Cost of Capital Study

2007 Assessment Year

Wireless Industry

April 23, 2007

		Reference
Equity:		
Yield Capitalization		Page
CAPM ex post	10.96%	5
CAPM ex ante	10.30%	6
Dividend Growth Models		
ValueLine, based on Dividends Growth	nmf	10
ValueLine, based on Earnings Growth	nmf	11
Standard & Poor's, based on Earnings Growth	10.00%	12
Yield Equity Component	**11.00%**	
Debt:		
Debt Rate	**6.50%**	13

Industry Market Capital Structure

							Reference
Equity	**80.0%**	x	11.00%	=		8.80%	3
Debt	**20.0%**	x	6.50%	=	1.30%		3
Marginal Tax Rate (1-tax rate)		x	35.0%	=		0.85%	
	100%						
WACC						**9.65%**	

Support for Guideline Companies
Wireless Industry
2007 Assessment Year

Industry Overall					Book Values		
Company Name	**Ticker**	**Beta**	**P/E Ratio (tr)**	**Div'd Yield**	**Long Term Debt**	**Pref Stock**	**Common Stock (value)**
AT&T Inc	T	1.20	16.20	3.80%	50,063,000,000	0	93,661,500,000
Alltel Corporation	AT	0.87	32.00	0.80%	2,697,400,000	260,000	13,364,816,741
Sprint Nextel	S	1.15	58.00	0.50%	21,011,000,000	0	53,551,454,517
Verizon Communications	VZ	1.05	14.60	4.40%	28,646,000,000	0	38,410,595,876
Telus Corp.	TU	0.85	18.00	2.60%	2,896,460,000	0	7,392,978,555
	Mean	**1.02**	**27.76**	**2.42%**	**21,062,772,000**	**52,000**	**41,276,269,138**
		Book Capital Structure			**34%**	**0.0%**	**66%**

Note: Except for stock price from Nasdaq Stock Exchange, Telus figures were converted from Canadian to US dollars at the exchange rate for end of 2006 (.85).
Alltel beta is from Yahoo Finance (no beta for Value Line).

Support for Capital Structure
(based on Market Value)
Wireless Industry
2007 Assessment Year

				Market Values						
Company Name	**Ticker**	**$Stock$ Average**	**Common Shares**	**Common $ Stock $**	**%**	**Preferred $ Stock $**	**%**	**Long Term $ Debt $**	**%**	**$ Total $ Debt, Equity & DFIT**
AT&T Inc	T	33.81	6,244,100,000	211,081,800,500	80.4%	-	0.0%	51,309,727,137	19.55%	262,391,527,637
Alltel Corporation	AT	56.84	360,237,648	20,474,106,724	88.1%	260,000	0.0%	2,760,695,077	11.88%	23,235,061,801
Sprint Nextel	S	18.96	2,902,517,860	55,041,413,685	71.0%	-	0.0%	22,428,203,754	28.95%	77,469,617,439
Verizon Communications	VZ	36.39	2,909,893,627	105,876,479,618	78.3%	-	0.0%	29,359,376,057	21.71%	135,235,855,676
Telus Corp.	TU	50.63	340,690,256	17,250,283,295	85.6%	-	0.0%	2,896,460,000	14.38%	20,146,743,295
Mean:					**80.7%**		**0.0002%**		**19.29%**	
Weighted Mean:				409,724,083,823	**79.0%**	260,000	**0.0001%**	108,754,462,025	**20.98%**	518,478,805,848
Median:					**80.4%**		**0.0000%**		**19.55%**	
Say					**80.0%**		**0.0%**		**20%**	

Source: ValueLine & Yahoo Financial
Estimated market value of debt was based on bond analysis (see attached).

Note: 1) Except for stock price from Nasdaq Stock Exchange, Telus figures were converted from Canadian to US dollars at the exchange rate for end of 2006 (.85).
2) Bellsouth and AT&T Mobility are not included in AT&T figures.
3) Long Term Debt includes capitalized leases.

Support for Market Multiples
Wireless Industry
2007 Assessment Year

Industry Overall

Company Name	Ticker	$Stock$ Average	Rev's	Multiple	Proj. Cash Flow	Multiple	Earnings	Multiple	Div'ds Decl'd	Multiple	Cap'l Spend	Multiple	Book Value	Multiple	
AT&T Inc	T	33.81	16.2	2.08	5.50	6.15	2.34	14.45	1.33	25.42	2.14	15.80	15.00	2.25	
Alltel Corporation	AT	56.84	21.6	2.63	7.15	7.95	1.96	29.00	1.07	53.12	3.28	17.33	37.10	1.53	
Sprint Nextel	S	18.96	14.2	1.34	4.50	4.21	0.34	55.77	0.10	189.63	2.61	7.27	18.45	1.03	
Verizon Communications	VZ	36.39	30.3	1.20	8.20	4.44	2.54	14.32	1.62	22.46	5.89	6.18	13.20	2.76	
Telus Corp.	TU	50.63	21.5	2.36	6.63	7.64	2.75	18.44	1.02	49.64	4.00	12.67	21.70	2.33	
	Mean:			**1.92**		**6.08**		**26.40**		**68.05**		**11.85**		**1.98**	
	Median:			2.08		6.15		18.44		49.64		12.67		2.25	
	Std. Dev.	mean/std.dev		0.63	33%	1.74	29%	17.48	66%	69.35	102%	4.99	42%	0.69	35%
			Indicator	**2.00**		**6.0**		**26.4**		**nmf**		**12.0**		**2.0**	

source: ValueLine Investment Survey & Yahoo Financial
Note: 1) Average Stock Price = 4th 1/4 High/Low common stock price averages.
2) Units per share comparisons

Note: Except for stock price from Nasdaq Stock Exchange, Telus figures were converted from Canadian to US dollars at the exchange rate for end of 2006 (.85).

Support for Yield Capitalization Equity Component
Capital Asset Pricing Model

Wireless

2007 Assessment Year

Ex Post

Ke = Rf + (B x Rp)

Ke = Cost of Equity			**11.0%**
			to page 1
Rf =	risk free rate	4.8%	
Rp =	risk premium	5.6%	
B =	Beta	1.10	

Rp = Risk Premium		**5.6%**
		to above

Ibbotson SBBI, Market Report Dec 2006, Table 7 page 16

Ibbotson, SBBI, Large Co. (geometric mean)	10.4%	Rm (market risk)

Rf = Risk Free Rate	**4.8%**
	to above

Ibbotson SBBI, Risk Premia Over Time Report 2007, Table C1 page 5
(1926-2006)

Long Term (20 years) US Treasury Bond Yield	4.9%

Value Line Investment Survey, Selected Yields January 5, 2007, page 4941

US Treasury Securities year end data

5 year	4.64%
10 year	4.65%
30 year	4.78%
30 year Zero	4.74%

Federal Reserve Statistical Release
(http://www.federalreserve.gov/Releases/H15/Current/)

Treasury Constant Maturities

5 year	4.56%
10 year	4.60%
20 year	4.82%
20 year TIPS	2.33%
Inflation Indication	2.49%

Support for Yield Capitalization Equity Component
Capital Asset Pricing Model

Wireless

2007 Assessment Year

Ex Ante

Ke = Rf + (B x Rp)

Ke = Cost of Equity			**10.3%**
			to page 1
Rm =	rate of return	9.8%	
Rf =	risk free rate	4.8%	
Rp =	risk premium	5.0%	
B =	Beta	1.10	

Rp = Risk Premium	**5.0%**
	to above

Roger J. Grabowski and David W. King

Equity Risk Premium: What Consultants Need to Know about Recent Research - 2005 Update

Dr. Aswath Damodoran

http://pages.stern.nyu.edu/~adamodar/

John Graham and Cambell Harvey

Expectations of Equity Risk Premium, Volatility and Asymmetry, 2003
(The Graham and Harvey is the US Corportate officer survey of 2.9-4.7%)

Rf = Risk Free Rate	**4.8%**
	to above

Ibbotson SBBI, Risk Premia Over Time Report 2006, Table C1 page 5

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Treasury Constant Maturities

5 year	4.56%
10 year	4.60%
20 year	4.82%
20 year TIPS	2.33%
Inflation Indication	2.49%

