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**Education**

Ph.D., Economics, University of Wyoming, 1988  
Public regulation & Industrial organization  
Natural resource & Environmental economics

M.A., Economics, Pennsylvania State University, 1980  
Mathematical economics  
History of economic thought

B.A., Mathematics, University of Maine at Presque Isle, 1978  
Minor in Business Administration

**AREAS OF INTEREST**

Telecommunications industry  
Microeconomics of technological change  
Markets for real property

## **EXPERT TESTIMONY AND REPORTS:**

Before the Regulatory Commission of Alaska, Docket U-96-89: In the Matter of the Petition by GCI Communications Corp. d/b/a General Communication, Inc., and d/b/a GCI for Arbitration under Section 252 of the Telecommunications Act of 1996 with the Municipality of Anchorage d/b/a Anchorage Telephone Utility a/k/a ATU Telecommunications for the Purpose of Instituting Local Exchange Competition; Direct Testimony filed August 29, 2003; Rebuttal Testimony filed September 29, 2003; Surrebuttal Testimony filed October 13, 2003

Before the Washington Utilities and Transportation Commission, Docket Number UT-031191: Petition to Remove Conditions on Competitive Classification and Waive Additional Requirements; Declaration of Richard Cabe, Ph.D. on behalf of AT&T Communications of the Pacific Northwest, Inc., 22 July, 2003

In the United States District Court For the Eastern District of Texas, Marshall Division, T-Netix, Inc. v. Worldcom, Inc. and Global Tel\*Link Corporation (Civil Action No. 2-01CV189 DF); Deposition of Richard Cabe in Dallas, Texas, 3 April, 2003, regarding damages from patent infringement

Before the Federal Communications Commission, CC Docket No. 96-128: In the Matter of Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, Declaration of Richard Cabe, Ph.D. on behalf of T-NETIX, Inc.; Dated 22 May, 2002 (filed 24 May, 2002); Further Declaration of Richard Cabe, Ph.D. Dated 21 June, 2002 (filed 24 June, 2002)

Before the Minnesota Public Utilities Commission, PUC Docket No. P-421/C1-01-1375: In the Matter of the Commission's Review and Investigation of Qwest's Unbundled Network Element (UNE) Prices; Reply Testimony filed March 18, 2002, Surreply Testimony filed May 9, 2002 on behalf of Covad Communications Company; hearing testimony May 21, 2002

Before the Washington Utilities and Transportation Commission, Docket No. UT-003013: In the Matter of the Continued Costing and Pricing of Unbundled Network Elements and Transport and Termination; Supplemental Response Testimony filed February 14, 2002, Second Supplemental Response Testimony filed March 25, 2002 on behalf of Covad Communications Company; hearing testimony May 9, 2002

Before the Federal Communications Commission, CC Docket No. 01-277: In the Matter of Application by BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., for Provision of In-Region, InterLATA Services in Georgia and Louisiana; Declaration of Sherry Lichtenberg, Rene Desrosiers, Karen Kinard and Richard Cabe, on behalf of WorldCom, Inc.; Filed 22 October, 2001; Reply Declaration filed 13 November, 2001

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Before the Public Utilities Commission of Nevada, Docket No. 00-7031: In re petition for review and approval of the draft application of SBC COMMUNICATIONS, INC., NEVADA BELL TELEPHONE COMPANY and SOUTHWESTERN BELL COMMUNICATIONS SERVICES, INC., d/b/a Nevada Bell Long Distance, for provision of in-region interLATA services in Nevada; Prepared Testimony of Richard Cabe, filed 6 August, 2001, on behalf of Commission Staff

Before the Mississippi Public Service Commission, Docket No. 2000-UA-999; Direct and Rebuttal Testimony filed April 16, 2001, on behalf of WorldCom, Inc.; hearing testimony 21 June, 2001

Before the Washington Utilities and Transportation Commission, Docket No. UT-003013 Part B: In the Matter of the Continued Costing and Pricing of Unbundled Elements, Transport and Termination and Resale; Response testimony filed 23 October, 2000, Supplemental Response testimony filed 20 December, 2000, on behalf of Rhythms Links Inc. and Covad Communications Company

Before the New Mexico Public Regulation Commission, Case No. 3317: In the Matter of the Investigation into the Rates and Charges of Institutional Operator Service Providers; Direct Testimony filed 21 August, 2000 on behalf of Gateway Technologies, Inc.; Rebuttal Testimony filed 31 October, 2000; Further Direct Testimony filed 10 August, 2001; Further Rebuttal Testimony filed 31 August, 2001; Supplemental Rebuttal Testimony filed 13 September, 2001; Hearing testimony 1 October, 2001

Before the Washington Utilities and Transportation Commission, Docket No. UT-003013 Part A: In the Matter of the Continued Costing and Pricing of Unbundled Elements, Transport and Termination and Resale; Direct testimony filed 19 May, 2000, Response testimony filed 21 July, 2000, Rebuttal testimony filed 4 August, 2000, on behalf of Rhythms Links Inc. and Covad Communications Company; hearing testimony 25 August, 2000

Before the Washington Utilities and Transportation Commission, Docket No. UT-960369: In the Matter of the Pricing Proceeding For Interconnection, Unbundled Elements, Transport and Termination and Resale; Direct testimony on behalf of MCI Worldcom filed 15 December, 1999; rebuttal testimony filed 7 February; hearing testimony 28 February, 2000

Before the New Mexico Public Regulatory Commission, Utility Case No. 3111, In the Matter of the Implementation of a State Universal Service Fund, Hearing testimony December 1, 1999 on behalf of MCI Worldcom

Before the Tennessee Regulatory Authority: "Public Policy considerations for Regulation of the InterLATA Telecommunications Market in Tennessee", Statement of Richard Cabe on behalf of MCI Worldcom in the Tennessee Regulatory Authority's consideration of amendments to the IXC Rule; filed September 14, 1999

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Before the Iowa Utilities Board, Docket No. INU-99-3: In the Matter of Petition for Determination of Effective Competition, for Waiver of Accounting Plan Requirement and for Expedited Consideration; Direct Testimony filed September 10, 1999; Hearing testimony October 12, 1999

Before the Public Utilities Commission of the State of Colorado, