

DECLARATION OF JOSÉ J. DÁVILA
VICE PRESIDENT & GENERAL MANAGER
FOR PUERTO RICO AND THE UNITED STATES VIRGIN ISLANDS

I, José J. Dávila, hereby declare the following:

1. My name is José J. Dávila. I am Vice President & General Manager for Puerto Rico and the United States Virgin Islands of AT&T's Mobility and Consumer Markets division. I have held that position since December 2005. I previously served as Director of Finance for the same market from July 1992 through December 2005. My responsibilities involve overseeing AT&T's wireless consumer marketing operations in Puerto Rico and the U.S. Virgin Islands, including approving rate plans and service offerings. I am familiar with the handsets and plans AT&T offers to customers, and with the process that AT&T uses to set the prices and terms of its service in this region.
2. This declaration provides information showing that AT&T's acquisition of Centennial Communications Corp. ("Centennial") will not harm competition in the provision of wireless services in Puerto Rico or the U.S. Virgin Islands.
3. AT&T's rate plan pricing differs in Puerto Rico and the United States Virgin Islands from those offered on the mainland, due to a combination of geography, local marketplace conditions, and the preferences of customers there. (AT&T treats Puerto Rico and the United States Virgin Islands as one region for sales and marketing purposes, including setting plans and pricing.)
4. In all, six wireless carriers – Claro, AT&T, Centennial, Sprint, T-Mobile (formerly SunCom), and Open Mobile – provide facilities-based service and strong coverage throughout the island of Puerto Rico. In the United States Virgin Islands, AT&T faces

competition from Innovative/VITELCO (an affiliate of the ILEC), Sprint, and Centennial, all of which also have good coverage. T-Mobile also has good network coverage and provides service in the Virgin Islands but currently does not sell plans there.

5. Although AT&T does offer national plans in both Puerto Rico and the United States Virgin Islands, customers in Puerto Rico overwhelmingly prefer island-wide plans, and accordingly AT&T provides a variety of local plans that comprises only Puerto Rico and the United States Virgin Islands. These local plans have different features than the continental national plans, as many of the rate plans offered by carriers in Puerto Rico and the Virgin Islands often include free incoming calls or provide for unlimited calling (so-called "all you can eat" plans). In neither Puerto Rico nor the United States Virgin Islands, however, does AT&T focus on the offerings of Centennial when determining how to price its plans and handsets. In determining plan pricing, AT&T personnel in Puerto Rico focus far more on the offerings of Claro, whose affiliate also provides landline service, T-Mobile (formerly SunCom), which has been aggressively expanding within the Commonwealth, and Sprint. In the United States Virgin Islands, AT&T is primarily concerned with the offerings of Sprint when setting its prices and plans.

I declare under penalty of perjury that the foregoing is true and correct. Executed on November 21, 2008.

Signed: _____



José J. Dávila
Vice President & General Manager for Puerto Rico
and the United States Virgin Islands

Declaration of Francis
P. Hunt

DECLARATION OF FRANCIS P. HUNT
SENIOR VICE PRESIDENT, CONTROLLER
CENTENNIAL COMMUNICATIONS CORP.

I, Francis P. Hunt, hereby declare the following:

1. My name is Francis P. Hunt. I am Senior Vice President and Controller of Centennial Communications Corp. ("Centennial" or the "Company") and have held these positions since February 2005. I served as Vice President, Caribbean Controller prior to that and have been with Centennial since 1997. My responsibilities with the Company include managing all accounting- and controller-related functions at Centennial. As such, I have a strong working knowledge of Centennial's operations and its relations with other carriers, equipment manufacturers and other industry participants.
2. I was actively involved in the Company's management analysis and review of the proposed transaction with AT&T Inc. ("AT&T"). Thus, I am familiar with the analyses conducted in connection with the Company's decision to undertake the merger.
3. The purpose of this declaration is to provide information regarding (1) the services that Centennial currently provides; (2) why the proposed merger of Centennial with AT&T will not lead to any competitive harms; and (3) the public interest benefits of the proposed transaction, especially regarding Centennial's customers when they become AT&T subscribers. I have reviewed the Declaration of Rick L. Moore, and I have relied on Mr. Moore's statements therein as to AT&T's capabilities in making my declarations here.
4. Centennial is a regional wireless and broadband telecommunications service provider. In the mainland United States, Centennial provides wireless telephone services to approximately

660,000 retail customers in small cities and rural areas in geographic clusters covering parts of the following six states: Indiana, Michigan and Ohio in the Midwest, and Louisiana, Mississippi and Texas in the Southeast. These markets cover a population of over 9 million people.

