



CTIA

Building the Wireless Future

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Fact Sheet
July, 2003

Wireless Facts and Figures

- The wireless industry is competitive -- 98% of all Americans can choose among three or more wireless carriers.
- Prices have fallen 80% in the last eight years.
- One-half of all Americans own a wireless phone.
- Wireless customers make 156,000 calls a day to 911 in order to help someone in need, stop a crime or save a life.
- Five percent of wireless customers, or more than seven million Americans, have cut the cord of their home phone and now rely on wireless telecommunications.
- Nearly twenty percent of wireless consumers, or nearly 30 million Americans, consider their wireless phone their primary phone.
- U.S. wireless consumers used 619 billion minutes of airtime in 2002, a ten-fold increase in five years. In 1997, Americans used 62 billion minutes of airtime.
- According to the FCC's Eighth Annual Report on the State of Wireless Industry Competition, 95 percent of Americans live in counties with three or more wireless service providers and 83 percent live in counties with five or more wireless service providers.
- Wireless consumers are quickly adopting wireless data, too. Americans sent over one billion text messages in December of 2002, compared to just 14 million in December of 2000.

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CTIA is the international association for the wireless telecommunications industry, representing carriers, manufacturers and wireless Internet providers.

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AGENDA ITEM VI
James Jackson

WIRELESS IN THE U.S.
– GROWING AND SUCCEEDING BY MEETING PEOPLE’S NEEDS

Over the past 20 years, the number of Americans who have had wireless service *available* to them grew from just a few hundred thousand at the end of 1983, to 97 percent of all Americans by 1993. These Americans have also enjoyed increasing numbers of wireless providers from which to choose. In 1985, 117.5 million Americans could buy service from *one* provider, and 43.9 million Americans could choose between *two* providers. By 1990, this had changed dramatically, with only 22.5 million Americans having only *one* choice of wireless provider, and 197.1 million Americans being able to choose between *two* providers. By 1993, 97 percent of Americans (248 million) could choose between *two* providers.

In the 1990s, Congress and the FCC moved to increase the number of wireless providers in the marketplace, through the Omnibus Budget Reconciliation Act, which authorized the FCC to license additional wireless service providers, and the FCC’s authorizing the conversion of “specialized mobile radio” spectrum to a cellular-like service by Nextel’s predecessor companies, Fleet Call, Dial Page, and OneComm.

As a results, by 1995, over 8 million Americans could choose among three carriers, while 254 million Americans had a choice of at least two service providers. This growth continued through the 1990s and into the current decade. Earlier this year, the FCC’s Eighth Annual Report on competition in the wireless industry reported that:

To date, 270 million people, or 95 percent of the total U.S. population, have three or more different operators (cellular, PCS, and/or digital SMR) offering mobile telephone service in the counties in which they live. . . . Over 236 million people, or 83 percent of the U.S. population, live in counties with five or more mobile telephone operators competing to offer service, while 72 million people, or about 25 percent of the population, live in counties with seven or more mobile telephone operators competing to offer service. While the growth in the percentage of U.S. population living in counties with three or more, four or more, five or more, and seven or more providers has slowed, the percentage of the population living in counties with six or more providers has grown 34 percent over the last year, up from a 14 percent growth rate between the *Sixth* and *Seventh Reports*. More than 200 million people, or 71 percent of the population, can now choose from among six or more different mobile telephone operators providing service somewhere in their counties.¹

¹ Eighth Report, Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, WT Docket No. 02-379, released July 14, 2003, at paragraph 84, page 41 (footnotes omitted).

These findings were consistent with CTIA's own research, which found that about 97 percent of Americans had a choice of three or more wireless providers by early 2003.

