

the listing information, including local updates, from the local telephone company. It is my information and belief that our own affiliate, Southwestern Bell Telephone Company, sells its listing information to Media and to competing directory companies on equal or identical terms. Our last information from BellSouth - in April, 1985, - was that its telephone subsidiaries would not sell current updates to Media.

9. In my opinion, it is not possible for a directory publisher to truly compete with a telephone company affiliated directory publisher without access on basically equal terms to customer listing information. The listing information is an essential facility needed by competing directory publishers in order to produce a current and accurate directory. In addition, the listing information is needed to be able to deliver directories to newly connected users on a timely basis (and within the same time frame as delivery by the telephone company affiliated publisher).

10. While many telephone companies sell alphabetical listing information to competing directory publishers, it is not their general practice to sell or otherwise license Yellow Pages classified heading information or listings to others.

11. It is common knowledge in our business that a directory publisher, intending to compose, print, and distribute a classified directory in a market area dominated by a telephone company or its licensed publisher, will refer to that dominant directory as the primary source of name, address, and telephone number information. Commonly, the non-licensed

publisher will, for the purpose of generating so-called sales lead sheets for its own sales force, key from the dominant directory selected name, address, and number information, together with other information disclosing the classified headings and items of paid advertising of the business customers to be canvassed in that market.

12. This kind of keying operation, as I understand it, is not conducted for purposes of composing a classified directory; it is rather for the sole purpose of sales preparation - the development of promising sales leads. The keying of data to develop selected sales information is simply an extraction of certain information from a classified directory in the same manner, but in different form, that a salesman might do when he opens a Yellow Pages directory to a particular heading and makes a handwritten list of tomorrow's sales prospects. A directory is compiled, as I understand that term, when the directory publisher employs its own selection, sales, and editing processes by independent verification of only the listings it intends to publish, although the original source of the listing and heading information may have been the telephone directory - such as by calling the business listed to find out whether there is still working service for the called number, whether there has been a change of ownership, a change of address, a change of business name, or indeed, whether the business still exists.

AND FURTHER AFFIANT SAYETH NOT.

*[Handwritten signature]*  
\_\_\_\_\_

STATE OF MISSOURI     )  
                                  ) SS  
COUNTY OF ST. LOUIS    )

Subscribed and sworn to before me this 16<sup>th</sup> day of June, 1986.

*Pamela F. Smith*  
\_\_\_\_\_  
Notary Public

My Commission expires:

**PAMELA F. SMITH**  
NOTARY PUBLIC STATE OF MISSOURI  
ST. LOUIS CITY  
MY COMMISSION EXPIRES SEPT 1 1986

**EXHIBIT 12**

Attachment C-2  
GWDI

PRESENTATION TO MR. CHARLES FOSTER

DEPOSITION  
EXHIBIT  
17  
1988

PLAINTIFF'S  
EXHIBIT  
T108  
CA2-88-218

# WHITE PAGES

# PLANS

September 28, 1988

RESTRICTED-CONFIDENTIAL INFORMATION  
subject to Protective Order CA2-88-2  
CA2-88-003, U.S.D.C., N.D. Tex.,  
Amarillo Div.

10051

Mr. Moser

DIRECTORY LISTINGS PRODUCT LINE

FOR  
DIRECTORY PUBLISHERS

EFFECTIVE 1-1-86

A. Paper Product

Listings from the "Directory on the Street" are priced at .05¢ per listing and are taken from the current directory. Specific NMX's should be selected. This contract is for a one-year period!

B. Magnetic Tape Product

The "Directory on the Street" is available in magnetic tape format if ordered 30 days prior to that particular directory's close date. Data is furnished as of the directory close date only. We do not maintain this file or keep a library of tapes. Listings should be selected by specific NMX's. Listings are priced at .15¢ each. This contract is for a one-year period.

C. Update Service

This service is provided on Magnetic Tape or via T-TRAK on a daily or monthly basis. The publisher selects listings by NMX's for either business or residence, or both. The initial load database is provided for \$500.00. Update transactions are .30¢ each and include such changes as name, address, telephone number, and other information contained in the file. Documentation for this service is available. This contract is for a three-year period.

