

ATTACHMENT 6

**DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY**

REDACTED – FOR PUBLIC INSPECTION

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
Verizon Communications Inc. and)	
MCI, Inc.)	WC Docket No. 05-75
Applications for Approval of)	
Transfer of Control)	

**DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER
AND
VINCENT J. WOODBURY**

1. My name is Michael K. Hassett. My business address is 13100 Columbia Pike, Silver Spring, Maryland. I am employed by Verizon as Senior Vice President – Product Management. In this capacity, I am responsible for life-cycle management and product standardization of traditional mass-market wireline products, including traditional voice telephone services.

2. I have more than 23 years of experience in the telecommunications industry in a variety of marketing and sales positions. Prior to my current position, I served as Vice President – Business Marketing, where I was responsible for developing marketing strategies and customer loyalty, acquisition and winback programs. My education background includes a MBA from Selinger School at Loyola College and a BA from Adelphi University.

3. My name is Kathy Koelle. My business address is 2510 Riva Road, Annapolis, Maryland. I am employed by Verizon as Senior Vice President – Business

Solutions Sales and Marketing. In this capacity, I am responsible for all sales and marketing for small and medium size businesses.

4. I have more than 21 years of experience in the telecommunications industry in a variety of sales positions. Prior to my current position, I served as Vice President – Sales for Bell Atlantic Public Communications, where I was responsible for maintaining and growing the revenue stream for pay phones from Virginia to Maine. My education background includes a Bachelors degree in Public Policy Analysis from the University of North Carolina (Chapel Hill).

5. My name is Katherine C. Linder. My business address is 1095 Avenue of the Americas, New York, New York. I am employed by Verizon as President – Verizon Live Source. In this capacity, I am responsible for Verizon’s marketing and provision of Verizon’s operator services, directory assistance and conferencing services.

6. I have more than 30 years of experience in the telecommunications industry in a variety of operations and headquarters position. My education background includes a Bachelors degree from Randolph Macon Woman’s College and executive education programs at Harvard University, The Wharton School of Business, Columbia University and the University of Virginia.

7. My name is Vincent J. Woodbury. My business address is 1095 Avenue of the Americas, 36th Floor, New York, New York. I am employed by Verizon as Director, Regulatory Support for Retail Markets Group. In this capacity, I am responsible for providing support and oversight to Consumer and Small Business services provided in state and federal jurisdictions throughout the Verizon footprint.

REDACTED - FOR PUBLIC INSPECTION

8. I have more than 25 years of experience in the telecommunications industry in a variety of retail marketing and sales channel positions. My educational background includes a Masters Degree in Liberal/Social Sciences received in 1977 and a Bachelors Degree received in 1972.

I. Purpose of Declaration

9. The purpose of our declaration is to explain that the transaction between Verizon and MCI will provide important benefits to mass market consumers. This transaction will bring together each company's complementary broadband assets and expertise. In addition, the combined company will be able to provide IP services with both greater efficiency and higher quality to the benefit of mass market customers.

10. We also explain that the transaction will not harm competition for mass market services. The communications business has undergone and is continuing to undergo fundamental change. Cable, wireless, Voice over Internet Protocol ("VoIP"), e-mail and instant messaging are all being used as replacements for traditional wireline services. For example, switched cable telephony and cable VoIP offerings compete directly with wireline voice service. In addition, wireless services have become a replacement for traditional landline long distance service and a growing number of consumers are abandoning traditional wireline companies all together and using wireless technology instead.

11. Traditional lines between local and long distance, voice and data, are evaporating. For example, some companies provide unlimited local and long distance calling for a fixed monthly fee, while other companies offer a package of local and long distance minutes for a fixed monthly fee and then charge the same per minute rate for

REDACTED - FOR PUBLIC INSPECTION

either local or long distance calls beyond the package level. But they are all providing competition for communications services. Given these fundamental changes in the communications business, it no longer makes sense to draw artificial lines between communications services such as local and long distance.

12. In the last few years, intermodal competition for mass market services has increased dramatically, especially from cable companies and wireless companies. The competition provided by these companies is unaffected by the transaction between Verizon and MCI because MCI is not an intermodal competitor.

13. At the end of last year, cable companies already offered voice telephone service to 41 percent of homes nationwide, and within two years, 87 percent of homes will have access to voice telephone service from a cable company. Cable companies now offer voice telephone service to approximately 45 million homes over their networks, and they plan to offer voice telephone service to approximately 75 million by the end of this year, and over 80 million by the end of 2006. In addition, there are now VoIP providers ranging from the major long distance carriers to national VoIP providers, like Vonage, Packet8, VoicePulse, and Lingo. The more than 90 percent of U.S. homes that have access to cable modem service also have access to VoIP from these multiple providers.

14. Wireless carriers are also aggressively competing both for lines and for traffic. During the last few years, the number of wireless lines has grown from 134 million to more than 169 million, while the number of wireline lines has declined. The percentage of users giving up their landline phones has grown from 3-5 percent to 7-8 percent. In addition, wireless traffic has grown from 16 to 29 percent of all voice traffic

REDACTED - FOR PUBLIC INSPECTION

and wireless subscribers use their wireless phones for 60 percent of their long distance calls.

15. These developments are particularly pronounced in the areas served by Verizon as the incumbent carrier. Cable companies already offer voice telephone service, either circuit-switched or VoIP, to more than 23 million homes in Verizon's service areas. In addition, 92 percent of the population in Verizon's 50 top MSAs (based on number of access lines) now have access to cable modem service. These customers have access to VoIP from numerous alternative VoIP providers at competitive prices.

16. Wireless service is available from multiple competing providers and wireless carriers are competing not only for lines, but more particularly, for long distance calls as well as local calls. And wireless prices are providing direct competitive pressure on wireline voice telephone services, especially for long distance calls.

17. Because of these technological developments, as well as the business considerations explained in the Declaration of Wayne Huyard, MCI is no longer a significant competitor for mass market communications services, and its mass market business will continue to decline.

18. Our declaration also describes competition for certain ancillary mass market services, including directory assistance, operator call completion, inmate calling and conference call services. Verizon is not a significant competitor for any of those services, and the transaction between Verizon and MCI will not affect competition for these services.

19. Our declaration and the Exhibits to our declaration contain information collected from publicly available sources as well as information collected from internal

REDACTED - FOR PUBLIC INSPECTION

Verizon databases. The sources of publicly available information used are identified in these documents. We supervised the collection of all data presented in these documents that was collected from Verizon's internal databases. These documents accurately reflect the data contained in those databases.

II. Benefits of Transaction between Verizon and MCI.

20. The transaction between Verizon and MCI will benefit mass market customers. By combining the companies' complementary broadband assets and expertise, the transaction will enable the new company to deliver IP services more efficiently. In addition, the combined company will be able to provide IP services with both greater efficiency and higher quality to the benefit of all customers.

21. The responsible business people from Verizon and MCI have not yet made specific plans for how to integrate their networks and assets post-merger, and in fact cannot do so; therefore, we cannot provide service-specific information at this time. We can, however, provide information based on the companies' due diligence that describes some of the areas in which we believe there will be benefits to mass market customers.

22. This transaction will bring together two sets of complementary assets. Verizon has extensive wireless and local broadband network assets and is one of the leading providers of residential DSL services. Moreover, it is in the midst of making a significant investment in the deployment of fiber to customers' premises, which will enable consumers to have extraordinarily high speed and high capacity pipes directly into their homes. MCI provides a broad range of IP services to its customers and has longstanding Internet expertise at every level, from technical to sales. It owns and operates an Internet backbone that has national and global reach. In addition, it offers a

REDACTED - FOR PUBLIC INSPECTION

large suite of ISP connectivity services such as e-mail, web hosting, security applications, and domain name registration. Verizon is committed to continued and accelerated investment in MCI's backbone and ISP connectivity services and has stated that it will invest approximately \$2 billion, primarily in MCI's Internet backbone, network and systems. This transaction will thus ensure that Internet users in the United States continue to have a robust, state-of-the-art backbone platform for their traffic.

23. Integrating these assets will create a seamless, end-to-end IP network and permit the efficient interconnection of customers and content and service providers. That platform will support a broad array of multimedia communications services and applications for all customers and bring an array of benefits.

24. The combined company also will be able to provide IP services with greater efficiency. For example, Verizon currently uses third party carriers to provide long haul IP transport and aggregation. With this transaction, Verizon will be able to migrate this traffic onto MCI's backbone, which will allow Verizon to manage its service quality.

25. The combination of Verizon's local broadband network with MCI's backbone will also greatly benefit consumers. This will be particularly important in the mass market as Verizon rolls out services such as IP video and other services that require high bandwidth.

26. The transaction also will benefit mass market customers with respect to ordering, installation, and repair services. Because the combined company will be able to provide seamless service that will minimize the involvement of third-party network providers or other vendors, ordering and installation can be simplified. Moreover,

REDACTED - FOR PUBLIC INSPECTION

maintenance and repair will be more efficient and reliable. Rather than having to coordinate the troubleshooting and repair process with multiple vendors, which add transactions costs in the form of both time and money, the combined company will be able to handle those tasks internally because it will own the relevant facilities.

27. The combination of the companies' IP capabilities also will accelerate the pace of innovation and enable the companies to deliver products and services more efficiently to the mass market. While Verizon is currently investing heavily to roll out an advanced network, including fiber to the premises, to succeed it obviously needs to develop new capabilities and deliver products and services efficiently to mass market customers. MCI has deep experience and expertise in the areas of IP networks and products, and that expertise will enable the combined company to deliver products and services more efficiently to mass market customers. For example, Verizon currently offers a service called iobiSM, which is essentially a desktop application that allows a customer to integrate voice and data services. When someone calls a customer, he can get caller ID, answer the call online, forward the call to voice mail, or take other actions. iobiSM also permits the customer to integrate wireless service and set up "follow me" capabilities where a call to the customer's home can automatically be forward to a wireless phone. The combined companies' IP expertise will not only enable the combined company to provide this service more efficiently, but to add new features and functions more quickly.

28. More generally, the customer base would provide greater incentives to innovate. The new company would provide the whole range of IP and communications services to all types of customers. For example, a combined firm would have every

REDACTED - FOR PUBLIC INSPECTION

reason to seek to bring to the mass market innovative services and features that were initially developed for enterprise customers, an incentive MCI would lack as a standalone company as it exits the mass market. For example, although new developments in the area of security may initially be provided primarily to enterprise customers, they likely also would be useful to small businesses, as well as residential customers, particularly in the context of home offices. Thus, the potential consumer returns from innovation would increase.

III. Rapid Growth of Competition from Intermodal Sources.

29. The transaction between Verizon and MCI will not harm mass market consumers. Cable companies, wireless carriers and independent VoIP providers are already competing for mass market voice telephone customers.

Cable Companies.

30. Even before VoIP became available commercially, cable companies offered circuit switched voice telephone service to approximately 10 million homes across the country.¹ As of the end of 2003, cable companies already offered circuit-switched voice telephone service to more than 15 percent of homes nationwide.² Since that time, the deployment of competing telephone services by cable companies has

¹ J. Bazinet & D. Pinsker, JP Morgan H&Q, *The Cable Industry* at Table 22 (Nov. 2, 2001); NCTA, *Cable Telephony: Offering Consumers Competitive Choice* at 2 (July 2001). See also *Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, 18 FCC Rcd 16978, ¶ 52 (2003).

² See C. Moffett, et al., Bernstein Research Call, *Cable and Telecom: VoIP Deployment and Share Gains Accelerating; Will Re-Shape Competitive Landscape in 2005* at Exhibit 1 (Dec. 7, 2004) (“Bernstein VoIP Deployment Report”).

REDACTED - FOR PUBLIC INSPECTION

expanded exponentially as cable companies roll out VoIP service over their cable networks.

31. As of the end of 2004, about 41 percent of homes had access to voice telephone service provided by a cable company, and within two years, approximately 87 percent of homes will have access to voice telephone service from a cable company.³

32. Cable companies now offer voice telephone service to millions of additional homes using VoIP. As of the end of 2004, cable companies were offering VoIP to 24 percent of U.S. households, and plan to offer VoIP to half by the end of this year, and to 70 percent by the end of 2006.⁴ In addition, cable companies nearly doubled their VoIP equipment spending in 2004 to \$123 million from \$63 million in 2003, and growth will continue.⁵

33. Analysts expect all the major cable companies to offer VoIP to nearly 100 percent of their cable homes passed over the next two to three years.⁶ Collectively, cable companies are expected to serve nearly 6 million lines by the end of 2005, more than 10 million by year-end 2006, and ultimately as much as 20 percent of primary access lines.⁷

34. While cable companies are aggressively competing for mass market customers across the country, this competition is particularly advanced in the areas where Verizon provides local telephone services. Verizon estimates that cable companies

³ *Id.*

⁴ *Id.*

⁵ Infonetics Research Press Release, *Cable VoIP Subscribers Jump 900% 2003-2004; Double-Digit Growth in Equipment Spending Expected Through 2007* (Feb. 2, 2005).

⁶ *See Bernstein VoIP Deployment Report* at 3.

⁷ F. Governali, *et al.*, Goldman Sachs, *Americas: Telecom Services* at 3 (Jan. 12, 2005). *See also Bernstein VoIP Deployment Report* at Exhibit 5.

REDACTED - FOR PUBLIC INSPECTION

already offer voice telephone service – either circuit-switched or VoIP – in markets that reach more than 23 million homes in Verizon’s service areas,⁸ and have announced that they will offer service on a much wider basis by the end of this year. Each of the major cable companies has major concentrations of customers in Verizon’s service areas, and either already is offering or is in the process of rolling out voice telephone service to large numbers of customers. *See* Exhibit 1.

35. Cablevision was the first cable company to offer VoIP service throughout its service area in New York and New Jersey. Verizon estimates that Cablevision now offers VoIP to 4.4 million homes it passes in metropolitan New York, southern Connecticut, and New Jersey.⁹ Cablevision has signed up 273,000 VoIP customers, or 6 percent of homes passed, and is adding an average of nearly 1,000 VoIP customers in the New York metropolitan area per day.¹⁰

36. Cablevision offers unlimited local and long distance telephone service for \$34.95.¹¹ Cablevision also rolled out an all-distance offering that includes unlimited local and long distance telephone calls plus digital cable and high speed Internet access

⁸ Verizon’s calculations of the number of homes passed by cable companies in Verizon’s service areas are based on the aggregate of the number of homes passed by a cable company in each county that is part of the MSA in Verizon’s service area in which that company is offering telephony. Homes passed data were obtained from Media Business Corp., *Top 10 MSOs by County* (Mar. 2004). Verizon included only those counties within an MSA that are within its service area.

⁹ *See* Cablevision News Release, *Cablevision Completes Network Rebuild* (Dec. 3, 2003).

¹⁰ Cablevision News Release, *Cablevision Systems Corporation Reports Fourth Quarter and Full Year 2004 Results 2005 Outlook Provided* (Feb. 23, 2005); R. Black, Blaylock & Partners, *4Q04 Wireline Preview – The Telecom Landscape Is Evolving, Tread Carefully* at 2 (Jan. 20, 2005).

¹¹ *See* Optimum Voice, *Pricing*, <http://www.optimumvoice.com/index.jhtml?pageType=pricing>.

