

BellSouth Corporation

Current Report: August 27, 2002
 Previous Report: October 26, 2001

RATING

No rating assigned. Reference report only.

Peter Schroeder/Paul Holman
 416-593-5577 x2279/x2234
 ps@dbrs.com

UPDATE

BellSouth Corporation ("BellSouth" or "the Company"), the incumbent telecom operator located in a nine-state region in the southeastern U.S., maintains one of the strongest credit profiles in the industry. BellSouth's credit profile is supported by its strong liquidity, with a DBRS-projected free cash flow surplus of over \$3.0 billion over the next 12 months. This enables BellSouth to repay debt and buy back shares. The Company has achieved this excellent liquidity through (1) aggressive cost-cutting with the elimination of 9,200 positions over the past 12 months, (2) debt reduction, and (3) market focus, as the Company has avoided the temptation to expand outside of its incumbent franchise area, unlike many other telcos. BellSouth has effectively mitigated the increased business risk profile of the telecom sector through strong balance sheet management. The Company has also effectively focused efforts on defending its incumbent position in its home markets. BellSouth's key rating considerations

include its (1) incumbent position with last-mile access, (2) strong branding and customer loyalty, and (3) size and scale. Despite these strengths, BellSouth faces some notable challenges: (1) falling access revenues, due to increased competition and transition from wholesale to Unbundled Network Element services (UNE-P); (2) increased cable competition for Internet and telephone services; (3) a fundamental shift from stable voice revenues to data, increasing the business risk profile of the industry; and (4) economic weakness in its Latin America operations. These challenges have resulted in slowing growth rates that will likely persist in the foreseeable future. In addition, given strong investor demand for growth, BellSouth could potentially make a sizeable acquisition that could increase its credit risk profile. Overall, BellSouth is well positioned to take advantage of a rapidly changing telecom environment as one of most dominant telecom providers in the world.

CONSIDERATIONS

Strengths:

- Third largest telco in North America
- Strong liquidity and balance sheet
- Last-mile access
- 40% stake in Cingular Wireless
- Future revenue growth

Challenges:

- Faces local competition for the first time
- Continuing pressure to reduce cost
- Capex levels remain high
- Complex regulatory environment domestically
- Expansion beyond existing markets increases risk profile

FINANCIAL INFORMATION

For the 12-month period ended
 (US\$ millions)*

	June 30, 2002	December 31, 2001	2000	1999	1998	1997	1996	1995
Total revenue	29,393	29,589	27,450	25,258	23,123	20,561	19,040	17,886
EBITDA	13,306	13,504	12,587	11,428	10,261	9,340	8,498	7,829
EBIT	7,797	7,960	7,483	6,757	5,904	5,376	4,779	4,374
Core net income	4,324	4,415	4,237	3,962	3,520	3,012	2,708	2,386
Cash flow from operations	9,833	9,959	9,341	8,633	7,877	6,976	6,427	5,841
Free cash flow (before work. cap. changes)	2,228	1,166	919	984	1,245	690	542	253
Cash flow/total debt	0.55	0.49	0.47	0.51	0.65	0.63	0.63	0.54
EBIT gross interest coverage	5.35	5.15	5.38	6.56	7.05	7.06	6.63	6.04
% total debt in capital structure	50.4%	52.0%	54.2%	53.1%	43.0%	41.4%	42.8%	47.2%
EBITDA margin	45.3%	45.6%	45.9%	45.2%	44.4%	45.4%	44.6%	43.8%
Domestic access lines (000s)	25,138	25,422	25,908	25,499	24,630	23,201	22,135	21,133
DSL subscribers (000s)	803	621	215	30	-	-	-	-
Domestic wireless subscribers (000s)	8,873	8,638	8,337	5,337	4,796	4,193	3,643	2,847
Return on equity	23.8%	24.9%	26.7%	25.6%	22.5%	21.2%	21.6%	18.2%

* Normalized results, including proportional accounting of domestic wireless operations.

