GSMA MOBILE™ WORLD CONGRESS

BARCELONA 2-5 MAR 2015



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GSMA Seminar Theatre 2015

Mobile – Wi-Fi

Is there room for both licensed and unlicensed networks?

The benefits of aligning industry and governments on spectrum management

Mike Wright, Group Managing Director

Networks, Telstra

IT'S HOW WE CONNECT

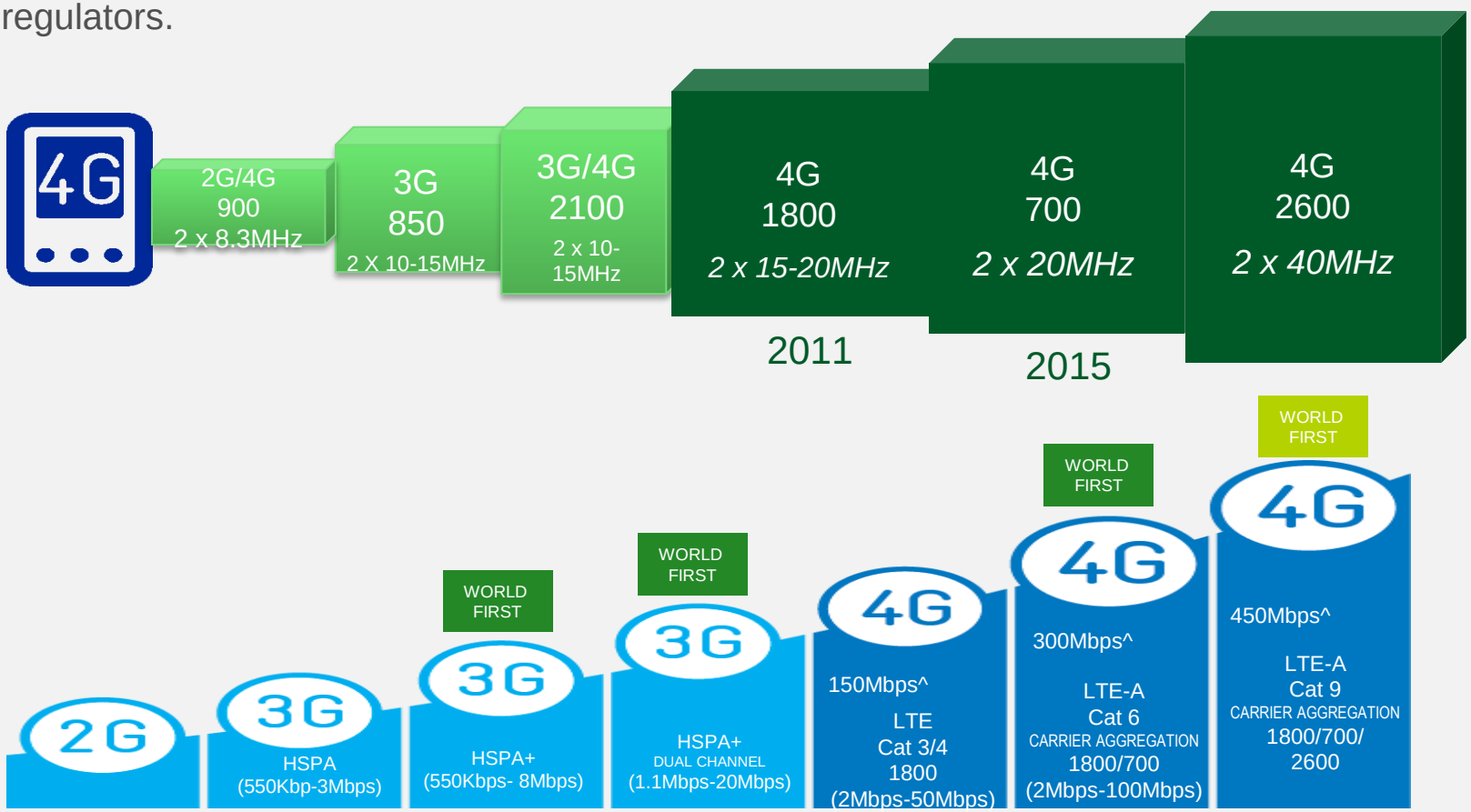
Spectrum is the lifeblood of our networks. With it also comes the complexities of planning, building and optimising the investment in networks.

