

DECLARATION OF ROBERT W. BICKERSTAFF
VICE PRESIDENT, DATA PRODUCT MANAGEMENT
BELLSOUTH CORPORATION

I, Bob Bickerstaff, hereby declare the following:

I. Position and Qualifications

1. My name is Bob Bickerstaff. I serve as Vice President, Data Product Management of BellSouth Corporation (“BellSouth”).

2. I joined BellSouth in 1997 as senior director of business development in BellSouth’s Strategic Management Unit, where I led strategic consulting projects for various business units. In 1998, I joined BellSouth Interconnection Services (“ICS”), BellSouth’s wholesale services group at that time, as senior director, strategy & intelligent network services. From November 2001 until January 2006, I was Vice President - Marketing, for ICS, where I led BellSouth’s domestic wholesale transport, packet data, and local marketing organization. I hold a bachelor's degree in industrial management and mathematics and an MBA, both from Carnegie Mellon University.

II. BellSouth Faces Aggressive Competition for our Special Access Services

3. I submit this declaration to explain the dynamic state of competition for wholesale business customers in the BellSouth territory.

4. BellSouth faces aggressive competition for our special access services. Numerous competitive carriers have typically deployed competitive fiber networks in our metro markets that allow carriers to bypass our special access services.

5. BellSouth's relative wholesale share of special access services has steadily declined in recent years, while the estimated revenues and share of wholesale competitors in our region have steadily grown. Wholesale competitors active in our region include both integrated telecommunications carriers with local fiber networks (such as Broadwing, ITC^DeltaCom, Level 3, TelCove, Time Warner Telecom, Verizon, XO and Xspedius) and operators of fiber network that specialize in wholesale sales to carriers (such as AboveNet, AGL Networks, DukeNet, FPL FiberNet, OnFiber, Southern Light and Southern Telecommunications). Cable companies such as Cox are also increasingly using their metro fiber networks to compete for wholesale carrier business. BellSouth often refers to these wholesale competitors as Alternative Access Vendors ("AAVs").

6. AAVs tend to offer significantly lower prices than our wholesale prices, while often offering a comparable range of wholesale products (e.g., wavelength and ethernet services) and quality standards (e.g., SLAs comparable to those offered by BellSouth). Wholesale carriers are increasingly moving beyond inter-office transport routes to target last-mile connections to major office buildings as a growth opportunity.

7. We estimate that wholesale competitors, as a group, have garnered a substantial share of the high-capacity wholesale revenue (DS3 and above) in our region, and are also active at the DS1 level.

8. AAVs specializing in providing wholesale private line transport services, particularly those affiliated with financially strong utility company parents with existing rights-of-way, such as AGL Fiber, DukeNet and FPL FiberNet, have emerged as the most important competitive threat to BellSouth's special access business. FPL FiberNet, for example, offers advanced wholesale Gigabit Ethernet services to carriers in Florida at prices roughly 20 percent

below that of competitors while offering aggressive service and provisioning guarantees.

9. AAVs are particularly active in the major metro areas in our territory such as Atlanta and Miami where AT&T has its largest local presence within our region. In the aggregate, these AAVs have a substantially greater local presence (whether measured by collocation in our central offices or by estimated metro lit buildings) in these markets than AT&T, and are a substantially more important competitive threat to our special access business than AT&T.

10. I understand that in the SBC/AT&T transaction, certain parties claimed that AT&T used the discounts it receives on special access purchases as a tool to facilitate competitive activity by other carriers. Although I also understand that AT&T explained that this claim was factually untrue, I can add that I am aware of no evidence of such resale by AT&T of BellSouth special access circuits.

11. BellSouth offers a variety of special access discount tariffs that can be utilized by any carrier. The amount of tariff discounts typically depends on volume and term commitments made by the wholesale customers. BellSouth's primary special access discount programs include:

- ACP. ACP provides discounts for lower-capacity circuits (DS1 and below) at different levels depending on the term commitments made by the customer. The customer commits to a specific volume of business to qualify for the plan discount.
- TPP. TPP provides different discounts for different higher-capacity circuits (DS3 or greater) based on the term for which the customer agrees to purchase the circuits.

- TAP. TAP is an “overlay” tariff that offers discounts based on the customer’s total spending commitment levels for all qualifying wholesale products. TAP is available to any customer that commits to \$3 million or more in spending on BellSouth special access products for at least 3 years. More than a dozen carriers utilize our TAP discount tariff.¹
- Other discount tariffs. We also negotiate individualized contract tariffs from time to time with customers in areas where we have pricing flexibility. These contractual discount tariffs can include discounts based on factors such as volume commitments, mileage of BellSouth special access circuits and service quality requirements. For example, Contract Tariff No. 26 provides the customer with an additional discount and increased service quality standards with penalty payments to the customer for missed agreed upon service targets.

12. The wholesale discounts offered by BellSouth are available to all carriers and are widely used. In fact, some carriers have committed to discount plans that, in combination, provide them with total percentage discounts off the base tariff rates that are generally comparable to the discounts AT&T receives under the BellSouth plans it has chosen.

III. Conclusion

13. In conclusion, the merger will have no noticeable effect on the vigorous competition BellSouth faces for wholesale customers.

¹ Although no longer open to new customers, a number of carriers also purchase special access under our PSIP tariff that, like the TAP, is an overlay tariff that provides substantial discounts.

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

/x/ Bob Bickerstaff

Bob Bickerstaff

Vice President, Data Product Marketing

BellSouth Corporation

Dated: March 29, 2006