SWBT  
RESTRICTED

100052

MISSOURI  
1990 DIRECTORY SERVICES  
COST STUDY

COST SUMMARY

<u>SERVICE</u>	<u>TOTAL MONTHLY COST</u>	<u>TOTAL NONRECURRING COST</u>
Business Listings Residence Listings Foreign Listings	\$9,151.02	
Labels	\$2,503.64	
Specialty Listings		\$3,896.70
Photocomposition Pages	\$ 262.84	
Book on Street For Republication	No incremental Cost	
Repros	This service is considered a duplication of Photocom- position Pages.	
End of Run	\$ 39.78	
T-Tran		\$2,338.02
File Transfer System		\$3,507.03
9 Track Tape Production	\$ 272.80	\$1,169.01
S9900	\$ 796.27	
Invoice	\$ 306.57	
Bill Payment	\$3,158.97	
Revenue & Expense Tracking	\$1,196.64	
Cost Accountability Documentation & Audit	No incremental Cost	

\* Cost per listing equates to less than \$.01, therefore market value is the determining factor.

SWBT  
RESTRICTED

100053

CONTRACT REVISIONS

PAYMENT PLAN REVISION

PRICE RESTRUCTURE

- OK } 1. Sale of the Directory for Republication
2. Elimination of output tape of "Directory on Street"
3. Two-Tier pricing of Listings for Publication
- |           |    |             |
|-----------|----|-------------|
| Business  | \$ | .60/LISTING |
| Residence | \$ | .50/LISTING |

A portion of this page has been redacted because it dealt with highly confidential information pertaining to future directory listing information offerings under consideration by the Defendant and, therefore, this portion of the document is not responsive to any of the Plaintiff's requests.

- OK } 5. Transmission Facilities
- |                |    |           |
|----------------|----|-----------|
| Tapes          | \$ | 25.00     |
| Dataset output | \$ | 400.00/MO |
6. Consultant Services \$100.00/HR

NOTE: Prices subject to change based on Product Management review.

SWBT  
RESTRICTED

E N H A N C E D   S E R V I C E S

SPECIALTY LISTINGS

NEW CONNECTS

DISCONNECTS

ELECTRONIC LISTING PROVISIONS

LABELS (Delivery Information)

SWBT  
RESTRICTED

100054

**EXHIBIT 13**

March 16, 1988

Mr. James A. Hail, President  
Hagadone Directories, Inc.  
250 Northwest Blvd., Suite 203  
Coeur d'Alene, Idaho 83814-2973

Dear Mr. Hail:

Enclosed are two copies of the Directory Listing License Agreement for listings in our Coeur d'Alene, Sandpoint, St. Maries, Wallace, and Newport directories. Please return one copy of the agreement and your check for \$24,365 advance deposit. This advance deposit will be applied to the final charges that will be billed to you after the records are prepared.

We will return an executed copy of this agreement, and the requested listings at the earliest possible date. If you have any questions, please call me at (206) 347-6233.

Sincerely,

P. Fogarty-Cramer  
Directory Coordinator

Enclosures (2)

## DIRECTORY LISTING LICENSE AGREEMENT

THIS AGREEMENT, made and entered this 16th day of March 1988, by and between GTE NORTHWEST INCORPORATED, a Washington corporation (hereinafter referred to as the "Telephone Company") and Hagadone Directories, Inc., (hereinafter referred to as "Publisher").

WHEREAS, Publisher is in the business of selling, publishing, and distributing a directory covering the Kootenai, Pend Oreille, Boundary, Shoshone, and Benewah Counties area of the States of Idaho and Washington; and

WHEREAS, Publisher desires to obtain copies of nonconfidential subscriber listings (hereinafter referred to as Records) affecting the Telephone Company's Coeur d'Alene, Sandpoint, St. Maries, Wallace, and Newport directories (prefixes 683, 664, 666, 667, 765, 769, 772, 773, 687, 623, 682, 784, 786, 783, 744, 752, 753, 556, 689, 686, 245, 267, 266, 264, 263, 265, 445, 442, 446, 437, 447, 443, and 448) for use in publishing white pages alphabetical listings as a part of Publisher's above-mentioned directory; and

WHEREAS, the Telephone Company is willing to furnish such Records for the above limited purposes only;

NOW, THEREFORE, it is agreed between the parties as follows:

1. The Telephone Company grants to Publisher a nonexclusive license to use the Records identified above in its directory known as the Coeur d'Alene, Sandpoint, St. Maries, Wallace, and Newport directories. Publisher agrees to use these listings only in the 1988 publication of its Your North Idaho Telephone directory.