Centennial also provides wireless service to about 440,000 customers in Puerto Rico and the U.S. Virgin Islands and, in Puerto Rico, is a fully-integrated service provider offering fiber broadband services to business and, to a lesser extent, residential customers. These markets cover a population of approximately 4 million.

5. Many of the CMAs in which Centennial operates are in suburban and rural areas that are adjacent to or near, but do not include, larger metropolitan areas served by AT&T. For example, CMA 460 (Louisiana 7 - West Feliciana) is just north of two metropolitan areas, Baton Rouge and New Orleans; CMA 458 (Louisiana 5 - Beauregard) is adjacent to the Baton Rouge, Lafayette and Lake Charles metropolitan areas; CMA 501 (Mississippi 9 - Copiah) is adjacent to Jackson, Mississippi; CMA 101 (Beaumont-Port Arthur, Texas) is just east of the Houston metropolitan area; CMAs 408 (Indiana 6 - Randolph), 405 (Indiana 3 - Huntington), 217 (Anderson, Indiana), 236 (Muncie, Indiana) and 271 (Kokomo, Indiana) surround the Indianapolis metropolitan area; CMA 480 (Michigan 9 - Cass) is west of the Detroit and Toledo metropolitan areas; and CMA 403 (Indiana 1 - Newton) is east of the Chicago metropolitan area.

6. The majority of Centennial's wireless subscribers are residential. Business customers are only a small part of Centennial's customer base, accounting for approximately 14% of the Company's customers in Puerto Rico and only 1% of the Company's U.S. mainland customers.

7. AT&T is Centennial's largest roaming partner. During 2007, AT&T paid Centennial approximately \$45 million in roaming fees accounting for approximately 70 percent of the Company's roaming revenue of approximately \$65 million that year. That same year,

Centennial paid AT&T approximately \$21 million – thus resulting in approximately \$23 million in net payment to Centennial. The merger will eliminate these payments and reduce the cost of providing service to the customers of both companies.

8. In addition to the economic savings resulting from the elimination of roaming between the AT&T and Centennial networks, Centennial's customers also will benefit from expanded network coverage as they become part of AT&T's nationwide network. When outside Centennial's limited service area, the Company's customers currently roam on other carriers' networks. In the mainland U.S., approximately 88 percent of the Company's voice roaming traffic is on AT&T's network. Upon becoming AT&T subscribers, Centennial's customers will remain on-network more often, thereby enabling more consistent access to features over a larger geographic area and fewer dropped calls. In addition, as explained above, much of our spectrum in the U.S. mainland is adjacent to areas where AT&T has deployed facilities using the same technology. As our customers are integrated into the AT&T network, those who reside in those areas will no longer need to roam when moving from Centennial's current service area to AT&T's area. Centennial and AT&T have enjoyed a mutually satisfactory roaming relationship, and the expected improvements in the customer calling experience will not be because either company denied to the other company in the past the technology to ensure a seamless roaming experience.