THE COMPANY

BellSouth Corporation is a diversified communications company that provides telephone service within its nine-state region servicing the southeastern U.S. BellSouth provides local and regional long distance, network access, wireless, international communications, advertising, and publishing services.

CONSIDERATIONS

Strengths: (1) Third largest U.S. telco, with size and scale. BellSouth has a dominant incumbent position, with over 25 million switched access lines in nine states in the southern and southeastern U.S.

(2) Strong earnings and liquidity. BellSouth is able to drive earnings through high access charges, which contributes to strong operating cash flow. As a result, BellSouth is able to internally finance operations and dividends. In addition, it has ample bank lines supporting a substantial commercial paper program.

(3) Last-mile advantage and brand recognition. BellSouth's last-mile advantage and brand recognition makes it very difficult for competition to emerge.

(4) Wireless merger efficiencies. With the creation of Cingular Wireless, BellSouth and SBC Communications Inc. ("SBC") should realize considerable operating efficiencies in the future as roaming charges are reduced and greater critical mass is achieved. BellSouth has a 40% interest in the second largest U.S. wireless operator, with over 22 million subscribers.

(5) Future revenue growth opportunities. Growth opportunities from its national and international operations through domestic long distance, data and IP, and continued wireless growth will help reduce the impact of slow erosion to its local market share.

(6) Improved management focus. With the creation of Cingular Wireless and the potential spin-off of its Latin American operations, BellSouth is now better able to focus efforts on its core businesses.

Challenges: (1) Margin pressure going forward. Over the long term, it will become increasingly difficult to improve revenues, reduce costs, and maintain current margins.

(2) Competition. BellSouth now faces local competition, which could reduce its profitable local access fee income as other carriers by-pass BellSouth's local exchanges and take market share. This will be particularly relevant where access fees set by state regulators are still relatively high.

(3) Capex levels will remain at historically high levels. As demands for telecommunication services grow, networks will have to continually improve to support new broadband services. Although capex levels have likely peaked, they will probably remain well above historical depreciation levels.

(4) Regulation. The telcos are regulated both federally by the FCC and regionally by each state regulatory commission. This results in a cumbersome and complex regulatory environment in which to operate and evolve the business. Moreover, as the U.S. telecommunications industry is opened to greater competition, regulatory disputes delay the roll-out of services.

(5) Cable threat from telephony and broadband services. Competition from cable operators is expected to intensify going forward. Broadband services and the ability to bundle video, voice, and data into one package represent a growing competitive threat for residential customers.

EARNINGS PROFILE

For the 12-month period ended

	June 30			December 31			
	2002	2001	2000	Operating Statistics (000s)			
(US\$ millions)*				2002	2001	2000	
Long distance	819	747	675	EBITDA margin (consolidated)	45.3%	45.6%	45.9%
Network access	4,897	4,969	4,769	EBITDA margin (wireline)	50.5%	51.4%	53.0%
Local	11,840	11,810	11,468	EBITDA margin (wireless)	31.3%	31.7%	26.9%
Domestic wireless	5,836	5,643	4,257	Residential access lines	16,765	16,773	17,135
International wireless	2,646	2,910	2,906	Business access lines	8,179	8,440	8,525
Other	2,245	2,236	2,170	Other access lines	194	209	248
Total revenue	29,393	29,589	27,450	Total access lines	25,138	25,422	25,908
EBITDA	13,306	13,504	12,587	Domestic wireless	8,873	8,638	8,337
Depreciation and amortization	5,509	5,544	5,104	International wireless	9,008	10,306	9,062
EBIT	7,797	7,960	7,483	Total wireless access lines	17,881	18,944	17,399
Gross interest expense	1,458	1,547	1,391	Internet subscribers (high-speed)	803	621	215
EBT	6,644	6,760	6,580				
Core net income	4,324	4,415	4,237				
Reported net income	962	2,570	4,220				

* Normalized results, including proportional accounting of domestic wireless operations.

