



## 1. Strong Buys



### A Cheering Section for ADC Telecommunications

By Paul DeMartino

The Telecomm Analyst<sup>SM</sup> combed through research submitted to the Multex.com database this week, looking for Strong

*Buys. In order to be included in this column, a stock must receive a firm's highest rating, and the valuation methodology must be included in the report.*

**JDS UNIPHASE (JDSU):** On May 18, U.S. Bancorp Piper Jaffray reiterated its **STRONG BUY** on JDS UNIPHASE, prompted by the retirement of CEO Kevin Kalkoven, who the firm called a "key industry visionary." Mr. Kalkoven will remain a strategic adviser to JDSU. U.S. Bancorp does not expect the company to be adversely affected by the management change, and notes that management guidance indicates a bit more growth than it did previously. The firm's estimates were not affected. U.S. Bancorp has a 12-month price target of \$150 a share, derived from a price-to-sales relative valuation. The firm projects EPS of \$0.39 in fiscal 2000 ending in June, and \$0.62 in fiscal 2001. Shares of JDS UNIPHASE closed at \$86.52 on May 18. During the week of May 1-7, reports on JDS UNIPHASE were read 935 times, and 40 new documents were added to the database.

**COLT TELECOM (COLT):** On May 19, Salomon Smith Barney reiterated its 1H rating (buy, though the risk is high) on

the ADRs of Europe's COLT TELECOM. The company's first quarter results were above both Salomon's and Wall Street's consensus forecast. COLT, an integrated ISP/telecommunications company targeting large businesses, has managed to get its Madrid and Amsterdam operations profitable on an EBITDA-basis – in only 19 months in the case of Madrid. Salomon regards the weakness in COLT's stock as a buying opportunity. Shares of COLT's ADRs closed at \$124 on May 18. Salomon's price target is \$268 based on a discounted-cash-flow valuation. It forecasts a loss of \$1.57 a share in 2000, and a loss of \$2.07 a share in 2001. Eighty-eight people read reports on COLT during the week of May 1-7. Five new reports were uploaded during that period.

**ADC TELECOMMUNICATIONS (ADCT):** Following ADC TELECOMMUNICATIONS' announcement of fiscal second-quarter earnings, Chase H&Q, U.S. Bancorp Piper Jaffray and CIBC World Markets all reiterated their **STRONG BUY** rating on the component manufacturer. Chase, in its May 19 report, is particularly impressed with ADC's announced acquisition of PAIRGAIN (PAIR), a DSL company. In Chase's view, the deal should contribute to earnings as soon as next year. Chase estimates EPS of \$1.12 in fiscal 2000 ending in October, and \$1.45 in fiscal 2001. Chase H&Q uses a price-to-earnings valuation.

U.S. Bancorp raised its earning estimates in its May 19 report, largely on the strength of ADC's broadband group. The group managed to increase its revenue 93% from the previous year.

## IN THIS ISSUE

- Strong Buys .....1
- The Sell Report.....2
- The D.C. Buzz .....2
- Executives Zero In .....3
- Top Company Picks .....5
- Keyson's Hot Lunch .....6
- Telecomm Index 150
- Focus.....7
- Analyst Spotlight .....8
- Insider Trading Alert .....8
- Best & Brightest:
- Numbers .....9
- Wireless Dispatch .....10
- Upgrades &
- Downgrades .....10
- Consensus Estimates.....11
- Rants, Raves & Satire....12

**ABOUT THE TELECOMM ANALYST<sup>SM</sup>**  
The Telecomm Analyst<sup>SM</sup> is an on-line publication.

To subscribe, send an e-mail to [tta@multex.com](mailto:tta@multex.com) with SUBSCRIBE in the subject line, and include your name in the body of the message.

<http://www.telecommanalyst.com>

The Telecomm Analyst<sup>SM</sup> Magazine by Multex.com  
Publisher: .....Lauren Keyson  
Publishing Assoc. ....Eric Lopkin  
Managing Editor: .....James C. Condon  
Senior Editor: .....Paul DeMartino  
Production Manager: ....Mitch Burkhardt  
Web Designer: .....Robin Barrett  
Senior Production Assoc.: .Rika Marubashi  
Customer Service: .....David Allikas

Comments and Information send an e-mail to [tta@multex.com](mailto:tta@multex.com).  
The Telecomm Analyst<sup>SM</sup> Multex.com, 33 Maiden Lane, New York, NY 10038  
To advertise in TTA, please call 212-859-9962 or email at [advertise@multex.com](mailto:advertise@multex.com)  
Reprints now available. Send e-mail to [Burkham@multex.com](mailto:Burkham@multex.com) requesting a price sheet.

TTA's premier date: April 4, 2000

To advertise in  
*The Telecomm Analyst<sup>SM</sup>,*  
[click here](#)

To subscribe to  
TTA for free,  
send an e-mail  
to:  
[tta@multex.com](mailto:tta@multex.com)



The firm raised its earnings estimates to \$1.12 a share for fiscal 2000 and to \$1.50 for fiscal 2001. Its 12-month price target for the stock is \$85, based on a price-to-earnings relative valuation.

On May 19, CIBC World Markets raised its earnings estimates for fiscal 2000 to \$1.10 a share and for 2001 to \$1.47 a share. Its price target was raised to \$80, based on a price-to-earnings valuation. It notes that a number of upside surprises are possible: wider-than-expected margins; higher sales of non-broadband products, or increased international market share. During the week of May 1-7, research on ADCT was accessed 548 times, and 53 new reports were added to the database. ADC shares closed at \$ 60.44 on May 18.

## 2. The Sell Report

### This Sharp Wit May Draw Blood

By Aram Fuchs

WIT CAPITAL ([WITC](#)), the online investment bank based in New York, was founded in 1996 by Andrew Klein, after he raised money over the Internet for his brewery, Spring Street Brewing Company. Mr. Klein thought WIT CAPITAL could help other companies sell stock to individual investors without having to go through white-shoe Wall Street firms.

After stumbling along with various permutations of his idea, Mr. Klein scored big by convincing Robert Lessin, former vice chairman of Smith Barney, to take the CEO position. Mr. Lessin quickly stitched together a syndicate of online brokers that would help distribute WIT CAPITAL-led offerings.

WIT CAPITAL has cultivated a successful track record. It has been involved in many of the hot telecommunications initial public offerings, including IBEAM BROADCASTING (IBEM), an Internet broadcast network; BOOKHAM TECHNOLOGY ([BKHM](#)), a fiber-optic gear maker; ARROWPOINT TECHNOLOGY ([ARPT](#)) a content-switching company, and TELOCITY ([TLCT](#)), a broadband Internet service provider. Since its founding, the firm has established a solid reputation as the premier Web-based investment bank in technology and telecom IPOs. But Fertilemind.net thinks WIT CAPITAL's business is about to be hurt by a dramatic restructuring in the IPO market.

The basis for WIT CAPITAL's business is the belief that individual investors will continue to clamor for IPOs – like hippies beg-

#### LEGAL NOTICE:

While Multex.com, The Telecomm Analyst<sup>SM</sup> and its contributors use reasonable efforts in collecting and preparing the information in this newsletter, Multex.com does not assume any liability for any loss or damage caused by error or omission.

