

**DECLARATION OF CHRISTOPHER RICE, EXECUTIVE VICE PRESIDENT,
NETWORK PLANNING AND ENGINEERING, AT&T INC.**

I, Christopher Rice, hereby declare the following:

1. My name is Christopher Rice. I am Executive Vice President, Network Planning and Engineering at AT&T Inc. I am responsible for enterprise-wide development, engineering, planning and procedures, deployment guidelines, advanced switching and routing, and other aspects of the new AT&T network. As part of my responsibilities, I am responsible for planning and implementing the integration of the legacy SBC network with the legacy AT&T network. I also was involved in certain aspects of due diligence relating to BellSouth's and Cingular's networks.

2. The purpose of this Declaration is two-fold. The initial section provides a status report on the SBC/AT&T network integration process. It explains the significant benefits that we are well on the way to delivering to our customers.

3. Then I will explain the benefits of combining the new AT&T with BellSouth from several perspectives.

(a) First, there are extensive benefits from combining the three IP networks that exist today at AT&T, BellSouth and Cingular into one fully-integrated, IP-based network that can deliver more features and functionality at lower cost.

(b) Second, this transaction will further enhance our ability to utilize the vast experience of AT&T Labs to increase research and development on next generation products and services, and deliver those products to a broader array of customers.

(c) Third, combining AT&T and BellSouth will create a set of network resources that is better equipped to respond to disasters in the BellSouth region and otherwise to enhance national security.

(d) Fourth, we will extend acknowledged benefits of combining a regional ILEC network with AT&T's national and international network to the BellSouth states.

I. SBC/AT&T Network Integration Status Report

4. While the process of integrating the legacy SBC and the legacy AT&T networks is just beginning, we already are realizing significant benefits. After we closed the merger on November 18, 2005, we spent the next approximately six weeks completing the integration planning process. The actual implementation phase began in January.

5. Even in the first 90 days of this process, significant benefits for customers from network integration are beginning to occur. Indeed, we are ahead of schedule in many respects.

6. I will illustrate the success of our network integration process with a status report on several specific projects, many of which I referred to in my prior Declaration in support of the SBC/AT&T application. We already are seeing meaningful results in several of those projects.

7. First, we are delivering enhanced Internet backbone reliability and reduced latency to our customers.

(a) Prior to the SBC/AT&T merger, AT&T had a national and international network, and was considered one of the "Tier 1" backbones. SBC, in contrast, operated a dense in-region network with relatively few out-of-region points of presence. SBC was not considered a Tier 1 backbone, and therefore had to hand off significant amounts of traffic to a Tier 1 backbone and pay transit fees. As I explained in my prior Declaration,

the necessity of using a transit provider meant that the traffic on the SBC backbone was subject to additional “hops” that could slow the traffic and increase packet loss.

(b) Since closing the merger, we have begun the integration by directly connecting the legacy SBC backbone to the legacy AT&T backbones outside the U.S. so that they can operate effectively as one. Thus, international traffic already is subject to fewer hops, and therefore reduced latency and packet loss, than it was pre-merger.

(c) We expect to directly connect the legacy SBC and legacy AT&T U.S. backbones by the end of April. At that time, traffic that previously was sent to/from legacy SBC and AT&T customers will be exchanged directly, and all such traffic will experience service enhancement.

8. My prior Declaration also described the importance of network security features, as to which the legacy AT&T system was a leader. Another advantage of interconnecting the legacy SBC network with the legacy AT&T network is that all traffic that crosses the legacy AT&T backbone has the benefit of those security features built into the network. These currently include features that trap spam, block spyware and identify worms. It is more effective, and efficient, to implement these security provisions within the core of the network once, rather than multiple times (if at all) at the edge of the network. AT&T Labs continues to develop additional functionality that will further enhance security on the Internet backbones that we operate, and reduce the cost of those services to our customers.

9. Another benefit of combining SBC and AT&T is that we have been able to commit the financial resources to accelerate expansion of network capacity in two respects.

