The trillion dollar revenue opportunity of UMTS

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3G on rocky ground?

The reality… a gloomy economy and harder times still for mobile industry

- Operators:
  - Big investments in licensing
  - Will terminals arrive in time, and in quantity?
- Manufacturers:
  - Job cuts, lower expectations
- Consumers:
  - Do they want mobile data services after a poor early experience with WAP over GSM?

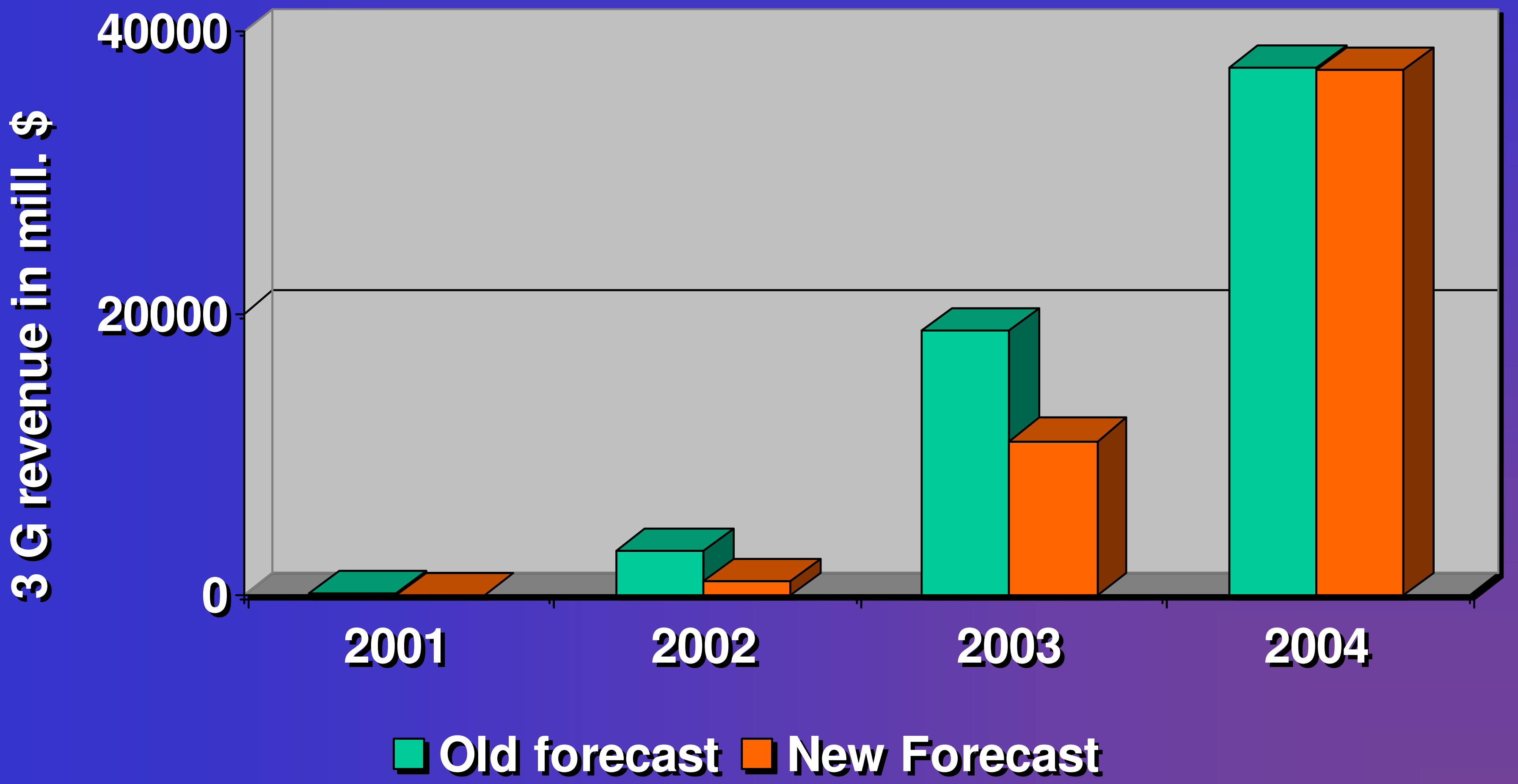
But there are good news!

- Japan launch of FOMA the 1 October
- Successful 3G trials in many countries
- Major vendors is committed to introducing terminals from Q3 2002
- WAP v.2 evolving to suit 3G needs

The 3G Market study

- 3G Market Study (Report #13) updated to reflect latest changes in outlook
- Changes in the rate of uptake of services
- Small changes in long-term figures
- Small changes in total revenue opportunities

