AT&T Wireless Services Inc.

Current Report: April 5, 2002
Previous Report: October 22, 2001

RATING

No rating assigned. Reference report only.

Chris Diceman, CFA / Rory Buchalter, CFA
416-593-5577 x2242/x2268
cdiceman@dbrs.com

UPDATE

AT&T Wireless Services Inc. ("AT&T Wireless" or "the Company") is the third largest wireless carrier in the U.S. The Company operates a wireless network that utilizes TDMA technology and more recently GSM/GPRS technology (45% of coverage) that covers nearly 80% (including affiliates and TeleCorp.) of the U.S. market, and is 16%-owned by NTT DoCoMo, Inc. of Japan. The Company saw strong subscriber growth in 2001 (20%) as it added nearly three million subscribers. This growth pushed its subscriber base to 18 million and EBITDA to $3.1 billion at the end of 2001. Over the next year, the majority of the Company's EBITDA growth will likely come from further subscriber growth (albeit it is expected to be lower than experienced in 2001) and increased cost savings. Handset subsidies, as well as service and marketing costs, are expected to remain significant (albeit on a declining basis) over the next year as the Company transitions its subscribers to GSM/GPRS while continuing to operate its TDMA network. This will be a delicate balance for the Company, as it must not ignore its TDMA subscribers. If the TDMA subscribers are not fully supported and feel pressured to upgrade to newer handsets they may push churn over 3% in the near term. Acquisitions are also expected to significantly increase the Company's subscriber base over the next year with industry consolidation. The FCC has set up a 30-day approval process to speed up take-over deals that are relatively small in size. This contributed to the earlier than expected closure of its TeleCorp acquisition in the first quarter of 2002 (originally announced in the fourth quarter of 2001) that has added nearly 920,000 subscribers. Capex levels are expected to be in the $5.3 billion to $5.5 billion range (DBRS estimate) over the next year as the Company focuses on (1) upgrading the remaining 55% of its network to GSM/GPRS, (2) integrating and upgrading TeleCorp.'s footprint (30 million POPs), and (3) expanding on its 80% coverage of the U.S. market. Capex levels are expected to create a free cash flow deficit that could reach $2.5 billion for 2002. The Company does have a number of liquidity options (at the end of 2001) as it had (1) $3.25 billion in cash on its balance sheet, (2) credit facilities totalling $2.5 billion, (3) a universal shelf prospectus with a $4 billion limit, and (4) an accounts receivable securitization program worth $1.2 billion. The Company may have earmarked the majority of its cash balance for the NextWave spectrum it is committed to ($2.6 billion) or for other acquisitions of spectrum. Its net debt levels could rise to nearly $8.4 billion in 2002 ($3.4 billion in 2001) if the NextWave spectrum issue is settled, and with the upgrade and expansion of its network. The Company will use its strong balance sheet to finance future subscriber growth and network expansion.

CONSIDERATIONS

Strengths:

- Third largest wireless carrier in the U.S., nationwide network
- Strategic relationships with NTT DoCoCo and Rogers Wireless
- Potential for further revenue growth
- Favourable capital structure relative to its competitors
- Access to the AT&T brand and bundling opportunities

Challenges:

- Operates in a highly competitive environment
- High capex levels to upgrade network and expand footprint
- Steady decline in average revenue (ARPU)
- Churn relatively high at 2.9%
- High costs to add new subscribers, subsidies significant