(a) One expansion involves the legacy AT&T plan for an all-optical, ultra long-haul transport network. Because of budget constraints, the legacy AT&T had not

planned to complete this network upgrade until at least 2007-2008. The new AT&T, with the financial resources of the combined companies, has accelerated that investment into the current year. When completed, this investment will greatly enhance the through-put (i.e., reduced latency and packet loss) and reliability of customer services. It will also lay the foundation for increasing the capacity of the AT&T IP Backbone to meet customer growth for IP-based services such as virtual private networks, disaster recovery connections, and remote storage requirements. And it will also allow for shorter provisioning intervals and lower costs.

(b) The second, broader expansion involves our core Internet backbone network. The legacy AT&T core was comprised of multiple OC192 circuits. The new AT&T has developed a plan to accelerate deployment of new OC768 circuits. That process will start later this year. In addition to increased capacity, the new network will benefit customers by enhancing traffic management efficiency, improving the reliability of the IP network and providing increased disaster recovery capabilities should a failure in any part of the IP network occur (i.e., transport facility, router, peer point, etc.).

Therefore, with the combination of SBC and AT&T, this enhancement of our Internet backbone will occur more quickly than either company alone would have been able to accomplish, to the benefit of our customers.

10. The combined company also is launching a project to reduce network congestion using an AT&T Labs-developed intelligent routing solution. Today, each router in a network operates off a list of routing tables that tell it where to send the Internet traffic. These routing tables are used to re-route traffic when there is congestion on one part of the network (e.g., because a router goes down).

(a) Currently, when re-routing is necessary, routing tables are updated through a process of sending updated routing table information to every router in the system. That process takes time and causes additional congestion on the IP network, which delays traffic (i.e., increases latency and packet loss) as the IP routers update with the new routing tables. This process recurs when the failed router is restored, again causing all of the routing tables to update.

(b) The new AT&T has accelerated the implementation of a technology developed by AT&T Labs to connect these routing tables electronically to a single database, which will enable a router to automatically query the database and locate the best routing to avoid the point of congestion. Once this new system is implemented fully, it will be able to identify congestion earlier and provide re-routing information more quickly, resulting in a more stable network.

(c) This new intelligent routing capability will be able to mitigate Distributed Denial of Service (“DDOS”) attacks by preventing congestion both on the IP network and on customer connections. It also will enable the development / creation of new IP-based services and applications much like the Advanced Intelligent Network (“AIN”) technology did for the Public Switched Telephone Network (“PSTN”).

Therefore, it is clear from these recent developments that our Internet backbone customers will benefit from a more reliable and efficient network sooner than they otherwise would have.

11. Another advantage of the combination of SBC and AT&T is our ability to push products and services that were formerly available only to the largest enterprise customers down to smaller business customers.

(a) One example mentioned in my prior Declaration is an advanced “click-through” portal called “Business Direct” that allows business customers to provision and manage their telecommunication services in real time. The new AT&T already has completed the systems work necessary to make that portal available to a broader set of business customers than the legacy AT&T had considered providing such service to, and is funding additional work to push it even further down into the business segment. In other words, a broader set of medium and large businesses will have the benefit of this efficient method of operating more quickly than they would have under the legacy AT&T plan.

(b) A second example involves the legacy AT&T fully managed data backup and restoration service, which was only available to very large enterprise customers. That product will be rolled out to small/medium businesses later this year. In enterprise sales, every system is a one-off, i.e., highly customized. To make it available “down market,” the new AT&T is developing a standard offering that includes new back office systems necessary for ordering on-line, provisioning, etc. In addition, the new offering must support indirect channels, so we are creating an intranet for VARs to be able to obtain information and sell the product. These indirect channels will dramatically increase sales to SMBs who do not have the in-house resources to deal directly with large carriers, and who, by contrast, have existing relationships with VARs.