Please distribute this freely, and credit any excerpts to The Telecomm Analyst<sup>SM</sup> by Multex.com. Copyright 2000.

Stocks mentioned in the newsletter are not the recommendations of the staff of The Telecomm Analyst<sup>SM</sup> but the opinions of analysts covering the Telecommunications industry and should not be considered recommendations for purchase or sale.

ging for Phish tickets – even after the dot-com bubble has burst. But after the dreadful performance of newly minted Internet stocks, it's clear that investors are tiring of Net IPOs. Many have finally realized that the chances of making money are at least as good betting on Red-37 on some Mississippi riverboat as buying into an Internet IPO.

According to Renaissance Capital there were over 400 IPOs in 1999. On average, those issues rose more than 200% from their offering price and more than 80% from their first-day closing price to their close at year end. But of the 170 IPOs in 2000, around half are trading below their offering prices. Investment banks have responded to the sudden refusal of investors to bite at IPOs. After reaching a peaking of 60 deals in March, only 33 issues were brought to market in April.

Some WIT CAPITAL bulls say this is temporary dip in the IPO market. Fertilemind.net thinks otherwise. Investors, wary of the perils of IPO gambling are already demanding much more of a track record from companies before they invest in the company's IPO.

This cautious attitude will hurt WIT CAPITAL's business. The firm will have to be much more selective in determining which companies they bring public. When WIT CAPITAL brings the publics to market, the issues will not command the rich prices that they were accorded over the last year. And under this scenario, an investment in WIT CAPITAL will be as fruitful as a bet on some money-losing dot-com IPO. Go bet on Red-37.

Aram Fuchs is the chief executive officer of Fertilemind.net, an independent Internet equity research house. At the time of publication he did not have any interest in the securities mentioned in this article. Mr. Fuchs frequently buys and sells securities that are the subject of his articles, both before and after publication.

## 3 . The D.C. Buzz

### A Divided FCC OKs CBS-Viacom Merger

By John Filar Atwood

The Federal Communications Commission recently approved the merger of CBS ([CBS](#)) and VIACOM ([VIA](#)) without reviewing the potential anti-competitive effects of the combination. The hands-off approach drew substantial criticism from Commissioner Gloria Tristani.

"Those who are counting on the Commission to use its public interest authority to scrutinize the impact of huge media mergers should be disheartened by the decision," said Ms. Tristani. She



believes the FCC should have considered whether the merger would give CBS-VIACOM too much control over its market. "The Commission's failure to examine this issue constitutes an abdication of its responsibility to ensure that the merger will serve the public interest," she continued.

Lately, the FCC has been under fire on Capitol Hill for using the public interest standard to conduct competitive analyses that many believe are outside its jurisdiction. That opinion is shared by Commissioner Harold Furchtgott-Roth, who was pleased with the agency's handling of the CBS-VIACOM application.

"I hope and expect that other license transfer applicants will receive the same reasonable treatment when it comes to objections grounded in antitrust theory – that is, deferral to the Department of Justice," said Mr. Furchtgott-Roth.

The CBS-VIACOM merger involves the transfer of 38 television stations and 162 radio stations, among other properties. The FCC is giving the two companies extra time to sell certain assets in order to comply with the Commission's ownership rules.

Most importantly, the combined company will have one year to divest VIACOM's United Paramount Network. Without the sale, CBS-VIACOM would violate the dual network rule, which prohibits one major television network from having an ownership interest in another. However, the FCC is expected to revise the dual network rule within the year.

The combined company also will have a year to comply with the national television ownership cap, which limits to 35% the total number of television households reached by the stations of a group owner. The audience reach of CBS-VIACOM would currently exceed 41%.

Finally, the FCC is giving the company six months to conform to the local radio/television cross-ownership rules in the Los Angeles; Chicago; Dallas/Fort Worth; Baltimore and Sacramento, Calif., markets. In those cities, where at least 20 independently-owned media voices will remain in the market after the merger, the rules only allow ownership of up to two television and six radio stations, or in some cases, one television and up to seven radio stations.

To advertise in  
*The Telecomm  
Analyst*<sup>SM</sup>,  
[click here](#)

#### 4. Executives Zero In

### *Sirius Satellite Radio* **David Margolese, Chairman and Chief Executive Officer:**

Interviewed by George S. Mack



If you've ever found yourself frustrated with radio programming while in your car, then you may be in luck. In the next few months, SIRIUS SATELLITE RADIO ([SIRI](#)) is launching three satellites that will directly broadcast 100 radio stations to specially equipped cars everywhere in the United States. The channels will be split 50-50 between all music with no commercials and such non-music programming as CNBC, C-Span, ESPN and the BBC. The company, formerly called CD Radio, says that for a subscription fee of \$9.95 a month you'll be able to drive anywhere in the country and always receive crystal clear, digital quality programming of everything from jazz and classical to hip-hop. The New York-based company has automobile manufacturers lined up to build its service into their cars as original equipment. Automotive partners include FORD MOTOR ([F](#)), DAIMLERCHRYSLER ([DCX](#)), BMW ([BMW](#)), MAZDA MOTOR ([MZDAF](#)); VOLVO ([VOLVO](#)) and Jaguar.

[THE TELECOMM ANALYST – GEORGE S. MACK] Since this is a totally new technology service, compare it to something we already know.

[DAVID MARGOLESE] We think of ourselves like satellite television– DirecTV and EHOSTAR COMMUNICATIONS ([DISH](#)), but we think we're like those companies if they had been launched back in the early 1970s with no cable competition.

[GSM] You have only one competitor?

[DM] Yes, it's XM SATELLITE RADIO HOLDINGS ([XMSR](#)). The two of us are a licensed duopoly by the Federal Communications Commission.

[GSM] How much capital has been poured into your business?

[DM] We have raised \$1.3 billion over the last few years, and we have spent over \$1 billion on our infrastructure, satellites, broadcast studios and transmitters. We're fully financed, and we have about a half billion dollars in cash.

[GSM] Two years ago you began striking deals with automotive makers to have your system included as original equipment in new cars. That had to be the biggest thing that's happened to you.

[DM] Yes, we didn't expect the auto manufacturers to become involved as quickly as they did. Our partner DAIMLER-CHRYSLER just purchased \$100 million worth of equity in our company, and FORD has purchased equity as well. Both of these companies, along with BMW, have said publicly that they want to put satellite radio capability in every vehicle in every single product line as standard equipment. With the revenue sharing arrangement we have with them, they have a high incentive to do so.

[GSM] What is your market?

[DM] Our market includes the owners of 200 million cars and light trucks in America, and that number is growing by four million cars a year. More specifically, we're targeting commuters, long-distance drivers and the 45 million adults who live in rural areas, which have only three or four radio stations. In addition, there are 3 million truckers and 3 million RV owners.

[GSM] In dollars, how big is the market?

[DM] With 200 million cars and light trucks, if you look at each 1% of our market penetrated, that represents \$250 million in revenue. You can decide what percentage penetration makes sense in your model, and then you can multiply that times \$250 million.

[GSM] I was looking at the Lehman Brothers model, and analyst Robert Peck is showing total revenue of almost \$2.5 billion for SIRIUS in 2007. Is that realistic?

