

## Cost of Capital Study

2008 Assessment Year

### Wireless Industry

April 23, 2009

**Reference**

**Equity:**

**Yield Capitalization**

CAPM ex post	9.70%	Page
CAPM ex ante	9.50%	5
Dividend Growth Models		6
ValueLine, based on Dividends Growth	10.00%	9
ValueLine, based on Earnings Growth	15.00%	9
ValueLine, based on ROE	10.25%	9
Standard & Poor's, based on Earnings Growth	13.00%	8

<b>Yield Equity Component</b>	<b>10.50%</b>
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**Debt:**

<b>Debt Rate</b>	<b>6.50%</b>
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**Industry Market Capital Structure**

Equity	<b>80.0%</b>	x	10.50%	=		8.40%	3
Debt	<b>20.0%</b>	x	6.50%	=	1.30%		3
Marginal Tax Rate (1-tax rate)	<u>          </u>	x	38.0%	=		0.81%	
	100%						

<b>WACC</b>	<b>9.21%</b>
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**Support for Guideline Companies**  
**Wireless Industry**  
**2008 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	1.00	13.40	4.40%	57,255,000,000	0	115,370,415,000
Telephone & Data Systems, Inc.	TDS	1.00	26.20	1.00%	1,632,200,000	900,000	3,926,823,200
Sprint Nextel Corp.	S	1.30	nmf NIL		20,469,000,000	0	21,991,850,000
Verizon Communications	VZ	0.95	14.90	4.90%	28,203,000,000	0	50,575,000,000
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	0.80	14.10	4.10%	4,578,100,000	0	6,930,000,000
US Cellular	USM	1.00	21.50	nil	1,002,300,000	0	3,196,663,000
MetroPCS Communications, Inc.	PCS	nmf	26.60	nil	2,986,200,000	0	1,848,464,100
<b>Mean</b>		<b>1.01</b>	<b>19.45</b>	<b>3.60%</b>	<b>16,589,400,000</b>	<b>128,571</b>	<b>29,119,887,900</b>
<b>Book Capital Structure</b>					<b>36%</b>	<b>0.0%</b>	<b>64%</b>

Source: ValueLine

**Notes:**

1. MetroPCS is new to Value Line this year (2005 & 2006 is Pro Forma).
2. Telus - Canadian exchange rate was approx. 1.00 at end of 2007.
3. AT&T raised dividend by 12.7% (Dec. 2007 announcement).
4. TDS, TU and PCS have no public debt listed with Standard and Poors, so used 100% for calculated "market debt to book rate (data entry page).

**Support for Capital Structure**  
**(based on Market Value)**  
**Wireless Industry**  
**2008 Assessment Year**

Company Name	Ticker	\$Stock\$ Average	Common Shares	Market Values						\$ Total \$ Debt, Equity & DFIT
				Common \$ Stock \$	%	Preferred \$ Stock \$	%	Long Term \$ Debt \$	%	
AT&T, Inc Telephone & Data Systems, Inc.	T	40.28	6,043,500,000	243,422,107,500	79.8%	-	0.0%	61,750,216,199	20.23%	305,172,323,699
Sprint Nextel Corp.	TDS	65.93	117,640,000	7,755,417,000	82.6%	900,000	0.0%	1,632,200,000	17.39%	9,388,517,000
Verizon Communications	S	16.17	2,845,000,000	45,994,166,667	68.5%	-	0.0%	21,104,730,866	31.45%	67,098,897,532
Telus Corp. (T.TO on Toronto Stock Exchange)	VZ	44.15	2,890,000,000	127,588,683,333	81.5%	-	0.0%	28,997,474,435	18.52%	156,586,157,768
US Cellular	TU	50.50	330,000,000	16,664,450,000	78.4%	-	0.0%	4,578,100,000	21.55%	21,242,550,000
MetroPCS Communications, Inc.	USM	89.56	87,460,000	7,832,771,833	89.5%	-	0.0%	920,512,320	10.52%	8,753,284,153
	PCS	20.02	348,110,000	6,967,421,650	70.0%	-	0.0%	2,986,200,000	30.00%	9,953,621,650
	<b>Mean:</b>				<b>78.6%</b>		<b>0.0014%</b>		<b>21.38%</b>	
	<b>Weighted Mean:</b>			456,225,017,983	<b>78.9%</b>	900,000	<b>0.0002%</b>	121,969,433,820	<b>21.09%</b>	578,195,351,803
	<b>Median:</b>				<b>79.8%</b>		<b>0.0000%</b>		<b>20.23%</b>	
	<b>Say</b>				<b>80.0%</b>		<b>0.0%</b>		<b>20%</b>	

Sources: ValueLine data except stock prices Yahoo Finance.  
Estimated market value of debt was based on bond analysis (see attached).

**Notes:**

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2. Telus - Canadian exchange rate was approx. 1.00 at end of 2007.
3. AT&T raised dividend by 12.7% (Dec. 2007 announcement).
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**Support for Market Multiples**  
**Wireless Industry**  
**2008 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	40.28	\$ 19.83	2.03	5.36	7.51	2.76	14.59	1.42	28.37	2.93	13.75	19.09	2.11
Telephone & Data Systems, Inc.	TDS	65.93	\$ 41.05	1.61	7.70	8.56	2.86	23.05	0.39	169.04	5.95	11.08	33.38	1.97
Sprint Nextel Corp.	S	16.17	\$ 14.11	1.15	3.21	5.04	0.04	nmf	0.10	161.67	2.22	7.28	7.73	2.09
Verizon Communications	VZ	44.15	\$ 32.35	1.36	7.35	6.01	2.37	18.63	1.62	27.25	6.05	7.30	17.50	2.52
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	50.50	\$ 27.50	1.84	8.70	5.80	3.76	13.43	1.58	31.96	5.35	9.44	21.00	2.40
US Cellular	USM	89.56	\$ 45.12	1.98	10.26	8.73	3.56	25.16	nil	nil	6.95	12.89	36.55	2.45
MetroPCS Communications, Inc.	PCS	20.02	\$ 6.42	3.12	1.05	19.06	0.57	35.11	nil	nil	2.21	9.06	5.31	3.77
	<b>Mean:</b>			<b>1.87</b>		<b>8.67</b>		<b>21.66</b>		<b>83.66</b>		<b>10.11</b>		<b>2.47</b>
	Median:			1.84		7.51		20.84		31.96		9.44		2.40
	Std. Dev.	mean/std.dev		0.64 34%		4.79 55%		8.03 37%		74.64 89%		2.56 25%		0.61 25%
			<b>Indicator</b>	<b>1.85</b>		<b>7.5</b>		<b>21.0</b>		<b>nmf</b>		<b>9.60</b>		<b>2.45</b>

Sources: ValueLine data except stock prices Yahoo Finance.  
 Average Stock Price = 4th 1/4 High/Low common stock price averages.  
 Units per share comparisons

**Notes:**

1. MetroPCS is new to Value Line this year (2005 & 2006 is Pro Forma).
2. Telus - Canadian exchange rate was approx. 1.00 at end of 2007.
3. AT&T raised dividend by 12.7% (Dec. 2007 announcement).
4. TDS, TU and PCS have no public debt listed with Standard and Poors, so used 100% for calculated "market debt to book rate (data entry page).

