

BSPC: Committed to Consumers and the Community *(continued)*

CUSTOMER-FOCUSED CHANGES

- **Commitment to Customer Service:** BSPC is remaining true to BellSouth's long-standing reputation for honesty and customer attentiveness to help its payphone customers navigate the new payphone marketplace. Although we've streamlined our operations to compete effectively in a market-driven system, everyone at BSPC either directly supports the customers or supports those who do. And we now have a dedicated payphone repair center offering around-the-clock service seven days a week.
- **Convenient, User-Friendly Technology:** BSPC is also bringing more high-tech conveniences to the corner payphone. Today, BSPC offers customers a wide array of technological advances – from public fax services to data port access for lap-top computers. Other innovative features include card-reader phones, which allow users to “swipe” the magnetic stripe on many calling and commercial credit cards to conveniently charge payphone calls, and customized speed dial, which provides short numeric codes to quickly access security guards (or police) in different areas of large public buildings or shopping malls. As BSPC gains new business freedom and flexibility in the deregulated payphone market, these customer-friendly features will become more widely available throughout the Southeast.
- **A Higher Level of Service:** Because business users and travelers generally use payphones when they're pressed for time and on the go, BellSouth knows that the convenience of reliable and accessible payphones is the most crucial element of BSPC service. To significantly cut down on the presence of non-working payphones, all public BSPC payphones are “smart” phones, which immediately report their own service problems to BSPC's service center. This technology speeds-up the repair process to keep BellSouth phones up and running.

As the payphone market changes, BSPC is prepared to take its already strong commitment to basic quality and service even further. As part of its new commitment to value-added service, BSPC is pledging to its customers that its payphones will be easy to find and easy to use. Customers can call a toll free number any time to report non-working BellSouth phones, which will then be repaired within two business days.

BSPC: Committed to Consumers and the Community *(continued)*

Dedication to the Community through Public Service and Safety

BellSouth payphones have always played a public service role in our communities, and BSPC will maintain its commitment to public service and safety in the new payphone marketplace. To make certain that all payphone service providers maintain a basic public service commitment, state public service commissions will ensure that universal emergency services (911) will remain intact at all payphone locations and that public interest payphones – placed to serve health, safety, or public welfare interests at locations which have insufficient usage to cover the service costs – will be adequately funded. This commitment to public service and safety includes:

UNIVERSAL SAFETY AND PUBLIC SERVICE REGULATIONS

- **Emergency calling (911)** – Access to dialtone and emergency calls in the new payphone industry will remain available at no charge. Free emergency calling has been a long-standing policy of BellSouth. To ensure that all payphones provide this public service, free emergency call access will be enforced by state public service commissions.
- **Public Interest Telephones** – State public service commissions (PSCs) have been charged with studying the payphone market in their states to determine whether public interest payphones should be maintained. If they determine these phones are needed, the PSCs will ensure that an effective funding mechanism is in place to support unprofitable but vital public interest payphones. BellSouth currently maintains approximately 3,000 such “public interest” payphones in order to serve public safety, health and welfare interests at key sites.

BSPC PUBLIC SAFETY CAPABILITIES

BSPC will continue to develop additional public service and safety features to enhance the overall quality of BSPC service and the safety of payphone locations. Existing services (where permitted by state regulatory agencies) include:

- **Time-of-Day-Service*** – To discourage late-night loitering, payphones can be programmed to automatically switch off during certain hours and then switch back on at appropriate times. Emergency 911 service remains available around the clock.

* For this service, some states require approval by the location provider, local law enforcement and/or the state public service commission.

BSPC: Committed to Consumers and the Community *(continued)*

- **Outward-Only Service*** – Like Time-of-Day service, outward-only service can help deter loitering. Payphones can be programmed to place calls, but not receive incoming calls.
- **Electronic Coin Box Locks** – Electronic locks permit service technicians and collectors to have swift access to payphones in order to prevent or minimize out-of-service conditions, resulting in payphones that work when people need them to work.

