

EX PARTE OR LATE FILED



Richard N. Clarke

Room 5462C2
295 North Maple Avenue
Basking Ridge, New Jersey 07920
(908) 221-8685

April 1, 1997

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M. St., NW, Room 222
Washington, D.C. 20554

RECEIVED

APR - 1 1998

RE: Ex Parte Presentation – Proxy Cost Models
CC Docket No. 96-45

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Dear Ms. Salas:

Enclosed is a CD-ROM that provides runs from the HAI Model 5.0a parameterized to emulate the loop investment and expense portions of the BCPM 3.1 Model operating at its default set of input values. Expense modules are provided for each nonrural carrier at the Density Zone, Wire Center and CBG level of disaggregation. This set of national runs supplements the summary information filed by MCI on March 27, 1998 describing similar BCPM-emulating outputs for the nonrural carriers in FL, GA, MD, MO and MT.

In addition, we enclose copies of two articles from the *Wall Street Journal* that note the accurate and comprehensive nature of Metromail's consumer database.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206(a)(2) of the Commission's rules. A copy of CD-ROM is being provided to ITS.

Sincerely,

Richard N. Clarke

Attachments

cc: Sheryl Todd	Natalie Wales	Richard Smith	
Gary Biglaiser	Pat DeGraba	Stag Newman	
Lisa Gelb	Brian Clopton	Brad Wimmer	w/o CD-ROM
Chuck Keller	Mike Riordan	Don Stockdale	
Bob Loube (w/ CD-ROM)			

No. of Copies rec'd 0+1
List A B C D E

<http://djinteractive.com>

ews and
y.

ews and
Dow Jones

ntelligence service, employees can read
ected newspapers, including The Wall
hington Post, Los Angeles Times and
an 5,500 key publications. Automatically
Access in-depth market research reports.
s more efficiently and effectively.

djinteractive.com



1-800-888-9530

**1 in The Wall Street Journal, Barron's,
ess Employment Weekly. Share the
mployees and shareholders.**

mediate information by fax about our reprint
plus newsletter and book permission
ise. Orders for 200 or more reprints are
and made presentation-ready with the

**1-800-JOB-HUNT
EXT. 394**

and expert career advice.

ment Weekly contains
ment opportunities and



scribe, call the toll-free
ew.com" or pick up a copy

1-800-JOURNAL

**offers The Wall Street Journal to college
educators at the lowest rates available.**

iversity students can subscribe to the Journal at
r 45% off the regular subscription price. Free
aterials, like How To Read Between The Lines
Your Career, are also available to students and
more information, call the toll-free number above
World Wide Web at "<http://info.wsj.com/circ>"

1-800-JOURNAL

**ges to your Wall Street Journal
5, or visit us at <http://info.wsj.com>**

1-800-TDD-4WSJ. Or write: 200 Burnett Road,
782. Via Internet: wsj.service@cor.dowjones.com

ASSISTANCE 1-800-832-1234

**w Jones products and services, visit us at
all the toll-free number above.**

WSJ
2658. E-mail: letter.editor@edit.wsj.com
10281

Page Submissions: 212-416-3512

RNAL 1-800-228-3880

of The Wall Street

will be much less
people are expecting."

Protecting Profits

The heads of LVMH's different product divisions, while cautious, are optimistic about Asia's future appetite for their goods. Meanwhile, they're taking the turmoil as a lesson in management.

"We're in Asia for the long term," says Patrick Choel, president of LVMH's per-

Vuitton controls its own distribution, a flexibility other groups lack, says Françoise Etienne, an analyst at French brokerage firm Eiffr SA. "Their just-in-time system allows them to react quickly to movements in demand, and eliminates the cost of excessive stocks," she says. "To our great surprise, Louis Vuitton's numbers are holding up very well." This is key for

ular in Asia
cousin to V
Mr. Letzeli
trendy and
Mr. Le
roaring in
cocktails. I
to Hennessy

BUSINESS BRIEFS

Metromail Agrees to Be Acquired By Great Universal for \$740 Million

By JAMES P. MILLER

Staff Reporter of THE WALL STREET JOURNAL
Metromail Corp., a direct-marketing and database company based in Lombard, Ill., agreed to be acquired by Great Universal Stores PLC of Britain for about \$740 million.

