Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of)
GTE CORPORATION,)
Transferor,) File No.
and)
)
Bell Atlantic Corporation,)
Transferee.)
)
For Consent to Tranfer of Control)

DECLARATION OF DOREEN TOBEN

- 1. I am Vice President and Controller of Bell Atlantic Corporation. I am responsible for planning and achieving financial synergies from the proposed merger with GTE. In addition, I am responsible for achieving financial synergies from the 1997 merger between Bell Atlantic and NYNEX, and I also can attest to financial synergies that have been achieved from the 1995 merger between Bell Atlantic Mobile and NYNEX Mobile.
- 2. The merger of Bell Atlantic and GTE will produce substantial cost savings and revenue improvements that are hard, real, and certain. I have advised Bell Atlantic's Board of Directors that we will achieve the following financial efficiencies: Three years from the closing of the merger the new company will achieve, on a continuing basis, \$2.0 billion of annual expense savings and \$0.5 billion of annual capital expenditure savings. (These are savings beyond any that Bell Atlantic and GTE would have realized separately.) In addition, three years from the closing of the merger the new company will achieve, on a continuing annual basis, \$2.0 billion more revenues than the companies would achieve separately. Offset against these financial efficiencies will be transition costs of integrating the two companies in an amount not

yet determined.

- 3. The cost reductions will come from eliminating duplicative staff and information and operation systems, more efficiently using long-distance capacity, and reducing procurement costs. The revenue enhancements will come from the spreading of operational best practices and penetration of vertical services like second lines; improving the value and speeding the widespread deployment of long-distance offerings; and creating better and more widely distributed data services.
- 4. The \$2.5 billion cost savings and \$2.0 revenue improvements are real budget commitments that department heads must meet or exceed. Bell Atlantic and GTE have publicly committed to Wall Street analysts and their investors that they will achieve these financial efficiencies. Accordingly, officers responsible for particular lines of business within the company will be committing themselves, and their compensation, to achieving these objectives.
- 5. These financial efficiencies will allow the new company to meet its commitments to improve service quality, accelerate new services, and build out CLEC businesses in Los Angeles, San Francisco, San Diego, Dallas, Houston, Austin, San Antonio, Chicago, Cleveland, Cincinnati, Indianapolis, Detroit, Miami, Orlando, Jacksonville, Raleigh, Nashville, Memphis, Louisville, Seattle, and Portland. The public interest is indisputably advanced by the use of fewer economic resources to produce the same services, let alone by the combination of complementary resources to produce improved services and to enable new or stronger market entry.
- 6. My confidence in the certainty of the projected efficiencies is strengthened and validated by the cost savings that Bell Atlantic previously achieved through the merger of its wireless business with NYNEX Mobile, and through Bell Atlantic's subsequent full merger with

NYNEX. Bell Atlantic's mobile business achieved actual operating and capital expenditure savings that exceeded pre-merger estimates by 23% in 1995 and by more than 20% in 1996, and its per-subscriber costs have dropped steadily since the merger and at a significantly faster rate of improvement than before the merger. Bell Atlantic Mobile has also realized a greater increase in the rate of subscribership growth, increased reinvestment in the business, lower customer acquisition costs and lower churn rates than either wireless company was able to achieve on its own

7. Still more recently, the experience with the Bell Atlantic-NYNEX merger has reconfirmed that these merger efficiencies are real. The very substantial cost savings estimated at the time of the Bell Atlantic-NYNEX merger were subsequently increased and the increased targets are being achieved. For 1998, we projected an increased expense savings of \$450 million, and we are achieving those savings. By 2000, we projected annual expense savings of \$1.1 billion; we are on track to achieve those savings. In addition, for 1998 and beyond, we projected annual capital savings of \$300 million; we are achieving those savings as well.

I declare under penalty of perjury that the foregoing is true and correct. Executed on September 30, 1998.

Doreen Tohen

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