www.firstnet.gov

Industry Analysts Webinar

October 19, 2015

What is FirstNet?

➢ **Mission**
- Based on 9/11 Commission Report recommendations, FirstNet will ensure the building, deployment, and operation of the nationwide public safety broadband network
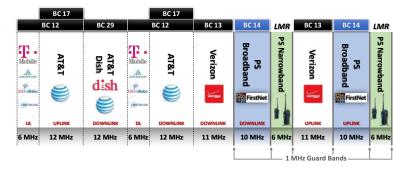
➢ **Organization**
- FirstNet is an independent authority authorized by Congress

➢ **Funding and Assets**
- FirstNet will spend up to $7B to deploy a nationwide Pubic Safety mobile broadband network
- FirstNet brings 20 MHz of Band 14 spectrum to enable a Public-Private Partnership

➢ **Governance**
- 15 member Board, CEO, President and management team
- Mandate to coordinate with the 50 states, 5 territories, and Washington, D. C.
- Advised by Public Safety Advisory Committee (PSAC), a 40-member committee
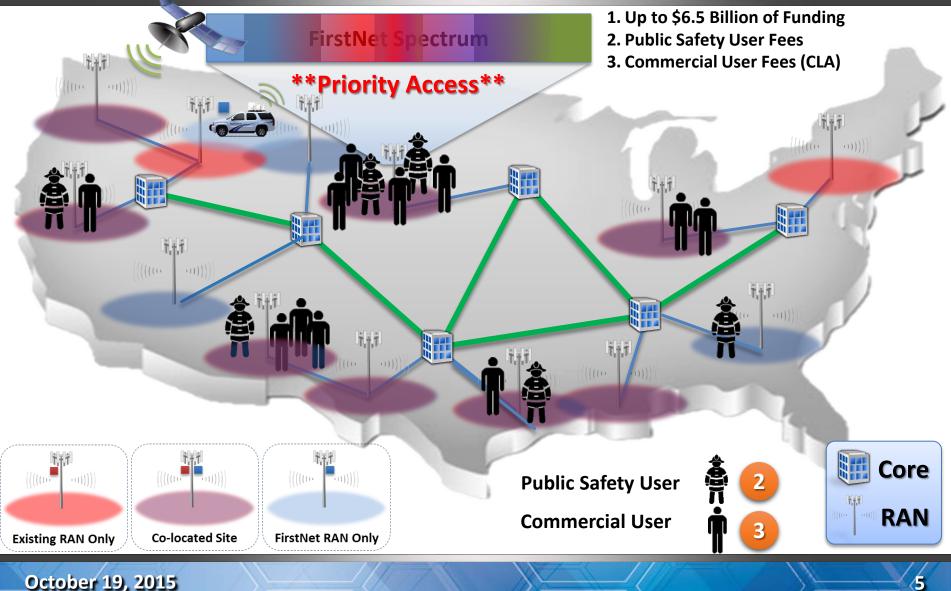
The FirstNet Opportunity

In the United States, the number of mobile-connected devices will grow at a compound annual growth rate of 22% from 2014 to 2019. (CISCO)

In the United States, mobile data traffic will grow 7-fold from 2014 to 2019, a compound annual growth rate of 47% (CISCO)

- ***The FirstNet opportunity represents one of the few opportunities to enter the U. S. market, or materially expand an existing U. S. network, with new cleared spectrum***

- The FirstNet opportunity is less capital intensive and less cash intensive than customary auction and build scenarios

- The FirstNet opportunity offers the potential for significant U. S. and international pull through benefits from Public Safety services delivery

Notional Deployment Approach

FirstNet Spectrum

Priority Access

1. Up to $6.5 Billion of Funding
2. Public Safety User Fees
3. Commercial User Fees (CLA)

Existing RAN Only

Co-located Site

FirstNet RAN Only

Public Safety User — 2

Commercial User — 3

Core

RAN

Public Private Partnership Value Distribution

A Unique Public/Private Partnership Will Achieve FirstNet's Mission

FirstNet Provides

- 20 MHz of prime spectrum
- Up to $6.5 Bn to offset network costs
- Relationship with Public Safety stakeholders
- Total of up to 25 year contract term
- Priority and preemption services

Partner Provides

- Assets, capabilities and synergies to meet FirstNet stated objectives:
  - Nationwide Core Network
  - Nationwide Radio Access Network (RAN)
  - Nationwide Backhaul
  - Deployment, Operation, Maintenance
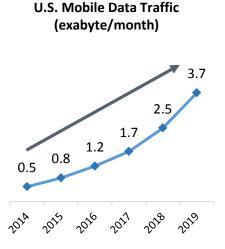- Fixed payment to FirstNet to ensure sustainability

FirstNet Gets

- Annual payment for value blocks
- Nationwide Public Safety mission achieved, with priority, preemption and a resilient network
- Meet Public Safety needs through partnership SLAs

Partner Gets

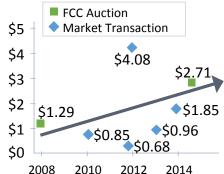- Cash payments based on buildout milestones
- Rights to monetize 20 MHz of spectrum, market value in the tens of billions
- Total of up to 25 year contract term
- Sticky market of millions of Public Safety users
- Domestic/Global pull through benefits

Guam   America

FirstNet Business Case Drivers

Innovative Solution to Meet Exploding Demand

U.S. Mobile Data Traffic (exabyte/month)

- 2014: 0.5
- 2015: 0.8
- 2016: 1.2
- 2017: 1.7
- 2018: 2.5
- 2019: 3.7
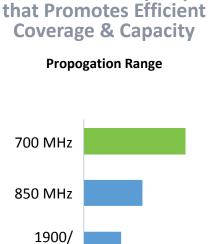
Excess network capacity will provide additional options for meeting rising data demand.

