

TELECOMMUNICATION SERVICES

(Wireless, Wireline, Towers)

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May 2013

Please see page 6 for rating definitions, important disclosures and required analyst certifications.

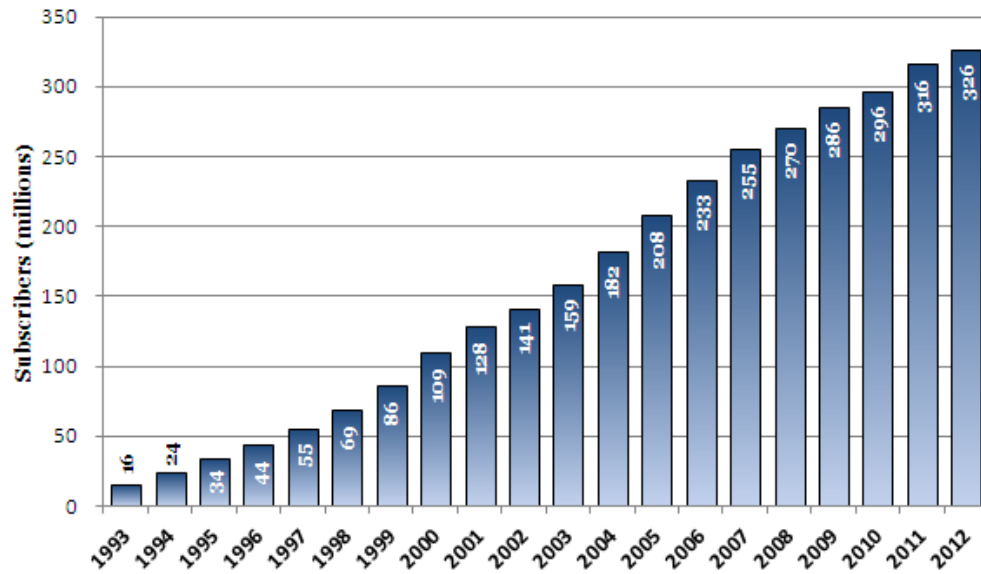
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Subscribers & Data Devices Driving Demand

Total Wireless Subscribers

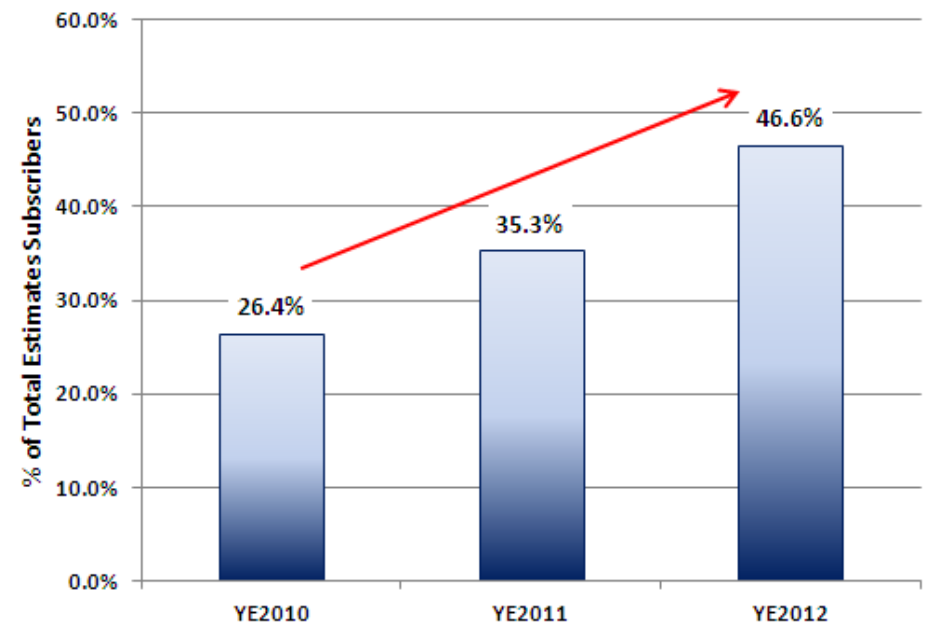


Source: Wells Fargo Securities, LLC and CTIA Annual Survey

According to the most recent CTIA semi-annual survey results, smartphones and PDAs represent ~47% of total estimated subscribers. The percentage of smartphones out of the total device mix should continue to increase as subscribers upgrade (albeit at a slower pace as the base becomes more saturated) to smartphones. We look for the increasing number and mix of smartphones to drive data demand on carriers' networks.

