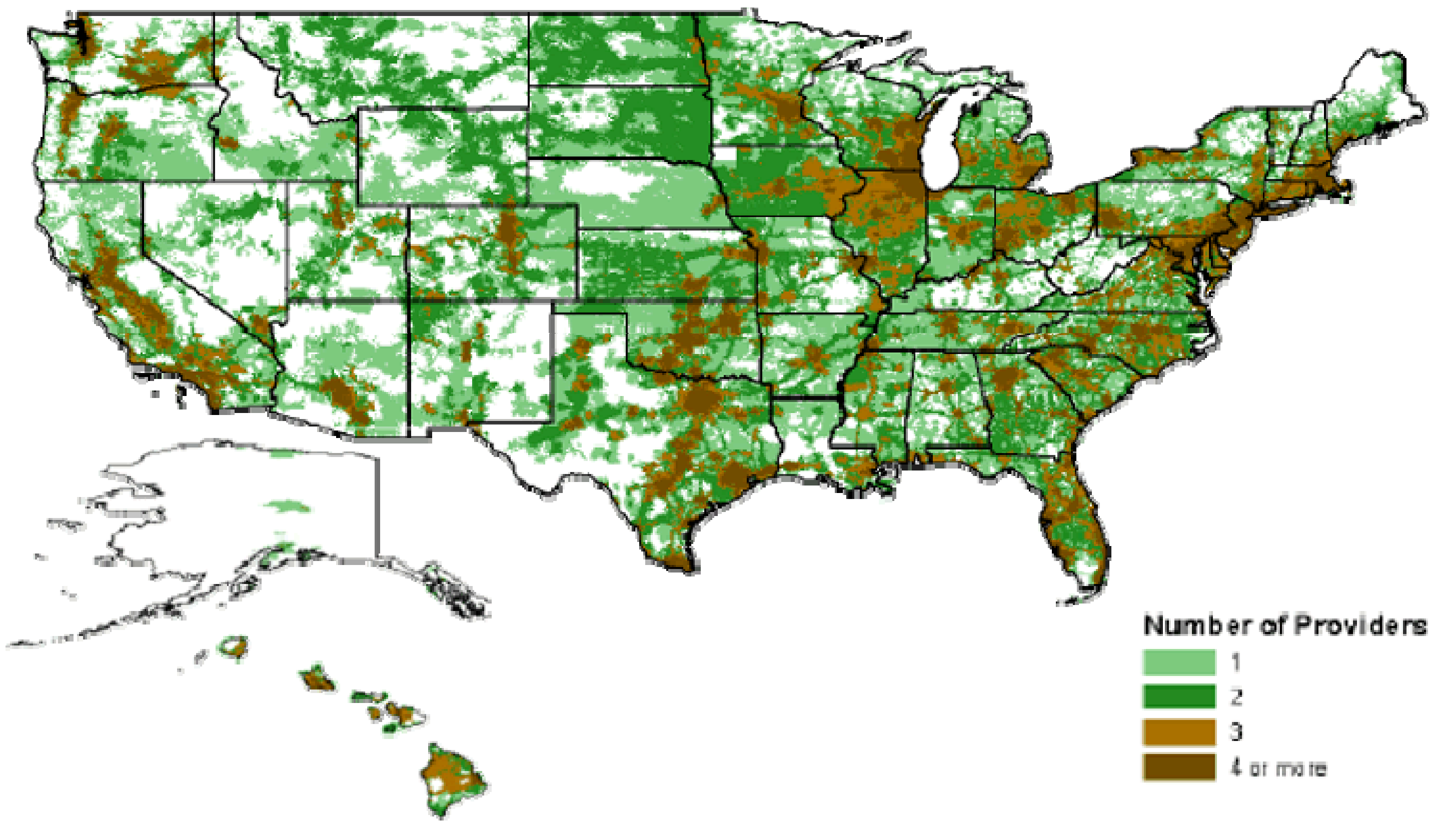
FCC Wireless Competition Report—2011

Summary Charts



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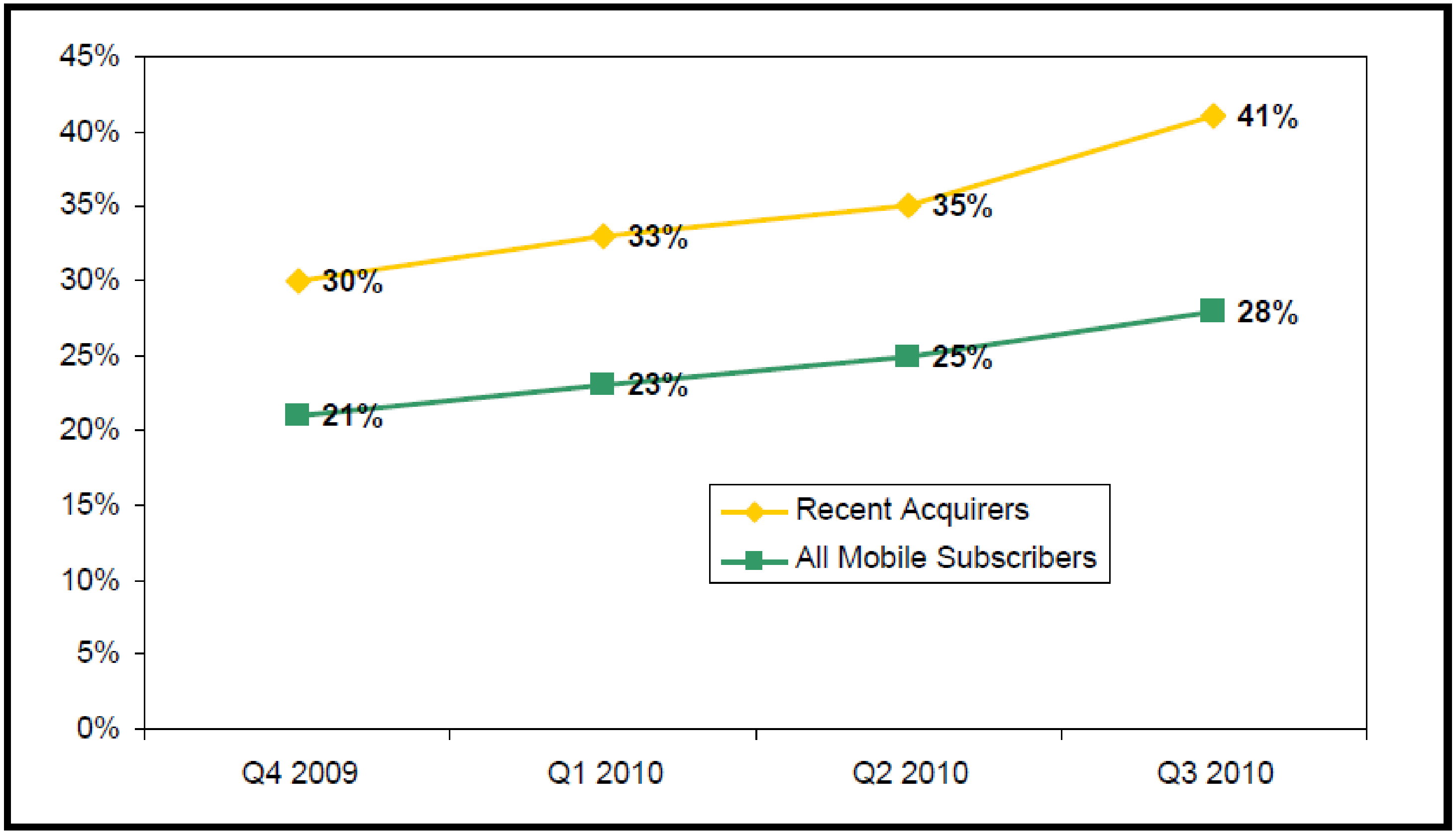


Smartphones now 40% of recent sales

Smartphone penetration is strong and growing. Overall, smartphones are now used by 28% of all subscribers, and account for 41% of recent purchases. In 4Q10, more than 75% of Verizon Wireless Net Adds were spartphones.

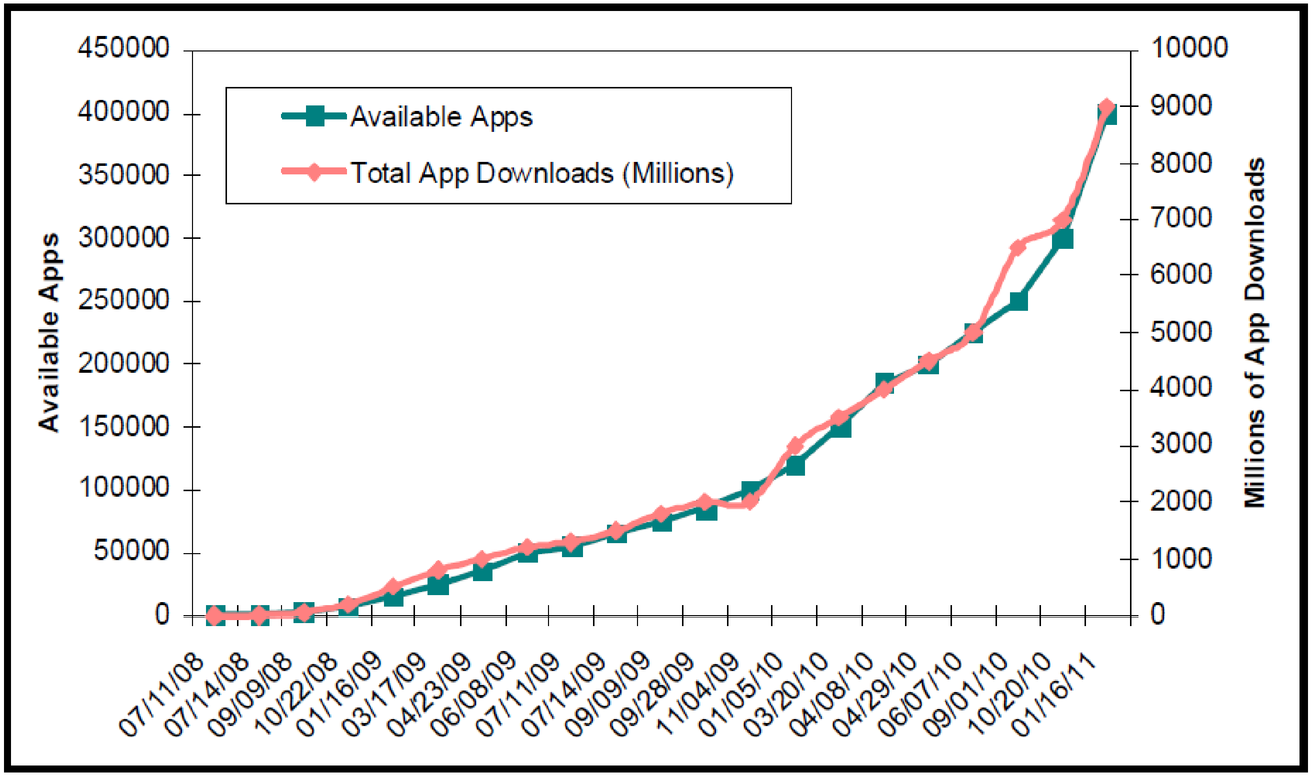
Share of Smartphones in Use by Operating System (U.S.)