FINANCIAL INFORMATION

	For the year ended December 31				
(US$ millions)	2001	2000	1999	1998	1997
Total revenue	13,610	10,448	7,627	5,406	4,668
EBITDA	3,100	1,648	1,118	856	916
Gross interest expense (1)	603	338	280	176	-
Net income (loss) before extras.	124	292	(181)	(204)	46
Total debt (1)	6,705	5,547	4,554	3,589	3,447
% debt in the capital structure (1)	19.9%	20.2%	25.9%	25.2%	25.3%
Net debt to EBITDA	1.08	3.33	4.07	4.16	3.76
EBITDA interest coverage	5.14	4.87	3.99	4.86	n/a
Cash flow to total debt	0.41	0.34	0.21	0.14	0.25
Total subscribers (thousands)	18,047	15,163	9,569	7,174	5,964
ARPU	$62.60	$68.20	$65.80	$56.60	$54.00
Cost per gross addition (CPGA)	$334.00	$367.00	$367.00	$392.00	$432.00
Monthly churn	2.9%	2.9%	2.6%	2.7%	2.5%

(1) Assumes preferred equity with AT&T Corp. is debt ($3 billion in 2000 and $1 billion in 1999 to 1997).

THE COMPANY

AT&T Wireless is the third largest wireless carrier in the U.S. with over 18 million subscribers. The Company was spun off from AT&T Corp. on July 9, 2001. NTT DoCoMo, Inc. of Japan currently holds a 16% ownership interest while the Company owns 34% of Rogers Wireless in Canada.

CONSIDERATIONS

Strengths: (1) AT&T Wireless is the third largest wireless carrier in the U.S. with an established customer base of just over 18 million subscribers. The Company operates a TDMA and GSM/GPRS network that covers nearly 80% (including affiliate and TeleCorp. POPs) of the U.S population.
(2) AT&T Wireless has strategic relationships with NTT DoCoMo, Inc. of Japan and Rogers Wireless in Canada. NTT DoCoMo, Inc. owns a 16% equity interest in AT&T Wireless and the two have a strategic alliance to develop wireless multimedia services. The Company owns 34% of Rogers Wireless and has established GSM/GPRS roaming agreements in Canada.
(3) AT&T Wireless has potential for significant revenue growth opportunities with (a) continued subscriber growth, albeit at a slower rate than experienced in the past, and (b) data and short message service (SMS) services that could add incremental revenue and help to support declining ARPU levels.
(4) AT&T Wireless was spun off from AT&T Corp. with a favourable capital structure. Debt levels are currently low relative to its competitors in the U.S with debt in the capital structure of 20%. This gives the Company greater flexibility to moderately use debt to fund any of its future free cash flow needs and acquisitions of other carriers.
(5) AT&T Wireless continues to benefit from the use of the strong brand name in AT&T. The Company has a five-year agreement to use the AT&T name with the option for an additional five-year extension. In addition it benefits from bundling opportunities on enterprise customers with AT&T Corp.

Challenges: (1) AT&T Wireless operates in a highly competitive environment in the U.S. In any major market there are usually five or six competitors battling for subscriber growth and spectrum needs. This competition is expected to intensify for the major operators as subscriber growth begins to slow in the U.S.
(2) High capex levels are expected to continue to cause free cash flow deficits for AT&T Wireless. The Company will continue to upgrade its network to GMS/GPRS over the next year as it (a) upgrades the remaining 55% of its network to GSM/GPRS, and (b) continues to build on its 80% coverage of the U.S. population.
(3) AT&T Wireless has suffered from a nearly 10% decline in ARPU in 2001, from $68.20 to $64.60. This decline is a result of increased competition and expanding its subscriber base into more diverse markets. Some of these markets have subscriber bases with lower ARPUs associated with them, especially in the case of pre-paid subscribers.
(4) AT&T Wireless operates at a high level of monthly churn at 2.9%. This is a somewhat limiting factor in improving EBITDA margins. At this rate the Company could turn over nearly 35% of its customer base (nearly 6.32 million subscribers) in a given year. This customer cycling can be costly as the cost per gross addition (CPGA) and handset subsidies remain significant.
(5) AT&T Wireless maintains a high cost per acquisition (CPGA) relative to Europe at $334, with handset subsidies remaining a significant portion of this cost. These costs are expected to remain significant going forward (on a declining basis) as it rolls out new 2.5G services that will require handset upgrades in order to offer new data services.