REDACTED - FOR PUBLIC INSPECTION

for \$89.85.¹² This is about the same amount many of its customers already pay just for digital cable and high speed Internet access. As a result, Cablevision says that customers “are essentially receiving their voice service for free.”¹³ Cablevision’s latest offering gives customers who take all three services a credit of \$25 per month on their Cablevision bill – an overall savings of \$300 per year.¹⁴

37. Time Warner now offers VoIP in all 31 of its markets, passing a total of nearly 19 million homes.¹⁵ Verizon estimates that Time Warner’s systems pass approximately 9.5 million homes in Verizon’s service areas including nearly 3.5 million homes in New York; 2.6 million homes in Texas; 1.3 million homes in Ohio; 771,000 homes in California; 285,000 homes in South Carolina; 236,000 homes in Pennsylvania; 169,000 homes in North Carolina; 157,000 homes in Maine; 153,000 homes in Wisconsin; 77,000 homes in New Jersey; 56,000 homes in Florida; 45,000 homes in Indiana; 34,000 homes each in Massachusetts and West Virginia; and 22,000 homes in

¹² See *Cablevision Promotional Offer for New Customers Features Digital Video, High-Speed Internet and Voice Services for the Monthly Price of \$29.95 Each for First 12 Months If Taken Together*, PR Newswire (June 21, 2004).

¹³ *Cablevision To Offer Internet Phone-Call Bundle*, Wall St. J. at B5 (June 21, 2004) (quoting Patricia Gottesman, Senior Vice President, consumer product management and marketing, Cablevision).

¹⁴ Cablevision News Release, *Cablevision Launches “Optimum Rewards”* (Feb. 16, 2005).

¹⁵ Thomson StreetEvents, *TWX – Q4 2004 Time Warner Inc. Earnings Conference Call*, Conference Call Transcript at 6 (Feb. 4, 2005) (statement of Time Warner Inc. CFO Wayne Pace); Time Warner Cable, *About Us*, <http://www.timewarnercable.com/corporate/aboutus/?menu=Aboutus>.

REDACTED - FOR PUBLIC INSPECTION

New Hampshire. *See* Exhibit 1. Time Warner is signing up 11,000 VoIP customers per week.¹⁶

38. Comcast already offers voice telephone service, for the most part on a circuit-switched basis, to approximately 10.4 million homes.¹⁷ Comcast has deployed VoIP in Philadelphia; Indianapolis; and Springfield, Mass., and plans to expand to 15 million homes passed by the end of 2005, and to all 40 million homes passed by the end of 2006.¹⁸

39. In Verizon's service areas, Verizon estimates that Comcast already offers voice telephone services to approximately 8 million homes in Springfield and throughout eastern Massachusetts, in Philadelphia, Pittsburgh, Richmond, Alexandria, Portland, Chicago, Dallas, Seattle, Los Angeles, and Orange County.¹⁹ Comcast offers local and long distance telephone service for \$49.99 or less. *See* Exhibit 2.

40. Comcast has not announced publicly the order in which it will roll out VoIP service over its systems. Nonetheless, Comcast says it will be able to offer VoIP to

¹⁶ *See* N. Gupta, *et al.*, Citigroup Smith Barney, *CMCSK: Potential Adelpia Win a Positive* at 3 (Feb. 1, 2005). *See also* V. Jayant, Lehman Brothers, *Comcast Corp: 2005 Focus: Digitization and Phone* at 5 (Feb. 4, 2005) ("Time Warner recently disclosed that it . . . was adding new subscribers at about 15k per week.").

¹⁷ *See* Comcast Corp. Financial Tables at Table 6, *attached to* Comcast Press Release, *Comcast Reports Record Number of High-Speed Internet Subscriber Additions in 2004* (Feb. 3, 2005).

¹⁸ *See* Comcast, presentation at the Bear Stearns 18th Annual Media, Entertainment & Information Conference at 10-11 (Mar. 2, 2005).

¹⁹ *Id.*; CED inDEPTH, *Advanced Services Deployment Handbook* at 17 (Oct. 2004); Comcast Phone of Massachusetts, Inc., Massachusetts Tariff No. 1; Comcast Phone of California, LLC, Schedule Cal. P.U.C. No. 1.

REDACTED - FOR PUBLIC INSPECTION

more than 17 million homes it passes in Verizon's service areas by 2006. Comcast expects a penetration rate of 20 percent in five years.²⁰

41. Cox already offers circuit-switched voice telephone service and VoIP to more than half of the 10 million homes it passes nationally, covering 17 of its major markets.²¹ Cox is expected to roll out VoIP service to five more markets this year to reach a total of 70 percent of homes passed.²²

42. In Verizon's service areas, Verizon estimates that Cox already offers its circuit-switched voice telephone service to approximately 1.7 million homes, including the entire state of Rhode Island and its service areas in Fairfax, Virginia, the Tidewater region of Virginia and Orange County, California.²³ Cox also offers VoIP to approximately 77,000 homes in the Roanoke MSA and to four other markets in Louisiana, Oklahoma, and Texas.²⁴ Cox offers local and long distance telephone service for \$49.95 or less. *See* Exhibit 2. In addition, in Roanoke, VA, Cox now offers "Basic Line" – bare bones, local VoIP service – for \$13.59 per month on a stand-alone basis, or

²⁰ *See Q4 2004 Comcast Corporation Earnings Conference Call – Final*, FD (Fair Disclosure) Wire (Feb. 3, 2005) (Comcast COO & President Steve Burke: "[W]hen you look at what Cox, and more recently Cablevision, and others have done in this business, we think the 20 percent penetration is very reasonable within a five-year time period.").

²¹ Cox Communications Inc. Operating Statistics, *attached to* Cox News Release, *Cox Communications Announces First Quarter Financial Results for 2004* (Apr. 29, 2004); Cox News Release, *Cox Brings Telephone to Five New Markets in '05* (Mar. 8, 2005).

²² *See* Cox News Release, *Cox Brings Telephone to Five New Markets in '05* (Mar. 8, 2005).

²³ *Id.*

²⁴ Cox News Release, *Cox Communications Delivers Digital Telephone Service to Southwest Louisiana; Southwest Louisiana Marks 17th Telephone Market for Cox* (Nov. 15, 2004).

REDACTED - FOR PUBLIC INSPECTION

\$12.20 per month for customers that subscribe to multiple Cox services.²⁵ Cox reports that its VoIP penetration is ramping up quickly as its circuit-switched telephony did, which averaged 20 percent and in some areas exceeded 40 percent.²⁶ Cox added 317,000 new telephone customers last year, bringing its total of telephone customers to 1.2 million.²⁷

43. In Verizon's service areas, Charter plans to provide VoIP service in Massachusetts, where its network passes 284,000 homes.²⁸ Charter has signed wholesale agreements with Level 3 and Sprint to support its retail VoIP services.²⁹

44. Starpower/RCN offers circuit-switched voice telephone service in its service areas in New York City, eastern Massachusetts, Philadelphia, Lehigh Valley, and in the metropolitan Washington DC area.³⁰ RCN offers its Megaphone service with unlimited local and long-distance service for \$60.00 or less. *See Exhibit 2.*

²⁵ Cox, *Digital Telephone: Roanoke – Pricing*, <http://www.cox.com/roanoke/telephone/pricing.asp>.

²⁶ See Chris Bowick, SVP Engineering & CTO, Cox Communications, *Cox Communications: Distribution at Its Best*, presentation at the Bear Stearns 17th Annual Media, Entertainment & Information Conference at 19 (Mar. 8, 2004); *Q1 2004 Cox Communications Inc. Earnings Conference Call – Final*, FD (Fair Disclosure) Wire, Transcript 042904as.714 (Apr. 29, 2004) (Pat Esser, Cox executive vice president & COO); Cox News Release, *Cox Brings Telephone to Five New Markets in '05* (Mar. 8, 2005) (“In some communities, such as Omaha, Neb. and Orange County, Calif., 40 percent of consumers subscribe to Cox Digital Telephone.”).

²⁷ See Cox News Release, *Cox Brings Telephone to Five New Markets in '05* (Mar. 8, 2005).

²⁸ *Charter Comm at Deutsche Bank Securities Global High Yield Conference – Final*, FD (Fair Disclosure) Wire, Transcript 100704ak.754 (Oct. 7, 2004).

²⁹ Charter News Release, *Charter Taps Three Telephone Partners; Level 3, Sprint and Accenture To Enhance, Expedite Charter Telephone* (Aug. 30, 2004).

³⁰ RCN Corp., Form 10-K (SEC filed Mar. 30, 2004).

REDACTED - FOR PUBLIC INSPECTION

45. Cable companies are aggressively targeting both residential customers and business customers. Cable companies have web pages devoted to voice services specifically for business customers.

Cablevision

<http://www.lightpath.net/Interior6.htm>

Time Warner

<http://www.twtelecom.com/Default.aspx?navId=221&configArgs=src=dctm;doc=0900bb3f801414a6>

Comcast

<http://www.comcastcommercial.com/index.php?option=content&task=view&id=24&Item=56>

Cox

<http://www.coxbusiness.com/>

RCN

<http://www.rcn.com/business/prodserv/voice.php>

46. “[Cablevision] Lightpath has become the preferred provider of voice, data, and Internet services for more than 4,000 businesses throughout Long Island, Westchester County, New York City, Connecticut, and New Jersey.”³¹ During the fourth quarter of 2004, Cablevision continued its roll-out of Metro Ethernet and optimal transport services to corporations, financial firms and educational institutions, and expects commercial data sales will continue to drive revenue growth.³²

³¹ Lightpath, *About Lightpath*, <http://www.lightpath.net/Interior7.html>.

³² Thomson StreetEvents, *CVC – Q4 2004 Cablevision Systems Corp. Earnings Conference Call*, Conference Call Transcript at 4 (Feb. 23, 2005).

REDACTED - FOR PUBLIC INSPECTION

47. Time Warner “views the SMB market as a high-growth opportunity” and has “an infrastructure there that is just ripe for commercial services We pass 1.2 million businesses”³³

48. Comcast offers business services such as Digital Local Trunk, ISDN Primary Rate Interface, direct inward dialing and direct outward dialing.³⁴ Comcast plans to offer VoIP service to Washington, DC business customers by the end of the year, and hopes to achieve a 15 percent share of the commercial market.³⁵ Comcast noted that “65% of the business in our footprint are small businesses, which gives us a major focus on delivering products and services into that segment,” and that of the 125,000 small businesses in the Washington, DC region, 15-18 percent are already on-net.³⁶ The company is testing certified wireless virtual drops until permanent line extensions can be built. According to a Comcast, this allows Comcast to “go out and site survey on one day and be out there the next turning it up.”³⁷

³³ J. Barthold, *Small Business, Big Money, No Guarantees*, Telephony Online (Aug. 12, 2002), http://telephonyonline.com/ar/telecom_small_business_big/index.htm; A. Figler, *Turning Businesses into Customers*, Cable World (Dec. 9, 2002) (quoting Ken Fitzpatrick, senior vice president of commercial services for Time Warner Cable).

³⁴ Comcast Commercial, *Voice Services*, <http://www.comcastcommercial.com/index.php?option=content&task=view&id=24&Itemid=56>.

³⁵ M. Weiss, *Cable Targets Small Businesses in Nation’s Capital*, Cable Digital News (Mar. 2005) (citing Comcast regional vice president of business services Bill Revell).

³⁶ *Id.* (citing Comcast regional vice president of business services Bill Revell).

³⁷ *Id.* (citing Comcast regional engineering project manager Scott Schramm).

REDACTED - FOR PUBLIC INSPECTION

49. Cox Business Services provides data, voice, and transport services to more than 100,000 customers.³⁸ More than 320,000 businesses lie within 100 feet of Cox's network, providing Cox a "[s]ignificant opportunity."³⁹ Its Washington, DC service area, for example, covers more than 40,000 businesses.⁴⁰ According to Cox, "mixed use type real estate is what we would consider to be the low hanging fruit, because in many cases it's aerial plant and our ability to install is very quick. We also look at the new developments and new tall shiny glass buildings."⁴¹

50. RCN has "signed several agreements to expand its business" to provide "voice, video, data, business cable, Internet access, transport," to "customers including universities, hospitals, and the financial and legal industries."⁴²

51. Charter states that it has "over 600,000 small- and medium-sized businesses located within reach of our networks."⁴³

52. For each of Verizon's 50 top MSAs, Verizon has prepared a chart that compares the prices and features of voice telephone service offerings of several leading competitors, including cable and wireless providers. *See* Exhibit 2. The service packages listed on these charts are those most prominently featured in advertising materials and are

³⁸ Cox News Release, *Cox Communications Announces First Quarter Financial Results for 2004* (Apr. 29, 2004).

³⁹ Jim Robbins, President and CEO, Cox Communications, Presentation to the Sanford Bernstein 19th Annual Strategic Decisions Conference (June 5, 2003).

⁴⁰ M. Weiss, *Cable Targets Small Businesses in Nation's Capital*, Cable Digital News (Mar. 2005).

⁴¹ *Id.* (quoting Cox Business Services vice president Jason Welz).

⁴² *See* Comm. Daily at 7-8 (Feb. 2, 2004).

⁴³ A. Figler, *Turning Businesses into Customers*, CableWorld (Dec. 9, 2002) (quoting Charter Communications spokesman David Andersen).

REDACTED - FOR PUBLIC INSPECTION

most comparable between service providers. Verizon obtained the information for these charts from the service providers' websites, tariffs and other publicly available information. These charts show that VoIP offerings are very competitive.

53. Mass market voice services offered by cable companies are typically priced at or below comparable offerings from Verizon and MCI.⁴⁴

54. For example, Time Warner offers an all-distance package of local and long distance service for \$39.95. *See* Exhibit 2. In addition, Cablevision offers a similar package for \$34.95. *See* Exhibit 2. In addition, Cablevision also introduced an all-distance package of local and long distance, high speed Internet access, and digital cable for \$89.85 – about the same price it previously charged for high speed access and digital cable alone.⁴⁵

55. Even at these low rates, cable companies are reporting spectacular profit margins. Cablevision has reported its margins at 40-45 percent, with a capital payback of 10 months.⁴⁶ Comcast predicts operating margins of 40 percent.⁴⁷ Kagan estimates that a

⁴⁴ *See generally* J. Halpern, *et al.*, Bernstein Research, *U.S. Telecom and Cable: Flat-Rate Pricing Signals Telephony Voice ARPU Compression* at 3 (Apr. 8, 2004) (“By entering with pricing that is 30%+ below prevailing RBOC rates, cable operators are setting benchmarks that will be difficult for incumbent telcos to match.”).

⁴⁵ *See* ¶ 36, *supra*.

⁴⁶ *See, e.g.*, Tom Rutledge, Chief Operating Officer, Cablevision, presentation at the Deutsche Bank Media Conference at 29 (June 7, 2004).

⁴⁷ *See Q4 2004 Comcast Corporation Earnings Conference Call – Final*, FD (Fair Disclosure) Wire (Feb. 3, 2005) (Comcast COO & President Steve Burke: “[W]e think the [telephony] margins should be consistent with our margins, in other words around 40 percent.”).

REDACTED - FOR PUBLIC INSPECTION

cable company VoIP providers will have cash flow margins of 40 percent.⁴⁸ Wall Street analysts are making similar projections.⁴⁹

56. Voice telephone service from cable companies is rapidly gaining acceptance as a replacement for primary telephone service. The majority of customers purchasing voice telephone service from their cable operator are purchasing it as a primary line replacement. For example, some 86 percent of Time Warner's Digital Phone subscribers reportedly bring their old phone number with them when they sign up.⁵⁰

VoIP Providers.