Great Universal, a home-shopping and data-services concern, said the definitive \$31.50-a-share accord marks "an important further step in our strategy to develop a comprehensive information-services business."

The expansion-minded London concern is also currently pressing a hostile \$2.62 billion bid it launched last month for British catalog retailer Argos PLC.

Argos is vigorously resisting that unwanted attempt. Metromail, in contrast, put itself on the block a month ago by announcing it was exploring "strategic alternatives."

Although Metromail shares had already risen more than 50% since that February disclosure, Friday's agreement with Great Universal provides a richer premium than investors had been expecting: In New York Stock Exchange composite trading Friday, Metromail shares jumped \$5.625, or 22%, to close at \$31.50.

Metromail gathers information about consumers through a variety of sources, including new-car registrations, birth notices and title transfers. It then sells the demographically targeted lists to commercial customers such as telemarketers

The company's proprietary database—among the most extensive compilations of consumer information in existence—is widely considered a valuable asset. Nonetheless, when Metromail recently disclosed its plan to explore a possible sale, its shares were trading below the \$20 price at which the company went public in mid-1996.

R.R. Donnelley & Sons Inc., the Chicago commercial-printing concern that owned all of Metromail prior to the initial offering, retains a 38% stake in its former unit.

Metromail disclosed last month that it had received unsolicited buyout overtures, and officials emphasized at the time that management considered the company's shares to be trading at a price "substantially below the long-term potential of the business."

Bear, Stearns & Co. advised Great Universal in the transaction, and Lehman Brothers Inc. served as Metromail's advisor.

Under the leadership of its ambitious chairman, Lord Wolfson, Great Universal has been spending heavily to expand its presence in the information-services sector. Only months after Lord Wolfson moved into the mail-order retailer's top job in 1996, Great Universal agreed to pay \$1.7 billion to acquire Experian Inc., a U.S. credit-data and consumer-information business.

Last year, Great Universal's Experian paid \$222.5 million to acquire Direct Marketing Technology Inc., which builds and maintains corporate databases. And the Metromail purchase comes only a matter of weeks after the British company agreed to pay £70 million (\$116.2 million) for the SG2 information-technology services unit of France's Societe Generale.

A combination of Metromail and Experian, Lord Wolfson said Friday, will make both companies "much better placed to meet the growing demand from organizations for comprehensive information about existing and prospective customers."

—Paul Jarvis
contributed to this article.

BANKBOSTON CORP.

Consumer-Finance Firm In Uruguay Is Purchased

BankBoston Corp. signed an agreement to acquire Uruguay-based OCA, a credit-card and consumer-finance business with a loan portfolio of about \$50 million. Terms weren't disclosed. In a press release Friday, the Boston-based bank-holding company said OCA issues a

with Web directory and content features developed by Yahoo. It includes a new software interface, electronic mail, and some exclusive information services. MCI will operate billing and customer support, while Yahoo will create content and sell advertising. Jeff Mallett, Yahoo's chief operating officer, said it will keep most of the ad revenue. MCI will retain the monthly fees, which will be \$14.95 for MCI long-distance customers and \$19.95 for others.

WSJ
page 8

P

world's
service to
by a recd
domestic

(18)

WSJ 3/30/98
P. B1

Colorado Public Radio is riling its rivals with aggressive tactics such as sending fundraising letters to parts of the state served by other public radio stations. An excerpt:

Dear Listener:

...Colorado Public Radio's Morning Edition and All Things Considered keep you in touch with the world every day...