Summary:

- EBITDA for the 12-month period ended June 30, 2002, fell slightly due mainly to
 - Access line and marketshare erosion from CLEC, long distance, and cable competition
 - Falling access line revenue due to wholesale Unbundled Network Element pricing
 - Economic weakness in Latin American wireless operations
- This weakness in EBITDA was partially offset by strong high-speed Internet growth and major cost-cutting initiatives with employee reduction
- As a result, mainly through cost-cutting, EBITDA margins and core net income remained stable

Outlook:

- EBITDA is expected to fall by approximately 3% to 5% over the next year as core wireline results come under pressure due to
 - Continued erosion of access lines due to reduced need for second lines with DSL and e-mail substitution
 - Falling network access fees due to increased competition and regulatory rate reductions
- This should be partially offset by continued strength in DSL and growth in domestic wireless
- Overall, a slight decline in core net income and margins is expected over the next 12 months

SEGMENTED DATA

Domestic Wireline Segment

Segmented Data

For the 12-month period ended

	Q2 2002	2001	2000	1999	1998	1997
Income Results						
Long distance	819	747	675	608	713	734
Network access	4,897	4,969	4,769	4,695	4,632	4,483
Local services	11,840	11,810	11,468	10,740	10,033	9,017
Other revenue	1,412	1,545	1,543	1,481	994	898
Total revenue	18,968	19,071	18,455	17,524	16,372	15,132
EBITDA	9,570	9,811	9,772	9,221	7,955	7,499
EBIT	5,476	5,766	5,986	5,828	4,599	4,173
Financing costs	509	597	699	560	551	533
Core Net Income	3,129	3,304	3,356	3,315	2,566	2,235
Cash Flow Results						
Core net income	3,129	3,304	3,356	3,315	2,566	2,235
Depreciation	4,094	4,045	3,786	3,393	3,356	3,326
Operating cash flow	7,223	7,349	7,142	6,708	5,922	5,561
Less: capex	4,071	5,125	5,440	4,638	3,502	3,432
Less: dividends (1)	915	915	948	1,209	1,420	1,428
Free cash flow	2,237	1,309	754	861	1,000	701
Operational Data						
EBITDA margins	50.5%	51.4%	53.0%	52.6%	48.6%	49.6%
Access lines - residential	16,765	16,773	17,135	17,002	16,497	-
Access lines - business	8,179	8,440	8,525	8,232	7,859	-
Access lines - other	194	209	248	265	274	-
Network access lines (000s)	25,138	25,422	25,908	25,499	24,630	23,201
Resold lines (000s)	952	748	800	665	520	-
UNE (000s)	1,118	1,023	531	152	42	-
Wholesale lines (000s)	2,070	1,771	1,331	817	562	-
Access minutes (000s)	104,346	110,106	115,217	110,088	104,373	97,106
DSL customers (000s)	803	621	215	30	-	-

(1) Dividend based on a DBRS estimate allocation based on the proportion of revenue from this segment.

Income Data

Background:

- This segment consists of core domestic wireline voice, data, broadband, e-commerce, long distance, and Internet services, and added calling features

Local Services:

- Local services revenue were flat due to:
 - Growth in data and calling features
 - Offset by falling market share
 - Access line erosion due to: (1) DSL reduces need for a second line, (2) wireless and e-mail substitution, and (3) CLEC competition

Network Access:

- Network access revenues fell due to reduced volume from:
 - Competitive by-pass of network with shift to UNE-P from resale
 - Wireless and e-mail substitution
 - Regulatory rate reductions

Long Distance:

- Long distance revenue increased due to:
 - Increased wholesale long distance
 - Launch of long-distance services in Georgia and Louisiana
 - Partially offset by larger local calling areas

Outlook:

- Despite continued weakness in EBITDA and core net income, margins will likely remain strong, as BellSouth has aggressively cut costs and improved operating efficiencies
- Rule 271 is not expected to have a material impact on profitability over the next year

Cash Flow Data:

- Operating cash flow from this segment is more than sufficient to cover dividends and capex
- BellSouth's wireline segment remains one of the most profitable in the industry and generates considerable free cash flow

FINANCIAL PROFILE AND SENSITIVITY ANALYSIS
Cash Flow Statement

(US\$ millions)				Stress Testing		
	Jun. 2002	Dec. 2001	Dec. 2000	Year 1	Year 2	Year 3
EBITDA	13,306	13,504	12,587	11,375	9,523	8,142
Core net income	4,324	4,415	4,237	2,751	1,417	427
Depreciation and amortization	5,509	5,544	5,104	5,700	5,900	6,000
Operating Cash Flow	9,833	9,959	9,341	8,451	7,317	6,427
Less: capital expenditures*	6,176	7,366	6,995	5,500	5,500	5,500
dividends	1,428	1,427	1,427	1,450	1,450	1,450
Free cash flow (before work. cap.)	2,228	1,166	919	1,501	367	(523)
Changes in working capital	(474)	(662)	(592)	0	0	0
Free cash flow	1,754	504	327	1,501	367	(523)
Acquisitions/dispositions/other	(825)	(2,037)	(3,243)	0	0	0
External Funding Requirements	930	(1,533)	(2,916)	1,501	367	(523)
Change in equity	1,646	1,210	0	0	0	0
Change in debt	(1,120)	(146)	2,690	0	0	523
Change in cash	1,456	(469)	(226)	1,501	367	0
Year-end cash balance	2,114	592	1,061	3,615	3,982	3,982
Actual				Assumptions		
Revenue growth	-0.9%	7.8%	8.7%	-10.0%	-10.0%	-10.0%
EBITDA margin	45.3%	45.6%	45.9%	43.0%	40.0%	38.0%
Interest rate	7.6%	7.7%	7.6%	8.0%	8.0%	8.0%
Capex	6,176	7,366	6,995	5,500	5,500	5,500
Liquidity and Coverage Ratios						
% of debt in the capital structure	50.4%	52.0%	54.2%	52.5%	54.9%	58.1%
EBITDA interest coverage	9.13	8.73	9.05	7.88	6.60	5.48
EBIT interest coverage	5.35	5.15	5.38	3.93	2.51	1.44
Cash flow to total debt	0.55	0.49	0.47	0.47	0.41	0.35
Total debt to EBITDA	1.36	1.49	1.59	1.59	1.89	2.28

(1) Under this stress test scenario, external funding requirements are funded exclusively with debt.

*Includes 40% of Cingular Wireless capex after December 2000.

Summary:

- BellSouth's balance sheet strengthened over the latest 12-month period ended June 2002, as the Company used its significant free cash surplus to reduce debt levels
- Operating cash flow remains stable, despite recent weakness in core wireline operations
- Capex used for infrastructure buildout has been primarily completed and has been scaled back significantly
- As a result, free cash flow before working capital changes was quite substantial at over \$2.2 billion for the 12-month period ended June 30, 2002
- BellSouth also sold its interest in KPN for proceeds of \$1.076 billion, and its remaining interest in Qwest common stock for \$300 million over the latest 12-month period
- Overall, coverage and liquidity ratios remain well above industry averages
- Operating cash flow over the next 12 months will see a slight decline, as revenue growth remains negative due to a continued decline in access line and network access revenues
- Capex is expected to fall to \$5.0 billion to 5.5 billion as the Company matches growth rates with capex. Further reduction in capex is likely over the near term, should growth rates continue to fall
- As a result, free cash flow is expected to be approximately \$3.0 billion over next 12 months and will likely be used to:
 - Reduce debt levels
 - Buy back shares
 - Complete small strategic acquisitions
- Coverage and liquidity ratios will likely continue to improve, excluding any future acquisitions
- Despite improvement, results could be impacted should shareholder pressure for growth result in a major acquisition over the near term

Outlook:

- BellSouth's balance sheet is expected to see continued strengthening over the near term as it repays maturing debt through its sizeable free cash flow surplus

Sensitivity Analysis:

DBRS stress tests the financial strength of companies analyzed to measure their sensitivity under various extreme scenarios. The assumptions used in this stress test are not based on any information provided by the Company or DBRS expectations.