(c) Another innovation involves a patented IP tool developed by legacy AT&T Labs to detect network congestion in real time. This tool enables the company to identify potential disruptions to VoIP or video services. Legacy AT&T applied this tool only to large enterprise customers, but the SBC-AT&T merger has allowed us to bring

this development to business DSL customers as well. By coupling the network congestion detection technology with AT&T's expertise in managing networks through the use of automated troubleshooting and isolation/localization of network faults, the new AT&T has been able to offer more reliable IP-based services to a broader range of customers. These same technologies can be applied to BellSouth and Cingular, allowing AT&T to extend the benefits of a more stable network to a broader customer base.

(d) A fourth example relates to a legacy SBC TDM version of "integrated access," which was a T1 where the 24 channels were allocated between voice and data. Legacy AT&T had a product called "IP Flex Reach," which is an IP-based version of Direct Internet Access meant for enterprise customers. Again, that is being pushed down to small/medium business customers with the development of a standard offering and necessary back office systems. Moreover, this Flex Reach product was not available in some geographic locations, like the entire state of Oklahoma. The new AT&T will roll-out that product throughout the small/medium customer segment throughout our ILEC territory. This same product can be made available to the BellSouth ILEC territory as well, a product that would not exist in those areas but for the merger.

(e) In the broad category of "Managed Services," legacy AT&T was offering such services only to large businesses. The new AT&T is developing standard packaging and pricing to allow these services to be sold to small and medium businesses through direct and indirect channels. This will be a real benefit for those customers because many smaller and medium-sized businesses do not have an internal IT staff, and would like the ability to work with VARs from whom they purchase equipment and services. The new AT&T will also give them access to many of the network security products previously

available only to larger businesses. These services can also be quickly made available in the BellSouth service territory.

(f) The AT&T Ultravailable Network has been expanded and developed as a product that we are pushing down from the very large “Signature” businesses to the somewhat smaller “Enterprise” businesses; this product is known as AT&T Ultravailable Service Option 2. The legacy AT&T Ultravailable Managed Network Service provides business continuity and disaster recovery capabilities to larger businesses by using a geographically dispersed infrastructure. It is a scalable network solution that can interconnect data centers and business sites in a Metropolitan Area Network, as well as accommodate the transfer of large amounts of data at high bandwidth speeds between locations. AT&T Ultravailable Networks are designed, engineered and implemented to meet customers' unique operational needs while transparently resolving single points of failure. AT&T Ultravailable Service Option 2 is intended to meet the needs of smaller businesses requiring traditional ACCU-Ring-like TDM services and who may also require DWDM-based native protocols to support storage and/or other applications. It offers the same SONET and DWDM technology and connection types as Ultravailable Network Service (UNS). Ultravailable Service Option 2 is a middle-of-the-road option for smaller businesses looking to more effectively run their networks.

(g) An example in the other direction, is a legacy SBC product called OPT-E-MAN®. It is a point-to-point Ethernet service that was available primarily in larger metro areas to larger businesses. With a broader enterprise customer base, we are now developing a plan to expand that offering to other geographic areas, including cities like

Columbus, Ohio and Fresno, California, as well as New York City and other cities outside of our 13 states.

12. Turning to voice services, one of the major cost savings from the prior merger is our ability to migrate our long-distance voice and private line traffic off of a third-party network and onto the AT&T network. We are ahead of schedule in that process, and will have about three-fourths of that migration completed by the end of this year. This migration will result in significantly lower costs, as well as enhanced service reliability.