57. Even consumers who today are unable to receive telephone services directly from their cable company can usually obtain them from multiple independent VoIP providers. Any customer who has access to cable modem or other broadband services also has access to VoIP. VoIP vastly expands the number of competitors that can offer mass market voice telephone service because they can offer VoIP over any type of broadband facility provided by any other company.

⁴⁸ Kagan, *Cable VoIP Outlook: Q1 '04 Sector Update* at 9 (Jan. 2004).

⁴⁹ See, e.g., G. Campbell, *et al.*, Merrill Lynch, *Everything over IP: VoIP and Beyond* at 17 (Mar. 12, 2004) ("We believe that margins on VoIP service could be very high (depending on where pricing and regulation end up) . . . For cable operators, we believe that incremental service margins on VoIP can be comparable to HSD service margins (i.e., 60%-plus at scale, assuming current pricing) and significantly better than cable TV margins.").

⁵⁰ Glenn Britt, Chairman & CEO, Time Warner Cable, Presentation to UBS Media Week Conference at slide 24 (Dec. 11, 2003); see also C. Moffett, *et al.*, Bernstein Research Call, *Cable and Telecom: Bernstein Study Finds Consumers Ready and Willing To Switch to Cable Telephony* at 4 (Dec. 9, 2003) ("80-90% of Time Warner's customers in Portland are opting to keep their existing number.").

REDACTED - FOR PUBLIC INSPECTION

58. More than 90 percent of U.S. households are now able to obtain a broadband connection from a provider other than their incumbent local telephone company, principally cable modem service.⁵¹ In the 50 top MSAs where Verizon provides local telephone service as an incumbent, cable modem service is available to roughly 92 percent of the population. See Exhibit 3. Verizon identified the cable systems offering cable modem service from Warren Communications' *Cable Factbook*.

59. Mass market customers are buying broadband service and VoIP at a remarkable rate. About 33 million customers – nearly 30 percent of U.S. households – currently subscribe to broadband service; and approximately 37 percent will subscribe by the end of 2005 and 45 percent will subscribe by the end of 2006.⁵² In addition, the FCC reported a 26 percent nationwide increase in residential and small business broadband lines during the six-month period between June 2003 and December 2003.⁵³ One industry analyst reports that cable modem subscribers grew 26 percent last year, from

⁵¹ See NCTA, *Industry Overview: Statistics & Resources*, <http://www.ncta.com/Docs/PageContent.cfm?pageID=86> (105 million homes passed by cable modem service as of September 30, 2004); see also C. Moffett, et al., Bernstein Research Call, *Broadband Update: Dial-up Conversion Still Accelerating, with No End in Sight* at 9 (Dec. 2, 2004) (as of the end of the third quarter of 2004, cable modem service was available to 95 percent of cable subscribers).

⁵² C. Moffett, et al., Bernstein Research Call, *Broadband Update: Dial-up Conversion Still Accelerating, with No End in Sight* at Exhibit 19 (Dec. 2, 2004) (estimates for 2004-2006).

⁵³ See Ind. Anal. & Tech. Div., Wireline Competition Bureau, FCC, *High-Speed Services for Internet Access: Status as of December 30, 2003* at Table 4 (rel. June 8, 2004).

17.7 million to 22.4 million.⁵⁴ In addition, cable VoIP subscribers jumped by 900 percent last year, from less than 50,000 to about 500,000.⁵⁵

60. Customers are subscribing to cable modem service even more rapidly in Verizon's service areas. In states served by Verizon, according to the FCC's numbers, there were more than 14.5 million cable modem subscribers by June 2004. *See* Exhibit 4.

61. VoIP is already available from or is now being deployed by a wide range of companies, including national VoIP providers such as Vonage, traditional wireline carriers, such as SBC and Qwest, and number other national and regional providers.

62. Vonage, the largest of the new providers, currently offers local numbers in more than 1,900 rate centers in approximately 120 U.S. markets. Vonage already has more than 500,000 VoIP subscribers, is adding 15,000 new subscribers per week, and expects to have one million by the end of 2005.⁵⁶ Qwest's OneFlex VoIP service is currently available to small business customers in more than 100 cities – “virtually every major market in the country” – and the company plans to expand the offering to residential customers soon.⁵⁷

⁵⁴ Infonetics Press Release, *Cable VoIP Subscribers Jump 900% 2003-2004; Double-Digit Growth in Equipment Spending Expected Through 2007* (Feb. 2, 2005).

⁵⁵ *Id.* *See also* Bernstein VoIP Deployment Report at Exhibit 5 (estimating an increase in cable VoIP subscribers from 44,000 to 506,000 during the same period).

⁵⁶ Vonage Press Release, *Vonage Becomes First Broadband Telephony Provider To Activate over 500,000 Lines* (Mar. 7, 2005); *Vonage Targets BT's Customers with UK Marketing Campaign*, NewMediaAge (Jan. 13, 2005), http://www.vonage.com/corporate/press_news.php?PR=2005_01_13_3.

⁵⁷ *Qwest VoIP Service Available Nationwide*, Denver Bus. J. (Dec. 8, 2004). *See* Qwest, *Residential: Local Phone Services*, <http://www.qwest.com/residential/index.html#>.

REDACTED - FOR PUBLIC INSPECTION

63. AT&T is already providing VoIP service in at least 121 major markets in 39 states and the District of Columbia,⁵⁸ covering 62 percent of U.S. households.⁵⁹ AT&T's entry into "100 major markets in less than four months since service introduction" "demonstrates the velocity at which [AT&T is] working to get IP technology into the hands of consumers."⁶⁰ In addition, AT&T has entered into marketing agreements with four major cable operators (Comcast, Time Warner, Cox, and Adelphia) to facilitate the ability of customers without broadband service to sign up simultaneously for broadband and VoIP.⁶¹

64. Sprint will be completing calls for the VoIP service offered by Time Warner Cable; Charter; Mediacom, the nation's eighth largest cable operator; and USA Companies, a small cable operator in the western United States.⁶²

65. Level 3 launched a wholesale service that provides carriers with all the building blocks needed to provide residential VoIP service. Level 3's wholesale service

⁵⁸ See AT&T News Release, *AT&T CallVantage Service Expands to 21 New Markets in Seven States in Nationwide Deployment* (Aug. 19, 2004).

⁵⁹ AT&T News Release, *AT&T Lowers Price of Its Residential VoIP Service* (Sept. 30, 2004).

⁶⁰ AT&T News Release, *AT&T CallVantage Service Now Available in New Hampshire* (July 19, 2004) (quoting Cathy Martine, AT&T senior vice president for Internet Telephony, Consumer Marketing and Sales).

⁶¹ See J. Hu, *AT&T Strikes VoIP Deals with Cable*, CNET News.com (Aug. 19, 2004), http://news.com.com/AT%26%2338%3BT+strikes+VoIP+deals+with+cable/2100-7352_3-5316842.html?tag=nl; AT&T News Release, *AT&T To Offer AT&T CallVantage Service with Adelphia High-Speed Internet Access* (Sept. 1, 2004).

⁶² See Sprint News Release, *Sprint, Time Warner Cable Sign Agreement that Helps Enable Time Warner Cable To Offer Telecom Services* (Dec. 8, 2003); Sprint News Release, *Mediacom Communications and Sprint Announce Agreement for Mediacom To Provide Telephony Services* (Aug. 25, 2004); A. Breznick, *Three More MSOs Tap Sprint for Quick VoIP Rollouts*, Cable Datacom News (Oct. 1, 2004), <http://cabledacomnews.com/oct04/oct04-2.html>.

REDACTED - FOR PUBLIC INSPECTION

is currently available in 50 U.S. markets, and will reach over 300 markets by the end of 2004.⁶³ Level 3 has signed an agreement with Charter to provide wholesale VoIP services.⁶⁴ AOL is currently testing Level 3's service and announced that it plans to offer VoIP in April 2005.⁶⁵ Net2Phone, Skype and 8x8 have also announced plans to use Level 3's wholesale services for VoIP.⁶⁶

66. VoIP providers are offering competitive prices. In New York, for example, AT&T offers VoIP service for \$29.99 per month. *See* Exhibit 2. Vonage offers an unlimited local and long distance package for \$24.99 per month.⁶⁷ Vonage also offers a VoIP package for \$14.99 per month that includes 500 minutes with additional minutes at 3.9 cents.⁶⁸ Lingo, Packet8, and BroadVoice offer similar packages for \$19.95. *See* Exhibit 2.

67. For customers who have not yet subscribed to broadband service, the combination of broadband service and VoIP is competitive with what customers pay for a narrowband combination of local, long distance and dial up Internet access. As shown in

⁶³ *See* Level 3 Press Release, *Level 3 Launches Residential VoIP Service in More than 50 U.S. Markets* (May 3, 2004).

⁶⁴ Level 3 News Release, *Level 3 To Provide Voice Services to Charter* (Aug. 30, 2004).

⁶⁵ *See* J. Hu, *et al.*, *AOL Testing Net Phone Service*, CNET News.com (Aug. 30, 2004), http://news.com.com/AOL+testing+Net+phone+service/2100-7352_3-5330183.html; J. Hu, *AOL Unveils VoIP Plans*, CNET News.com (Mar. 8, 2005), http://news.com.com/AOL+unveils+VoIP+plans/2100-7352_3-5604324.html.

⁶⁶ *See* Net2Phone Press Release, *Net2Phone Teams with Level 3 To Expand Cable VoIP Offerings* (May 3, 2004); Level 3 Press Release, *Level 3 Enabling Skype Through New Voice-over-IP Service Agreement* (July 23, 2004); Level 3 Press Release, *8x8 Teams with Level 3 To Enhance Residential VoIP Services* (June 14, 2004).

⁶⁷ *See* J. Hyde, *AT&T, Vonage Cut Prices on Internet Calling*, Reuters (Sept. 30, 2004). Vonage also announced that it would upgrade customers subscribing to an existing \$25 plan for limited minutes, to an unlimited plan for no extra charge. *Id.*

⁶⁸ Vonage, *Basic 500 Plan*, http://www.vonage.com/products_basic.php.

REDACTED - FOR PUBLIC INSPECTION

Exhibit 5 (broadband v. narrowband), the price for cable modem service plus VoIP typically is in the range of \$62 to \$90 per month. For example, a customer in New York City could obtain cable modem service from Time Warner for \$45 (for standard cable subscribers) or \$60 (for non-cable subscribers),⁶⁹ and VoIP service from a number of providers including Packet8 for \$20, AT&T for \$30.⁷⁰ This is comparable to the price for dial up Internet access plus an all-distance local and long distance plan. The same customer in New York City could spend \$10 to \$22 for dial up service depending on the ISP,⁷¹ and \$50-\$60 for the all-distance voice plan,⁷² which may incur taxes and surcharges of up to \$13. For the some 36 million U.S. households⁷³ (32 percent) using dial up Internet access, switching to a broadband connection with VoIP is competitive.

68. Even at these low rates, VoIP are reporting spectacular profit margins. For example, Vonage has reported its margins at 70 percent, headed to 80 percent.⁷⁴

69. In addition, customers are starting to view VoIP service as a replacement for their primary telephone line. Approximately, 50 percent of Vonage customers bring their old phone number when they sign up.⁷⁵

⁶⁹ Time Warner Cable, *Road Runner: Rates*, <http://www3.twnyc.com/NASApp/CS/ContentServer?pagename=twcnyc/internet&mysect=internet/rates>.

⁷⁰ See Exhibit 2.

⁷¹ See Exhibit 5, n.2.

⁷² See Exhibit 2.

⁷³ R. Bilotti, *et al.*, Morgan Stanley, *In the US Buy the Sky, in the UK the Ground Is Dirt Cheap* at Exhibit 30 (Jan. 14, 2005).

⁷⁴ See D. Barden, *et al.*, Banc of America Securities, *Straight Talk on VoIP* at 2, 5 (Apr. 15, 2004).

REDACTED - FOR PUBLIC INSPECTION

70. Moreover, consumer surveys report a very high interest in VoIP service. A Gallup Poll found that “[r]oughly 34% of respondents that do not have VoIP [said they] would switch from their existing landline service to VoIP for cost savings.”⁷⁶ In addition, AT&T’s Customer Insights Group indicated that “three out of four adults have heard of [VoIP] technology,” and “[a]mong current ‘non users’ aware of VoIP services, 76 percent would consider actually implementing the service in the next year, depending on the price and package offering.”⁷⁷ Of that 76 percent of respondents, 63 percent would consider VoIP to replace a primary line.⁷⁸

71. In sum, voice telephone service offered through VoIP provides a competitive alternative to traditional telephone service for many customers. It may well reflect the future of voice telephone service and constrains pricing for wireline voice telephone service. In fact, Gary Forsee, Chairman and Chief Executive Officer of Sprint, conceded that wireline rates will not increase: “There is so much competition for the consumer dollar, it is hard for me to imagine a scenario where the local service component goes up, and certainly not the long-distance component. The RBOCs don’t have that flexibility, given that cable is trying to come in.”⁷⁹

⁷⁵ See J. Hodulik, *et al.*, UBS Investment Research, *The Vonage Story: The Who, What, Where, and How* at 5 (Nov. 24, 2003); A. Quinton, *et al.*, Merrill Lynch, *US VoIP Update: Competitive, Regulatory, and Other Issues* at 9 (Nov. 25, 2003).

⁷⁶ J. Hodulik, *et al.*, UBS, *Gallup Survey Highlights VoIP Potential* at 1 (Apr. 8, 2004).

⁷⁷ AT&T News Release, *AT&T-Sponsored Survey Highlights Consumer Interest and Awareness in Voice over the Internet Services (VoIP)* (Mar. 2, 2004); AT&T Customer Insights Group, *VoIP PR Research: Public Opinion on VoIP* at 6, 12 (Jan. 2004).

⁷⁸ AT&T Customer Insights Group, *VoIP PR Research: Public Opinion on VoIP* at 12 (Jan. 2004).

⁷⁹ P. Howe, *Sprint CEO Discusses Changes in Telephone Industry*, *Boston Globe* at 1 (June 27, 2004).

REDACTED - FOR PUBLIC INSPECTION

Wireless Carriers.

72. Wireless services are also providing robust competition with traditional landline long distance service and a growing number of consumers are abandoning traditional wireline companies all together and using wireless technology instead. Wireless carriers are now competing with wireline carriers both for local access lines (predominantly second lines, but also primary lines) and, even more extensively, for long-distance calls, as well as local calls. For a growing number of customers, wireless service is displacing landline telephone service. Approximately 97 percent of households are located in counties that also are served by three or more wireless competitors.⁸⁰ Verizon faces competition throughout its region from national wireless providers such as Cingular, Sprint, Nextel, and T-Mobile.

73. During the last few years, the number of wireless subscribers has grown from 134 million to more than 169 million, and the number is continuing to grow at nearly 20 million new wireless subscribers each year.⁸¹ See Exhibit 6. By contrast, there are approximately 181 million wireline access lines, and that number is declining each

⁸⁰ *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993*, Ninth Report, A-9 at Table 5, WT Docket No. 04-111, FCC 04-216 (rel. Sept. 28, 2004) (“*Ninth CMRS Report*”).

