We Create Value Through Excellence

ITFS in the Era of Mobility

By

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ITFS 2002 - Mobility

- What are the mobile business models, if any?
- Example: Nextel?
- What does it take to make it work in the ITFS arena?
- Trends and data
- Conclusion

Mobility What are the Models?

Wireless Voice

Nationwide Carriers

Regional Solution

Example: Nextel

SMR – Specialized Mobile Radio

- Originally Dispatch Service
- Local
- In the 220 MHz, 800MHz, and 900MHz (some shared in 450MHz)

Nextel - A Potential Precedent for ITFS/MMDS?

Background

- 1987 - Founded in 1987 as Fleet Call.
- 1994 - Nextel and One Com. Merged (50 States target).
- 1995 – Craig McCaw – Commits to invest up to $1.1 Billion.
- 1996 – Hired Tim Donahue (AT&T) and Daniel Ackerson (MCI).
- 1996 - $100 million Commitment to Motorola to buy handset to prepare for digital rollout. Digital Cell, 2-Way Radio, txt. Numeric Paging.

Nextel - Background

- October ‘97 – 1.0 million subscribers.
- June ’98 – 2 million subscribers.
- October ‘98 – Cash flow positive.
- Reaches ‘92 of top 100 US Mkts.
- March ’99 – 3.0 million subs.
- Sept. ‘99 – 4.0 million subs.
- Oct. ‘99 – IPO 25 million shares
- Oct. 2000 – 6.0 million subs.
- Oct. 2001 – Reaches 8.17 million Subs. In US

Obstacles For Mobility to Occur

- Technical Rules: Interference rules needs to be changed.
- Channel Spectrum – Interleaved
- Existing players: MCI, Sprint, Nucentrix
- Technology
- National Footprint – Difficult if at all possible

Broadband Deployment – Where are we?

- Penetration: Grew from 4.7% to about 10% of all HH in US end of 2001

  10 Million Subscribers (7.8 million are residential and small businesses)

- 80% of the Population has Broadband Access available to them

Where are We? cont.

- Largest providers - Cable:

AOL Time Warner – 1.4 million lines

AT&T Broadband – 1.35 million lines

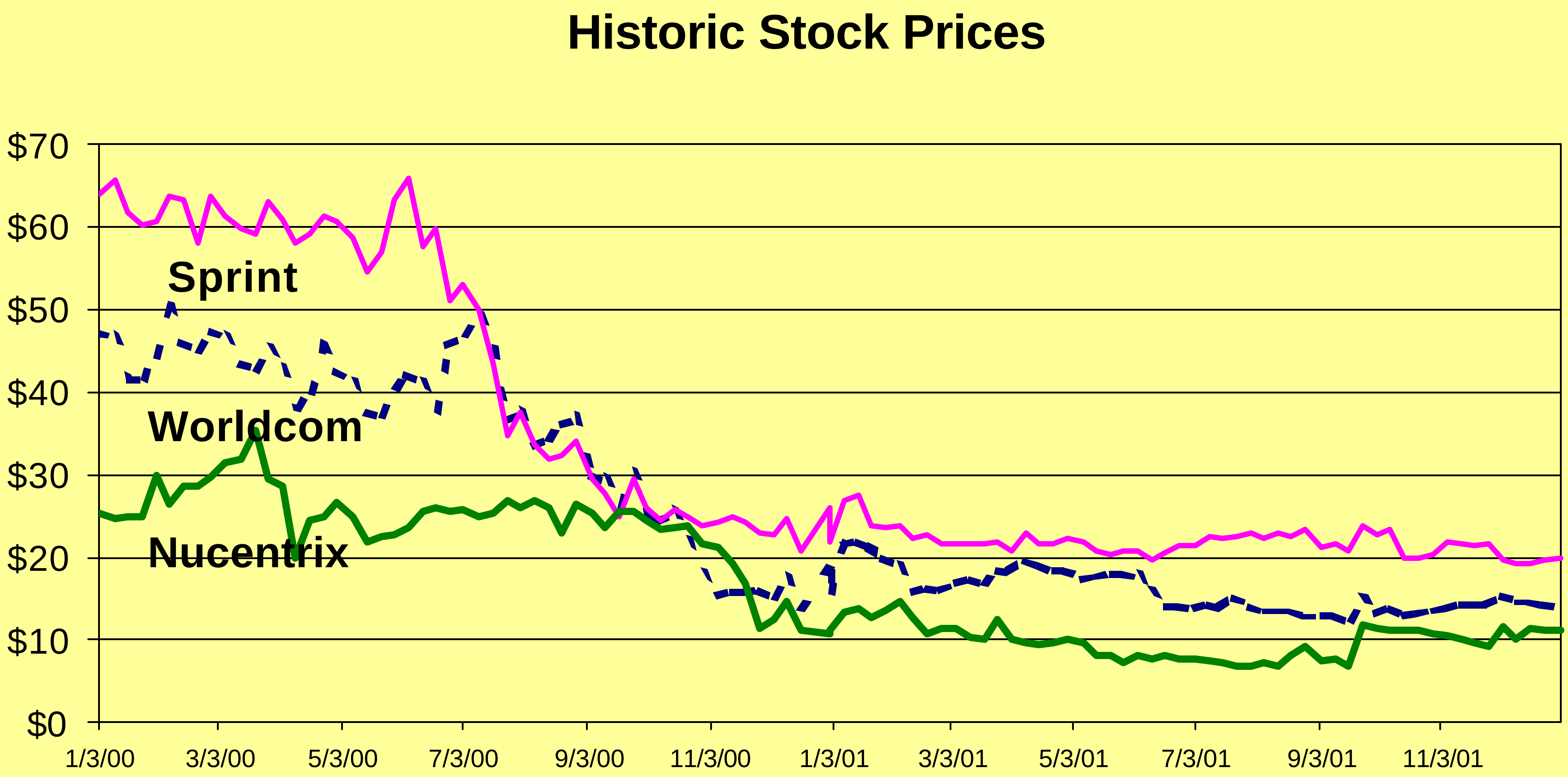
- Big six control 80% of broadband market

- Decreasing adoption rates

Why is ITFS/MMDS Deployment Still Delayed?