Publisher agrees not to use the Records for publication of any other directory, or in any other form or for any other purpose except that specified above without obtaining a new License Agreement from the Telephone Company. The form in which the Records will be supplied shall be determined at the complete discretion of the Telephone Company.

2. Publisher agrees that in the publication of its directory, Publisher will not use any distinctive mark, identification, or classification which will identify a particular listing as being a new or changed listing.

3. The Records will not contain subscriber information of nonpublished or nonlisted telephone service, other Telephone Company listings, or special listings purchased by a subscriber in one exchange to appear in the directory for another exchange. Publisher agrees not to obtain and publish such subscriber information or listings.

4. Publisher agrees that Telephone Company makes no expressed or implied warranty regarding the correctness or fullness of the Records and hereby releases the Telephone Company from any liability for damages due to errors or omissions in the Records furnished by the Telephone Company.

5. Publisher will pay the Telephone Company \$100.00 per directory identified in paragraph 1 above and 35 cents per listing provided, plus actual cost of programming, computer runs, paper, shipping, any city, state, or federal tax which may now or hereafter be applied, and any other costs incurred in providing required records. Publisher will pay to the Telephone Company at the time of signing of the Agreement an advance deposit in the sum of \$24,365. This deposit is determined by the Telephone Company using the current directory and the number of listings published therein covering the identified exchanges the Publisher requested. The Telephone Company will submit a statement to Publisher at the time of delivery of Records reflecting any additional charges incurred in producing and delivering the listings. Payment is due within 30 days after the date of mailing the Records and statement.

6. Performance by the Telephone Company shall be excused in the event of strike, interruption of mail or common carrier service, fire, riot, act of God, or any other cause beyond the reasonable control of the Telephone Company.

7. Publisher shall, at its expense, furnish the Telephone Company a copy of each directory published containing the Exchanges covered hereby within ten (10) days after publication. The mailing address is GTE NORTHWEST INCORPORATED, Directory Production, 2312C West Casino Road, P.O. Box 1003, Everett, Washington, 98206.

8. The Records shall remain the property of the Telephone Company. The license granted herein shall be nonassignable and Publisher shall have no right to assign, sublicense, or permit any other publisher or person to use the Records or any information extracted therefrom, for any purpose whatever, without the express written consent of the Telephone Company; provided, however, Publisher is authorized by this license to make a general distribution of the directory that it publishes.

9. Publisher shall use the Records supplied by the Telephone Company hereunder solely in the compilation, production, and publication of its directory. The Publisher's directory which includes listings for the Bayview, Coeur d'Alene, Hagden Lake, Post Falls, Rathdrum, Spirit Lake, Kellogg, Mullan, Wallace, Harrison, Plumer-Worley, St. Maries, Bonners Ferry, Clark Fork, Hope, Sandpoint, Cusick, Lone, Metaline Falls, Newport, Priest Lake, and Priest River Exchanges shall include, so far as is possible, listings for all of the subscribers in the Exchanges. Publisher shall not permit anyone but its duly authorized employees to inspect or use the Records furnished by the Telephone Company and shall not allow such Records out of its possession at any time. Any unauthorized use of the Records or information contained herein by its employees or others shall be deemed a material breach of this Agreement.

10. Upon request by the Telephone Company, the Publisher shall advise the Telephone Company of the names of persons with access to the Records or information contained therein, and shall permit the Telephone Company to inspect, at any reasonable time during normal working hours, Publisher premises to observe the manner in which the Records or information therein is stored, processed, and used. No such inspection shall release the Publisher from any responsibility or duty required by this contract.

11. Publisher will neither represent in any way to any other person or make any advertising claim that its directory is sponsored or approved by the Telephone Company or that the Telephone Company is in any way associated with Publisher or that Telephone Company has any responsibility for or connection with the compilation, production, publication, or distribution of such directory. Publisher shall not publish its directory in such form as to cause or create confusion with the Telephone Company's directories.