## Support for Yield Capitalization Equity Component Capital Asset Pricing Model

Wireless

2008 Assessment Year

Ex Post

$$\text{Ke} = \text{Rf} + (\text{B} \times \text{Rp})$$

<b>Ke = Cost of Equity</b>			<b>9.7%</b>
			to page 1
Rf =	risk free rate	4.5%	
Rp =	risk premium	5.2%	
B =	Beta	1.00	page 8

<b>Rp = Risk Premium</b>			<b>5.2%</b>
			to above
<b>Ibbotson SBBI, Market Report Dec 2007, Table 7 page 18</b>			
	Ibbotson, SBBI, Large Co. less	10.4% Rm 5.2% Average historical Rf return	

<b>Rf = Risk Free Rate</b>			<b>4.5%</b>
			to above
<b>Ibbotson Risk Premia Over Time Report 2008, Table C1 page 5</b>			
	Long Term (20 years) US Treasury Bond Yield	4.5%	
<b>Value Line Investment Survey, Selected Yields January 4, 2008, page 4353</b> (12/26/2007)			
	US Treasury Securities year end data		
	5 year	3.70%	
	10 year	4.28%	
	30 year	4.67%	
	30 year Zero	4.70%	
<b>Federal Reserve Statistical Release</b> ( <a href="http://www.federalreserve.gov/Releases/H15/Current/">http://www.federalreserve.gov/Releases/H15/Current/</a> )			
	Treasury Constant Maturities		
	5 year	3.45%	
	10 year	4.04%	
	20 year	4.50%	
	10 year TIPS	2.00%	
	Inflation Indication	2.50%	

**Support for Yield Capitalization Equity Component  
Capital Asset Pricing Model**

**Wireless**

**2008 Assessment Year**

**Ex Ante**

**$Ke = Rf + (B \times Rp)$**

<b>Ke = Cost of Equity</b>			<b>9.5%</b>
			to page 1
Rm =	rate of return	9.5%	
Rf =	risk free rate	4.5%	
Rp =	risk premium	5.0%	
B =	Beta	1.00	page 8
<b>Rp = Risk Premium</b>			<b>5.0%</b>
			to above
<b>Shannon P. Pratt and Roger J. Grabowski</b>			
	Capital Applications and Examples Third Edition page 113 (rates are for beginning of 2007)	3.5% - 6% 5%	range est. equity Rp
<b>Dr. Aswath Damodaran</b>			
	<a href="http://pages.stern.nyu.edu/~adamodar/">http://pages.stern.nyu.edu/~adamodar/</a> 2007 Implied Risk Premium	4.37%	implied Rp
<b>John Graham and Campbell Harvey</b>			
	The Equity Risk Premium in January 2007: Evidence from the Global CEO Outlook Survey	3.21% 3.47% 2.39% - 4.65%	Nov. 2006 10 yr. av. 10 yr. av. range
<b>Rf = Risk Free Rate</b>			<b>4.5%</b>
			to above
<b>Ibbotson Risk Premia Over Time Report 2008, Table C1 page 5</b>			
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<b>Federal Reserve Statistical Release</b> ( <a href="http://www.federalreserve.gov/Releases/H15/Current/">http://www.federalreserve.gov/Releases/H15/Current/</a> )			
	Treasury Constant Maturities		
	5 year	3.45%	
	10 year	4.04%	
	20 year	4.50%	
	20 year TIPS	2.00%	
	Inflation Indication	2.50%	

# 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%
2007	5.96%	1.89%	1468.36	87.51	27.73	6.77%	10.70%	3.31%	4.02%	0.71%	5.03%	2.06%	5.00%	4.37%

*Last updated January 5, 2008*

**Beta Analysis for CAPM  
Wireless Industry  
2008 Assessment Year**

Industry Overall		ValueLine
AT&T, Inc	T	1.00
Telephone & Data Systems, Inc.	TDS	1.00
Sprint Nextel Corp.	S	1.30
Verizon Communications	VZ	0.95
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	0.80
US Cellular	USM	1.00
MetroPCS Communications, Inc.	PCS	nmf
	<b>Mean:</b>	<b>1.01</b>
	<b>Median:</b>	<b>1.00</b>
	<b>Estimated:</b>	<b>1.00</b>

**Support for Yield Capitalization Equity Component  
Wireless Industry  
2008 Assessment Year**

**Dividend Growth Model  
(based on Value Line Earnings Growth)**

$$K_e = D_1 / P_0 + G$$

where:

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

Industry Overall		S&P				
Company Name	Ticker	Stock Price (Po)	Expected Dividend (D1)	Dividend Yield (D1/P0)	Earnings Growth (G)	Ke
AT&T, Inc	T	40.278	1.60	4.40%	9.00%	12.97%
Telephone & Data Systems, Inc.	TDS	65.925	0.39	1.00%	21.00%	21.59%
Sprint Nextel Corp.	S	16.167	nil	NIL	11.00%	
Verizon Communications	VZ	44.148	1.72	4.90%	7.00%	10.90%
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	50.498	1.58	4.10%	na	nmf
US Cellular	USM	89.558	nil	nil	19.00%	nmf
MetroPCS Communications, Inc.	PCS	20.015	nil	nil	na	nmf
<b>Median:</b>						<b>13.0%</b>
<b>Mean:</b>						<b>15.2%</b>
<b>Say</b>						<b>13.0%</b>

Source: Yahoo Finance for stock prices, S&P for 5-year earnings growth and Value Line for other data.

Note: Stock Price = 4th 1/4 High / Low average



**Support for Debt Rating and Debt Yield Rate**  
**Wireless Industry**  
**2008 Assessment Year**

Industry Overall		---- Ratings ----		
Company	Ticker	Mergent	S&P Company Rating	Weighted Average YTM
AT&T, Inc	T	A2	A	5.09%
Telephone & Data Systems, Inc.	TDS	B3	BB+	NA
Sprint Nextel Corp.	S	Baa3	BBB	6.74%
Verizon Communications	VZ	A3	A	4.61%
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	Baa1	BBB+	NA
US Cellular	USM	na	BB+	7.43%
MetroPCS Communications, Inc.	PCS	Caa1	B-	NA
<b>Overall Average Debt Rating</b>		<b>Baa</b>	<b>BBB</b>	<b>5.97%</b>
Weighted average YTM's from page 12			<b>Median</b>	<b>5.92%</b>

**Mergent Bond Record**

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Corporates by rating

Corporate	Aaa	Aa	A	Baa
October	5.66%	5.94%	6.13%	6.48%
November	5.44%	5.78%	5.97%	6.40%
December	5.49%	5.91%	6.19%	6.65%
<b>Average</b>	<b>5.53%</b>	<b>5.88%</b>	<b>6.10%</b>	<b>6.51%</b>

Public Utilities	Aaa	Aa	A	Baa
October	na	6.04%	6.11%	6.36%
November	na	5.87%	5.97%	6.27%
December	na	6.03%	6.16%	6.51%
<b>Average</b>		<b>5.98%</b>	<b>6.08%</b>	<b>6.38%</b>