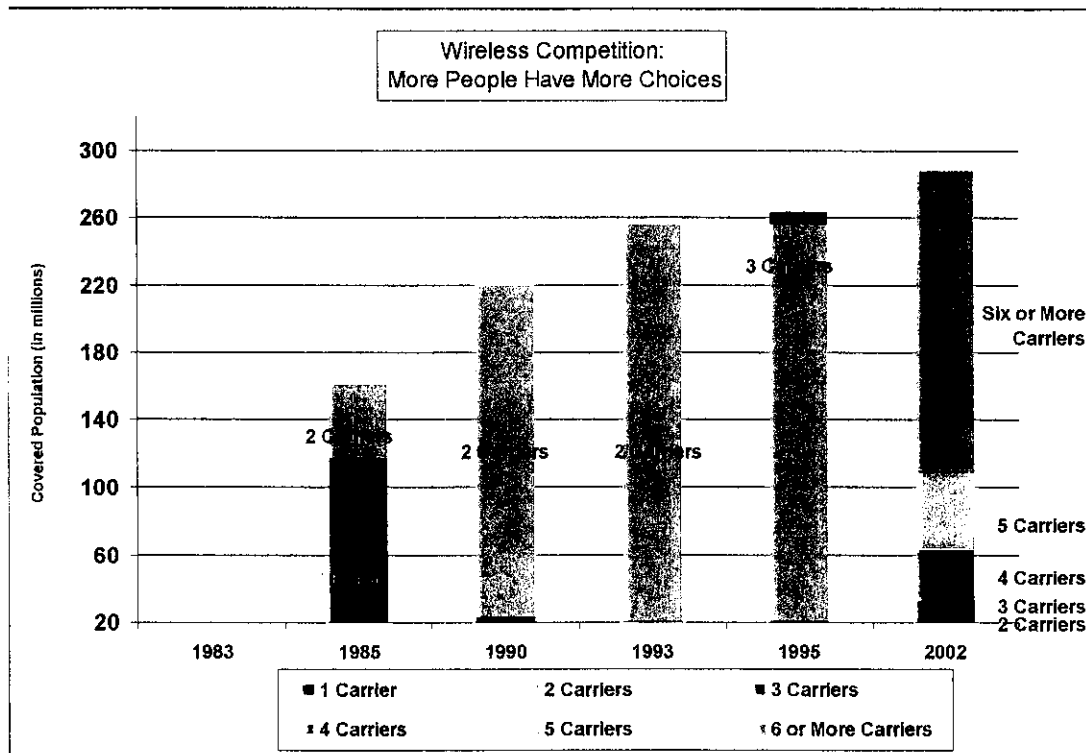


Chart 1: Multi-carrier Market Availability²

CTIA's semi-annual wireless industry survey has been conducted since January 1985, tracking the growth and performance of the wireless industry in the U.S. Although participation is voluntary, CTIA's survey has consistently drawn together the results of operators serving over 86 percent of subscribers.³

Originally, when cellular was licensed, it was assumed that no more than a million people would be interested in a "car phone" by the year 2000.⁴ Even in the late 1980s, it was believed that no more than one analyst that the wireless industry could reach as many as 40 million customers by the end of the year 2000. Instead, the wireless industry reached over 100 million customers – an extraordinary feat, reached in just 17 years.

² CTIA's Wireless Industry Indices, Semi-Annual Data Survey Results, A Comprehensive Report from CTIA, Year-End 2002 Results (released April 2003), at page 13.

³ See the background report on CTIA's survey at <http://www.wow-com.com/industry/stats/surveys/>, which indicates "the June 30, 2003, installment of the semi-annual survey, CTIA received responses from 2,444 of the 2,840 systems operating in the United States, an 86 percent response rate.

⁴ See Bringing Information to People. Celebrating the Wireless Decade (CTIA, 1993), at page 45.

By the middle of 2003, wireless companies served over 148 million customers – just over 50 percent of the U.S. population. Only ten years before, in mid-1993, wireless companies served just 13 million customers, about five percent of the U.S. population.