Changes in revenues



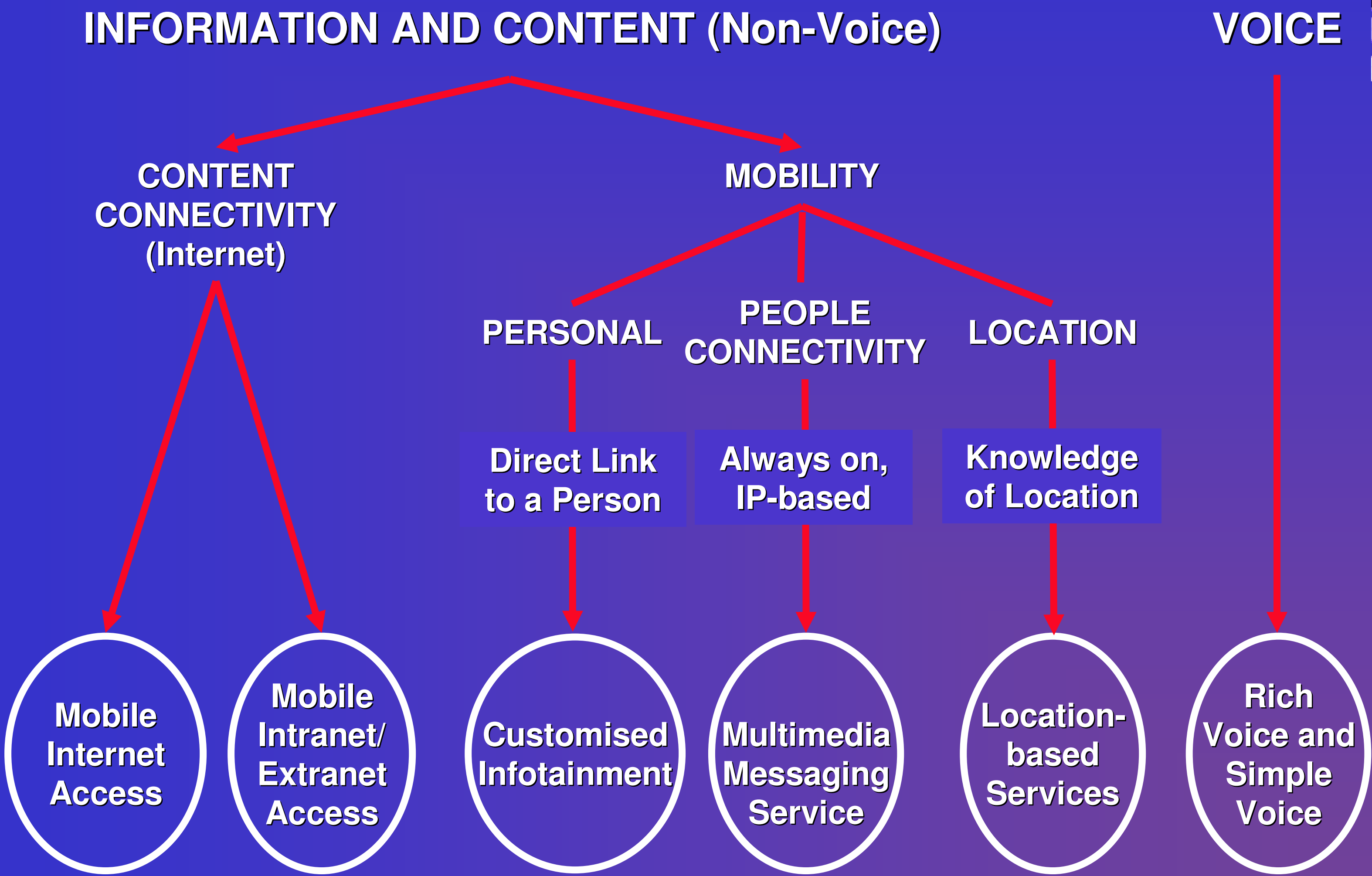
Key assumptions

- **Growth in 3G subscribers** estimated from existing forecasts for worldwide mobile subscribers and 3G substitution rates
- **Worldwide service subscriptions** determined using adoption rates by service, applied to 3G subscribers
- **Service revenue forecasts** determined using known willingness-to-pay for analog services

Key assumptions continued

- **No additional operator-retained revenue** included for those services and applications users will expect as part of their future service package
- **Average worldwide pricing** assumed
- **Significant price declines** assumed over the forecast period for each service
- **Country level service demand** determined considering current mobile penetration levels and other economic, social and regulatory factors

Services framework



Source: Telecompetition,Inc August 2000

3G user needs

- Demand will be driven by the following user needs:
  - Anywhere, anytime access to information
  - Access to corporate networks from any device
  - Access to all messages (voice, email, multimedia, fax) from any single device
  - Video and Web conferencing
  - Access to specific types of information (financial, recreational)
  - Social contact (community of interests)
  - Access to location-based information on demand