Operating System	Share of Smartphones in Use	
	December 2009	August 2010
RIM	41.6%	37.6%
Apple	25.3%	24.2%
Google	5.2%	19.6%
Microsoft	18.0%	10.8%
Palm	6.1%	4.6%
All Others	3.8%	3.2%

Android is Advancing Rapidly

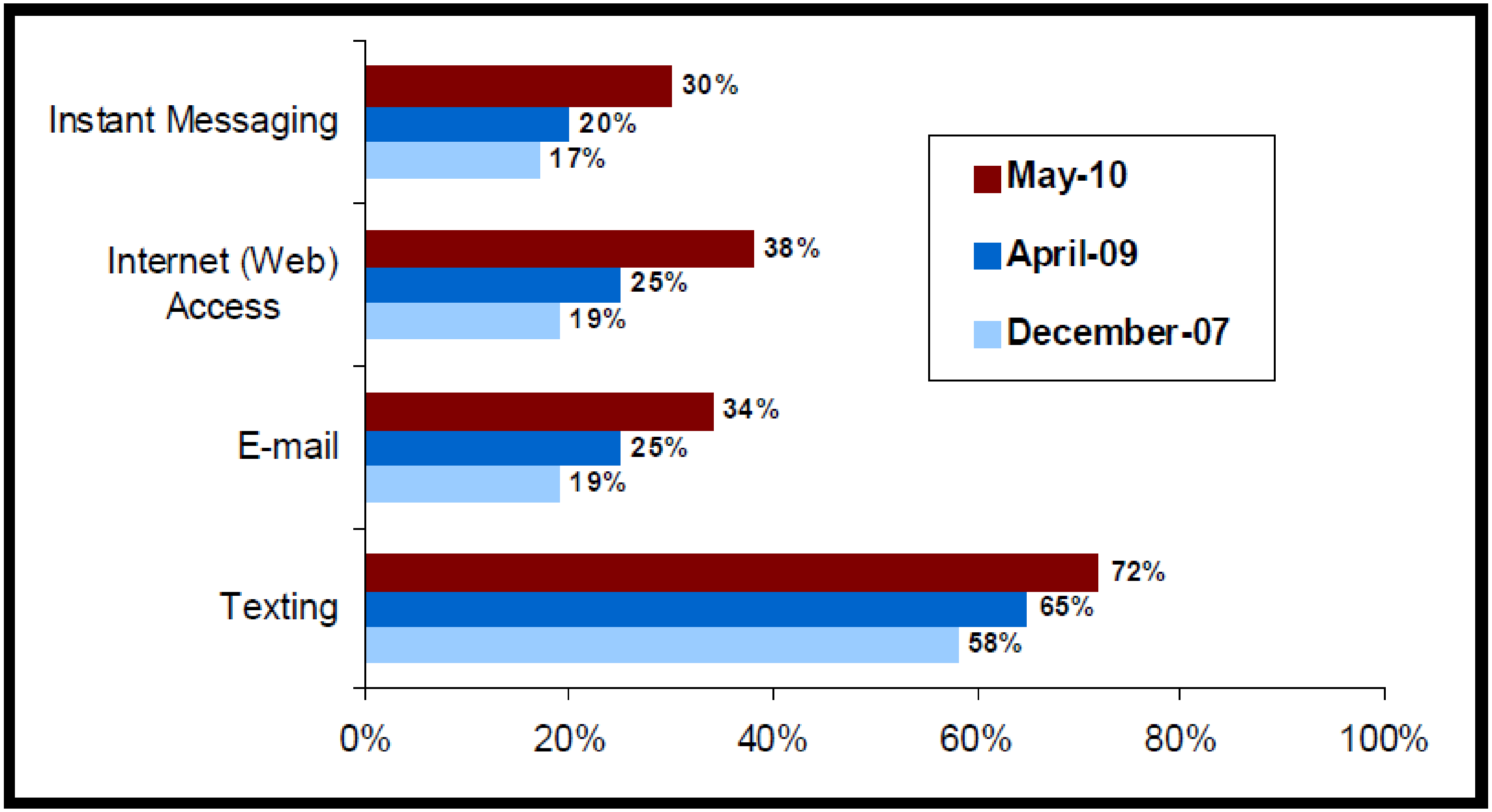
While RIM still leads in overall penetration, Google's Android penetration gas grown from 5% to almost 20% in just one year. Apple's i-Phone has almost 25%. Microsoft has been in decline due to the delays in introducing Windows Phone 7.

Apple App Store – Available Apps and App Downloads



App Growth is Exploding

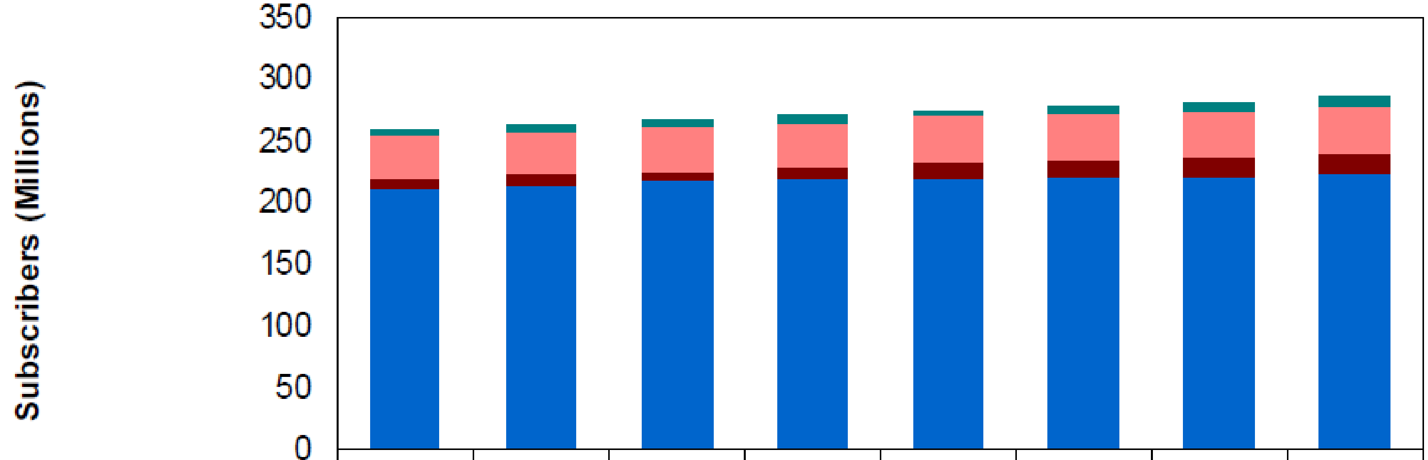
As of September 2010, Apple's App store offered 250,000 Apps, twice the amount offered the prior year. Downloaded Apps grew from 100,000 in 2008, to 2 billion in 2009 and **6.5 billion** as of September 2010.



Mobile Data Service Adoption Rates

Among cell phone users, data services are exploding.

Mobile Wireless Subscribers by Pricing Plan



	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Wholesale	4.496	4.815	4.72	4.727	5.197	5.317	5.456	7.328
Traditional Prepaid	34.839	35.005	35.606	36.78	37.383	37.474	37.781	38.954
Unlimited Prepaid	8.334	8.841	9.221	10.075	12.162	13.611	14.595	15.935
Postpaid	211.687	214.059	216.73	218.752	219.576	220.809	222.186	223.538

Postpaid Plans Account for Most Subscribers

But the growth is taking place among wholesale and prepay.

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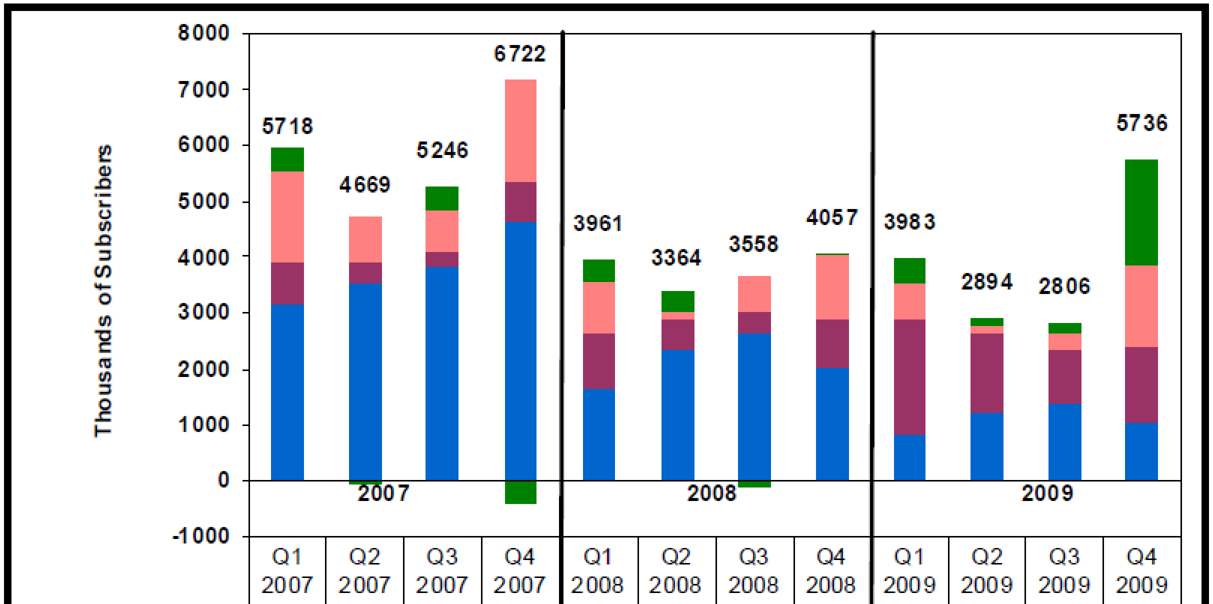
Quarterly Net Adds by Pricing Plan: 2007-2009