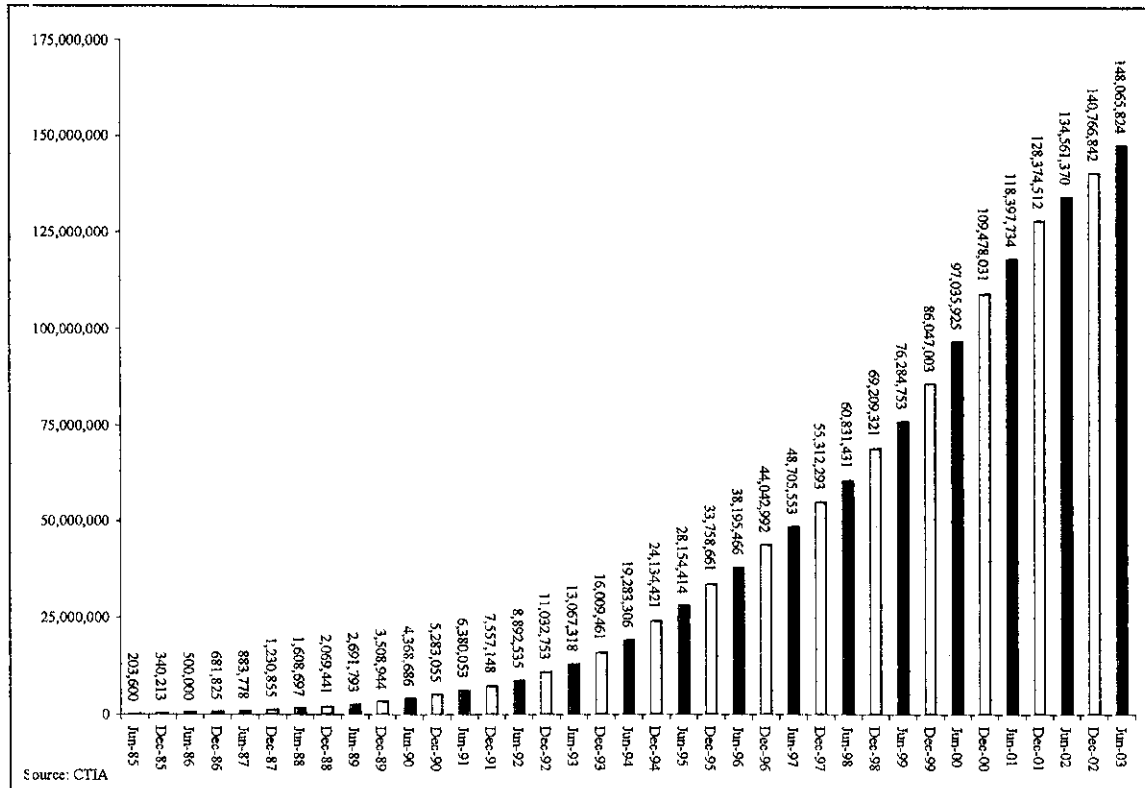


Chart 2: Total Wireless Subscribership in the U.S.

Wireless did not grow because anyone was forced to subscribe to wireless service. Wireless grew because it appealed to consumers – residential or personal users as well as business users.

Wireless also grew because it was free to grow; free to innovate; free to experiment with new technologies and service offerings. Originally bound to a single mandated analog technology standard, the wireless industry was freed by the FCC in the late 1980s to develop alternative technologies. With the development of competing digital technologies, a whole host of new features became possible, including text messaging and wireless data applications. Today, over 90 percent of wireless customers subscribe to digital services. And over 100 million data capable devices are in U.S. customers' hands.⁵

⁵ As announced at CTIA's Wireless IT & Entertainment show in Las Vegas, on October 21, 2003, by CTIA's then-President and CEO, Tom Wheeler: "Two out of every three consumers carry a device capable of receiving data." See http://www.wow-com.com/news/press/body.cfm?record_id=1336