BSPC PUBLIC SERVICE CAPABILITIES

BSPC will uphold BellSouth's long-standing commitment to serving the public interest of the communities in which it has a presence. Here's a quick look at some of BSPC's public service capabilities:

- **Public Service Emphasis** – To ensure that a community's most crucial public phones are well maintained, BSPC has developed a proprietary service information system that automatically dispatches repair and collection assignments for payphones.
- **Disaster Communications** – When critical situations, such as severe weather, create an urgent need for communications, BSPC's emergency communications services are soon up and running. The rapid response of BSPC's advanced capabilities assists recovery efforts and puts families and friends back in touch.
- **ADA Accessibility** – BSPC places and maintains its payphones in full compliance with federal requirements of the Americans with Disabilities Act (ADA), and similar state requirements. Wheelchair accessible payphone enclosures and sets have been deployed in compliance with ADA. Additionally, payphones with TDD (telecommunications devices for the deaf) keyboards have been placed at many public facilities, facilitating access to telecommunications relay services for hearing-impaired individuals.
- **BellSouth Business Payphone Service** – BellSouth Business Payphone Service provides long-term or temporary payphone service at locations which would not otherwise qualify for public telephone service. This service is billed on a monthly basis to customers who have a payphone at their business for the convenience of their customers and employees. The property owner pays for installation in addition to the monthly fees for this service. This service is also provided for special event payphone service, such as fairs and sporting events, and to meet seasonal payphone service needs, such as swimming pools and recreation parks.

* For this service, some states require approval by the location provider, local law enforcement and/or the public service commission.

Just as the payphone industry is transitioning to a pro-competitive service marketplace, BellSouth's payphone service is sharpening its focus to better meet the changing needs and expectations of payphone customers. On April 1, 1997, BellSouth launched a separate payphone subsidiary that hit the ground running with streamlined operations and expanded service options. Even more customer-driven technological upgrades and service improvements are on the horizon. Here's a look ahead to the future of BellSouth payphone service, and how it will benefit the company's payphone location providers and payphone users:

The Successful Launch of BellSouth Public Communications, Inc.

To better meet the needs of the business and its customers, BellSouth launched a separate corporate entity devoted to payphone service, BellSouth Public Communications, Inc. (BSPC). As a separate subsidiary, BSPC will enjoy new flexibility and freedom, which will allow the company to offer single source management of payphone services, and fully and fairly compete with the more than 3,000 independent payphone service providers in the region.

Although still in its infancy as a separate subsidiary, BSPC is the nation's largest stand-alone payphone services provider. Headquartered in the Birmingham, Alabama, suburb of Homewood, BSPC employs more than 785 people throughout BellSouth's nine-state region. This BSPC team maintains a high-quality payphone communications system used by customers to make more than 3.2 million calls each day using BellSouth payphones.

BSPC is designed to succeed in the new deregulated payphone marketplace. As a result of the adoption of market-based pricing, BSPC payphone customers will have the assurance of high-quality local payphone service at a new 35 cent price. Deregulation also offers BSPC new opportunities to expand service options, enhance its wide array of high-tech services and strengthen the basics that all payphone customers deserve – quality, accessibility and reliability.

Advanced Capabilities for Changing Customer Needs

BSPC is expanding its service capabilities to better meet the changing demands of business callers and travelers. As the company gains greater freedom and regulatory flexibility, these new services will be more widely available throughout the Southeast. Here's a sampling of BSPC's advanced capabilities:

- **BellSouth Data Port Access** – Payphones equipped with data ports allow business callers and travelers to stay “plugged in” when they are on the road. Portable computers can be plugged into payphone data ports to send and receive critical information quickly.
- **BellSouth Public Fax Service** – Payphone stations equipped with public fax terminals are ideal for business callers or anyone who does not have easy access to a fax machine. They are a quick, easy-to-use way to send or receive documents across the country or across town.
- **BellSouth Card Reader Phones** – Convenient “card swipe” phones automatically read the magnetic stripe on many calling and commercial credit cards to save the time of busy travelers and business callers.
- **BellSouth Customized Speed Dial** – Short numeric codes can be programmed for customer convenience at large public buildings or shopping malls. For example, by pressing “*81” a caller could access security at a mall. Codes can also be set up for customer service, lost and found, or voice mail.
- **BellSouth National Directory Assistance** – A quick and easy service for accessing telephone listings both locally and nationally. By dialing either 411 or 1+411, depending on the state from which the call originates, the payphone call is routed to either local or long-distance directory assistance based on the caller's response to an automated greeting. Unlike conventional long-distance directory assistance, it isn't necessary to know the area code before dialing. National Directory Assistance is already available in Kentucky, and is expected to become available in all BellSouth states by early 1998.