9. Centennial's customers also will benefit from a substantial increase in the availability of international roaming at lower rates. Centennial currently provides its U.S. mainland customers with roaming capability only in Canada, Mexico, Jamaica, the Bahamas and Italy through direct relationships with carriers in those countries. Centennial currently provides its Caribbean customers with roaming services through direct relationships with carriers in the following areas:

United States, Canada, Dominican Republic, Mexico, Curacao, Bonaire, St. Maarten, British Virgin Islands, Cayman Islands, Aruba, Antigua, St. Kitts & Nevis, St. Lucia, Turks & Caicos, Saba and Statia. Only a minority of the roaming agreements in those countries include data capabilities. Additional countries are covered through participation in clearinghouse relationships, where a wholesaler provides Centennial with access to roaming in a particular country, often at much higher rates than those available through direct interconnection. As Centennial's customers become part of AT&T's network, they will have direct access to roaming for voice services in 211 countries and in 131 countries for data services, as noted in the declaration of Rick L. Moore, of AT&T.

10. The combined company will give Centennial's subscribers access to a more extensive variety of rate plans, wireless services and features than Centennial would have the capability to offer absent the merger. AT&T's size and national scope allow it to offer more features and services than Centennial can provide. AT&T also has customer policies that Centennial does not offer, such as its open applications policy. In addition, in light of the current financial environment and Centennial's substantial debt obligations, Centennial may be more cautious in its investment in and rollout of new services its customers desire, and I would expect AT&T to be able to roll these services out quickly and broadly throughout our footprint.

11. For example, Centennial does not currently offer the variety of handsets or features offered by AT&T in part because Centennial has not rolled out the 3G technology in its U.S. mainland markets that supports certain advanced handset features. The merger is likely to enable Centennial's subscribers to purchase dual-mode phones with integrated Wi-Fi capabilities and GPS navigation and other feature-rich handsets which Centennial does not currently offer. Centennial also does not offer its subscribers the range of advanced data services that AT&T

currently offers, including mobile video and subscription music services, and certain other multimedia features. Centennial offers some Wi-Fi hot spots in Puerto Rico that allow business users to access the network, but does not have a similar service for its U.S. mainland customers.

12. In addition, even with respect to certain services Centennial does provide, AT&T's size and national scope enable it to offer more features than Centennial can provide. For example, both carriers offer free mobile-to-mobile services to subscribers. However, AT&T offers customers a free mobile-to-mobile calling customer base that is roughly 75 times the size of Centennial's customer base. AT&T also offers GPS navigation service to its customers, while Centennial offers GPS navigation on a limited basis in Puerto Rico only. Similarly, Centennial offers unlimited minute rate plans only in Puerto Rico. And Centennial does not allow customers to roll over unused minutes from one month to the next. Centennial does not offer the same variety of prepaid offerings as AT&T.

13. Centennial does not have the advantages that AT&T's size, technical resources and access to capital provide. Centennial generally relies on third-party distributors for access to most of its phone models. Centennial does not have the scale to negotiate effectively on its own with equipment manufacturers for the degree of customization and the level of volume discounts that carriers with larger scale are often able to obtain. Centennial also does not have the technical and administrative resources to roll out new technology as quickly as AT&T.

14. Centennial has not commercially deployed 3G technology in its mainland U.S. markets to date, and the current financial environment will likely constrain Centennial's ability to invest in and roll out advanced technology and associated services as quickly as AT&T is able to do for its customers. The transaction will likely enable Centennial's customers throughout its footprint to gain access quickly to advanced services offered by AT&T, which are not currently offered by

Centennial in the U.S. mainland. In 2008, Centennial began a limited noncommercial trial of 3G UMTS technology in its Fort Wayne, Indiana market. We have announced plans to deploy a 3G UMTS network in parts of our U.S. wireless service area in fiscal year 2009; however, these plans are in the early stages and could be adversely impacted by the current economic conditions. In addition, Centennial is constrained in deploying 3G technology by its spectrum holdings, the cost of building out and the expense of handsets.

15. The merger also will enable AT&T to provide Centennial's customers 4G services faster than Centennial could offer them on its own. Centennial has no current plans for the introduction of 4G services to its customers in the U.S. mainland markets or in Puerto Rico. In most areas, Centennial may have insufficient spectrum to make the transition to 4G while providing a satisfactory quality of service, including meeting the growing demand for bandwidth-intensive services. As a result, Centennial would likely face difficulties converting its network to the 4G technology it selects or could be significantly delayed in doing so. Moreover, given the current financial market crisis and Centennial's debt obligations, Centennial would likely face significant difficulties accessing the capital necessary to roll out 4G service as quickly as AT&T would be able to do after the merger.