Carriers and Governments need to work together on jointly understanding and navigating the best outcomes for the community.

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TELSTRA HAS A CLEAR SPECTRUM STRATEGY AND ONE OF THE MOST ADVANCED NETWORKS

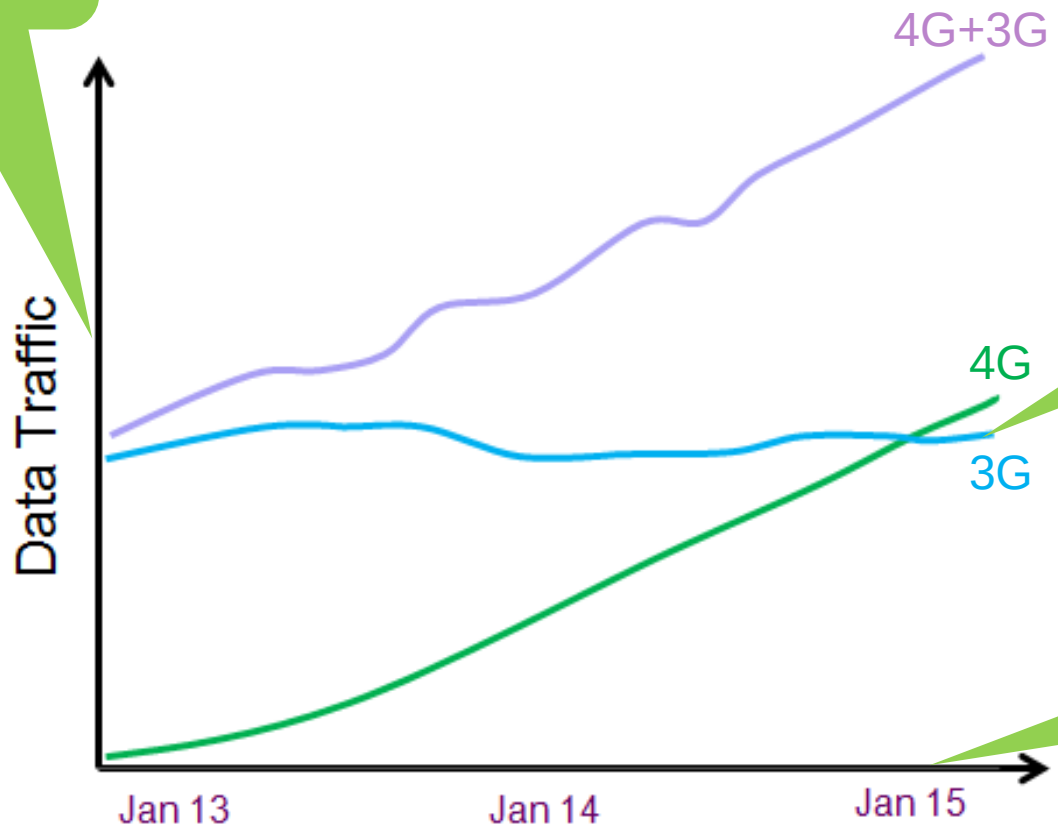
The development of a comprehensive spectrum strategy requires an in depth understanding of future trends, development and promotion of industry standards, and close consultation with regulators.



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UNDERSTANDING DEMAND: Allows optimisation of traffic balance and investment returns. 4G traffic now exceeds 3G

Flexible spectrum rules allowed LTE1800 to launch in Sept 2011.