Expanded Value-Added Services

The new freedom of the deregulated payphone marketplace is paving the way for BSPC to offer value-added services to payphone users and the business and property owners who provide locations for the placement of BellSouth payphones.

On April 15, 1997, the Federal Communications Commission (FCC) approved BellSouth's Comparably Efficient Interconnection plan, a regulatory requirement which assures that BellSouth Telecommunications – as a telephone company – provides telephone line services on a non-discriminatory basis to BellSouth Public Communications and all other independent payphone service providers. This FCC approval gives BSPC the green light to work with payphone location providers to coordinate long-distance service in addition to local service.

With its new long-distance carrier selection capability, BSPC can now provide single-source management of payphone service on behalf of payphone location providers throughout the Southeast. This new capability will provide one-stop convenience for location providers. Payphone users will benefit from this value-added service as well. BSPC will have the opportunity to enable payphone users to receive the benefit of fair and reasonable long-distance rates from qualified long-distance carriers.

Today, there are parts of the Southeast where BellSouth does not offer local residential and business service. But thanks to new single-source service opportunities made possible by deregulation, BSPC can offer its customers access to BellSouth payphone services throughout the entire Southeast, including areas such as the growing Tampa-St.Petersburg region in Florida.

Flexible Service Options

BSPC offers a wide array of payphone options that will only expand in the new competitive market. Today, BellSouth payphones are available in a wide range of mountings and enclosures styled to suit different locations' needs, from durable drive-up payphones to streamlined enclosures for airports and hotel lobbies. And desktop payphones, ideal for lobbies and waiting rooms, allow business customers to make good use of waiting time. BSPC's focus on continuous improvement means that the company will become even more responsive and flexible to better meet specific customer needs.

A Continued Responsibility to Public Service and Safety

As BSPC makes the transition to the new payphone marketplace, it will maintain its unwavering commitment to public service and safety. State public service commissions will ensure that basic universal emergency services (911) will remain intact at no charge at all payphone locations. BSPC will continue to develop additional public safety features to enhance the overall quality of BellSouth public phone service.

BellSouth will maintain its commitment to the widespread availability of public telephones. Fair market prices will help ensure that payphones continue to be conveniently located and available for the general public. As an added safeguard, state Public Service Commissions have been charged with reviewing the need for public interest payphones in their state and ensuring that equitable funding mechanisms are in place to support any necessary public interest payphones.

A Commitment to a Higher Level of Service

Although BSPC is committed to offering customers a wide array of new services, the company knows that most payphone customers simply want payphones that work and are easy to find. All BellSouth payphone customers expect and deserve high-quality, reliable and accessible payphone service.

To strengthen our high level of commitment to meeting customer needs, we are adopting the following customer pledge region-wide:

BSPC Customer Service Pledge Committed to a Higher Level of Service

BellSouth Public Communications, Inc. pledges that our payphones will be easy to find and easy to use. If you find a non-working BellSouth payphone, simply call 1-888-233-3456, any time day or night, and report it to our repair center. We will repair the phone within two business days.

Glossary of Payphone Terms:

BELLSOUTH REGION: The traditional wireline telephone service area in which BellSouth operates. Comprised of nine Southeastern states including: Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee.

COMPARABLY EFFICIENT INTERCONNECTION (CEI) PLAN: A plan filed with the FCC that demonstrates the ability of a local exchange company to allow all payphone service providers to interconnect with and receive service on an equitable basis. BellSouth's CEI plan, filed with the FCC on Nov. 22, 1996, and approved April 15, 1997, assures that BellSouth Telecommunications provides telephone line services to BellSouth Public Communications and all other independent payphone service providers on a non-discriminatory basis.

DIAL-AROUND CALLS: A term used to refer to calls made by a caller to reach the long-distance carrier of his/her choice. A payphone is usually arranged to default to a particular long-distance carrier unless a caller dials an access code such as 1-800-XXX-XXXX, 950-XXXX, or 10XXX to reach another carrier. Access to other carriers via dial-around methods is required on all public payphones.