16. The merger also will improve the combined company's disaster preparedness. Centennial has extensive experience responding to hurricanes and other natural disasters, but is limited by its size and capital in certain areas such as rapid access to equipment and personnel. The merger will enhance AT&T's unique disaster recovery capabilities and assets with the addition of Centennial's experience in responding to natural disasters. In addition, the merger will enable redundant customer service operations if a particular call center was not operational or was experiencing overwhelming volume due to a disaster. Centennial has only one call center

for domestic operations and one primary call center for its Caribbean operations, while AT&T has dozens of wireless call centers in multiple states.

17. In the U.S. mainland market, Centennial determines the features and prices of each of its national rate plans primarily with reference to competing plans offered by the national carriers that overlap most with Centennial in the areas we serve. Centennial offers only national plans to new U.S. mainland customers, although many existing customers continue to receive service on the regional plans Centennial formerly offered.

18. In general, Centennial uses uniform plans and terms in its mainland U.S. service areas. Centennial does not vary prices or plans at the level of individual Cellular Market Areas (CMAs) or in smaller areas. This system is simple and saves costs, including the administrative costs of setting and maintaining local plans and training and call center costs associated with a larger variety of plans. Centennial's plans and the minutes currently offered under each plan are, with few exceptions, consistent across every area we serve in the U.S. mainland market. Centennial rarely allows for minor local exceptions to handset or rate plan offerings. In the current fiscal year, for example, Centennial has done so on only eleven occasions across all of its markets.

19. As a general matter, Centennial targets customers who live, work and play in its footprint and does not seek to acquire customers who travel frequently outside its footprint. However, customers in the Company's suburban and rural service areas are privy to advertising from nearby major cities, where there may be more carriers offering service. If those customers do not receive rates and plans from Centennial consistent with those offered in nearby cities, they will purchase service in those cities and make calls in their home CMAs on a roaming basis.

20. In Puerto Rico and the U.S. Virgin Islands, Centennial determines the features and prices of each of its plans by taking account of all competing plans offered in those local areas, which

include unlimited plans and free incoming calls. Centennial faces strong competition from numerous other providers in Puerto Rico. In addition to AT&T, Claro, T-Mobile, Sprint and Open Mobile each offers unlimited plans. The U.S. Virgin Islands currently are served by Centennial, Innovative/VITELCO, Sprint and AT&T. T-Mobile has network service there, but currently does not sell plans to retail customers. Unlike in the U.S. mainland market, in Puerto Rico and the U.S. Virgin Islands, Centennial offers unlimited island-wide plans, in addition to a national plan that allows customers to pay to roam in the mainland U.S. on an unlimited or per-minute basis. Centennial's handsets and rate plans are set on an island-wide basis throughout Puerto Rico and the U.S. Virgin Islands, respectively.

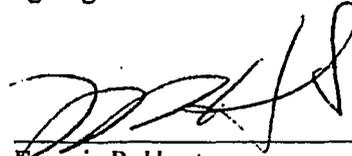
21. In addition to its wireless business, Centennial provides fiber broadband services to business and, to a lesser extent, residential subscribers as a CLEC in Puerto Rico. Those services include the provision of voice, data and Internet solutions. In Puerto Rico, Centennial competes primarily against the much larger incumbent wireline carrier, TELPRI, as well as WorldNet, a privately-held company that has deployed a soft switch and owns data switches for carrying IP traffic. Centennial also competes against an affiliate of the local electric power company, Prepa.net, which has deployed fiber facilities and has data switching capability to carry IP traffic.

22. Centennial also competes primarily with the incumbent in Puerto Rico to provide wholesale services to carriers in Puerto Rico.