[DM] We have never publicly forecast penetration or revenue. We leave that up to The Street and individual investors. After 1% penetration, we would have achieved EBITDA [earnings before interest, taxes, depreciation and amortization, or cash flow] breakeven.

[GSM] You've overcome a lot of hurdles, including a seven-year process to become FCC-licensed at a cost of \$100 million. Obviously, that represented a huge risk for investors. Are there any remaining big risks?

[DM] Yes, the big risk now is that we need to successfully launch the satellites. We're launching our first one on June 28, 2000, and then we're launching Sirius-2 in September and Sirius-3 in October. Clearly, we need to see successful launches, but we do have a backup – a spare satellite on reserve.

[GSM] Who is the manufacturer of your satellites?

[DM] No, it's a Russian launcher, which is the second most successful launcher in the world after the French. There's a roughly 10% possibility of failure each time you launch. Even with a backup, 10% is still 10%.

[GSM] If you have a 10% chance of failure on each of the three satellites, then that's a 30% chance that you'll have one failure.

[DM] It's actually 10% each time, which interestingly enough does not end up totaling 30%. Be that as it may, we are fully insured, and we do have a hot standby spare in the event of a problem.

[GSM] Are you on schedule, and when will you be operating?

[DM] We're on schedule and we should be operating by the end of the year.

[GSM] Will new cars have the original equipment in them by that time?

[DM] No, we'll have very limited quantities of receivers out there by the end of this year and even in next year's first quarter. You'll see a gradual ramp-up in the course of 2001.

[GSM] Would the receivers be available in electronics stores by the end of this year?

[DM] Not by this Christmas. It will probably be mid-2001 before you will be able to get a receiver at RadioShack, CIRCUIT CITY STORES (CC) or BEST BUY (BBY). Everything we have is going to Detroit. We just announced that Panasonic will be building a factory in Atlanta and manufacturing receivers that will all go to auto makers during the first and second quarters. We expect to see cars coming out with OEM receivers during the first and second quarter of next year.

**Vital Statistics**  
**Sirius Satellite Radio (SIRI)**

**Market Cap:** \$1.44B  
**Shares Outstanding:** 38.84M  
**Recent Stock Price:** \$37.13 (5/19/00)  
**52-Week Range:** \$69.44 – \$19.50

**EPS**  
**1999A:** (\$3.96)  
**2000E:** (\$6.09)  
**2001E:** (\$10.79)

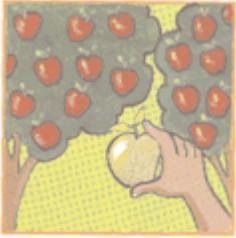
**Revenue**  
**1999A:** \$0.4M  
**2000E:** \$3.0M  
**2001E:** \$16M

To subscribe to TTA for free, send an e-mail to: [tta@multex.com](mailto:tta@multex.com)

[DM] Our partner LORAL SPACE & COMMUNICATIONS (LOR).

[GSM] Will these be American launches?

## 5. Top Company Picks



## A Dose of British Reserve

By Pimm Fox

The English manage to succeed despite a cultural bias toward understatement.

Being flashy and aggressive have been regarded as social missteps, as well as bad form in a business.

Take BRITISH TELECOM (BTY), the principal provider of telecommunications services and equipment in Britain. The company has taken a number of steps to demonstrate a global vision that in most other companies – especially in the telecom world – would be rewarded with at least a small dose of investor enthusiasm. Instead, lukewarm is the best way to describe the investment community's response to BT's recent earnings report and a spate of international alliances.

First the fundamentals. Revenue galloped ahead 22.6% to \$8.94 billion in the fourth quarter, which ended March 31, 2000, and for the year gained 20% to \$32.62 billion. (The amounts have been translated from British pounds at Friday's late New York exchange rate.) Income after tax was \$650.7 million compared to \$859.2 million for the same quarter a year earlier.

A more commonly used measure of financial operations – at least in the telco arena – is earnings before interest, taxes, depreciation and amortization (EBIDTA). In the fourth quarter 2000 EBIDTA came in at \$2.40 billion compared to \$2.54 billion in the year-earlier period.

One reason for the downturn in profits was the rise in interest expenditures stemming borrowing that funded the buyout of a minority shareholder in BT Cellnet in November 1999 and other investments in Japan, Canada and the United States. Another factor is the ever-present threat – and in this case reality – of reduced call prices in Britain, lower margins and the cost of developing new products.

BT gets high marks for its efforts to restructure the company into four global businesses and two divisions operating on its home turf that are divided between its wholesale retail operations. The four global businesses are:

BT Wireless – the mobile operations

Ignite – the worldwide broadband and Internet networks opera-

tor focused on business customers

BTopenworld – Internet for consumers

Yell – the classified directory division and a variety of e-commerce businesses slated to be spun-off by the end of the year

This reorganization is in addition to the much-heralded joint venture with AT&T (T) called Concert. Concert, which began operations in January, targets large business customers with voice, data and Internet services.

BT's mobile operations accounted for nearly half of the growth in revenue in the latest fiscal year. Including acquisitions, revenue from its wireless operations came to \$3.23 billion up 55% from the previous year. Excluding acquisitions, mobile sales were up 31%. BT Cellnet, the U.K. wireless division, increased its customer base by 64% to 7.4 million. Genie, BT's wireless application protocol (WAP) portal claims about 620,000 customers.

Most of the concern is focuses on BT's fixed-line voice business, where revenue fell 2% last year to \$8.8 billion, despite a 7% increase in call volume. Most of the decline was blamed on a government-mandated 25% reduction in the price of fixed-to-mobile calls that began in April 1999. Fixed-line connection revenue posted a 5.2% increase in revenue to \$5.25 billion in the latest year. Business connections increased 5.9% to 8.5 million, paced by gains in ISDN connections. Consumer lines were virtually flat at 20 million. Revenue from the company's interconnect services – mainly from other telcos that use the BT network for routing calls – increased revenue 39% to \$2.94 billion.

Joint ventures continue to play a large role in BT's future. The company's proportionate share in the revenue of these operations more than doubled to \$5.01 billion. Almost \$1.83 billion came from ventures acquired or established last year. Operations in Japan with Japan Telecom and Maxis Communications in Malaysia are just two that highlight a growing portfolio of business interests that span the globe. BT has minority stakes in the Italian mobile company Blu and has established a joint venture for mainland China with Hong Kong's SmarTone.

Most institutional managers are still waiting to see tangible results of the reorganization.

Understatement may be tenet of British behavior, but in the competitive telco sector BT interests might better served it the company roared like a British lion.

To advertise in  
*The Telecomm Analyst*<sup>SM</sup>,  
[click here](#)

## 6. Keyson's Hot Lunch



*Part II: When Worlds Converge*

**David Meachin, chairman and chief executive officer and Meredith Cagen, vice president,**

**Cross Border Enterprises**

Interviewed by Lauren Keyson

[LAUREN KEYSON] Let's talk about the cross-border convergence between the Internet and telecommunications.

[DAVID MEACHIN] It's happening as we speak. The big driver, as I see it, is going to be e-commerce crossing borders. From our assessment, a lot of American companies are seeing – much to their surprise – that when they set up a Web site, as much as 60% of the inquiries they receive come from outside the United States. When you get a combination of distance and commerce across boundaries, you've got to believe you're going to have this convergence of telecommunications and the Internet to enable e-commerce. I think the largest area for e-commerce in the long run is Asia, because the distances are large and the population is huge. E-commerce, even though it focuses on a customer of one, is still going to benefit from aggregating those customers.