EARNINGS AND OUTLOOK

Annual Income Statement	For the year ended December 31				
(US$ millions)	2001	2000	1999	1998	1997
Total revenue	13,610	10,448	7,627	5,406	4,668
EBITDA margin	22.8%	15.8%	14.7%	15.8%	19.6%
EBITDA	3,100	1,648	1,118	856	916
EBIT	598	(38)	(135)	(223)	90
Gross interest expense (1)	603	338	280	176	-
Net income (loss) before extras.	124	292	(181)	(204)	46
Reported net income	(963)	528	(461)	108	125

(1) Assumes preferred equity with AT&T Corp. is debt ($3 billion in 2000 and $1 billion in 1999 to 1997).

Quarterly	For the quarter ended 2001			
(US$ millions)	Dec. 31	Sept. 30	June 30	Mar. 31
Total revenue (2)	3,528	3,502	3,380	3,212
EBITDA margin (2)	18.7%	20.5%	22.6%	22.3%
EBITDA (2)	659	718	765	717

(2) As originally reported to include the fixed wireless operations.

Summary: AT&T Wireless's EBITDA improved significantly in 2001 to $3.1 billion as a result of (1) a 20% increase in its subscriber base, (2) synergies being realized from recent acquisitions, (3) a decline in the cost per gross addition (CPGA) and cash cost per user (CCPU), and (4) increased usage offsetting a lower average revenue (ARPU). The Company added nearly three million subscribers in 2001 largely as a result of the expansion of its footprint. Cost synergies were also realized from the Company's 2000 acquisitions and due to a larger subscriber base over which spread its costs. This resulted in a reduction in CPGA from $367 in 2000 to $334. Minutes of use increased to 382 per subscriber for the year and largely offset the decline in ARPU to $62.60. EBITDA margin increased significantly to nearly 23% with significant revenue growth improved costs. Net income before extraordinary items was lower due to higher financing costs associated with increased debt levels. Although the Company showed a profit, extra charges produced a reported loss of near $1 billion.

Outlook: EBITDA is expected to grow over the next year as subscriber growth will likely remain significant and data services could add incrementally to revenue. The Company will likely continue to experience subscriber growth in 2002 as it expands its current footprint. Further competition is also expected with other national carriers over the next year and could cause further deterioration in the Company's ARPU and increased churn. Data and SMS services could possibly add to EBITDA growth, but these services are not expected to be meaningful as they are rolled out in the later part of 2002. Interest costs could move higher and pressure net income growth, as the Company will need to fund its free cash flow deficit.

FINANCIAL PROFILE AND SENSITIVITY ANALYSIS

Cash Flow Statement	For the year ended December 31			Sensitivity Analysis		
(US$ millions)	2001	2000	1999	Year 1	Year 2	Year 3
Total revenue	13,610	10,448	7,627	15,652	17,999	20,699
EBITDA	3,100	1,648	1,118	3,756	4,500	5,175
Net income (loss) before extras.	124	292	(181)	137	510	858
Add: depreciation & amortization	2,502	1,686	1,253	2,600	2,600	2,600
Add: other items	146	(78)	(119)	0	0	0
Operating Cash Flow	2,772	1,900	953	2,737	3,110	3,458
Capex	5,205	4,012	2,272	5,300	5,000	5,000
Dividends	0	0	0	0	0	0
Free Cash Flow Bef. Work. Cap.	(2,433)	(2,112)	(1,319)	(2,563)	(1,890)	(1,542)
Changes in working capital	(114)	(399)	(162)	0	0	0
Free Cash Flow	(2,547)	(2,511)	(1,481)	(2,563)	(1,890)	(1,542)
Net (acquistions)/disp./other	(1,273)	(5,228)	197	0	0	0
Net Free Cash Flow	(3,820)	(7,739)	(1,284)	(2,563)	(1,890)	(1,542)
Changes in equity: new/(repurch.)	6,207	5,756	(48)	0	0	0
Changes in debt: new/(repay.)	903	2,039	1,309	2,563	1,890	1,542
Change in Net Cash	3,290	56	(23)	(0)	(0)	0
Key Figures and Ratios						
Total debt (1)	6,705	5,547	4,554	10,509	12,400	13,942
% debt in capital structure (1)	19.9%	20.2%	25.9%	25.9%	28.9%	30.8%
Net debt to EBITDA	1.08	3.33	4.07	2.05	2.13	2.15
EBITDA interest coverage	5.14	4.87	3.99	3.97	4.03	4.12
EBIT interest coverage	0.99	(0.11)	(0.48)	1.22	1.70	2.05
Cash flow to total debt	0.41	0.34	0.21	0.26	0.25	0.25
Assumptions						
Revenue growth	30.3%	37.0%	41.1%	15.0%	15.0%	15.0%
EBITDA margin	22.8%	15.8%	14.7%	24.0%	25.0%	25.0%
Interest rate	9.0%	6.1%	6.1%	9.0%	9.0%	9.0%
Capex	5,205	4,012	2,272	5,300	5,000	5,000