23. There are currently five main undersea cables connecting Puerto Rico to the mainland United States: (1) the Emergia cable system; (2) ARCOS-1; (3) Americas-2; (4) GCN/Global Crossing MAC; and (5) Taino/Americas-1. Centennial owns or leases capacity on three of the five cables, with the exception of the Emergia and Americas-1 cables. Many of the largest telecommunications companies in the world have significant undersea capacity on these cables,

including Verizon, Sprint, Telefónica and Global Crossing. In addition, a privately-held company named Columbus Networks also owns significant capacity on the ARCOS-1 cable. Centennial uses its submarine cable capacity for its own traffic requirements, although it occasionally makes capacity available to other carriers on a wholesale basis. AT&T and Centennial do not compete in the provision of submarine cable services. In all events, the capacity of these cable systems is vast and growing, with planned upgrades underway.

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



Francis P. Hunt
Senior Vice President & Controller
Centennial Communications Corp.

Dated: November 21, 2008

Declaration of
Willig/Orszag/Poulsen

DECLARATION
OF
ROBERT D. WILLIG,
JONATHAN M. ORSZAG,
AND
J. LOREN POULSEN

November 21, 2008

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I. Qualifications

A. Robert Willig

1. Robert Willig is Professor of Economics and Public Affairs at the Woodrow Wilson School and the Economics Department of Princeton University, a position he has held since 1978. Before that, he was Supervisor in the Economics Research Department of Bell Laboratories. His teaching and research have specialized in the fields of industrial organization, government-business relations, and welfare theory.

2. Willig served as Deputy Assistant Attorney General for Economics in the Antitrust Division of the Department of Justice ("DOJ") during the Administration of President George H.W. Bush (1989 to 1991). He also served on the Defense Science Board task force on the antitrust aspects of defense industry consolidation and on the Governor of New Jersey's task force on the market pricing of electricity. He is the author of numerous articles, author and editor of several books, and the co-editor of *The Handbook of Industrial Organization*.

3. He has been active in both theoretical and applied analysis of issues affecting the telecommunications industry, including the wireless sector. Since leaving Bell Laboratories, Willig has been a consultant to a number of major telecommunications and wireless providers. He has testified before the U.S. Congress, the Federal Communications Commission, and the public utility commissions of about a dozen states regarding telecommunications issues. He has also been on government and privately supported missions involving telecommunications throughout South America, Canada, Europe, and Asia. On other matters, he has worked as a consultant with the Federal Trade Commission, the Organization for Economic Cooperation and Development, the Inter-American Development Bank, the World Bank, and various private

clients. Willig also serves as a Senior Consultant to Compass Lexecon, LLC, an economic consulting firm.

B. Jonathan Orszag

4. Jonathan Orszag is a Senior Managing Director and member of the Executive Committee of Compass Lexecon. His services have been retained by a variety of public-sector entities and private-sector firms ranging from small businesses to Fortune 500 companies. These engagements have involved a wide array of matters, from entertainment and telecommunications issues to issues affecting the sports and retail industries. He has been active in applied analysis of issues affecting the wireless sector. He has testified before administrative agencies, the U.S. Congress, U.S. courts, the European Court of First Instance, and other domestic and foreign regulatory bodies on a range of issues, including competition policy, industry structure, and fiscal policy.

5. Previously, Orszag served as the Assistant to the U.S. Secretary of Commerce and Director of the Office of Policy and Strategic Planning and as an Economic Policy Advisor on the President's National Economic Council. For his work at the White House, he was presented the Corporation for Enterprise Development's 1999 leadership award for "forging innovative public policies to expand economic opportunity in America."

6. Orszag is a Fellow at the University of Southern California's Center for Communication Law & Policy. He received a M.Sc. from Oxford University, which he attended as a Marshall Scholar. He graduated *summa cum laude* in economics from Princeton University, was elected to Phi Beta Kappa, and was named to the *USA Today* All-USA College Academic Team. In 2004, he was named by the *Global Competition Review* as one of "the world's 40 brightest young antitrust lawyers and economists" in its "40 under 40" survey. In 2006, the

Global Competition Review named him as one of the world's "Best Young Competition Economists."

