



## **Kiwi PCS Press Releases**

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### **A New Local Wireless Entrant Kiwi an 'Interesting Startup'**

**Source: CIBC World Markets Corp.**

**CIBC World Markets Corp.  
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As we discussed in our report -Initial Look at 2003 After a Series of Weak Quarters- dated November 13, we believe wireline cannibalization will be a key theme next year as wireless carriers realize that voice MOU growth will be the only real growth driver in 2003. Wireless carriers need ARPU's to remain stable (they have held up better than expected so far this year), and with price declines of 15% or more YOY, MOU growth must remain a healthy 15-20%.

With that theme in mind, we continue to look for wireless models for insight into how much local wireline cannibalization might ultimately occur. LEAP and Metro PCS have struggled to introduce local all-you-can-eat wireless offerings, but we came across an interesting start-up that is making a similar offering with a lot less debt. Specifically, ComScape Telecommunications- Kiwi PCS unit launched unlimited local wireless service in Wilmington, N.C. Kiwi is primarily targeting the wireline substitution market.

We will be watching new entrants like Kiwi to see if this model -1) puts pressure on the other carriers (Alltel, AirGate PCS, Cingular, Triton PCS and Verizon) in the Wilmington market; and -2) accelerates migration of wireline minutes to wireless networks. We understand that Kiwi's next launch is planned for Raleigh Durham in the next six months or so. Kiwi's subscribers pay for their service in advance and there is no credit check or contract required. Kiwi encourages payments by credit card and promotes a paperless billing process.

**ComScape Telecommunications, Inc./Kiwi PCS** is headquartered in West Palm Beach, Florida and is constructing a CDMA2000 1X wireless system in North Carolina with expansion into Ohio, West Virginia and Kentucky. They now offer their Kiwi Free service in Wilmington, North Carolina. ComScape is privately-held and has virtually no debt. They are a facilities-based, fully integrated, telecommunications services company with switching centers in Raleigh, North Carolina and Charleston, West Virginia. In addition, they have a call center in West Palm Beach, Florida.

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