Impact of 3G share on ARPU levels

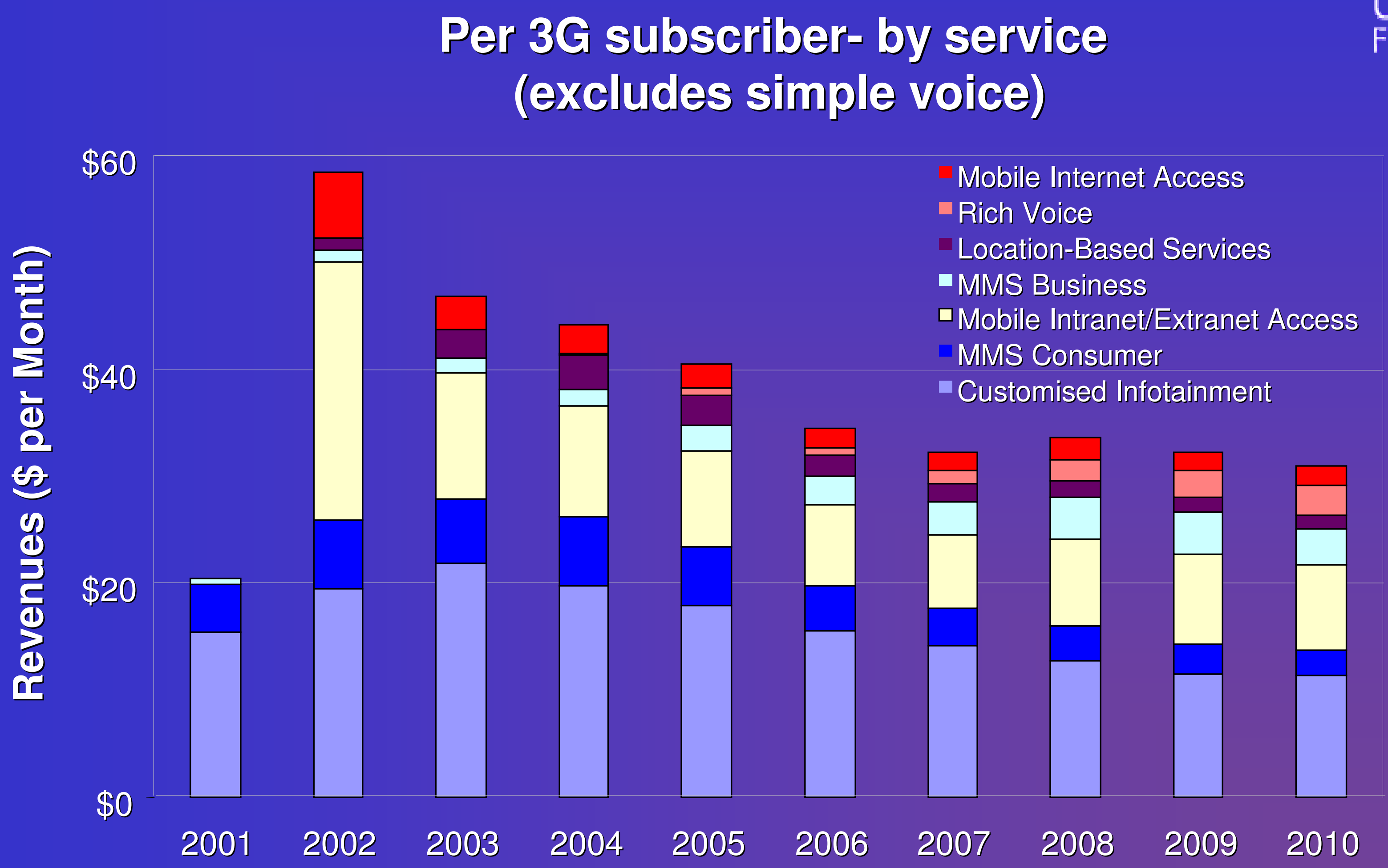
Source: Telecompetition Inc., February 2001

Is ARPU a useful tool in the 3G market?

The use of ARPU, mobile penetration rates and subscriber numbers as performance indicators for 3G has to be treated with caution:

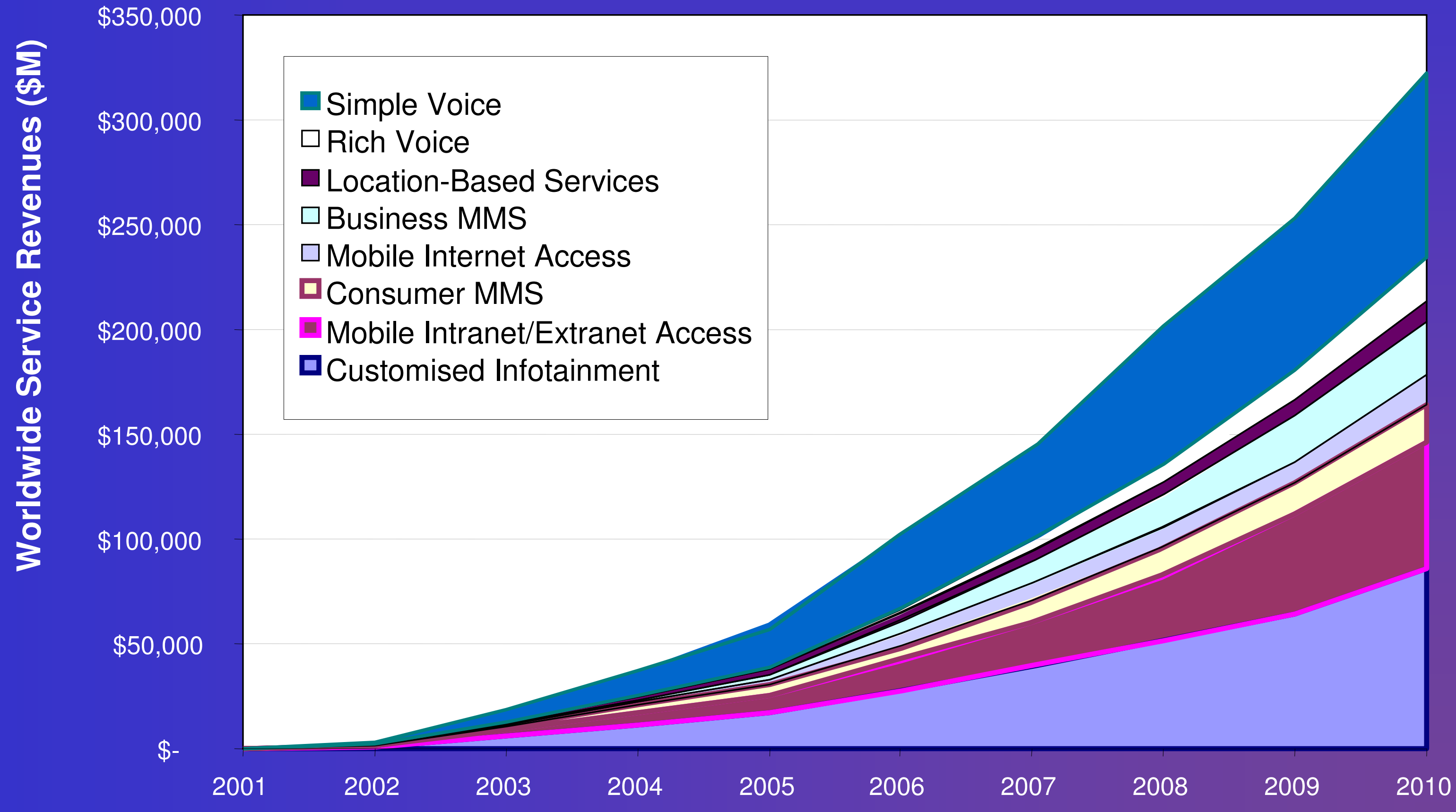
- In a 3G environment, not all subscribers will take a subscription for all services.
- High subscriber numbers without an underlying revenue stream do not guarantee a sustainable long-term business.