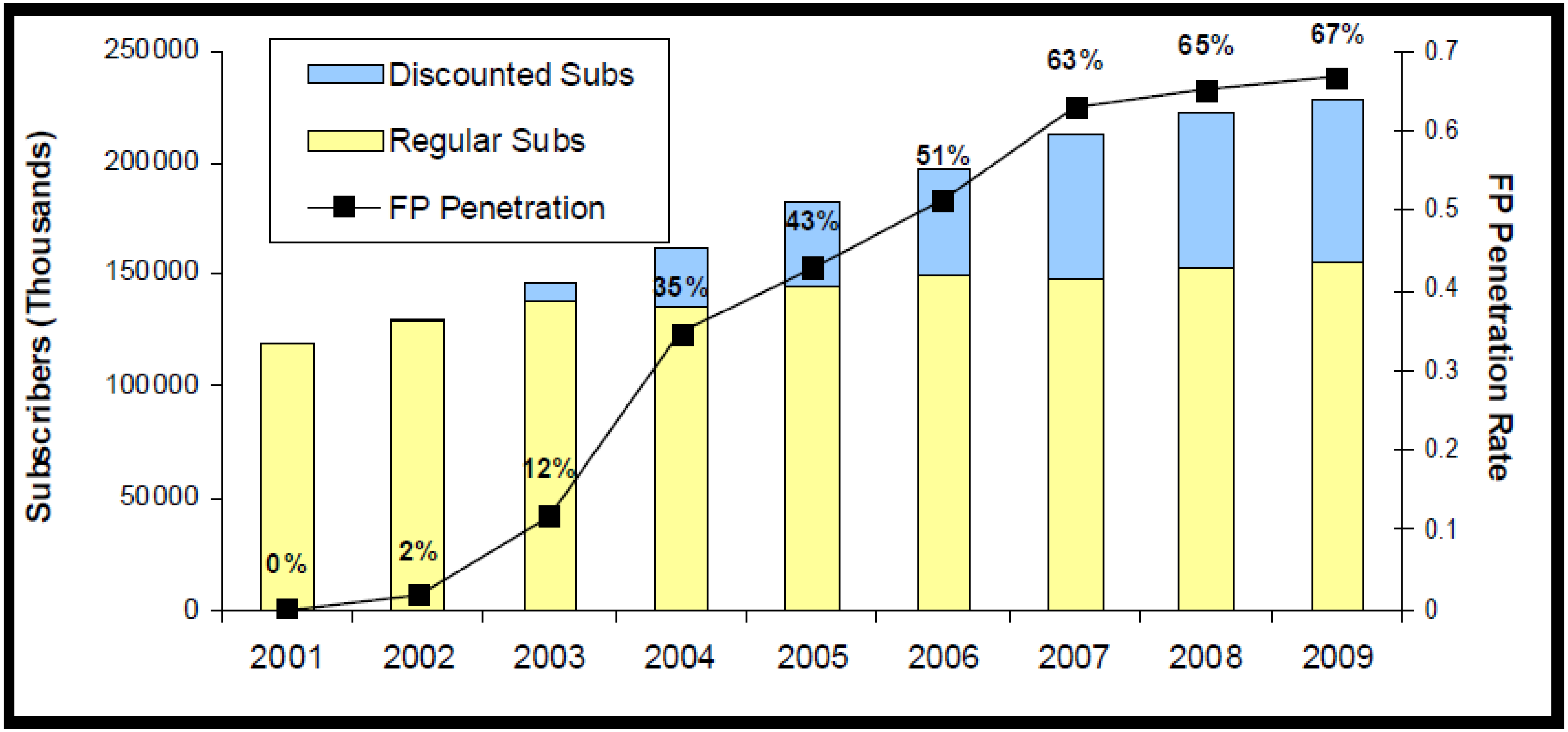


	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
Wholesale	407	-55	395	-418	384	319	-95	7	470	120	139	1872
Traditional Prepaid	1650	815	754	1813	891	166	602	1174	612	87	302	1448
Unlimited Prepaid	776	381	275	708	1025	507	380	854	2086	1449	983	1340
Postpaid	3138	3529	3822	4660	1661	2372	2671	2022	815	1237	1382	1077
Total Net Adds	5718	4669	5246	6722	3961	3364	3558	4057	3983	2894	2806	5736

Prepay & Wholesale Account for Most Net Adds

The shift away from traditional postpay service began with the recession in 2008.

Family Plan Subscribers and Penetration of Postpaid Base



67% of Postpays Subscribe to Family Plans

Adoption of these plans appears to be leveling off.

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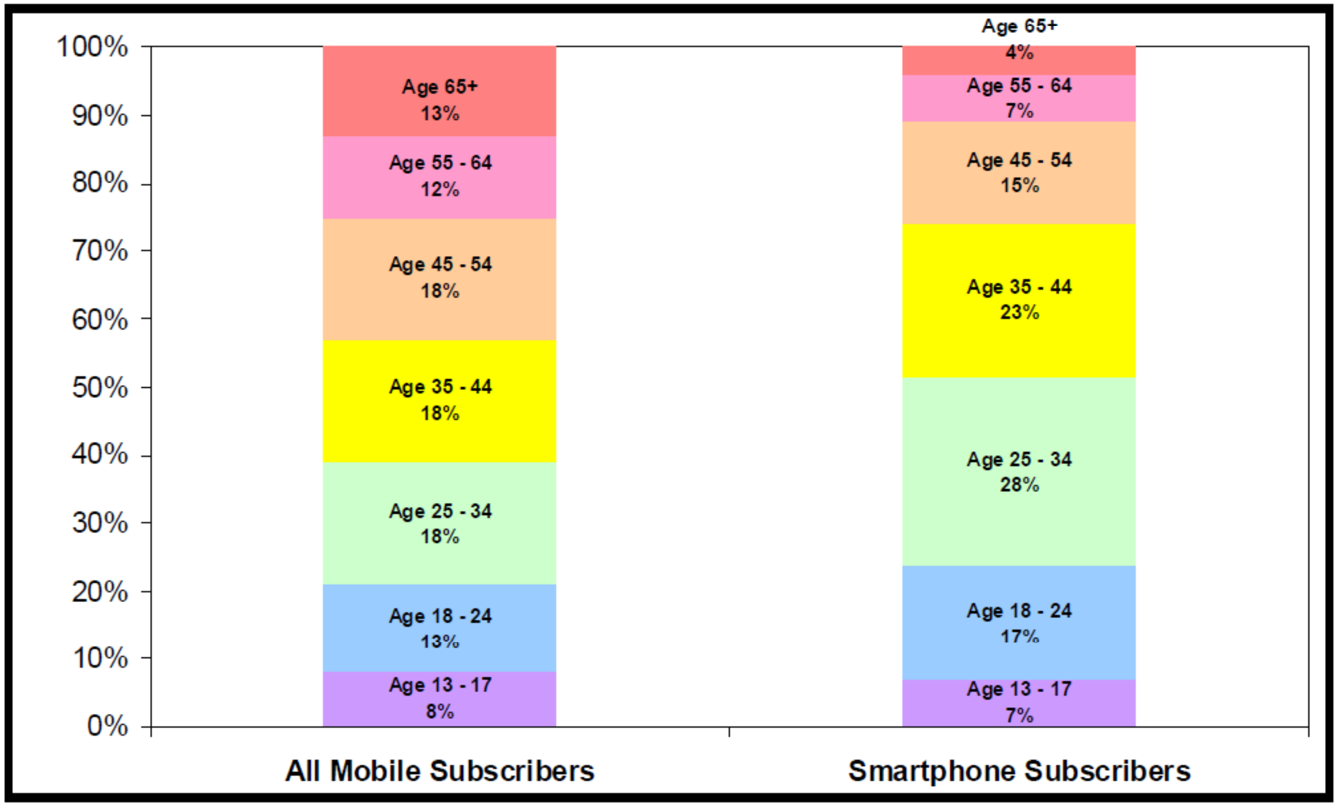
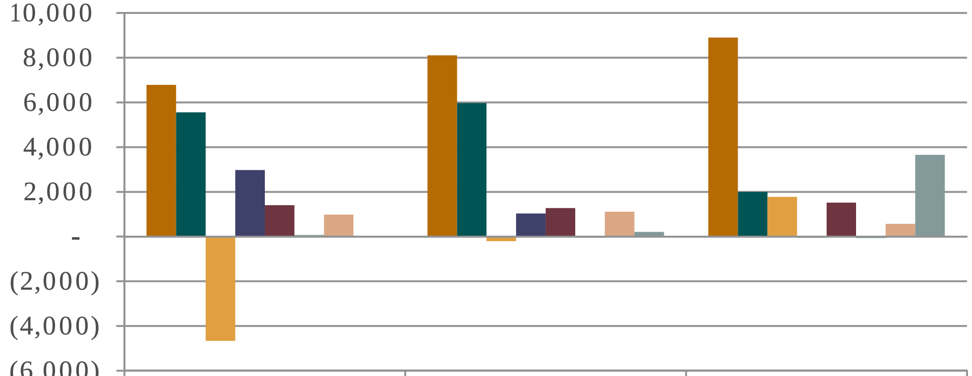
Age Breakdown of Mobile Wireless Subscribers



Smartphone Adoption Skews Younger

While overall cell phone adoption is high across all ages groups (between a low of 89% for those 65+ and 96% for those 18-24), smartphones appeal to younger consumers.

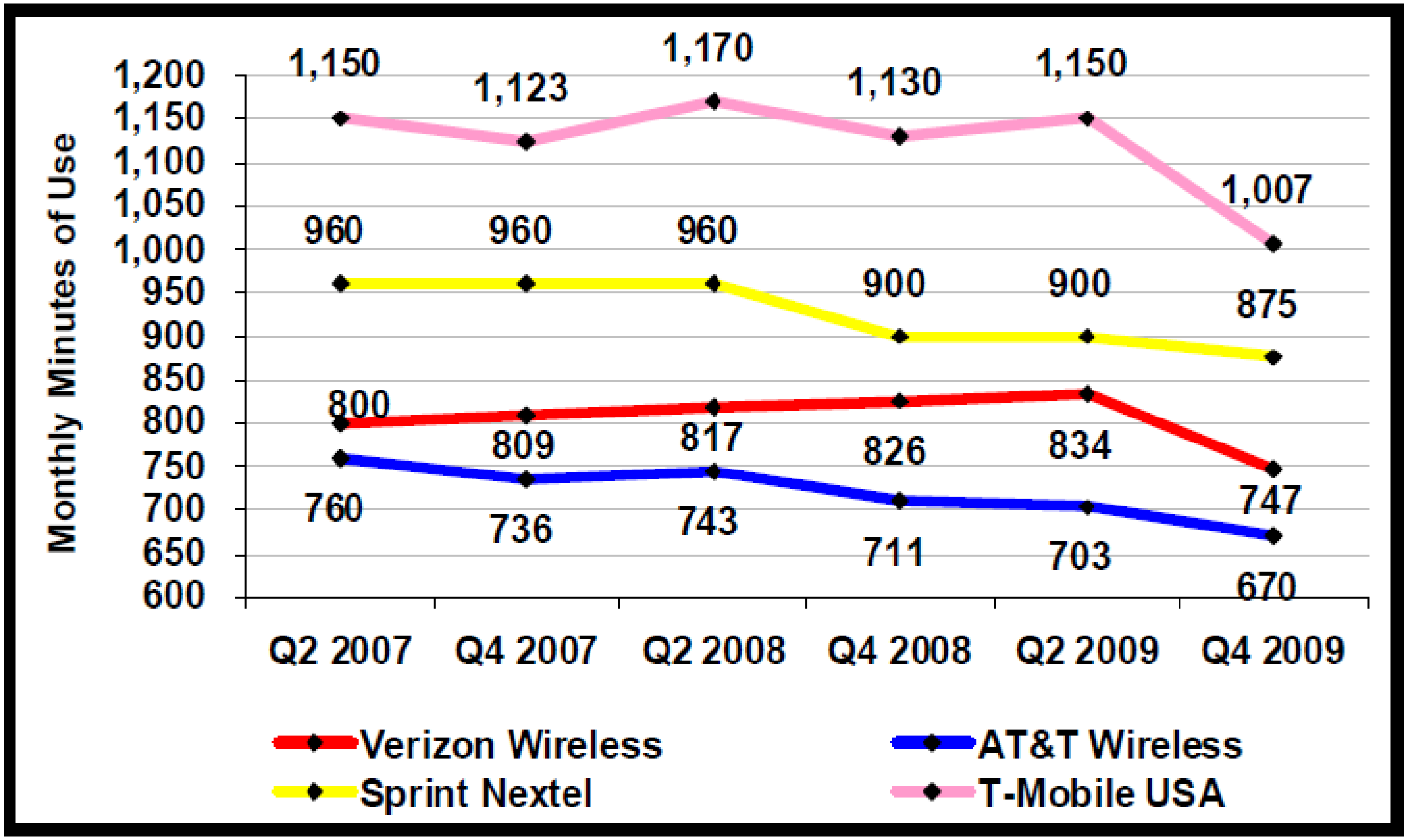
Net Additions by Service Provider



	2008	2009	2010
AT&T	6,785	8,111	8,900
Verizon Wireless	5,558	5,974	2,000
Sprint Nextel	(4,667)	(205)	1,777
T-Mobile	2,973	1,032	(56)
Metro PCS	1,404	1,273	1,515
US Cellular	74	(55)	(69)
Leap	981	1,109	564
Clearwire	-	213	3,657

