25. **IDC Revenue Data.** IDC reports revenues derived from various Internet-related services. Among the revenue measures tracked by IDC are: (a) US Wholesale IP Revenue, which consists of (i) US Wholesale Dial IP Revenue, (ii) US Wholesale Upstream Transit IP Revenue, and (iii) US Wholesale Other IP Revenue; and (b) US Business IP Connectivity, which consists of (i) US Dedicated Internet Access IP Revenue, and (ii) US Remote Access IP Revenue. Of these, the two measures that would appear to reflect most closely Internet backbone functions are US Dedicated Internet Access IP Revenue, and US Wholesale Upstream Transit Revenue. Moreover, focusing on these two categories tends to overstate the position of the parties — inclusion of dial up revenues would raise the share of MCI while lowering the shares of AT&T and SBC. In Table 3, I combine the latest revenue figures, i.e., 2003, provided to the parties by IDC for these two categories, and compute the implied shares.

26. The shares of dedicated Internet access plus wholesale upstream transit revenues shown in Table 3 below demonstrate that – as with traffic data – concentration before and after this transaction would fall well within levels deemed “unconcentrated” that presumptively raise no competitive concerns.

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16 The latest published reports from IDC, providing 2002 revenue data and describing IDC’s methodologies, are provided as Appendix 3. IDC has prepared and provided to SBC, but has not yet formally published, 2003 revenue information. With IDC’s consent, the parties have used this unpublished information as the source for Table 3.
### Table 3
Revenue Shares for Internet Backbone Related Functions
2003 Calendar Year ($ Millions)

<table>
<thead>
<tr>
<th>Internet Backbone Provider</th>
<th>IP Backbone Revenue (Wholesale Upstream Transit and Business Dedicated Internet Access)</th>
<th>Revenue Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T</td>
<td>$1,134</td>
<td>15%</td>
</tr>
<tr>
<td>MCI (WorldCom)</td>
<td>$699</td>
<td>9%</td>
</tr>
<tr>
<td>Sprint</td>
<td>$600</td>
<td>8%</td>
</tr>
<tr>
<td>Verizon</td>
<td>$403</td>
<td>5%</td>
</tr>
<tr>
<td>BellSouth</td>
<td>$400</td>
<td>5%</td>
</tr>
<tr>
<td>SBC</td>
<td>$396</td>
<td>5%</td>
</tr>
<tr>
<td>Level 3</td>
<td>$283</td>
<td>4%</td>
</tr>
<tr>
<td>Qwest</td>
<td>$170</td>
<td>2%</td>
</tr>
<tr>
<td>Comcast</td>
<td>$166</td>
<td>2%</td>
</tr>
<tr>
<td>Savvis</td>
<td>$107</td>
<td>1%</td>
</tr>
<tr>
<td>XO</td>
<td>$99</td>
<td>1%</td>
</tr>
<tr>
<td>Verio</td>
<td>$92</td>
<td>1%</td>
</tr>
<tr>
<td>Equant</td>
<td>$92</td>
<td>1%</td>
</tr>
<tr>
<td>Internap</td>
<td>$81</td>
<td>1%</td>
</tr>
<tr>
<td>Cable &amp; Wireless</td>
<td>$73</td>
<td>1%</td>
</tr>
<tr>
<td>Other</td>
<td>$2,896</td>
<td>38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,691</strong></td>
<td><strong>100%</strong></td>
</tr>
<tr>
<td>SBC &amp; AT&amp;T Combined</td>
<td>$1,531</td>
<td>20%</td>
</tr>
</tbody>
</table>

HHI (Other split equally among 15 additional firms) 568
Change in HHI 152

Source: Unpublished IDC Report, 2004

27. **Telegeography AS Connections.** The number of connections linked to different backbones can be an imperfect proxy for these backbones’ relative importance as carriers of traffic or generators of revenue, because connections can vary in their size, number of users and their intensity of utilization. Nevertheless, unless there are strong differences between backbones in their