⁸¹ CTIA, *CTIA’s Semi-Annual Wireless Industry Survey Results*, <http://files.ctia.org/pdf/CTIAMidyear2004Survey.pdf>.

year.⁸² Analysts accordingly expect that “the number of cell phone users will exceed the number of US wireline access lines some time during 2005.”⁸³

74. An increasing share of wireless subscribers are abandoning their wireline phones. As of year-end 2004, approximately 11 million primary wireline access lines were displaced by wireless, and that number is expected to reach about 22 million by the end of 2008. *See* Exhibit 7.

75. Growing numbers of wireless subscribers are abandoning their wireline service in favor of their wireless service. During the last few years, the percentage of wireless users that have given up wireline service has grown to 7-8 percent. *See* Exhibit 6. Approximately 3 million additional wireless subscribers are now giving up their wireline phones each year.⁸⁴ At least 14 percent of U.S. consumers now use their wireless phone as their primary phone.⁸⁵

⁸² *See, e.g.*, Ind. Anal. & Tech. Div., Wireline Competition Bureau, FCC, *Local Telephone Competition: Status as of June 30, 2003* at Table 1 (Dec. 2003) (End-user switched access lines have declined steadily since their peak in December 2000).

⁸³ Adam Quinton, Managing Director & First Vice President, Co-Head of Global Telecom Services Research, Merrill Lynch, prepared witness testimony before the Subcommittee on Telecommunications and the Internet of the House Energy and Commerce Committee, Washington, DC (Feb. 4, 2004).

⁸⁴ *See* B. Bath, Lehman Brothers, *Final UNE-P Rules Positive for RBOCs* at 4 & Figure 2 (Dec. 10, 2004).

⁸⁵ C. Wheelock, In-Stat/MDR, *Cutting the Cord: Consumer Profiles and Carrier Strategies for Wireless Substitution* at 1 (Feb. 2004) (“14.4% of US consumers currently use a wireless phone as their primary phone”).

REDACTED - FOR PUBLIC INSPECTION

76. And even larger percentages of young consumers – which will make up the next generation of homeowners – are disconnecting their wireline service, which make it likely that the rate of substitution will increase even further in the future.⁸⁶

77. In addition, wireless carriers are competing even more extensively to displace telephone calls that previously were made on wireline networks. Wireless service packages include unlimited long distance calling, which has contributed to wireline traffic substitution and increasing average minutes of use among wireless carriers. As one article explained, “[t]hanks to unlimited night and weekend minutes . . . cellphone plans are the method of choice when it comes to long-distance calling from home.”⁸⁷ As a result, wireless service is particularly competitive for incumbent carriers’ mass market switching.

⁸⁶ Frank Louthan, Vice President, Equity Research, Raymond James, prepared witness testimony before the Subcommittee on Telecommunications and the Internet of the House Energy and Commerce Committee, Washington, DC (Feb. 4, 2004) (“We believe the roughly 9.6% of the population that are single between the ages of 20 and 34 are the most likely to disconnect their wireline phone for a wireless phone (with a significant proportion of this age group having already done so). As young consumers between 15 and 19 (another 6.6% of the U.S. population) become households, we believe these households could become prime wireless substitution candidates.”); A. Quinton, *et al.*, Merrill Lynch, *Telecom Services: Unraveling Revenues* at 5 (Nov. 20, 2003) (“[W]e believe that demographic trends favor wireless. . . . So, as the US population ages, more young people are likely to become wireless subscribers – and either displace the purchase of a wireline service with wireless or cut the cord on an existing line.”); S. Ellison, IDC, *U.S. Wireline Displacement of Wireline Access Lines Forecast and Analysis, 2003-2007* at 7 (Aug. 2003) (“The first communications services purchased by youth and young adults are now often wireless services. Adoption of wireless by teenagers is increasingly being translated into forgoing traditional primary access lines when such wireless users go to college or otherwise establish their own households.”).

⁸⁷ W. Mossberg, *The Mossberg Solution: Turning Your Home Phone into a Cellphone – Call-Forwarding Devices Let You Use Cellular Service on a Traditional Phone*, Wall St. J. at D6 (Dec. 3, 2003).

REDACTED - FOR PUBLIC INSPECTION

78. Still greater amounts of traffic are migrating from wireline to wireless networks. Merrill Lynch estimated that “approximately 23% of voice minutes in 2003 were wireless,” and that in 2004 “wireless could make up approximately 29% of voice minutes in the US.”⁸⁸ Wireless voice minutes are rising at 36 percent per year.⁸⁹ See Exhibit 8. By contrast, minutes on landline networks have declined.⁹⁰

79. The increase in wireless long-distance calls is even greater. The Yankee Group estimates that wireless subscribers make 60 percent of their long-distance calls on their wireless phones.⁹¹

80. By contrast, the FCC’s own data show that wireline toll minutes have declined rapidly for the industry as a whole. Average residential toll minutes per line reached a peak of 149 minutes per month in 1997, and declined to only 90 minutes per month in 2002. See Exhibit 9. In total, consumers have reduced the number of long-

⁸⁸ D. Janazzo, *et al.*, Merrill Lynch, *The Next Generation VIII: The Final Frontier?* at 5 (Mar. 15, 2004); *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993*, Eighth Report, 18 FCC Rcd 14783, ¶ 102 (2003) (“One analyst estimates that wireless has now displaced about 30 percent of total wireline minutes.”).

⁸⁹ Adam Quinton, Managing Director & First Vice President, Co-Head of Global Telecom Services Research, Merrill Lynch, prepared witness testimony before the Subcommittee on Telecommunications and the Internet of the House Energy and Commerce Committee, Washington, DC (Feb. 4, 2004) See also D. Scholar, In-Stat/MDR, *VoIP, Wireless, and Circuit Switched: The Future of US Voice Services, 2003-2008* at Table 2 (Nov. 2004) (estimating 185.9 million wireless lines and 172.5 million wireline access lines by year-end 2005).

⁹⁰ See, e.g., Ind. Anal. & Tech. Div., Wireline Competition Bureau, FCC, *Trends in Telephone Service* at Table 10.1 (Aug. 2003); S. Flannery, *et al.*, Morgan Stanley, *Telecom Services: Trend Tracker: Spring Break! Some Temporary Telecom Relief* at 23 (Mar. 18, 2004).

⁹¹ P. Marshall, *et al.*, The Yankee Group, *Divergent Approach to Fixed/Mobile Convergence* at 7 & Exh. 4 (Nov. 2004).

REDACTED - FOR PUBLIC INSPECTION

distance minutes of use on landline phones by 40 percent during that period. *Id.* See also Crandall/Singer Decl..

81. The long-distance carriers themselves have acknowledged that wireless service is displacing long-distance traffic and constraining prices. For example, AT&T said that “[c]onsumer long distance voice usage is declining as a result of substitution to wireless services, internet access and e-mail/instant messaging services, particularly in the ‘dial one’ long distance, card and operator services segments.”⁹² MCI made the same observation: “[W]ireless telephone companies, such as Verizon Wireless, Cingular, Sprint PCS, AT&T Wireless, Nextel and T-Mobile . . . have increased their network coverage, improved service quality, started to provide bundled wireless products and lowered prices to end users. As a result, customers are beginning to substitute wireless services for basic wireline service causing these companies to gain market share from providers of wireline voice communications.”⁹³

82. Wireless carriers also now offer a variety of data services that compete for data traffic. For example, narrowband wireless data capabilities that offer speeds of between 50-130 kbps are now available nearly every place wireless voice service is available, which is to say the vast majority of the country.⁹⁴ A large and increasing share of wireless subscribers are now using phones that are capable of using these new data

⁹² AT&T Corp., Form 10-K (SEC filed Mar. 15, 2004).

⁹³ MCI Inc., Form 10-K (SEC filed Apr. 29, 2004).

⁹⁴ See *Ninth CMRS Report* ¶ 138 (“CDMA 1xRTT and/or 1xEVDO has been launched in at least some portion of counties containing 273 million people, or roughly 96 percent of the U.S. population, while GPRS has been launched in at least some portion of counties containing 264 million people, or about 93 percent of the U.S. population.”).

REDACTED - FOR PUBLIC INSPECTION

capabilities⁹⁵ as well as actually subscribing to the data services they make possible.⁹⁶ In addition, wireless carriers are now beginning to deploy broadband capabilities that are comparable to cable and DSL.⁹⁷

⁹⁵ M. McCormack, *et al.*, Bear Stearns, *Verizon Communications: Wireless Growth Continues, Profitability Lower* at 6 (Jan. 27, 2005) (Verizon Wireless reported 83 percent 1X-enabled phones at the end of 2004, up from 52 percent at the end of 2003); Sprint, *Investor Update 1Q2004* at 15 (Apr. 20, 2004) (Sprint reports that 80% of the “post-paid retail customer base” is using 1xRTT handsets and 48% of the same base are using PCS Vision handsets.).

⁹⁶ Sprint, *Investor Update 4Q04* (Feb. 3, 2005) (at the end of 2004, “there were nearly 7.7 million direct wireless data subscribers, including 6.2 million Sprint PCS Vision subscribers.”); Cingular Wireless News Release, *Cingular Wireless Posts Strong Fourth-Quarter Growth: 1.8 Million Pro Forma Net Subscriber Additions, Improved Churn, Solid Progress in Key Integration Initiatives* (Jan. 24, 2005) (The 65-percent growth in revenue from data services over the previous quarter “was driven by the popularity of text messaging, mobile instant messaging, mobile e-mail, downloadable ringtones, games and photo messaging. Cingular delivered more than 3.8 billion text messages during the [fourth quarter of 2004].”); Verizon News Release, *Verizon Reports Strong 4Q and 2004 Results, Driven by Wireless Revenue Growth, Solid Cash Flows and Margins* (Jan. 27, 2005) (more than one-third of Verizon Wireless customers are data customers; Verizon Wireless delivered 3 billion text messages and 32.6 million picture messages during the fourth quarter of 2004).

⁹⁷ See Verizon Wireless News Release, *Verizon Wireless and Novatel Wireless Announce Availability of Next Generation Broadband Wireless PC Card for Verizon Wireless’ 3G EV-DO Network* (Jan. 12, 2005); Verizon Wireless News Release, *Verizon Wireless Launches High-Speed Wireless Broadband Network in Tallahassee, Florida Area* (Feb. 28, 2005) (Verizon Wireless offers EV-DO in 33 markets); Verizon News Release, *Verizon Reports Strong 4Q and 2004 Results, Driven by Wireless Revenue Growth, Solid Cash Flows and Margins* (Jan. 27, 2005) (Verizon Wireless’s EV-DO service reaches “75 million Americans and growing”); Verizon Wireless Press Release, *Verizon Wireless Expands Broadband Access 3G Network To Cover 14 Markets from Coast to Coast* (Sept. 22, 2004) (Verizon has committed to invest \$1 billion over the next two years to rollout the service nationwide.); Sprint Press Release, *Sprint Begins Offering EV-DO-Ready Sprint PCS Connection Card™ by Sierra Wireless to Business Customers* (Mar. 3, 2005) (Sprint “plans to provide EV-DO service in several major markets . . . by mid-year with broader metropolitan-area coverage by the end of 2005”); C. Larsen, *et al.*, Prudential Equity Group, LLC, *Telecom Services: Wireless Broadband Channel Checks and Outlook* (June 28, 2004) (“Nextel is currently selling wireless broadband service in the Raleigh/Durham area”); C. Larsen, *et al.*, Prudential Equity Group, LLC, *Wireless Carriers Were More Active In February, But Rates Remained Relatively Flat* at 4 (Feb. 16, 2005) (Cingular offers UMTS service in six markets); L. Warner, *et al.*, Credit Suisse

REDACTED - FOR PUBLIC INSPECTION

83. Wireless service is exerting competitive pressure on wireline service. As explained above, Verizon has prepared charts that compare the voice telephone service offerings of several leading competitors, including wireless offerings, for each of Verizon's 50 top MSAs. *See* Exhibit 2. The service packages listed on the charts are those most prominently featured in advertising materials and are most comparable between service providers.

84. Wireless carriers were the first to offer rate packages that included local and long-distance calls. Because of the competitive pressure exerted by wireless carriers, wireline and cable companies responded to those wireless rate packages. As the attached charts show, wireless service has had a competitive impact on wireline service with respect to price. *See* Exhibit 2. In fact, one Wall Street analyst notes that “[w]ireless pricing dropped below wireline pricing in 2003 for the first time.”⁹⁸

85. The FCC itself and many other analysts have noted the pressure on wireline carriers exerted by wireless service. In its 2004 CMRS Competition Report, the Commission found that trends which include “a decrease in the number of residential access lines, a drop in long distance revenues, and a decline in payphone profits” continued, noting an analyst's statement that “wireless cannibalization remains a key driver of access line erosion.”⁹⁹

First Boston, *BellSouth Corporation: 2005 Guidance In-Line; Video Opportunity Unclear* at 5 (Dec. 6, 2004) (Cingular expects “15-20 markets in service by the fourth quarter of 2005 and the remaining markets in 2006”).

⁹⁸ V. Grover, Needham, *New Year's Resolution – Avoid the Bells* at 1 (Dec. 29, 2003).

⁹⁹ *Ninth CMRS Report* ¶ 213 (citing Frank Governali, Goldman Sachs).

REDACTED - FOR PUBLIC INSPECTION

86. Wireless prices have declined – by as much as 10 to 20 percent a year in recent years.¹⁰⁰ Wireless providers also have increased the number of off-peak minutes they make available on their plan. As a result, many consumers now view wireless long distance service as effectively “free.”¹⁰¹

87. In addition to competitive pricing, consumers now report high levels of satisfaction with the quality of their wireless service. For example, a GAO survey found that 83 percent of wireless users were satisfied with the call quality of their cell phone, while only 9 percent were dissatisfied.¹⁰² Analysts similarly report that “[c]ultural awareness and acceptance of wireless as an acceptable/preferred communication medium is growing.”¹⁰³ Wireless has gained a general level of acceptance among consumers.

¹⁰⁰ See, e.g., *Ninth CMRS Report*, Appendix A at Table 9 (showing average revenue per minute declining every year since 1995 (1998: 21%; 1999: 23%; 2000: 20%; 2001: 30%; 2002: 9%; 2003: 13%)).

¹⁰¹ F. Louthan, Vice President, Equity Research, Raymond James Financial, Inc., prepared witness testimony before the Subcommittee on Telecommunications and the Internet of the House Committee on Energy and Commerce, Washington, DC (Feb. 4, 2004) (“We believe consumers now view wireless long distance as free and are therefore more likely to use their wireless phone to make long distance calls.”); V. Shvets, *et al.*, Deutsche Bank, *AT&T Corporation: Irrational Exuberance, Rating Downgraded* at 2 (Jan. 9, 2004) (“The aggressive bundling by the RBOCs and nationally based wireless pricing has essentially killed consumer long-distance as a stand-alone product. It is no longer a question of whether but rather how quickly consumer long-distance revenue will essentially disappear.”).

¹⁰² General Accounting Office, *FCC Should Include Call Quality in Its Annual Report on Competition in Mobile Phone Services* at 27, Report No. GAO-03-501 (Apr. 2003).

¹⁰³ S. Ellison, IDC, *U.S. Wireless Displacement of Wireline Access Lines Forecast and Analysis, 2003-2007* at Table 1 (Aug. 2003).

REDACTED - FOR PUBLIC INSPECTION

Other Sources of Intermodal Competition.