(1) Assumes preferred equity with AT&T Corp. is debt ($3 billion in 2000 and $1 billion in 1999 to 1997).

Financial Profile: AT&T Wireless's balance sheet strengthened during 2001 largely as a result of the equity investment from NTT DoCoMo. Although operating cash flow improved significantly, the Company's free cash flow deficit (before working capital) increased as a result of increased capex levels. Capex increased nearly 30% to $5.2 billion in 2001 as the Company (1) continued to enhance its TDMA digital footprint (80% of capital spent), and (2) began to upgrade its network toward GSM/GPRS technology (remaining 20% or capital spent). The majority of the Company's free cash flow deficit was funded with the equity injected from NTT DoCoMo. However debt levels did increase to fund the remainder of this deficit and refinance some of the Company's existing debt obligations. The Company's liquidity and coverage ratios improved with a larger equity base and improved earnings and remain strong with debt levels of only 20%.

Outlook: AT&T Wireless's balance sheet will weaken over the next few years as it uses debt to fund its free cash flow deficit. DBRS is forecasting its free cash flow needs will be near those of 2001 ($2.4 billion) as it (1) spends heavily to complete the GSM/GPRS overlay on the remaining 55% of its network, (2) begins to overlay TeleCorp's TDMA network with GSM/GPRS, and (3) continues to expand its footprint. The Company ended 2001 with a significant cash balance of $3.35 billion and has sufficient liquidity to fund its free cash flow deficit over the next year with the majority involving debt (credit facilities $2.5 billion and a commercial paper program of $2.5 billion). Its coverage and liquidity ratios will weaken as net debt is raised with debt levels generally growing by $2 billion per year at the present rate.

Sensitivity Analysis:

DBRS stress tests the financial strength of companies analyzed to measure their sensitivity under various extreme scenarios. The assumptions used in the above are not based on any specific information provided by the Company, nor DBRS expectations concerning the future performance of the Company.

DBRS has stress tested AT&T Wireless under the following assumptions over a three-year period: (1) a decline in revenue growth to 15%; (2) EBITDA margin rising to 25%; (3) interest rates remaining flat at 9%; and (4) capex declining to $5 billion per year. Under this scenario the Company would generate a cumulative free cash flow deficit of about $2 billion per year. This would raise debt levels by 2%-3% per year. However, cash flow to total debt ratio would remain respectable over the three years along with growth in EBIT interest coverage.