Incremental Revenues



Source: Telecompetition Inc., February 2001

Long-term revenue growth till 2010



Source: Telecompetition Inc., August 2001

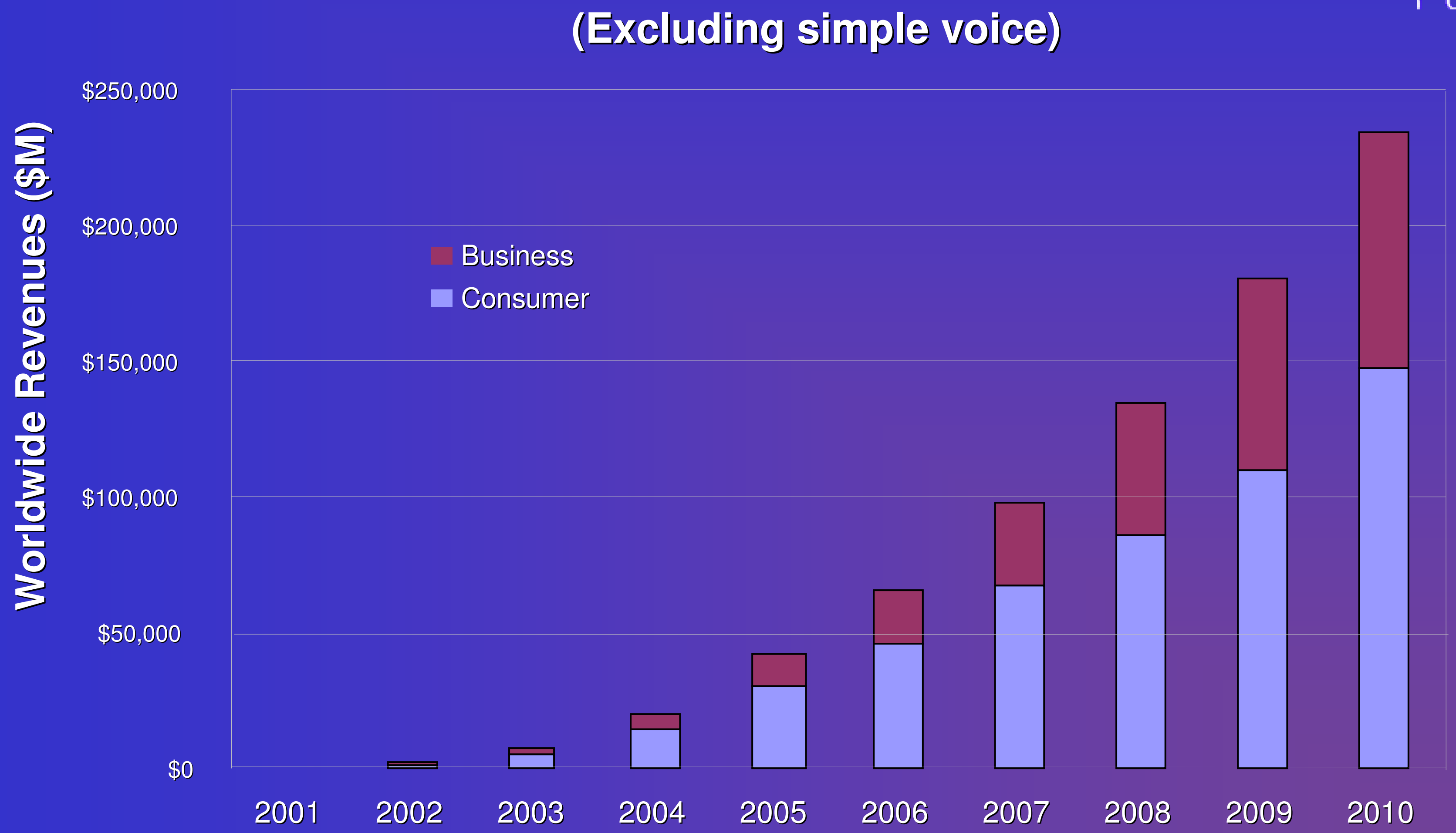
Long-term revenue opportunities for operators