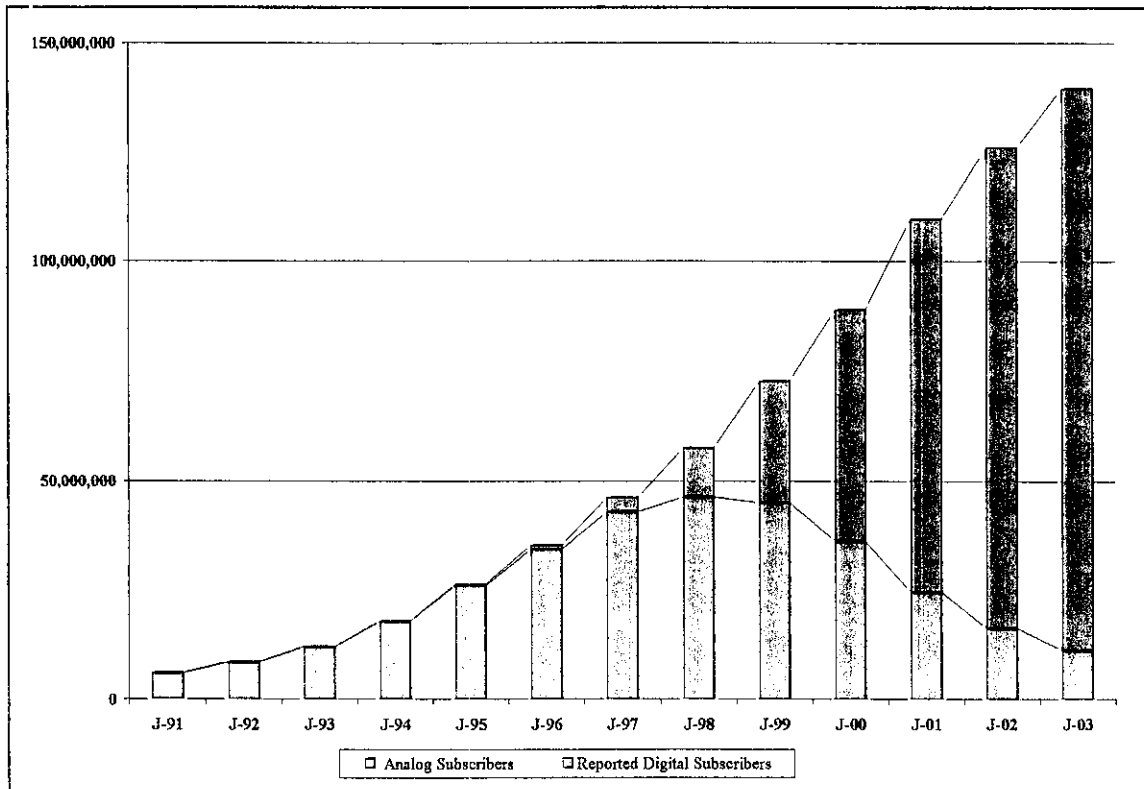


Chart 3: The Growth of Digital Subscribership in the U.S.

Again, wireless offers people choice – choice of providers, choice of plans, choice of service, and choice of location – and people have responded by not only signing-up for wireless service, but increasing their use of wireless service.

That usage isn't just measured by revenues. It's measured by customers' minutes of use. In all of 1993, wireless customers used about 19 billion minutes. That's about equal to 125 minutes a month per customer. In the first half of 2003, wireless customers used almost 400 billion minutes. That's equal to over 480 minutes a month per customer.

And people use those minutes for business and personal reasons, for pleasure, and for emergencies. In 2001, wireless customers placed over 56 million 9-1-1 or other wireless distress calls. That's equal to over 155,000 calls a day to report emergencies.⁶

⁶ See CTIA's statistics on Wireless 9-1-1 and Distress Calls at <http://www.wow-com.com/industry/stats/e911/>.