NORTH AMERICAN WIRELESS CARRIERS – FINANCIAL PROFILE

Symbols: □ = Above normal; ▨ = Normal; ■ = Below normal

Rank	Characteristics	Profitability	Balance Sheet (% debt)	Cash flow to debt	Coverage Ratios	Size/Other	Parental Support
1	Verizon Wireless (1)	Above normal	Above normal	Above normal	Normal	Above normal	Above normal
2	Cingular	Normal	Below normal	Normal	Normal	Above normal	Above normal
3	Bell Mobility (2) (3)	Below normal	Normal	Above normal	Above normal	Normal	Above normal
4	ALLTEL Corp.	Above normal	Above normal	Above normal	Above normal	Below normal	Normal
5	US Cellular Corp.	Normal	Above normal	Above normal	Above normal	Below normal	Normal
6	Aliant Telecom Wireless (2)	Above normal	Normal	Above normal	Above normal	Normal	Above normal
7	AT&T Wireless	Below normal	Above normal	Above normal	Above normal	Normal	Above normal
8	Sprint PCS	Below normal	Below normal	Below normal	Below normal	Normal	Above normal
9	TELUS Mobility (2)	Below normal	Normal	Below normal	Below normal	Normal	Above normal
10	VoiceStream	Below normal	Below normal	Below normal	Below normal	Below normal	Above normal
11	Rogers Wireless	Below normal	Below normal	Below normal	Below normal	Normal	Above normal
12	Centennial (4)	Above normal	Below normal	Below normal	Below normal	Below normal	Normal
13	Nextel (3)	Below normal	Below normal	Below normal	Below normal	Below normal	Normal
14	Microcell Telecom	Below normal	Below normal	Below normal	Below normal	Below normal	Normal

Criteria:	EBITDA margins	Debt to cap.	Cash flow to debt	EBITDA Cov.	Wireless subs.& Marketshare	Credit Enhancement
Above normal	>35%	<45%	>0.30	>7.00	>20 million	Positive
Normal	25-35%	45-55%	0.25-0.30	5.00-7.00	10-20 million or #1 in market	Neutral
Below normal	<25%	>55%	<0.25	<5.00	<10 million	Negative

(1) Revenue, EBITDA and size are based on actuals as of December 2001. All other financial info are DBRS estimates.
(2) EBITDA coverage, cash flow / debt and % debt in the capital structure are based on their respective parent's ratios as full financial disclosure is not provided. EBITDA margin for Bell Mobility is a DBRS estimate.
(3) 12 months ending September 2001. (4) 12 months ending November 2001.

The top seven companies listed have reasonable balance sheets, good size and support from strong controlling parents. Profitability is weak for AT&T Wireless and Bell Mobility, but otherwise these companies are reasonably sound. Companies listed from Sprint PCS down will have a much tougher time as they are hurt by weaker balance sheets.

DEBT MATURITY SCHEDULE

(US$ millions)

Rank	Maturity	Coupon	Amount
Sr. Unsecured, Unsubordinated Notes	March 1, 2006	7.35%	1,000
Sr. Unsecured, Unsubordinated Notes	March 1, 2011	7.875%	3,000
Sr. Unsecured, Unsubordinated Notes	March 1, 2031	8.75%	2,500
	Total		**$6,500**

AT&T Wireless issued the $6.5 billion in the above Senior Unsecured, Unsubordinated Notes on March 6, 2001. These notes when issued had maturities ranging from five to thirty years.

LIQUIDITY AVAILABLE

(US$ millions)

Rank Type	Term	Authorized Amount	Available at Dec. 31, 2001
Cash & equivalents	-	3,352	3,352
A/R securitization program	-	1,200	1,200
Unsecured Revolving Credit Facility	Up to 364 day	1,250	1,250
Unsecured Revolving Credit Facility	Up to Five year	1,250	1,250
Universal Shelf Prospectus	-	4,000	4,000
		$11,052	**$11,052**

The Company has a significant and wide range of liquidity options available at December 31, 2001, with nearly $11.1 billion, including cash and equivalents, A/R securitization, credit facilities, and a universal shelf prospectus. The credit facilities rank *pari passu* with the other unsecured, unsubordinated notes listed above.