88. E-mail and instant messaging (IM) also now substitute for a large fraction of traffic switched on wireline networks.¹⁰⁴ A large and growing fraction of this traffic originates and/or terminates on competitive networks, but even when carried over the incumbents' network, such traffic displaces significant usage-sensitive (*e.g.*, per-minute or per call) revenues that incumbents otherwise would receive.

89. According to various research firms, U.S. users dispatch approximately 9 billion messages per day.¹⁰⁵ If only 5 percent of these substitute for a 90-second voice call, this data traffic has displaced more than 10 percent of the voice traffic that would otherwise have been handled by the incumbents' networks.¹⁰⁶

¹⁰⁴ See D. Schoolar, In-Stat/MDR, *State of the US Carrier Market* at 6 (Oct. 2003) (“Consumers are using e-mail and instant messaging in place of a phone call.”); C. Golvin, *et al.*, Forrester, *Sizing U.S. Consumer Telecom*, at 19 n.5 (Jan. 2002) (“[a]lternate forms of communications, such as email and instant messaging, [r]educe long-distance minutes of use.”).

¹⁰⁵ See K. Thies, *E-mails and Records Management in the Legal Environment*, Legal Tech Newsletter (Nov. 14, 2003) (“Almost 9 billion e-mails are sent every day in the United States.”); see also B. Silverman, *IM Viruses Are Latest Threat to the Networks*, New York Post (June 13, 2004) (“Almost 80 million Americans use instant-messaging services at home or work, according to an April 2004 Nielsen/NetRatings survey.”); E. Stein, *Will IM Pay?*, CFO Magazine (May 2004) (“Radicati Group, a technology market research specialist, reckons there are already 60 million business IM accounts. IM could have as many as 182 million business users by 2007, claims Ferris Research.”).

¹⁰⁶ Ind. Anal. & Tech. Div., WCB, FCC, *Trends in Telephone Service* at Table 10.1 (Aug. 2003) (Total 2001 Dial Equipment Minutes of 4.8 trillion divided by 2 yields 2.4 trillion conversation minutes; 246 billion/2.4 trillion = 10.3%) (5 percent of 9 billion is 450 million multiplied by 365 days yields 164 billion multiplied by 1.5 (90 seconds) yields 246 billion minutes annually).

REDACTED - FOR PUBLIC INSPECTION

IV. MCI Is Not a Significant Competitor For Mass Market Service Going Forward

90. Because of these technological developments, as well as the business considerations explained in the Declaration of Wayne Huyard, MCI is no longer a significant competitor for mass market communications services, and its mass market business will continue to decline. For mass market communications services, other alternatives are proving to be the most successful method to compete. Numerous companies are already pursuing those strategies and have rapidly emerged as the significant competitors for mass market communications services going forward.

V. Competition for Ancillary Mass Market Services.

Directory Assistance Services.

91. Although Verizon provides retail wireline directory assistance service, it is not a significant nationwide provider of these services. Verizon faces substantial competition from intermodal competitors and as a wireline provider of directory assistance, its share of directory assistance calls is declining. According to an industry analyst, “[w]ireline DA revenues as a proportion of total DA revenues will decline from 69 percent in 2004 to 41 percent in 2011 while wireless DA revenues will grow from 21 percent to about 43 percent during the same period.” Frost and Sullivan, North American Directory Assistance Markets F029-63 1-2 (2005).

92. Verizon also faces competition from other providers of directory assistance. In particular, “[f]ree sources of DA such as the Internet and new mediums such as text messaging are cannibalizing the demand for paid DA, both wireline and wireless. Frost and Sullivan at 1-1.

REDACTED - FOR PUBLIC INSPECTION

93. Last year, retail wireline directory assistance services represented about \$6.3 billion in revenues. Frost and Sullivan at 1-38. Verizon's national and local retail directory assistance revenues last year totaled approximately **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**, or less than **[BEGIN PROPRIETARY]**

[END PROPRIETARY] percent of the national total. But even this figure overstates Verizon's share in the overall directory assistance business because it excludes free directory assistance services from other providers, such as the Internet and text messaging. Verizon is not a significant competitor for directory assistance services and the transaction with MCI will not diminish competition for directory assistance services.

Operator Call Completion Services.

94. Although Verizon provides retail operator services, it is not a significant nationwide provider of these services. Verizon's revenues from retail operator call completion services are steadily declining. In 2001, the most recent industry data available to Verizon, the total operator services industry revenue in the U.S. was \$7.82 billion in 2001, comprised of collect calls (\$6.82 billion) and all other alternative operator services (\$1.0 billion). Frost & Sullivan, U.S. Operator Services Market 2001, 7911-63 (2002). This market was projected to grow to \$8.17 billion in 2004. Every year since 2001, Verizon's retail operator services have been less than **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**, or less than **[BEGIN PROPRIETARY]**

[END PROPRIETARY] percent of the national total. In 2004, Verizon's revenues from retail operator services were only **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**.

REDACTED - FOR PUBLIC INSPECTION

95. Verizon faces competition from other providers of retail operator services, particularly alternative operator service companies. Verizon is not a significant competitor for retail operator services and the transaction with MCI will not diminish competition for retail operator services.

Inmate Calling Services.

96. Verizon has provided inmate calling services, but only to a limited extent. Last year, Verizon's revenues from inmate calling services were about **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**. Although Verizon is not aware of any published total industry revenues, Verizon estimates the total industry revenues last year for inmate calling services were about \$2 billion. Verizon's share of total industry revenues was only **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**. Verizon faced significant competition from a number of other companies.

97. Late last year, Verizon decided to discontinue offering inmate calling services, independent of its transaction with MCI. Inmate calling services are not a good fit with Verizon's core business initiatives of wireless and broadband and the costs of providing inmate calling services are growing at a rapid rate. On January 26, 2005, the State of New Jersey issued a final decision awarding a contract for inmate calling services to Verizon. On February 1, 2005, Verizon withdrew its bid, with permission from the State, in light of the material changes in personnel and business strategies that had occurred since its original bid submission. Verizon is not a significant competitor for inmate calling services and the transaction between Verizon and MCI will not affect competition for these services.

REDACTED - FOR PUBLIC INSPECTION

Conference Call Services.

98. Although Verizon provides conference call services, Verizon is a very minor participant in this industry. Verizon's total revenues from conference call services in the U.S. last year were only about **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**. Since the total industry revenues for conference call services in 2003 were \$2.06 billion with projected growth to \$2.16 billion in 2004,¹⁰⁷ Verizon's share was less than **[BEGIN PROPRIETARY]** **[END PROPRIETARY]** percent. There are numerous competitors providing conference calls services. Moreover, VoIP providers are offering conference calling as a no-cost or low-cost enhancement. Verizon is not a significant competitor for conference call services and the transaction with MCI will not diminish competition for conference call services.

Prepaid Calling Cards.

99. Although Verizon provides prepaid calling cards, Verizon has decided not to expand these operations. Verizon is principally providing prepaid calling cards through a contract with a single convenience store chain. Verizon does not plan to enter any new contracts for prepaid calling cards.

100. Last year, Verizon's total revenues for prepaid calling card services was only **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**. Since the total industry revenues for prepaid calling card services last year was \$2.58 billion,¹⁰⁸ Verizon's share was less than **[BEGIN PROPRIETARY]** **[END PROPRIETARY]**.

¹⁰⁷ Frost and Sullivan, U.S. Audio Conferencing Services Markets, Report #6915-64 (December 2003), at 47.

¹⁰⁸ Frost and Sullivan, Strategic Analysis of the Prepaid Long Distance Markets (US), Report # 6874-63, Updated July 2004.

PROPRIETARY]. Verizon is not a significant competitor for prepaid calling card services and the transaction between Verizon and MCI will not affect competition for prepaid calling card services.

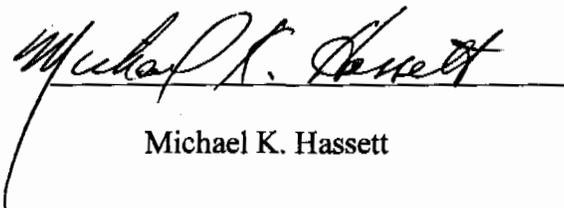
VI. Conclusion

101. The communications business is rapidly being restructured around new technologies. Cable companies, VoIP providers, wireless carriers and other companies have rapidly emerged as the significant competitors for mass market communications services. This competition will be unaffected by the transaction between Verizon and MCI.

REDACTED - FOR PUBLIC INSPECTION

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 9, 2005

A handwritten signature in cursive script, reading "Michael K. Hassett", is written over a horizontal line. A long, thin vertical stroke extends downwards from the left side of the signature.

Michael K. Hassett

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 9, 2005

A handwritten signature in black ink, appearing to read "Kathy Koelle", written over a horizontal line.

Kathy Koelle

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

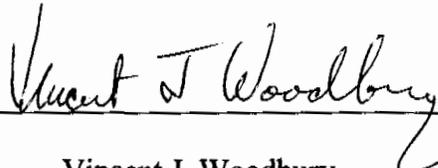
Executed on March 9, 2005

A handwritten signature in black ink, appearing to read "Katherine C. Linder", written over a horizontal line.

Katherine C. Linder

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on March 9, 2005



Vincent J. Woodbury

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 1

Cable Telephony Deployment in Verizon’s Service Areas

Provider	State	Homes Passed in Counties Served by Verizon*	Cable Telephony Currently Available in Counties Served by Verizon by Numbers of Homes Passed*
Comcast	California	3.1 million	Circuit-Switched (1.2 million in Los Angeles Co., 84,000 in Orange Co.)
	District of Columbia	289,000	
	Delaware	206,000	
	Florida	267,000	
	Illinois	310,000	Circuit-Switched (260,000 in Chicago MSA)
	Indiana	649,000	VoIP (1,300 in Indianapolis MSA)
	Massachusetts	2.2 million	Circuit-Switched (1.6M in Boston MSA) VoIP (211,000 in Springfield MSA)
	Maryland	1.8 million	
	New Hampshire	n/a	Circuit-Switched
	New Jersey	1.6 million	
	Oregon	730,000	Circuit-Switched (648,000 in Portland MSA)
	Pennsylvania	2.4 million	Circuit-Switched (730,000 in Pittsburgh MSA) VoIP (1.3 million in Philadelphia MSA)
	Texas	660,000	Circuit-Switched (660,000 in Dallas MSA)
	Virginia	523,000	Circuit-Switched (170,000 in Richmond MSA, 348,000 in Northern VA)
	Washington	1.2 million	Circuit-Switched (689,000 in Seattle MSA)
	West Virginia	58,000	
Wisconsin	18,000		
Time Warner	California	771,000	VoIP (771,000 statewide)
	Florida	56,000	VoIP (56,000 statewide)
	Indiana	45,000	VoIP (45,000 statewide)
	Maine	157,000	VoIP (157,000 statewide)
	Massachusetts	34,000	VoIP (34,000 statewide)
	New Hampshire	22,000	VoIP (22,000 statewide)
	New Jersey	77,000	VoIP (77,000 statewide)
	New York	3.5 million	VoIP (3.5 million statewide)
	North Carolina	169,000	VoIP (169,000 statewide)
	Ohio	1.3 million	VoIP (1.3 million statewide)
	Pennsylvania	236,000	VoIP (236,000 statewide)
	South Carolina	285,000	VoIP (285,000 statewide)
	Texas	2.6 million	VoIP (2.6 million statewide)
	West Virginia	34,000	VoIP (34,000 statewide)

Provider	State	Homes Passed in Counties Served by Verizon*	Cable Telephony Currently Available in Counties Served by Verizon by Numbers of Homes Passed*
	Wisconsin	153,000	VoIP (153,000 statewide)
Cablevision	Connecticut	232,000 (Fairfield Co.)	VoIP (232,000 in Fairfield Co.)
	New Jersey	1.2 million	VoIP (1.2 million statewide)
	New York	2.4 million	VoIP (2.4 million statewide)
Charter	California	1.2 million	
	Delaware	9,200	
	Illinois	142,000	
	Indiana	48,000	
	Maryland	55,000	
	Massachusetts	284,000	
	New Hampshire	6,900	
	New York	37,000	
	North Carolina	95,000	
	Oregon	111,000	
	Texas	560,000	
	Vermont	25,000	
	Virginia	109,000	
	Washington	143,000	
	West Virginia	279,000	
	Wisconsin	571,000	VoIP (38,000 in Wausau MSA, 167,000 in Dane Co.)
Cox	California	537,000	Circuit-Switched (306,000 in Orange Co.)
	Massachusetts	1,300	
	North Carolina	800	
	Rhode Island	356,000	Circuit-Switched (356,000 statewide)
	Texas	317,000	
	Virginia	1.1 million	VoIP (77,000 in Roanoke MSA) Circuit-Switched (377,000 in Northern VA, 621,000 in Virginia Beach MSA)
Total for 5 MSOs		more than 32 million	more than 21 million

*Homes passed in counties served by Verizon. Data for MSAs where cable telephony is available also reflect only counties served by Verizon.

Sources: Media Business Corp., *Top 10 MSOs by County* (Mar. 2004) (homes passed). **Comcast.** Media Business Corp., *Top 10 MSOs by County* (Mar. 2004) (states); Kagan, *Future of Cable Telephony* at 13 (Oct. 2003) (telephony availability) (“*Kagan Future of Cable Telephony*”); Comcast State Tariffs, available at <http://www.comcast.com/Products/Telephony/Policies.ashx?LinkID=63> (telephony availability); CED inDepth, *Advanced Services Deployment Handbook* at 14 (Mar. 2004) (telephony availability); Comcast, *Comcast Digital Voice Suburban Philadelphia Residential Pricing List*, <http://www.comcast.com/cdv/phillypricing/default.html> (telephony availability); Comcast, *Comcast Digital Voice Massachusetts Residential Pricing List*, <http://www.comcast.com/cdv/springfieldpricing/default.html> (telephony availability); Comcast, *Comcast Digital Voice Indianapolis Residential Pricing List*, <http://www.comcast.com/cdv/indypricing/default.html> (telephony availability). **Time Warner.** Time Warner Cable, *About Us*, <http://www.timewarcable.com/corporate/aboutus/?menu=Aboutus> (states); Time Warner Press Release, *Time Warner Reports Results for 2004 Full Year and Fourth Quarter* (Feb. 4, 2005) (telephony availability). **Cablevision.** Cablevision Systems, *Corporate: Cable and Communication*, http://www.cablevision.com/index.jhtml?pageType=cable_comm. (states). **Charter.** Charter Communications, *Our Markets*, <http://www.charter.com/aboutus/ourstory/markets.asp> (states); CED inDepth, *Advanced Services Deployment Handbook* at 14 (Mar. 2004) (telephony availability); J. Newman, *A Long Way From the Rotary Phone; Voice Over Internet Protocol is Hottest New Way to Talk*, Wisconsin State J. (Sept. 5, 2004) (telephony availability). **Cox.** Cox Communications, *Cox Communications*, <http://www.cox.com>; Cox Communications, Form 10-K (SEC Filed Feb. 27, 2004) (states); *Kagan Future of Cable Telephony* (telephony availability).

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 2

Competitive Prices for Mass Market Voice Telephone Service

There are many competitors offering mass-market voice telephone service in Verizon's top 50 MSAs. Their offerings are priced at levels that are comparable to or below Verizon's voice telephone package rate. For each of these MSAs, Verizon has prepared a table that compares the prices and features of the voice telephone service offerings of several leading competitors, including cable and VoIP offerings, as well as wireless offerings. Verizon prepared these tables by examining the competitors' websites and other publicly available information.