12. Publisher shall indemnify, protect, and save harmless the Telephone Company from and against any and all loss, liability, damages, and expense arising out of any demand, claim, suit, or judgment for damage which may arise out of the Telephone Company's supplying the Records under this Agreement or caused by any act or omission of Publisher.

13. Publisher shall copyright Publisher's Directory and shall not permit any other publisher or other person or firm to publish, copy, reprint, or make any other use of the listings obtained from the Records which are contained in Publisher's copyrighted Directory, unless such use is agreed to in advance in writing by the Telephone Company. Publisher shall also cause a notice of copyright to be printed or permanently applied by ink stamp on the title page of Publisher's Directory. The Notice of Copyright shall be substantially as follows:

"Copyright-1988 Hagadone Directories, Inc.

14. Nothing in this Agreement shall limit the Telephone Company in any way as to the form, content, or scope of its telephone number service directories or listings published now or to be published in the future.

15. The Agreement shall be governed by, and interpreted according to, the Laws of the State of Washington.

16. Unless exempt under the rules and regulations of the Secretary of Labor or other proper authority, this contract is subject to applicable laws and executive orders relating to equal opportunity and nondiscrimination in employment. The parties hereto shall not discriminate in their employment practices against any person by reason of race, color, religion, sex, national origin, or handicap and agree to comply with the provisions of said laws and orders to the extent applicable in the performance of work or furnishing of services, materials, or supplies hereunder. The Equal Employment Opportunity clause in Section 202, Paragraphs 1 through 7, of Executive Order 11246, as amended, relative to Equal Employment Opportunity and the implementing rules and regulations, of the Office of Federal Contract Compliance, are incorporated herein by specific reference.

17. Nothing in this Agreement nor elsewhere shall give the Publisher any exclusive rights to the Records or directory listing information for the Exchanges designated in this Agreement and the Telephone Company shall be free at any time to grant similar terms and conditions as the Telephone Company, in its sole discretion, may determine.

18. In the event of litigation arising out of or concerning any of the terms or conditions set forth herein, the parties agree that the laws of the State of Washington shall govern the construction of any such terms and further agree that proper venue shall lie in the Superior Court in and for the County of Snohomish, State of Washington.

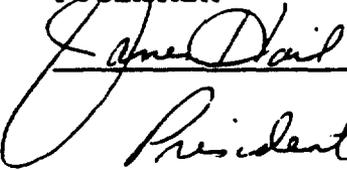
IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the day and year first above written.

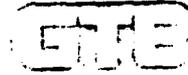
GTE NORTHWEST INCORPORATED

BY 

Director-Marketing Services & Support

PUBLISHER

  
\_\_\_\_\_  
President  

General Telephone Company  
of the Northwest, Inc.

April 11, 1988

Mr. James Hall, President  
Hagadone Directories, Inc.  
250 Northwest Blvd., Suite 203  
Coeur d'Alene, Idaho 83814-2973

Dear Mr. Hall:

Enclosed is one set of glossy reproduction proofs as requested on the following directories:

Coeur d'Alene  
Sandpoint  
St. Maries  
Wallace  
Newport

Also enclosed is a copy of the executed Directory Listing License Agreement for your files. A bill for the proofs will be forwarded to you.

Sincerely,

*for* P. Fogarty-Cramer  
Directory Coordinator

Enclosures (6)

**EXHIBIT 14**

**DECLARATION**

State of New York     )  
                              )  
County of Erie         )

I, Rick Lewis, respectfully state and declare as follows:

1. I am the President and Chief Executive Officer of White Directory Publishers, Inc. ("White Directory"). My business address is 1945 Sheridan Drive, Buffalo, New York 14223.

2. I am also the Vice President of the Association of Directory Publishers.

3. The purpose of this declaration is to provide supporting documentation concerning the need for full and fair access to subscriber list information.

4. Except as otherwise stated herein, I have personal knowledge of the matters set forth below and I am competent to testify thereto.

5. White Directory has been engaged in the telephone directory business for over twenty-eight years. The company employs over three hundred people.

