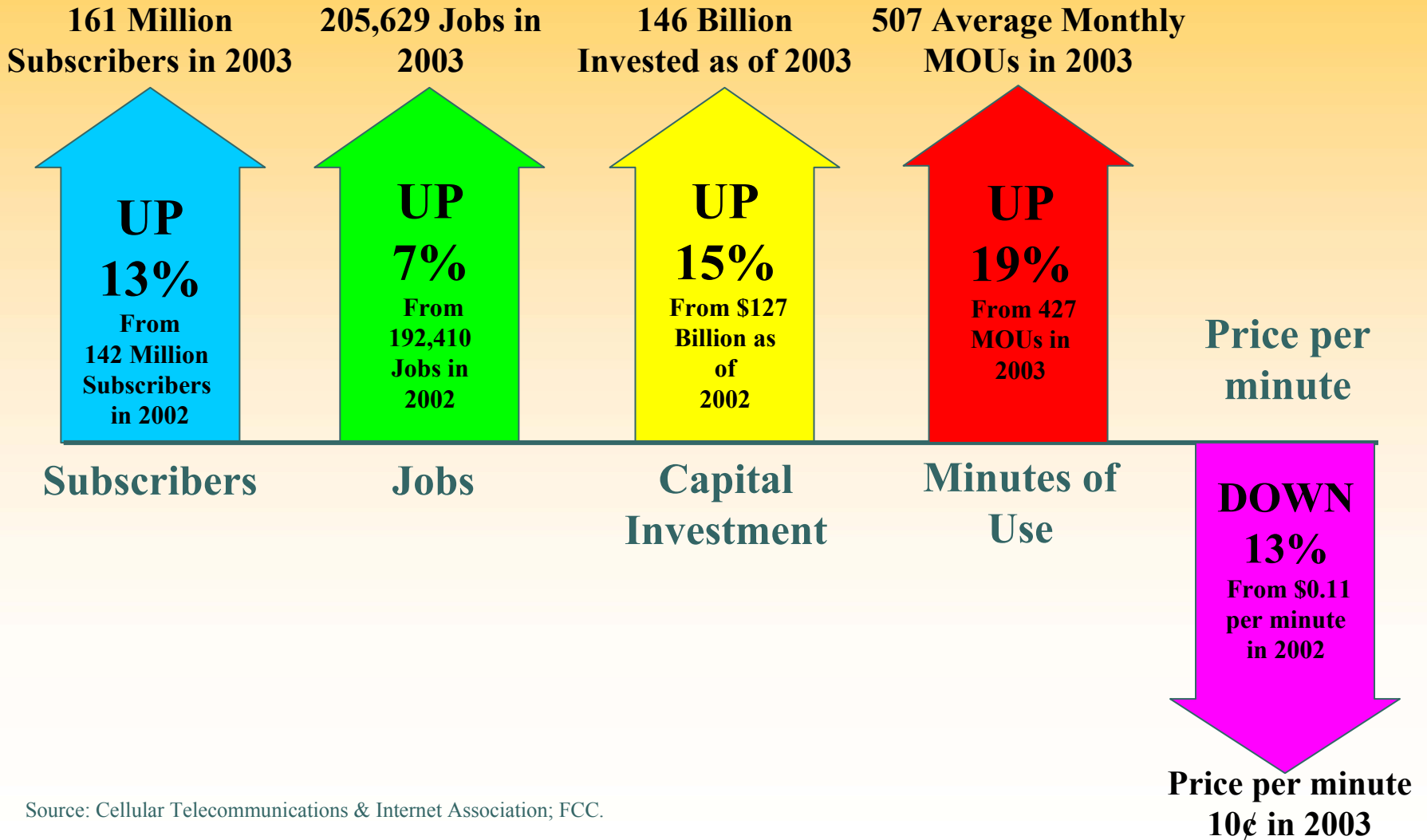


Report to Congress

Ninth Annual CMRS Competition Report

September 9, 2004

Growth in the Mobile Telephone Industry (YE2002-YE2003)