13. We also have launched an integration of the business VoIP platforms of the two legacy companies that will combine the best of both worlds. The legacy AT&T business VoIP platform was known as “Voice Dynamic Network Applications” (“Voice DNA”). SBC had developed a business VoIP platform known as “Hosted IP Communications Services.” We now are combining those two platforms under one brand name, Voice DNA, to take advantage of the strengths of both systems and to make available the full suite of functionality to all business customers. In particular, we are extending the “Unified Communications” functionality that was previously available only on the SBC platform to the legacy AT&T business VoIP customers. The Unified Communications platform provides a single mailbox for wireline voice, wireless voice, email, and fax mail, so customers can retrieve all their messages from one place. They can access their messages from either the telephone user interface (“TUI”) or via their email client (i.e., Outlook or Lotus Notes). They can listen to their voicemail via their email client and reply to their voicemail via the email client as well. They can view and print faxes from their email client. They can access their messages via the TUI. Using our speech-to-text and text-to-speech technology, they can listen to their email or voicemail via the phone. They can reply to

either their email or voicemail via the phone as well. They can also redirect fax messages to a fax machine.

14. In the consumer space, the financial resources of the legacy SBC business are being made available to increase the capacity of the AT&T Call Vantage platform. We are investing to increase the number of consumers that platform can support, and to make it IMS (IP Multi-media Subsystem) compliant. IMS is the architecture that is being utilized in our Project Lightspeed broadband network, as described below, and building it into the AT&T Call Vantage platform will allow that platform to support new features and functionality. The legacy AT&T had no plans to implement IMS in its VoIP platform, and in fact had stopped active development and marketing AT&T Call Vantage.

15. Legacy AT&T operated a voice network based on Lucent 4E switches that have been taken out of production. AT&T had no plans to replace these switches, and in fact was having to cannibalize some switches for parts to keep the network running. By moving the legacy AT&T voice traffic on to an IP network, it will be possible to continue to use the existing 4E switches, which have been highly customized for complex business services and secure government communications (e.g., Government Emergency Telecommunications Service), long enough to allow this functionality to be seamlessly built into a more modern platform. Again, the financial resources of the combined company have allowed us to launch a program that would upgrade this TDM network to an IP/IMS solution that legacy AT&T had no plan or funding to implement.

16. The final example is that we are accelerating the development and deployment of WiMax technology and mesh networks.

(a) WiMax is an industry-standard form of WiFi-like wireless connectivity that offers faster speeds and longer reach. In a full mesh network, all network nodes can communicate with other nodes as well as with users. This permits traffic to follow several different paths through the network, and, when managed properly, increases the reliability and ease of deployment of wireless networks.

(b) Legacy AT&T Labs was working on WiMax technology for business applications, and had developed particular expertise in the use of “mesh” networks. Legacy SBC Labs was developing WiMax technology focused on consumer applications. Neither company could make a business case to support full deployment of this technology. However, a combination of business and consumer applications may well support accelerated development of the technology. We are implementing pre-WiMax trials in rural areas of Nevada and Texas for this year. We also see the opportunity to use spectrum that was owned by the legacy SBC in Alaska to enable Alascom to deploy this technology in Alaska as well.

17. In sum, our experience even in the short time since combining with AT&T confirms the numerous, significant benefits available from integrating a regional ILEC network with the global network and innovative technology of AT&T. I will discuss how these benefits will translate to the BellSouth transaction in the following sections of this Declaration.

II. Network Integration Benefits from an AT&T-BellSouth Combination

A. Cingular

18. One of the most significant benefits of combining the new AT&T with BellSouth relates to the unified ownership of Cingular that will enable us to realize the advantages of combining what are today three separate IP networks into one fully integrated IP network.

19. One obvious benefit is network cost savings. We would be able to optimize the network planning and engineering. For example, we anticipate lower capital costs in developing and deploying the new IP network as we make larger volume equipment purchases and eliminate duplicate spending. And having one integrated network utilizing common equipment will also result in more efficient traffic management and lower operating costs. All of these cost savings and performance benefits will allow our company to enhance the reliability, security and functionality of our wireless and wireline products, as well as enable the development and deployment of converged wireless and wireline solutions.

20. Another major benefit involves the implementation of IMS architecture. AT&T has selected IMS as its network architecture to deliver the next generation of telecommunications services, including fixed-mobile converged services, because it will allow us to offer a seamless suite of services to a customer's three screens (wireless phone, PC and TV) without regard to where the customer is located, which device the customer is using, or how the customer is accessing the network.