WIRELESS CARRIERS – COMPARATIVE FINANCIAL INFORMATION:

(US$ millions*)	12 Mos.	Total		EBITDA	Interest	EBITDA	Cash flow/	% Debt in
Major U.S. Operators	Ending	Revenue	EBITDA	Margin	Expense	Coverage	Debt	Cap. Stru.
Verizon Wireless ***	Dec. 2001	17,393	6,014	34.6%	916	6.57	0.31	28.5%
Cingular	Dec. 2001	14,268	4,504	31.6%	847	5.32	0.27	66.2%
AT&T Wireless	Dec. 2001	13,610	3,100	22.8%	603	5.14	0.41	19.9%
Sprint PCS	Dec. 2001	9,725	1,513	15.6%	1,139	1.33	0.03	92.3%
Nextel	Sept. 2001	7,261	1,652	22.8%	1,008	1.64	0.08	83.7%
VoiceStream (4)	Dec. 2001	3,998	(470)	-11.8%	612	(0.77)	(0.14)	17.7%
ALLTEL Corp.**	Dec. 2001	3,832	1,391	36.3%	289	10.12	0.54	41.3%
US Cellular Corp.	Dec. 2001	1,895	618	32.6%	35	17.57	0.68	21.9%
Qwest Wireless	Dec. 2001	750	na	na	na	na	na	na
Centennial	Nov. 2001	668	240	35.9%	147	1.63	0.07	131.0%
Major Canadian Operators								
Rogers AT&T Wireless	Dec. 2001	1,169	268	22.9%	136	1.97	0.08	83.1%
Bell Mobility **	Sept. 2001	1,015	na	na	na	7.77	0.37	53.2%
TELUS Mobility **	Dec. 2001	1,299	237	18.2%	na	4.06	0.23	46.1%
Microcell Telecom	Dec. 2001	374	(7)	-1.7%	149	(0.04)	(0.03)	161.8%
Aliant Telecom Wireless ** (1)	Dec. 2001	167	74	44.4%	na	8.07	0.57	46.7%
Major European Operators								
Vodafone	Sept. 2001	24,348	9,281	38.1%	2,133	4.33	0.27	9.4%
Telecom Italia Mobile (TIM)	Sept. 2001	9,037	4,328	47.9%	339	12.78	1.35	22.6%
Orange SA	Dec. 2001	13,715	2,989	21.8%	609	4.91	0.34	27.5%
T-Mobile **	Dec. 2001	13,306	2,851	21.4%	na	na	na	na
Omnitel Vodaphone	Mar. 2001	4,384	2,097	47.8%	31	67.24	31.11	3.3%
Cegetel	Dec. 2000	4,621	1,085	23.5%	119	9.08	0.44	41.6%
Telefonica Moviles	Sept. 2001	6,369	2,544	39.9%	235	10.85	0.16	57.5%
Bouygues Telecom	Dec. 2000	2,078	646	31.1%	149	4.34	0.14	72.5%
mmO2 (BT Wireless)	Mar. 2001	5,403	(550)	-10.2%	79	(6.94)	(0.03)	87.6%
KPN Mobile **	June 2001	3,559	662	18.6%	na	na	na	na
High				**47.9%**		**67.24**	**31.11**	**161.8%**
Low				**-11.8%**		**(6.94)**	**(0.14)**	**3.3%**
Median				**23.5%**		**5.03**	**0.27**	**46.4%**