Implied Premiums for US Market

These implied premiums are calculated using the S&P 500. http://pages.stern.nyu.edu/~adamodar/

Year	*Earnings Yield*	*Dividend Yield*	*S&P 500*	*Earnings*	*Dividends*	*Change in Earnings*	*Change in Dividends*	*T.Bill Rate*	*T.Bond Rate*	*Bond-Bill*	*Smoothed Growth*	*Implied Premium (DDM)*	*Analyst Growth Estimate*	*Implied Premium (FCFE)*
1960	5.34%	3.41%	58.11	3.1	1.98			0.0266	2.76%	0.10%	2.45%			
1961	4.71%	2.85%	71.55	3.37	2.04	8.60%	2.91%	2.13%	2.35%	0.22%	2.41%	2.92%		2.92%
1962	5.81%	3.40%	63.1	3.67	2.15	8.79%	5.21%	2.73%	3.85%	1.12%	4.05%	3.56%		3.56%
1963	5.51%	3.13%	75.02	4.13	2.35	12.75%	9.45%	3.12%	4.14%	1.02%	4.96%	3.38%		3.38%
1964	5.62%	3.05%	84.75	4.76	2.58	15.23%	10.08%	3.54%	4.21%	0.67%	5.13%	3.31%		3.31%
1965	5.73%	3.06%	92.43	5.3	2.83	11.20%	9.42%	3.93%	4.65%	0.72%	5.46%	3.32%		3.32%
1966	6.74%	3.59%	80.33	5.41	2.88	2.23%	1.96%	4.76%	4.64%	-0.12%	4.19%	3.68%		3.68%
1967	5.66%	3.09%	96.47	5.46	2.98	0.85%	3.37%	4.21%	5.70%	1.49%	5.25%	3.20%		3.20%
1968	5.51%	2.93%	103.86	5.72	3.04	4.81%	2.09%	5.21%	6.16%	0.95%	5.32%	3.00%		3.00%
1969	6.63%	3.52%	92.06	6.1	3.24	6.66%	6.49%	6.58%	7.88%	1.30%	7.55%	3.74%		3.74%
1970	5.98%	3.46%	92.15	5.51	3.19	-9.72%	-1.61%	6.53%	6.50%	-0.03%	4.78%	3.41%		3.41%
1971	5.46%	3.10%	102.09	5.57	3.16	1.15%	-0.74%	4.39%	5.89%	1.50%	4.57%	3.09%		3.09%
1972	5.23%	2.70%	118.05	6.17	3.19	10.76%	0.71%	3.84%	6.41%	2.57%	5.21%	2.72%		2.72%
1973	8.16%	3.70%	97.55	7.96	3.61	28.93%	13.24%	6.93%	6.90%	-0.03%	8.30%	4.30%		4.30%
1974	13.64%	5.43%	68.56	9.35	3.72	17.48%	3.14%	8.00%	7.40%	-0.60%	6.42%	5.59%		5.59%
1975	8.55%	4.14%	90.19	7.71	3.73	-17.54%	0.30%	5.80%	7.76%	1.96%	5.99%	4.13%		4.13%
1976	9.07%	3.93%	107.46	9.75	4.22	26.39%	13.10%	5.08%	6.81%	1.73%	8.19%	4.55%		4.55%
1977	11.43%	5.11%	95.1	10.87	4.86	11.53%	15.07%	5.12%	7.78%	2.66%	9.52%	5.92%		5.92%
1978	12.11%	5.39%	96.11	11.64	5.18	7.07%	6.60%	7.18%	9.15%	1.97%	8.48%	5.72%		5.72%
1979	13.48%	5.53%	107.94	14.55	5.97	25.01%	15.23%	10.38%	10.33%	-0.05%	11.70%	6.45%		6.45%
1980	11.04%	4.74%	135.76	14.99	6.44	3.01%	7.81%	11.24%	12.43%	1.19%	11.01%	5.03%		5.03%
1981	12.39%	5.57%	122.55	15.18	6.83	1.31%	6.08%	14.71%	13.98%	-0.73%	11.42%	5.73%		5.73%
1982	9.83%	4.93%	140.64	13.82	6.93	-8.95%	1.58%	10.54%	10.47%	-0.07%	7.96%	4.90%		4.90%
1983	8.06%	4.32%	164.93	13.29	7.12	-3.84%	2.76%	8.80%	11.80%	3.00%	9.09%	4.31%		4.31%
1984	10.07%	4.68%	167.24	16.84	7.83	26.69%	9.85%	9.85%	11.51%	1.66%	11.02%	5.11%		5.11%
1985	7.42%	3.88%	211.28	15.68	8.2	-6.91%	4.74%	7.72%	8.99%	1.27%	7.89%	4.03%	6.75%	3.84%
1986	5.96%	3.38%	242.17	14.43	8.19	-7.93%	-0.15%	6.16%	7.22%	1.06%	5.54%	3.36%	6.96%	3.58%
1987	6.49%	3.71%	247.08	16.04	9.17	11.10%	11.99%	5.47%	8.86%	3.39%	9.66%	4.18%	8.58%	3.99%
1988	8.20%	3.68%	277.72	22.77	10.22	42.02%	11.49%	6.35%	9.14%	2.79%	9.76%	4.12%	7.67%	3.77%
1989	6.80%	3.32%	353.4	24.03	11.73	5.52%	14.80%	8.37%	7.93%	-0.44%	9.58%	3.85%	7.46%	3.51%
1990	6.58%	3.74%	330.22	21.73	12.35	-9.58%	5.26%	7.81%	8.07%	0.26%	7.39%	3.92%	7.19%	3.89%
1991	4.58%	3.11%	417.09	19.1	12.97	-12.08%	5.03%	7.00%	6.70%	-0.30%	6.34%	3.27%	7.81%	3.48%
1992	4.16%	2.90%	435.71	18.13	12.64	-5.12%	-2.59%	5.30%	6.68%	1.38%	4.67%	2.83%	9.83%	3.55%

1993	4.25%	2.72%	466.45	19.82	12.69	9.37%	0.41%	3.50%	5.79%	2.29%	4.73%	2.74%	8.00%	3.17%
1994	5.89%	2.91%	459.27	27.05	13.36	36.45%	5.34%	5.00%	7.82%	2.82%	7.23%	3.06%	7.17%	3.55%
1995	5.74%	2.30%	615.93	35.35	14.17	30.70%	6.00%	3.50%	5.57%	2.07%	5.65%	2.44%	6.50%	3.29%
1996	4.83%	2.01%	740.74	35.78	14.89	1.20%	5.10%	5.00%	6.41%	1.41%	6.13%	2.11%	7.92%	3.20%
1997	4.08%	1.60%	970.43	39.56	15.52	10.57%	4.25%	5.35%	5.74%	0.39%	5.45%	1.67%	8.00%	2.73%
1998	3.11%	1.32%	1229.23	38.23	16.2	-3.35%	4.37%	4.33%	4.65%	0.32%	4.60%	1.38%	7.20%	2.26%
1999	3.07%	1.14%	1469.25	45.17	16.71	18.13%	3.16%	5.37%	6.44%	1.07%	5.75%	1.20%	12.50%	2.05%
2000	3.94%	1.23%	1320.28	52	16.27	15.13%	-2.65%	5.73%	5.11%	-0.62%	3.71%	1.65%	12.00%	2.87%
2001	3.85%	1.37%	1148.09	44.23	15.74	-14.94%	-3.24%	1.80%	5.05%	3.25%	3.56%	1.73%	10.30%	3.62%
2002	5.37%	1.83%	879.82	47.24	16.08	6.81%	2.15%	1.20%	3.81%	2.61%	3.57%	2.29%	8.00%	4.10%
2003	4.87%	1.61%	1111.91	54.15	17.88	14.63%	11.19%	1.00%	4.25%	3.25%	5.35%	2.12%	11.00%	3.69%
2004	5.53%	1.60%	1211.92	67.01	19.407	23.75%	8.54%	2.18%	4.22%	2.04%	4.90%	2.02%	8.50%	3.65%
2005	5.47%	1.79%	1248.29	68.32	22.38	1.95%	15.32%	4.31%	4.39%	0.08%	6.16%	2.20%	8.00%	4.08%
2006	5.78%	1.77%	1418.3	81.96	25.05	19.96%	11.93%	4.88%	4.70%	-0.18%	5.93%	1.97%	12.50%	4.16%

Last updated January 5, 2007

Beta Analysis for CAPM
Wireless Industry
2007 Assessment Year

Industry Overall		**ValueLine**
AT&T Inc	T	1.20
Alltel Corporation	AT	0.87
Sprint Nextel	S	1.15
Verizon Communications	VZ	1.05
Telus Corp.	TU	0.85
	Mean:	**1.02**
	Median:	**1.10**

Estimated: **1.10**

Note: Alltel Corp. Yahoo Finance beta (Valueline nmf for 12/2006).