21. IMS networks will allow us to provide services such as dual-mode voice, streaming video to the three screen network, consolidated address book/calendar, and will enable Instant Messaging on all three screens.

22. For business customers, IMS networks will allow AT&T to provide seamless mobility between fixed and mobile applications. Using IMS technology, a single device will serve as the home/work/mobile phone, and will have office features such as four-digit dialing. Moreover, IMS architecture provides a platform to offer important fixed-wireless convergence services in the medical, education, emergency services and government fields.

23. An integrated IMS network will also offer significant benefits to business customers and consumers by facilitating the immediate restoration of service in the event of even

catastrophic damage in their home region. Because IMS network services are all IP-based, our business customers and consumers who have been displaced from their home region will be able to access their own full set of managed IMS services from anywhere in the country – even from anywhere in the world – from which they can get IP connectivity. And when they do access those services, the fact that they are no longer in their offices and homes will not be apparent to them or the people with whom they are communicating.

24. However, these next-generation services are facilitated by interoperability between our fixed IMS network and Cingular’s wireless IMS network. Right now, Cingular and both parents – AT&T and BellSouth – each are investing in and building out three separate IMS networks, each with somewhat different architecture and functionality.

25. In order to provide converged services, AT&T’s and Cingular’s IMS networks need to be able to seamlessly hand off traffic to one another. IMS network applications rely on intelligence about the customer – they need to know where the customer is, what device she is using, and how she is accessing the network (i.e., bandwidth). Thus, IMS systems have very large databases with customer information, and today those data bases are separately maintained: AT&T has one, Cingular has one, and BellSouth has one.

26. With this merger, the combined firm will have more efficient access to information about customer’s characteristics and services which can be used, for example, to tailor the delivery of video over IP services. By combining three customer data bases into one, AT&T will be in a better position to know when the customer requests a video stream over IP, where the customer is, and what device will be receiving the stream. For example, if the customer is requesting a video feed at home over a broadband connection, AT&T will know that

it can stream a high-definition feed. Conversely, if the customer is traveling and on a cell phone, we can send a lower resolution feed, suitable for viewing on a cell phone screen.

27. Further, from a management standpoint, it has been time-consuming to work out the details of interoperability with Cingular. In 2002, we began working with Cingular to deploy a dual-mode phone service, which would allow customers to use a single handset that would connect to a broadband VoIP network when in a fixed spot (such as their home) and seamlessly transition to the mobile wireless network when beyond such spots. AT&T is investing heavily in IP networks and we see this as a way to drive demand for IP services and a logical extension of our suite of offerings to both residential and business customers. Because of shared ownership, we have had to spend extra time working through issues such as: Where is the customer information located? Who is responsible for updating and maintaining that data? Can/should Cingular offer fixed voice services? Can/should the parents offer wireless service as a part of converged services? Will the greater network investment be made by Cingular or the parents?

28. While the three companies could eventually resolve these issues, the fact that three companies must agree has slowed decision-making on this project. Cingular has changed direction on key issues, like technologies and handsets. Cingular has not yet made a handset decision and do not have a scheduled date for roll-out. By contrast, T-Mobile started working on a dual-mode phone after we did in 2003, but already has made a handset decision and “is expected to roll-out a commercial offering later this year.”¹ Therefore, streamlining Cingular decision-making will greatly enhance our ability to deploy IMS, create an integrated, lower-cost IP network, and bring the next generation of converged services to market more quickly.

¹ “AT&T Deal Could Speed Move To Wireless Internet Calling,” Wall Street Journal, Mar. 6, 2006, at B1.

B. Benefits to Research and Development on Next Generation Products

29. The merger of SBC and AT&T brought together complementary research and development resources. The legacy AT&T Labs employed leading experts in all aspects of IP-enabled services, software engineering, data networks and speech-recognition technology. The legacy SBC research and development efforts added expertise in broadband Internet access technology, wireless, network services and enterprise information technology. Since closing that transaction, we have increased our investment in developing and deploying innovative products and services, as described above.