6. White Directory publishes directories throughout New York, Pennsylvania, North Carolina, Florida, and Canada.

7. As part of its business, White Directory contracts with ALLTEL Publishing Corp. ("ALLTEL Publishing"). It is my understanding that ALLTEL Publishing is associated with ALLTEL Corp., which provides local exchange services in a number of states, including New York through ALLTEL NY, Inc.

8. White Directory has had a licensing agreement with ALLTEL

Publishing since 1989 that covers Bemus Point, Chautauqua, Ellington, Frewesburg, Gerry, Jamestown, Kennedy, Lakewood, Panama, Randolph, Steamburg, Sinclairville, and Stedman, New York.

9. That licensing agreement entitles White Directory to a one-time publication of the listings.

10. The licensing agreement requires White Directory to pay \$0.98 per listing plus a \$500.00 administrative fee and a \$395.00 media fee.

11. Despite repeated requests, ALLTEL Publishing will not provide White Directory with updated listings.

12. Following the passage of the Communications Act of 1996, White Directory again asked ALLTEL Publishing to license updated listings. ALLTEL Publishing has not yet responded to that request.

13. White Directory has historically faced similar treatment from GTE concerning White Directory's publications for Erie, Pa.

14. Since 1987, GTE has refused repeated requests to license updated listings.

15. Following the passage of the 1996 Telecommunications Act, GTE has stated that it will be providing updated listings. However, it was unable to say when such listings would be made available.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on the 2 day of April, 1996.

  
Rick Lewis

**EXHIBIT 15**

Attachment A-1  
Telecom

HOGAN & HARTSON

COLUMBIA SQUARE  
555 THIRTEENTH STREET NW  
WASHINGTON, DC 20004-1109  
202/637-5600

PETER A. ROHRBACH  
DIRECT DIAL 202/637-6631

6701 ROCKLEDGE DRIVE  
BETHESDA, MARYLAND 20817  
301/483-0030

111 SOUTH CALVERT STREET  
BALTIMORE, MARYLAND 21222  
301/858-2700

8300 GREENSBORO DRIVE  
MCLEAN, VIRGINIA 22102  
703/848-2800

February 27, 1990

BY HAND

Ms. Nancy C. Garrison, Esq.  
Assistant Chief  
Communications and Finance Section  
Antitrust Division  
U.S. Department of Justice  
Room 8106  
555 4th Street, N.W.  
Washington, D.C. 20001

Re: Request for Enforcement of the  
Modification of Final Judgment

Dear Ms. Garrison:

Teleconnect\*USA Directory Company, dba Telecom\*USA Publishing Company, ("Teleconnect"), 1/ by its attorneys, hereby requests that the Department of Justice initiate an investigation and enforcement action against US West, Inc. ("US West") for violations of the nondiscrimination provisions.

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1/ Teleconnect\*USA Directory Company is a wholly-owned subsidiary of Teleconnect Company, which in turn is a wholly-owned subsidiary of Telecom\*USA, Inc. ("Telecom\*USA"). Telecom\*USA is the nation's fourth largest interexchange carrier, providing interexchange services to over 500,000 customers. Telecom\*USA also provides other information services such as voice mail and data base access.

HOGAN & HARTSON

Ms. Nancy C. Garrison, Esq.  
February 27, 1990  
Page 2

of the Modification of Final Judgment. 2/ Specifically, US West has discriminated in favor of its own directory publishing subsidiary in the provision of billing and collection services, and has discriminated among information service providers in the pricing of subscriber listings.

#### Background

Teleconnect publishes white and yellow pages directories in more than 25 cities in the midwest. The directories are published annually and copies are provided free to all residents and businesses in those cities. Teleconnect's primary source of revenue comes from the sale of yellow pages display advertisements to local businesses. Teleconnect has been publishing directories since March of 1986.

In many of the cities where it operates, Teleconnect competes with directories published by US West Direct Company ("Direct"), a subsidiary of US West. In those cities, other subsidiaries of US West provide monopoly local exchange telecommunications services.

US West, however, is using its monopoly position as a local telephone service provider as leverage to maintain an effective monopoly in the directory publishing market. Through these actions US West has violated the terms of the MFJ and the court's orders under it. US West also has violated its express commitments to the Department that supported its entry into the

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2/ United States v. American Tel. & Tel. Co., 552 F. Supp. 131 (D.D.C. 1982), aff'd mem. sub nom. Maryland v. United States, 460 U.S. 1001 (1983) (the "MFJ" or the "decree").

