

PROPERTY TAX VALUATION AND APPRAISAL

TELECOMMUNICATIONS INDUSTRY



Flexible Alternatives to Complex Valuation Issues

The 'art' of determining an asset's value covers a range of alternative approaches...methods that run from those that feel rather 'out of touch' (if not subjective) to others that employ a more objective approach. Especially in property tax matters it is important that the valuation developed is credible, consistent, relevant and frankly - in your control.

Our Approach Serves:

- Telco/Wireline Providers
- Cable Providers
- Wireless/Mobile Carriers
- Tower Companies

It is important that valuations are developed in a credible and consistent manner – and in a process that works in your favor. Contact us to learn more about CostQuest's appraisal and valuation services and support.

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COSTQUEST'S PROPERTY TAX APPROACH

CostQuest developed their Replacement Cost New (RCN) property tax valuation model and related services to help clients better understand and manage their property tax liability.

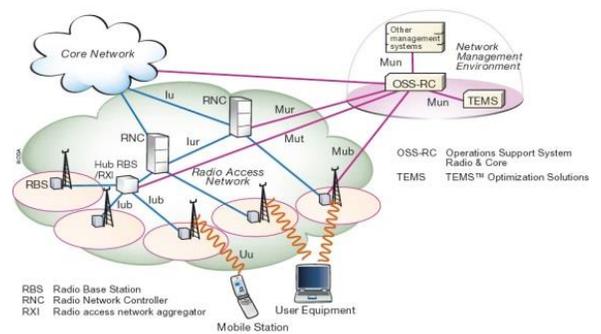
- Widely accepted and difficult to challenge
- RCN produces a fair value
- Mirrors your business rules

An accepted valuation approach in property tax environments across the country, RCN is the cost of replacing an existing property with one that is similar to it and is of equal utility. CostQuest's RCN service addresses both the "cost" and "equal utility" issues with a clear methodology, a compelling value story and an approach that is flexible in how it mirrors your business rules.

At its core, the goal of replacement cost modeling is to develop an estimate of the current cost to replace an asset/system with a new asset of equivalent utility. Equivalent utility means an asset yields the same functionality, albeit with new technology. In the CostQuest RCN approach this includes consideration for anticipated demand during the valuation period, the delivery of services consistent with existing network capabilities and user experiences, operational and technological efficiencies, architectures that are consistent with the company's design philosophy, and available company resources (e.g., spectrum licenses). Finally, the modeling of replacement cost includes all economic costs necessary to prepare the asset / system for productive use.

In addition to being more cost effective to develop (and defend) than traditional methods tend to be, CostQuest valuations typically produce a lower value than book costs. This is due to a number of factors, including the fact that CostQuest RCN modeling removes ghost assets (i.e., assets that were placed and retired but may still remain on the books). RCN modeling also removes the overstated costs associated with multigenerational technology upgrades as book investments accumulate engineering, inspection, permitting costs that build up over time. CostQuest RCN modeling also allows for an overall optimization of the network – as if the network were being built today. And from an equipment and unit cost perspective, the RCN service captures the costs of equipment and labor incurred today – not over time – and allows for the use of the optimal configuration of equipment, technology and spectrum.

WCDMA Radio Access Network



CostQuest RCN valuation services continue to drive significant savings for client organizations. With CostQuest's support, negotiations between taxing authorities and clients are grounded in a fact-based and widely accepted modeling methodology.