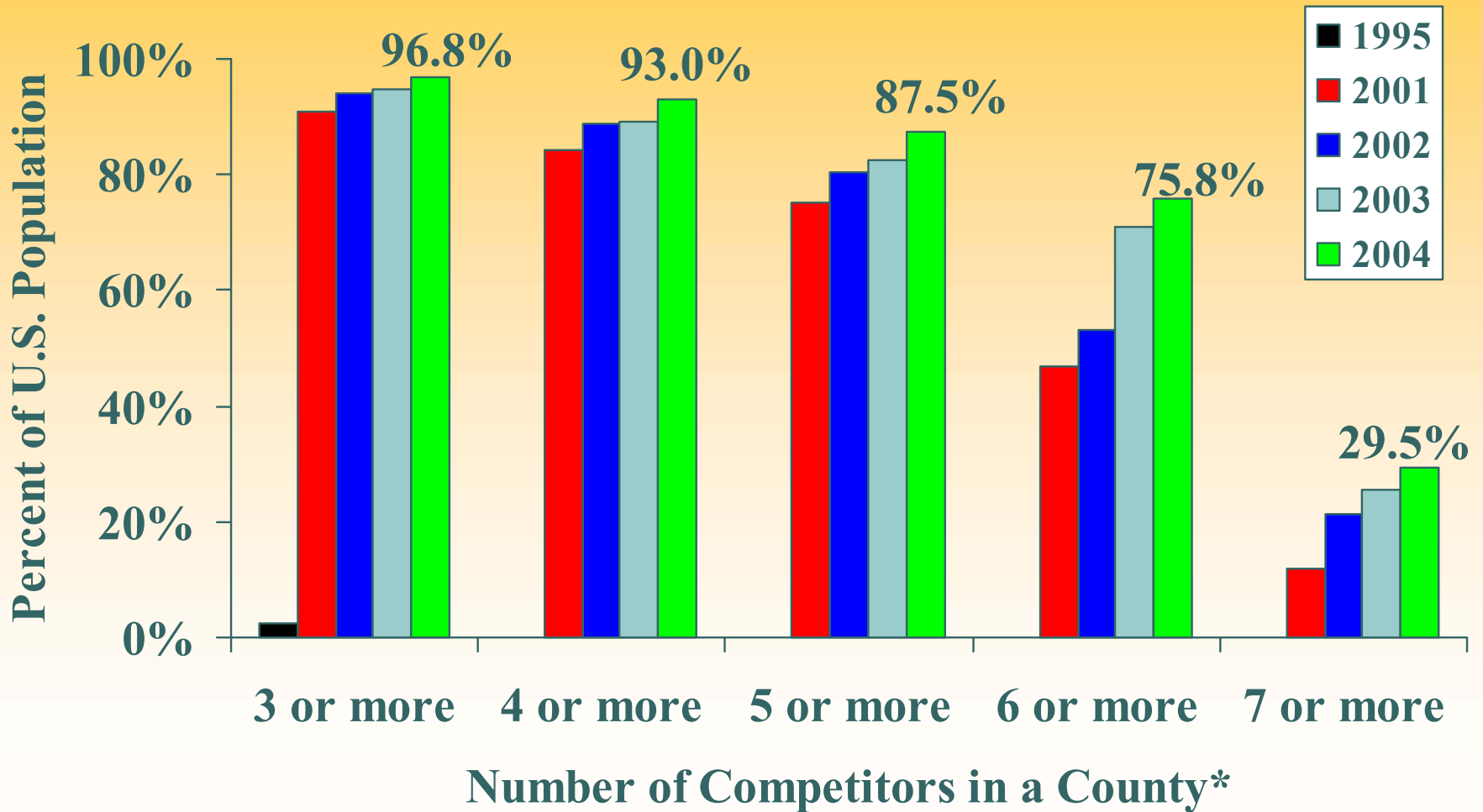
Total US Mobile Telephone Wireless Subscribers



Mobile Data Services

- **25 percent of all mobile telephone subscribers send text messages**
- **SMS traffic volume rose to more than 2 billion messages per month at the end of 2003, double the June 2002 figure**
- **Some users of text messaging services also use their handsets for leisure/entertainment applications:**
 - **Picture messaging – Verizon customers share an average of 7 million pictures per month**
 - **Ring tones**
 - **Games – 12.2 million Americans downloaded or subscribed to wireless games through their cell phones in 2003**
 - **Simple web browsing**

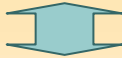
Mobile Telephone Competition



*Facilities-based competitors

Structure-Conduct-Performance Framework

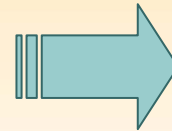
- **MARKET STRUCTURE**
 - Horizontal concentration
 - Number of competitors per market
 - Market shares
 - Entry conditions



- **CARRIER CONDUCT**
 - Pricing and service innovations/rivalry
 - Investment in network deployment & upgrades
 - Choice of technological standards & next-generation migrations paths



- **CONSUMER BEHAVIOR**
 - Access to information
 - Ability to switch service providers



- **MARKET PERFORMANCE**
 - Pricing trends
 - Subscriber growth
 - Usage
 - Service variety & quality