AT&T Enjoys Largest Net Add Growth

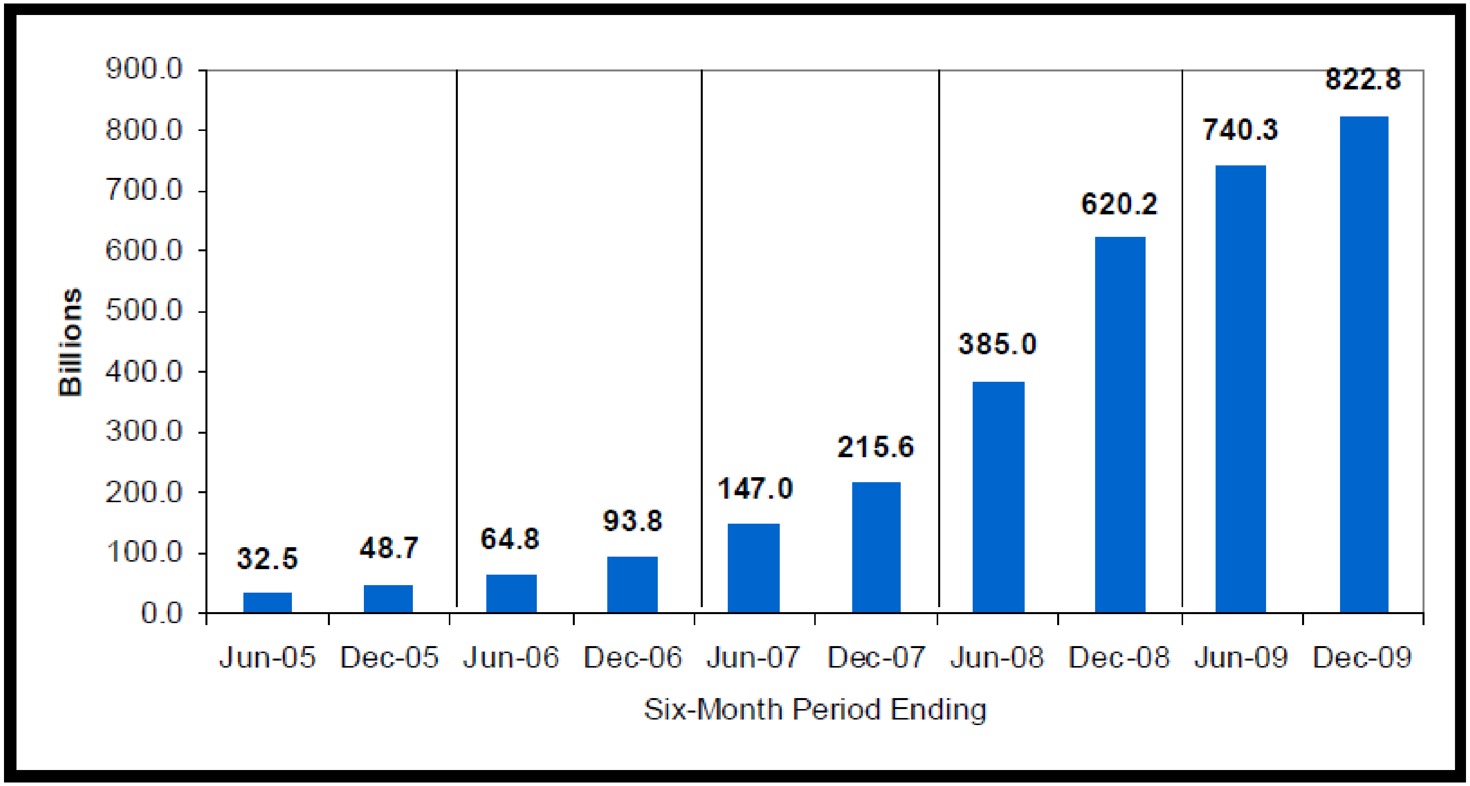
Propelled by the popularity of Apple's i-Phone. Sprint posted its best net add results in years.



MOU / Subscriber for the Top Four

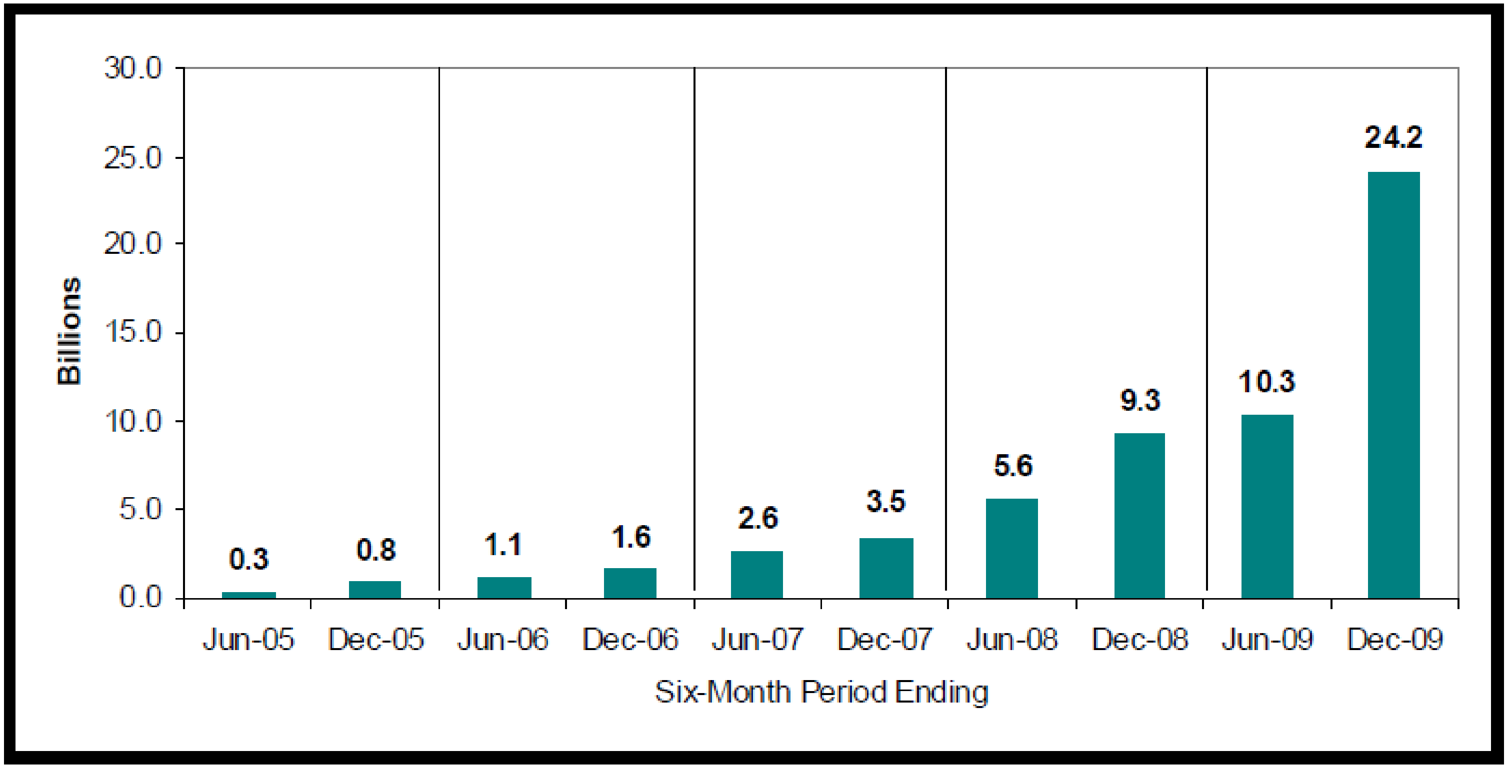
Voice MOUs, generally declining, vary significantly among the top four carriers.

Six-Month Text Messaging Traffic Volumes



Texting Traffic Growth

Six-Month MMS Traffic Volumes



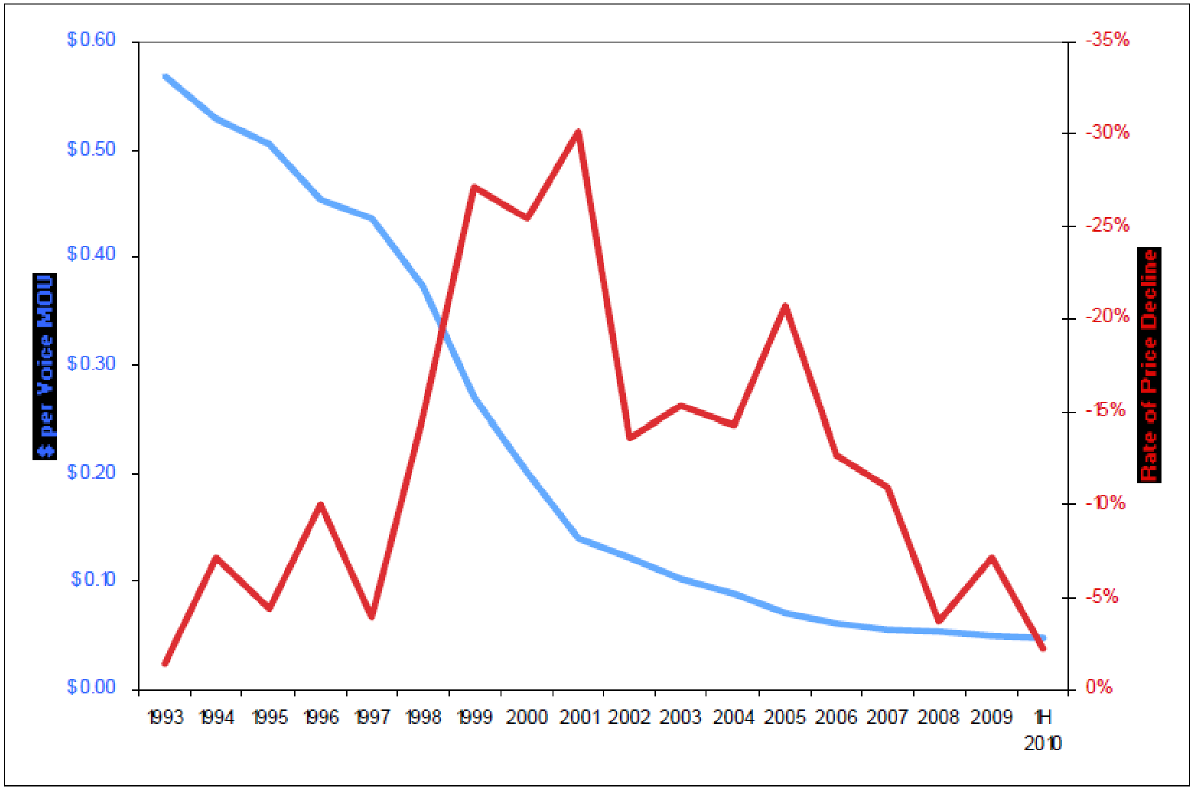
MMS Traffic Growth

Average Text and MMS Messages Per Subscriber Per Month

Six-Month Period Ending	Average Text Messages Per User Per Month	Average MMS Messages Per User Per Month
Jun-05	29	0.3
Dec-05	40	0.7
Jun-06	51	0.9
Dec-06	69	1.2
Jun-07	103	1.8
Dec-07	144	2.3
Jun-08	248	3.6
Dec-08	388	5.8
Jun-09	451	6.3
Dec-09	488	14.4