Industrials	Aaa	Aa	A	Baa
October	5.66%	5.84%	6.14%	6.60%
November	5.44%	5.67%	5.97%	6.51%
December	5.49%	5.78%	6.22%	6.78%
<b>Average</b>	<b>5.53%</b>	<b>5.76%</b>	<b>6.11%</b>	<b>6.63%</b>

<b>DEBT YIELD RATE</b> <b>6.50%</b>
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# Wireless Bond analysis

					12/31/2007											
Company	type	Call	coupon	maturity	Price 12/31/2007	Issued / Book	yield	Yield to Maturity	WYTM	Company Rating S&P	Mkt Val	Book	Rate	Debt Service	WYTM Market	WYTM Company
Alltel Corp	sr notes	Z100	7.000	2012	86.25	\$ 800,000,000	8.116%	12.04%	0.86464%	B+	\$ 690,000,000	86.25%		56,000,000	0.1646%	4.19%
Alltel Corp	deb	NC	6.500	2013	80.00	\$ 200,000,000	8.125%	12.59%	0.002260	B+	\$ 160,000,000	80.00%		13,000,000	0.0430%	1.09%
Alltel Corp	deb	NC	7.000	2016	78.00	\$ 300,000,000	8.974%	11.54%	0.003107	B+	\$ 234,000,000	78.00%		21,000,000	0.0591%	1.51%
Alltel Corp	deb	NC	6.800	2029	70.00	\$ 300,000,000	9.714%	10.39%	0.002797	B+	\$ 210,000,000	70.00%		20,400,000	0.0533%	1.36%
Alltel Corp	sr notes	Z100	7.875	2032	76.50	\$ 700,000,000	10.294%	10.63%	0.006677	B+	\$ 535,500,000	76.50%		55,125,000	0.1271%	3.24%
<b>5</b>	<b>Book Val</b>	<b>500</b>		<b>sum</b>		<b>2,300,000,000</b>	<b>% of book</b>				<b>\$ 1,829,500,000</b>	<b>79.54%</b>	<b>7.20%</b>	<b>\$ 165,525,000</b>		<b>11.38%</b>
<b>Bond rating for AT&amp;T (NR for company rating)</b>																
AT&T Corp	notes	Z100	6.000	2009	101.41	\$ 1,040,000,000	5.917%	3.11%	0.05533%	A	\$ 1,054,664,000	101.41%		62,400,000	0.0553%	0.0995%
AT&T Corp	sr notes	100	7.300	2011	108.35	\$ 2,750,000,000	6.737%	3.74%	0.17569%	A	\$ 2,979,625,000	108.35%		200,750,000	0.1757%	0.3158%
AT&T Corp	Notes	z100	6.500	2013	105.45	\$ 147,000,000	6.164%	5.11%	0.01284%	A	\$ 155,011,500	105.45%		9,555,000	0.0128%	0.0231%
AT&T Corp	Notes	z100	6.500	2029	98.16	\$ 255,000,000	6.622%	6.67%	0.02905%	A	\$ 250,308,000	98.16%		16,575,000	0.0290%	0.0522%
AT&T Corp	sr notes	100	8.000	2031	122.80	\$ 2,750,000,000	6.515%	6.11%	0.28702%	A	\$ 3,377,000,000	122.80%		220,000,000	0.2870%	0.5159%
AT&T Wireless	sr notes	z100	7.875	2011	108.29	\$ 3,000,000,000	7.272%	4.31%	0.22072%	A	\$ 3,248,700,000	108.29%		236,250,000	0.2207%	0.3967%
AT&T Wireless	sr notes	z100	8.125	2012	111.19	\$ 2,000,000,000	7.307%	4.59%	0.15688%	A	\$ 2,223,800,000	111.19%		162,500,000	0.1569%	0.2820%
AT&T Wireless	sr notes	z100	8.750	2031	129.59	\$ 2,500,000,000	6.752%	6.26%	0.26749%	A	\$ 3,239,750,000	129.59%		218,750,000	0.2675%	0.4808%
Bell South Capital Funding	note	Z100	7.750	2010	106.41	\$ 1,000,000,000	7.28%	3.30%	0.05638%	A	\$ 1,064,100,000	106.41%		77,500,000	0.0564%	0.1013%
Bell South Capital Funding	note	NC	6.040	2026	96.48	\$ 300,000,000	6.26%	6.38%	0.03270%	A	\$ 289,440,000	96.48%		18,120,000	0.0327%	0.0588%
Bell South Capital Funding	note	100	7.875	2030	116.49	\$ 1,000,000,000	6.76%	6.44%	0.10998%	A	\$ 1,164,900,000	116.49%		78,750,000	0.1100%	0.1977%
Bell South Capital Funding	note	Z100	7.120	2097	104.50	\$ 500,000,000	6.81%	6.81%	0.05819%	A	\$ 522,500,000	104.50%		35,600,000	0.0582%	0.1046%
Bell South Corp	nts	Z100	4.200	2009	99.40	\$ 1,500,000,000	4.23%	5.45%	0.13963%	A	\$ 1,491,000,000	99.40%		63,000,000	0.1396%	0.2510%
Bell South Corp	note	Z100	6.000	2011	103.57	\$ 1,000,000,000	5.79%	4.46%	0.07619%	A	\$ 1,035,700,000	103.57%		60,000,000	0.0762%	0.1369%
Bell South Corp	note	Z100	4.750	2012	96.50	\$ 800,000,000	4.92%	5.89%	0.08044%	A	\$ 772,000,000	96.50%		38,000,000	0.0804%	0.1446%
Bell South Corp	note	Z100	5.200	2014	97.59	\$ 1,500,000,000	5.33%	5.72%	0.14666%	A	\$ 1,463,850,000	97.59%		78,000,000	0.1467%	0.2636%
Bell South Corp	note	Z100	6.875	2031	106.61	\$ 750,000,000	6.45%	6.32%	0.08094%	A	\$ 799,575,000	106.61%		51,562,500	0.0809%	0.1455%
Bell South Corp	note	Z100	6.550	2034	103.43	\$ 700,000,000	6.33%	6.28%	0.07507%	A	\$ 724,010,000	103.43%		45,850,000	0.0751%	0.1349%
Bell South Corp	note	Z100	6.000	2034	97.23	\$ 700,000,000	6.17%	6.22%	0.07438%	A	\$ 680,610,000	97.23%		42,000,000	0.0744%	0.1337%
SBC Communications	Global Notes	101.5	7.000	2012	101.55	\$ 60,000,000	6.89%	6.49%	0.00665%	A	\$ 60,930,000	101.55%		4,200,000	0.0067%	0.0120%
SBC Communications	Global Notes	Z100	5.300	2010	101.77	\$ 1,000,000,000	5.21%	4.06%	0.06936%	A	\$ 1,017,700,000	101.77%		53,000,000	0.0694%	0.1247%
SBC Communications	Global Notes	Z100	6.250	2011	104.09	\$ 1,250,000,000	6.00%	4.48%	0.09576%	A	\$ 1,301,125,000	104.09%		78,125,000	0.0958%	0.1721%
SBC Communications	Global Notes	Z100	5.875	2012	103.18	\$ 1,000,000,000	5.69%	4.87%	0.08312%	A	\$ 1,031,800,000	103.18%		58,750,000	0.0831%	0.1494%
SBC Communications	Global Notes	Z100	5.875	2012	103.56	\$ 1,000,000,000	5.67%	4.75%	0.08110%	A	\$ 1,035,600,000	103.56%		58,750,000	0.0811%	0.1458%
SBC Communications	Global Notes	Z100	5.875	2034	99.83	\$ 1,000,000,000	5.89%	5.89%	0.10059%	A	\$ 998,300,000	99.83%		58,750,000	0.1006%	0.1808%
Southwest'n Bell Tel	deb	nc	7.000	2015	108.25	\$ 250,000,000	6.47%	5.46%	0.02331%	A	\$ 270,625,000	108.25%		17,500,000	0.0233%	0.0419%
Southwest'n Bell Tel	deb	103.18	7.200	2026	102.91	\$ 300,000,000	7.00%	6.91%	0.03541%	A	\$ 308,730,000	102.91%		21,600,000	0.0354%	0.0636%
Southwest'n Bell Tel	deb	103.465	7.375	2027	103.58	\$ 150,000,000	7.12%	7.02%	0.01800%	A	\$ 155,370,000	103.58%		11,062,500	0.0180%	0.0324%
Southwest'n Bell Tel	deb	102.58	7.000	2027	102.58	\$ 100,000,000	6.82%	6.75%	0.01153%	A	\$ 102,580,000	102.58%		7,000,000	0.0115%	0.0207%
Bell South Telecom.	deb	100.18	5.875	2009	100.95	\$ 350,000,000	5.82%	3.92%	0.02344%	A	\$ 353,325,000	100.95%		20,562,500	0.0234%	0.0421%
Bell South Telecom.	deb	NC	6.300	2015	104.78	\$ 313,000,000	6.01%	5.41%	0.02892%	A	\$ 327,961,400	104.78%		19,719,000	0.0289%	0.0520%
Bell South Telecom.	deb	NC	7.000	2025	108.38	\$ 300,000,000	6.46%	6.18%	0.03165%	A	\$ 325,140,000	108.38%		21,000,000	0.0317%	0.0569%
Bell South Telecom.	deb	Z100	6.375	2028	101.28	\$ 500,000,000	6.29%	6.26%	0.05347%	A	\$ 506,400,000	101.28%		31,875,000	0.0535%	0.0961%
Bell South Telecom.	deb	NC	5.850	2045	89.44	\$ 300,000,000	6.54%	6.62%	0.03395%	A	\$ 268,320,000	89.44%		17,550,000	0.0339%	0.0610%
Bell South Telecom.	deb	NC	7.000	2095	104.26	\$ 500,000,000	6.71%	6.71%	0.05734%	A	\$ 521,300,000	104.26%		35,000,000	0.0573%	0.1031%
<b>35</b>	<b>Book Val</b>	<b>3500</b>		<b>sum</b>		<b>\$ 32,565,000,000</b>	<b>Percent of book</b>				<b>\$ 35,121,749,900</b>	<b>107.85%</b>	<b>6.85%</b>	<b>\$ 2,229,606,500</b>		<b>5.09%</b>
Rural Cellular	Sr Nts	104.938	9.875	2010	103.75	\$ 325,000,000	9.52%	7.15%	0.03970%	B-	\$ 337,187,500	103.75%		32,093,750	0.0397%	3.44%
Rural Cellular	Sr Sec Nts	104.125	8.250	2012	103.75	\$ 350,000,000	7.95%	7.00%	0.04189%	B-	\$ 363,125,000	103.75%		28,875,000	0.0419%	3.63%
<b>2</b>	<b>Book Val</b>	<b>200</b>		<b>sum</b>		<b>\$ 675,000,000</b>	<b>% of book</b>				<b>\$ 700,312,500</b>	<b>103.75%</b>	<b>9.03%</b>	<b>60,968,750</b>		<b>7.07%</b>
Sprint Capital Corp.	Notes	Z100	6.375	2009	100.50	\$ 750,000,000	6.34%	5.34%	0.06836%	BBB	\$ 753,750,000	100.50%		47,812,500	0.0684%	0.34%
Sprint Capital Corp.	Notes	Z100	7.625	2011	104.21	\$ 1,650,000,000	7.32%	5.77%	0.16261%	BBB	\$ 1,719,465,000	104.21%		125,812,500	0.1626%	0.80%
Sprint Capital Corp.	Notes	Z100	8.375	2012	108.30	\$ 2,000,000,000	7.73%	5.69%	0.19452%	BBB	\$ 2,166,000,000	108.30%		167,500,000	0.1945%	0.96%
Sprint Capital Corp.	bond	Z100	6.900	2019	99.33	\$ 1,750,000,000	6.95%	6.99%	0.20905%	BBB	\$ 1,738,275,000	99.33%		120,750,000	0.2091%	1.03%
Sprint Capital Corp.	Notes	Z100	6.875	2028	94.83	\$ 2,500,000,000	7.25%	7.38%	0.31536%	BBB	\$ 2,370,750,000	94.83%		171,875,000	0.3154%	1.56%
Sprint Capital Corp.	Notes	Z100	8.750	2032	112.72	\$ 2,000,000,000	7.76%	7.58%	0.25884%	BBB	\$ 2,254,400,000	112.72%		175,000,000	0.2588%	1.28%
Sprint Corp	Deb	NC	9.250	2022	115.40	\$ 200,000,000	8.02%	7.41%	0.02531%	BBB	\$ 230,800,000	115.40%		18,500,000	0.0253%	0.13%
Nextel Communications	Notes	107.375	7.375	2015	98.46	\$ 1,000,000,000	7.49%	7.68%	0.13129%	BBB	\$ 984,600,000	98.46%		73,750,000	0.1313%	0.65%
<b>8</b>	<b>Book Val</b>	<b>800</b>		<b>sum</b>		<b>11,850,000,000</b>	<b>% of book</b>				<b>12,218,040,000</b>	<b>103.11%</b>	<b>7.60%</b>	<b>901,000,000</b>		<b>6.74%</b>
US Cellular	sr nts	Z100	6.700	2033	91.84	\$ 544,000,000	7.30%	7.43%	0.06908%	BB+	\$ 499,609,600	91.84%	<b>6.70%</b>	<b>36,448,000</b>	0.0691%	<b>7.43%</b>