Support for Yield Capitalization Equity Component

Wireless Industry

2007 Assessment Year

Dividend Growth Model

(based on Valueline Dividends Growth)

Ke = D1 / Po + G

where:

Ke = Cost of Equity
D1 = Expected Dividends
Po = Current Price
G = Sustainable Growth

Industry Overall

Company Name	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/P0)	Dividends Growth (G)	Ke
AT&T Inc	T	33.81	1.42	3.80%	5.50%	9.70%
Alltel Corporation	AT	56.84	0.51	0.80%	nmf	nmf
Sprint Nextel	S	18.96	0.10	0.50%	nil	nmf
Verizon Communications	VZ	36.39	1.62	4.40%	0.50%	4.95%
Telus Corp.	TU	50.633	1.275	2.60%	17.00%	19.52%
			Median:			**9.7%**
			Mean:			**11.4%**
			Say			**nmf**

source: ValueLine & Yahoo Financial

Note: Stock Price = 4th ¼ High / Low average

Support for Yield Capitalization Equity Component
Wireless Industry
2007 Assessment Year

Dividend Growth Model
(based on Value Line Earnings Growth)

Ke = D1 / Po + G

where:

Ke = Cost of Equity
D1 = Expected Dividends
Po = Current Price
G = Sustainable Growth

Industry Overall

Company Name	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/P0)	Earnings Growth (G)	Ke
AT&T Inc	T	33.805	1.42	3.80%	13.00%	17.20%
Alltel Corporation	AT	56.835	0.51	0.80%	20.00%	nmf
Sprint Nextel	S	18.963	0.10	0.50%	nmf	nmf
Verizon Communications	VZ	36.385	1.62	4.40%	2.00%	6.45%
Telus Corp.	TU	50.633	1.28	2.60%	21.00%	23.52%
			Median:			**17.2%**
			Mean:			**15.7%**
			Say			**nmf**

source: Value Line & Yahoo Financial
Note: 1) Stock Price = 4th ¼ High / Low average
2) Earnings projection is 5 year annualized average calculated from Value Line 2006 earnings per share over 9/2011 EPS.

Support for Yield Capitalization Equity Component

Wireless Industry

2007 Assessment Year

Dividend Growth Model

(based on S&P Earnings Growth estimates)

$$Ke = D1 / Po + G$$

where:

Ke = Cost of Equity
D1 = Expected Dividends
Po = Current Price
G = Sustainable Growth

Industry Overall

Company Name	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/P0)	S&P Earnings Growth (G)	Ke
AT&T Inc	T	33.805	1.42	3.80%	10.00%	14.20%
Alltel Corporation	AT	56.835	0.51	0.80%	6.00%	6.90%
Sprint Nextel	S	18.963	0.10	0.50%	10.00%	10.53%
Verizon Communications	VZ	36.385	1.62	4.40%	4.00%	8.45%
Telus Corp.	TU	50.633	1.28	2.60%	no data	nmf
			Median:			**9.5%**
			Mean:			**10.0%**
			Estimated			**10.0%**

source: ValueLine & S&P Earnings Guide 1/2007

Note: Stock Price = 4th ¼ High / Low average

Washington State Department of Revenue

Support for Debt Rating and Debt Yield Rate

Wireless Industry

2007 Assessment Year

Industry Overall	---- Ratings ----			
Company	**Ticker**	**Mergent**	**S&P**	**Weighted Average YTM**
AT&T Inc	T	A2	A	6.73%
Alltel Corporation	AT	not listed	A -	6.73%
Sprint Nextel	S	Baa3	BBB	5.47%
Verizon Communications	VZ	A3	A	5.29%
Telus Corp.	TU	Baa2	BBB+	no data
Selected Debt Rating		**Baa2**	**BBB**	**5.83%**

Weighted average YTM's from page 12

Standard & Poor's Bond Guide

January 2007 - Page 3 - US Industrial 20 yr bond yield chart

Rating	AAA	AA	A	BBB
Year end	5.30%	5.50%	5.70%	6.50%
Average	**5.30%**	**5.50%**	**5.70%**	**6.50%**

Mergent Bond Record

January 2007, Page 188 Corporates by rating

Corporate	Aaa	Aa	A	Baa
October	5.51%	5.74%	5.94%	6.42%
November	5.33%	5.57%	5.76%	6.20%
December	5.29%	5.58%	5.78%	6.22%
Average	**5.38%**	**5.63%**	**5.83%**	**6.28%**

Public Utilities	Aaa	Aa	A	Baa
October		5.80%	5.98%	6.24%
November		5.61%	5.80%	6.04%
December		5.62%	5.81%	6.05%
Average		**5.68%**	**5.86%**	**6.11%**

Industrials	Aaa	Aa	A	Baa
October	5.51%	5.68%	5.90%	6.60%
November	5.33%	5.52%	5.72%	6.36%
December	5.29%	5.53%	5.75%	6.38%
Average	**5.38%**	**5.58%**	**5.79%**	**6.45%**

DEBT YIELD RATE
6.50%

S&P	Mergent	
AAA+	Aaa1	1
AAA	Aaa2	2
AAA-	Aaa3	3
AA+	Aa1	4
AA	Aa2	5
AA-	Aa3	6
A+	A1	7
A	A2	8
A-	A3	9
BBB+	Baa1	10
BBB	Baa2	11
BBB-	Baa3	12
BB+	Ba1	13
BB	Ba2	14
BB-	Ba3	15
B+	B1	16
B	B2	17
B-	B3	18
CCC+	Caa1	19
CCC	Caa2	20

Wireless Bond analysis (12-31-2006)