- Under a stress test scenario, coverage and liquidity ratios remain very strong
- BellSouth is able to fund over 90% of its capex and dividends internally
- Funding requirements over the medium term are expected to be minimal, barring acquisitions

INDUSTRY COMPARISON

Global Telco Financial Comparison

Rank	Symbols	= Above average		= Average		= Below average	
	Characteristics	Profitability	Balance Sheet	Cash Flow to Debt	Coverage Ratios	Size	
1	SBC Communications Inc.						
2	NTT Corp.						
3	Belgacom S.A.						
4	Telstra Corp.						
5	BellSouth Corporation						
6	Verizon Communications Inc.						
7	Bell Canada						
8	Aliant Telecom Inc.						
9	Saskatchewan Telecommunications Holding						
10	Telefonica S.A.						
11	Manitoba Telecom Services Inc.						
12	Telecom Italia S.p.A.						
13	British Telecommunications plc						
14	Deutsche Telekom AG						
15	TELUS Corporation						
16	France Telecom						
17	Sprint Corporation						
18	Royal KPN N.V.						
19	Qwest Communications International Inc.						
	<u>Criteria</u>	<u>EBITDA Margins</u>	<u>Debt to Cap.</u>	<u>Cash Flow to Debt</u>	<u>EBITDA Cov.</u>	<u>Wireline Subs.</u>	
		Above average	>42%	<45%	>0.30	>7.00	>20 million
		Average	38-42%	45-55%	0.25-0.30	5.00-7.00	10-20 million
		Below average	<38%	>55%	<0.25	<5.00	<10 million

- BellSouth ranks as one of the top telcos in the world, owing to its:
 - Strong margins
 - Good cash flow
 - Reasonable balance sheet leverage
 - State-of-the-art network, including direct fibre to the curb in new residential developments

