

4G Wireless

Interop and MBX, New York



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Market Evolution

1

End User Trends

Demographic shifts

Service crossover behavior

2

Technology Trends

Continuum of lower cost per Gbit

Increased complexity & diversity of devices

3

Regulatory / Competitive Dynamics

Spectrum auctions

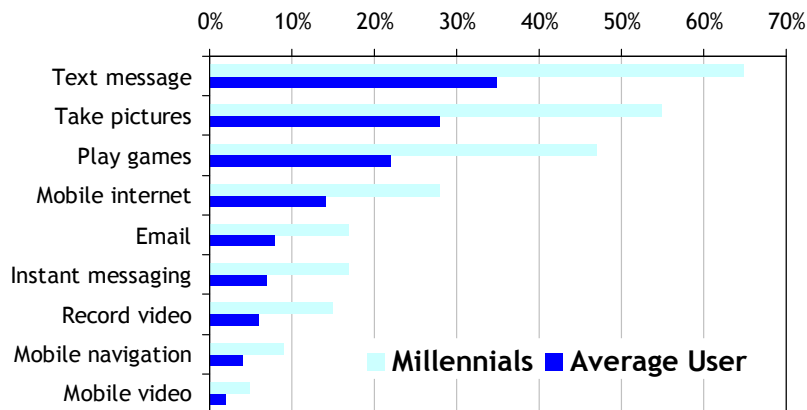
New business models

More brands

US End User Trends - Consumer and Enterprise

- Rise of the Millennials and Modernization of the Enterprise

Millennial Mobile Service Usage



Pew Research Center, April 2006

“Only 26 percent of teen cell phone users are voice-only customers, compared with 43 percent of adults.”

Source: Jupiter Research, May 2005

Millennials (11-30 years old)

- Rapid and intuitive adoption of new services and devices
- High content consumption and social interactivity
- Current behaviors in using various technology, applications, services, and devices will continue into their adult lives and become mainstream norms