FEDERAL COMMUNICATIONS COMMISSION (FCC): The Federal Communications Commission (FCC) is an independent federal agency responsible directly to Congress. Established by the the Communications Act of 1934, it is charged with regulating interstate and international communications by radio, television, wire, satellite and cable. Its mission is to encourage competition in all communications markets and to protect the public interest.

INDEPENDENT PAYPHONE PROVIDER (IPP): A payphone service provider who is neither a local exchange telephone company, nor an affiliate of a local exchange telephone company. In some states, other terms such as Customer Owned Coin Operated Telephone (COCOT) have been used to refer to these providers.

Glossary of Payphone Terms *(continued)*

PAYPHONE SERVICE PROVIDER (PSP): A payphone service provider who may be a local exchange telephone company, an affiliate of a local exchange telephone company, an independent payphone provider, a long-distance carrier or a competing local exchange telephone company. The term Payphone Service Provider was coined by the FCC to emphasize that all payphone providers will be treated on an equitable basis from a regulatory standpoint.

PUBLIC INTEREST PAYPHONE: The FCC defines a public interest payphone as one which: (1) fulfills public policy objectives in health, safety or public welfare; (2) is not provided for a location provider with an existing contract; and (3) would not otherwise exist as a result of the operation of the competitive marketplace.

PUBLIC PAYPHONE: A term used to refer to a payphone that is installed in a "public" location for the convenience of end-user customers. Businesses and business owners who provide the actual physical locations for public payphones are typically paid commissions on these phones by payphone service providers, who are responsible for their installation and maintenance.

PUBLIC SERVICE COMMISSION (PSC): The state regulatory authority that oversees the provisioning of telecommunications services. In some states the agency may be referred to as the Public Utilities Commission (PUC). In Tennessee, the public service commission has been replaced by the Tennessee Regulatory Authority.

SMART SETS: Microcomputer-controlled electronic payphones that allow remote reporting/downloading of information on payphone station service conditions, coin collection needs and call detail records. Such payphones use their own "intelligence" to perform certain functions traditionally provided by software in telephone company central offices.

A GUIDE TO THE NEW PAYPHONE MARKETPLACE

 **BELLSOUTH**

The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in Alabama:

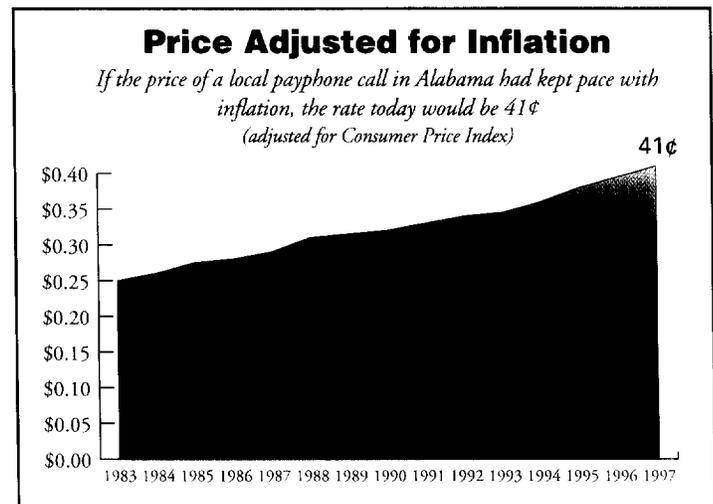
A 10 cent price increase for local payphone calls in Alabama is reasonable to keep pace with inflation and allows BellSouth to restore flat rate pricing of local calls at its payphones.

■ While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the initial rate of a local payphone call has remained the same in Alabama for 14 years.

■ If local payphone rates in Alabama had kept pace with inflation, a local call would cost 41 cents today.

■ Customers have spoken, and BellSouth has listened.

A significant majority of Alabama consumers prefer flat rate local payphone calls over usage-based pricing. This new price structure is more convenient and allows calls to be completed without interruption.



Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

■ The initial payphone rate for local calls has remained unchanged in Alabama since 1983. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service Alabama payphone users expect from BellSouth.

A GUIDE TO THE NEW PAYPHONE MARKETPLACE

 **BELLSOUTH**

Payphone deregulation is creating a level playing field for real payphone competition in Alabama.