30. AT&T Labs has particular expertise in the development of IP-enabled voice and video technologies, including technologies relating to more cost effective delivery of video over IP. AT&T Labs is working to develop enhanced video compression technology so that video conferencing services can be offered to enterprise customers with high Quality of Service (QoS) commitments. The merger with BellSouth will increase the attractiveness of investments in these developments by increasing the base of potential customers who would benefit from these developments. The increased customer base also will make the resulting higher quality video-conferencing services available more quickly and at more attractive prices to small and medium businesses.

31. AT&T Labs also has been a leader in developing tools relating to speech and voice recognition, and in conversion of speech to text and vice versa. The ability to hear email over a cellphone, to read voicemail messages through a video display, or to text messages that can be heard by the receiving party offer tremendous advances in communication to consumers who are sight, hearing or speech impaired. We have incorporated this technology into the

Unified Communications offering described above, and this transaction will allow us to provide that service to millions of new small businesses and consumers in BellSouth's region.

32. As another example of how the merger will allow the extension of AT&T technology to BellSouth customers, AT&T recently developed "optical mesh services" or OMS, specifically for enterprise customers. Traditionally, as enterprise customer requirements changed, they had to order additional fixed, point-to-point private lines, a process that could take several weeks, or even months. The OMS technology, which is accessed through the Business Direct portal described above, allows the customer to self-provision those circuits, and to manage its bandwidth requirements, all in real time and without the cost associated with the service provider's involvement. The result is a much more efficient provisioning process, and one which can be rapidly applied to the smaller business customers in BellSouth's region.

33. AT&T Labs also has developed proprietary database management software that allows us to manage massive amounts of data. We use that software to manage huge files of call records and other records that enhance the efficiency of our network operations, for example by analyzing Cingular's dropped calls to identify areas where the wireless coverage needs to be enhanced. We also use that software to improve billing accuracy and help with fraud detection.

34. More generally, this transaction will allow us to extend the benefits of innovative products and services to BellSouth customers. The examples described above in Paragraph 11 of our investment to take services previously offered only to the largest businesses and make them available to a broader set of business customers will all apply across BellSouth's region. And the broader base of customers will create more opportunities to increase our investment in new offerings even further.

C. Enhanced Ability To Respond to Disasters and To Strengthen National Security

35. The devastation from Hurricanes Katrina and Rita underscored how critical it is for companies to be able to mount swift and efficient responses to such disasters. Historically, the RBOCs supported one another through voluntary aid agreements, pursuant to which they would make support personnel and equipment available to the affected RBOC. Such a voluntary system, however well it works, is no substitute for the efficiency of a single network throughout the affected region, with a common inventory of substitute equipment, and personnel trained on that equipment.

36. In the case of Hurricane Katrina, for example, SBC provided personnel and equipment to support BellSouth's restoration effort. However, before we could deploy our personnel and equipment, the companies had to go through a formal process that involved a number of steps, each of which was necessary in the circumstances, but together delayed deployment by several weeks. For example, after receiving BellSouth's formal request for assistance (which in turn could only be prepared after BellSouth understood the extent of the devastation it faced, what resources it had, and what it needed from others), SBC had to determine whether it had an inventory of compatible equipment and parts and, if so, how much could be spared without risking its own network. Similarly, SBC needed to determine how many personnel could be loaned to BellSouth consistent with SBC's own network support obligations, and then comply with various labor agreements before it could deploy personnel.

37. As a single company, AT&T and BellSouth will eliminate many of the processes that contributed to the delay in deploying resources under existing arrangements. Moreover, with a single network, the issue of equipment and electronics compatibility is mitigated. And the

single company can more efficiently plan for a disaster recovery effort in advance, thereby speeding up the restoration of service considerably.