NEW YORK

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cablevision Optimum Voice ¹	Time Warner Cable Digital Phone ²	RCN Megaphone	Vonage Premium Unlimited ³	AT&T CallVantage ³	VoicePulse America Unlimited ³	Packet8 Freedom Unlimited ³	Lingo Unlimited ³	BroadVoice Unlimited World ³	BroadVox Direct Residential Unlimited ³	MyPhone Company ³	Quantum Voice Premier ³	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
														600 mins.	700 mins.	600 mins.
Price	\$49.95	\$34.95	\$39.95	\$60.00	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	7	5	4	13	16	16	8	12	16	9	10	14	5	5	5

¹Subscription to Cablevision's High-Speed Internet service required. Cablevision also offers this package bundled with High-Speed Internet and digital cable service for \$89.85 a month. Customers "are essentially receiving their voice service for free," according to Cablevision.

²Requires a subscription to High-Speed Internet Service or video services at additional cost. Reflects the \$10 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

³Requires broadband connection at additional cost.

WASHINGTON, DC

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cox Unlimited Connections (Fairfax) ¹	Comcast Connections Any Distance	StarPower Ultra Unlimited Long Distance	Vonage Premium Unlimited ²	AT&T CallVantage ²	Phonom ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
														600 mins.	700 mins.	600 mins.
Price	\$49.95	\$39.95	\$48.95	\$51.80	\$24.99	\$29.99	\$34.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	11	3	4	13	16	10	16	8	12	16	9	10	5	5	5

¹Reflects the \$10 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

PHILADELPHIA

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Digital Phone ¹	RCN Megaphone	Vonage Premium Unlimited ²	AT&T CallVantage ²	Phonom ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Quantum Voice Premier ²	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.
Price	\$54.95	\$39.95	\$55.00	\$24.99	\$29.99	\$34.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited													Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	3	4	13	16	10	16	8	12	16	9	10	14	5	5	5

¹Reflects the \$15 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

BOSTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	RCN Megaphone	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.
Price	\$49.95	\$48.95	\$55.00	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	4	4	13	16	16	8	12	16	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

LOS ANGELES

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Quantum Voice Premier ²	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.
Price	\$59.95	\$48.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	4	3	13	16	16	8	12	16	9	10	14	5	5	5

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

BALTIMORE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	Phonom ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
													600 mins.	700 mins.	600 mins.
Price	\$49.95	\$44.95	\$24.99	\$29.99	\$34.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	10	13	16	10	16	8	12	16	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

TAMPA

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Bright House Networks Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.
Price	\$49.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	3	13	16	16	8	12	9	10	5	5	5

¹Reflects the \$10 discount for customers subscribing to both Standard Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

RIVERSIDE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhoneCompany ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$59.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	16	8	12	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

PITTSBURGH

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)	Leap Cricket Unlimited
											600 mins.	700 mins.	600 mins.	
Price	\$54.95	\$49.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99	\$40.00
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	4	13	16	16	8	12	16	9	10	5	5	5	1

¹Requires broadband connection at additional cost.

PROVIDENCE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cox Unlimited Connection ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Quantum Voice Premier ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
												600 mins.	700 mins.	600 mins.
Price	\$49.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited											Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited											Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited											Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	9	13	16	16	8	12	16	9	10	14	5	5	5

¹Reflects the \$10 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

VIRGINIA BEACH

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	Cox Connection Unlimited (Hampton Roads)	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	Phonom ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.	ALLTEL National Freedom 600 mins.	SunCom UnPlan
Price	\$49.95	\$44.95	\$49.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$50.00	\$39.99	\$49.99	\$50.00
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	10	6	13	16	10	8	12	9	10	5	5	5	6

¹Requires broadband connection at additional cost.

RICHMOND

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	Comcast Connections Any Distance	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	Phonom ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)	ALLTEL National Freedom	SunCom UnPlan
											700 mins.	600 mins.	600 mins.	
Price	\$49.95	\$44.95	\$48.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$50.00	\$39.99	\$49.99	\$50.00
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	10	3	13	16	10	8	12	9	10	5	5	5	6

¹Requires broadband connection at additional cost.

DALLAS

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
											600 mins.	700 mins.	600 mins.
Price	\$54.95	\$49.99	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	4	13	16	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

BUFFALO

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$59.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

SEATTLE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
											600 mins.	700 mins.	600 mins.
Price	\$64.95	\$49.99	\$24.99	\$29.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	4	13	16	8	12	16	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

WORCESTER

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
											600 mins.	700 mins.	600 mins.
Price	\$54.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	16	8	12	16	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

SARASOTA

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.
Price	\$49.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

ALBANY

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
											600 mins.	700 mins.	600 mins.
Price	\$49.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	5	13	16	16	8	12	16	9	10	5	5	5

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

SPRINGFIELD

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Digital Phone ¹	Vonage Premium Unlimited ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$49.95	\$39.95	\$24.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	4	13	16	8	12	16	9	10	5	5	5

¹Reflects the \$15 discount for customers subscribing to both Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

ALLENTOWN

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	RCN Megaphone	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
												600 mins.	700 mins.	600 mins.
Price	\$49.95	\$44.95	\$55.00	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited											Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited											Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited											Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	10	4	13	16	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

PORTLAND, OR

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.	Qwest Choice Wireless Cross Country 750 mins. ²
Price	\$64.95	\$49.99	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99	\$54.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	4	13	16	16	8	12	16	9	10	5	5	5	4

¹Requires broadband connection at additional cost.

²Price includes optional \$5 charge for unlimited nights & weekends beginning at 9pm.

TRENTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	Phonom ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
													600 mins.	700 mins.	600 mins.
Price	\$49.95	\$44.95	\$24.99	\$29.99	\$34.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited												Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	10	13	16	10	16	8	12	16	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

LAKELAND

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.
Price	\$49.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

SYRACUSE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
											600 mins.	700 mins.	600 mins.
Price	\$49.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	5	13	16	16	8	12	16	9	10	5	5	5

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

PORTLAND, ME

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	VoicePulse America Unlimited ²	BroadVoice Unlimited World ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
						600 mins.	700 mins.	600 mins.
Price	\$54.95	\$39.95	\$24.99	\$34.99	\$19.95	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	4	13	16	16	5	5	5

¹Reflects the \$10 discount for customers subscribing to either Digital Cable or High-Speed Internet service.

²Requires broadband connection at additional cost.

OXNARD

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$59.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	16	8	12	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

HARRISBURG

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
									600 mins.	700 mins.	600 mins.
Price	\$49.95	\$24.99	\$29.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited								Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited								Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited								Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	13	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

SANTA BARBARA

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	AT&T CallVantage ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
					600 mins.	700 mins.	600 mins.
Price	\$59.95	\$29.99	\$19.95	\$19.95	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	16	8	12	5	5	5

¹Requires broadband connection at additional cost.

SCRANTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
					600 mins.	700 mins.	600 mins.
Price	\$49.95	\$24.99	\$19.95	\$19.95	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	13	12	16	5	5	5

¹Requires broadband connection at additional cost.

ATLANTIC CITY

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	Phonom ¹	Packet8 Freedom Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
								600 mins.	700 mins.	600 mins.
Price	\$49.95	\$44.95	\$34.99	\$19.95	\$29.95	\$24.99	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	10	10	8	9	10	14	5	5	5

¹Requires broadband connection at additional cost.

MANCHESTER

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Comcast Connections Any Distance	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
											600 mins.	700 mins.	600 mins.
Price	\$54.95	\$48.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited										Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	4	13	16	16	8	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

BARNSTABLE TOWN

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	VoicePulse America Unlimited ¹	BroadVoice Unlimited World ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
					600 mins.	700 mins.	600 mins.
Price	\$49.95	\$34.99	\$19.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	16	16	10	5	5	5

¹Requires broadband connection at additional cost.

HOUSTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
								600 mins.	700 mins.	600 mins.
Price	\$54.95	\$39.95	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	5	16	8	12	9	10	5	5	5

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

POUGHKEEPSIE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cablevision Optimum Voice ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVoice Unlimited World ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)	Cellular One GSM National
										600 mins.	700 mins.	600 mins.	600 mins.
Price	\$49.95	\$34.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$19.95	\$24.99	\$49.99	\$50.00	\$39.99	\$50.00
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	3	7	13	16	16	8	12	16	10	5	5	5	6

¹Subscription to Cablevision's High-Speed Internet service required. Cablevision also offers this package bundled with High-Speed Internet and digital cable service for \$89.85 a month. Customers "are essentially receiving their service for free," according to Cablevision.

²Requires broadband connection at additional cost.

CHICAGO

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$64.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	5	13	16	16	8	12	9	10	5	5	5

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

FORT WAYNE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
							600 mins.	700 mins.	600 mins.
Price	\$64.95	\$24.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	8	12	9	10	5	5	5

¹Requires broadband connection at additional cost.

YORK

Comparison of Competitive Calling Bundle Prices and Features

	Vonage Premium Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
					600 mins.	700 mins.	600 mins.
Price	\$24.99	\$19.95	\$19.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	13	8	12	10	5	5	5

¹Requires broadband connection at additional cost.

CHARLESTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover 600 mins.	Sprint PCS Free & Clear Nationwide 700 mins.	ALLTEL National Freedom 600 mins.	NTELOS Home Free 1100 mins.
Price	\$59.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$49.99	\$49.99
Local Calling	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	8	12	9	10	5	5	5	6

¹Requires broadband connection at additional cost.

DURHAM

Comparison of Competitive Calling Bundle Prices and Features

	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	ALLTEL National Freedom
									600 mins.	700 mins.	600 mins.
Price	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$49.99
Local Calling	Unlimited								Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited								Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited								Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	13	16	16	8	12	9	10	5	5	5

¹Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

READING

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	Vonage Premium Unlimited ¹	AT&T CallVantage ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	Quantum Voice Premier ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$54.95	\$44.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$34.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	10	13	16	16	8	16	9	14	5	5	5

¹Requires broadband connection at additional cost.

ERIE

Comparison of Competitive Calling Bundle Prices and Features

	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.	Cellular One GSM National 600 mins.
Price	\$39.95	\$24.99	\$19.95	\$19.95	\$29.95	\$24.99	\$50.00	\$39.99	\$50.00
Local Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	8	12	9	10	5	5	6

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

HAGERSTOWN

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)	Cellular One GSM National
					600 mins.	700 mins.	600 mins.	600 mins.
Price	\$49.95	\$19.95	\$19.95	\$24.99	\$49.99	\$50.00	\$39.99	\$50.00
Local Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited				Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	8	12	10	5	5	5	6

¹Requires broadband connection at additional cost.

ROANOKE

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cox Unlimited Connections	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.	SunCom UnPlan
Price	\$49.95	\$49.95	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$50.00	\$39.99	\$50.00
Local Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	10	16	8	12	9	10	5	5	6

¹Requires broadband connection at additional cost.

LYNCHBURG

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Sprint PCS Free & Clear Nationwide 700 mins.	T-Mobile Get More (National) 600 mins.	SunCom UnPlan	NTELOS Home Free 1100 mins.
Price	\$49.95	\$19.95	\$19.95	\$29.95	\$24.99	\$50.00	\$39.99	\$50.00	\$49.99
Local Calling	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)			
Local Toll Calling	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)			
Long Distance	Unlimited					Included within Plan Minutes (plus unlimited nights & weekends)			
Calling Features	5	8	12	9	10	5	5	6	6

¹Requires broadband connection at additional cost.

UTICA

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	Vonage Premium Unlimited ²	AT&T CallVantage ²	VoicePulse America Unlimited ²	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
										600 mins.	700 mins.	600 mins.
Price	\$49.95	\$39.95	\$24.99	\$29.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited									Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	5	13	16	16	8	12	9	10	5	5	5

¹Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

²Requires broadband connection at additional cost.

OCEAN CITY

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Cavalier Unlimited	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
							600 mins.	700 mins.	600 mins.
Price	\$49.95	\$44.95	\$34.99	\$19.95	\$19.95	\$29.95	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	10	16	8	12	9	5	5	5

¹Requires broadband connection at additional cost.

COLLEGE STATION

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
								600 mins.	700 mins.	600 mins.
Price	\$54.95	\$24.99	\$34.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	8	12	9	10	5	5	5

¹Requires broadband connection at additional cost.

BURLINGTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	VoicePulse America Unlimited ¹	Packet8 Freedom Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	MyPhone Company ¹	Sprint PCS Free & Clear Nationwide 700 mins.	Unicel 1000 mins.	Nextel National Power 500 mins.
Price	\$59.95	\$24.99	\$34.99	\$19.95	\$19.95	\$19.95	\$24.99	\$50.00	\$45.00	\$45.99
Local Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited							Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	5	13	16	8	12	16	10	5	6	4

¹Requires broadband connection at additional cost.

LANCASTER

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Vonage Premium Unlimited ¹	Lingo Unlimited ¹	BroadVoice Unlimited World ¹	BroadVox Direct Residential Unlimited ¹	MyPhone Company ¹	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
							600 mins.	700 mins.	600 mins.
Price	\$49.95	\$24.99	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	13	12	16	9	10	5	5	5

¹Requires broadband connection at additional cost.

BINGHAMTON

Comparison of Competitive Calling Bundle Prices and Features

	Verizon Freedom	Time Warner Cable Digital Phone ¹	Packet8 Freedom Unlimited ²	Lingo Unlimited ²	BroadVox Direct Residential Unlimited ²	MyPhone Company ²	Cingular Nation w/ Rollover	Sprint PCS Free & Clear Nationwide	T-Mobile Get More (National)
							600 mins.	700 mins.	600 mins.
Price	\$59.95	\$39.95	\$19.95	\$19.95	\$29.95	\$24.99	\$49.99	\$50.00	\$39.99
Local Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Local Toll Calling	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Long Distance	Unlimited						Included within Plan Minutes (plus unlimited nights & weekends)		
Calling Features	3	5	8	12	9	10	5	5	5

¹ Requires a subscription to High-Speed Internet or video services at additional cost. Reflects the \$10 discount for customers subscribing to Digital Cable and High-Speed Internet service.

² Requires broadband connection at additional cost.

Sources

Verizon. Verizon, *Verizon Freedom*, http://www22.verizon.com/ForYourHome/sas/sas_Freedom.aspx. Any three of the Calling features (New York, Boston, Providence, Allentown, Trenton, Syracuse, Harrisburg, Scranton, Atlantic City, Barnstable Town, Poughkeepsie, Reading, Utica, Ocean City, Lancaster and Binghamton): Caller ID, Call Waiting, Call Waiting ID, Three-Way Calling, *69, Busy Redial, Call Forwarding, and Speed Dialing 30. Calling Features (Albany, NY and Springfield, MA): Caller ID, Call Waiting & Three-Way Calling. Calling Features (All other Markets): Home Voice Mail, Caller ID, Call Waiting, Speed Dialing and Three-Way Calling.

Cavalier. Cavalier Telephone, *Step 1: Choose Your Service*, <http://www.cavtel.com/homeservice/chooseplan.php>. Calling features: Caller ID, Call Waiting, Talking Call Waiting, Unlimited *69, Speed Dialing, Anonymous Call Rejection, 900 Toll Block, Call Forwarding (incl. Remote Call Forwarding), Repeat Dialing, Voicemail.