INDUSTRY COMPARISON

(US\$ millions*)	Date	Total Revenue	EBITDA	EBITDA Margin	EBITDA Coverage	Cash Flow/Debt	% Debt in Cap. Stru.
Aliant Telecom Inc.	June 2002	1,172	571	48.7%	9.44	0.54	47.1%
Belgacom S.A.	Dec. 2001	4,704	1,491	31.7%	23.08	1.10	24.3%
Bell Canada	June 2002	9,681	4,205	43.4%	7.79	0.35	59.9%
BellSouth Corporation (1)	June 2002	18,968	9,570	50.5%	9.13	0.55	50.4%
British Telecommunications plc	June 2002	30,641	9,071	29.6%	3.11	0.21	100.1%
Deutsche Telekom AG (1)	Mar. 2002	26,450	8,928	33.8%	2.67	0.12	n/a
France Telecom (1)	Dec. 2001	20,929	7,119	34.0%	2.94	0.11	94.9%
Manitoba Telecom Service Inc. (1)	June 2002	517	277	53.5%	14.33	0.64	34.1%
Nippon Telegraph and Telephone Corp.	Sept. 2001	89,608	26,531	29.6%	20.86	0.45	43.4%
Qwest Communications Int'l.	June 2002	18,110	6,041	33.4%	3.20	0.17	n/a
Royal KPN N.V. (1)	June 2002	5,392	2,027	37.6%	2.38	0.13	83.3%
Saskatchewan Tel. HoldCo. (1) (2)	Dec. 2001	547	222	40.6%	9.30	0.68	40.7%
SBC Communications Inc. (1)	June 2002	48,559	19,078	39.3%	13.31	0.66	44.8%
Sprint Corporation Inc. (1)	June 2002	17,506	5,284	30.2%	3.95	0.21	64.0%
Telecom Italia S.P.A. (1)	June 2002	15,668	6,795	43.4%	7.29	0.30	58.0%
Telefonica S.A. (1)	June 2002	17,264	8,008	46.4%	6.85	0.30	51.0%
Telstra	Dec. 2001	9,562	4,673	48.9%	10.98	0.45	50.0%
TELUS Corporation (1) (9)	June 2002	4,840	1,672	34.5%	3.49	0.18	58.4%
Verizon Communications Inc. (1)	June 2002	42,147	18,910	44.9%	7.82	0.33	54.5%
High				53.5%	23.08	1.10	100.1%
Low				29.6%	2.38	0.11	24.3%
Median				39.3%	7.79	0.33	51.0%
	Date	NAS (3)	Wireless	DSL	Capex *	Operating *	Free *
		(000s)	(000s)	(000s)		Cash	Cash Flow
Aliant Telecom Inc. (7)	June 2002	1,527	513	86	244	388	47
Belgacom S.A.	Dec. 2001	4,879	4,148	230	922	1,228	41
Bell Canada	June 2002	11,666	3,133	822	2,069	2,735	(391)
BellSouth Corporation (1)	June 2002	25,138	8,873	803	6,176	9,833	2,228
British Telecommunications plc	June 2002	28,950	-	300	6,013	5,824	(189)
Deutsche Telekom AG (8)	Mar. 2002	57,300	50,000	2,300	8,954	7,394	(3,269)
France Telecom (6)	Dec. 2001	34,151	17,823	430	7,705	6,927	(1,862)
Manitoba Telecom Service Inc. (1)	June 2002	714	218	48	219	200	(51)
Nippon Telegraph and Telephone Corp.	Sept. 2001	51,200	38,438	n/a	19,169	20,685	908
Qwest Communications Int'l.	June 2002	17,353	1,117	508	4,798	4,146	(651)
Royal KPN N.V. (1)	June 2002	10,040	13,395	184	1,620	2,294	674
Saskatchewan Tel. HoldCo. (1) (2)	Dec. 2001	626	240	33	78	157	(13)
SBC Communications Inc. (1)	June 2002	58,255	13,310	1,728	8,941	17,089	4,657
Sprint Corporation Inc. (1)	June 2002	8,100	14,588	-	7,242	4,741	(2,959)
Telecom Italia S.P.A. (1)	June 2002	27,301	50,400	275	3,841	8,411	1,777
Telefonica S.A. (1) (5)	June 2002	45,362	34,066	1,018	4,306	7,870	2,612
Telstra	Dec. 2001	8,680	5,636	122	2,065	3,230	(278)
TELUS Corporation (1) (4) (9)	June 2002	4,914	2,771	326	1,422	1,094	(449)
Verizon Communications Inc. (1)	June 2002	60,373	30,307	1,500	13,718	20,389	1,614

*Conversion rate: US\$ 1 = £1.11; US\$ 1 = Cdn\$ 1.50; US\$ 1.625 = ¥1; US\$ 1 = ¥130 yen.

(1) Segmented wireline data for total revenue, EBITDA, and EBITDA margin.

(2) DBRS tax adjusted SaskTel's revenue and EBITDA by \$47.9 million.

(3) Network access lines.

(4) Excludes TELUS Communications (Quebec) Inc. results.

(5) Results include Spain and Latin America.

(6) France only wireline, wireless, and ADSL.

(7) DBRS estimate for capex, operating cash flow, and free cash flow.

(8) Includes global wireless subscribers.

(9) Includes TELUS Communications (Quebec) Inc.