But why subscribe to a service you already get free? Because it costs \$5 a minute to broadcast Colorado Public Radio—and listeners and businesses across Colorado pay for 9 of every 10 minutes you enjoy.

Colorado Public Radio exists because of listeners like you. By subscribing for just \$5 a month (\$60) a year, you express support for this educational and cultural resource...



VOIT R. GILSCHKA

A Public-Radio Maverick Generates Lots of Static

By BOB ORTEGA

Staff Reporter of THE WALL STREET JOURNAL
DENVER — Max Wycisk, promoter of culture? Or Max Wycisk, empire builder? It depends who's talking.

According to Mr. Wycisk, the president of Colorado Public Radio, he's on a mission to extend the reach of top-drawer public radio. He hopes to create twin 24-hour radio broadcasts — one all-classical music, one all-news — that will blanket the whole state from his home base in Denver.

But 200 miles away in Carbondale, the people who listen to the local public-radio station's quirky slate of music, community news and local programs accuse Mr. Wycisk of outthroat tactics that threaten the station's very existence.

Mr. Wycisk has sent fund-raising letters to parts of the state his signal doesn't reach — poaching onto other public-radio stations' turf. He has also outraged his rivals by applying to the Federal Communications Commission for frequencies that other public stations use to reach many of their listeners.

Mr. Wycisk is one of a new breed of public-radio barons, jolting the airwaves with bare-knuckle competitive tactics. Despite the do-gooder image of public radio, large urban stations from California to Maryland are targeting the listeners, underwriters and even frequencies used by rural community stations to expand their reach. Every one of the nation's 45 largest public-radio stations has some expansion plan, says Terry Clifford, head of the Station Resource Group, an umbrella organization for the networks. And they're getting some help from some quirks in FCC policy.

At issue is control of the fast-vanishing frequencies at the precious bottom fifth of the FM band—from 88 to 92 megahertz—that Congress set aside in the 1940s for

BROADCASTING

the dial with about 600 religious broadcasters, some of which are seeking hundreds of frequencies as they expand nationwide.

The prototype for the new barons is Minnesota Public Radio, which grew from a single station in St. Paul into a 30-station juggernaut with nationally distributed shows like Garrison Keillor's "Prairie Home Companion."

In Denver, Mr. Wycisk, who started as a volunteer in 1974 at what was then a 10-watt college station, has built a network that reaches 80% of Coloradans through four stations and 12 translators, which are devices that rebroadcast a station's primary signal into outlying areas at a different frequency.

Ultimately, he aims to have 15 to 20 stations and a few more translators. Then he would triple his news staff from its current size of nine reporters, producers and hosts and develop some regional news programming.

Along with public stations WUGC in Cincinnati and KUSC in Los Angeles, Colorado Public Radio is also trying to produce 24 hours a day of classical music programming that can ultimately be sold to other stations, such as public-radio programs like "Car Talk" and "Marketplace" are syndicated now. Currently, the consortium produces 13 hours of music programming a day.

But smaller stations, feeling under siege, say Mr. Wycisk has overreached. One particular irritant: Fund-raising letters that tout Colorado Public Radio as the provider of such shows as National Public Radio's "Morning Edition." Because of its name, some listeners send donations to Colorado Public Radio, thinking they're

Metromail's Data Are Spoils of Takeover War

By ROBERT BERNER
AND ERNEST BECK

Staff Reporters of THE WALL STREET JOURNAL

A company that knows a lot about you is being pursued by two companies that want to know even more.

Metromail Corp. has built a thriving business by finding out everybody else's business. Baby on the way? Metromail knows, and will sell the information to diaper makers and other merchants for 25 cents a name. Moved to a new house? Metromail will furnish your name to junk mailers and telephone pitchmen for prices beginning at 25 cents a name.