- 3 G threat
- Economic climate
- Technology
- Interference Rules

Commercial Players – How Have They Fared?



Summarized…..

2000 Decline

MCI WorldCom –66.2%

Sprint –65.6%

Nucentrix –56.0%

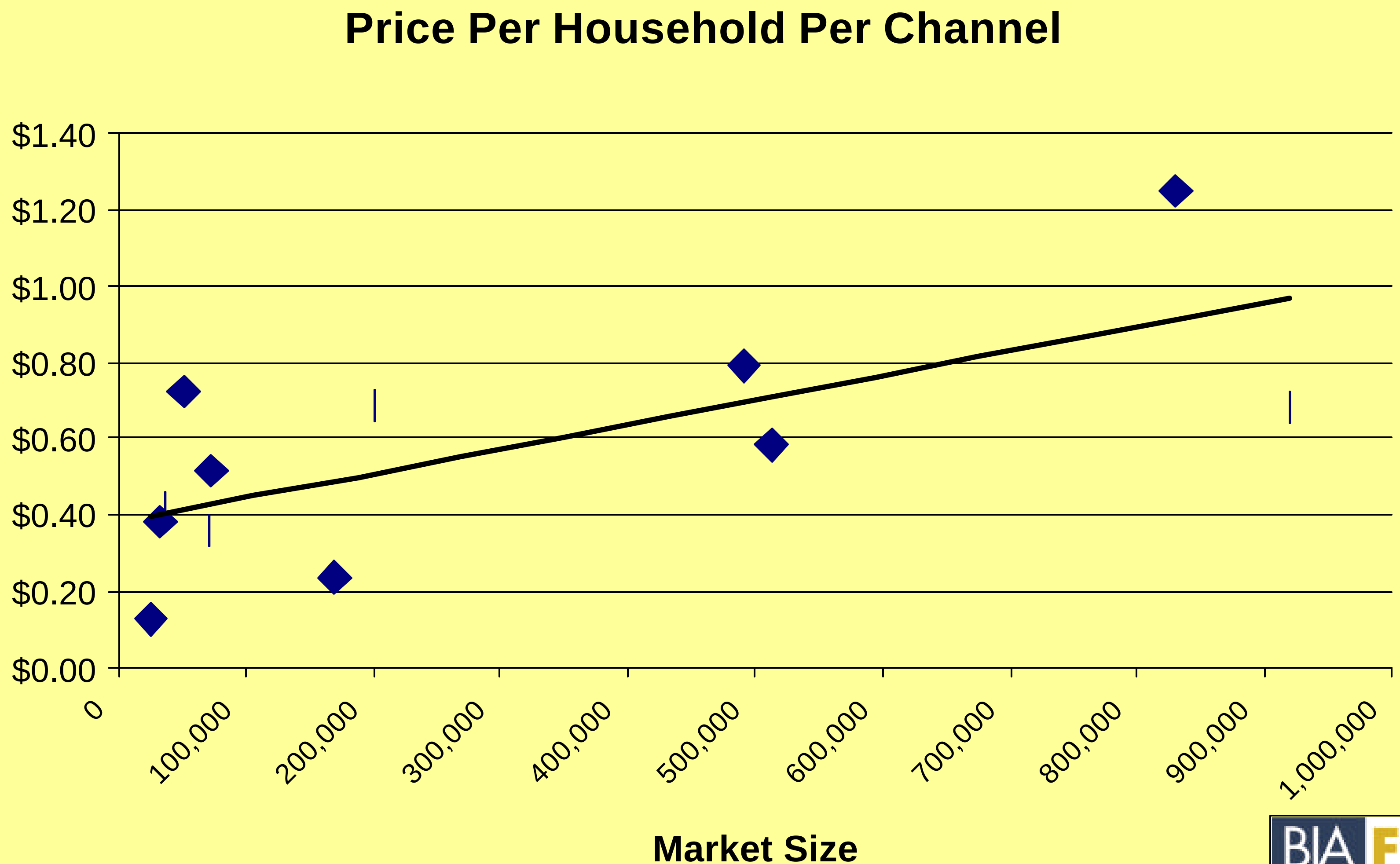
2001 Decline

MCI WorldCom –11.7%

Sprint –8.7%

Nucentrix –1.5%

MMDS/ITFS Transaction Trends



Conclusions Based on Recent Work

- Valued 562 channels and leases in 2001

- Multiples applied varied from:
  $0.18 to $3.0 price/hh/channel.

Median: $0.65 p/hh/ch

Average market size: 857,000

Median market size: 225,000

- Have not seen increase in multiples

M&A Statistics

Price/HH/Ch:

Median last 18 months: $0.68

Average last 18 months: $0.96

Median 2001: $0.45

Average 2001: $0.75

Conclusion

- 2003 will show what the future holds for ITFS/MMDS

- Uncertain times - Time Value of Money

Remember: Present value is affected by the riskiness of the expected future cash flow (more risk = less value today)

- Be Patient, but not inactive!

ITFS in the Era of Mobility!

Questions?