Company	type	Call	coupon	maturity	Price 12/31/2006	Issued / Book	yield	Yield to Maturity	WAYTM	Company Rating	Mkt Val	Mkt : Book	Embedded Rate	Debt Service	WAYTM	Weighted AV YTM
Alltel Corp	sr notes	Z100	7.000	2012	$ 103.88	$ 800,000,000	6.739%	5.99%	0.08420%	A-	$ 831,040,000	103.88%		56,000,000	0.0842%	2.08%
Alltel Corp	deb	NC	6.500	2013	$ 100.49	$ 200,000,000	6.468%	6.39%	0.000225	A-	$ 200,980,000	100.49%		13,000,000	0.0225%	0.56%
Alltel Corp	deb	NC	7.000	2016	$ 102.65	$ 300,000,000	6.819%	6.58%	0.000347	A-	$ 307,950,000	102.65%		21,000,000	0.0347%	0.86%
Alltel Corp	deb	NC	6.800	2029	$ 93.84	$ 300,000,000	7.246%	7.38%	0.000389	A-	$ 281,520,000	93.84%		20,400,000	0.0389%	0.96%
Alltel Corp	sr notes	Z100	7.875	2032	$ 104.64	$ 700,000,000	7.526%	7.46%	0.000917	A-	$ 732,480,000	104.64%		55,125,000	0.0917%	2.27%
6	**Book Val**	**600**		**sum**		**2,300,000,000**	**% of book**				**$ 2,353,970,000**	**102.35%**	**7.20%**	**$ 165,525,000**		**6.73%**
AT&T Corp	sr notes	100	7.300	2011	108.26	$ 2,750,000,000	6.743%	4.69%	0.22642%	A	$ 2,977,150,000	108.26%		200,750,000	0.2264%	0.4534%
AT&T Corp	Notes	z100	6.500	2013	104.07	$ 147,000,000	6.246%	5.62%	0.01451%	A	$ 152,982,900	104.07%		9,555,000	0.0145%	0.0291%
AT&T Corp	Notes	z100	6.500	2029	99.81	$ 255,000,000	6.512%	6.52%	0.02920%	A	$ 254,515,500	99.81%		16,575,000	0.0292%	0.0585%
AT&T Corp	sr notes	100	8.000	2031	124.06	$ 2,750,000,000	6.448%	6.05%	0.29253%	A	$ 3,411,650,000	124.06%		220,000,000	0.2925%	0.5858%
AT&T Wireless	sr notes	z100	7.875	2011	109.07	$ 3,000,000,000	7.220%	4.99%	0.26285%	A	$ 3,272,100,000	109.07%		236,250,000	0.2628%	0.5263%
AT&T Wireless	sr notes	z100	8.125	2012	112.52	$ 2,000,000,000	7.221%	4.95%	0.17404%	A	$ 2,250,400,000	112.52%		162,500,000	0.1740%	0.3485%
AT&T Wireless	sr notes	z100	8.750	2031	129.95	$ 2,500,000,000	6.733%	6.28%	0.27578%	A	$ 3,248,750,000	129.95%		218,750,000	0.2758%	0.5522%
Bell South Capital Funding	note	Z100	7.750	2010	106.6	$ 1,000,000,000	7.27%	4.88%	0.08577%	A	$ 1,066,000,000	106.60%		77,500,000	0.0858%	0.1717%
Bell South Capital Funding	note	NC	6.040	2026	95.59	$ 300,000,000	6.32%	6.46%	0.03402%	A	$ 286,770,000	95.59%		18,120,000	0.0340%	0.0681%
Bell South Capital Funding	note	100	7.875	2030	116.12	$ 1,000,000,000	6.78%	6.49%	0.11407%	A	$ 1,161,200,000	116.12%		78,750,000	0.1141%	0.2284%
Bell South Capital Funding	note	Z100	7.120	2097	106.01	$ 500,000,000	6.72%	6.72%	0.05899%	A	$ 530,050,000	106.01%		35,600,000	0.0590%	0.1181%
Bell South Corp	note	Z100	6.000	2011	102.59	$ 1,000,000,000	5.85%	5.17%	0.09087%	A	$ 1,025,900,000	102.59%		60,000,000	0.0909%	0.1820%
Bell South Corp	note	Z100	4.750	2012	96.5	$ 800,000,000	4.92%	5.65%	0.07945%	A	$ 772,000,000	96.50%		38,000,000	0.0794%	0.1591%
Bell South Corp	note	Z100	5.200	2014	97.59	$ 1,500,000,000	5.33%	5.65%	0.14899%	A	$ 1,463,850,000	97.59%		78,000,000	0.1490%	0.2983%
Bell South Corp	note	Z100	6.875	2031	105.91	$ 750,000,000	6.49%	6.38%	0.08410%	A	$ 794,325,000	105.91%		51,562,500	0.0841%	0.1684%
Bell South Corp	note	Z100	6.550	2034	102.51	$ 700,000,000	6.39%	6.35%	0.07812%	A	$ 717,570,000	102.51%		45,850,000	0.0781%	0.1564%
Bell South Corp	note	Z100	6.000	2034	96.01	$ 700,000,000	6.25%	6.31%	0.07765%	A	$ 672,070,000	96.01%		42,000,000	0.0777%	0.1555%
SBC Communications	Global Notes	Z100	7.000	2012	101.83	$ 60,000,000	6.87%	6.52%	0.00687%	A	$ 61,098,000	101.83%		4,200,000	0.0069%	0.0138%
SBC Communications	Global Notes	Z100	6.250	2011	103.24	$ 1,250,000,000	6.05%	5.21%	0.11449%	A	$ 1,290,500,000	103.24%		78,125,000	0.1145%	0.2293%
SBC Communications	Global Notes	Z100	5.875	2012	101.88	$ 1,000,000,000	5.77%	5.39%	0.09476%	A	$ 1,018,800,000	101.88%		58,750,000	0.0948%	0.1897%
SBC Communications	Global Notes	Z100	5.875	2012	102.0	$ 1,000,000,000	5.76%	5.36%	0.09422%	A	$ 1,020,000,000	102.00%		58,750,000	0.0942%	0.1887%
SBC Communications	Global Notes	Z100	5.875	2034	98.35	$ 1,000,000,000	5.97%	6.00%	0.10543%	A	$ 983,500,000	98.35%		58,750,000	0.1054%	0.2111%
Southwest'n Bell Tel	deb	103.18	7.200	2026	102.61	$ 300,000,000	7.02%	6.95%	0.03661%	A	$ 307,830,000	102.61%		21,600,000	0.0366%	0.0733%
Southwest'n Bell Tel	deb	103.465	7.375	2027	102.94	$ 150,000,000	7.16%	7.09%	0.01869%	A	$ 154,410,000	102.94%		11,062,500	0.0187%	0.0374%
Southwest'n Bell Tel	deb	102.58	7.000	2027	102.15	$ 100,000,000	6.85%	6.80%	0.01194%	A	$ 102,150,000	102.15%		7,000,000	0.0119%	0.0239%
Bell South Telecommunicati	deb	NC	6.300	2015	102.22	$ 313,000,000	6.16%	5.92%	0.03258%	A	$ 319,948,600	102.22%		19,719,000	0.0326%	0.0652%
Bell South Telecommunicati	deb	NC	7.000	2025	107.45	$ 300,000,000	6.51%	6.29%	0.03313%	A	$ 322,350,000	107.45%		21,000,000	0.0331%	0.0663%
Bell South Telecommunicati	deb	Z100	6.375	2028	100.1	$ 500,000,000	6.37%	6.37%	0.05592%	A	$ 500,500,000	100.10%		31,875,000	0.0559%	0.1120%
Bell South Telecommunicati	deb	NC	5.850	2045	88.71	$ 300,000,000	6.59%	6.68%	0.03519%	A	$ 266,130,000	88.71%		17,550,000	0.0352%	0.0705%
Bell South Telecommunicati	deb	NC	7.000	2095	99.77	$ 500,000,000	7.02%	7.02%	0.06163%	A	$ 498,850,000	99.77%		35,000,000	0.0616%	0.1234%
30	**Book Val**	**3000**		**sum**		**$ 28,425,000,000**	**Percent of book**				**$ 30,903,350,000**	**108.72%**	**7.08%**	**$ 2,013,144,000**		**5.66%**
																0.00%
Dobson Communications	note	105.438	8.875	2013	$ 101.87	$ 650,000,000	8.71%	8.44%	0.09634%	B-	$ 662,155,000	101.87%		57,687,500	0.0963%	8.44%
1	**Book Val**	**100**		**sum**		**$ 650,000,000**	**% of book**				**$ 662,155,000**	**101.87%**	**8.88%**	**57,687,500**		**8.44%**
Rural Cellular	Sr Sub Nts	101.625	9.750	2010	$ 102.75	$ 300,000,000	9.49%	8.48%	0.04471%	B-	$ 308,250,000	102.75%		29,250,000	0.0447%	2.61%
Rural Cellular	Sr Nts	104.938	9.750	2010	$ 106.37	$ 325,000,000	9.17%	6.89%	0.03934%	B-	$ 345,702,500	106.37%		31,687,500	0.0393%	2.30%
Rural Cellular	Sr Sec Nts	104.125	8.250	2012	$ 104.12	$ 350,000,000	7.92%	7.15%	0.04395%	B-	$ 364,420,000	104.12%		28,875,000	0.0439%	2.57%
3	**Book Val**	**300**		**sum**		**$ 975,000,000**	**% of book**				**$ 1,018,372,500**	**104.45%**	**9.21%**	**89,812,500**		**7.47%**
Sprint Capital Corp.	Notes	Z100	6.125	2008	$ 101.18	$ 1,500,000,000	6.05%	3.70%	0.09750%	BBB+	$ 1,517,700,000	101.18%		91,875,000	0.0975%	0.42%
Sprint Capital Corp.	Notes	Z100	6.375	2009	$ 102.00	$ 750,000,000	6.25%	4.96%	0.06534%	BBB+	$ 765,000,000	102.00%		47,812,500	0.0653%	0.28%
Sprint Capital Corp.	Notes	Z100	7.625	2011	$ 107.07	$ 1,650,000,000	7.12%	5.36%	0.15527%	BBB+	$ 1,766,655,000	107.07%		125,812,500	0.1553%	0.66%
Sprint Capital Corp.	Notes	Z100	8.375	2012	$ 111.13	$ 2,000,000,000	7.54%	5.51%	0.19378%	BBB+	$ 2,222,600,000	111.13%		167,500,000	0.1938%	0.83%
Sprint Capital Corp.	bond	Z100	6.900	2019	$ 103.10	$ 1,750,000,000	6.69%	6.51%	0.20012%	BBB+	$ 1,804,250,000	103.10%		120,750,000	0.2001%	0.85%
Sprint Capital Corp.	Notes	Z100	6.875	2028	$ 100.10	$ 2,500,000,000	6.87%	6.87%	0.30156%	BBB+	$ 2,502,500,000	100.10%		171,875,000	0.3016%	1.29%
Sprint Capital Corp.	Notes	Z100	8.750	2032	$ 120.36	$ 2,000,000,000	7.27%	6.99%	0.24564%	BBB+	$ 2,407,200,000	120.36%		175,000,000	0.2456%	1.05%
Sprint Corp	Deb	NC	9.250	2022	$ 119.58	$ 200,000,000	7.74%	7.05%	0.02477%	BBB+	$ 239,160,000	119.58%		18,500,000	0.0248%	0.11%
Nextel Communications	Notes	107.375	7.375	2015	$ 102.54	$ 1,000,000,000	7.19%	6.93%	0.12174%	BBB+	$ 1,025,400,000	102.54%		73,750,000	0.1217%	0.52%
8	**Book Val**	**800**		**sum**		**13,350,000,000**	**% of book**				**14,250,465,000**	**106.75%**	**7.44%**	**992,875,000**		**5.47%**
Triton PCS	Sr Sub Notes	104.688	9.375	2011	$ 94.00	$ 350,000,000	9.97%	11.56%	0.07106%	no list	$ 329,000,000	94.00%		32,812,500	0.0711%	3.76%