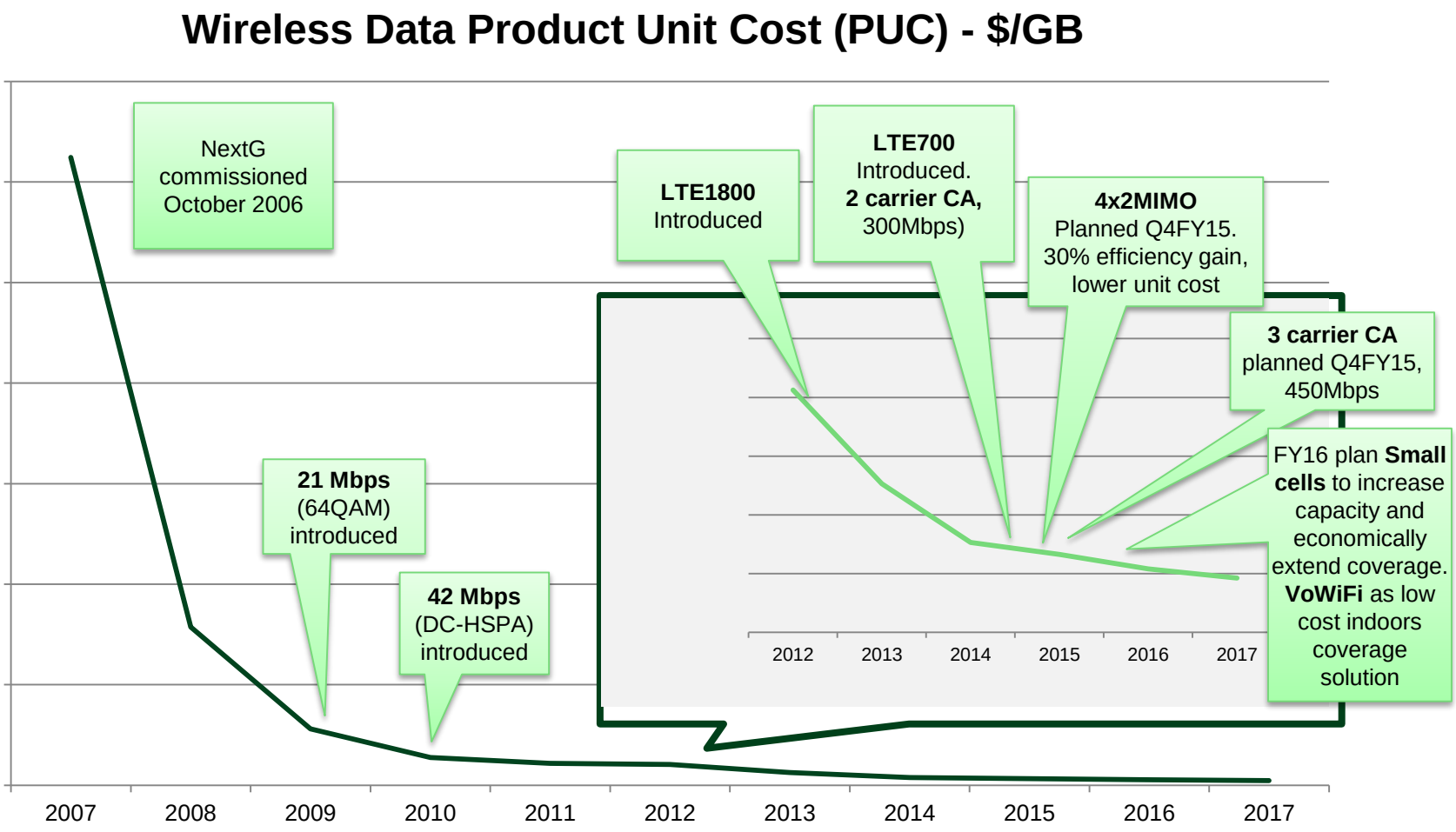


Careful balance of 3G to not overinvest and to extract value from earlier investment

2G traffic has reduced to very low levels and will close end 2016

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OPTIMISING USE OF SPECTRUM AND TECHNOLOGY EVOLUTION ALLOWS LOWER COST TO HELP OFFSET GREATER DEMAND