Texting and MMS Per User Growth

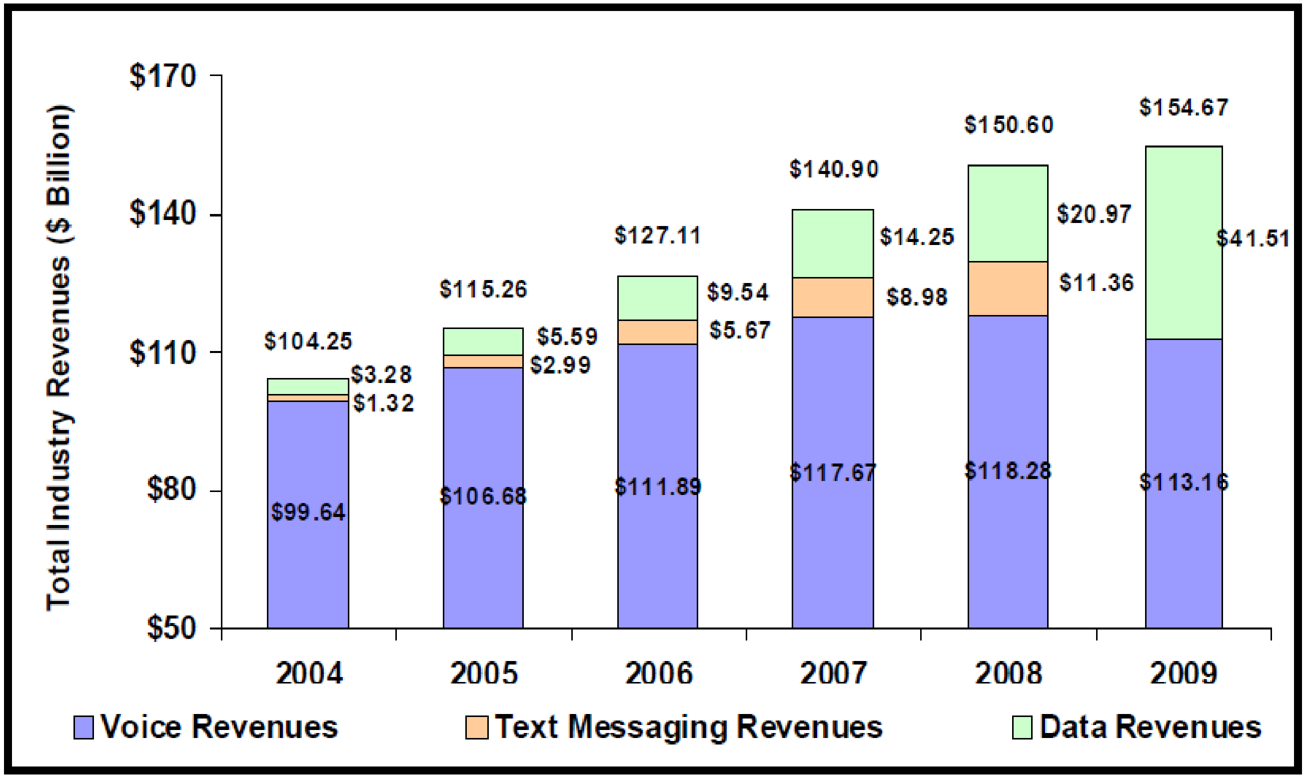
Mobile Wireless Voice Revenue per Minute: 1993-2010



Voice Revenue / Minute Declines are Slowing

While voice revenue per minute has declined dramatically over the past 17 years, the rate of decline has decreased in recent years.

Total Mobile Wireless Industry Revenues



Data Revenues Growing, Voice Declining

Annual voice revenues declined for the first time in 2009, by approximately four percent, from $118 billion to $113 billion. At the same time, data revenue increased 28 percent from $32 billion to $42 billion.

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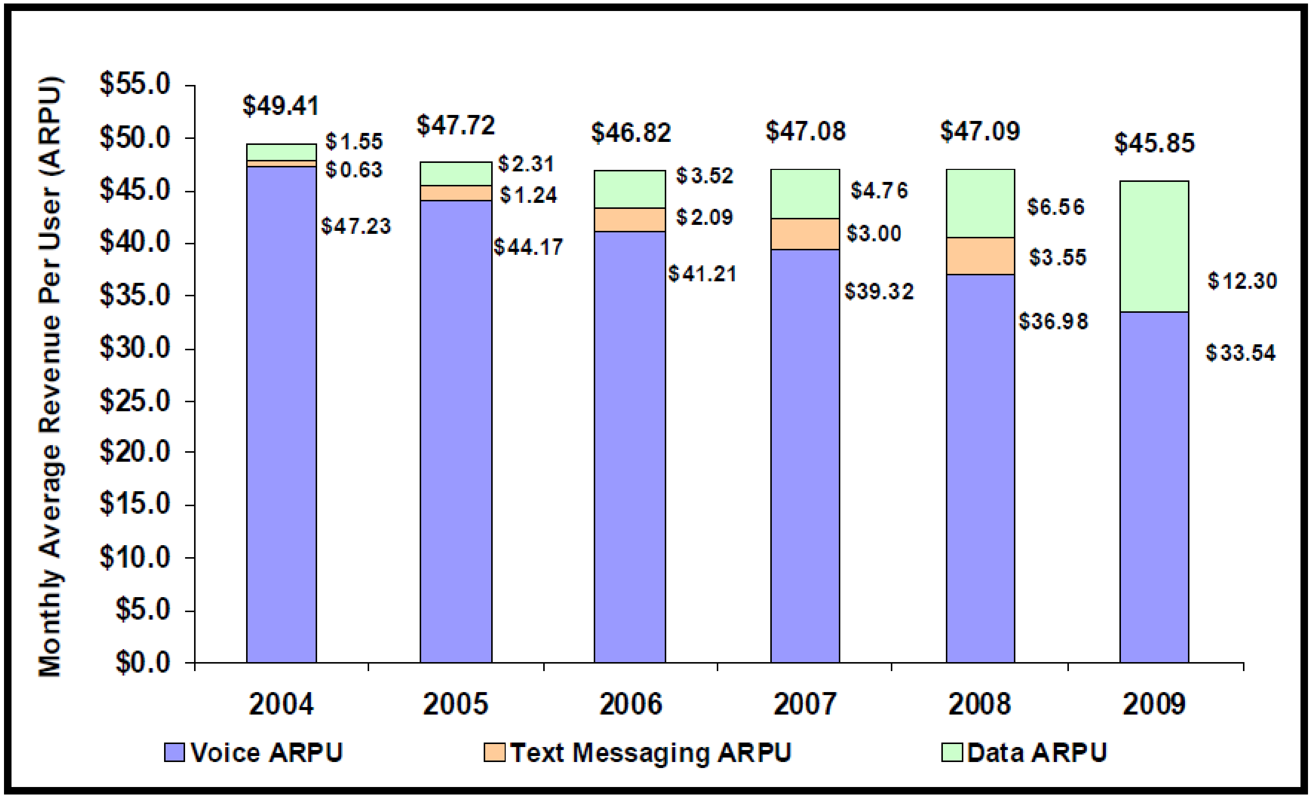
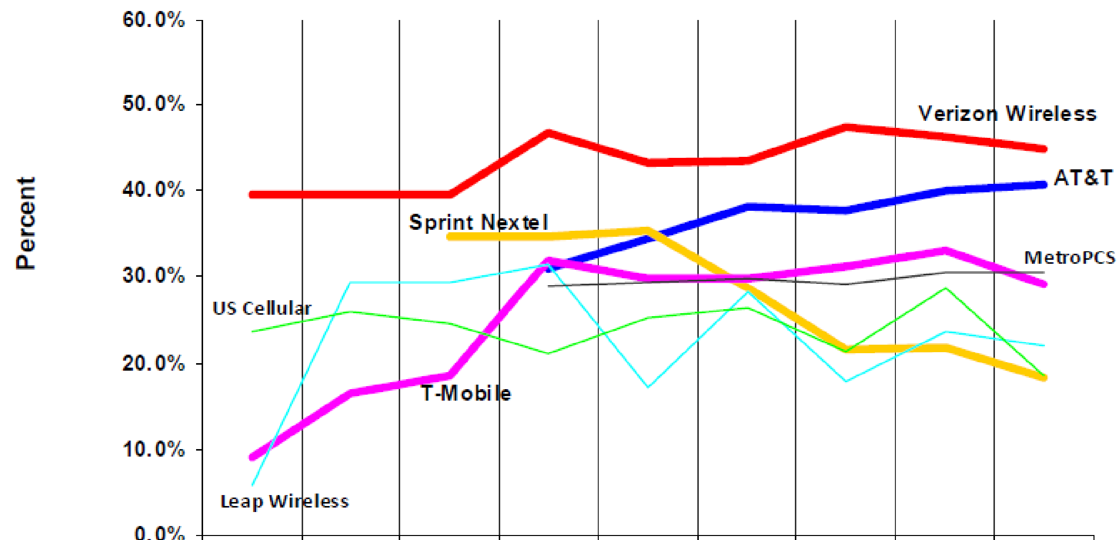
Monthly ARPU by Type of Service



Data Service ARPU Grows 22%

However, total ARPU declined 3%; Voice ARPU declined by 9%.
The FCC did dot capture "messaging ARPU" in 2009.