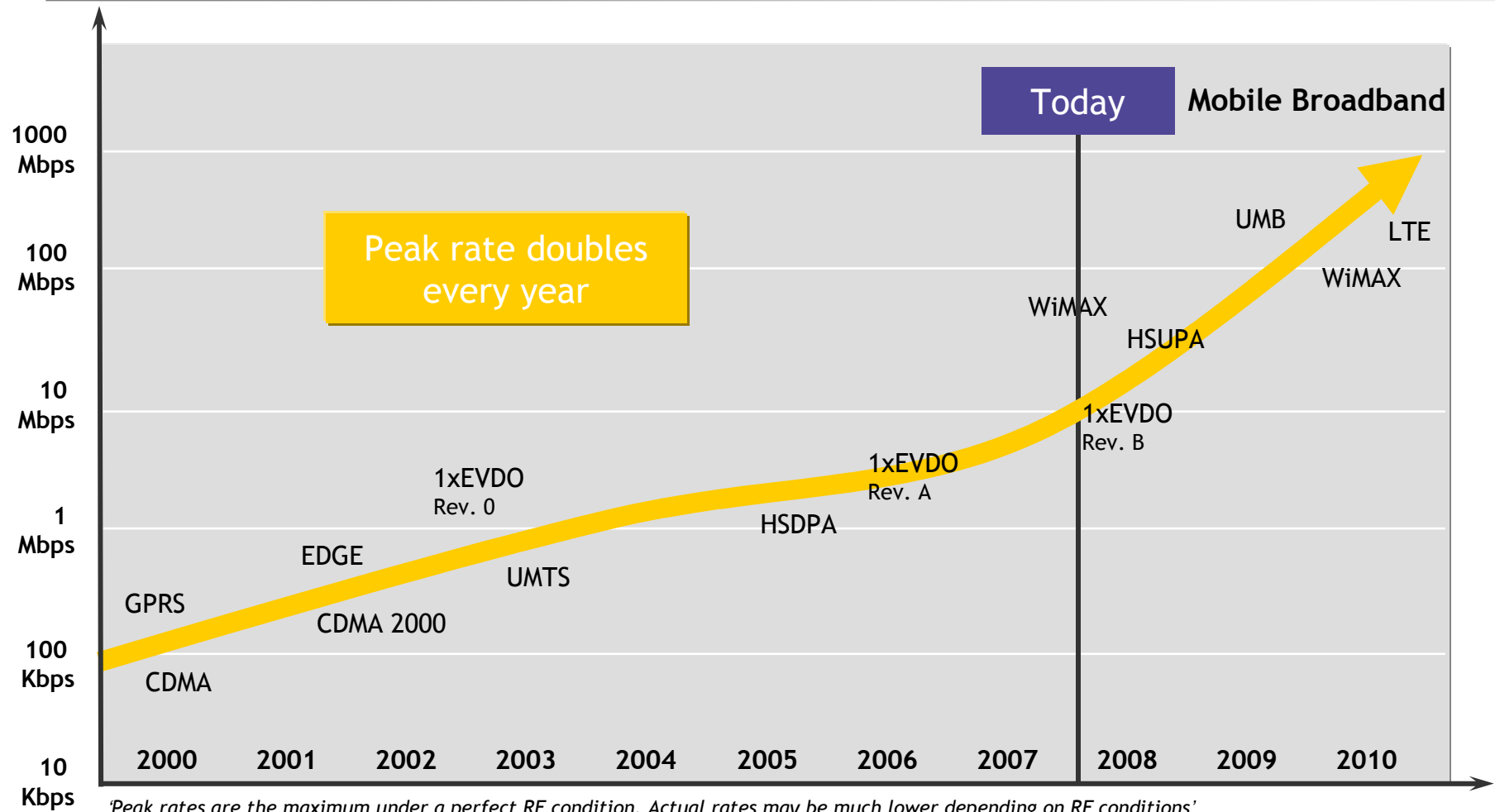
The next addressable market

Enterprise

- Influenced by tools used by younger generation entering workforce
- Collaboration through social networking tools (e.g. Wikis) is becoming more commonplace for internal projects
- Mobile Data accounts for highest growth rate in enterprise spending

Recapturing the innovative leader position in using new wireless applications





Wireless technology evolution enables the doubling of Peak Rates every Year








As bandwidth becomes ever faster and cheaper, ubiquitous broadband coverage becomes a reality...

US Regulatory & Competitive Dynamics impacted by 700Mhz Auction

- Industry consolidation to 4 incumbents
- AWS spectrum
- New Entrants

	Network/QoS Quad-play DOrA
	Xohm (WiMax, Clearwire Google) Pivot JV
	iPhone Quad-play Global Play
	Millennials Global play
Regional (Alltel, Leap Wireless, US Cellular, etc.)	Regional; Expanding w/ Spectrum
Cable MSOs	Content/VOD Nationwide

- 700 MHz auction
- New Entrants
- New rules, new business models





Regional?
Cable MSOs
 ?, ISPs?

2006

2007

2008

2009+

Rapidly changing regulatory and competitive landscape leading to more brands competing for the same users → driving need for Network and Service Transformation

Key Success Drivers to enable consistent growth

2007 Drivers

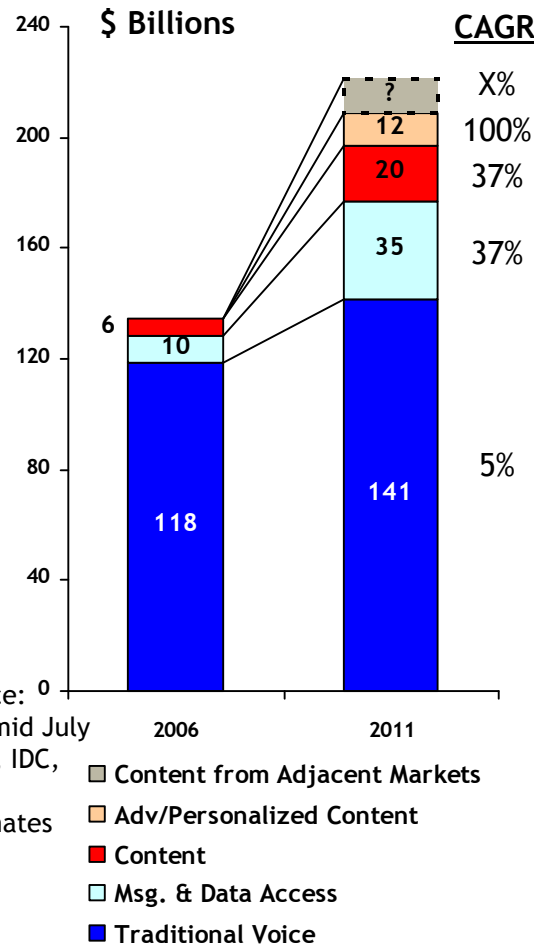
Market-based

- Brand Strength
- Voice services/quality and messaging services
- Flexible pricing plans (minutes, family plans, bundles) to accommodate diverse needs

Network -based

- Reliability and Quality of Service
- Technology Leadership
- Coverage & capacity for ease of use and access
- TCO excellence & established supply chain efficiencies