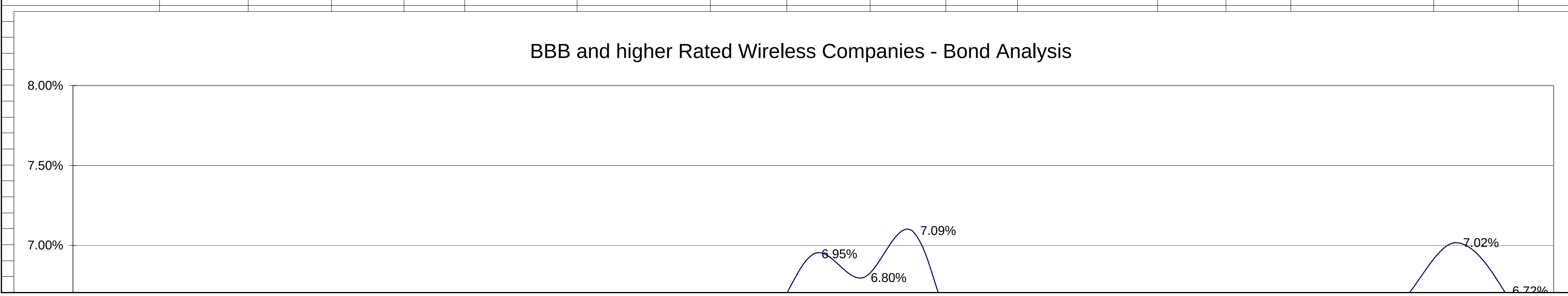
Triton PCS	Sr Notes	104.25	8.500	2013	$ 95.75	$ 725,000,000	8.88%	9.53%	0.12137%	no list	$ 694,187,500	95.75%		61,625,000	0.1214%	6.43%
2	**Book Val**	**200**		**sum**		**$ 1,075,000,000**	**% of book**				**$ 1,023,187,500**	**95.18%**	**8.78%**	**94,437,500**		**10.19%**
Verizon Global Funding	Notes	Z100	4.000	2008	$ 98.66	$ 1,000,000,000	4.05%	6.82%	0.11976%	NR	$ 986,600,000	98.66%		40,000,000	0.1198%	0.67%
Verizon Global Funding	Notes	Z100	7.250	2010	$ 108.46	$ 1,993,000,000	6.68%	3.65%	0.12774%	NR	$ 2,161,607,800	108.46%		144,492,500	0.1277%	0.72%
Verizon Global Funding	Notes	Z100	6.875	2012	$ 111.09	$ 1,000,000,000	6.19%	4.12%	0.07246%	NR	$ 1,110,900,000	111.09%		68,750,000	0.0725%	0.41%
Verizon Global Funding	Notes	Z100	7.375	2012	$ 108.09	$ 600,000,000	6.82%	5.31%	0.05594%	NR	$ 648,540,000	108.09%		44,250,000	0.0559%	0.31%
Verizon Global Funding	Notes	Z100	4.375	2013	$ 93.88	$ 500,000,000	4.66%	5.70%	0.05009%	NR	$ 469,400,000	93.88%		21,875,000	0.0501%	0.28%
Verizon Global Funding	Notes	NC	7.750	2032	$ 117.23	$ 400,000,000	6.61%	6.35%	0.04459%	NR	$ 468,920,000	117.23%		31,000,000	0.0446%	0.25%
Verizon MD	deb	z100	5.125	2033	82.03	$ 350,000,000	6.25%	6.60%	0.04059%	A	$ 287,105,000	82.03%		17,937,500	0.0406%	0.23%
Verizon NE	deb	Z100	6.500	2011	102.81	$ 1,000,000,000	6.32%	5.59%	0.09828%	A	$ 1,028,100,000	102.81%		65,000,000	0.0983%	0.55%
Verizon NE	deb	Z101	4.750	2013	92.94	$ 300,000,000	5.11%	6.31%	0.03325%	A	$ 278,820,000	92.94%		14,250,000	0.0333%	0.19%
Verizon NJ	deb	Z100	5.875	2012	101.3	$ 1,000,000,000	5.80%	5.54%	0.09735%	A	$ 1,013,000,000	101.30%		58,750,000	0.0973%	0.55%
Verizon Penn	deb	Z100	5.650	2011	100.35	$ 1,000,000,000	5.63%	5.54%	0.09728%	A	$ 1,003,500,000	100.35%		56,500,000	0.0973%	0.55%
Verizon VA	deb	Z100	4.625	2013	93.91	$ 1,000,000,000	4.92%	5.96%	0.10464%	A	$ 939,100,000	93.91%		46,250,000	0.1046%	0.59%
6	**Book Val**	**600**		**sum**		**$ 10,143,000,000**	**% of book**				**$ 10,395,592,800**	**102.49%**	**6.00%**	**609,055,000**		**5.29%**
					Total	**$ 56,918,000,000**				**Total**	**$ 60,607,092,800**	**$ 7**	**$ 1**	**$ 4,022,536,500**	**5.8653%**	
Source: Standard & Poor's Bond Guide, January 2007 (as of 12-31-2006)											**Embedded debt rate**			**7.07%**		
											Weighted average yield to maturity			**5.87%**		
											Debt service / Market value			**6.64%**		