Verizon Global Funding	Notes	Z100	7.250	2010	107.19	\$ 1,993,000,000	6.76%	2.32%	0.07891%	A	\$ 2,136,296,700	107.19%		144,492,500	0.0789%	0.41%
Verizon Global Funding	Notes	Z100	7.375	2012	110.41	\$ 1,000,000,000	6.68%	4.12%	0.07039%	A	\$ 1,104,100,000	110.41%		73,750,000	0.0704%	0.37%
Verizon Global Funding	Notes	Z100	6.875	2012	108.22	\$ 600,000,000	6.35%	4.30%	0.04403%	A	\$ 649,320,000	108.22%		41,250,000	0.0440%	0.23%
Verizon Global Funding	Notes	Z100	4.375	2013	96.68	\$ 500,000,000	4.53%	5.22%	0.04461%	A	\$ 483,400,000	96.68%		21,875,000	0.0446%	0.23%
Verizon Global Funding	Notes	Z100	4.900	2015	97.28	\$ 500,000,000	5.04%	5.41%	0.04619%	A	\$ 486,400,000	97.28%		24,500,000	0.0462%	0.24%
Verizon Global Funding	Notes	Z100	7.750	2032	117.09	\$ 400,000,000	6.62%	6.33%	0.04328%	A	\$ 468,360,000	117.09%		31,000,000	0.0433%	0.23%
Verizon Global Funding	Notes	Z100	5.850	2035	97.81	\$ 1,500,000,000	5.98%	6.02%	0.15420%	A	\$ 1,467,150,000	97.81%		87,750,000	0.1542%	0.81%
Verizon MD	deb	Z100	5.125	2033	86.18	\$ 350,000,000	5.95%	6.24%	0.03732%	A	\$ 301,630,000	86.18%		17,937,500	0.0373%	0.20%
Verizon NE	deb	Z100	6.500	2011	105.00	\$ 1,000,000,000	6.19%	4.35%	0.07425%	A	\$ 1,050,000,000	105.00%		65,000,000	0.0743%	0.39%
Verizon NE	deb	Z101	4.750	2013	96.18	\$ 300,000,000	4.94%	5.74%	0.02940%	A	\$ 288,540,000	96.18%		14,250,000	0.0294%	0.15%
Verizon NJ	deb	Z100	5.875	2012	102.98	\$ 1,000,000,000	5.70%	4.93%	0.08418%	A	\$ 1,029,800,000	102.98%		58,750,000	0.0842%	0.44%
Verizon Penn	deb	Z100	5.650	2011	102.60	\$ 1,000,000,000	5.51%	4.53%	0.07734%	A	\$ 1,026,000,000	102.60%		56,500,000	0.0773%	0.41%
Verizon VA	deb	Z100	4.625	2013	96.59	\$ 1,000,000,000	4.79%	5.50%	0.09398%	A	\$ 965,900,000	96.59%		46,250,000	0.0940%	0.49%
<b>13</b>	<b>Book Val</b>	<b>1300</b>		<b>sum</b>		<b>\$ 11,143,000,000</b>	<b>% of book</b>				<b>\$ 11,456,896,700</b>	<b>102.82%</b>	<b>6.13%</b>	<b>683,305,000</b>		<b>4.61%</b>