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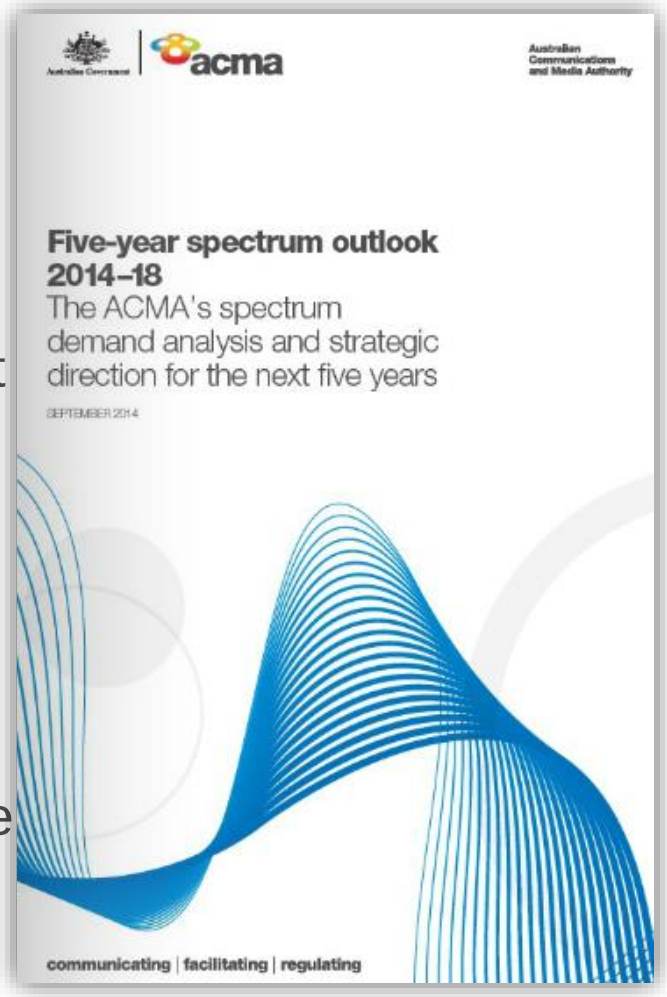
BY WORKING WITH CARRIERS GOVERNMENTS CAN GAIN SUFFICIENT FUTURE VISION TO ALLOW CUSTOMER DEMAND TO BE MET AS IT ARISES

In Australia, the Australian Communications and Media Authority (ACMA) manages spectrum.

Telstra has a strong and effective working relationship with the ACMA on the development of spectrum strategy.

In September 2014, the ACMA launched the *Five-year Spectrum Outlook* providing greater insight and transparency for spectrum users.

The document provides some clarity on how the increase in demand for spectrum will be managed across all industries.



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EFFECTIVE AND TRANSPARENT PROCESSES ENABLED EARLY DEPLOYMENT OF APT700

In 2013 Telstra invested $1.3 billion on 2x20MHz of APT700 and 2x40 MHz of 2600MHz.

This spectrum will enable management of data demand well into the future.

Whilst formal access to APT700 was planned for 1 Jan 2015, many of the Analog TV channels have been closed and bands re-stacked well before.