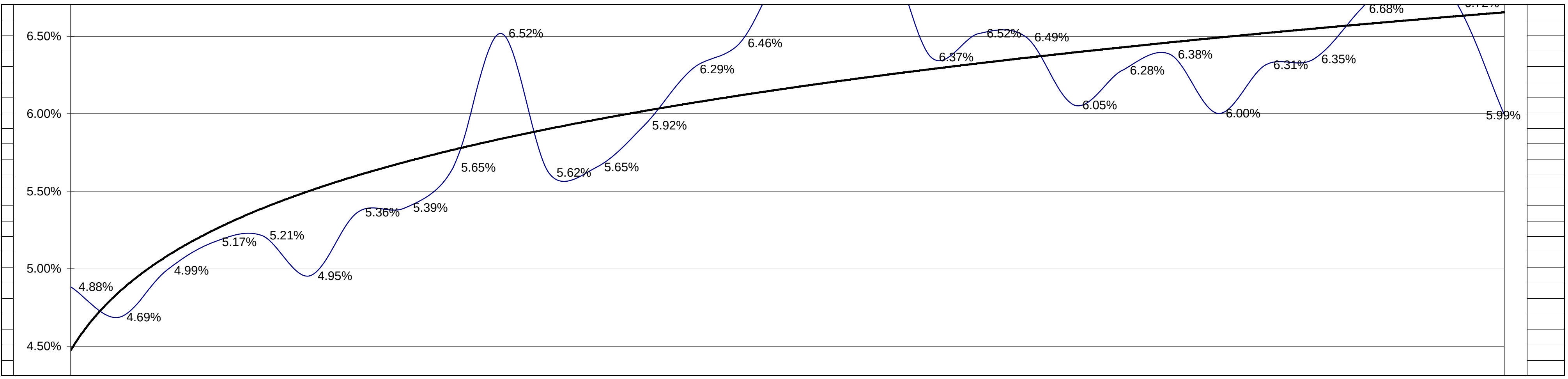
12/31/2006

Wireless Bond analysis - BB and Higher S&P Rated Companies

Sorted by Quality/Maturity/Yield									**Weighted**							
Company	**type**	**Call**	**coupon**	**maturity**	**current yield**	**Price 12/02**	**Issued / Boo**	**yield to matu**	**Average**	**Rating**	**Mkt Val**	**Mkt : Book**				
Bell South Capital Funding	note	Z100	7.750	2010	106.6	$ 1,000,000,000	7.27%	4.88%	0.08577%	A	$ 1,066,000,000	106.60%		77,500,000	0.0858%	0.1717%
AT&T Corp	sr notes	100	7.300	2011	108.26	$ 2,750,000,000	6.743%	4.69%	0.22642%	A	$ 2,977,150,000	108.26%		200,750,000	0.2264%	0.4534%
AT&T Wireless	sr notes	z100	7.875	2011	109.07	$ 3,000,000,000	7.220%	4.99%	0.26285%	A	$ 3,272,100,000	109.07%		236,250,000	0.2628%	0.5263%
Bell South Corp	note	Z100	6.000	2011	102.59	$ 1,000,000,000	5.85%	5.17%	0.09087%	A	$ 1,025,900,000	102.59%		60,000,000	0.0909%	0.1820%

SBC Communications	Global Notes	Z100	6.250	2011	103.24	$ 1,250,000,000	6.05%	5.21%	0.11449%	A	$ 1,290,500,000	103.24%		78,125,000	0.1145%	0.2293%
AT&T Wireless	sr notes	z100	8.125	2012	112.52	$ 2,000,000,000	7.221%	4.95%	0.17404%	A	$ 2,250,400,000	112.52%		162,500,000	0.1740%	0.3485%
SBC Communications	Global Notes	Z100	5.875	2012	102.0	$ 1,000,000,000	5.76%	5.36%	0.09422%	A	$ 1,020,000,000	102.00%		58,750,000	0.0942%	0.1887%
SBC Communications	Global Notes	Z100	5.875	2012	101.88	$ 1,000,000,000	5.77%	5.39%	0.09476%	A	$ 1,018,800,000	101.88%		58,750,000	0.0948%	0.1897%
Bell South Corp	note	Z100	4.750	2012	96.5	$ 800,000,000	4.92%	5.65%	0.07945%	A	$ 772,000,000	96.50%		38,000,000	0.0794%	0.1591%
SBC Communications	Global Notes	Z100	7.000	2012	101.83	$ 60,000,000	6.87%	6.52%	0.00687%	A	$ 61,098,000	101.83%		4,200,000	0.0069%	0.0138%
AT&T Corp	Notes	z100	6.500	2013	104.07	$ 147,000,000	6.246%	5.62%	0.01451%	A	$ 152,982,900	104.07%		9,555,000	0.0145%	0.0291%
Bell South Corp	note	Z100	5.200	2014	97.59	$ 1,500,000,000	5.33%	5.65%	0.14899%	A	$ 1,463,850,000	97.59%		78,000,000	0.1490%	0.2983%
Bell South Telecommunicati	deb	NC	6.300	2015	102.22	$ 313,000,000	6.16%	5.92%	0.03258%	A	$ 319,948,600	102.22%		19,719,000	0.0326%	0.0652%
Bell South Telecommunicati	deb	NC	7.000	2025	107.45	$ 300,000,000	6.51%	6.29%	0.03313%	A	$ 322,350,000	107.45%		21,000,000	0.0331%	0.0663%
Bell South Capital Funding	note	NC	6.040	2026	95.59	$ 300,000,000	6.32%	6.46%	0.03402%	A	$ 286,770,000	95.59%		18,120,000	0.0340%	0.0681%
Southwest'n Bell Tel	deb	103.18	7.200	2026	102.61	$ 300,000,000	7.02%	6.95%	0.03661%	A	$ 307,830,000	102.61%		21,600,000	0.0366%	0.0733%
Southwest'n Bell Tel	deb	102.58	7.000	2027	102.15	$ 100,000,000	6.85%	6.80%	0.01194%	A	$ 102,150,000	102.15%		7,000,000	0.0119%	0.0239%
Southwest'n Bell Tel	deb	103.465	7.375	2027	102.94	$ 150,000,000	7.16%	7.09%	0.01869%	A	$ 154,410,000	102.94%		11,062,500	0.0187%	0.0374%
Bell South Telecommunicati	deb	Z100	6.375	2028	100.1	$ 500,000,000	6.37%	6.37%	0.05592%	A	$ 500,500,000	100.10%		31,875,000	0.0559%	0.1120%
AT&T Corp	Notes	z100	6.500	2029	99.81	$ 255,000,000	6.512%	6.52%	0.02920%	A	$ 254,515,500	99.81%		16,575,000	0.0292%	0.0585%
Bell South Capital Funding	note	100	7.875	2030	116.12	$ 1,000,000,000	6.78%	6.49%	0.11407%	A	$ 1,161,200,000	116.12%		78,750,000	0.1141%	0.2284%
AT&T Corp	sr notes	100	8.000	2031	124.06	$ 2,750,000,000	6.448%	6.05%	0.29253%	A	$ 3,411,650,000	124.06%		220,000,000	0.2925%	0.5858%
AT&T Wireless	sr notes	z100	8.750	2031	129.95	$ 2,500,000,000	6.733%	6.28%	0.27578%	A	$ 3,248,750,000	129.95%		218,750,000	0.2758%	0.5522%
Bell South Corp	note	Z100	6.875	2031	105.91	$ 750,000,000	6.49%	6.38%	0.08410%	A	$ 794,325,000	105.91%		51,562,500	0.0841%	0.1684%
SBC Communications	Global Notes	Z100	5.875	2034	98.35	$ 1,000,000,000	5.97%	6.00%	0.10543%	A	$ 983,500,000	98.35%		58,750,000	0.1054%	0.2111%
Bell South Corp	note	Z100	6.000	2034	96.01	$ 700,000,000	6.25%	6.31%	0.07765%	A	$ 672,070,000	96.01%		42,000,000	0.0777%	0.1555%
Bell South Corp	note	Z100	6.550	2034	102.51	$ 700,000,000	6.39%	6.35%	0.07812%	A	$ 717,570,000	102.51%		45,850,000	0.0781%	0.1564%
Bell South Telecommunicati	deb	NC	5.850	2045	88.71	$ 300,000,000	6.59%	6.68%	0.03519%	A	$ 266,130,000	88.71%		17,550,000	0.0352%	0.0705%
Bell South Telecommunicati	deb	NC	7.000	2095	99.77	$ 500,000,000	7.02%	7.02%	0.06163%	A	$ 498,850,000	99.77%		35,000,000	0.0616%	0.1234%
Bell South Capital Funding	note	Z100	7.120	2097	106.01	$ 500,000,000	6.72%	6.72%	0.05899%	A	$ 530,050,000	106.01%		35,600,000	0.0590%	0.1181%
Alltel Corp	sr notes	Z100	7.000	2012	$ 103.88	$ 800,000,000	6.739%	5.99%	0.08420%	A-	$ 831,040,000	103.88%		56,000,000	0.0842%	2.08%
Alltel Corp	deb	NC	6.500	2013	$ 100.49	$ 200,000,000	6.468%	6.39%	0.000225	A-	$ 200,980,000	100.49%		13,000,000	0.0225%	0.56%
Alltel Corp	deb	NC	7.000	2016	$ 102.65	$ 300,000,000	6.819%	6.58%	0.000347	A-	$ 307,950,000	102.65%		21,000,000	0.0347%	0.86%
Alltel Corp	deb	NC	6.800	2029	$ 93.84	$ 300,000,000	7.246%	7.38%	0.000389	A-	$ 281,520,000	93.84%		20,400,000	0.0389%	0.96%
Alltel Corp	sr notes	Z100	7.875	2032	$ 104.64	$ 700,000,000	7.526%	7.46%	0.000917	A-	$ 732,480,000	104.64%		55,125,000	0.0917%	2.27%
Verizon Penn	deb	Z100	5.650	2011	100.35	$ 1,000,000,000	5.63%	5.54%	0.09728%	A	$ 1,003,500,000	100.35%		56,500,000	0.0973%	0.55%
Verizon NE	deb	Z100	6.500	2011	102.81	$ 1,000,000,000	6.32%	5.59%	0.09828%	A	$ 1,028,100,000	102.81%		65,000,000	0.0983%	0.55%
Verizon NJ	deb	Z100	5.875	2012	101.3	$ 1,000,000,000	5.80%	5.54%	0.09735%	A	$ 1,013,000,000	101.30%		58,750,000	0.0973%	0.55%
Verizon VA	deb	Z100	4.625	2013	93.91	$ 1,000,000,000	4.92%	5.96%	0.10464%	A	$ 939,100,000	93.91%		46,250,000	0.1046%	0.59%
Verizon NE	deb	Z101	4.750	2013	92.94	$ 300,000,000	5.11%	6.31%	0.03325%	A	$ 278,820,000	92.94%		14,250,000	0.0333%	0.19%
Verizon MD	deb	z100	5.125	2033	82.03	$ 350,000,000	6.25%	6.60%	0.04059%	A	$ 287,105,000	82.03%		17,937,500	0.0406%	0.23%
Sprint Capital Corp.	Notes	Z100	6.125	2008	$ 101.18	$ 1,500,000,000	6.05%	3.70%	0.09750%	BBB+	$ 1,517,700,000	101.18%		91,875,000	0.0975%	0.42%
Sprint Capital Corp.	Notes	Z100	6.375	2009	$ 102.00	$ 750,000,000	6.25%	4.96%	0.06534%	BBB+	$ 765,000,000	102.00%		47,812,500	0.0653%	0.28%
Sprint Capital Corp.	Notes	Z100	7.625	2011	$ 107.07	$ 1,650,000,000	7.12%	5.36%	0.15527%	BBB+	$ 1,766,655,000	107.07%		125,812,500	0.1553%	0.66%
Sprint Capital Corp.	Notes	Z100	8.375	2012	$ 111.13	$ 2,000,000,000	7.54%	5.51%	0.19378%	BBB+	$ 2,222,600,000	111.13%		167,500,000	0.1938%	0.83%
Nextel Communications	Notes	107.375	7.375	2015	$ 102.54	$ 1,000,000,000	7.19%	6.93%	0.12174%	BBB+	$ 1,025,400,000	102.54%		73,750,000	0.1217%	0.52%
Sprint Capital Corp.	bond	Z100	6.900	2019	$ 103.10	$ 1,750,000,000	6.69%	6.51%	0.20012%	BBB+	$ 1,804,250,000	103.10%		120,750,000	0.2001%	0.85%
Sprint Corp	Deb	NC	9.250	2022	$ 119.58	$ 200,000,000	7.74%	7.05%	0.02477%	BBB+	$ 239,160,000	119.58%		18,500,000	0.0248%	0.11%
Sprint Capital Corp.	Notes	Z100	6.875	2028	$ 100.10	$ 2,500,000,000	6.87%	6.87%	0.30156%	BBB+	$ 2,502,500,000	100.10%		171,875,000	0.3016%	1.29%
Sprint Capital Corp.	Notes	Z100	8.750	2032	$ 120.36	$ 2,000,000,000	7.27%	6.99%	0.24564%	BBB+	$ 2,407,200,000	120.36%		175,000,000	0.2456%	1.05%