[LK] What about the infrastructure?

[DM] It depends on where you are. E-commerce is really going to take off first in Japan, because the country has a very organized infrastructure. In addition, it's where SONY ([SNE](#)), TOSHIBA ([TOSBF](#)) and some of the world's premier electronics companies are located. And Japan's worldwide trading network is enormous. If that global system is powered by the Internet and intranets, it's going to benefit their country, and a lot of other countries.

To advertise in  
*The Telecomm Analyst*<sup>SM</sup>,  
[click here](#)

For the complete version of *The Telecomm Analyst Magazine*<sup>SM</sup>, visit our website at:

<http://www.telecommanalyst.com/000523.html>

You'll find the *Telecom Universe link*, *Top Report Lists* and other links. Enjoy!

There will be pockets of e-commerce outside of Japan, but, again, you have distance and infrastructure to worry about. Distances in Asia are huge. I remember when I used to go to Tokyo, people would ask me to drop down to Sydney, Australia to see so-and-so. It's a 10-hour flight from Tokyo to Sydney! One thing to bear in mind about the lack of infrastructure, is that it's not all bad. Because you're starting with nothing, you roll out a huge pipe, or you use a satellite. You get the best of whatever is available.

[LK] You think that Latin America and China are the next great e-commerce frontiers. I can see it happening in Latin America, but China? That's hard for me to believe.

[DM] I have mixed views on China. We're talking about it because it happens to have the largest population in the world. One interesting statistic that I've found is that the United States is first in the world in computer users both in terms of the number and in terms of percentage of population. Now, in terms of percentage of population, computer penetration in China is among the lowest in the world. However, in terms of the number of computers, China is the second largest after the U.S. So even though the infrastructure isn't there and the percentage is small, just because of the absolute numbers, it's still pretty big.

Another interesting concept involves Europe, where the highest usage of the Internet is Scandinavia, and to a lesser extent the Netherlands. The reason for that is that businesses in those countries are to a large extent import-export related. Import-export countries will most likely have a high level of Internet activity because they have to trade, they understand trading. The Internet has replaced the Telex because it's much more interactive.

Globally focused companies – PHILIPS ELECTRONICS in the Netherlands, TOSHIBA in Japan, and GENERAL ELECTRIC ([GE](#)) in the United States – have taken the Internet way beyond the old Telex idea. The competitive advantage is changing. It is shifting in favor of those with the ability to work over the Internet.

[LK] What is our best use for the Internet, then?

[DM] The Internet is most useful in terms of our ability to communicate — as we did last week — with people in Hong Kong, in France, in London. It has changed the way the world works. It hasn't done away with the phone. You send e-mail and then someone picks up the phone and talks. The world, in fact, is going to converge around the concept of getting an instant reaction. But we're always going to use voice. We're never going to do away with the idea that some things are easier to explain in a two-way discussion.

[MEREDITH CAGEN] It accelerates a lot of processes and speeds up timetables.

[LK] It's funny that we would talk about this because I thought that e-mail would be a threat to mail service too. When I interviewed the chief financial officer of the U.S. Postal Service, he said it was a threat to the phone. So I was thinking that the phone would become outdated. But I understand what you're saying: people are still going to need voice.

[DM] As long as they manufacture human beings with eyes, ears, a nose and mouth, we will always want to use all four. You will stop to smell perfume coming out of the Internet. I'm not joking, that will happen. What I'm getting at is that you will use all your senses, and when you can use all your senses it's a richer form of communication.

Talking about the post office, my feeling is that the post office will be a roaring business. The reason is that with e-commerce – and in five years time no one will be talking about e-commerce, it will just be commerce – you basically see things on the web. The next thing you'll do is place your order with a smart card with encryption to ensure privacy. Because we've now created a world of instant-gratification, you will want to know what is happening with your package. The company you ordered from will tell you that it was sent out through the post office. The package will be tagged with a bar code so that the customer and the shipper will be able to tell where it is anytime you want to know. It's got a global-positioning system connection so the post office can say, "Right now, it's in a container somewhere in Chesapeake Bay, and it's going to arrive at such-and-such a time." Because so much of commerce is going to be done in this manner, the post office and FEDEX ([FDX](#)) and all the other shippers are going to be busier than they've ever been before.

## 7. Telecomm Index 150 Focus



### *Nippon Telephone & Telegraph* **A Global Foray for a Stay-at-Home Giant**

Emily Burg  
[www.worldlyinvestor.com](http://www.worldlyinvestor.com)

NIPPON TELEPHONE & TELEGRAPH ([NTT](#)) is one of the largest telecommunications companies in the world, but investors have been hard on the Japanese giant. NTT's American depository receipts (ADRs) have fallen about 30% so far in 2000. Japan's lingering economic malaise is certainly part of the problem. Although the Asian financial meltdown has long since

passed, Japan's recovery has been uneven and now seems to be slowing once again.

But NTT may be turning the corner. There are signs that the company is embracing an international focus, and is ready to make the kind of cross-border acquisitions that its global telecom rivals have been undertaking for years. Recently, NTT made a historic move by acquiring U.S. Internet service provider (ISP) VERIO ([VRIO](#)) for \$5 billion in cash. This acquisition marks the first time NTT has made an acquisition outside of Japan, and analysts are fairly certain that it won't be the last.

NTT was Japan's telecom monopoly, and the Japanese government still holds 53% of the company. NTT must get government approval in order to issue shares, which restricts its ability to use its stock in acquisitions. In fact, until July 1999, the VERIO acquisition would not have been possible because NTT was barred from overseas operations.

For the past few months, NTT has expressed an interest in building-out its voice and data business abroad, and some analysts are speculating that NTT will try to leverage VERIO's ISP expertise to create an Asian-Pacific Internet backbone. NTT could also use VERIO as a first footprint in the U.S. telecommunications market, and move toward voice and data convergence by offering integrated services through VERIO.

Although most analysts believe that the VERIO acquisition was a smart move for NTT, investors were disheartened by the 67% premium it paid for VERIO shares. NTT's ADRs slid 5.3% in the week following the May 8 announcement of the VERIO acquisition. There is also the issue of NTT's financing of the VERIO acquisition. The company said it was able to raise the money quickly through its banks, but Standard & Poor's warned that it might lower NTT's credit rating because the company's debt will rise 10% because of the borrowing that will pay for the acquisition.

In the same week as the VERIO acquisition, NTT DOCOMO ([NTDMY](#)), NTT's wireless spin-off, took a 15% stake in the wireless subsidiary of KPN ([KPN](#)), the incumbent telephone carrier in the Netherlands. KPN is expected to sell part of KPN Mobile in an initial public offering later this year. One widely discussed scenario has DOCOMO and KPN making a joint bid for Orange, a United Kingdom wireless company, which must be sold by VODAFONE AIRTOUCH ([VOD](#)) to satisfy European antitrust regulators.