Alternative Approach to Traditional Spectrum Acquisition

Comparable Transactions 700 MHz/AWS Spectrum ($/MHz-PoP)

- FCC Auction
- Market Transaction

- $1.29 (2008)
- $0.85 (2010)
- $4.08 (2012)
- $0.68 (2012)
- $0.96 (2013)
- $1.85 (2014)
- $2.71

The RFP offers an alternative to increasingly expensive spectrum transactions.

"Beachfront Property" that Promotes Efficient Coverage & Capacity
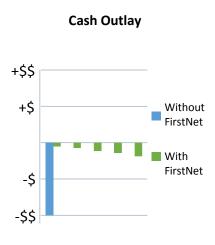
Propogation Range

- 700 MHz
- 850 MHz
- 1900/2100 MHz

Efficient 700 MHz band spectrum allowing signals to penetrate buildings and to cover larger geographic areas with less infrastructure.
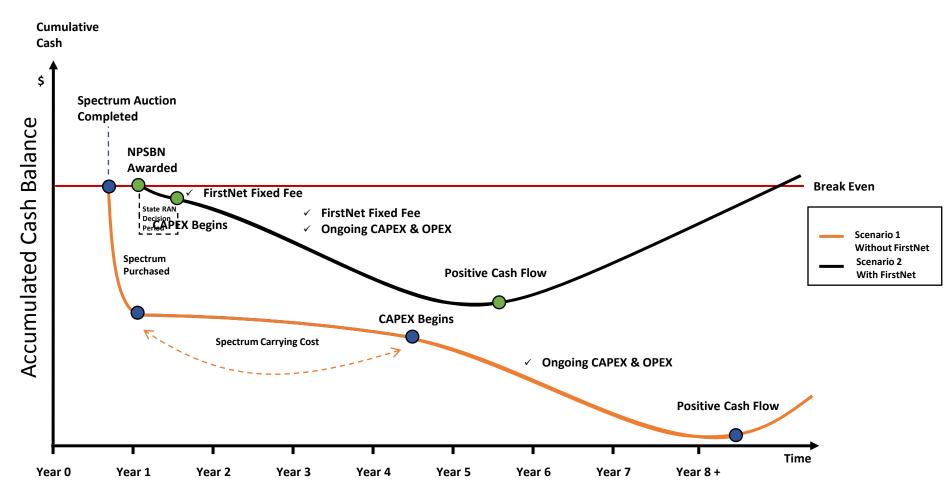
Superior Working Capital Profile

Cash Outlay

- +$$
- +$
- -$
- -$$

- Without FirstNet
- With FirstNet

Acquiring spectrum typically requires significant upfront cash. Relationship with FirstNet enables more favorable outflows.

All facts, figures and information provided for illustrative purposes only. No information contained herein should be relied on as the basis for a proposal to FirstNet or for any other purpose. Information about the sources of facts, figures and information herein is located at www.firstnet.gov/resources
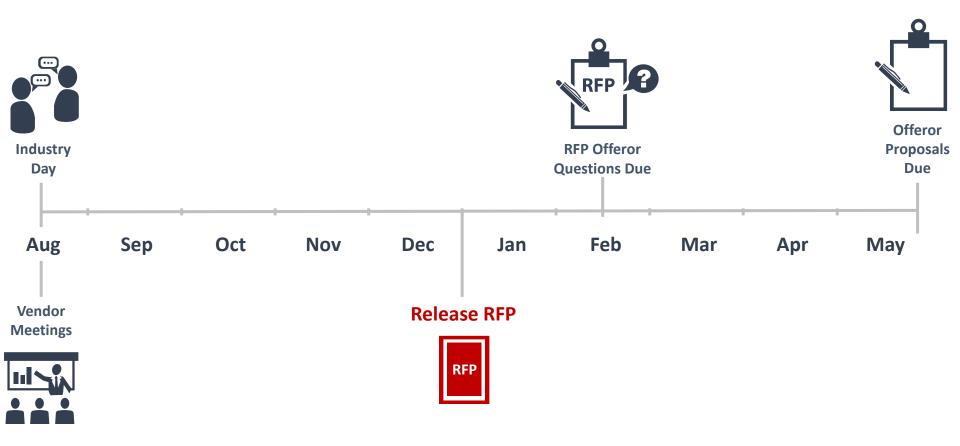
Cumulative Cash

$

Accumulated Cash Balance

Spectrum Auction Completed

NPSBN Awarded

✓ FirstNet Fixed Fee

State RAN Decision Period

CAPEX Begins

✓ FirstNet Fixed Fee
✓ Ongoing CAPEX & OPEX

Spectrum Purchased

Positive Cash Flow

Break Even

Scenario 1 Without FirstNet

Scenario 2 With FirstNet

Spectrum Carrying Cost

CAPEX Begins

✓ Ongoing CAPEX & OPEX

Positive Cash Flow

Time

Year 0   Year 1   Year 2   Year 3   Year 4   Year 5   Year 6   Year 7   Year 8 +

*not to scale; for illustrative purposes only.

FirstNet is On Schedule For a December RFP Release to Industry

Industry Day

Vendor Meetings

RFP Offeror Questions Due

Offeror Proposals Due

Aug Sep Oct Nov Dec Jan Feb Mar Apr May

Release RFP

RFP

* Events and dates subject to change

Thank You

Q&A