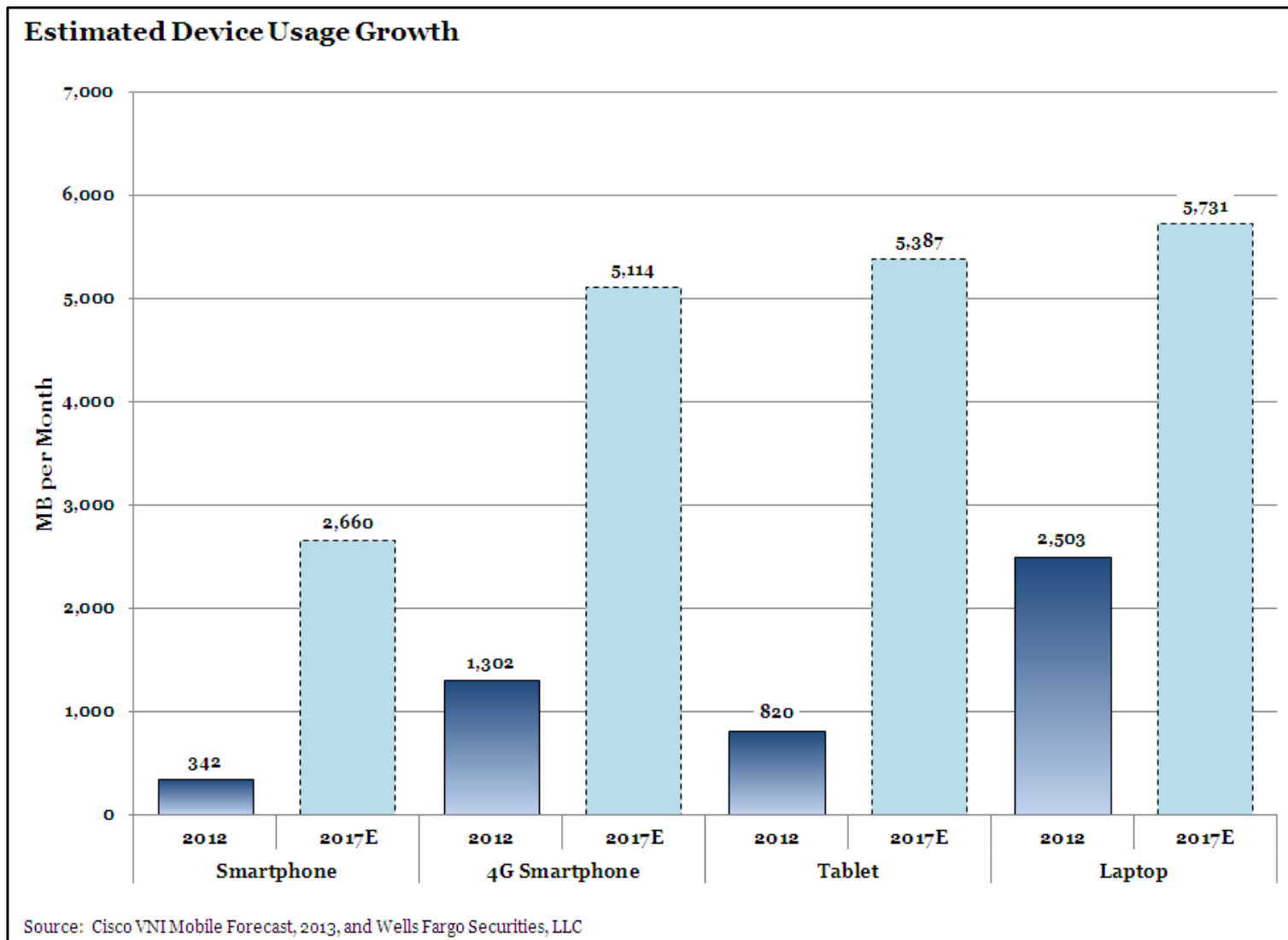
With wireless penetration now over 100% (recent 2H2012 CTIA survey indicated 326MM wireless subs, implying 107% penetration), we believe the important metric will transition from subs growth to growing share of subscriber spend from other uses of disposable income.