- Thanks to deregulation, BellSouth and all other payphone providers have the same freedom and flexibility and are subject to the same rules and regulations. Deregulation eliminates all payphone subsidies and provides equal opportunity to compete in the payphone market.
- Today, BellSouth and more than 100 payphone companies fiercely compete for prime payphone locations throughout the state. Deregulation will spur even more competition in the payphone marketplace.

The local rate increase will preserve the widespread availability of BellSouth payphones throughout Alabama.

- Without a rate increase, thousands of BellSouth payphones in Alabama would be at risk because they fail to cover operating costs through a 25 cent local rate. Raising local payphone rates will help ensure that payphones will be widely available to meet customer needs

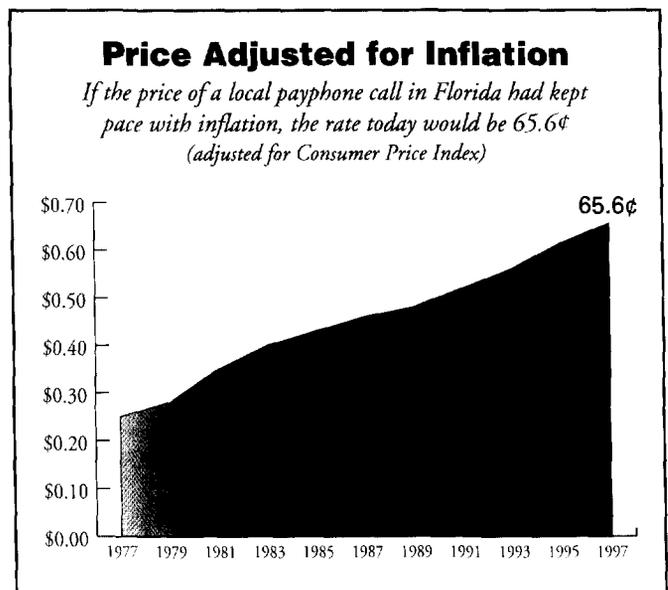
A GUIDE TO THE NEW PAYPHONE MARKETPLACE

BELLSOUTH

The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in Florida:

A 10 cent price increase for local payphone calls in Florida is reasonable to keep pace with inflation and allows BellSouth to maintain flat rate pricing of local calls at its payphones.

- While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the cost of a local payphone call has remained the same in Florida for 20 years.
- If local payphone rates in Florida had kept pace with inflation, a local call would cost more than 65 cents today.
- Customers have spoken, and BellSouth has listened. A significant majority of Florida consumers prefer flat rate local payphone calls over usage-based pricing. This price structure is more convenient and allows calls to be completed without interruption.



Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

- The local payphone rate has remained unchanged in Florida since 1977. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service Florida payphone users expect from BellSouth.
- The calling area for local calls has expanded dramatically, especially in metro south Florida. Since you can call further for the price of a local call, a rate increase is fair to offset the cost of expanded local call areas.

Payphone deregulation is creating a level playing field for real payphone competition in Florida.

- Thanks to deregulation, BellSouth and all other payphone providers have the same freedom and flexibility and are subject to the same rules and regulations. Deregulation eliminates all payphone subsidies and provides equal opportunity to compete in the payphone market.
- Today, BellSouth and more than 1,000 payphone companies – including large carriers and publicly traded companies – fiercely compete for prime payphone locations throughout the state. BSPC competitors control nearly 50 percent of the competitive payphones in Florida and more than 50 percent of the competitive payphone revenue in BellSouth territory in Florida. Deregulation will spur even more competition in the payphone marketplace.

The local rate increase will preserve the widespread availability of BellSouth payphones throughout Florida.

- Without a rate increase, thousands of BellSouth payphones in Florida would be at risk because they fail to cover operating costs through a 25 cent local rate. Raising local payphone rates will help ensure that payphones will be widely available to meet customer needs.