This month, Metromail, a Lombard, Ill., company, agreed to a buyout offer from Britain's Great Universal Stores PLC, which sells everything from household goods to Burberrys raincoats and already owns one of the world's great information storehouses. Days later, American Business Information Inc., an Omaha, Neb., concern with its own data trove, made an unsolicited offer for Metromail. American Business has filed suit in Delaware Chancery Court in Wilmington to block the Great Universal-Metromail deal.

On Friday, Great Universal raised its bid to \$34.50 a share, or about \$845 million. Over the weekend, American Business Information responded with a \$37.48 a share, or \$918.1 million, stock-and-cash proposal.

Metromail, which put itself up for sale in February, says its executives can't talk about the battle or anything else. Top executives of the other two firms also declined to comment. But it's clear that the winner of this trans-Atlantic brawl will emerge as a powerhouse in the business of collecting, analyzing and selling information about consumers and businesses.

The battle over Metromail reflects the escalating value of personal data in a wired age. Needham & Co., a Boston investment firm, counts nearly two dozen acquisitions in the field in the past three years alone. Metromail, whose revenue has doubled to \$328 million since 1993, is one of the biggest prizes.

CORPORATE FOCUS

Great Universal and American Business Information, survivors of the industry's consolidation, are vying to be on-stop data providers to everyone from retail and financial-services giants to the florist down the street. With its National Consumer Data Base, Metromail boasts it has information on 103 million people, representing 95% of the nation's households.

Chicago printer R.R. Donnelley & Sons Inc. sold a majority stake in Metromail to the public in 1996. Metromail offers hundreds of options—"so that you can pinpoint your prime prospects," it tells customers. For example, a list called Equity Spenders targets people who have home-equity loans and the potential to buy big-ticket items. Behavior Bank, created from detailed questionnaires, details the interests, activities and buying patterns of 30 million households.

Since he took the helm of Great Universal in 1996, Lord David Wolfson of Sunningdale has led the company his family founded on a buying binge to create a global, full-service information giant. Acquiring Metromail would give Great Universal, which had 1997 sales of \$4.82 billion, an even stronger position in the expanding U.S. market.

Great Universal bought Experian Inc., the old information-systems and credit-reporting unit of TRW Corp., for \$1.7 billion in 1996 and merged it with its existing information-services unit. The combined Experian database now has information on 780 million consumers in 17 countries.

In the U.K., Experian sorts people who live within a given postal code into social types, such as Clever Capitalists and Sweatshop Sharers. In the U.S., it sorts by categories like Country Clubbers, Posh Nesters, Solvent Seniors and Middleville. Selling a perfume aimed at teenage girls in the Midwest? An Experian computer can spit out the households in Illinois where potential customers live, sorted by the psychological types that might be inclined

Please Turn to Page B4, Column 3

Your Life, For Sale

Metromail's computers are crammed with personal data it sells to marketers. Here's how the company pitches its wares to customers:



34 million homeowners

"They have above-average incomes, greater buying needs and higher buying power than renters"



7 million homeowners granted home-equity loans

"They use this money not only to consolidate debt... but to acquire products that will enhance their style of living."

65,000 new parents' names weekly

"These families outspend childless couples 2 to 1 and are prime candidates for...virtually any product or service that promises the young family a better way of life."



1.2 million new movers monthly

"Ideal prospects for home furnishings and appliances, home-improvement services, long-distance telephone service and banking/investment products."



Illustrations by Lisa Blackshear

JOURNAL

SERVICES

MARCH 30

<http://wsj.com>

**the Interactive Journal free
a one-year subscription.**

the top stories in business, technology, weather - updated continuously 24 Web. What's more, you can search a full as in-depth company data, even set up ally track the news and information

Journal subscribers, \$49 per year for and get two weeks free. For assistance

Microsoft Internet Explorer 4.0, which offers daily updates. For more information visit

DES 1-800-581-9884

mystery out of

clear and concise sound invest- s of tax planning; ording retirement. calling the toll-free s may apply.)