		<b>Average</b>	<b>6.703</b>		<b>Total</b>	<b>\$ 58,533,000,070</b>	<b>Average</b>	<b>6.13%</b>		<b>Total</b>	<b>\$ 61,326,499,170</b>		<b>6.90%</b>	<b>\$ 4,040,405,320</b>	<b>5.7304%</b>	
		<b>Median</b>	<b>6.838</b>			<b>Issued / Book</b>	<b>median</b>	<b>6.06%</b>			<b>Market Value</b>		<b>Embedded Rate</b>	<b>Debt Service</b>	<b>Weighted Average YTM</b>	
		<b>Coupon</b>						<b>YTM</b>								

Source: Standard & Poor's Bond Guide, January 2008 (as of 12-31-2007)

**Embedded debt rate** 6.90%

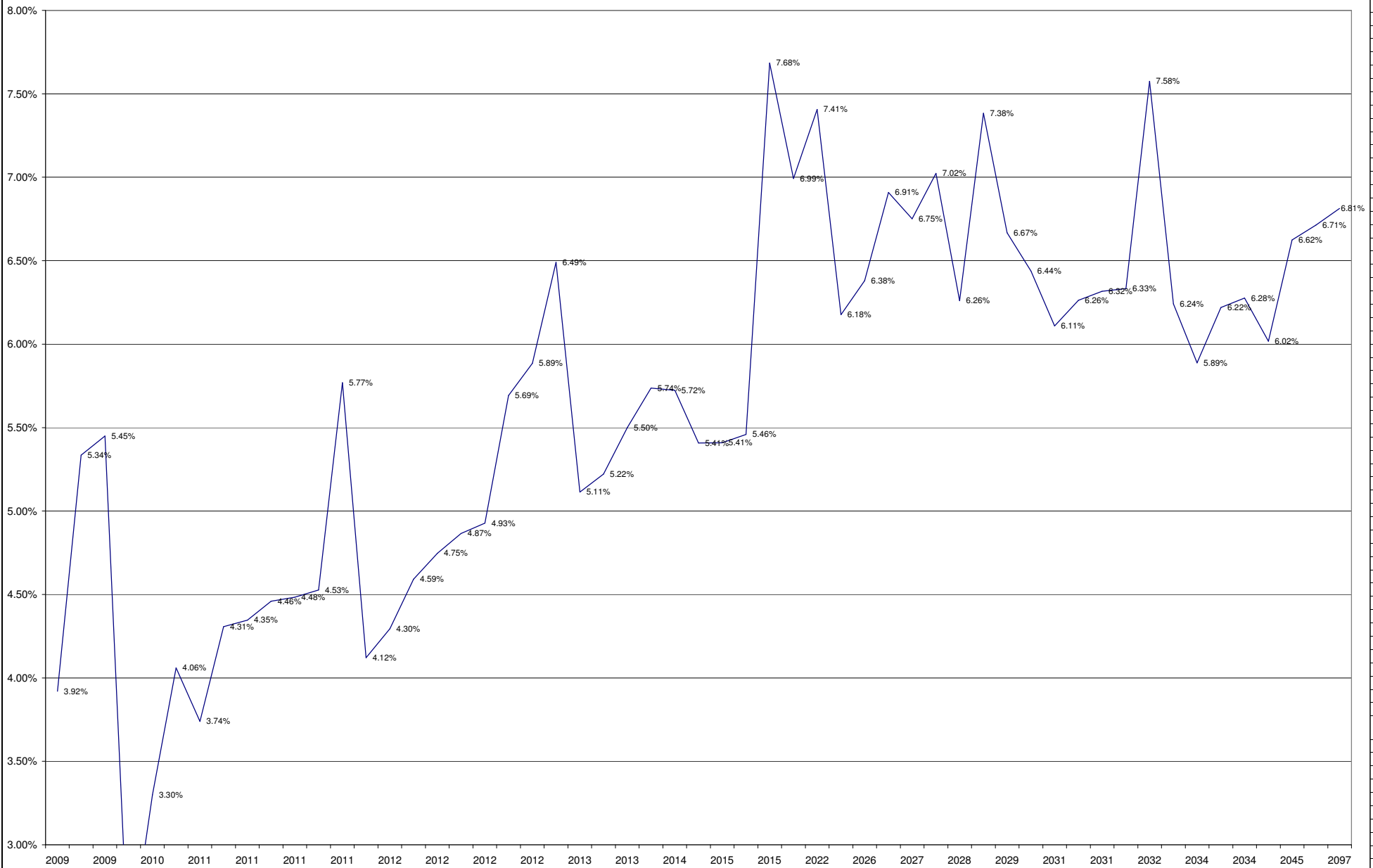
**Weighted average yield to maturity** 5.73%