C. J. Loren Poulsen

7. Loren Poulsen is a Vice-President of Compass Lexecon, LLC. Poulsen has experience in a wide array of industries, including telecommunications, internet messaging (and VOIP), consumer products, industrial products and health care. Prior to joining Compass Lexecon (formerly COMPASS), Poulsen worked for CapAnalysis at Howrey, LLP. Poulsen received his Ph.D. in Economics from George Mason University with concentrations in Industrial Organization and Public Choice Theory.

II. Introduction

8. We have been asked by counsel for AT&T Inc. ("AT&T") and Centennial Communications Corp ("Centennial") to assess the potential competitive effects of the proposed merger between AT&T and Centennial. In particular, we have been asked to focus our analysis on (i) the potential consumer benefits that would result from the proposed merger; (ii) the competitive effects of the proposed merger on a national basis; and (iii) the post-merger competitive effects in the particular Cellular Market Areas ("CMAs") where, at present, AT&T and Centennial both offer facilities-based service.

9. Our declaration provides a general analysis of the competitive pressures influencing pricing decisions and assesses the likelihood of competitive harms that might result from unilateral behavior or coordinated effects. While we are still developing additional data regarding the state of competition in each CMA possibly affected by this transaction, we have reviewed data regarding the number of competitors and the merging firms' spectrum,

subscribers, and network presence. In addition, we have reviewed the declarations of the applicants and interviewed relevant personnel at each firm. Our analysis of the available evidence shows that the proposed merger between AT&T and Centennial is unlikely to harm competition or the public interest on a national basis or in any CMA through unilateral effects or coordinated interactions.

10. We conclude that the proposed merger of AT&T and Centennial would not result in any material alteration of the existing competitive forces driving AT&T's wireless pricing decisions or other pertinent competitive activity in any geographic area. We also conclude that the merger will not result in any harm to competition in the sale of wireline services in Puerto Rico. As shown below, there is no basis for concluding that the transaction would adversely affect competition. From the standpoint of structure at the CMA level, and in light of the competitive forces constraining AT&T's post-merger behavior, there is no reason to expect that the merger will lead to either unilateral or coordinated anticompetitive effects.

11. The remainder of this declaration is organized as follows. Section III discusses the specific efficiency benefits that would be engendered by the proposed AT&T-Centennial combination. Section IV assesses the likelihood of unilateral and coordinated competitive effects as a result of the proposed merger. Section V discusses the effect of the merger on wireline competition in Puerto Rico. Section VI draws conclusions based on the previous sections.

III. Merger-Specific Efficiencies

12. AT&T and Centennial are pursuing the proposed transaction in order to achieve a number of significant efficiencies that will result in cost savings and quality improvements for

consumers. For Centennial's existing customers, many of whom reside in suburban and rural areas, the merger will enable AT&T to make available a wider variety of advanced services than they would likely receive in the absence of this transaction; the merger will specifically benefit Centennial customers who reside in areas where AT&T does not currently operate and those who are subject to a term of service commitment under their current contracts with Centennial. These efficiencies are merger-specific; that is, they likely could not be achieved at all, nor certainly achieved as rapidly, absent the proposed merger.

13. In this section, we discuss four specific efficiencies that AT&T and Centennial expect to achieve from the merger and explain why these efficiencies likely will result in direct and significant benefits to consumers. The four efficiencies are: (a) reduced costs from the elimination of inter-company roaming fees; (b) greater variety of handsets at lower cost; (c) other cost savings and benefits; and (d) improved customer experience.

A. Reduced Costs from Elimination of Inter-Company Roaming Fees

14. Consummation of the proposed deal will reduce both Centennial's and AT&T's reliance on roaming, thereby generating savings in the marginal costs that each experiences, and concomitant elimination of any double marginalization. AT&T and Centennial have extensive roaming agreements in place and are substantial roaming partners. In 2007, Centennial's incoming roaming revenues were roughly \$65 million and AT&T accounted for approximately 70 percent of that total.¹ Since the roaming fees paid by AT&T and Centennial are significantly greater than their costs of providing in-network service, the transaction should save the merged-

¹ See Hunt Decl. ¶ 7.

entity well in excess of \$100 million of experienced marginal costs over the next five years, based on 2008 roaming rates.² The elimination of the inter-company payments associated with this roaming traffic will reduce the combined company's marginal costs of providing service to consumers. Economic theory shows that marginal cost savings will accrue to the benefit of consumers in the form of lower prices, higher service quality, or both.