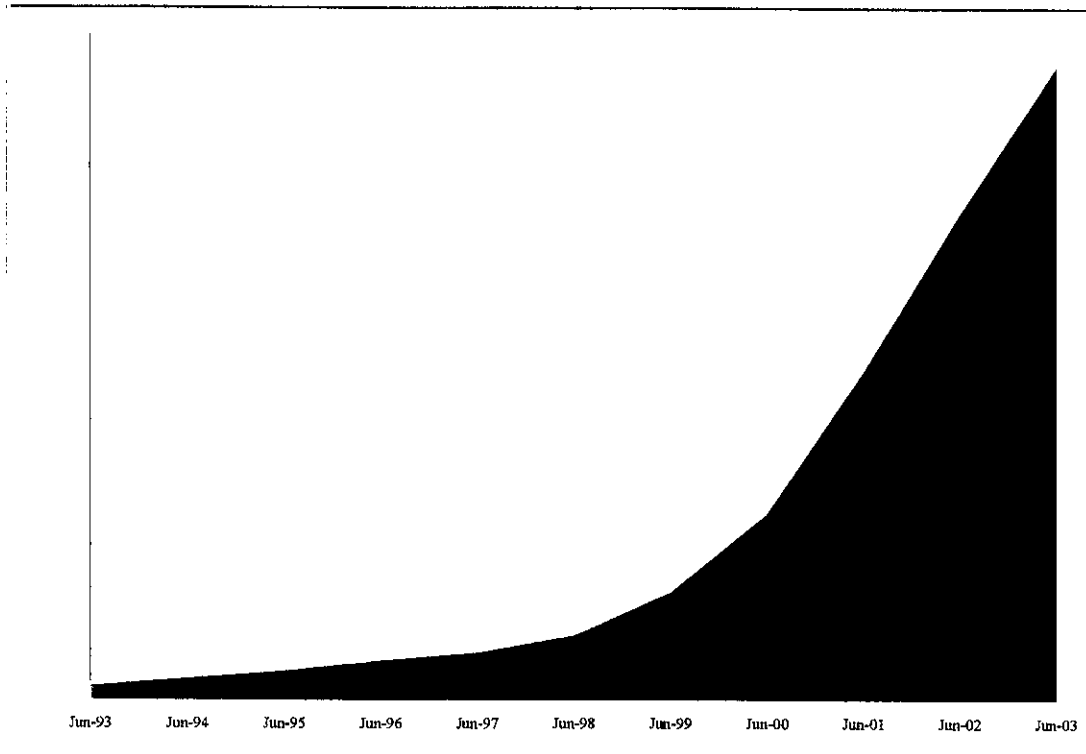


Chart 4: Wireless Customers Choose to USE Wireless - with Almost 400 Billion Minutes Used by Customers in the First Half of 2003

Wireless companies have invested in serving their customers, spending over \$134 billion to build out their networks, and employing over 187,000 people to deliver service.

Is it any wonder that some wireless consumers are choosing to cut the cord, and go completely wireless? In 1998, the Yankee Group estimated that two percent of U.S. wireless users were exclusively wireless subscribers.⁷ More recent studies have been performed looking into both the prospects for and the actuality of wireless-wireline substitution. For example, the Yankee Group announced in September 2002 a report on the prospects for such substitution.⁸ Likewise, In-Stat/MDR published a report in August 2002 on interest in wireless-wireline substitution.⁹ IDC published a report entitled "Wireless Displacement of Wireline: Forecast and Analysis, 2001-2006," early last year.¹⁰

⁷ See, "More using cell instead of home phones," *USA Today*, July 28, 1999, citing Yankee Group survey.

⁸ See "Consumers Abandon Landlines and Increase Mobile Call Volumes, Creating Strong Growth in the Wireless Market, Reports Yankee Group," Yankee Group Press Release, September 16, 2002, at http://www.yankeegroup.com/public/news_releases/news_release_detail.jsp?ID=PressReleases/news_09162002_wms.htm.

⁹ See <http://www.instat.com/press.asp?ID=328&sku=IN020261WP>.

¹⁰ See Scott Ellison, "Wireless Displacement of Wireline Access Lines Forecast and Analysis, 2002-2006," IDC, at <http://www.idc.com/getdoc.jsp?containerId=28018>.