A GUIDE TO THE NEW PAYPHONE MARKETPLACE



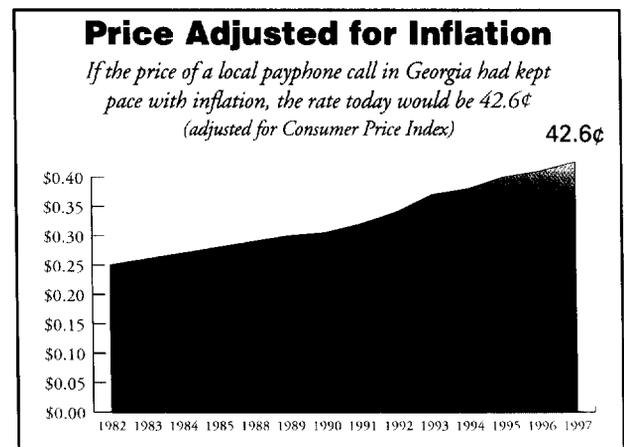
The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in Georgia:

A 10 cent price increase for local payphone calls in Georgia is reasonable to keep pace with inflation and allows BellSouth to maintain flat rate pricing of local calls at its payphones.

- While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the cost of a local payphone call has remained the same in Georgia for 15 years.
- If local payphone rates in Georgia had kept pace with inflation, a local call would cost more than 42 cents today.
- Customers have spoken, and BellSouth has listened. A significant majority of Georgia consumers prefer flat rate local payphone calls over usage-based pricing. This price structure is more convenient and allows calls to be completed without interruption.

Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

- The local payphone rate has remained unchanged since 1982. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service Georgia payphone users expect from BellSouth.
- The calling area for local calls has expanded dramatically, especially in metro Atlanta. Since you can call further for the price of a local call, a rate increase is fair to offset the cost of expanded local call areas.



Payphone deregulation is creating a level playing field for real payphone competition in Georgia.

- Thanks to deregulation, BellSouth and all other payphone providers have the same freedom and flexibility and are subject to the same rules and regulations. Deregulation eliminates all payphone subsidies and provides equal opportunity to compete in the payphone market.
- Today, BellSouth and more than 500 payphone companies fiercely compete for prime payphone locations throughout the state. Deregulation will spur even more competition in the payphone marketplace.

The local rate increase will preserve the widespread availability of BellSouth payphones throughout Georgia.

- Without a rate increase, thousands of BellSouth payphones in Georgia would be at risk because they fail to cover operating costs through a 25 cent local rate. Raising local payphone rates will help ensure that payphones will be widely available to meet customer needs.

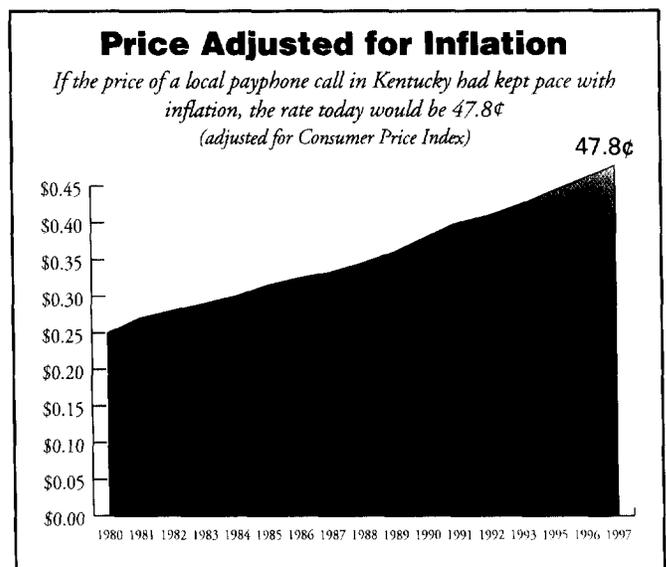
A GUIDE TO THE NEW PAYPHONE MARKETPLACE



The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in Kentucky:

A 10 cent price increase for local payphone calls in Kentucky is reasonable to keep pace with inflation and allows BellSouth to maintain flat rate pricing of local calls at its payphones.

- While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the cost of a local payphone call has remained the same in Kentucky for 17 years.
- If local payphone rates in Kentucky had kept pace with inflation, a local call would cost nearly 48 cents today.
- Customers have spoken, and BellSouth has listened. A significant majority of Kentucky consumers prefer flat rate local payphone calls over usage-based pricing. This price structure is more convenient and allows calls to be completed without interruption.



Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

- The local payphone rate has remained unchanged since 1980. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service Kentucky payphone users expect from BellSouth.

A GUIDE TO THE NEW PAYPHONE MARKETPLACE



Payphone deregulation is creating a level playing field for real payphone competition in Kentucky.