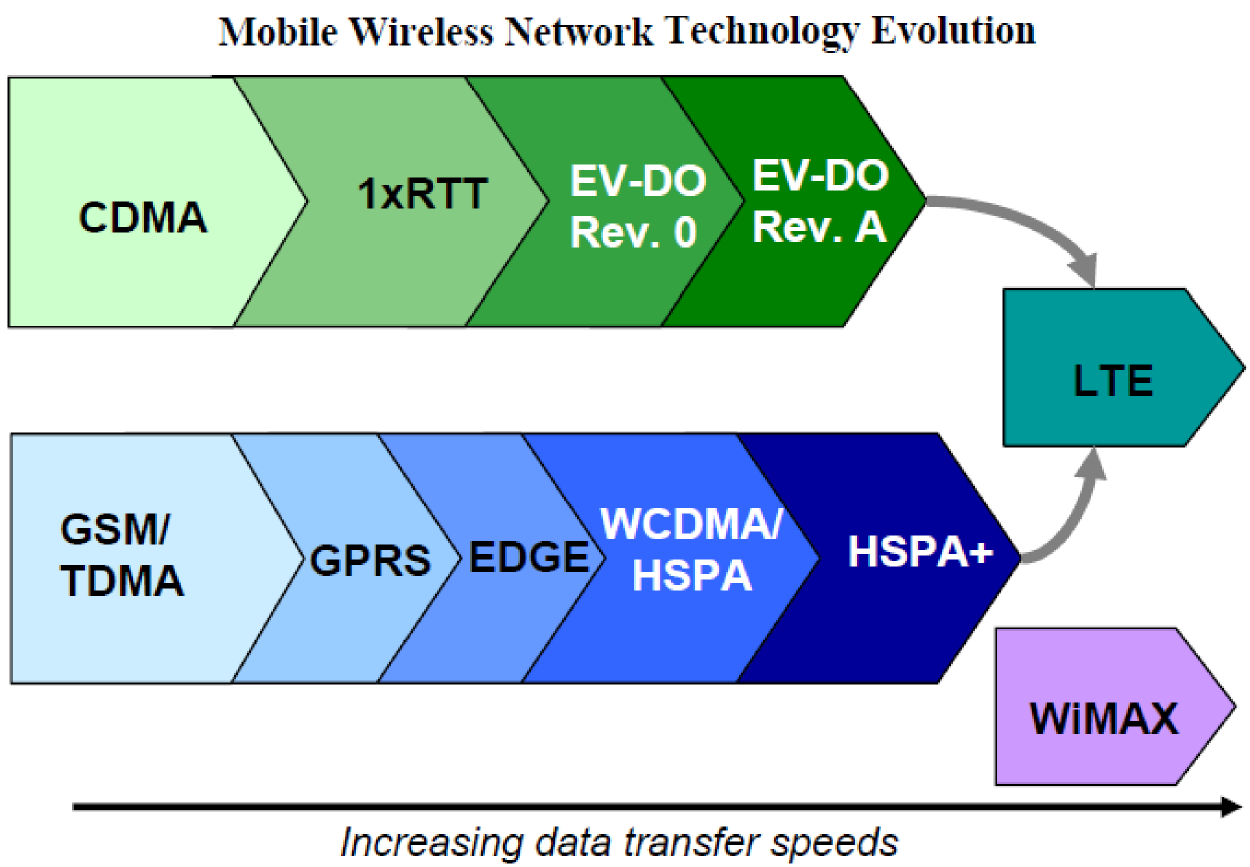
Reported EBITDA Margins: 2002 – 2009 (Selected Providers)



	2002 (Q4)	2003 (Q4)	2004 (Q4)	2005 (Q4)	2006 (Q4)	2007 (Q4)	2008 (Q4)	2009 (Q2)	2009 (Q4)
Verizon Wireless	39.5%	39.7%	39.5%	46.8%	43.2%	43.6%	47.5%	46.3%	45.0%
AT&T				31.1%	34.4%	38.2%	37.7%	40.1%	40.7%
Sprint Nextel			34.8%	34.6%	35.4%	28.7%	21.6%	21.7%	18.2%
T-Mobile	9.1%	16.5%	18.5%	32.0%	29.8%	29.8%	31.1%	33.1%	29.1%
Leap Wireless	5.7%	29.5%	29.4%	31.6%	17.1%	28.2%	17.7%	23.5%	21.9%
US Cellular	23.7%	25.9%	24.6%	21.0%	25.2%	26.4%	21.3%	28.8%	18.4%
MetroPCS				28.9%	29.4%	29.9%	29.2%	30.5%	30.5%

Size Matters: VZW Outperforms on EBITDA

Verizon has consistently beaten the field with respect to operating margins. AT&T is catching up.



All Paths Lead to LTE, Except…

Clearwire (and Sprint, through its investment in Clearwire) which has opted to offer broadband via WiMax.

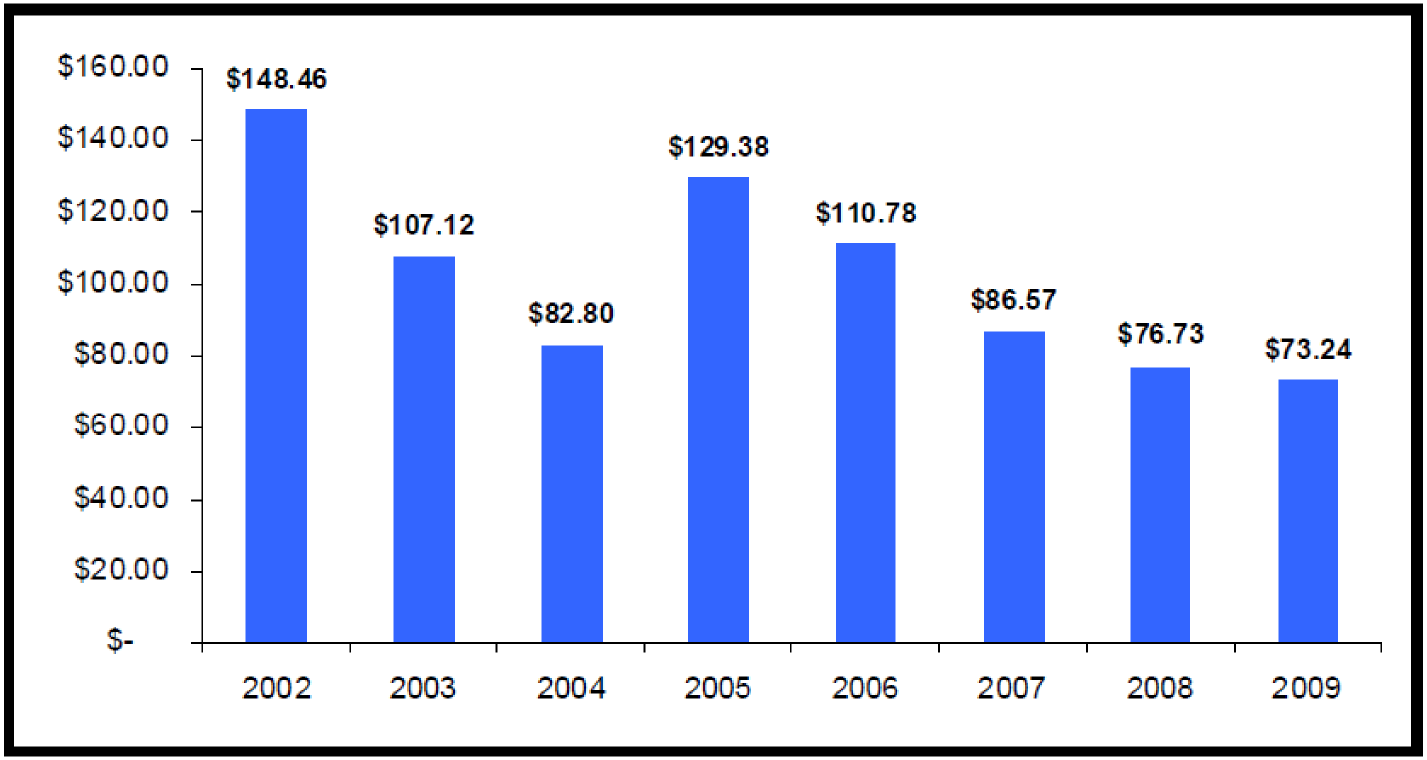
3G/4G Deployment by Selected Mobile Wireless Service Providers

Service Provider	HSPA and EV-DO Deployment	LTE and WiMAX Deployment
Verizon Wireless	As of September 2010, EV-DO Rev. A network covered 289 million POPs.	In December 2010, launched LTE in 38 cities covering 110 million people. Plans to expand LTE to its entire EV-DO footprint (289 million people) by the end of 2013.
AT&T Wireless	As of early 2010, HSPA covered 230 million POPs. As of January 2011, entire HSPA network had been upgraded with HSPA+ (14.4 Mbps).	Plans to launch LTE in areas covering around 75 million people by mid-2011 and to complete its LTE buildout by year-end 2013.
Sprint Nextel	As of August 2010, EV-DO Rev. A network was available in census blocks covering 239 million POPs.	Resells Clearwire's WiMAX service.
Clearwire		As of year-end 2010, WiMAX network covered approximately 120 million people.
T-Mobile	HSPA network covered 212 million POPs as of mid-2010 and HSPA+ (21 Mbps) network covered 200 million POPs in 100 cities as of year-end 2010.	No U.S.-specific plans.
MetroPCS		As of January 2011, launched LTE in 13 cities.

3G vs. 4G Deployment Status

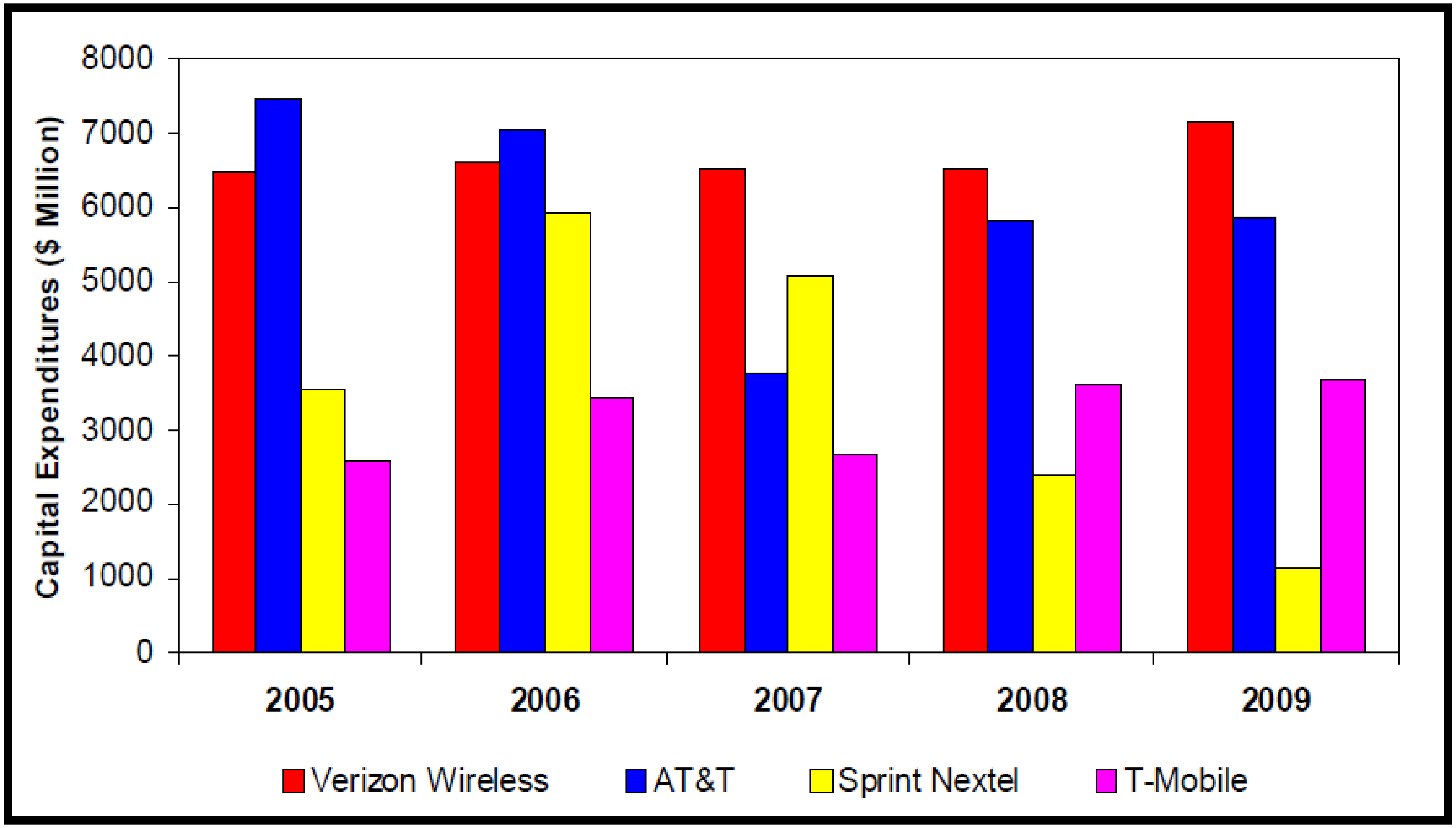
Both Verizon and AT&T are aggressively expanding their 4G networks.