Smartphone & PDAs as a Percentage of Total Estimated Subs

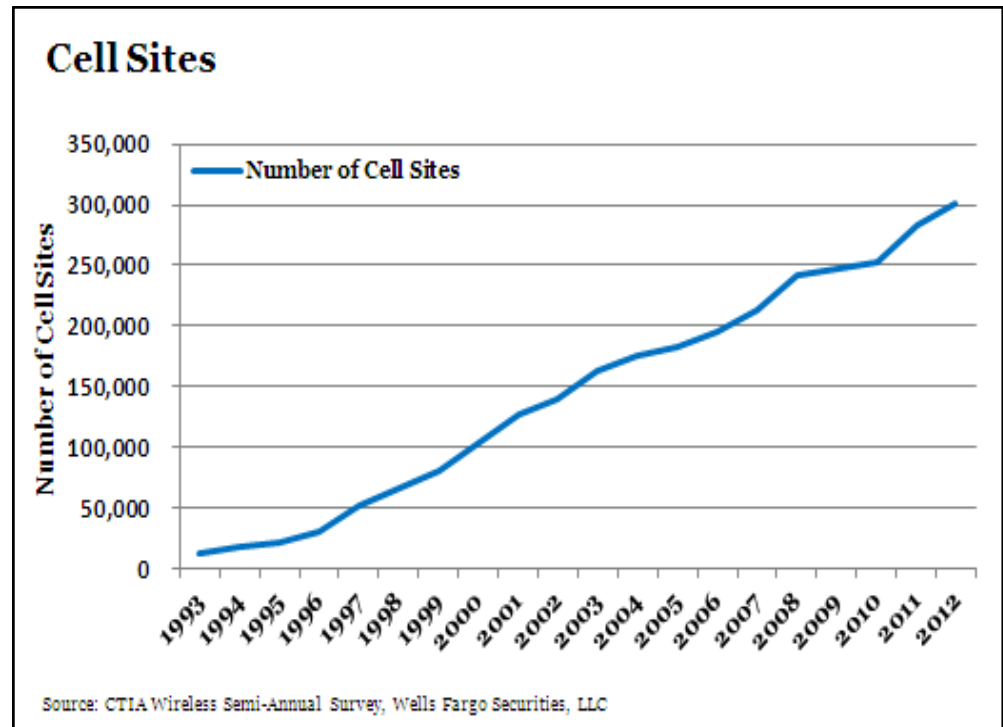
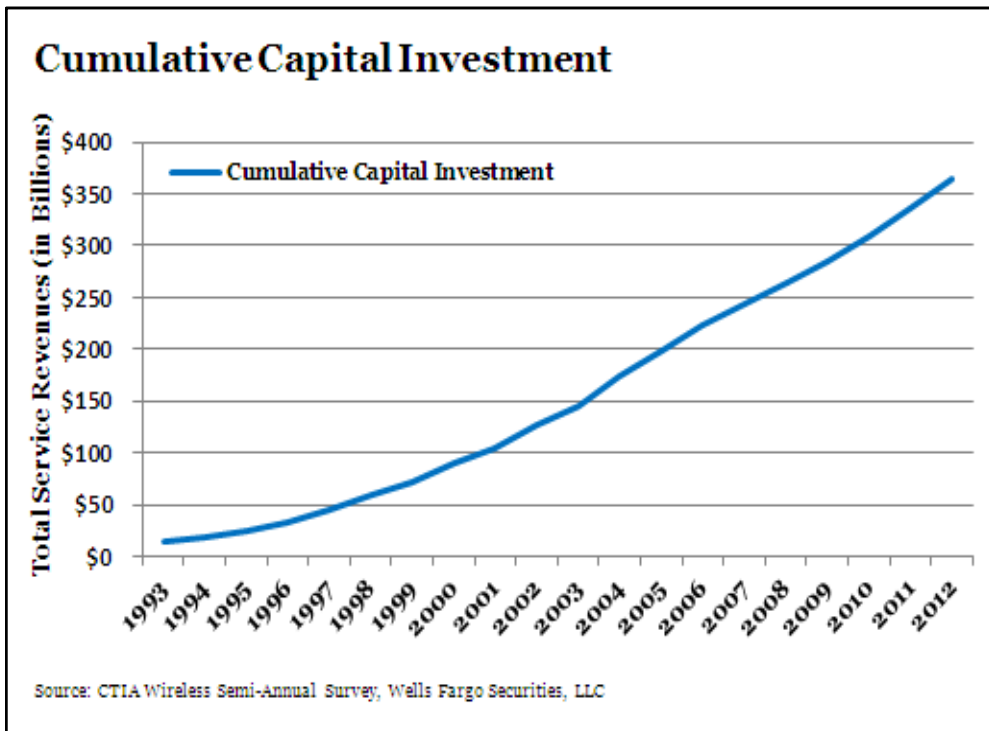