	3 Mos.	Tot. Subs	Monthly	Monthly	%	Market	Total	Avg. Mins
Major U.S. Operators	Ending	(000s)	Churn (2)	ARPU	Prepaid	Penetrat.	CPGA	Per User
Verizon Wireless	Dec. 2001	29,398	2.7%	46.27	6%	13%		274
Cingular	Dec. 2001	21,596	3.1%	51.63	7%	11%		
AT&T Wireless	Dec. 2001	18,047	2.7%	60.80	4%	11%	344	400
Sprint PCS	Dec. 2001	13,555	3.0%	61.00		7%	340	540
Nextel	Dec. 2001	8,671		70.00		4%	430	560
VoiceStream (4)	Dec. 2001	6,993	4.8%	49.00	26%	5%	356	585
ALLTEL Corp.	Dec. 2001	6,683	2.4%	47.38		14%	305	
US Cellular Corp.	Dec. 2001	3,461	1.8%	45.14	4%	13%	357	237
Qwest Wireless	Dec. 2001	1,114		54.00		6%	320	
Centennial	Feb. 2001	535	2.2%	53.00		9%	273	192
Major Canadian Operators								
Rogers AT&T Wireless	Dec. 2001	2,992	2.4%	30.39	25%	10.5%	230	315
Bell Mobility (3)	Sept. 2001	2,982	1.5%	32.67	30%	na	233	190
TELUS Mobility	Dec. 2001	2,578	2.1%	37.33	15%	10.5%	339	276
Microcell Telecom	Dec. 2001	1,230	2.8%	26.76	48%	6.6%	175	214
Aliant Telecom Wireless	Dec. 2001	478	1.5%	29.33	30%	75.0%	na	197
Major European Operators								
Vodafone	Sept. 2001	95,600	1.8%	35.14	na	62%		
Telecom Italia Mobile (TIM)	Sept. 2001	52,800	1.3%	25.23	87%	82%		
Orange SA	Dec. 2001	39,271	1.6%	31.65	60%	49%	133	138
T-Mobile (5)	Dec. 2001	45,500	1.2%	22.52	59%	76%		
Omnitel Vodaphone	Sept. 2001	16,652	1.4%	25.23	86%	82%		
Cegetel	Sept. 2001	11,750	2.4%	39.64	50%	49%		
Telefonica Moviles	Sept. 2001	25,315	1.7%	30.63	65%	69%		
Bouygues Telecom	Sept. 2001	6,200	1.8%	30.63	52%	49%		
mmO2 (BT Wireless)	Sept. 2001	17,612	1.8%	15.32	67%			
KPN Mobile	Sept. 2001	13,639	1.3%	20.72	58%			

*Conversion rate US$1=€1.11, US$1=Cdn$1.50.

** EBITDA coverage, cash flow / debt and % debt in the capital structure are based on their respective parent ratios as full financial disclosure is not provided.

*** DBRS estimates for Verizon interest expense, EBITDA coverage, cash flow to debt, debt in capital structure and free cash flow.

(1) EBITDA coverage, cash flow to total debt and % debt in the capital structure are based on Aliant Telecom's September 2001 ratios.

(2) Churn is a blended postpaid/prepaid figure except for Bell Mobility, Rogers AT&T and US Cellular which reflect postpay only.

(3) Subscriber and churn figures reflect preliminary December 2001 results.

(4) Includes Powertel Inc.'s results.

(5) Churn, ARPU and penetration based on September 30, 2001.

AT&T Wireless Services Inc.

Balance Sheet

(US$ millions)	As at December 31 2001	2000	1999		As at December 31 2001	2000	1999
Assets				**Liabilities & Equity**			
Cash & equivalents	3,352	62	5	Short-term debts	88	638	-
Receivables	2,026	1,892	1,300	Accounts payable	1,035	1,512	1,071
Inventories	307	335	162	Accrued expense pble	409	437	301
Other current	180	82	127	Other current liabilities	1,900	958	771
Inc. tax receivable etc.	432	211	34	L.t.d. due in 1 year	-	109	154
Total current assets	6,297	2,582	1,628	**Total current liab.**	3,432	3,654	2,297
Net fixed assets	12,496	9,892	6,349	Long-term debt	6,617	4,800	4,400
Financial assets	3,672	3,385	4,502	Other long-term liab.	4,682	4,930	3,798
Goodwill & intangibles	17,812	18,323	10,706	Minority interest	46	41	20
Other	1,445	1,120	327	Preferred equity (1)	-	-	-
				Common equity	26,945	21,877	12,997
Total assets	41,722	35,302	23,512	Total liab. & equity	41,722	35,302	23,512

