

Application usage is proportional to bandwidth available

Service Penetration, 3G v. 2.5G Phones, April 2008, US

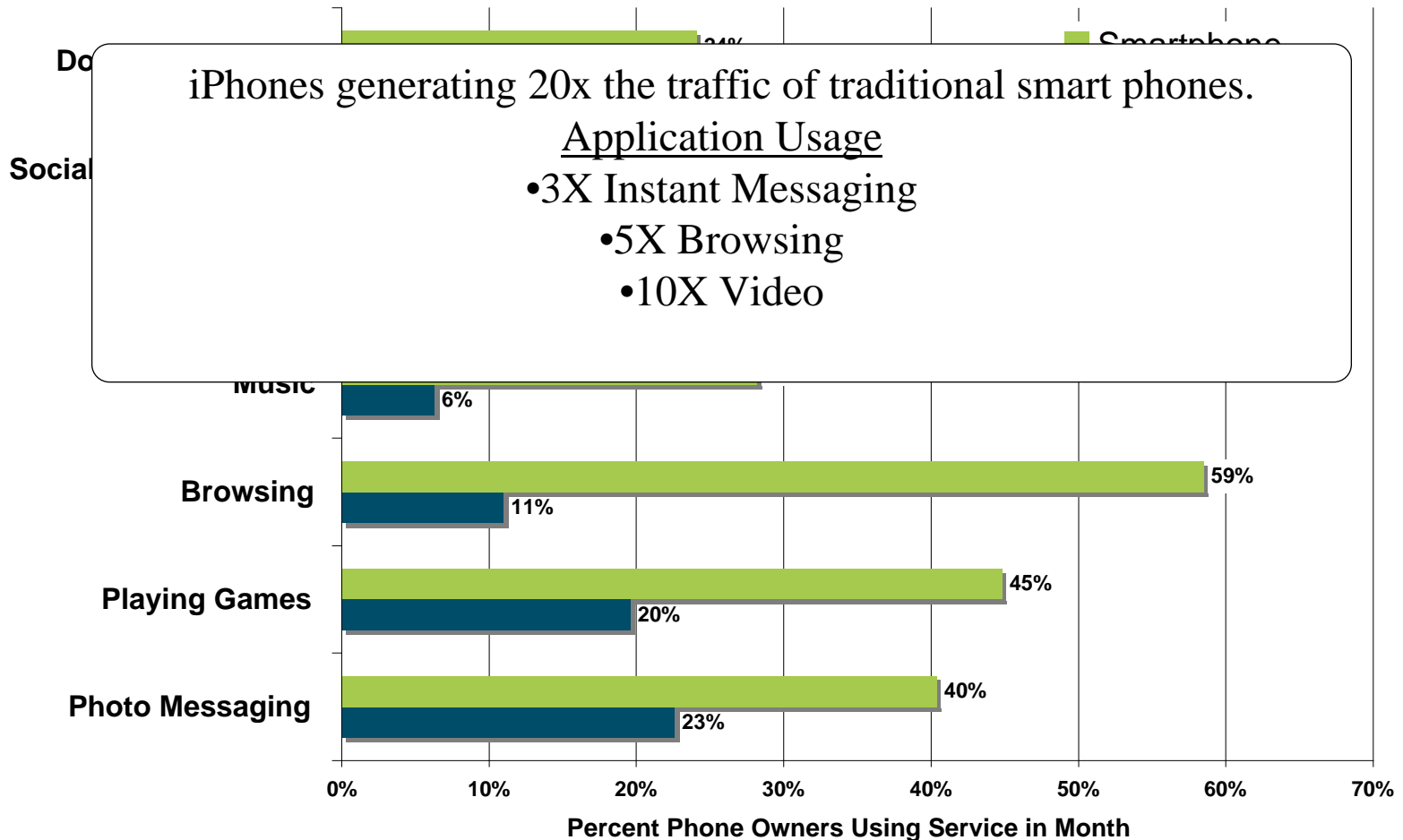


Verizon, which leads U.S. wireless operators with its 60 percent 3G subscriber penetration, saw the most growth in 3G usage and the most data revenue — \$2.6 billion for the quarter.