RCN/Starpower. RCN, *Regional Coverage: New York – Phone Local Calling Plans*, http://www.rcn.com/corpinfo/NY/ny_callingplans.php; RCN, *Regional Coverage: Philadelphia – Phone Local Calling Plans*, http://www.rcn.com/corpinfo/PA/phila_callingplans.php; RCN, *Regional Coverage: Boston – Phone Local Calling Plans*, <http://www.rcn.com/corpinfo/MA/callingplans.php>; RCN, *Regional Coverage: Los Angeles – Phone Local Calling Plans*, http://www.rcn.com/corpinfo/CA/la_callingplans.php; RCN, *Regional Coverage: Lehigh Valley – Phone Local Calling Plans*, http://www.rcn.com/corpinfo/PA/lehigh_callingplans.php; Starpower, Rates, <http://www.starpower.net/customer/rates.php>; Telephone conversation with Starpower customer service representative (June 18, 2004). Choice of 4 calling features (including voicemail).

Bright House Networks. Bright House Networks, *Bright House- Tampa Bay Division, Frequently Asked Questions*, <http://tampabay.mybriighthouse.com/site/Products/DigitalPhone/FAQ.cfm>; Bright House Networks, *Bright House- Tampa Bay Division, Digital Phone Calling Features*, <http://tampabay.mybriighthouse.com/site/Products/DigitalPhone/callingFeatures.cfm>. Calling features: Call Waiting (incl. Call Waiting ID), Caller ID, Voicemail.

Cablevision. Optimum Voice, *Pricing*, <http://www.optimumvoice.com/index.jhtml?pageType=pricing>; Optimum Voice, *What Is It?*, http://www.optimumvoice.com/index.jhtml?pageType=what_is_it. Calling features: Caller ID, Call Waiting, Call Forwarding, Call Return, Caller ID Blocking, 3-Way Calling, Voicemail.

Comcast. Comcast, Telephone conversation with Comcast California representative (May 6, 2004) (Culver City, Inglewood); Comcast Phone of Massachusetts, Inc., Massachusetts Tariff No. 1, § 3.3.2; Comcast Phone of Texas, LLC, Local Exchange Service Tariff, §§ 5.1, 7.2; Comcast Phone of Oregon, LLC, d/b/a Comcast Digital Phone, Local Exchange Service § C.2.4; Comcast Phone of Pennsylvania, LLC, Supplement No. 25 to PA PUC Tariff No. 1, §§ 5.1, 7.1; Comcast Phone of Washington, LLC d/b/a Comcast Digital Phone, Telecommunications Services Price List, § 5.2; Comcast Phone of New Hampshire, LLC, Exchange Services, New Hampshire Rate Schedule No. 1, § 3.3.2; Comcast, *Maryland-Virginia Digital Phone Packages*, <http://www.comcast.com/mdvaphone/>. Calling features (Maryland/Virginia): Call Waiting, Caller ID (incl. Caller ID with Call Waiting), and Call Return; Calling features (all other markets): Call Waiting, Caller ID (incl. Call Waiting with Caller ID), Call Return, LD Alert.

Comcast Digital Voice. Comcast, *Comcast Digital Voice Suburban Philadelphia Residential Pricing List*, <http://www.comcast.com/cdv/phillypricing/default.html>; Comcast, *Comcast Digital Voice Massachusetts Residential Pricing List*, <http://www.comcast.com/cdv/springfieldpricing/default.html>. Calling Features: 3-Way Calling, Call Forwarding Selective/Call Forwarding Variable, Call Return, Call Screening, Call Waiting w/ ID, Caller ID, Caller ID Blocking Per Call/Caller ID Blocking Per Line, Anonymous Call Rejection, Repeat Dialing, Speed Dial 8, and Enhanced Voice Mail.

Cox. Cox, *Digital Telephone*, <http://www.cox.com/HR/Telephone/packages.asp> (Hampton Roads); Cox, *Digital Telephone*, <http://www.cox.com/fairfax/telephone/Packages.asp> (Fairfax); Cox, *Digital Telephone*, <http://www.cox.com/newengland/telephone/default.asp> (Providence); Cox, *Digital Telephone: Calling Features & Plans*, <http://www.cox.com/roanoke/telephone/features.asp> (Roanoke). Calling features – Hampton Roads: Caller ID (incl. Call Waiting ID), Call Return, Call Waiting, Long Distance Alert, Priority Ringing, Voicemail; Calling features – Providence: Call Forwarding (incl. Busy/No Answer), Caller ID (incl. Call Waiting ID), 3-Way Calling, Busy Line Redial, Speed Calling, Call Return, Priority Ringing, Long Distance Alert, Voicemail; Calling features – Fairfax: Caller ID (including Call Waiting ID), Call Waiting, Call Forwarding (incl. Busy/No Answer/Call Waiting), Call Return, 3-Way Calling, Speed Dial 8, Busy Line Redial, Priority Ringing, Selective Call (Acceptance/Rejection/Forward), Long Distance Alert, Voicemail; Calling features – Roanoke: Caller ID (including Call Waiting ID), Call Waiting, Call Forwarding (including Busy/No Answer), Call Return, 3-Way Calling, Speed Call, Busy Line Redial, Priority Ring, Selective Call (Acceptance/Rejection/Forward), Voicemail.

Time Warner Cable. Time Warner Cable of Los Angeles, *Digital Phone*, <http://www.timewarnercable.com/LosAngeles/Products/DigitalPhones/default.html>; Time Warner Cable Raleigh/Durham/Fayetteville, *Digital Phone Plan Details*, <http://www.timewarnercable.com/nc/products/digitalphone/plandetails.html>; Time Warner Cable of Southeastern Wisconsin, *Popular Calling Features*, <http://www.timewarnercable.com/milwaukee/products/digitalphones/popularcallingfeatures.html>; Time Warner Cable, *Time Warner Cable of New York and New Jersey Plan Details*, <http://www.twcdigitalphone.com/newyork/callingfeatures.htm>; Time Warner Cable, *Time Warner Cable Albany Digital Phone Service*, <http://www.timewarnercable.com/Albany/Products/DigitalPhones/default.html>; Time Warner Cable, *Time Warner Cable Maine Popular Features*, <http://www.timewarnercable.com/maine/products/digitalphones/callingfeatures.html>; Time Warner Cable, *Time Warner Cable Houston Calling Features & Benefits*, <http://www.twcdigitalphone.com/houston/callingfeatures.htm>; Time Warner Cable, *Time Warner Cable Northeast Ohio Calling Features & Benefits*, <http://www.twcdigitalphone.com/northeastohio/callingfeatures.htm>; Time Warner Cable, *Popular Calling Features*, <http://www.timewarnercable.com/centralny/products/digitalphones/popularcalling.html>. Maine: Caller ID, Call Waiting w/ ID, Call Forwarding, Caller ID Block/Restore; LA, Durham Calling Features: Call Waiting w/ID, Caller ID, Call Forwarding; All other markets: Caller ID, Call Waiting w/ ID, Call Forwarding, Caller ID Block/Restore, Inbound/Outgoing Call Restriction;

AT&T CallVantage. AT&T, *AT&T CallVantage*, <http://www.usa.att.com/callvantage/index.jsp>; AT&T, *Check Availability*, <https://www.callvantage.att.com/signup/ServiceAvailabilityLite?soac=64525>; AT&T, *AT&T CallVantage Important Info & FAQs: Standard Telephone Features*, http://www.usa.att.com/callvantage/faqs/standard_features.jsp; AT&T, *AT&T CallVantage Important Info & FAQs: Advanced Communication Management Features*, http://www.usa.att.com/callvantage/faqs/advanced_services.jsp. Calling features: Call Filtering, Call Waiting, Call Forwarding, Caller ID, 3-Way Calling, Call Logs, Do Not Disturb, Conference Calling, Speed Dial, Locate Me, Phone Book, Record & Send, Control by Phone, Safe Forward Number, Simple Reach Numbers, Voicemail.

Vonage. Vonage, *Available Area Codes*, http://www.vonage.com/area_codes.php?refer_id=vonage-review; Vonage, *Residential Plans*, http://www.vonage.com/rate.php?refer_id=vonage-review; Vonage, *Features*, <http://www.vonage.com/features.php>. Calling features: Caller ID, Call Waiting, Call Forwarding, 3-Way Calling, Call Transfer, Click-2-Call, Call Return, Caller ID Block, Repeat Dialing, International Call Block, Ring Lists, Call Hunt, Voicemail.

Packet8. Packet8, *Area Codes and Rate Centers*, <http://www.packet8.net/about/areacodes.asp>; Packet8, *Residential Plans*, <http://www.packet8.net/about/services.asp>; Packet8, *FAQs (Taxes)*, <http://www.packet8.net/support/faqs/index.asp?action=ViewFAQ&SolutionID=158>. Calling features: Caller ID, Do Not Disturb, Call Waiting w/ ID, 3-Way Calling, Call Forwarding, *69, Anonymous Call Blocking/Caller ID Block, Voicemail.

Lingo. Lingo, *Lingo Unlimited*,

http://www.lingo.com/voip/residential/unlimited_internet_phone_service.jsp. Calling Features: Caller ID, Call Waiting, Call Forwarding, Caller ID Block, *69, Do Not Disturb, Redial, Speed Dial, 3-Way Calling, Anonymous Call Rejection, Simultaneous Ring, Voicemail.

Phonom. Phonom, *Does Phonom Serve My Area*,

<http://www.cavtel.com/phonom/index.php?pkg=TOTALCALL>. Phonom, *Voice Over Broadband: Introductory Packages*, http://www.cavtel.com/homeservice/voip/complete_packages.shtml. Phonom, *Features*, <http://www.cavtel.com/homeservice/voip/features.shtml>. Calling Features: Call Waiting, Call Forwarding (incl. Remote Call Forwarding), Caller ID, 3-Way Calling, Speed Dialing 8, *69, Repeat Dialing, Call Blocking (call block, anonymous call rejection, 900 toll block), Talking Call Waiting, Voicemail.

VoicePulse. VoicePulse, *Availability*, <http://www.voicepulse.com/availability/default.aspx>. VoicePulse, *Features*, <http://www.voicepulse.com/features/default.aspx>. Calling Features: Caller ID w/ Name, Call Waiting w/ ID, Call Transfer, Return Call *69, 3-way Calling, Enhanced Voicemail, Speed Dial, Distinctive Ring, Contact Lists, 7-Digit Dialing, Call Blocking (anonymous call block, caller id block, directory assistance block, international call block, telemarketer block), Filters, Do Not Disturb, Call Forward, Call Hunt/Find Me, Multi-Ring.

BroadVoice. BroadVoice, *Area Codes*, <http://www.broadvoice.com/areacodes.html>; BroadVoice, *Rate Plans*, <http://www.broadvoice.com/rateplans.html>; BroadVoice, *Features*, <http://www.broadvoice.com/features.html>. Calling features: Calling Name Retrieval/Calling Line ID Delivery Per Call, Call Waiting (incl. Flash Call Waiting), Call Forwarding (Always/Busy/No Answer/Selective), Calling ID Blocking/Calling Line ID Blocking per Call, Anonymous Call Rejection, Call Notify, Call Return, Do Not Disturb, Last Number Redial, Speed Dial 8/Speed Dial 100, Flash Call Hold, Flash Call Transfer, Flash Three-Way Call, Priority Alert, CommPilot Call Manager, Voice Messaging/Voice Management.

Broadvox Direct. Broadvox Direct, *Availability*, <http://www.broadvoxdirect.com/avail.aspx>; Broadvox Direct, *Residential Unlimited*, <http://www.broadvoxdirect.com/res19.html>.

Calling features: Do not Disturb, Call Waiting, Call Forwarding, Voicemail, Call Logs, Call Transfer, Caller ID, Caller ID Block, Conference Calling.

MyPhoneCompany. MyPhoneCompany, *Features*, <http://www.myphonecompany.com/features.aspx>; MyPhoneCompany, *Availability*, <http://www.myphonecompany.com/availability.aspx>. Calling features: Caller ID, Call Waiting (w/ID and Disable feature), Caller ID Block/Anonymous Call Block, Call Forwarding, Call Transfer, 3-Way Calling, *69, Busy Redial (*66), Do Not Disturb, Enhanced Voice Mail.

QuantumVoice. QuantumVoice, *Area Codes and Exchanges By State Full Listing*,

http://www.quantumvoice.com/areacodes_full_list.shtml; QuantumVoice, *Premier Service Plan*, http://www.quantumvoice.com/rates_premier.shtml. Calling Features: Voicemail, Call Waiting w/ ID, Caller ID, Call Blocking (ID Block (*67), Call Waiting Block), Speed Dial, Phone Book, Star * Code Features, Call Forwarding, Call Transfer, Call Return (*69), Call Treatment, Simultaneous Ring, 3-way Calling, Call Logs (Inbound, Outbound, Missed Call).

Cingular. Cingular, *Rate Plans*,

http://www.cingular.com/refresh/common/estore_zipcode?selinfo=Rate+Plans. Calling features: Call Forwarding, Call Waiting, Caller ID, 3-Way Calling, Voicemail.

Sprint PCS. Sprint, *Sprint PCS Free & Clear – Nationwide*,

http://www1.sprintpcs.com/explore/servicePlansOptionsV2/FreeClearFairFlexiblePlans.jsp?FOLDER%3C%3Efolder_id=1567897&CURRENT_USER%3C%3EATR_SCID=ECOMM&CURRENT_USER%3C%3EATR_PCode=None&CURRENT_USER%3C%3EATR_cartState=group&bmUID=1087688766327. Calling features: Caller ID, Call Waiting, 3-Way Calling, Numeric Paging, Voicemail.

T-Mobile. T-Mobile, *Select a Plan*, <http://www.t-mobile.com/plans/?tab=national>. Calling features: Caller ID, Conference Calling, Call Waiting, Call Hold, Voicemail.

Cricket. Cricket, *Buy Cricket*, <http://cricket.letstalk.com/product/promo.htm?depId=2&pgId=101&brandId=195&cmpId=166&tNav=4&to=3610&setZip=15237>. Calling features: Call Waiting.

ALLTEL. ALLTEL, *National Freedom*, <http://www.alltel.com/estore/wireless/products/national/>. Calling features: Caller ID, Call Waiting, 3-Way Calling, Call Forwarding (incl. No Answer Transfer), Voicemail.

Qwest Wireless. Qwest Wireless, *Qwest Wireless Calling Plans*, <http://www.qwestwireless.com/service/personal.jsp>; Qwest Wireless, *Qwest Wireless Calling Features*, <http://www.qwest.com/wireless/features/index.html?accType=RES>. Calling features: Call Waiting, Caller ID, 3-Way Calling, Voicemail.

SunCom. SunCom, *UnPlan*, <http://www.suncom.com/store/Plans.jsp?ts=1096053741365&fn=UnPlan>. Calling features: Caller ID, Call Waiting, 3-Way Calling, Call Forwarding, Text Messaging, Voicemail.

Cellular One. CellularOne, *GSM National Plans*, <https://www.celloneusa.com/ECCell/displayPlanDetails.do?spoid=1005>. Calling features: Call Waiting, Caller ID, Call Forwarding, 3-Way Calling, Unlimited Incoming Text Messages, Voicemail.

NTELOS. NTELOS, *HomeFree Anywhere*, http://www.ntelos.com/wireless/!_rp_hfanywhere.html; NTELOS, *Digital PCS Features & Options*, http://www.ntelos.com/wireless/r_feats.html. Calling features: Caller ID, Call Waiting, Call Forwarding, 3-Way Calling, Text Messaging, Voicemail.