## 8. Analyst Spotlight



## Jim Herne, Senior Telecommunications Analyst, Olde Discount

Interviewed by Deborah Satter

*The Telecomm Analyst*<sup>SM</sup> recently spoke with Jim Herne, telecommunications analyst for Olde Discount. WORLDCOM ([WCOM](#)) earns an ACCUMULATE rating from Mr. Herne, but he believes the company has strong growth potential.

[THE TELECOMM ANALYST – DEBORAH SATTER] Just how big is WORLDCOM?

[JIM HERNE] WORLDCOM is the second-largest, long-distance carrier in the country and the largest provider of backbone Internet services. Half of all Internet traffic in the country is carried on WORLDCOM's facilities.

[DS] What's the status of WORLDCOM'S acquisition of SPRINT ([FON](#))?

[JH] The deal was announced in October 1999, but it is meeting with some resistance among regulators such as the Federal Communications Commission, the Department of Justice and the European Union because of the concentration of power in long-distance service that would occur. The merger is now on track to close in the second half of this year, but some analysts think it might not close until the first quarter of 2001 because WORLDCOM and SPRINT will need time to divest some assets in order to comply with regulators.

(On May 18, 2000, after this interview took place, reports in The Washington Post and The Wall Street Journal suggested that Justice Department lawyers were recommending that the merger be blocked because the resulting company would have too much power in the long-distance and Internet-switching markets).

[DS] What would the acquisition of SPRINT mean to WORLDCOM?

[JH] SPRINT is the number three long-distance carrier in the country; together the two companies would hold 36% of the long-distance market. The deal would be most important for WORLDCOM because it would give them a share of the wireless market.

To subscribe to TTA for free, send an e-mail to: [tta@multex.com](mailto:tta@multex.com)

[DS] What is your rating on this stock?

[JH] I rate the stock an ACCUMU-

LATE, with an eight-month price target of \$77 dollars. My revenue estimate for 2000 is \$38.3 billion and \$44.6 billion in 2001. I anticipate EPS of \$1.89 in 2000 and \$2.43 in 2001.

[DS] What can we expect from WORLDCOM in the future?

[JH] The company is moving aggressively into international expansion and it is tapping into the growing European and Asian markets. WORLDCOM has industry-leading growth in a lot of sectors, and I think it should definitely be able to maintain or grow its market share.

### Vital Statistics

#### Jim Herne, Senior Analyst, Olde Discount

**Industries covered:** Telecommunications and cable

**Educational History:** B.A. Michigan State, M.B.A. Wayne State University

**Companies Covered:** AT&T ([T](#)), SPRINT ([FON](#)), MEDIAONE ([UMG](#))

## 9. Insider Trading Alert

## A First Peek at April Insider Buying

By Adelina Coppage

*The Security and Exchange Commission's May 10 deadline for recording April insider transactions brought a flurry of filings that show telecom executives were active buyers and sellers of their company's shares last month. This week, we're looking primarily at significant purchases. Next week, we want to concentrate on the selling.*



**AT&T WIRELESS ([AWE](#))** – A group of 22 insiders bought a total of 130,070 shares at \$29.50 a share on April 27, the day of AWE's initial public offering. After hitting a high of \$35.56 on May 1, AT&T WIRELESS shares have retreated and closed on May 16 at \$29. Among the purchasers were directors Amos B. Hostetter, who bought 28,810 shares, and John C. Malone, who bought 21,660 shares. Walter Y. Elisha, George M.C. Fisher and Donald V. Fites, all directors, each purchased 10,000 shares.

**AT&T ([T](#))** – Four insiders sold a total of 240,231 shares between March 2 and April 3 at prices that ranged from \$50.00 to \$57.94. After the sales, the stock declined, hitting a low of \$35.50 on May 11 after the company said problems in its business and consumer divisions would lead to slower revenue growth in 2000. Daniel Hesse, president and chief executive officer of AT&T WIRELESS, was the top seller, unloading

214,921 shares. Also participating were Mirian Graddick, executive vice president, human relations; Frank Ianna, president of network services, and Daniel E. Somers, president and CEO of AT&T broadband. AT&T's stock closed at the \$38.75.

**BELLSOUTH (BLS)** – Two insiders purchased 8,930 shares between April 25 and 28, at prices ranging from \$50.63 to \$51.75. J. Hyatt Brown, a director added 5,000 shares, his first purchase in six years. F.A. Dramis, chief information and e-commerce officer, bought 3,930 shares, to raise his holdings to 5,067 shares. The buying occurred near the top of stock's 52-week range \$53.50. On April 24, just before the recent purchases, Jere A. Drummond, the company's vice chairman, sold 28,820 shares at \$52.01 a share. It was the first sale by company insiders since August 1999. BELLSOUTH closed at \$48.94 on May 16.

**E.SPIRE COMMUNICATIONS (ESPI)** – Two insiders purchased a total of 143,300 shares from April 19 to 27 at prices that ranged from \$4.56 to \$6.13. Leading the buying was CEO George Schmitt, who picked up 135,000 shares, the largest purchase by an E.SPIRE insider in three years. Christopher Resavy, the COO bought 8,300 shares. The purchases, the first at the company in more than a year, may signal a reversal of insider sentiment because E.SPIRE executives sold actively throughout 1999. This year's buying took place after E.SPIRE shares fell from around \$15 in March to a record low. E.SPIRE closed at \$4.94 on May 16.

#### Vital Statistics

#### NIPPON TELEPHONE & TELEGRAPH (NTT)

**Recent stock price:** \$59.69 on 5/17/00

**52-week range:** \$92.50 – \$46.87

**Market capitalization:** \$189.4 billion

**Shares outstanding:** 3.18 billion

## 10. Best & Brightest: Numbers



### Making Profitable Connections

By Marc H. Gerstein, Market Guide,  
Director of Investment Products

Interest rates rise and fall. So do the unemployment rate, retail sales and durable goods orders. One way to invest successfully is to try to stay ahead of these fluctuations and buy or sell based on whether you believe the next widely watched number will be good or bad for the market. Or, you can forget about the latest statistical twitch and focus on companies that will benefit from long-term structural changes in the economy.

The so-called emerging segments of the telecommunications sector have appeal for individuals who want to own companies that are changing the world. But sometimes, it takes a lot of will power to invest in the sector, given the huge losses being reported by so many companies. Since mid-March 2000, equity investors have been starkly reminded that profits are still relevant after all.

That is what makes CARRIER ACCESS (CACS) interesting. It has profits. Despite the fact that its business definitely falls under the heading "emerging," the company has enough profits to have appeared recently on two Market Guide stock screens that heavily emphasize old-fashioned fundamentals: one focusing on strength in operating margins and a second emphasizing return on investment. Unlike many emerging telecom stocks, CARRIER ACCESS has a meaningful P/E ratio – about 30-times estimated 2000 earnings as of May 18 – that is well below the consensus three- to five-year annual EPS growth projection of 45%.

CARRIER ACCESS has been around since 1992, but it didn't really achieve much traction until it went public in 1998. In 1997, revenue was only \$18.7 million and the company lost \$0.05 a share. Two years later, in 1999, revenue came in at \$108.8 million and profits reached \$0.93 a share. Analysts forecast earnings of \$1.28 a share in the current year.

