



Migration into Next Generation Access Networks in Germany

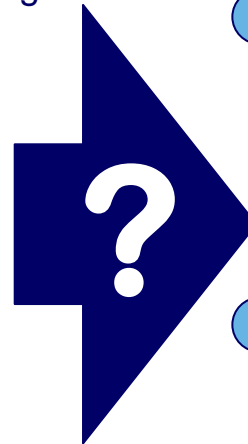
Investment in the context of the financial crisis

Berlin, February 12th, 2009

A Telefonica company

Where is Germany ...?

- ① - >96% DTAG ADSL coverage
 - >70% cumulated competitor ADSL2+ coverage
 - Mobile Broadband in roll-out
 - White spots
- ② - DTAG: 51 FttC cities
 - DTAG: 30 additional FttC cities?
 - Scattered and small scale FttB/H roll-outs
- ③ - Fierce Competition among broadband providers
 - Cable Operators with high growth from low base
- ④ - Consolidation has slowed down
 - Borrowed capital more difficult to obtain



... where is Germany supposed to be from the political perspective?

- ① - by 2014: 75% coverage with 50 Mbit/s
 - by 2018: nationwide coverage 50 Mbit/s
 - no white spots until 2010
- ② - As much infrastructure investment as possible
 - Co-operations DTAG/competitors
 - Contribution to a way out of the recession

... What is needed to get there ...

1 No single player will execute nationwide NGA investment alone:

- ⇒ multiple players need to invest
- ⇒ avoid future monopoly
- ⇒ non-discriminating open access model needs to be established

2 Large scale competitor investments only if:

- **Clear and stable conditions for future NGA environment**
 - Infrastructure access and fees (cables, ducts, cabinets, etc.)
 - VDSL bit-stream access (incl. fees)
 - broadband cable regulation
 - Digital dividend and fair re-farming
- **clear and fair conditions for current business**
 - Fair regulation for German ULL fees (today € 10.50)