While a consensus does not exist as to the precise replacement figures, the FCC has noted that “There is much evidence, however, that consumers are substituting wireless service for traditional wireline communications.”¹¹ Some of this substitution may be for second lines, while other substitution is taking the form of shifting actual minutes of use from wirelines to wireless.¹²

The FCC’s Industry Analysis and Technology Division reports on “Local Telephone Competition” also clearly indicate that the total number of wireline end user switched access lines (including both incumbent LEC and Competitive LEC end user lines) fell by five million between December 2000 and December 2002.¹³

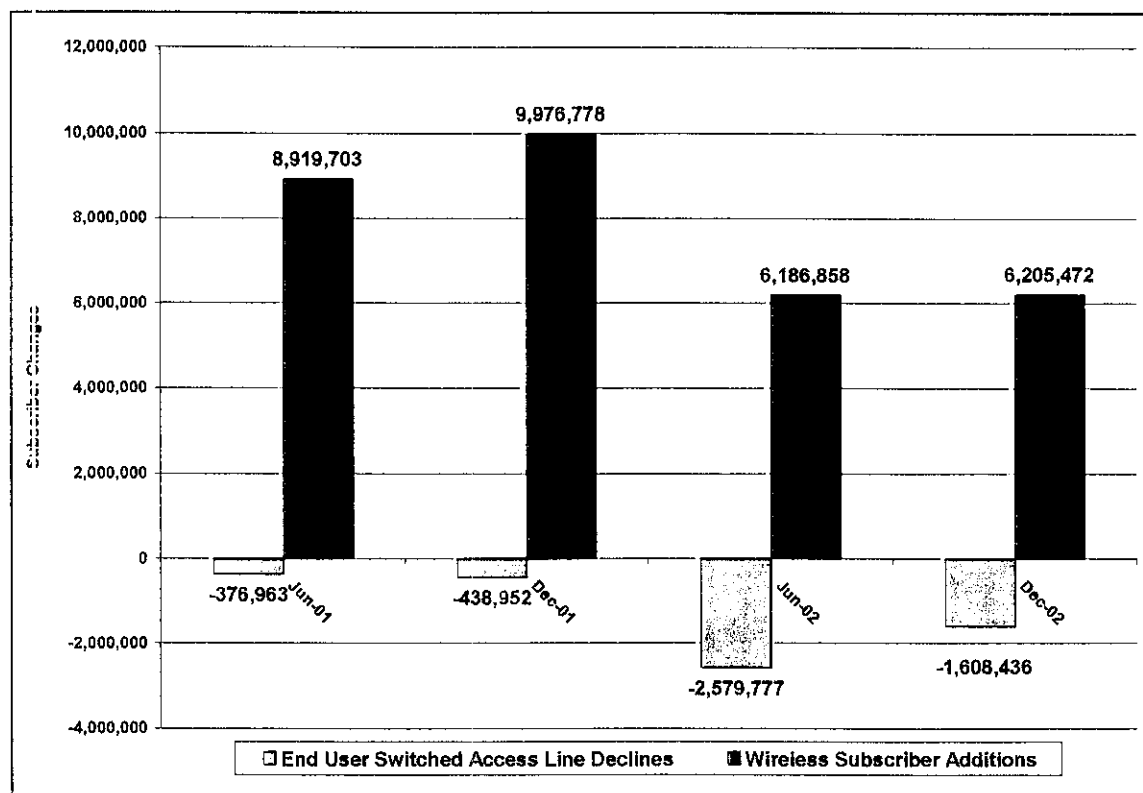


Chart 5: Recent Wireline and Wireless Subscriber Trends

¹¹ Eighth Competition Report, at paragraph 102, page 49.

¹² Id., citing statement by representatives of Lehman Brothers and CIBC Markets data.

¹³ See “Local Telephone Competition: Status as of December 31, 2002,” released June 12, 2003, at Table 1, at http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/lcom0603.pdf.