**12/31/2007 Wireless Bond analysis - BBB or Higher - S&P Rated Companies**

<b>Sorted by Maturity and then by Yield-to-Maturity</b>										<b>Weighted</b>						
					<b>Price</b>		<b>Yield to</b>		<b>Company</b>							
<b>Company</b>	<b>type</b>	<b>Call</b>	<b>coupon</b>	<b>maturity</b>	<b>12/31/2007</b>	<b>Issued / Book</b>	<b>current yield</b>	<b>Maturity</b>	<b>WAYTM</b>	<b>Rating</b>						
Bell South Telecom.	deb	100.18	5.875	2009	100.95	\$ 350,000,000	5.820%	3.92%	0.02344%	A						
Sprint Capital Corp.	Notes	Z100	6.375	2009	100.50	\$ 750,000,000	6.34%	5.34%	0.06836%	BBB						
Bell South Corp	nts	Z100	4.200	2009	99.40	\$ 1,500,000,000	4.225%	5.45%	0.13963%	A						
Verizon Global Funding	Notes	Z100	7.250	2010	107.19	\$ 1,993,000,000	6.764%	2.32%	0.000789	A						
Bell South Capital Funding	note	Z100	7.750	2010	106.41	\$ 1,000,000,000	7.28%	3.30%	0.05638%	A						
SBC Communications	Global Notes	Z100	5.300	2010	101.77	\$ 1,000,000,000	5.21%	4.06%	0.06936%	A						
AT&T Corp	sr notes	100	7.300	2011	108.35	\$ 2,750,000,000	6.737%	3.74%	0.17569%	A						
AT&T Wireless	sr notes	Z100	7.875	2011	108.29	\$ 3,000,000,000	7.27%	4.31%	0.22072%	A						
Verizon NE	deb	Z100	6.500	2011	105.00	\$ 1,000,000,000	6.19%	4.35%	0.07425%	A						
Bell South Corp	note	Z100	6.000	2011	103.57	\$ 1,000,000,000	5.79%	4.46%	0.07619%	A						
SBC Communications	Global Notes	Z100	6.250	2011	104.09	\$ 1,250,000,000	6.00%	4.48%	0.09576%	A						
Verizon Penn	deb	Z100	5.650	2011	102.60	\$ 1,000,000,000	5.51%	4.53%	0.07734%	A						
Sprint Capital Corp.	Notes	Z100	7.625	2011	104.21	\$ 1,650,000,000	7.32%	5.77%	0.16261%	BBB						
Verizon Global Funding	Notes	Z100	7.375	2012	110.41	\$ 1,000,000,000	6.680%	4.12%	0.000704	A						
Verizon Global Funding	Notes	Z100	6.875	2012	108.22	\$ 600,000,000	6.35%	4.30%	0.04403%	A						
AT&T Wireless	sr notes	Z100	8.125	2012	111.19	\$ 2,000,000,000	7.307%	4.59%	0.15688%	A						
SBC Communications	Global Notes	Z100	5.875	2012	103.56	\$ 1,000,000,000	5.67%	4.75%	0.08110%	A						
SBC Communications	Global Notes	Z100	5.875	2012	103.18	\$ 1,000,000,000	5.69%	4.87%	0.08312%	A						
Verizon NJ	deb	Z100	5.875	2012	102.98	\$ 1,000,000,000	5.70%	4.93%	0.08418%	A						
Sprint Capital Corp.	Notes	Z100	8.375	2012	108.30	\$ 2,000,000,000	7.73%	5.69%	0.19452%	BBB						
Bell South Corp	note	Z100	4.750	2012	96.50	\$ 800,000,000	4.92%	5.89%	0.08044%	A						
SBC Communications	Global Notes	101.5	7.000	2012	101.55	\$ 60,000,000	6.89%	6.49%	0.00665%	A						
AT&T Corp	Notes	Z100	6.500	2013	105.45	\$ 147,000,000	6.16%	5.11%	0.01284%	A						
Verizon Global Funding	Notes	Z100	4.375	2013	96.68	\$ 500,000,000	4.53%	5.22%	0.04461%	A						
Verizon VA	deb	Z100	4.625	2013	96.59	\$ 1,000,000,000	4.79%	5.50%	0.09398%	A						
Verizon NE	deb	Z101	4.750	2013	96.18	\$ 300,000,000	4.94%	5.74%	0.02940%	A						
Bell South Corp	note	Z100	5.200	2014	97.59	\$ 1,500,000,000	5.33%	5.72%	0.14666%	A						
Verizon Global Funding	Notes	Z100	4.900	2015	97.28	\$ 500,000,000	5.04%	5.41%	0.04619%	A						
Bell South Telecom.	deb	NC	6.300	2015	104.78	\$ 313,000,000	6.01%	5.41%	0.02892%	A						
Southwest'n Bell Tel	deb	nc	7.000	2015	108.25	\$ 250,000,000	6.47%	5.46%	0.02331%	A						
Nextel Communications	Notes	107.375	7.375	2015	98.46	\$ 1,000,000,000	7.490%	7.68%	0.001313	BBB						
Sprint Capital Corp.	bond	Z100	6.900	2019	99.33	\$ 1,750,000,000	6.95%	6.99%	0.20905%	BBB						
Sprint Corp	Deb	NC	9.250	2022	115.40	\$ 200,000,000	8.016%	7.41%	0.02531%	BBB						
Bell South Telecom.	deb	NC	7.000	2025	108.38	\$ 300,000,000	6.459%	6.18%	0.03165%	A						
Bell South Capital Funding	note	NC	6.040	2026	96.48	\$ 300,000,000	6.26%	6.38%	0.03270%	A						
Southwest'n Bell Tel	deb	103.18	7.200	2026	102.91	\$ 300,000,000	7.00%	6.91%	0.03541%	A						
Southwest'n Bell Tel	deb	102.58	7.000	2027	102.58	\$ 100,000,000	6.82%	6.75%	0.01153%	A						
Southwest'n Bell Tel	deb	103.465	7.375	2027	103.58	\$ 150,000,000	7.12%	7.02%	0.01800%	A						
Bell South Telecom.	deb	Z100	6.375	2028	101.28	\$ 500,000,000	6.294%	6.26%	0.05347%	A						