Annual Incremental Capital Investment per Subscriber



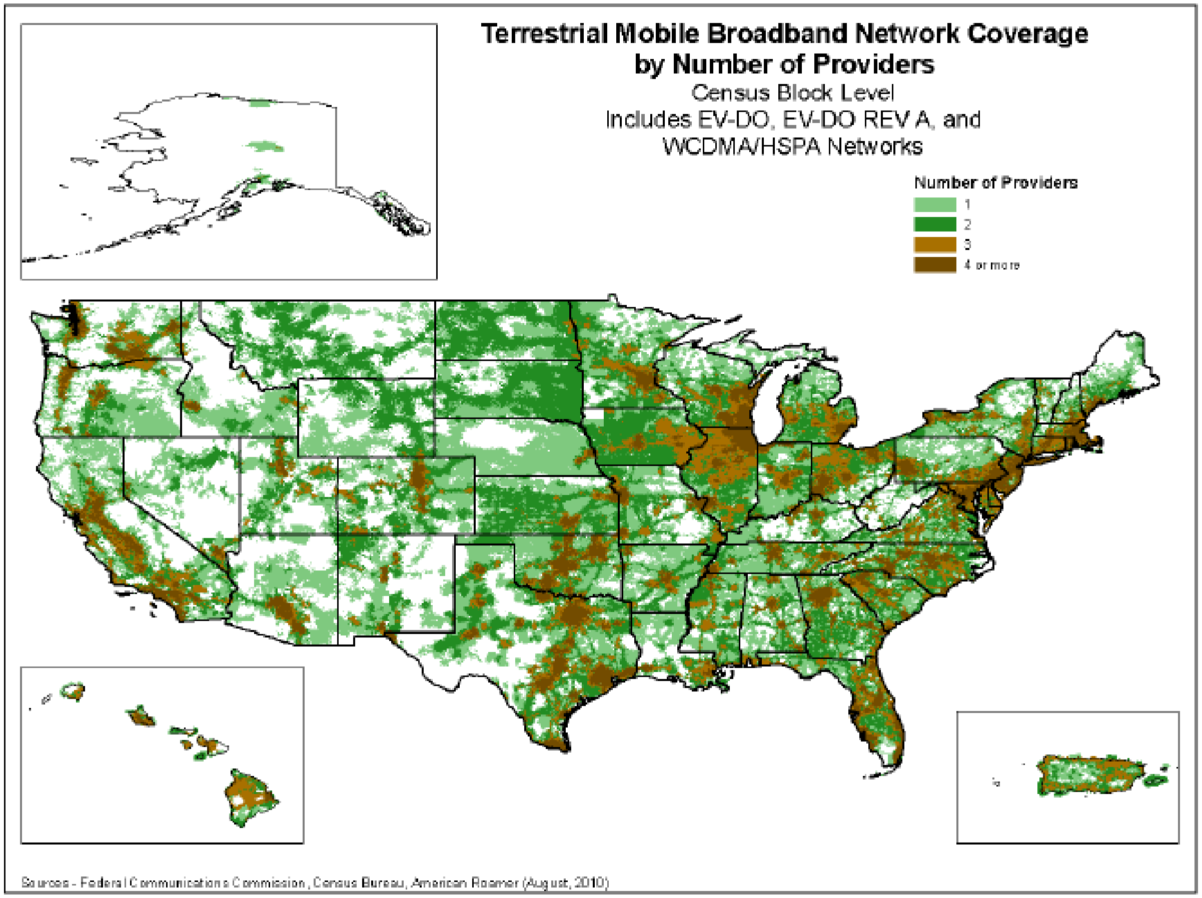
Annual CapEx / Sub Declines

As penetration increases, carriers grow more efficient.



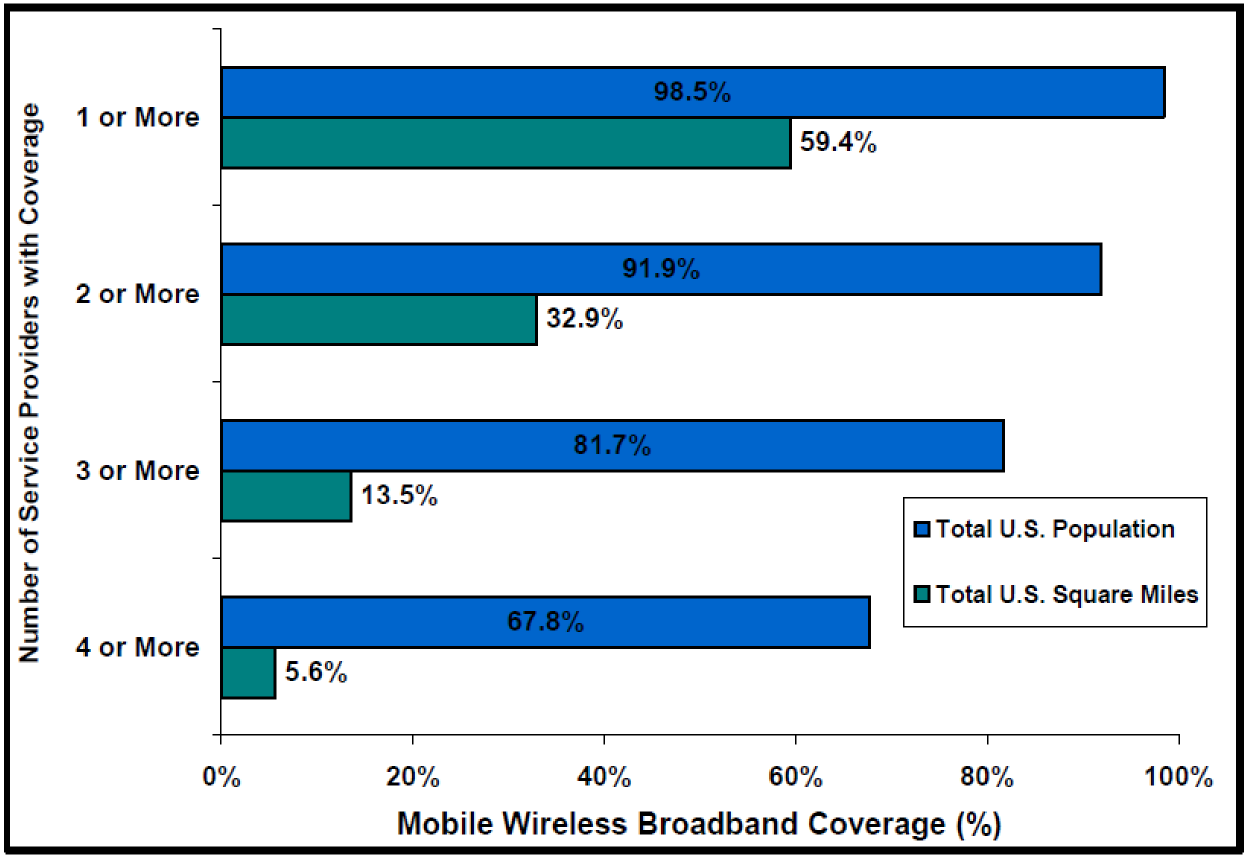
Verizon Continues to Invest Most Heavily in its Network

AT&T investment is substantial as well. Sprint's investment has been declining.



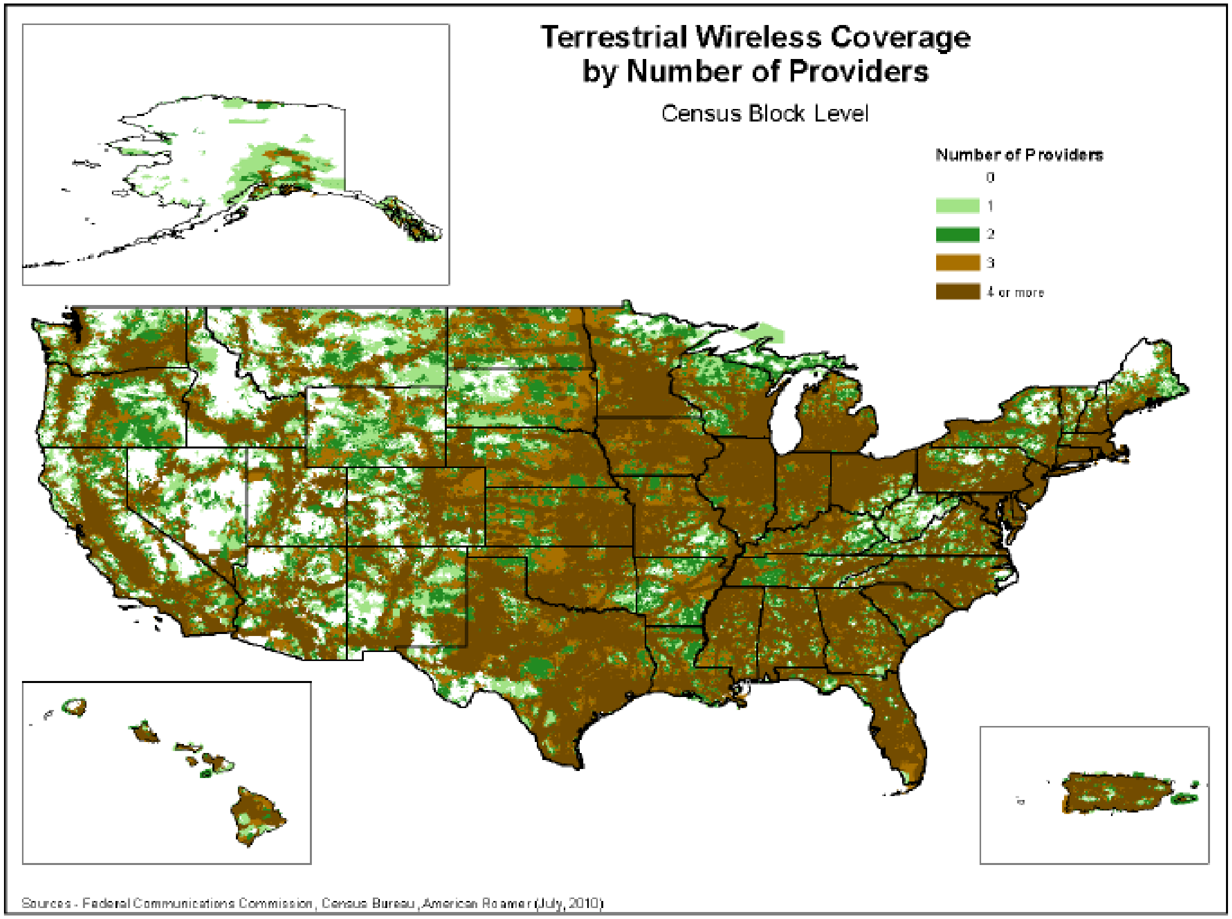
Mobile Wireless Broadband Coverage

Wireless broadband availability and providers continues to grow.



