

We hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of our knowledge and belief.

Richard J. Gilbert

Richard J. Gilbert

Subscribed and sworn before me this 23rd day of December, 1996.



Kathy A. Stephan

Notary Public

My Commission expires: 4-11-97

John C. Panzar

John C. Panzar

Subscribed and sworn before me this 26 day of December, 1996.

Naomi Schapira

Notary Public

My Commission expires: 4-21-98



Exhibit 1: Determinants of Cellular Subscribership
1994 Supply Instrumental Regression
40 Largest US Cellular Systems

Dependent Variable:

Log of Total Subscribers

<u>Independent Variables:</u>	<u>Coefficient</u>
Log of Price ⁹⁷	-0.21
Log of 1994 Population	0.90 ***
Log of land area	0.09 **
PUC ban on regulation ⁹⁸	0.19 **
High density counties in MSA ⁹⁹	0.05
LEC ownership of A or B operator ¹⁰⁰	0.01

40 observations	
Adjusted R-squared	0.97
F-statistic	237.7 ***

Note: One, two, and three asterisks indicate significance at the 10%, 5% and 1% level, respectively.

Source: 1994 subscribership data from *Radio Communication Reports*, May 9, 1994. Cellular price plan data acquired from Paul Kagan Associates (December 1993). Demographic data from the US Census Bureau, City and County Databook, 1996 CD-ROM edition. Population from the *Kagan Cellular Atlas*, 1994 edition. Regulatory analysis from Shew (1994), *op. cit.* LEC ownership data from the *Kagan Cellular Atlas* and *The Wireless Communications Industry*.

⁹⁷ Instrumental regressor, based on subscriber-weighted average of each operator's minimum average cost per minute to consumers for a consumption 150 monthly minutes, 80% of which are at peak. Includes monthly charge, does not include activation or special offers.

⁹⁸ Equal to one if there is a self-imposed ban by the relevant state PUC on cellular regulation. See Shew (1994), *op. cit.* Population weighted average where an MSA spans multiple jurisdictions.

⁹⁹ Proportion of counties in MSA with population density exceeding 1,000 inhabitants per square mile.

¹⁰⁰ Percentage ownership by largest LEC in MSA of either the A or B operator, as applicable.

Exhibit 2: Home Box Office Monthly End-User Charges

25 Largest US Cable Systems¹⁰¹

System Location	Operator	Year		
		1994 ('94 \$)	1994 ('96 \$)	1996 ('96 \$)
New York, NY	Time Warner	12.95	13.79	12.95
San Diego, CA	Cox Communications	10.95	11.66	11.95
Phoenix, AZ	Cox Communications	10.95	11.66	10.95
Woodbury, NY	US Cablevision	12.6	13.42	12.55
Puget Sound, WA	TCI	11.00	11.72	13.50
Honolulu, HI	Time Warner	13.95	14.86	13.95
Las Vegas, NV	Prime Cable; G.C. Assoc.	9.95	10.60	10.95
Denver, CO	TCI	9.95	10.60	11.95
San Antonio, TX	Time Warner	11.00	11.72	12.50
Bronx, NY	Cablevision Systems Corp.	12.00	12.78	9.50
Union, NJ	Comcast	13.00	13.85	15.00
San Diego, CA	Time Warner	14.65	15.60	9.95
Fairfax County, VA	Media General	11.95	12.73	12.95
Sacramento, CA	Scripps	7.00	7.46	10.95
Rochester, NY	Time Warner	10.60	11.29	11.95
Kansas City, MO	Kansas City Cable Partners	9.00	9.59	12.00
Oakland, NJ	TCI	10.50	11.18	14.90
Audubon, NJ	Comcast	12.50	13.31	13.50
Hampton Roads, VA	Cox Communications	8.45	9.00	11.50
Montgomery County, MD	SBC Media Ventures	10.95	11.66	10.95
Louisville, KY	TKR Cable Co.	10.50	11.18	8.95
Manhattan (Northern Portion), NY	Time Warner	12.95	13.79	12.95
Cincinnati, OH	Time Warner	12.55	13.37	12.99
Austin, TX	Time Warner	10.45	11.13	10.95
San Francisco, CA	TCI	10.00	10.65	11.95
Average		11.21	11.94	12.09
Percentage Real Change, 1994 to 1996				1.3%

Source: 1994 data from the 1994 Cable Television Factbook, Warren Publishing, Washington D.C. 1996 data from telephone interviews collected the week of 12/16/96. Price reported is that for HBO purchased as the only premium channel, net of installation charges or other special offers. The difference between the two average real price is not statistically significant at the 10% level.

¹⁰¹ Ranked by subscribership in 1996.