- Customized Infotainment will be the largest revenue opportunity for the consumer segment
- Mobile Intranet/Extranet Access is the largest revenue opportunity for the corporate sector
- Multimedia Messaging Service is the second largest revenue opportunity for the business sector:
- Managed corporate services will serve to retain customers, but will not be a significant revenue stream
- Location-based services may not be a significant revenue opportunity for operators

Long-term revenue opportunities for operators

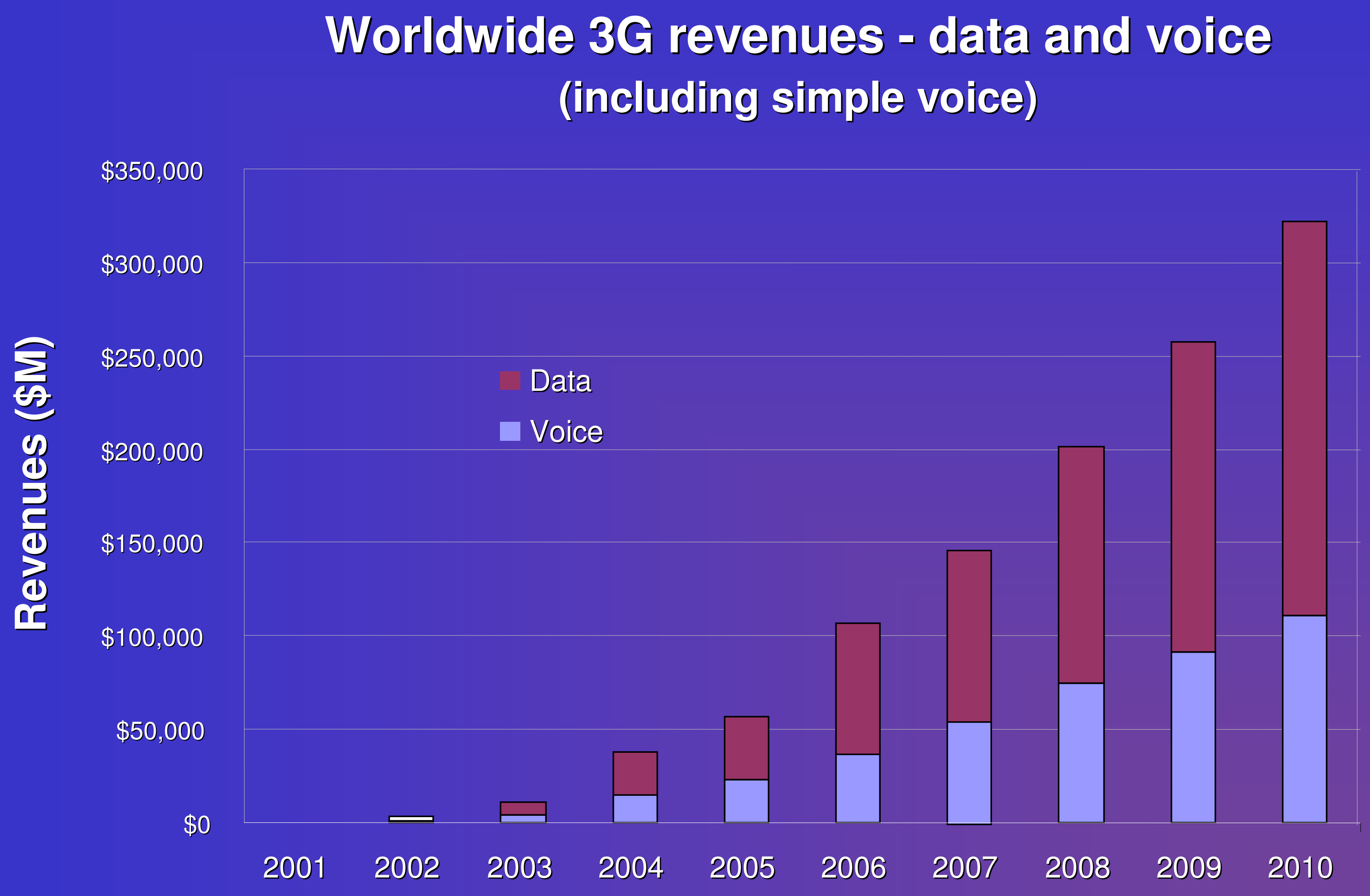
- For business and consumers Simple voice will remain a vital component of operators' service portfolio: In 2010 subscribers using a 3G device will generate $88 bn revenues from simple voice services, compared to $233 bn for all other services
- From now to 2010 3G subscribers will generate around one trillion dollars of additional revenue