Unicel. Unicel, *Current Special Offers and Service Packages*, http://www.unicel.com/zone46/special_offers/index.html?index=45. Unicel, *Plan Features*, http://www.unicel.com/zone46/products_services/c_serviceplans_features.html?index=444&h=1. Calling features: Call Waiting, Caller ID, Call Forwarding, Conference Calling, Unlimited Incoming Text Messages, Voicemail.

Nextel. Nextel, *Nextel Rate Plans*, http://nextelonline.nextel.com/NASApp/onlinestore/Action/RatePlanLanding?nextPage=RatePlanLanding&initstate=true&redirect=false&id4=shop_link2;rate_plans. Calling features: Call Waiting, Call Hold, 3-Way Calling, Unlimited Numeric Messaging.

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 3

Broadband Service Availability in Verizon's 50 Top MSAs

Broadband service is widely available throughout Verizon's 50 top MSAs. The following table shows the percentage of the population in each MSA for which cable modem service is available. This information was obtained from Warren Communication's *Cable Factbook* and supplemented with publicly available information. In these areas, customers have access to VoIP from an independent supplier, such as Vonage.

Cable Modem Service Availability by MSA in Verizon’s 50 Top MSAs

MSA	Percentage of the Population Within the MSA That Has Access to Cable Modem Service
New York-Northern New Jersey-Long Island, NY-NJ-PA	95-100%
Washington-Arlington-Alexandria, DC-VA-MD-WV	85-89%
Philadelphia-Camden-Wilmington, PA-NJ-DE-MD	90-94%
Boston-Cambridge-Quincy, MA-NH	95-100%
Los Angeles-Long Beach-Santa Ana, CA	90-94%
Baltimore-Towson, MD	85-89%
Tampa-St. Petersburg-Clearwater, FL	95-100%
Riverside-San Bernardino-Ontario, CA	75-79%
Pittsburgh, PA	95-100%
Providence-New Bedford-Fall River, RI-MA	90-94%
Virginia Beach-Norfolk-Newport News, VA-NC	75-79%
Richmond, VA	55-59%
Dallas-Fort Worth-Arlington, TX	90-94%
Buffalo-Niagara Falls, NY	95-100%
Seattle-Tacoma-Bellevue, WA	85-89%
Worcester, MA	85-89%

MSA	Percentage of the Population Within the MSA That Has Access to Cable Modem Service
Sarasota-Bradenton-Venice, FL	85-89%
Albany-Schenectady-Troy, NY	95-100%
Springfield, MA	95-100%
Allentown-Bethlehem-Easton, PA-NJ	95-100%
Portland-Vancouver-Beaverton, OR-WA	85-89%
Trenton-Ewing, NJ	95-100%
Lakeland-Winter Haven, FL	95-100%
Syracuse, NY	95-100%
Portland-South Portland, ME	95-100%
Oxnard-Thousand Oaks-Ventura, CA	90-94%
Harrisburg-Carlisle, PA	90-94%
Santa Barbara-Santa Maria-Goleta, CA	75-79%
Scranton--Wilkes-Barre, PA	75-79%
Atlantic City, NJ	95-100%
Manchester-Nashua, NH	95-100%
Barnstable Town, MA	80-84%
Houston-Baytown-Sugar Land, TX	85-89%
Poughkeepsie-Newburgh-Middletown, NY	95-100%
Chicago-Naperville-Joliet, IL-IN-WI	90-94%
Fort Wayne, IN	55-59%
York-Hanover, PA	95-100%

MSA	Percentage of the Population Within the MSA That Has Access to Cable Modem Service
Charleston, WV	45-50%
Durham, NC	65-69%
Reading, PA	95-100%
Erie, PA	85-89%
Hagerstown-Martinsburg, MD-WV	50-54%
Roanoke, VA	55-59%
Lynchburg, VA	40-44%
Utica-Rome, NY	95-100%
Ocean City, NJ	95-100%
College Station-Bryan, TX	60-64%
Burlington-South Burlington, VT	45-49%
Lancaster, PA	90-94%
Binghamton, NY	95-100%
Weighted Average	91.6%

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 4

Cable Modem Subscribers in States Served by Verizon

State	YE 2000	YE 2001	YE 2002	YE 2003	June 2004
Arizona	*	151,916	251,373	396,960	457,869
California	476,544	786,789	1,179,204	1,706,217	1,929,080
Connecticut	78,234	137,003	192,155	260,415	299,176
Delaware	*	*	*	*	*
Dist. of Columbia	*	*	*	*	*
Florida	255,978	486,977	741,426	1,050,062	1,171,641
Idaho	*	*	*	*	*
Illinois	126,490	204,202	316,169	494,110	589,025
Indiana	37,052	78,837	114,237	257,023	304,866
Maine	*	*	*	*	*
Maryland	65,668	143,174	241,264	385,408	433,754
Massachusetts	210,019	339,244	453,473	638,441	704,956
Michigan	130,296	329,697	472,405	611,131	656,263
Nevada	*	*	*	*	*
New Hampshire	*	*	*	118,456	129,024
New Jersey	*	375,362	578,337	781,898	862,834
New York	377,521	780,473	1,185,233	1,597,556	1,752,189
North Carolina	73,092	239,107	406,024	559,276	623,414
Ohio	127,692	264,031	435,404	597,442	709,145
Oregon	*	*	165,343	233,737	262,513
Pennsylvania	85,104	190,915	376,611	621,381	724,101
Rhode Island	*	*	*	*	*
South Carolina	44,812	96,559	159,944	209,889	228,648
Texas	227,070	427,324	740,469	1,019,623	1,162,797
Vermont	*	*	*	*	*
Virginia	78,585	182,591	320,154	517,924	579,580
Washington	*	*	246,627	367,321	426,487
West Virginia	*	*	65,542	78,018	97,463
Wisconsin	*	*	243,043	334,394	371,106
Total	2,394,157	5,214,201	8,884,437	12,836,682	14,475,930
* Data withheld by FCC to maintain confidentiality.					
Source: Industry Analysis & Technology Division, Wireline Competition Bureau, FCC, <i>High-Speed Services for Internet Access: Status as of June 30, 2004</i> at Table 10 (Dec. 2004).					

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 5

Price Comparison of Voice Service Bundles (Broadband v. Narrowband)

	Narrowband	Broadband (VoIP)
Unlimited local and long distance voice services plus vertical features	\$50-\$60/month ¹	\$20-\$35/month ¹
Internet Access	\$10-\$22/month ²	\$42-\$50/month ³
Taxes, fees, surcharges, etc.	\$5-\$13/month ⁴	\$0-\$5/month ⁴
Total	\$65-\$95/month	\$62-\$90/month

¹ See Exhibit 2 containing price comparisons of leading voice service competitors in Verizon's top 50 MSAs.

² MSN, EarthLink, and SBC Yahoo! charge \$21.95 per month for dial-up service. MSN, *MSN 9 Dial-Up*, <http://join.msn.com/?page=dept/dialup&pgmarket=en-us&ST=1&xAPID=1983&DI=1402>; Earthlink, *Earthlink Dial-Up Internet Access*, <http://www.earthlink.net/home/dial/>; SBC Yahoo! Dial, *SBC Yahoo! Dial: Getting Started*, http://promo.sbcglobal.net/sbcyahoo_myhome/. AOL charges \$23.90 for dial-up service. AOL, *Price Plans*, http://www.aol.com/price_plans/index.adp. United Online (which includes NetZero, Juno, and BlueLight) charges \$9.95, with \$14.95 for high-speed dial-up service. United Online, *United Online Home*, <http://www.unitedonline.net/>. Netscape, *Netscape FAQ*, http://www.getnetscape.com/more_info.adp?promo=NS_2_11_8_2003_12_1; PeoplePC, *PeoplePC Online Details*, http://www.peoplepc.com/connect/ppc_online.asp; *Bernstein March 2004 Broadband 2004 Update* at Exhibit 5.

³ See J. Atkin, RBC Capital Markets, *Cable/RBOC/DBS: Telephony, Data, and Video Pricing Comparisons*, at Exhibit 2 (Feb. 3, 2004) (estimating \$50 for cable broadband and \$42 for DSL). Cable companies routinely offer broadband for less.

⁴ Taxes, fees and surcharges are approximate. See F. Governali, *et al.*, Goldman Sachs, *Cable Telephony/VoIP Threat Evolves, But Shouldn't Be Catastrophic* at 24 (Apr. 16, 2004) (estimating "avoided connection fees for VoIP providers" at \$5.45, which includes federal USF contribution, LNP, E911, state telecommunications relay, federal excise tax, and utility user tax); see *UBS Vonage Story* at 3 (voice over broadband providers benefit from having "much lower taxes," whereas "regulatory fees and other taxes typically increase the price for the Bells by \$10-\$15."); Vonage, *Top Questions*, http://www.vonage.com/learn_center.php (Vonage subscribers incur no more than \$2.55 to cover the Federal excise tax and regulatory recovery fee; customers in New Jersey are also charged a state sales tax).

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 6

Wireless Substitution for Landline Voice Telephone Lines

	2004
Wireless subscribers	169 million ¹
Cumulative primary access lines displaced	11 million ²
% of users with wireless as their only phone	7-8 percent ³
Wireless voice traffic as a % of all voice traffic	29 percent ⁴
% of long distance calls placed by wireless subscribers on their wireless phones	60 percent ⁵
Average wireless minutes of use (per month)	701 ⁶
<p>¹ CTIA, <i>CTIA's Semi-Annual Wireless Industry Survey Results</i>, http://files.ctia.org/pdf/CTIAMidyear2004Survey.pdf (data as of June 2004).</p> <p>² B. Bath, Lehman Brothers, <i>Final UNE-P Rules Positive for RBOCs</i> at Figure 2 (Dec. 10, 2004) (YE04 est.).</p> <p>³ Adam Quinton, Managing Director & First VP, Co-Head of Global Telecom Services Research, Merrill Lynch, prepared witness testimony before the Subcommittee on Telecommunications and the Internet of the House Energy and Commerce Committee, Washington, DC (Feb. 4, 2004); Michael Balhoff, Managing Director, Telecommunications Group, Legg Mason, prepared witness testimony before the Subcommittee on Telecommunications and the Internet of the House Energy and Commerce Committee, Washington, DC (Feb. 4, 2004); B. Bath, Lehman Brothers, <i>Consumer VoIP Threat Overdone</i> at Figure 2 (July 1, 2004); B. Bath, Lehman Brothers, <i>Final UNE-P Rules Positive for RBOCs</i> at Figure 2 (Dec. 10, 2004).</p> <p>⁴ D. Janazzo, <i>et al.</i>, Merrill Lynch, <i>The Next Generation VIII: The Final Frontier?</i> at 42, Table 33 (Mar. 15, 2004).</p> <p>⁵ P. Marshall, <i>et al.</i>, The Yankee Group, <i>Divergent Approach to Fixed/Mobile Convergence</i> at 7 & Exh. 4 (Nov. 2004).</p> <p>⁶ P. Cusick, <i>et al.</i>, Bear Stearns, <i>U.S. Wireless 3Q04 Preview – Update for 3Q Channel Checks, Mgmt Meetings</i> at Exh. 23 (Sept. 23, 2004) (est.).</p>	

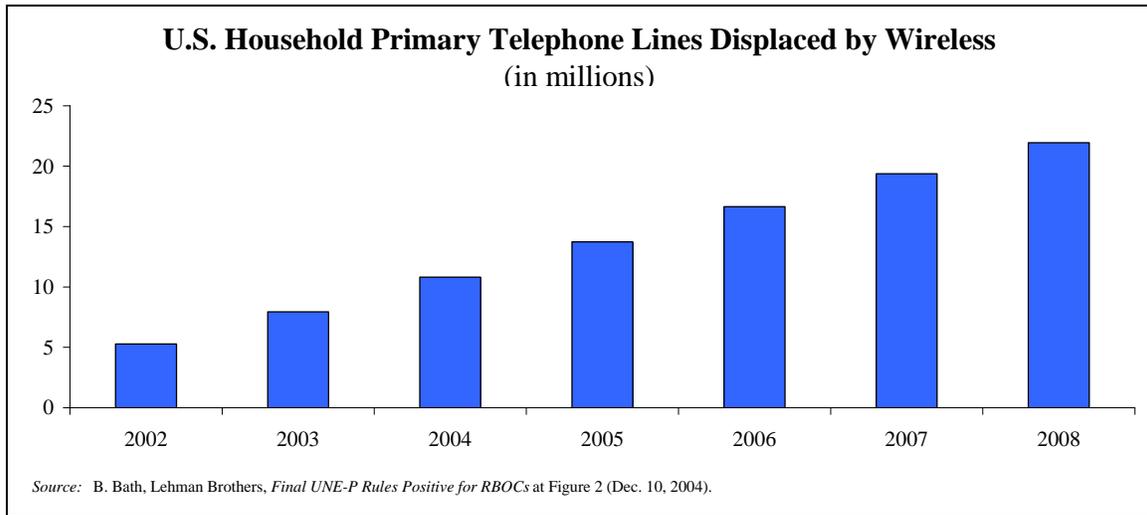
DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 7

**U.S. Household Primary Telephone Lines Displaced by Wireless
(in millions)**

	2002	2003	2004	2005	2006	2007	2008
Primary Access Lines Displaced	5.3	7.9	10.8	13.7	16.6	19.4	21.9

Source: B. Bath, Lehman Brothers, Final UNE-P Rules Positive for RBOCs at Figure 2 (Dec. 10, 2004).



DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 8

Wireless Use

	Analyst	2000	2001	2002	2003	2004E
Wireless MOUs (in billions)	Thos. Weisel Partners (Apr. 2004)	259	457	620	803	1,052
	Merrill Lynch (Mar. 2004)	259	456	620	837	1,054
Monthly MOUs per Subscriber	Thos. Weisel Partners (Apr. 2004)	221	320	384	444	525
	Bear Stearns (Sept. 2004)			561	684	701
<p><i>Sources: N. Zachar, et al., Thomas Weisel Partners, Wireless Carrier Consolidation: Setting the Record Straight for the Tower Industry at 3, Fig. 1 & at 4, Fig. 2 (Apr. 6, 2004) ; D. Janazzo, et al., Merrill Lynch, The Next Generation VIII: The Final Frontier? at 42, Table 33 (Mar. 15, 2004); P. Cusick, et al., Bear Stearns, U.S. Wireless 3Q04 Preview – Update for 3Q Channel Checks, Mgmt Meetings at Exh. 23 (Sept. 23, 2004).</i></p>						

DECLARATION OF MICHAEL K. HASSETT,
KATHY KOELLE, KATHERINE C. LINDER AND
VINCENT J. WOODBURY

EXHIBIT 9

Average Wireline Residential Monthly Toll Minutes (excluding wireless)

1995	1996	1997	1998	1999	2000	2001	2002
143	143	149	144	131	116	105	90
<p><i>Source:</i> Industry Analysis & Technology Division, Wireline Competition Bureau, <i>Statistics of the Long Distance Telecommunications Industry</i> at Table 20 (May 2003) (includes: IntraLATA-Intrastate, InterLATA-Intrastate, IntraLATA-Interstate, InterLATA-Interstate, International, Others (toll-free mins. billed to residential customers, 900 mins., and mins. for calls that could not be classified)).</p>							