<http://www.smartmoney.com>

**powerful personal finance Web site
magazine.**

tive offers you 24-hour-a-day financial ght and a razor-sharp edge. Get timely , market commentary, stock picking Center for information on dealing with retirement planning to car leasing, to the continuously updated business Interactive Edition.

the print Wall Street Journal, Barron's, everyone else. Sign up today at

<http://djinteractive.com>

**ss news and
pany.**



ical news and With Dow Jones ess intelligence service, employees can read respected newspapers, including The Wall Washington Post, Los Angeles Times and more than 5,500 key publications. Automatically

CORPORATE FOCUS

Two Suitors Battle for Metromail

Continued From Page B1

to give it a try.

American Business Information has been on a buying binge of its own. An entrepreneur named Vinod Gupta started the Omaha company in the 1970s with a \$100 bank loan, compiling lists of mobile-home dealers from the Yellow Pages and selling them to mobile-home makers. With 1997 sales of \$193 million, American Business has a database with detailed information on 10 million U.S. businesses and one million Canadian companies.

The company can list businesses in Georgia with 10 to 99 employees or wholesalers in the Phoenix area with \$5 million or more in sales. Want to go deeper? American Business can provide information on a specific company, including its credit rating, key decision makers, sales and whether the company faces liens, lawsuits or bankruptcy proceedings.

American Business Information sells the data to other businesses, who use it to generate sales leads or to target product or service offers. Its software can generate maps, pinpointing exactly where the leads are based.

An acquisition of Metromail would give American Business the nation's biggest and most powerful business and consumer databases, says Needham & Co.'s Ken Winston. American Business would gain access to the blue-chip consumer-products companies that do business with Metromail, he says, and could eventually generate combined consumer and business lists for companies that target both, such as makers of software and personal computers.

Many consumer advocates are troubled

by a possible combination involving these already-large data companies. Unless carefully controlled and regulated, their ability to gather and sell information about unsuspecting consumers could easily turn into an Orwellian invasion of privacy, the advocates say. And with companies' cross-border operations, the advocates fear consumers could have a hard time figuring out how and where to complain.

"It's frightening," says Lucy Harris, a policy officer at Consumers International, a federation of consumer advocacy groups. "We often don't know how that information is gathered, and we don't give our consent to how it is used."

Bruno Rost, a spokesman for Experian's U.K. operations, says target marketing helps consumers, providing them with information they need. "We take the junk out of junk mail," he says, echoing a common argument in the personal-data business.

Metromail came under scrutiny in 1994, after allegations that it had wrongfully used voter-registration rolls for commercial purposes; the company denied wrongdoing at the time. It also was sued, in 1996, by a Texas woman who accused the company of failing to disclose that prisoners were processing consumer surveys. She filed her suit in state court in Travis County, Texas, after a prisoner sent her a threatening and sexually graphic letter. That suit is still pending.

A Metromail spokeswoman doesn't deny the letter incident occurred, but says the company now checks to make sure its contractors don't use prison labor. "They were regrettable, isolated incidents," she says.

BUSINESS BRIEFS

ABI, Great Universal Raise Bids In Fight for Control of Metromail

By JAMES P. MILLER

Staff Reporter of THE WALL STREET JOURNAL

Metromail Corp.'s two rival suitors both raised their bids for the company, as the struggle for control of the direct-marketing concern appeared to move toward a final resolution.

As of yesterday American Business Information Inc., of Omaha, Neb., was the high bidder with a \$37.48-a-share cash and stock proposal that values Metromail at \$918.1 million.

"We believe in the value of the combination," said an ABI spokeswoman before

declined to issue the injunction.

Among other things, Friday's ruling means the British company is eligible to receive a \$15 million termination fee if its buyout of Metromail falls through.

Great Universal stands to gain substantial accounting benefits if it has "control" of Metromail by tomorrow - well before it could complete its tender offer.

In conjunction with the original buyout agreement, the company agreed to purchase a 40% Metromail stake from the target company's former parent, R.R.