	For the year ended December 31 2001	2000	1999	1998	1997
Liquidity & Coverage Ratios					
Current ratio	1.83	0.71	0.71	0.76	0.66
Asset coverage	2.36	1.62	1.47	1.33	1.12
Total assets/total debt	6.22	6.36	5.16	5.42	5.52
Cash flow/total debt	0.41	0.34	0.21	0.14	0.25
Net debt to EBITDA	1.08	3.33	4.07	4.16	3.76
% debt in capital structure (1)	19.9%	20.2%	25.9%	25.2%	25.3%
Adjusted % debt in capital structure (2)	23.1%	24.4%	29.5%	27.8%	28.1%
EBITDA interest coverage (times)	5.14	4.87	3.99	4.86	n/a
EBIT interest coverage (times)	0.99	-0.11	-0.48	-1.27	n/a
Profitability Ratios					
EBITDA margin	22.8%	15.8%	14.7%	15.8%	19.6%
Profit margin	0.9%	2.8%	-3.8%	1.0%	4.0%
Operating Ratios					
ARPU	$62.60	$68.20	$65.80	$56.60	$54.00
Cost per gross addition (CPGA)	$334.00	$367.00	$367.00	$392.00	$432.00
Monthly churn	2.9%	2.9%	2.6%	2.7%	2.5%
Cash cost per user (CCPU)	$33.10	$37.80	na	na	na
Capex per subscriber	$288.41	$264.59	$237.43	$169.92	$323.78
Other Data					
Total subscribers (thousands)	18,047	15,163	9,569	7,174	5,964
Market penetration	10.8%	9.3%	8.4%	n/a	n/a
Average minutes of use (AMOU)	382	351	na	na	na

Income Statement

(US$ millions)	For the year ended December 31 2001	2000	1999	1998	1997
Total revenue	13,610	10,448	7,627	5,406	4,668
EBITDA	3,100	1,648	1,118	856	916
EBIT	598	(38)	(135)	(223)	90
Interest expense	603	338	280	176	-
Net income (loss) before extraordinary items	124	292	(181)	(204)	46
Reported net income	(963)	528	(461)	108	125

Cash Flow Statement

(US$ millions)	For the year ended December 31 2001	2000	1999	1998	1997
Net income (loss) before extraordinary items	124	292	(181)	(204)	46
Add: depreciation & amortization	2,502	1,686	1,253	1,079	826
Add: other items	146	(78)	(119)	(380)	-
Cash Flow From Operations	2,772	1,900	953	495	872
Less: capital expenditures	5,205	4,012	2,272	1,219	1,931
Less: dividends	-	-	-	-	-
Cash flows before change in working capital	(2,433)	(2,112)	(1,319)	(724)	(1,059)
Working capital changes	(114)	(399)	(162)	(160)	-
Free Cash Flow	(2,547)	(2,511)	(1,481)	(884)	(1,059)
Acquisitions	(23)	(247)	(47)	(65)	n/a
Dispositions	(682)	(4,763)	244	324	n/a
Other, non-recurring	(568)	(218)	-	-	n/a
Net Free Cash Flow	(3,820)	(7,739)	(1,284)	(625)	n/a
Changes in equity: new/(repurchased)	6,207	5,756	(48)	1,198	n/a
Changes in debt: new/(repayments)	903	2,039	1,309	(552)	n/a
Change in Cash	3,290	56	(23)	21	n/a

(1) Assumes preferred equity with AT&T Corp. is debt ($3 billion in 2000 and $1 billion in 1999 to 1997).
(2) Adjusted for goodwill.