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Federal reserve T Bill Data as of 12-31-2006

http://www.federalreserve.gov/Releases/H15/data.htm

5 year t bills monthly	10 year t bills monthly	20 year t bills monthly	20 year t bills monthly	Spread	6 mo moving ave
			TIPS - Inflation protected		
01/2005, 3.71	01/2005, 4.22	01/2005, 4.77	01/2005, 1.98	2.79	2.79
02/2005, 3.77	02/2005, 4.17	02/2005, 4.61	02/2005, 1.85	2.76	2.78
03/2005, 4.17	03/2005, 4.50	03/2005, 4.89	03/2005, 1.95	2.94	2.81
04/2005, 4.00	04/2005, 4.34	04/2005, 4.75	04/2005, 1.87	2.88	2.84
05/2005, 3.85	05/2005, 4.14	05/2005, 4.56	05/2005, 1.82	2.74	2.83
06/2005, 3.77	06/2005, 4.00	06/2005, 4.35	06/2005, 1.80	2.55	2.78
07/2005, 3.98	07/2005, 4.18	07/2005, 4.48	07/2005, 2.00	2.48	2.73
08/2005, 4.12	08/2005, 4.26	08/2005, 4.53	08/2005, 2.02	2.51	2.68
09/2005, 4.01	09/2005, 4.20	09/2005, 4.51	09/2005, 1.93	2.58	2.62
10/2005, 4.33	10/2005, 4.46	10/2005, 4.74	10/2005, 2.09	2.65	2.59
11/2005, 4.45	11/2005, 4.54	11/2005, 4.83	11/2005, 2.16	2.67	2.57
12/2005, 4.39	12/2005, 4.47	12/2005, 4.73	12/2005, 2.14	2.59	2.58
01/2006, 4.35	01/2006, 4.42	01/2006, 4.65	01/2006, 2.05	2.60	2.60
02/2006, 4.57	02/2006, 4.57	02/2006, 4.73	02/2006, 2.01	2.72	2.64
03/2006, 4.72	03/2006, 4.72	03/2006, 4.91	03/2006, 2.17	2.74	2.66
04/2006, 4.90	04/2006, 4.99	04/2006, 5.22	04/2006, 2.43	2.79	2.69
05/2006, 5.00	05/2006, 5.11	05/2006, 5.35	05/2006, 2.48	2.87	2.72
06/2006, 5.07	06/2006, 5.11	06/2006, 5.29	06/2006, 2.54	2.75	2.75
07/2006, 5.04	07/2006, 5.09	07/2006, 5.25	07/2006, 2.52	2.73	2.77
08/2006, 4.82	08/2006, 4.88	08/2006, 5.08	08/2006, 2.31	2.77	2.78
09/2006, 4.67	09/2006, 4.72	09/2006, 4.93	09/2006, 2.31	2.62	2.76
10/2006, 4.69	10/2006, 4.73	10/2006, 4.94	10/2006, 2.38	2.56	2.72
11/2006, 4.58	11/2006, 4.60	11/2006, 4.78	11/2006, 2.23	2.55	2.66
12/2006, 4.53	12/2006, 4.56	12/2006, 4.78	12/2006, 2.26	2.52	2.63