BellSouth Corporation*

Balance Sheet (US\$ millions)	December 31			December 31			
	Jun. 30, 2002	2001	2000	Jun. 30, 2002	2001	2000	
Cash and s.t. investments	2,114	592	1,061	Short-term borrowings	5,406	5,111	7,569
Other current assets	5,450	6,263	6,345	Other current liabilities	5,178	4,957	5,701
Total current assets	7,564	6,855	7,406	Total current liabilities	10,584	10,068	13,270
Net fixed assets	24,247	24,943	24,157	Long-term debt	12,635	15,014	12,463
Intangibles	3,043	4,506	4,172	Deferred taxes and other	9,323	8,367	8,280
Investments	9,866	10,620	11,010	Common equity	17,744	18,597	16,912
Other assets	5,566	5,122	4,180				
	<u>50,286</u>	<u>52,046</u>	<u>50,925</u>		<u>50,286</u>	<u>52,046</u>	<u>50,925</u>

For the 12-month period ended

	Jun. 30, 2002	2001	2000	1999	1998	1997	1996
Liquidity Ratios							
Current ratio	0.71	0.68	0.56	0.55	0.95	0.92	0.98
Asset coverage	1.81	1.70	1.64	1.66	2.09	2.20	2.16
Total assets/total debt	2.79	2.59	2.54	2.59	3.24	3.28	3.18
% total debt in capital structure	50.4%	52.0%	54.2%	53.1%	43.0%	41.4%	42.8%
Cash flow/total debt	0.55	0.49	0.47	0.51	0.65	0.63	0.63
% cap. spending funded internally	136.1%	115.8%	113.1%	115.9%	123.9%	114.2%	112.2%
Common dividend payout	148.5%	55.5%	33.8%	37.9%	42.9%	51.1%	55.2%
Coverage Ratios							
EBIT gross interest coverage	5.35	5.15	5.38	6.56	7.05	7.06	6.63
EBITDA gross interest coverage	9.13	8.73	9.05	11.10	12.26	12.27	11.79
Profitability, Earnings Quality Ratios							
EBITDA margin	45.3%	45.6%	45.9%	45.2%	44.4%	45.4%	44.6%
Return on equity	23.8%	24.9%	26.7%	25.6%	22.5%	21.2%	21.6%
Selected Results (US\$ millions)							
Long distance	819	747	675	608	713	734	794
Network access	4,897	4,969	4,769	4,761	4,632	4,483	4,365
Local	11,840	11,810	11,468	10,887	10,033	9,017	8,082
Domestic wireless	5,836	5,643	4,257	3,518	2,723	2,581	2,204
International wireless	2,646	2,910	2,906	2,364	1,995	948	547
Other	3,355	3,510	3,375	3,120	3,027	2,798	3,048
Total revenue	29,393	29,589	27,450	25,258	23,123	20,561	19,040
EBITDA	13,306	13,504	12,587	11,428	10,261	9,340	8,498
EBIT	7,797	7,960	7,483	6,757	5,904	5,376	4,779
EBT	6,644	6,760	6,580	6,095	5,416	4,634	4,166
Core net income	4,324	4,415	4,237	3,962	3,520	3,012	2,708
Reported net income	962	2,570	4,220	3,448	3,527	3,261	2,863
Operating cash flow	9,833	9,959	9,341	8,633	7,877	6,976	6,427
Less: capital expenditures **	6,176	7,366	6,995	6,200	5,212	4,858	4,455
dividends	1,428	1,427	1,427	1,449	1,420	1,428	1,430
Free cash flow (bef. work. cap. changes)	2,228	1,166	919	984	1,245	690	542
Changes in working capital	(474)	(662)	(592)	(398)	(302)	(234)	(898)
Free cash flow	1,754	504	327	586	943	456	(356)
Acquisitions/dispositions/other	(825)	(2,037)	(3,243)	(6,756)	(2,403)	(1,828)	(986)
Cash flow before financing	930	(1,533)	(2,916)	(6,170)	(1,460)	(1,372)	(1,342)
Change in equity	1,646	1,210	0	0	945	1,916	1,424
Change in debt	(1,120)	(146)	2,690	4,314	1,115	814	(635)
Increase (decrease) in cash position	1,456	(469)	(226)	(1,856)	600	1,358	(553)

*Normalized results, including proportional accounting of domestic wireless operations.

**Includes 40% of Cellular Wireless capex after December 2000.