

APPENDIX A
DESCRIPTION OF APPLICANTS

AT&T:

AT&T is a global telecommunications company that provides domestic and international voice, data and Internet services for residential, business and government customers. AT&T's global backbone networks carry an average of 4.9 petabytes of traffic to virtually every country and territory in the world. AT&T provides a wide-range of IP-based communications services for businesses, including an extensive portfolio of Virtual Private Network ("VPN") and Voice over IP ("VoIP") services.

To mass market customers, AT&T provides a broad array of voice, wireless, entertainment, and IP/data communications products and services. Through Project Lightspeed, AT&T will bring next-generation integrated video, super-high-speed broadband access and VoIP services via a new fiber-rich network.

To business and government customers, AT&T provides advanced IP and traditional networking solutions for both voice and data. These services are supplemented by an array of consulting, management and professional support services.

AT&T's operations are supported by the research and development organization known as AT&T Laboratories, which is an industry leader in the development of DSL and other broadband Internet transport and delivery systems, wireless data networks, and new technologies and applications for networking and enterprise business needs.

Domestically, AT&T serves 49.4 million access lines, which are predominantly concentrated in a 13-state region, with local or long-distance voice services. AT&T also has

7 million DSL lines in service. In 2005, AT&T's pro forma operating revenues reflecting the combined revenues of the former AT&T Corp. and SBC Communications Inc. as if they had been merged throughout the year were \$66.2 billion, compared to pro forma revenues of \$69.4 billion in 2004.

BellSouth:

BellSouth is the largest communications service provider in the southeastern United States, serving substantial portions of the population within Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee. It has three operating segments: the Communications Group, Wireless and the Advertising & Publishing Group.

Communications Group. Through its wholly-owned subsidiary, BellSouth Telecommunications, Inc., BellSouth provides wireline communications services, including local exchange, network access, intraLATA long distance services and Internet services. BellSouth Long Distance, Inc., BellSouth's long distance subsidiary, provides long distance services to residential and small business customers in BellSouth's region, long distance services to enterprise customers headquartered in BellSouth's region, and wholesale long distance primarily to Cingular Wireless. BellSouth served approximately 20 million access lines as of December 31, 2005, a reduction of 1.32 million from year-end 2004. BellSouth also served almost 2.9 million DSL customers (retail and wholesale) at the end of 2005. BellSouth operates a regional Internet backbone in its primary service area. It is not a "Tier 1" backbone and does not peer with any Tier 1 backbones; rather, BellSouth pays transit to other backbones for

handling its traffic. While BellSouth leases limited backbone facilities outside its region, it owns no out-of-region fiber or backbone facilities.

To mass market customers, BellSouth provides advanced voice, data, Internet and networking solutions in addition to traditional local and long distance voice services. During 2005, the consumer group represented 44 percent of Communications Group revenues while the small business unit represented 13 percent of Communications Group revenues.

To large business and government customers, BellSouth provides both standard and highly specialized communications services and products, including voice, data, Internet access, private networks, high-speed data equipment and conferencing services. BellSouth also provides interconnection services to other carriers. During 2005, the large business unit represented 17 percent of Communications Group revenues, while interconnection services represented 23 percent of Communications Group revenues.

Wireless and Advertising & Publishing. BellSouth's wireless business consists of a 40 percent ownership (and 50 percent management) interest in Cingular Wireless (see description of Cingular below). BellSouth also is one of the leading publishers of telephone directories in the United States.

In 2005, excluding its proportional interest in Cingular, BellSouth's revenues were approximately \$20.5 billion, compared to \$20.3 billion in 2004. Revenues for voice services were approximately \$12.6 billion in 2005, down roughly \$33 million from 2004. Data service revenues were approximately \$4.7 billion, compared to \$4.5 billion in 2004. BellSouth's capital expenditures were approximately \$3.4 billion in 2005, compared to \$3.2 billion in 2004.

Cingular:

Cingular provides wireless service to 54.1 million customers nationwide. Although AT&T holds a 60 percent economic interest in Cingular Wireless LLC and BellSouth holds 40 percent, each parent has a 50 percent voting interest in the LLC's manager, Cingular Wireless Corporation. Thus, the two parties share negative control of Cingular.¹ In 2005, Cingular's total operating revenues were \$34.4 billion, compared to \$19.6 billion in 2004. Service revenues were approximately \$30.6 billion in 2005, compared to \$17.6 billion in 2004. Equipment sales were \$3.8 billion, compared to \$2.0 billion in 2004. Cingular's capital expenditures were \$7.5 billion in 2005, compared to \$3.4 billion in 2004.

¹ See *In re Applications of AT&T Wireless Services, Inc. & Cingular Wireless Corp.*, Memorandum Opinion and Order, 19 FCC Rcd. 21522, 21534 ¶ 26 (2004); *In re Applications of SBC Communications & BellSouth Corp.*, Memorandum Opinion and Order, 15 FCC Rcd. 25459, 25462 ¶ 7 (WTB/IB 2000).