B. Greater Variety of Handsets at Lower Cost

15. The proposed transaction will also result in cost savings because of AT&T's greater economies of scale. Due to its larger subscriber base, AT&T enjoys a cost advantage, relative to Centennial, in handset acquisition. Centennial generally relies on third-party distributors to purchase handsets for use by its customers and does not have the scale on its own to receive the level of volume discounts that carriers with larger scale are often able to obtain. The proposed transaction will therefore result in a lower per-subscriber cost of serving Centennial's customers, which is another reduction in marginal cost and the source of another benefit to Centennial's subscriber base.

16. AT&T also provides its customers with a greater range and variety of handsets than Centennial can on its own. The transaction thus will enable AT&T to provide to Centennial subscribers, where AT&T does not offer service or who would incur financial penalties to terminate prematurely their service agreements, newer and more innovative handsets than would be available to them absent the merger. There are numerous phones and features that

² See Moore Decl. ¶ 6.

AT&T, but not Centennial, offers (and has offered) to subscribers due both to its scale and its more advanced network functionality that can support new devices.

C. Other Cost Savings and Benefits

17. In addition to lower roaming fees and reduced handset acquisition costs, AT&T and Centennial also have identified merger-specific efficiencies in their information technology and administrative systems. For example, it is anticipated that the merger will reduce the cost of handling billing for Centennial subscribers as they are migrated into AT&T's billing system.³ Folding Centennial's customer base into AT&T's existing system will therefore result in significant customer-level marginal cost savings post-transaction. The parties have identified other sources of cost savings as well, such as reduced customer acquisition costs; consolidation of redundant cell sites and network operating expenses; and reductions in general and administrative expenses. Another important benefit to Centennial's customers (and, to a lesser extent, to AT&T customers), would arise directly from combining the customer bases. Both AT&T and Centennial currently offer plans featuring free "mobile to mobile" in-network calling minutes in the United States.⁴ Centennial's U.S. and Caribbean wireless customers with national rate plans, however, can avail themselves of this opportunity only when calling the roughly 1.1 million wireless subscribers to Centennial's service.⁵ AT&T, in contrast, has approximately 75

³ See Moore Decl. ¶¶ 31-32.

⁴ For Puerto Rico and the U.S. Virgin Islands, most wireless providers provide unlimited local wireless calling in and out of network. For purposes of this declaration, "Caribbean" will be used to refer to both markets in the Caribbean – the U.S. Virgin Islands and Puerto Rico.

⁵ See Hunt Decl. ¶ 4.

million total subscribers.⁶ The proposed transaction thus will increase dramatically the number of customers to whom current Centennial subscribers would be able to make such unlimited mobile-to-mobile calls.⁷

18. In areas where AT&T is the ILEC, but currently does not offer wireless service, the proposed transaction will put the combined company in a better position to integrate the wireless/wireline networks serving those customers. This provides the possibility to further benefit Centennial's customers by combining their wireline and wireless service providers.⁸ Among the consumer benefits of this "bundled service" are receipt of a single bill, as well as eligibility for discounts available when subscribing to multiple services. Where AT&T currently offers wireline service, Centennial's existing customers could also sign up for one of AT&T's Unity Plans, which allow unlimited calls to and from each of the more than 120 million wireline and wireless phone numbers of current AT&T customers.⁹

19. Additional benefits from the proposed transaction include the merger-specific efficiencies will result from the integration of Centennial's local wireline facilities in Puerto Rico with AT&T's off-island facilities. These benefits include the elimination of double marginalization, improved service quality resulting from the elimination of third-party contracting for local-loop access, unified billing to customers, and associated reduced billing costs.