US Service Provider TAM



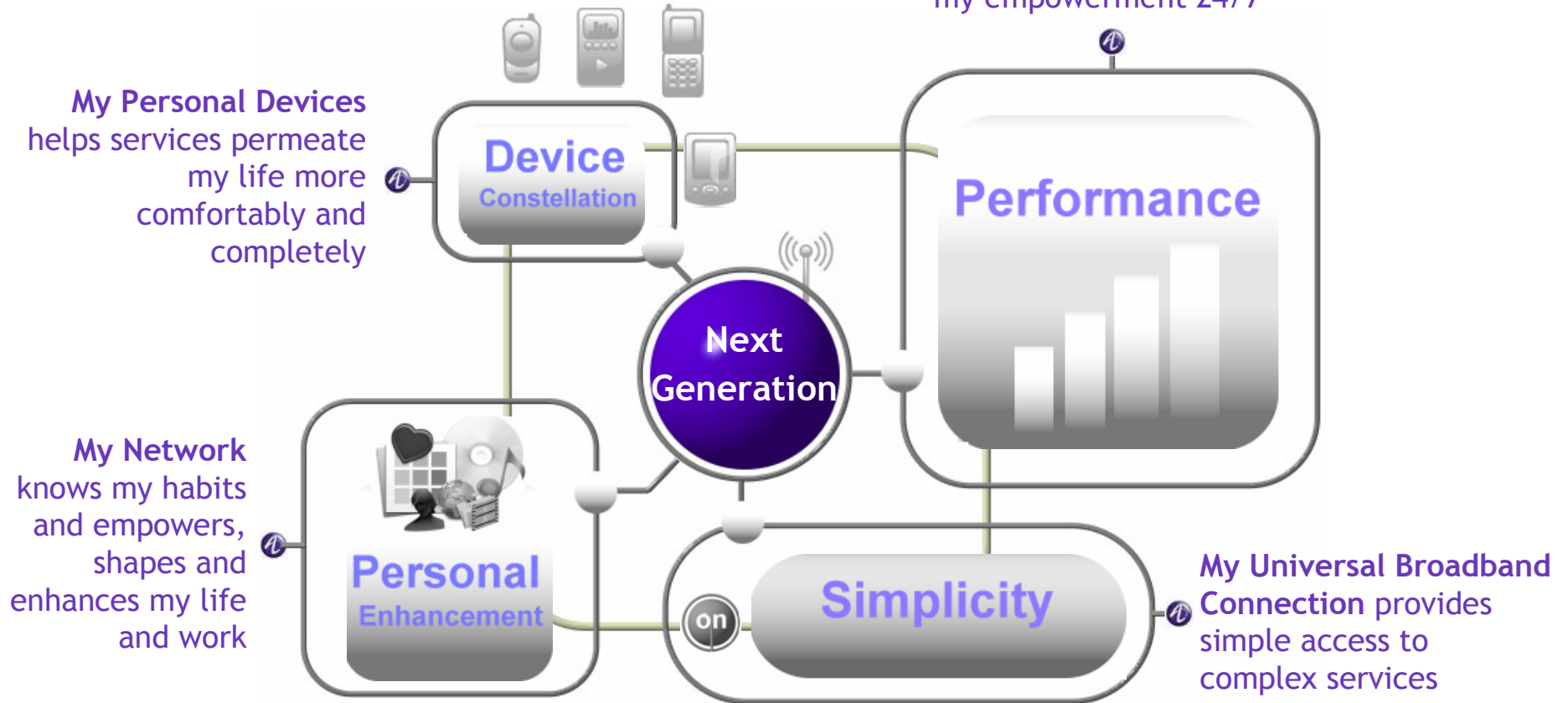
2011 Drivers

- Brand Strength
- Diversity of devices
- Unique, diverse & personalized content choices
- Alternative pricing plans (bundles, advertising) to accommodate diverse needs
- Drivers do not change

The industry is evolving from “Can you hear me now” to “Can you see me now”.

Alcatel-Lucent's Next Generation Wireless Vision

Herculean Networks with Streamlined Architectures enable my empowerment 24/7



Key Takeaways

- Significant opportunities for growth exist for the Mobile Industry
- End user behaviour trends lead to interactive, personalized and high-resolution communication
- Digitization is driving adjacent markets and wireless domain towards convergence and increased data usage
- These forces are transforming wireless services from basic data services to content/media rich experiences that are blended and personalized
- To capture the growth and enable service transformation, competitive network evolution is necessary

The background is a deep blue color with a fine, light-colored grid pattern. Overlaid on this grid are several abstract, glowing light streaks and curves in shades of light blue and white, creating a sense of motion and depth. The overall aesthetic is clean, modern, and technological.

www.alcatel-lucent.com