

Wireless Capital's Wireless Update Volume 4, Issue 2: February 2007

Welcome to the February 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.

Top Telecom News

Verizon Wireless Leading in Total Revenue

Verizon Wireless acquired 2.3 million net new customers in the fourth quarter, compared to Cingular Wireless LLC's net customer gain of 2.4 million. Cingular is still the largest in terms of customer base, with 61 million subscribers, but Verizon Wireless leads in total revenue, earning \$10.1 billion for the quarter and beating Cingular's \$9.8 billion. T-Mobile encountered a tough quarter with a decrease in number of net new customers. It added only 901,000 net subscribers during the quarter, which is much less than the 1.39 million it added during the same quarter in 2005.

Helio Expects 100,000 Customers by Q2

Helio LLC expects to reach its 100,000-customer mark by the second quarter, with ARPU (average revenue per user) at more than \$100 per month. The company finished 2006 with a customer base of 70,000 and expects continued growth throughout 2007 to result in a total of 200,000 to 250,000 customers. The MVNO (mobile virtual network operator) launched in May 2006 and is a joint venture between Earthlink and Korean company SK Telecom.

Bush Administration Estimates \$21 Billion from Spectrum Sales over Next 5 Years

The Bush Administration expects to bring in more than \$21 billion from the sale of airwaves between 2006 and 2011. President Bush's 2008 budget plan allows the Federal Communications Commission to collect fees from the sale of un-auctioned wireless licenses and the auction of domestic satellite licenses. This includes the sale of future mobile satellite service spectrum that is used for land-based cellular networks.

Future of Tower Industry Looking Brighter Than Ever

Spectrum is being made available to the market which is fueling the growth of the tower industry. This additional spectrum comes from the upcoming 700 MHz auction as well as the FCC auction of 1,087 licenses to various national and rural mobile phone companies. The introduction of WiMAX technology is also expected to generate new tower business. Tower analysts say that tower stocks remain attractive due to the high predictability and low volatility of the sector. Industry consolidation is still a possibility with SBA remaining a prime acquisition target.

Speculation of Possible Acquisition of Alltel

After posting strong results for the fourth quarter and for all of 2006, Alltel's President and CEO, Scott Ford, told analysts that the company was reviewing "a wide span of options", which suggested a possible acquisition by another firm. Possible buyers include Verizon Communications, Sprint Nextel Corp., T-Mobile USA Inc. and private-equity firms. Alltel reported an additional 661,638 customers in the fourth quarter – a 178% increase from the previous year.

In the Next Issue

Look for more top telecom news in the March issue. If you have a question about the wireless industry that you would like Conrad to answer, please email it to moreinfo@wirelesscapital.com. The answer to the selected question will be published in our quarterly issue.