The company's main mission has been to address perceived T1 access deficiencies with respect to size, installation time, line protection, back-up power and ease of maintenance. Through the mid- to late-1990s, CACS introduced and developed its Access Bank product line, while at the same time, broadening its offerings to include the Cactus and Wide Bank, 28 product families that now stand as major growth drivers.

CARRIER ACCESS's products are sold to service providers and installed at or near customer premises. Collectively, the products are designed to optimize the number and variety of customer hookups to a given carrier phone network. The company's traditional market is the competitive local exchange carrier, independent companies that enter markets of their choice and compete with regional Bells. But recently, CARRIER ACCESS started selling to the regional Bell firms.

Sales of the company's Access Navigator product declined in the first quarter from the fourth quarter because two large customers delayed deployment. The slowdown is a sign that growth won't be perfectly smooth in every quarter, but the big picture remains bright. At the end of the March 2000

To advertise in  
*The Telecomm Analyst*<sup>SM</sup>,  
[click here](#)

quarter, 42 prospective customers were evaluating the new Cactus.lite product, up from 20 in the December 1999 quarter. Meanwhile, 63 customers were trying out the company's Wide Bank product.

## 11. Wireless Dispatch



### *Proxim:* **Bringing Wireless Networking Home**

The first thing you should know about PROXIM ([PROX](#)) is that it makes easy-to-use wireless networking products for the home and small-office market that

have been capturing best-of-class awards from all sorts of computer magazines. Marketed under the Symphony name, the products give the company incredible growth potential, especially now that high-speed cable and DSL modems are becoming popular. Consumers want a simple way to connect multiple PCs to these Internet access devices, and Symphony products fit the bill.

The second thing you should know about PROXIM is that its Symphony products are based on something called HomeRF technology, which is in the midst of a Betamax vs. VHS, standards war with a competing technology known as 802.11b. Should the latter win out, a lot of PROXIM's growth potential, at least for the near term, will disappear.

On the face of it, the HomeRF technology would seem to be at a disadvantage. It's considerably slower than the 802.11b standard, with a transfer rate of 1.6 Mbps versus 11 Mbps for 802.11b. HomeRF backers, however, have petitioned the Federal Communications Commission for rules changes that would allow the technology to produce more competitive speeds of 10 Mbps. In the meantime, HomeRF offers something that 802.11b does not: four high-quality voice transmission channels along with a data-transmission channel, giving its products a potentially broader array of applications.

Mark Roberts, an analyst with First Union Securities in San Francisco, is betting that HomeRF technology will become the standard – and he's not alone. According to the Multex.com database, the consensus rating of the nine Wall Street analysts who follow PROXIM is STRONG BUY. "Based on what we've seen within the industry, and looking at the two technologies side by side, we believe HomeRF is superior [to 802.11b]," says Mr. Roberts.

Mr. Roberts rates PROXIM a STRONG BUY, and set a price-target over the next six months of \$100. PROXIM closed at \$72.56 on May 18, down from its 52-week high of \$176 reached

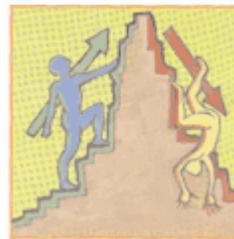
on March 6, 2000. Mr. Roberts expects PROXIM to earn \$1.01 a share this year and \$1.49 in 2001, up dramatically from 25 cents in 1999. The consensus Wall Street forecast according to Multex.com is for earnings of \$1.00 a share in 2000, and \$1.48 a share in 2001.

"The most appealing thing about this stock is, that the valuation has pulled back to a level where the risk-reward profile is attractive," Mr. Roberts says. "But we also believe this company is on the cusp of getting some substantially new product breakthroughs in the HomeRF-standard marketplace. IBM, INTEL and COMPAQ have all announced products recently that will use PROXIM's technology, and I'm expecting over the next six months or so that the market may be pleasantly surprised at how well those products do."

Chase Hambrecht & Quist analyst Eric Zimits is another fan of PROXIM, noting that it has "a long history of overachieving." Mr. Zimits also believes that a favorable FCC ruling that would allow faster HomeRF transmission speeds is "exceptionally high." Chase H&Q carries PROXIM on its elite "Focus List" of buy candidates. The analyst expects the company to earn \$1.01 a share this year, and \$1.50 a share in 2001.

For potential investors, PROXIM offers one thing that far too many technology buys don't these days: a broad product line, and real earnings. The company got its start more than 15 years ago and today derives most of its business from selling wirefree products to original equipment manufacturers. Mr. Roberts of First Union expects the Symphony product line to account for about 20% of PROXIM's revenue by the end of this year.

## 12. Upgrades & Downgrades



### **A Telecom Bankruptcy**

By Shannon Swingle

#### **GST TELECOMMUNICATIONS**

**(GSTX):** UBS Warburg lowered its rating on the shares of GST TELECOMMUNICATIONS on May 10, 2000 to

HOLD from BUY, only to see the facilities-based, competitive local exchange carrier (CLEC) file for bankruptcy on May 17. The filing prompted a report from PaineWebber saying that the move may have an impact on other stocks in the sector. GST is the first major CLEC to file for bankruptcy, and according to the brokerage, "Companies requiring capital in the next six months have been given a large discount by the market, which may increase as investors digest the ramifications of the GST collapse, namely, that CLECs can go bankrupt, leaving equity holders with nothing." One winner may be TIME WARNER TELE-

COM ([TWTC](#)), which has signed a letter of intent to buy GST's assets for \$450 million in cash – about half what it would cost to build the infrastructure over the next few years. GST shares closed at \$0.94 on May 18. Research about GSTX was accessed 176 times, and nine new documents were added to the Multex.com database during the week of May 1-7.

**PANAMSAT ([SPOT](#)):** Because the firm believes that the shares have been driven down too far, Morgan Stanley Dean Witter, on May 10, upgraded its rating on the company to STRONG BUY from OUTPERFORM. Morgan Stanley said fundamentals for the commercial provider of global satellite-based communications services remain strong. Despite this, PANAMSAT's stock price has fallen about 30% since the end of the first quarter – without any negative news. Morgan Stanley maintains its 2000 price target of \$58 and its EPS estimates of \$0.85 for 2000 and \$0.54 for 2001. The shares closed at \$40.25 on May 18. Research about SPOT was accessed 301 times, and 26 new documents were added to the Multex.com database during the week of May 1-7.

**MOTOROLA ([MOT](#)):** On May 10, Salomon Smith Barney downgraded its rating on the shares of MOTOROLA, a maker of wireless handsets and technology, to OUTPERFORM from BUY. While the brokerage's long-term positive outlook hasn't changed, it believes that better-than-expected results are unlikely for 2000. The ratings change is based on several factors including a shortage of components that may complicate MOTOROLA's plans for an aggressive rollout of data-enabled mobile phones. Salomon also confirmed that BRITISH TELECOM ([BTY](#)) chose NORTEL NETWORKS ([NT](#)) as the supplier for its third-generation wireless network even though MOTOROLA had supplied BTY's earlier analog and GSM networks. As a result, Salomon has lowered its earnings estimates for 2000 to \$3.10 a share from \$3.20 a share. For 2001 the firm lowered its estimate to \$4.12 a share from \$4.25 a share. The brokerage has also lowered its price target for MOTOROLA shares to \$120 from \$200. MOT shares closed at \$94 on May 18. Research about MOT was accessed 1,109 times, and 53 new documents were added to the Multex.com database during the week of May 1-7.