This letter addresses only consent decree violations and does not deal with other actions US West has taken in the directory publishing market that violate the antitrust laws generally. For example, US West has unlawfully harmed Teleconnect's competitive position by providing Teleconnect with incomplete and inaccurate subscriber listings for the white pages directory it issued for Rochester, Minnesota. That action is the subject of a pending suit filed by Teleconnect against US West and its subsidiary Northwestern Bell in the District Court of Douglas County, Nebraska.

HOGAN & HARTSON

Ms. Nancy C. Garrison, Esq.  
February 27, 1990  
Page 3

publishing business. 3/ Department enforcement action is absolutely necessary in these circumstances.

Discussion

A. US West's Discrimination in the Provision of Billing and Collection Services Violates the Decree

US West has discriminated in favor of Direct with respect to the provision of billing and collection services. Purchasers of yellow pages ads from Direct are billed by US West's local exchange subsidiary. The advertisement charges are included in the advertiser's bill for local telephone service.

Teleconnect has requested that US West provide similar billing and collection services for its yellow pages advertisers. US West has refused to do so. 4/ In addition, Teleconnect understands that US West has refused to renew its agreement for directory billing with Fronteer Directory Co., Inc., another yellow pages publisher, and is taking the same position with respect to other directory competitors. US West, however, is willing to provide billing services for other information vendors who are not in the directory field and do not directly compete with US West. 5/

The only explanation offered by US West for its refusal to provide directory billing to Teleconnect was that "US West Communications has made a business decision not to expand our directory publisher billing and collection market." In actuality, US West has made a "business decision" to use its position as the monopoly provider of local exchange telephone service to favor its own directory publishing operations. That decision is clearly contrary to the decree.

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3/ See Letter of US West to the Department of Justice dated January 29, 1986.

4/ See Letter from Marge Collin, US West Communications, to Jim Haddad dated September 13, 1989, and attached as Exhibit A.

5/ US West also provides billing and collection services to long distance companies.

Ms. Nancy C. Garrison, Esq.  
February 27, 1990  
Page 4

The decree court has recognized that "[t]here is no question but that Regional Company billing and collection services are of competitive importance" and has accordingly ordered that the BOCs may not discriminate with respect to billing services. <sup>6/</sup> The court has been particularly sensitive to concerns that a BOC's billing practices might "alter[] the competitive relationships in its own favor." <sup>7/</sup> The court conditioned relaxation of the information services restriction on the requirement that when BOCs bill for the services they provide, they must offer competing service vendors equivalent billing on equivalent terms. In the event that a BOC adopts discriminatory billing practices, "enforcement proceedings may be initiated and, if necessary, sanctions imposed." <sup>8/</sup>

US West is in open violation of the MFJ and the court's order. US West is not simply offering billing and collection to competitors on discriminatory terms -- it is refusing to provide such services at all. As a result, Direct is obtaining just the unlawful competitive advantages discussed by the court.

First, joint billing of exchange and non-exchange services gives Direct higher collection rates. US West is prohibited from terminating a subscriber's local exchange service for failure to pay charges for yellow pages advertising. However, many customers are unaware of this restriction. Direct's advertisers therefore are far more likely to pay their advertising bills -- and do so promptly -- than are Teleconnect's advertisers, which are billed by Teleconnect independently, generally on a monthly basis. As a result, Teleconnect experiences slower payments and a higher bad debt ratio for yellow pages advertisements than does Direct. Simply stated, Teleconnect's costs for

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<sup>6/</sup> United States v. Western Elec. Co., C.A. No. 82-0192, slip op. at 4 (D.D.C. June 26, 1989) ("Bell Atlantic Audiotex Order"). See also United States v. Western Elec. Co., 1988-1 Trade Cas. (CCH) ¶ 67,918, 57,619, 57,630 (D.D.C. 1988); United States v. Western Elec. Co., 690 F. Supp. 22, 26 (D.D.C. 1988).

<sup>7/</sup> Bell Atlantic Audiotex Order, slip op. at 7.

<sup>8/</sup> United States v. Western Elec. Co., 690 F. Supp. 22, 26 (D.D.C. 1988).