Sprint Capital Corp.	Notes	Z100	6.875	2028	94.83	\$ 2,500,000,000	7.25%	7.38%	0.31536%	BBB							
AT&T Corp	Notes	z100	6.500	2029	98.16	\$ 255,000,000	6.62%	6.67%	0.02905%	A							
Bell South Capital Funding	note		7.875	2030	116.49	\$ 1,000,000,000	6.76%	6.44%	0.10998%	A							
AT&T Corp	sr notes	100	8.000	2031	122.80	\$ 2,750,000,000	6.51%	6.11%	0.28702%	A							
AT&T Wireless	sr notes	z100	8.750	2031	129.59	\$ 2,500,000,000	6.75%	6.26%	0.26749%	A							
Bell South Corp	note	Z100	6.875	2031	106.61	\$ 750,000,000	6.449%	6.32%	0.08094%	A							
Verizon Global Funding	Notes	Z100	7.750	2032	117.09	\$ 400,000,000	6.62%	6.33%	0.04328%	A							
Sprint Capital Corp.	Notes	Z100	8.750	2032	112.72	\$ 2,000,000,000	7.76%	7.58%	0.25884%	BBB							
Verizon MD	deb	z100	5.125	2033	86.18	\$ 350,000,000	5.95%	6.24%	0.03732%	A							
SBC Communications	Global Notes	Z100	5.875	2034	99.83	\$ 1,000,000,000	5.89%	5.89%	0.10059%	A							
Bell South Corp	note	Z100	6.000	2034	97.23	\$ 700,000,000	6.17%	6.22%	0.07438%	A							
Bell South Corp	note	Z100	6.550	2034	103.43	\$ 700,000,000	6.33%	6.28%	0.07507%	A							
Verizon Global Funding	Notes	Z100	5.850	2035	97.81	\$ 1,500,000,000	5.98%	6.02%	0.15420%	A							
Bell South Telecom.	deb	NC	5.850	2045	89.44	\$ 300,000,000	6.54%	6.62%	0.03395%	A							
Bell South Telecom.	deb	NC	7.000	2095	104.26	\$ 500,000,000	6.71%	6.71%	0.05734%	A							
Bell South Capital Funding	note	Z100	7.120	2097	104.50	\$ 500,000,000	6.81%	6.81%	0.05819%	A							

### Wireless Companies - Bond Analysis



Federal reserve T Bill Data as of 12-31-2007					
<a href="http://www.federalreserve.gov/Releases/H15/data.htm">http://www.federalreserve.gov/Releases/H15/data.htm</a>					
5 year t bills monthly	10 year t bills monthly	20 year t bills monthly	20 year t bills monthly TIPS - Inflation protected	Spread	6 mo moving ave
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
01/2007, 4.75	01/2007, 4.76	01/2007, 4.95	01/2007, 2.42	2.53	2.59
02/2007, 4.71	02/2007, 4.72	02/2007, 4.93	02/2007, 2.38	2.55	2.56
03/2007, 4.48	03/2007, 4.56	03/2007, 4.81	03/2007, 2.27	2.54	2.54
04/2007, 4.59	04/2007, 4.69	04/2007, 4.95	04/2007, 2.35	2.60	2.55
05/2007, 4.67	05/2007, 4.75	05/2007, 4.98	05/2007, 2.45	2.53	2.55
06/2007, 5.03	06/2007, 5.10	06/2007, 5.29	06/2007, 2.67	2.62	2.56
07/2007, 4.88	07/2007, 5.00	07/2007, 5.19	07/2007, 2.62	2.57	2.57
08/2007, 4.43	08/2007, 4.67	08/2007, 5.00	08/2007, 2.47	2.53	2.57
09/2007, 4.20	09/2007, 4.52	09/2007, 4.84	09/2007, 2.30	2.54	2.57
10/2007, 4.20	10/2007, 4.53	10/2007, 4.83	10/2007, 2.26	2.57	2.56
11/2007, 3.67	11/2007, 4.15	11/2007, 4.56	11/2007, 1.99	2.57	2.57
12/2007, 3.49	12/2007, 4.10	12/2007, 4.57	12/2007, 2.08	2.49	2.55

**Support for Equity Component of Direct Capitalization Rates**  
**Wireless Telecommunications**  
**2008 Assessment Year**

Industry Overall			2007		2008		2007		2008	
Company Name	Ticker	\$Stock\$ Average	Actual Earnings	Ratio	Projected Earnings	Ratio	Actual Cash Flow	Ratio	Projected Cash Flow	Ratio
AT&T, Inc	T	\$ 40.28	\$ 2.76	6.85%	\$ 3.15	7.82%	5.36	13.31%	\$ 5.80	14.40%
Telephone & Data Systems, Inc.	TDS	\$ 65.93	\$ 2.86	4.34%	\$ 2.55	3.87%	7.70	11.68%	\$ 9.70	14.71%
Sprint Nextel Corp.	S	\$ 16.17	\$ 0.04	0.25%	\$ 0.10	0.62%	3.21	19.86%	\$ 3.20	19.79%
Verizon Communications	VZ	\$ 44.15	\$ 2.37	5.37%	\$ 2.65	6.00%	7.35	16.65%	\$ 7.70	17.44%
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	\$ 50.50	\$ 3.76	7.45%	\$ 3.80	7.53%	8.70	17.23%	\$ 9.10	18.02%
US Cellular	USM	\$ 89.56	\$ 3.56	3.98%	\$ 3.60	4.02%	10.26	11.46%	\$ 10.55	11.78%
MetroPCS Communications, Inc.	PCS	\$ 20.02	\$ 0.57	2.85%	\$ 0.60	3.00%	1.05	5.25%	\$ 1.25	6.25%
Mean:				4.44%	4.69%	13.63%	14.63%			
Median:				4.34%	4.02%	13.31%	14.71%			
<b>Say</b>				<b>4.36%</b>	<b>4.50%</b>	<b>13.50%</b>	<b>14.65%</b>			

Source: Yahoo Finance for stock prices and Value Line for other data.

**Notes:**

1. MetroPCS is new to Value Line this year (2005 & 2006 is Pro Forma).
2. Telus - Canadian exchange rate was approx. 1.00 at end of 2007.
3. AT&T raised dividend by 12.7% (Dec. 2007 announcement).
4. TDS, TU and PCS have no public debt listed with Standard and Poors, so used 100% for calculated "market debt to book rate (data entry page).

## Source: Yahoo Finance (yahoo.com)

### Stock Prices 4th quarter 2007

AT&T, Inc

**T**

New York Stock Exchange

Date	High	Low	
Dec. 2007	42.79	37.71	
Nov. 2007	41.86	36.25	
Oct. 2007	42.72	40.34	
	4th Quarter Average		40.278

Telephone & Data Systems, Inc.

**TDS**

American Stock Exchange

Date	High	Low	
Dec. 2007	67.94	61.29	
Nov. 2007	70.49	58.57	
Oct. 2007	72.31	64.95	
	4th Quarter Average		65.925

Sprint Nextel Corp.

**S**

New York Stock Exchange

Date	High	Low	
Dec. 2007	15.92	12.96	
Nov. 2007	17.46	14.22	
Oct. 2007	19.70	16.74	
	4th Quarter Average		16.167

Verizon Communications

**VZ**

New York Stock Exchange

Date	High	Low	
Dec. 2007	45.71	42.70	
Nov. 2007	45.96	40.77	
Oct. 2007	46.24	43.51	
	4th Quarter Average		44.148

Telus Corp.

**TU** (non voting shares on the New York Stock Exchange)  
(T.TO ticker for Toronto Stock Exchange)

Date	High	Low
Dec. 2007	49.20	39.67
Nov. 2007	58.50	44.43
Oct. 2007	58.64	52.55

4th Quarter Average 50.498

Telus - Canadian exchange rate was approx. 1.00 at end of 2007.