Support for Equity Component of Direct Capitalization Rates

Wireless Telecommunications

2007 Assessment Year

Industry Overall			2006		2007		2006		2007	
		$Stock$	Actual		Projected		Actual Cash		Projected Cash	
Company Name	Ticker	Average	Earnings	Ratio	Earnings	Ratio	Flow	Ratio	Flow	Ratio
AT&T Inc	T	$ 33.81	$ 2.34	6.92%	$ 2.60	7.69%	4.63	13.70%	$ 5.50	16.27%
Alltel Corporation	AT	$ 56.84	$ 1.96	3.45%	$ 3.00	5.28%	5.47	9.62%	$ 7.15	12.58%
Sprint Nextel	S	$ 18.96	$ 0.34	1.79%	$ 0.80	4.22%	3.65	19.25%	$ 4.50	23.73%
Verizon Communications	VZ	$ 36.39	$ 2.54	6.98%	$ 2.30	6.32%	7.85	21.57%	$ 8.20	22.54%
Telus Corp.	TU	$ 50.63	$ 2.75	5.42%	$ 2.55	5.04%	6.67	13.18%	$ 6.63	13.09%
	Mean:			4.91%		5.71%		15.46%		17.64%
	Median:			5.42%		5.28%		13.70%		16.27%
			Say	**5.25%**		**5.50%**		**14.00%**		**16.50%**

source: Actual earnings - ValuLine

source: Estimated Earnings - Valueline / Q4 average stock price

source: Cash flow - ValuLine / Q4 average stock price

Note: 1) Except for stock price from Nasdaq Stock Exchange, Telus figures were converted from Canadian to US dollars at the exchange rate for end of 2006 (.85).

2) Value Line cash flow is based on earnings plus depreciation, where earnings equals net income (after income tax and interest, but excluding non-recurring items).

Yahoo Financial Data

AT&T Inc
T

Date	High	Low	
Dec. 2006	36.21	33.74	
Nov. 2006	34.56	31.75	
Oct. 2006	35.00	31.57	
	4th Quarter Average		33.805

Alltel Corporation
AT

Date	High	Low	
Dec. 2006	62.66	56.54	
Nov. 2006	57.22	53.23	
Oct. 2006	58.53	52.83	
	4th Quarter Average		56.835

Sprint Nextel
S

Date	High	Low	
Dec. 2006	19.92	18.61	
Nov. 2006	20.63	18.57	
Oct. 2006	19.30	16.75	
	4th Quarter Average		18.963

Verizon Communications
VZ

Date	High	Low	
Dec. 2006	37.64	34.43	
Nov. 2006	37.29	34.00	
Oct. 2006	38.95	36.00	
	4th Quarter Average		36.385

Telus Corp.
TU (T.TO ticker for Canadian stock exchange)

Date	High	Low
Dec. 2006	48.98	44.26
Nov. 2006	52.51	47.11
Oct. 2006	58.00	52.94

4th Quarter Average 50.633
stock prices taken from Nasdaq Stock Exchange

Historical Summary

Wireless Telecommunications Industry

2007 Assessment Year

Equity

		2007	2006	2005	2004	2003	2002
Yield Capitalization							
	CAPM Ex Post	10.96%	11.91%	15.44%	19.80%	15.80%	16.23%
	CAPM Ex Ante	10.30%	9.75%	13.90%	17.30%	13.93%	n/a
Dividend Growth Models							
	Value Line, based on Dividends Growth	nmf	7.50%	7.80%	nmf	nmf	nmf
	Value Line, based on Earnings Growth	nmf	15.00%	6.90%	nmf	nmf	23.06%
	Standard & Poor's based on earnings growth	10.00%	11.00%	15.00%	nmf	24.71%	24.49%
	Yield Equity Component	11.00%	11.25%	14.50%	18.00%	18.00%	16.23%

Debt

	2007	2006	2005	2004	2003	2002
Debt Rate	6.50%	6.25%	6.10%	7.00%	10.25%	8.00%

Industry Market Capital Structure

	2007	2006	2005	2004	2003	2002
Equity	80.00%	75.00%	72.50%	55.00%	60.00%	70.00%
Debt	20.00%	25.00%	27.50%	45.00%	40.00%	30.00%

Weighted Average Cost of Capital

2007	2006	2005	2004	2003	2002
9.65%	**9.50%**	**12.20%**	**13.05%**	**14.90%**	**15.00%**

Wireless Data - 2007 Assessment Year

Valueline data - 12/29/2006

Description	Ticker	2006 Revenue per share	2006 Cash Flow	Proj. 2007 Cash Flow per share	2006 Earnings per share	2007Earnings per share	Beta	Dividends per share	P/E Ratio (trailing)	Dividend Yield
AT&T Inc	T	$16.24	$4.63	$5.50	$2.34	$2.60	1.20	$1.33	16.20	3.8%
Alltel Corporation	AT	$21.63	$5.47	$7.15	$1.96	$3.00	nmf	$1.07	32.00	0.8%
Sprint Nextel	S	$14.16	$3.65	$4.50	$0.34	$0.80	1.15	$0.10	58.00	0.5%
Verizon Communications	VZ	$30.29	$7.85	$8.20	$2.54	$2.30	1.05	$1.62	14.60	4.4%
Telus Corp.	TU	$21.46	$6.67	$6.63	$2.75	$2.55	0.85	$1.02	18.00	2.60%

Notes:

1 - Verizon - 2006 MCI revenue pro forma per Value Line.

2 - TU bond ratings instead of company ratings for Mergent.

3 - TU figures were converted to US dollars at .85 exhange rate for end of 2006, except stock price is from the Nasdaq Stock Exchange.

4) Bellsouth and AT&T Mobility are not included in AT&T figures because the acquisitions occurred on December 29, 2006 (before ValueLine repo.).
Debt, shares outstanding (weighted average) and are from AT&T 10-K.

Ticker	Book Value LT Debt	Book Value of Preferred	Book Value of Common per share	Book Value of Common	Shares outstanding	Capital spending per share	Expected dividend (2007)	Dividend Growth	5 yr. Earnings Growth
T	$50,063,000,000	$0	$29.76	$185,824,416,000	6,244,100,000	$2.14	$1.42	5.5%	13%
AT	$2,697,400,000	$260,000	$34.74	$12,514,655,892	360,237,648	$3.28	$0.51	nmf	20%
S	$21,011,000,000	$0	$18.34	$53,232,177,552	2,902,517,860	$2.61	$0.10	nil	nmf
VZ	$28,646,000,000	$0	$16.30	$47,431,266,120	2,909,893,627	$5.89	$1.62	0.5%	2%
TU	$2,896,460,000	$0	$17.13	$5,835,172,360	340,690,256	$4.00	$1.28	17%	21%

Ticker	S&P Earnings Growth	# of analyst	S&P company rating	Mergent company rating	Calculated Debt market to book Rate	Q4 2006 Ave Share Price	Weighted Average YTM (debt)	# Shares Preferred Outstanding	Preferred Dividends Declared	Preferred Dividends Declared per share
	5 yr. annual									
T	10.0%	27	A	A2	102.49%	$ 33.81	6.73%			
AT	6.0%	25	A -	not listed	102.35%	$ 56.84	6.73%	10,307	$ 21,232	$ 2.06
S	10.0%	28	BBB	Baa3	106.75%	$ 18.96	5.47%			
VZ	4.0%	33	A	A3	102.49%	$ 36.39	5.29%			
TU	no data	no data	BBB+	Baa2	100.0%	$ 50.63	no data			

Washington State Department of Revenue

(instructions: any data entered on this page will flow to the applicable worksheets)

Industry: Wireless Industry
Assessment Year: 2007 Assessment Year

Guideline Companies: Name	Ticker	Stock Price (4th 1/4 average)	Revenues Per Share	Cash Flow Per Share	Earnings Per Share	Dividends Per Share	Book Value per Share
AT&T Inc	T	33.805	16.24	5.50	2.34	1.33	15.00
Alltel Corporation	AT	56.835	21.63	7.15	1.96	1.07	37.10
Sprint Nextel	S	18.963	14.16	4.50	0.34	0.10	18.45
Verizon Communications	VZ	36.385	30.29	8.20	2.54	1.62	13.20
Telus Corp.	TU	50.633	21.46	6.63	2.75	2.55	21.7
source:		Yahoo	Valueline	Valueline	Valueline	Valueline	Valueline

Note: Except for stock price from Nasdaq Stock Exchange, Telus figures were converted from Canadian to US dollars at the exchange rate for end of 2006 (.85).