⁶ See Moore Decl. ¶ 4.

⁷ The proposed merger would also increase marginally the number of customers to whom current AT&T subscribers would be able to make unlimited mobile-to-mobile calls. It is important to note that while Puerto Rico customers enjoy unlimited calls on the island today, the merger would give Centennial customers the additional option of participating in one of AT&T's national plans with the ability to call all other subscribers in Puerto Rico and the United States.

⁸ See Moore Decl. ¶ 14.

⁹ See Moore Decl. ¶ 9.

D. Improved Customer Experience

20. In addition to lowering customer costs as a result of the reduction in the merging parties' marginal costs, the proposed merger is likely to improve the wireless customer experience.¹⁰ Integration of the companies' networks will permit greater cell site density in areas where the companies' spectrum holdings overlap and their overlapping tower facilities are complementary. The merger also will permit the combined company to use more efficiently the current companies' complementary spectrum and networks. Greater cell site density will enable faster data speeds and better penetration of homes and buildings. In addition, in areas where AT&T does not currently provide coverage and Centennial has 850 MHz spectrum, the proposed merger will enable AT&T to avoid the costs of constructing network facilities that might otherwise be necessary. In areas where AT&T provides 1900 MHz service, the integrated network will be able to make use of Centennial's 850 MHz spectrum. Use of 850 MHz spectrum, coupled with increased cell site density, will enhance the customer calling experience by reducing, for example, the incidence of dropped calls, dead spots, and coverage gaps in certain areas. Any tower facilities not needed for service enhancement can be decommissioned for further cost savings. While AT&T and Centennial currently have roaming agreements and might attempt to expand their coverage through additional roaming agreements, such

¹⁰ The Commission recently concluded that the Verizon Wireless-ALLTEL transaction was likely to result in transaction-specific public interest benefits, including increased network coverage, expanded and improved services and features, roll-out of next generation services, improvements in service quality, and economies of scale and scope. *See In re Applications of Cellco Partnership d/b/a Verizon Wireless and Atlantis Holdings LLC for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act*, WT Dkt No. 08-95, Memorandum Opinion and Order, FCC 08-258, ¶ 156 (rel. Nov. 10, 2008) ("*Verizon/ALLTEL Order*").

arrangements offer fewer benefits to customers than can be achieved through a complete integration of the two firms' wireless infrastructures with concomitant improvements and upgrades to Centennial's network by AT&T.

21. The proposed transaction will enable AT&T to make available to Centennial's customers in areas not currently served by AT&T an array of services, features, and rate plan options that Centennial either does not or cannot provide because it lacks a 3G network in the mainland U.S. and the overall subscriber base and/or the access to capital enjoyed by AT&T. Such services, features, and options include mobile video and subscription-music services,¹¹ a wider selection of advanced handheld devices,¹² and more international roaming.¹³ These services are popular with customers. As a general matter, Centennial's business executives note that Centennial is not an early adopter of advanced services due to its limited resources and business strategy. While Centennial's CDMA network is 3G in Puerto Rico, it is only just beginning to test 3G service in the U.S. and currently has no plans for 4G service. Centennial generally waits for the larger carriers to roll out new features and then, after the features have been market tested, decides which ones to implement. As a result, even to the extent that Centennial might eventually have offered some of the advanced features described above,

¹¹ See Hunt Decl. ¶ 11.

¹² For example, Wi-Fi and GPS functionalities included in certain handsets are now available to AT&T subscribers. Centennial has no GPS service in the U.S. and only limited offerings in Puerto Rico. See Hunt Decl. ¶ 12.

¹³ AT&T has 637 international roaming agreements covering 211 countries for voice services and 131 countries for data services. See Moore Decl. ¶ 16. By contrast, Centennial offers its customers direct international roaming capability to its mainland U.S. customers in only five countries, and to its Caribbean wireless customers only in a limited number of countries in the Caribbean, North America, and South America. See Hunt Decl. ¶ 9. Therefore, the transaction will offer Centennial's customers much greater international roaming capabilities than they otherwise have.