- Thanks to deregulation, BellSouth and all other payphone providers have the same freedom and flexibility and are subject to the same rules and regulations. Deregulation eliminates all payphone subsidies and provides equal opportunity to compete in the payphone market.
- Today, BellSouth and nearly 300 payphone companies fiercely compete for prime payphone locations throughout the state. Deregulation will spur even more competition in the payphone marketplace.

The local rate increase will preserve the widespread availability of BellSouth payphones throughout Kentucky.

- Without a rate increase, thousands of BellSouth payphones in Kentucky would be at risk because they fail to cover operating costs through a 25 cent local rate. Raising local payphone rates will help ensure that payphones will be widely available to meet customer needs.
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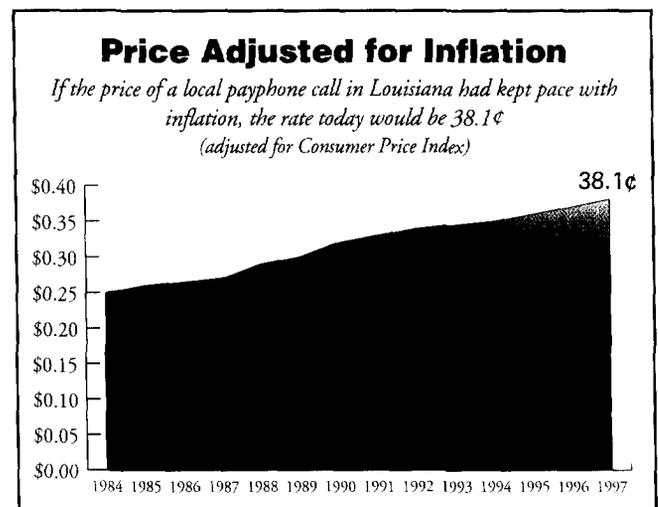
A GUIDE TO THE NEW PAYPHONE MARKETPLACE

 **BELLSOUTH**

The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in Louisiana:

A 35 cent price for local payphone calls in Louisiana is reasonable to keep pace with inflation and allows BellSouth to maintain flat rate pricing of local calls at its payphones.

- While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the cost of a local payphone call has remained the same in Louisiana for 13 years.
- If local payphone rates in Louisiana had kept pace with inflation, a local call would cost more than 38 cents today.
- Customers have spoken, and BellSouth has listened. A significant majority of Louisiana consumers prefer flat rate local payphone calls over usage-based pricing. This price structure is more convenient and allows calls to be completed without interruption.



Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

- The local payphone rate has remained unchanged in Louisiana since 1984. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service Louisiana payphone users expect from BellSouth.

A GUIDE TO THE NEW PAYPHONE MARKETPLACE



Payphone deregulation is creating a level playing field for real payphone competition in Louisiana.

- Thanks to deregulation, BellSouth and all other payphone providers have the same freedom and flexibility and are subject to the same rules and regulations. Deregulation eliminates all payphone subsidies and provides equal opportunity to compete in the payphone market.
- Today, BellSouth and nearly 250 payphone companies fiercely compete for prime payphone locations throughout the state. Deregulation will spur even more competition in the payphone marketplace.

The local rate increase will preserve the widespread availability of BellSouth payphones throughout Louisiana.

- Without a rate increase, thousands of BellSouth payphones in Louisiana would be at risk because they fail to cover operating costs through a 25 cent local rate. Raising local payphone rates will help ensure that payphones will be widely available to meet customer needs.
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A GUIDE TO THE NEW PAYPHONE MARKETPLACE

 **BELLSOUTH**

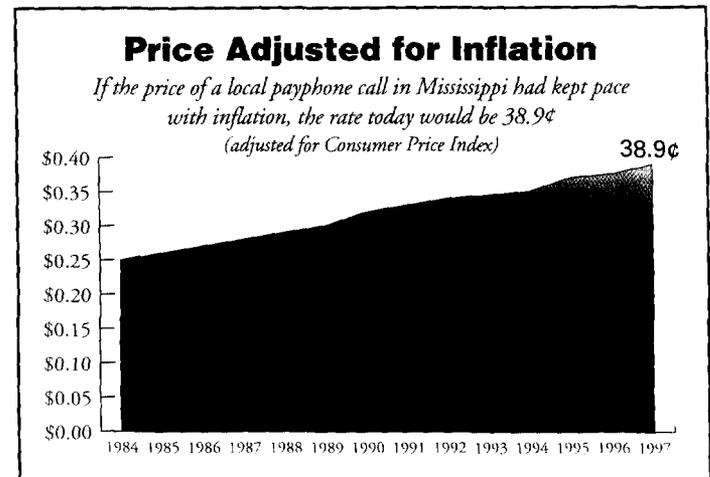
The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in Mississippi:

A 10 cent price increase for local payphone calls in Mississippi is reasonable to keep pace with inflation and allows BellSouth to maintain flat rate pricing of local calls at its payphones.