US Cellular Corp.

**USM**

American Stock Exchange

Date	High	Low	
Dec. 2007	89.63	81.15	as of Dec 7, 2007
Nov. 2007	96.35	74.62	
Oct. 2007	103.51	92.09	

4th Quarter Average 89.558

MetroPCS Communications, Inc.

**PCS**

New York Stock Exchange

Date	High	Low
Dec. 2007	21.02	15.81
Nov. 2007	22.76	13.77
Oct. 2007	28.25	18.48

4th Quarter Average 20.015

<b>Wireless Data - 2008 Assessment Year</b>											
Data entry page											
Valueline data - 12-28-2007											
Description	Ticker	2007 Revenue per share	Proj. 2008 Revenue per share	2007 Cash Flow per share	2008 Proj. Cash Flow per share	2007 Earnings per share	2008 Proj. Earnings per share	Beta	Dividends per share	P/E Ratio (trailing)	Dividend Yield
AT&T, Inc	T	\$19.83	\$21.10	\$5.36	\$5.80	\$2.76	\$3.15	1.00	\$1.42	13.40	4.4%
Telephone & Data Systems, Inc.	TDS	\$41.05	\$42.55	\$7.70	\$9.70	\$2.86	\$2.55	1.00	\$0.39	26.20	1.0%
Sprint Nextel Corp.	S	\$14.11	\$13.15	\$3.21	\$3.20	\$0.04	\$0.10	1.30	\$0.10	nmf	NIL
Verizon Communications	VZ	\$32.35	\$33.90	\$7.35	\$7.70	\$2.37	\$2.65	0.95	\$1.62	14.90	4.9%
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	\$27.50	\$30.10	\$8.70	\$9.10	\$3.76	\$3.80	0.80	\$1.58	14.10	4.10%
US Cellular	USM	\$45.12	\$48.15	\$10.26	\$10.55	\$3.56	\$3.60	1.00	nil	21.50	nil
MetroPCS Communications, Inc.	PCS	\$6.42	\$8.30	\$1.05	\$1.25	\$0.57	\$0.60	nmf	nil	26.60	nil
Sources:											
Value Line 12-7-2007, except debt ratings, S&P earnings growth, market value of debt and embedded debt rate.											
<b>Notes:</b>											
1. MetroPCS is new to Value Line this year (2005 & 2006 is Pro Forma).											
2. Telus - Canadian exchange rate was approx. 1.00 at end of 2007.											
3. AT&T raised dividend by 12.7% (Dec. 2007 announcement).											
4. TDS, TU and PCS have no public debt listed with Standard and Poors, so used 100% for calculated "market debt to book rate (data entry page).											
<b>Any data entered on this page will flow to the applicable worksheets.</b>											

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 (2008)	5 Year Dividend Growth	5 yr. Earnings Growth	5 yr. Earnings Growth (EPS)
								Value Line	Value Line	S&P
T	\$57,255,000,000	\$0	\$19.09	\$223,700,000,000	6,043,500,000	\$2.93	\$1.60	11.50%	13.00%	9.00%
TDS	\$1,632,200,000	\$900,000	\$33.38	\$7,700,000,000	117,640,000	\$5.95	\$0.39	2.50%	17.00%	21.00%
S	\$20,469,000,000	\$0	\$7.73	\$16,900,000,000	2,845,000,000	\$2.22	nil	nil	34.50%	11.00%
VZ	\$28,203,000,000	\$0	\$17.50	\$101,300,000,000	2,890,000,000	\$6.05	\$1.72	1.50%	3.50%	7.00%
TU	\$4,578,100,000	\$0	\$21.00	\$14,300,000,000	330,000,000	\$5.35	\$1.58	13.00%	12.50%	na
USM	\$1,002,300,000	\$0	\$36.55	\$4,900,000,000	87,460,000	\$6.95	nil	nil	24.00%	19.00%
PCS	\$2,986,200,000	\$0	\$5.31	\$5,300,000,000	348,110,000	\$2.21	nil	nil	28.50%	na
<b>Any data entered on this page will flow to the applicable worksheets.</b>										



Washington State Department of Revenue

**Industry:** Wireless Industry  
**Assessment Year:** 2008 Assessment Year

Guideline Companies:		Stock Price	Revenues	Cash Flow	Earnings	Dividends	Book Value
Name	Ticker	(4th 1/4 average)	Per Share	Per Share	Per Share	Per Share	per Share
AT&T, Inc	T	40.278	19.83	5.36	2.76	1.42	19.09
Telephone & Data Systems, Inc.	TDS	65.925	41.05	7.70	2.86	0.39	33.38
Sprint Nextel Corp.	S	16.167	14.11	3.21	0.04	0.10	7.73
Verizon Communications	VZ	44.148	32.35	7.35	2.37	1.62	17.50
Telus Corp. (T.TO on Toronto Stock Exchange)	TU	50.498	27.50	8.70	3.76	3.80	21.00
US Cellular	USM	89.558	45.12	10.26	3.56	3.60	36.55
MetroPCS Communications, Inc.	PCS	20.015	6.42	1.05	0.57	0.60	5.31

Sources:

Stock price from Yahoo Finance and other data from Value Line.

**Notes:**

1. MetroPCS is new to Value Line this year (2005 & 2006 is Pro Forma).
2. Telus - Canadian exchange rate was approx. 1.00 at end of 2007.
3. AT&T raised dividend by 12.7% (Dec. 2007 announcement).
4. TDS, TU and PCS have no public debt listed with Standard and Poors, so used 100% for calculated "market debt to book rate (data entry page).

<b>Historical Summary</b>								
<b>Wireless Telecommunications Industry</b>								
2008 Assessment Year								
<b>Equity</b>								
			<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
<b>Yield Capitalization</b>								
	CAPM Ex Post		9.70%	10.96%	11.91%	15.44%	19.80%	15.80%
	CAPM Ex Ante		9.50%	10.30%	9.75%	13.90%	17.30%	13.93%
<b>Dividend Growth Models</b>								
	Value Line, based on Dividends Growth		10.00%	nmf	7.50%	7.80%	nmf	nmf
	Value Line, based on Earnings Growth		15.00%	nmf	15.00%	6.90%	nmf	nmf
	Value Line, based on ROE		10.25%	na	na	na	na	na
	Standard & Poor's based on earnings growth		13.00%	10.00%	11.00%	15.00%	nmf	24.71%
	<b>Yield Equity Component</b>		10.50%	11.00%	11.25%	14.50%	18.00%	18.00%
<b>Debt</b>								
			<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>Debt Rate</b>		6.50%	6.50%	6.25%	6.10%	7.00%	10.25%
<b>Industry Market Capital Structure</b>								
			<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	<b>Equity</b>		80.00%	80.00%	75.00%	72.50%	55.00%	60.00%
	<b>Debt</b>		20.00%	20.00%	25.00%	27.50%	45.00%	40.00%
<b>Weighted Average Cost of Capital</b>								
			<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
			<b>9.21%</b>	<b>9.65%</b>	<b>9.50%</b>	<b>12.20%</b>	<b>13.05%</b>	<b>14.90%</b>