To subscribe to TTA for free, send an e-mail to: [tta@multex.com](mailto:tta@multex.com)

The number of contributed and downloaded documents is based on the number of new documents contributed to Multex.com from brokerage firms worldwide during the week of May 1-7, 2000.

## 13. Consensus Estimates

### Analysts Favor Comverse and Vitesse

By Dyan James



The Telecomm Analyst's<sup>SM</sup> consensus estimates of telecom companies are derived from Multex.com's database of more than 3,500 contributing Wall Street analysts. The following companies generated a number of reports from analysts during the week of May 1-7, based on our Telecomm Industry Index of 150 companies:

**BRITISH TELECOMMUNICATION ([BTY](#)):** The seven analysts who follow this London-based phone giant collectively rate it BUY. One analyst rates the stock STRONG BUY, three rate it BUY, one rates it HOLD, and two have no opinion. The company's earnings in fiscal 2000 ending March 31 were off 32% from, 1999, but in line with analysts' expectations. For 2001, analysts predict earnings of \$5.64 a share. This week, research on the company was accessed 210 times.

**CABLE & WIRELESS ([CWP](#)):** Four analysts cover the shares of global telecommunications group CABLE & WIRELESS, and the two who have an opinion on the stock rate it a STRONG BUY. C&W has been restructuring itself to focus on its business data services including Internet access. Earnings for fiscal 2000 were in line with expectations but were of limited value because of its restructuring. Analysts estimate earnings of \$1.49 a share are predicted for 2001. Research on the company was accessed 51 times this week.

**COMVERSE TECHNOLOGY ([CMVT](#)):** There are 16 analysts covering the shares of COMVERSE TECHNOLOGY, which makes computer and telecommunications systems and software for communications and information processing applications. The consensus opinion, shared by 13 of the analysts, is STRONG BUY. The remaining three analysts give COMVERSE a BUY rating. Wall Street sees earnings of \$1.32 per share in 2001, which ends Jan. 31. In fiscal 2002, earnings of \$1.59 a share are forecast. Earnings are forecast to reach \$0.32 per share, compared with \$0.24 posted in the year-earlier period. This week, research on the company was accessed 116 times.

**TELECOM ITALIA ([TI](#)):** Four analysts follow TELECOM ITALIA, the incumbent carrier in Italy, and the two who rate the stock consider it a HOLD. Last year's results are not yet available, but earnings are expect to be \$2.93 a share. For 2000, analysts predict earnings of \$4.41 a share. Research on the company was accessed 66 times this week.

**VITESSE SEMICONDUCTOR ([VTSS](#)):** This producer of high-speed, gallium arsenide (GaAs) chips is followed by 16

analysts whose consensus rating is **STRONG BUY**. VITESSE earns a **STRONG BUY** rating from 10 analysts and a **BUY** rating from another four. Two analysts have no opinion. The company is expected to post earnings of \$0.67 a share in fiscal 2000, which ends in September. For 2001, analysts are forecasting earnings of \$0.98 a share. Earnings for fiscal 3Q00 are forecast to be \$0.17 a share, compared with \$0.12 a share in the year-earlier quarter. Research on the company was accessed 648 times this week.

## 14. Rants, Raves & Satire



### *Telecomm Couch Laughs, Advice and Psychology?*

*George McAuley M.D., is a psychiatrist in private practice and a medical director of psychiatry in Los Angeles. Mae*

*McAuley Ph.D. is a clinical psychologist in private practice. The McAuleys work in all areas of psychology, and have a special expertise in stress disorders. If you have a telecom-psychological question, they will try to answer it in a subsequent issue. Send your questions to: Lkeyson@multex.com.*

Dr. Mae McAuley: Have you seen the recent commercial for Cadillac's new OnStar system? It seems that in a short time just having a radio, CD player, and a cell phone in your car will seem pre-Cambrian. Pretty soon you'll be able to read your e-mail, get stock quotes, shop on line, get news and sports updates all without leaving your car.

Dr. George McAuley: As if driving isn't hazardous enough! Here in California, we have some of the busiest freeways in the world. What if you decide to check your stocks while tooling along at 70 mph and find that they're down 15%? Your heart starts thumping, your palms get sweaty and your mind is racing in all directions. Would you start to zigzag all over the road? We need to take into account how many bits of information we can absorb and still drive safely.

Dr. Mae: We seem intent on cramming as much information into our brains as we possibly can. We need to take into account our human-ness, which has a great deal to do with feelings and emotions. Driving requires concentration. All these distractions will keep us from our primary focus, which is driving.

Dr. George: What you are saying is when you are driving – just drive.

Dr. Mae: That's right. You and I both know that when you are driving and are absorbed in some emotional state, you can go

right by your exit. A Freudian slip, so to speak.

Dr. George: We're bombarded each day with so much upsetting information and stimuli that we have forgotten to take the time to smell the roses.

Dr. Mae: Sniffing gas fumes doesn't count? Just kidding. I think we need to ask ourselves what kind of road we're on with this thing we call life.

Dr. George: Humans need peace and quiet to reflect upon their lives and to fulfill their passions and creativity.

Dr. Mae: Thoreau knew that when he went to the woods on a solitary retreat and stayed for two years and two months at Walden Pond. He said: "I went to the woods because I wished to live deliberately, to front only the essential facts of life, and see if I could not learn what it had to teach, and not, when I came to die, discover that I had not lived."

Dr. George: What is the reality of your life? What are you running from or toward? Can OnStar give you those directions?

Get the idea?

## *Opinion*

### **Ultra-Wideband Utopia**

By Dennis Lee Askew

Both wireline and wireless communications have been feeling the squeeze for more space and it appears that technology will reinvent itself to meet demand. Two recent but separate events could change the face of telecommunications and prevent creativity from running out of room.

The first was a bit of hi-tech prophecy from Tim Koogle, the chief executive officer of YAHOO! ([YHOO](#)), who predicted a convergence of voice and data on the Internet. In simpler terms, telephone calls routed through the Internet. I believe consumers, long ago, figured out that it costs to call over standard telephone lines but it doesn't cost to send e-mail. If someone could devise a system to get their voice over the Internet at e-mail cost, or at least cheaper than conventional phone lines, that would be something!

Accordingly, YAHOO!, AMERICA ONLINE ([AOL](#)) and PRICELINE.COM ([PCLN](#)) have all forged agreements with NET2PHONE ([NTOP](#)) to develop low-cost calls from computers to telephones. These net-based systems could operate from new platforms recently developed by CISCO SYSTEMS ([CSCO](#)), NORTEL NETWORKS ([NT](#)) and 3COM ([COMS](#)).

The second event was an encouraging nod from the FCC for the possible future use of ultra-wideband frequencies. Ultra-wide-

band works on the fringes and in-betweens and has seemingly limitless boundaries. Commonplace wireless technology has to get right in the middle of the airwaves and fight for a spot. Sometimes there aren't any spots available, or otherwise overcrowded, or there is a big storm and the result is – well you've seen it elsewhere – someone banging on their cell phone like it were an unresponsive vending machine.