38. Based on SBC's own experience in responding to Hurricane Rita, I would estimate that an integrated AT&T and BellSouth would have accelerated the deployment of SBC personnel in support of the Hurricane Katrina recovery effort by several weeks to over a month. Hurricane Rita was not as devastating as Hurricane Katrina, and SBC was able to plan for and respond without the assistance of other carriers. This meant that SBC was able to stage both equipment and personnel that would be needed in the expected damage areas prior to the storm's arrival. As a result, repairs were commenced within hours of the storm's passage, without the delays associated with formal inter-company request procedures, determining equipment compatibility, or complying with union requirements on volunteering of workers. These efficiencies, which only arise within a single, integrated company managing a single, integrated network, will be a major benefit to the entire region served by AT&T and BellSouth today, much of which lies in areas targeted by hurricanes and tornadoes.

39. Moreover, as an outgrowth of its long-standing role in national security communications, and to respond to demands of enterprise service customers who expect the highest level of network reliability, legacy AT&T invested hundreds of millions of dollars to develop a truly unique disaster response capability. AT&T can deploy custom-built emergency vehicles with satellite uplink facilities, providing a critical command center as a first response to a disaster. These command centers can be used by police, fire and emergency personnel to support communications in the area, as occurred after the attacks on the World Trade Center in 2001. In addition, AT&T has the ability to deploy as many as 150 mobile central offices from its own fleet of trucks. Thus, if a central office is taken out by terrorist activity or other disaster, the

mobile office can restore service very rapidly. Similarly, AT&T has some 350 trailers with generators, HVAC systems and other resources needed to provide power and cooling to facilities that have lost power, enabling the facilities to be brought back on line quickly. In the event that hazardous material was involved in the event, AT&T has specially equipped trailers and a HAZMAT team trained to deal with hazardous material and work in this environment to restore communications.

40. All of these AT&T recovery resources would be available to both BellSouth and Cingular following the merger. They would substantially enhance their abilities to respond to both natural and man-made disasters, to improve on-site coordination of first responders and police, and to restore communications services to private businesses and consumers in the affected areas.

41. In addition to physical disaster recover assets, AT&T also has invested heavily in two other aspects of disaster recovery: (a) proactive monitoring of potentially disruptive events (such as hurricanes), and (b) software that allows for the automated restoration of systems information in replacement hardware. With respect to pro-active monitoring, AT&T has the ability to process large volumes of information to identify geographic areas in which a potentially significant outage may occur, either from a natural, or a man-made event. Through this constant monitoring effort, AT&T regularly deploys recovery assets where they are most expected to be needed. When disaster does strike, AT&T has a “mirror” of the database information that was within the affected network switches and nodes, and can restore that information to the replacement equipment instantaneously.

42. By utilizing these state-of-the art recovery technologies, AT&T was able to bring its own network back into service within a matter of a few days following Hurricane Katrina.

But AT&T faced the same challenges that legacy SBC faced in trying to provide equipment and personnel to BellSouth. AT&T's mobile central offices, which would have been of great value in the hardest hit areas, could not be utilized because of equipment incompatibility issues. Also, because AT&T could not image the BellSouth switch and node databases in advance of the hurricane, nor could it access BellSouth customer data, AT&T's proprietary software could not be used to rapidly rebuild the databases required to make the replacement switches operational. Had these recovery technologies been available to BellSouth and Cingular then, as they would be post-merger, more of the service disrupted by Hurricane Katrina would have been restored much more rapidly.

43. One step that is often taken when a portion of a network goes down (such as a central office) is to arrange to re-route the traffic through other carriers having the appropriately located switches and transport facilities. By bringing Cingular under single management, AT&T will have available to it the facilities of Cingular's wireless network, AT&T's long-distance network, as well as the BellSouth and legacy SBC networks, which will allow for more seamless shifting of traffic in response to outages, whether planned or unplanned.