- While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the initial rate of a local payphone call has remained the same in Mississippi for 13 years.

- If local payphone rates in Mississippi had kept pace with inflation, a local call would cost nearly 40 cents today.

- Customers have spoken, and BellSouth has listened. A significant majority of Mississippi consumers prefer flat rate local payphone calls over usage-based pricing. This price structure is more convenient and allows calls to be completed without interruption.



Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

- The initial payphone rate for local calls has remained unchanged in Mississippi since 1984. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service Mississippi payphone users expect from BellSouth.

A GUIDE TO THE NEW PAYPHONE MARKETPLACE



Payphone deregulation is creating a level playing field for real payphone competition in Mississippi.

- Thanks to deregulation, BellSouth and all other payphone providers have the same freedom and flexibility and are subject to the same rules and regulations. Deregulation eliminates all payphone subsidies and provides equal opportunity to compete in the payphone market.
- Today, BellSouth and more than 100 payphone companies fiercely compete for prime payphone locations throughout the state. Deregulation will spur even more competition in the payphone marketplace.

The local rate increase will preserve the widespread availability of BellSouth payphones throughout Mississippi.

- Without a rate increase, thousands of BellSouth payphones in Mississippi would be at risk because they fail to cover operating costs through a 25 cent local rate. Raising local payphone rates will help ensure that payphones will be widely available to meet customer needs.
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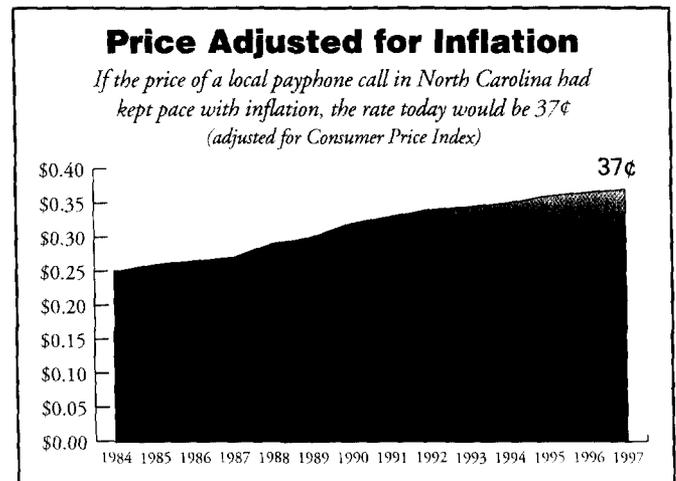
A GUIDE TO THE NEW PAYPHONE MARKETPLACE

 **BELLSOUTH**

The following state-specific messages, which supplement the general region-wide messages, are designed to explain the new payphone marketplace and the 35 cent call rate to audiences in North Carolina:

A 10 cent price increase for local payphone calls in North Carolina is reasonable to keep pace with inflation and allows BellSouth to maintain flat rate pricing of local calls at its payphones.

- While the costs of postage stamps, newspapers, and a can of soda from a vending machine have nearly doubled, the cost of a local payphone call has remained the same in North Carolina for 13 years.
- If local payphone rates in North Carolina had kept pace with inflation, a local call would cost 37 cents today.
- Customers have spoken, and BellSouth has listened. A significant majority of North Carolina consumers prefer flat rate local payphone calls over usage-based pricing. This price structure is more convenient and allows calls to be completed without interruption.



Given the rising costs of providing payphone service, a 35 cent local payphone rate makes sense.

- The local payphone rate has remained unchanged in North Carolina since 1984. Since then, costs of modern equipment, maintenance, labor and vandalism repair have risen dramatically. A rate increase is necessary to maintain the higher level of service North Carolina payphone users expect from BellSouth.