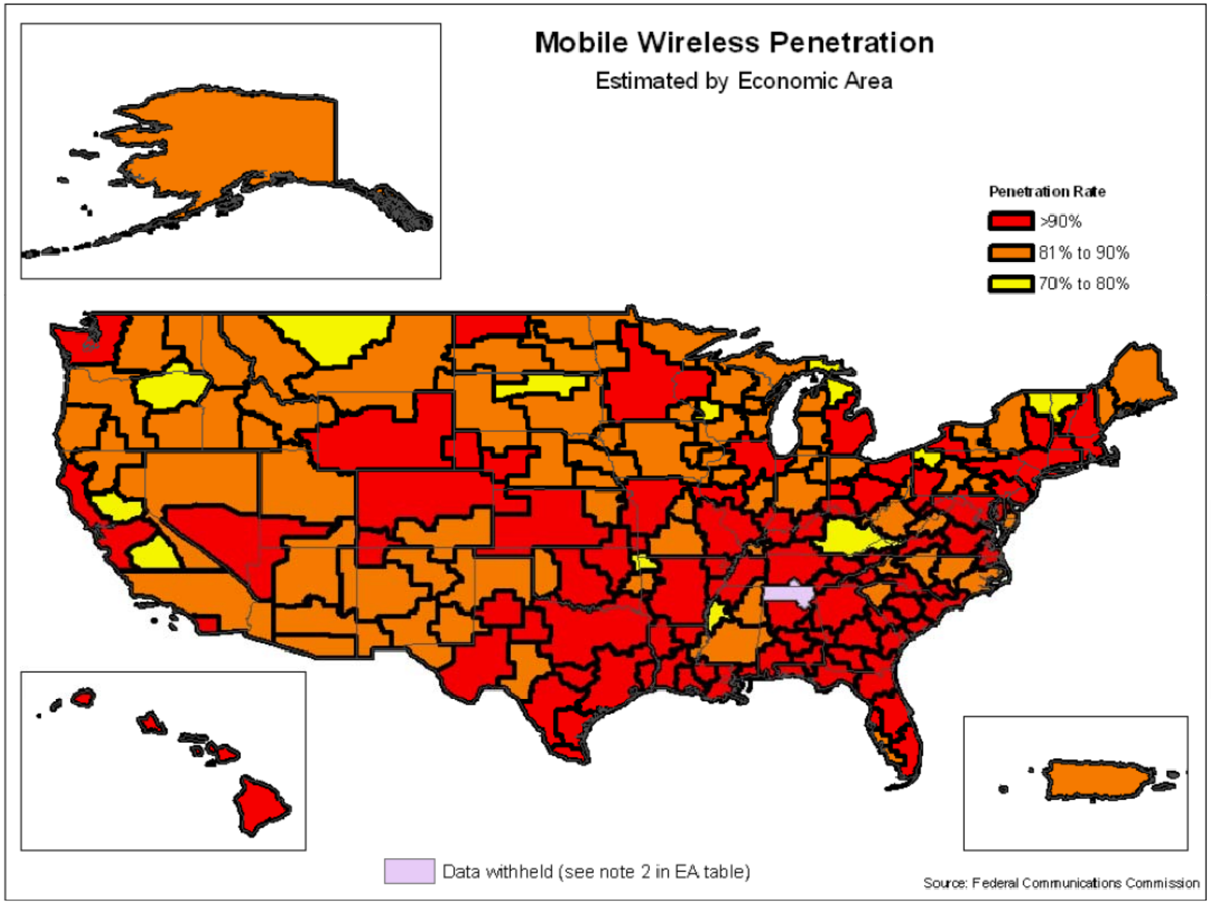
Mobile Wireless Broadband Coverage by Census Block, 2010

While almost 60% of the US land mass has mobile wireless broadband from at least 1 provider, only 33% has coverage from 2 or more providers.



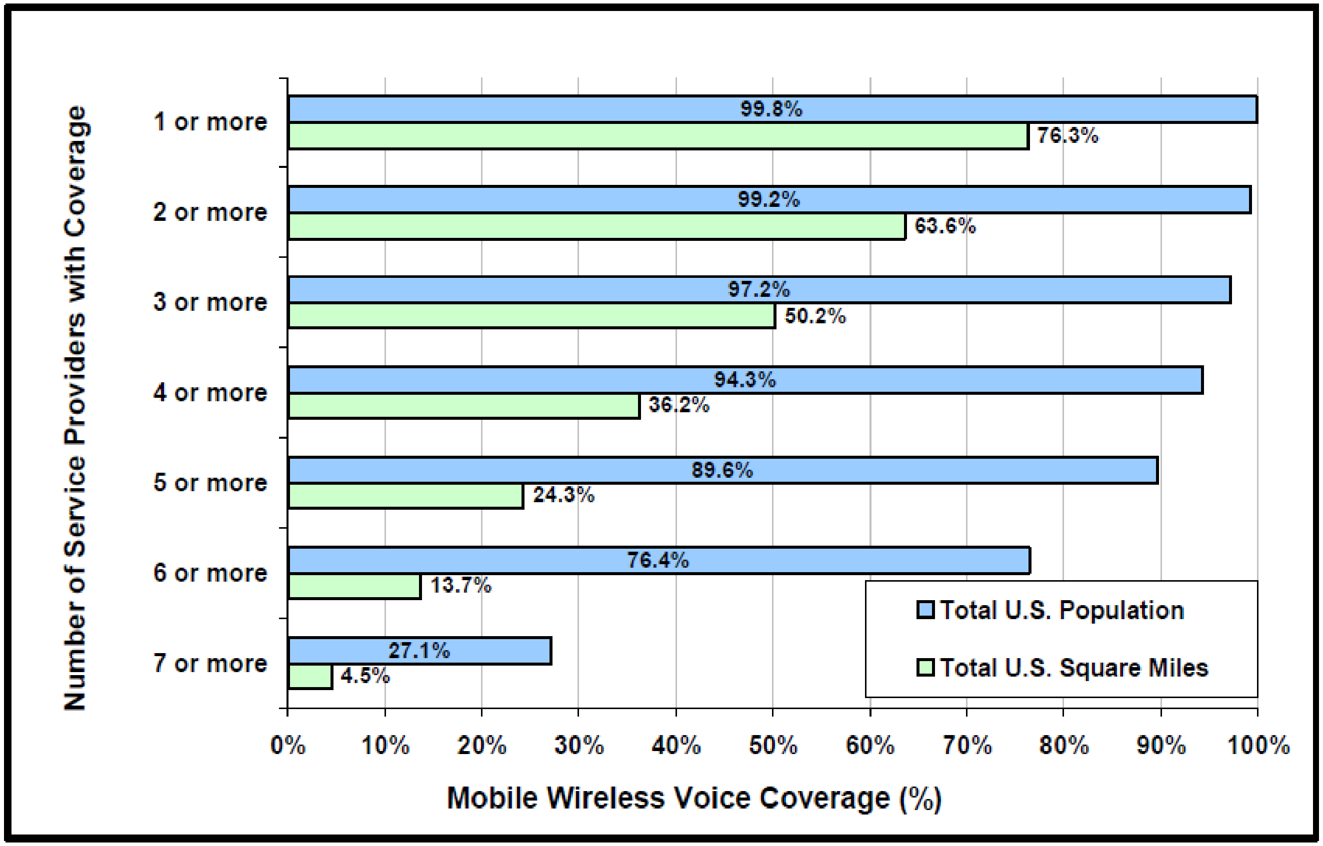
Mobile Wireless Coverage is Robust

Overall wireless availability is detailed by number of providers.



Rural Penetration lags

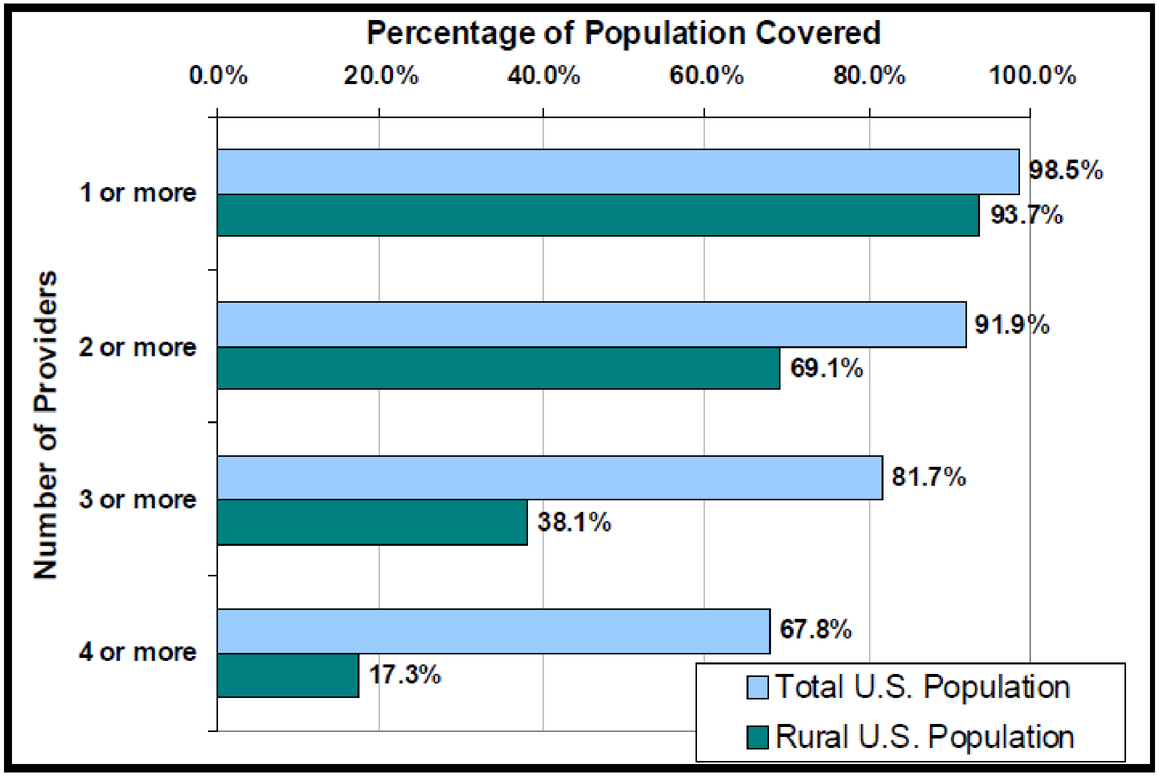
Wireless penetration in rural areas lags more populated EAs.



Mobile Wireless Voice Coverage by Census Block, 2010

This chart details how competitive choices drop off rapidly as geographic area increases. Only 50% of the US is covered by 3 or more providers.

Mobile Broadband Coverage in Rural Areas



Rural Wireless Broadband Coverage Lags as Well

There is far less competition in rural America. Fewer providers cover fewer POPs than the overall US .

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