Source: CTIA Wireless Semi-Annual Survey, Wells Fargo Securities, LLC

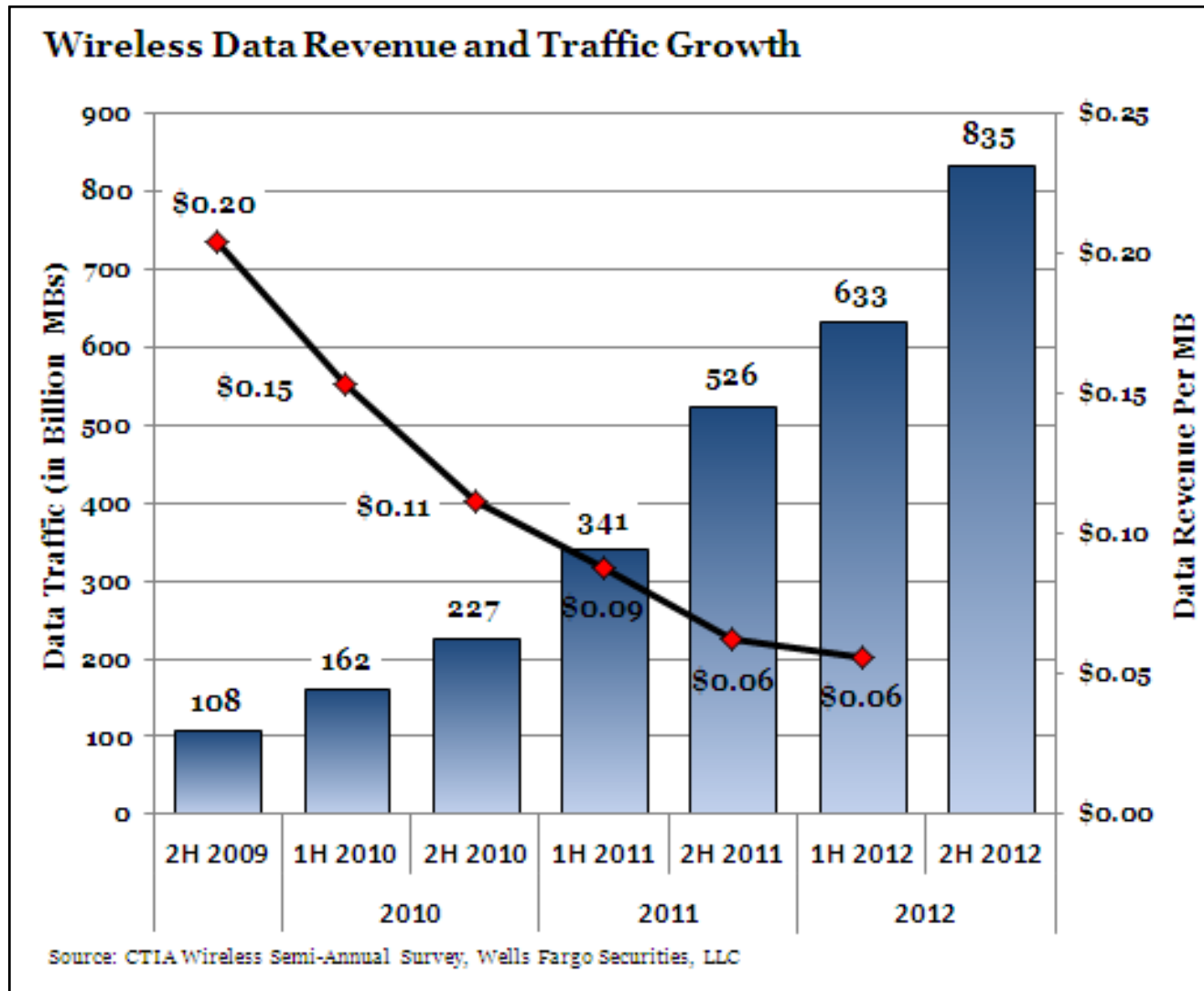
Projected Device Usage & Traffic Growth



Wireless Carriers Investing To Support Network



Revenue Per MB Declining As Traffic Increases



As the amount of data traffic increases, carriers are left with the challenge of monetizing network usage.

Note: Wireless Data Revenue not provided in 2H2012 CTIA Semi-Annual survey

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