Some areas of the U.S. are maxed out. The FCC's response that regulatory and patent problems will be dealt with efficiently are a strong indicator it recognizes that wireless Internet data is beginning to eat into wireless voice transmissions. Right now, the applications of ultra-wideband use low power and have a limited range, but in the future, who knows?

I'm no mathematician, but the equation seems to read: cheaper phone calls via the Internet and better wireless access via the ultra-wideband technology. Terrific! Now if someone could just figure out how to deliver some decent tech support, I'm confident Utopia could be just up the road.

## Letters to the Editor

### The Real Founding Father

**GGHill writes:** Craig McCaw did not found NEXTEL ([NXTL](#)) ([The Sell Report, The Telecomm Analyst, issue #7, May 16, 2000](#)). NEXTEL evolved from a trucking company dispatch system called Fleet Call.

**Jared Cornfeld writes:** Craig McCaw is not a founder of NEXTEL. The founder of NEXTEL is Morgan O'Brien.

*GGHill and Mr. Cornfeld: The Telecomm Analyst<sup>SM</sup> is red-faced. NEXTEL was indeed founded by Morgan O'Brien, a former Federal Communications Commission staffer, in April 1987. The company changed its name to NEXTEL in March 1993. Mr. O'Brien now serves as the company's vice chairman. Craig McCaw holds a 25% stake in the company. – James C. Condon*

### What About This Big Sky Company?

**Tom Bowser writes:** I haven't seen any analysis on MONTANA POWER. Maybe it's because of the name, but the company is shedding its electric-utility business to concentrate on its fiber-optic network, Touch America.

Mr. Bowser: You're right, *The Telecomm Analyst<sup>SM</sup>* has yet to publish an analysis of MONTANA POWER ([MTP](#)) and its Touch America subsidiary. We did mention the company's fiber network in our D.C. Buzz column on broadband service in rural areas ([The Telecomm Analyst, issue #5, May 2, 2000](#)). However, a quick check of the Multex.com database reveals that 14 analysts follow MONTANA power and that their consensus rating on its shares is BUY. Earnings are forecast to be \$1.32 a share in 2000 and \$1.38 a share in 2001. – J.C.C.

### 3G via 2G?

**Roger H. Ratliff writes:** Why hasn't *The Telecomm Analyst<sup>SM</sup>* looked at Net2Wireless? Is the company's technology for real? Sounds like it could be some of the hottest technology currently on the market.

*Mr. Ratliff: Net2Wireless is a privately held company that is merging with publicly held SENSAR ([SCII](#)), which is selling its instrumentation business. Upon completing the merger, SENSAR intends to change its name to Net2Wireless and focus on technology that the company says can deliver so-called third generation (3G) Internet services, including e-mail, graphics and instant messaging, over current infrastructure to PDAs, smart cell phones and laptops. Net2Wireless claims to have two contracts to test its technology with cellular operators in Israel. SENSAR currently has no coverage on Wall Street, which makes it difficult for *The Telecomm Analyst<sup>SM</sup>* to report on the company. – J.C.C.*

### Telecom Systems Manager

**William Hart writes:** You should closely look at VERTEL ([VRTL](#)). Almost no analyst is following this sleeper. I believe it has good upside, for short and long term. The company just sold its telecommunications systems management software to NOKIA ([NOK](#)), and has contracts with LUCENT TECHNOLOGIES ([LU](#)) and ALCATEL ([ALA](#)).

*Mr. Hart: The lack of coverage by Wall Street analysts makes it difficult for *The Telecomm Analyst<sup>SM</sup>* to cover VERTEL. Thanks for your suggestion and we'll try to keep abreast of developments with the company. – J.C.C.*

### U.S.-Mexico Connection

**Greg Cheaure writes:** I would like you to check out AMERICAN TELESOURCE INTERNATIONAL ([AI](#)). It is a San Antonio-based long-distance company dealing with Latin America. AMERICAN TELESOURCE also owns a subsidiary called Globalscape, which is a profitable Internet software company, which it is in the process of spinning off to shareholders.

*Mr. Cheaure: As interesting as AMERICAN TELESOURCE sounds, it will be difficult for *The Telecomm Analyst<sup>SM</sup>* to write much about the company until Wall Street begins to cover it.*

To subscribe to TTA for free, send an e-mail to:  
tta@multex.com

# Advertise In TTA!

## You Read *The Telecomm Analyst*<sup>SM</sup> Shouldn't You Advertise Here As Well?

*The Telecomm Analyst*<sup>SM</sup> now offers an easy way to reach Internet investors every week. Advertise in the weekly printable version for as little as \$250 for a quarter page ad, \$500 for a half page or \$1000 for a full page.

This is your chance to enjoy first mover advantage and take advantage of this new opportunity to promote your business by calling 212-859-9962 or email at [advertise@multex.com](mailto:advertise@multex.com).

Full Page  
Ad

8 1/2 x 11 – \$1,000

Quarter  
Page Ad

3 3/4 x 4 3/8 – \$250

Half Page Ad

7 3/4 x 4 5/8 – \$500



### ABOUT THE TELECOMM ANALYST<sup>SM</sup>

*The Telecomm Analyst*<sup>SM</sup> is an on-line publication focused on exclusive financial data and information on Telecommunications companies and executives, reaching over 900,000 people each week.

To subscribe, send an e-mail to [tta@multex.com](mailto:tta@multex.com) with SUBSCRIBE in the subject line, and include your name in the body of the message

<http://www.telecommanalyst.com/000523.html>

*The Telecomm Analyst*<sup>SM</sup> Magazine by Multex.com

Publisher: [Lauren Keyson](#)  
 Publishing Assoc.: [Eric Lopkin](#)  
 Managing Editor: [James C. Condon](#)  
 Senior Editor: [Paul DeMartino](#)  
 Production Manager: [Mitch Burkhardt](#)  
 Web Designer: [Robin Barrett](#)  
 Senior Production Associate: [Rika Marubashi](#)  
 Customer Service: [David Allikas](#)

Comments and Information send an e-mail to [tta@multex.com](mailto:tta@multex.com).

*The Telecomm Analyst*<sup>SM</sup>, Multex.com, 33 Maiden Lane, New York, NY 10038

To advertise in TTA, please call 212-859-9962 or email at [advertise@multex.com](mailto:advertise@multex.com)

Reprints now available.

Send e-mail to [LKeyson@multex.com](mailto:LKeyson@multex.com) requesting a price sheet.

#### LEGAL NOTICE:

While Multex.com, *The Telecomm Analyst*<sup>SM</sup> and its contributors use their best efforts in collecting and preparing the information in this newsletter, Multex.com does not assume any liability for any loss or damage caused by error or omission.

Please distribute this freely, and credit any excerpts to *The Telecomm Analyst*<sup>SM</sup> by Multex.com.

Copyright 2000.

Stocks mentioned in the newsletter are not the recommendations of the staff of *The Telecomm Analyst*<sup>SM</sup> but the opinions of analysts covering the Telecommunications industry and should not be considered recommendations for purchase or sale.

For the complete version of *The Telecomm Analyst Magazine*<sup>SM</sup>, visit our website at:

<http://www.telecommanalyst.com/000523.html>

You'll find the Telecom Universe link, Top Report Lists and other links. Enjoy!