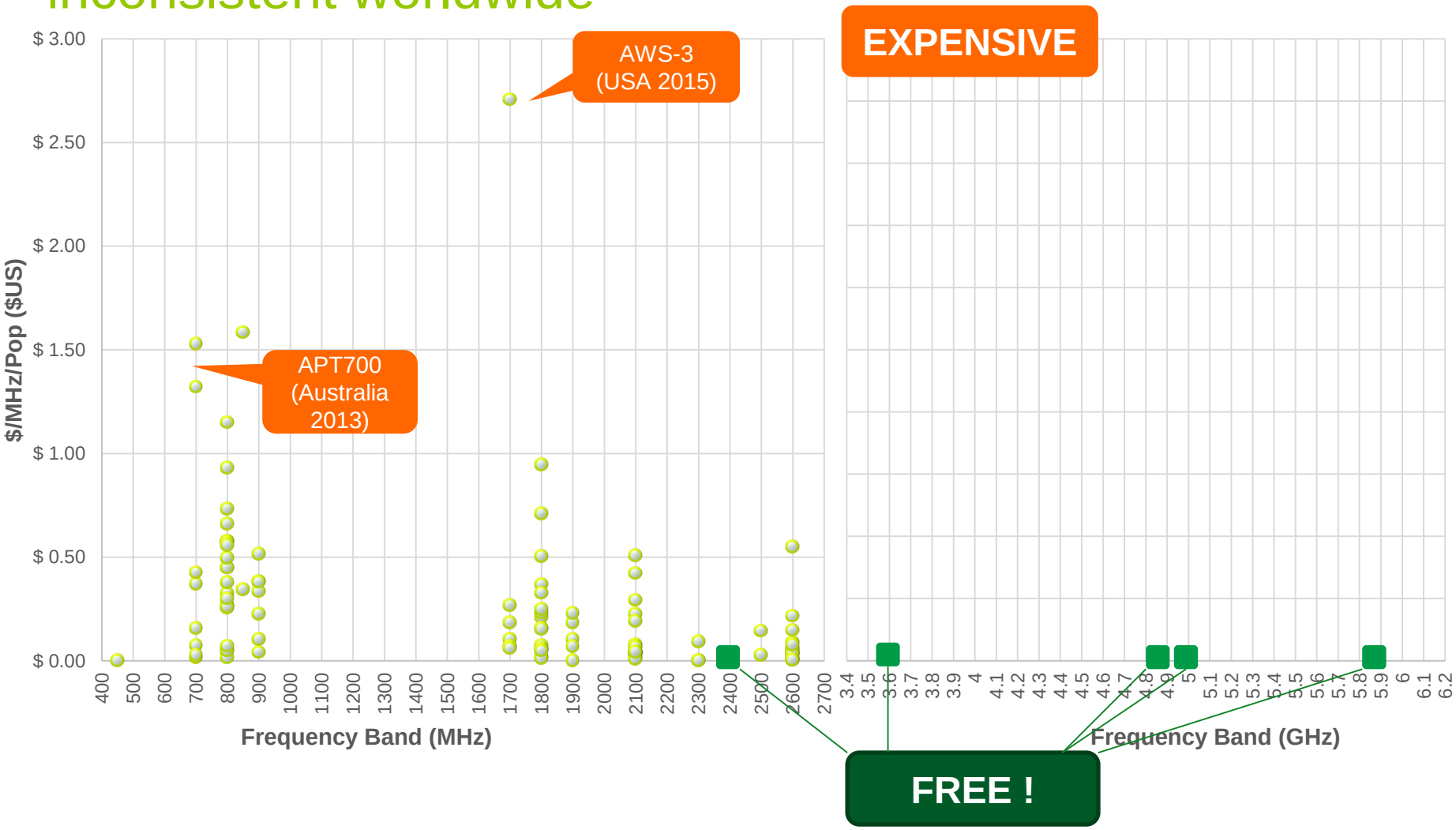
Telstra worked with the ACMA to secure early access licences in many areas under a set of clear set of conditions including:

- community consultation, notification to all levels of Government, advertisements in newspapers, a dedicated web page and extensive testing to ensure wireless audio devices (which use the same or similar spectrum) were not impacted.

Though this process, we were able to launch a superior APT700 4G service in parts of all major capital cities and 50 regional centres up to 6 months early.

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Spectrum pricing and policies vary widely and are inconsistent worldwide



Spectrum Auction prices in Various Bands (2010-2015) + WiFi

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GOVERNMENTS AROUND THE WORLD NEED TO BE CLEAR ON PLANS & INTENT FOR SPECTRUM PRICING

Extracting very high prices for licenced spectrum has a consequence:

- Operators have less capital to invest in network rollouts so consumers get a poorer service and the economy fails to get the productivity benefit of a connected and mobile broadband world.
- Costs get passed on to consumers.

Unlicensed spectrum has a benefit but it isn't a cure all:

- Unlicensed spectrum provides a great benefit in wireless connectivity and convenience in local areas and for innovative applications.
- Unlicensed spectrum is not a replacement for planned and managed networks.
- Free networks are not free, even on unlicensed as someone pays to build and maintain or else they congest or deteriorate.

Too much focus on unlicensed/ free spectrum has a consequence.

- The allure of free can distort investment and markets so there needs to be a balanced and clear communication of intent.

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Thank you

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