Revenues by segment



Source: Telecompetition Inc., August 2001

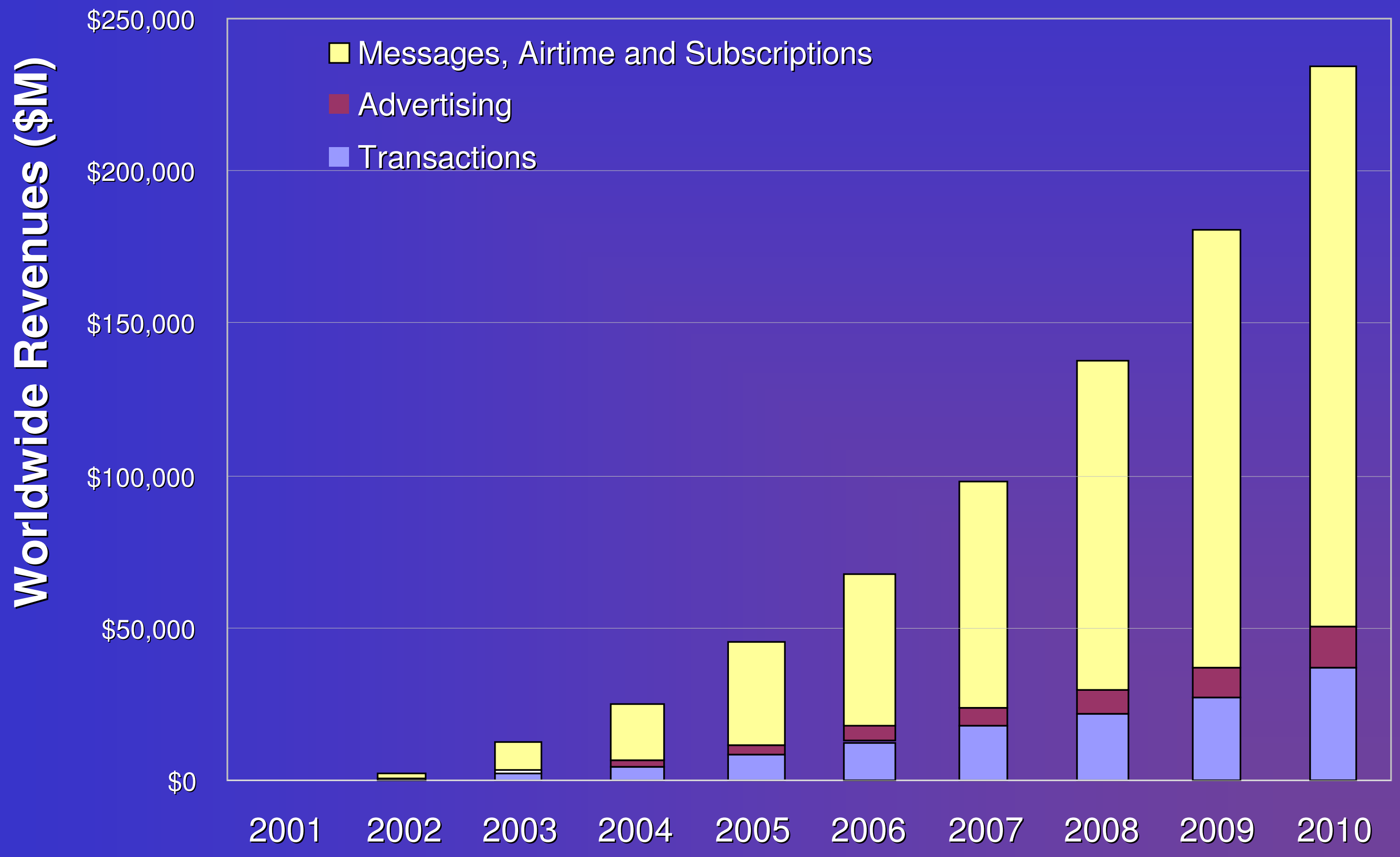
Revenues: Data and voice



Source: Telecompetition Inc., August 2001

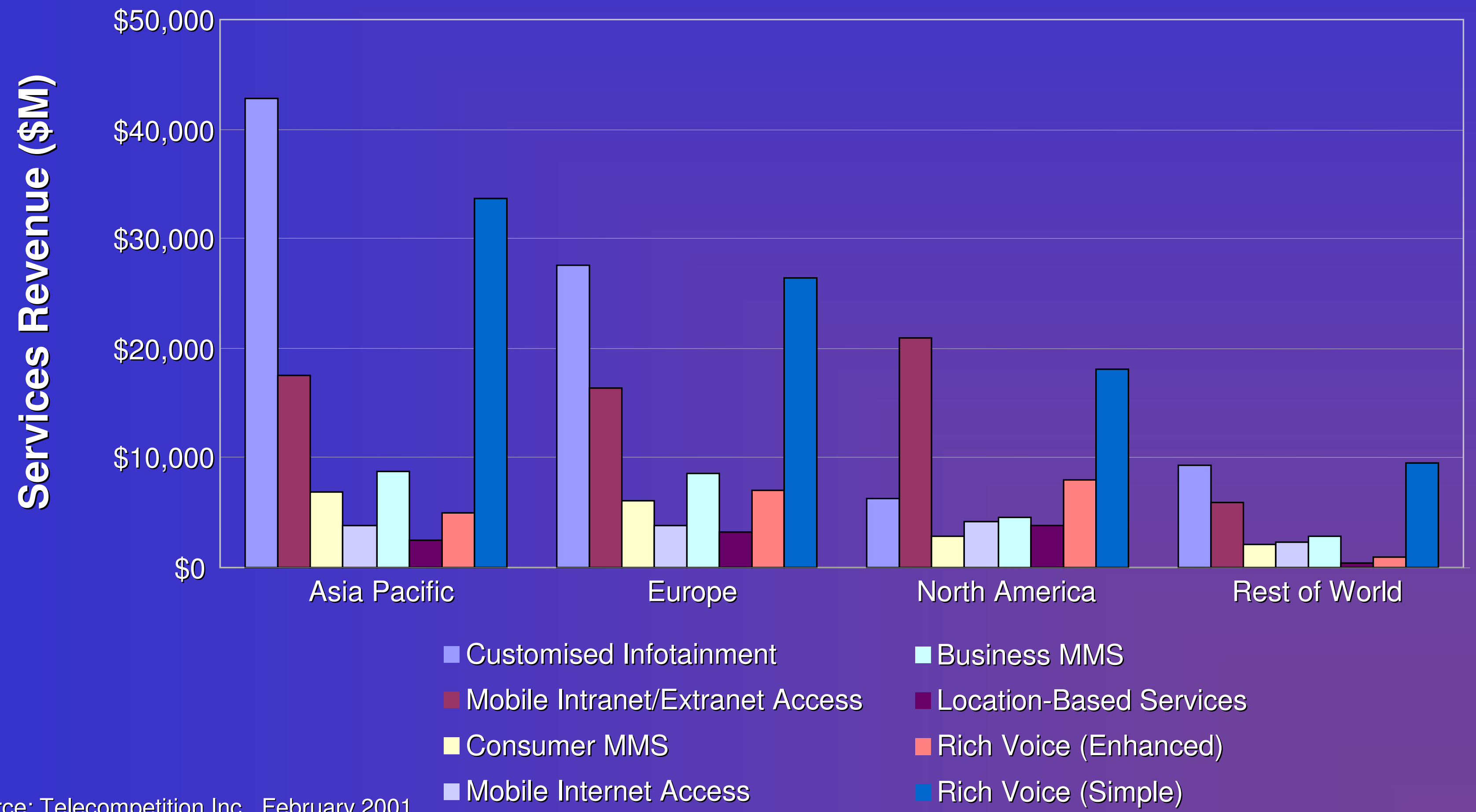
Revenue by revenue type

(Excluding simple voice)



