

## Wireless Capital's Wireless Update Volume 4, Issue 6: June 2007

Welcome to the June issue of Wireless Capital's *Wireless Update Newsletter*.

Our goal is to help wireless leaseholders become more knowledgeable about the wireless industry by monitoring and summarizing the latest developments in the wireless industry that have the greatest potential landlord impact. Each monthly issue of the *Wireless Update Newsletter* summarizes the top telecom news of the month. And each quarter we publish an expanded issue that includes bonus features such as industry interviews and landlord case studies.

### *Top Telecom News*

#### *Alltel Sold for \$27.5 Billion*

Private equity firms TPG (formerly Texas Pacific Group) and Goldman Sachs agreed to acquire Alltel Corp in a deal worth \$27.5 billion. The telecommunications company, with about 12 million cell phone users spanning 35 states, ranks fifth in the number of customers behind Verizon, AT&T, Sprint, and T-Mobile. For 2006, Alltel reported revenues of \$7.9 billion and net income of \$1.1 billion. If approved by shareholders and SEC regulators, the deal is expected to close during the fourth quarter of this year or the first quarter of 2008.

#### *AT&T Continues Cingular Phase-Out*

Last month, AT&T completed a major step in the phase-out of its Cingular brand by converting the Cingular website into an AT&T-branded site. In addition, all 1,800 Cingular retail stores were rebranded overnight on May 20. The phase-out effort began in December 2006, when AT&T acquired BellSouth Corp. which gave AT&T sole ownership of Cingular. The decision to rebrand Cingular was based on extensive consumer research which showed that the AT&T brand was one of the most well-known, best-recognized brands in the world. Rebranding efforts were also stepped up in preparation for the June release of the highly-anticipated Apple iPhone, which will be exclusively offered by the AT&T wireless network.

#### *Amp'd Mobile Files for Chapter 11 Bankruptcy*

Los Angeles-based MVNO (mobile virtual network operator) Amp'd Mobile has filed for Chapter 11 bankruptcy after a failed attempt at raising additional funds from investors and after Verizon Wireless demanded a partial payment of \$4.5 million for the \$33 million total owed in network services. The company started experiencing a slew of credit and collections problems in early 2007 after they had exceeded the 100,000 subscriber mark. By May, Amp'd reached close to 200,000 subscribers, of which an estimated 80,000 were non-paying. A press release issued by company stated, "As a result of our rapid growth, our back-end infrastructure was unable to keep up with customer demand." The mobile service provider launched in the U.S. in late 2005, focusing primarily on selling multimedia-rich wireless services to a younger target audience.

### ***Q1 Numbers Reflect Slowing Wireless Customer Growth***

The top four wireless carriers reported fewer new customers in the first quarter of this year than the same quarter for the past three years, which indicates a slowdown in customer growth in the wireless industry. 4.1 million net customer additions were posted in the first quarter of this year compared to 5.7 million net additions from last year's first quarter. The last time first quarter figures were around the 4 million mark was back in 2004 with 4.2 million net customer additions. Industry analysts speculate that the slowing growth may become a trend as the domestic wireless market nears 80% penetration. However, not all carriers are showing signs of declining growth. Verizon Wireless managed to post 1.7 million net additions in the first quarter, matching last year's figure and sharing rank as the best first quarter for the company in the past five years.

### ***iPhone Could Bring AT&T 915,000 New Subscribers***

The release of the iPhone could bring an estimated 915,000 new subscribers to AT&T. Analysts estimate that half of these subscribers would come from other major rival carriers such as Verizon Wireless. The iPhone, a combination mobile phone and iPod music player made by Apple, is being released in retail stores beginning June 29th. Apple expects to sell 10 million iPhones in 2008.

### ***In the Next Issue***

Look for the expanded July issue which will include many bonus features, including ***Ask Conrad***. If you have a question about the wireless industry that you would like Conrad to answer, please email it to [moreinfo@wirelesscapital.com](mailto:moreinfo@wirelesscapital.com). The answer to the selected question will be published in our quarterly issue.