D. Recognized Cost Savings and Other Integration Benefits

44. The combination of AT&T and BellSouth will allow us to extend the benefits of network integration that the Commission recognized in the SBC/AT&T merger to millions of customers in BellSouth's nine states. From our due diligence, I am aware that BellSouth has only a regional network, and does not own network assets outside of its nine states. Consequently, for example, it is paying for transit for its Internet backbone traffic, and accepting the reliability and latency issues associated with that arrangement. Similarly, it is handing off all of its voice traffic to third parties with national voice networks, and paying for minutes of use

accordingly. Just as we are able to offer significant performance enhancements and cost savings from integrating the legacy SBC and AT&T networks, we will be able to offer these same customer benefits through the integration of the BellSouth network as well.

45. BellSouth and Cingular customers will realize substantial network security enhancements and efficiencies by having their traffic cross the AT&T backbone that, today, utilizes advanced security solutions. There will no longer be separate Cingular or BellSouth IP core networks. We will re-home their edge/access points of presence to the AT&T IP Backbone just as we are doing with the legacy SBC IP Mega and Mini POPs. When the Cingular and BellSouth core IP networks are combined into the AT&T Core Network, the security benefits on the AT&T IP Backbone will accrue to their customers. Moreover, security is easier to manage on a single IP network versus three IP networks because there are fewer core nodes, fewer policies to apply to the routers, and fewer routers to apply the access control lists to.

46. The merged entity's combined IP-based network will be able to distribute traffic more efficiently than currently can be accomplished using three separate networks, by taking advantage of additional routing paths in the three networks and by reducing the number of traffic hand-off (or "peering") points. This, in turn, will mean that the combined entity will be able to provide enhanced service quality compared to the three networks standing alone, as I discuss in greater detail below. By improving the utilization of existing resources, the merger will reduce the need for, and cost of, augmenting existing facilities. At the same time, these efficiencies will allow the combined company to redeploy otherwise redundant network equipment and facilities.

47. Integrating the three networks will increase the efficiency of traffic handling and routing. With three separate networks, inter-network traffic flowing from points on, for example, BellSouth's network to points on Cingular's or AT&T's network often has to be routed

inefficiently, as it is exchanged through a limited number of peering points. As a result, traffic is not always routed in the way that makes the best use of network capacity or that utilizes the most direct route between two points. With a single, integrated IP network, these peering-points for handing off traffic will be eliminated, allowing traffic to be routed in a way that maximizes network capacity.

48. Eliminating the need to send traffic through hand-offs at fixed peering points will significantly improve efficiency over current inter-network traffic handling. In addition, there will also be cost savings from eliminating the fee-based transiting and backbone access arrangements BellSouth currently has with third parties, which will be rendered unnecessary once BellSouth's and AT&T's IP-based networks are integrated.

49. Moreover, moving off-network traffic onto an integrated network will decrease the off-network mileage charges that BellSouth, Cingular and AT&T must currently pay in order to utilize other networks. Within BellSouth's region, the density of the existing BellSouth network will reduce mileage charges for the combined company, while outside of BellSouth's region the density of the AT&T network will have the same effect.

50. The addition of AT&T's IP-based network will give BellSouth more flexibility in routing and load balancing, as additional traffic is absorbed by the AT&T IP-based network. The combined company will thus be able to avoid investments BellSouth otherwise would have had to make, allowing it to deploy capital either in more efficient ways or to develop new capabilities. Further, the combined company will be able to lower costs by redeploying redundant equipment and facilities.

51. The combined network will thus be much better suited, over an expanded geographic area, for such twenty-first century services as voice over IP ("VoIP"), video, and

video conferencing, and will be able to offer these services to many more customers. And the combined, non-overlapping IP networks will provide government customers with additional security and routing efficiency for their vital and sensitive communications.

I declare under penalty of perjury that the foregoing is true and correct.

Signature: /s/ Christopher Rice

Christopher Rice
Executive Vice President –
Network Planning and Engineering, AT&T

Date: March 28, 2006