Smartphone users are browsing and gaming

Service Penetration, Smart v. Feature Phones, April 2008, US



Mobile Application Penetration

Paid Usage..at least once a month



Application

MMS
Ring tones



A. > 30% Penetration

Wallpaper, Screensavers
Ringback Tone
Mobile email
Mobile Info Services
Full Track Downloads



B. > 20% Penetration

Mobile Gaming
Mobile Search
Music Streaming
Mobile TV Video
Banking personal Finance



C. < 20% Penetration



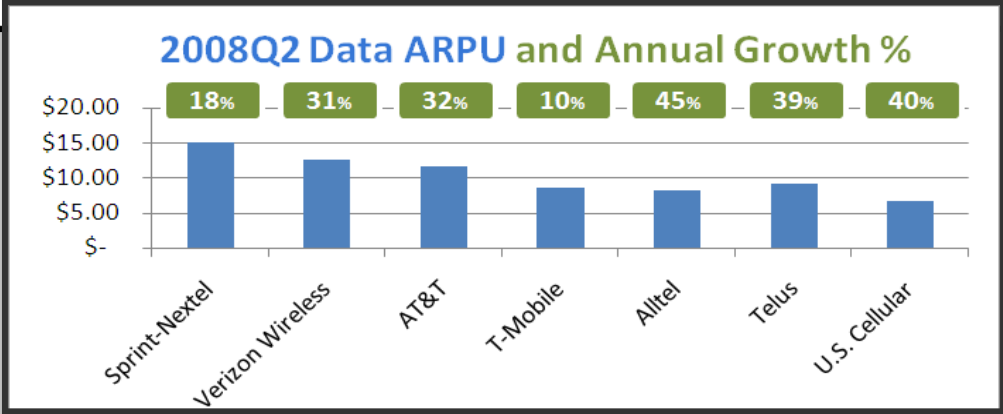
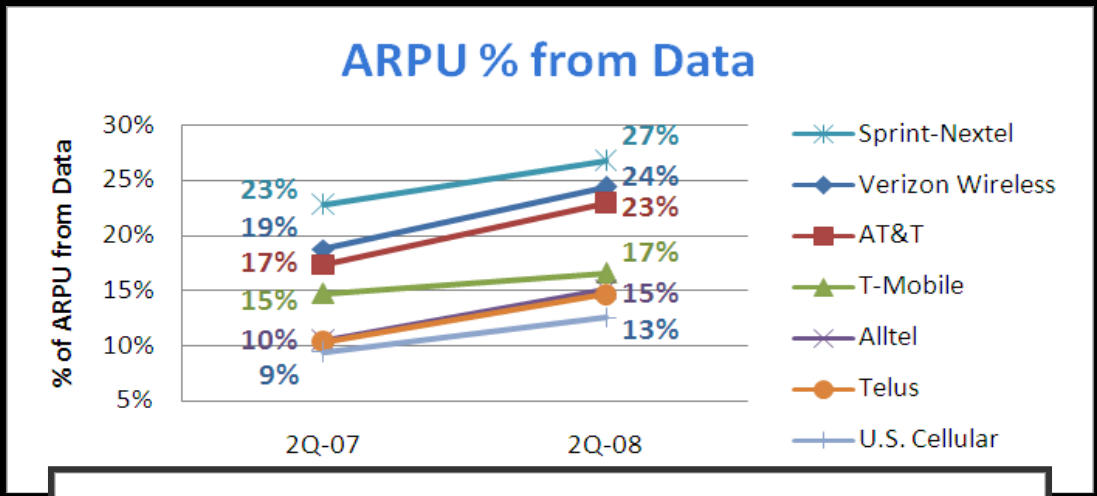
Navigation
Mobile Social networking
Push to Talk
Video telephony
Location Based Services
Mobile Adult Services



D. < 10% Penetration

Gartner, Dataquest Insight: Overview of Consumer Mobile Applications, 2008; Sandy Shen et al

Market Trends & Requirements



**Wireless Data Very Relevant
Wired Internet Setting Usage Expectations**

Key Market Attributes Summary

.....good news....not so good news



- **Encouraging Usage Trends**

- Accelerating PDA / Smartphone
- Deep market penetration of existing applications
- Key emerging application sets with strong consumer interest

- **Challenging Value Expectations**

- Internet net based value perspective
- Ad based model still evolving
- Off network applications, side loading
- Unlicensed access to subscriber