Source: Telecompetition Inc., February 2001

Revenue comparison by service by region - 2010



Source: Telecompetition Inc., February 2001

Highlights

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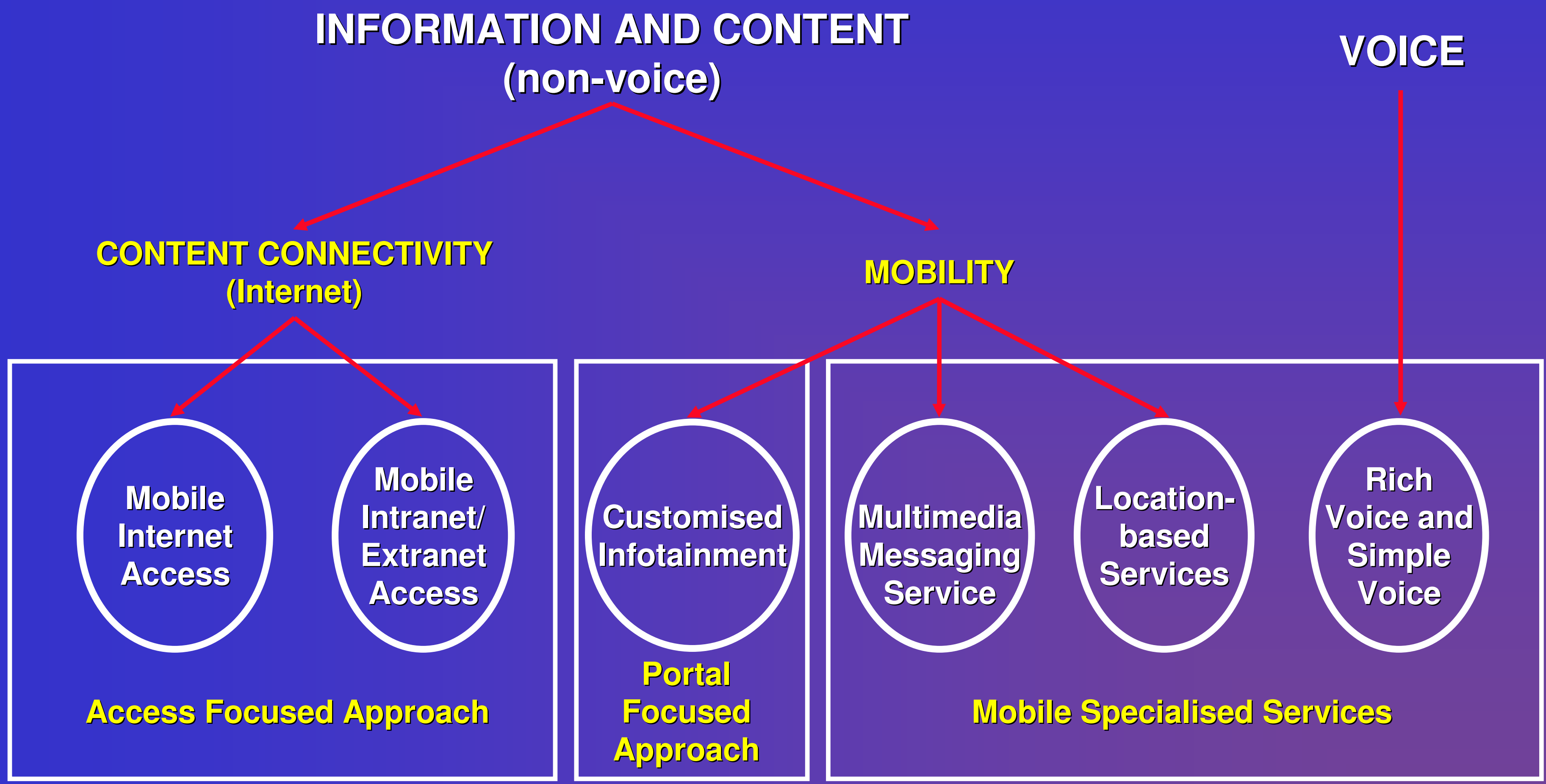
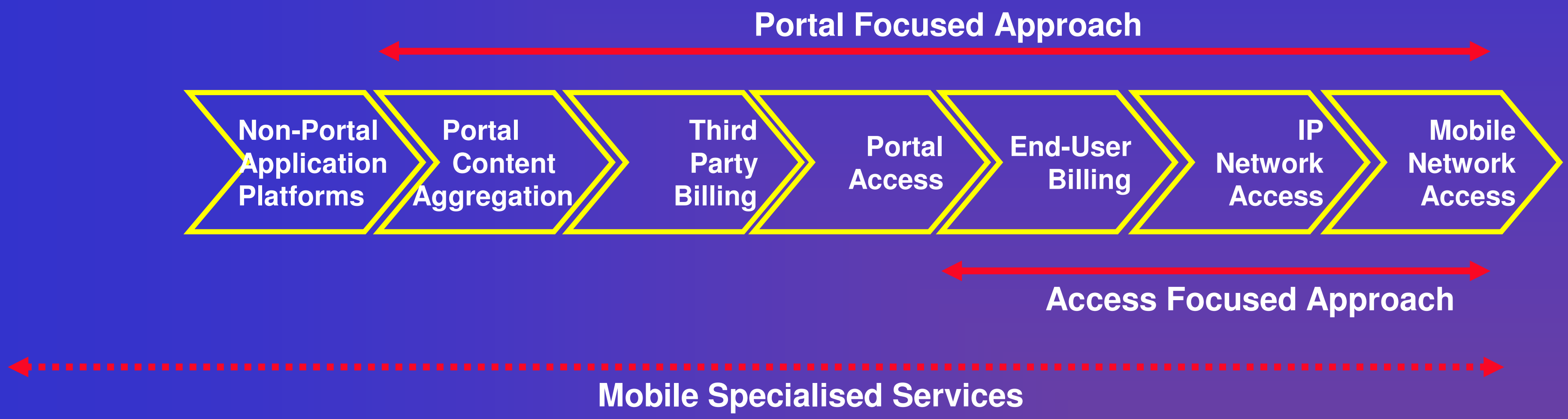
- $320 billion in revenues in 2010
- Cumulative revenues of more than $ 1 trillion from now until 2010
- In 2010 the average 3G subscriber will spend about $30 per month on 3G data services
- Non-voice service revenues will dominate voice revenues by year 3 and comprise two thirds of 3G service revenues by 2010
- Asia Pacific represents the single largest total revenue opportunity - reaching $120 billion in 2010
- Europe and North America will provide the highest annual revenue per POP.

Business model framework



Source: Telecompetition,Inc August 2000

Value chain positioning



Source: Telecompetition,Inc., February 2001

Business Opportunities: Industry Structure

- Revenue streams for 3G operators are highly dependent on the business models which they and their partners adopt
- The 3G operator role will change from a simple voice-only, direct relationship with the user to one which involves:
  - Multiple partners
  - Revenue sharing, and
  - Third parties also targeting the end-user

Market Study Summary

- Very encouraging prospects for 3G
- Over the long term, only 3G will meet customer needs
- Voice will remain a key source of revenue
- 3G data services are the key to reverse declining ARPU and generate customer loyalty
- Operators will need to offer services which genuinely fulfill market needs
- Operators will need to forge strategic partnerships and adopt appropriate business models targeted to specific customer segments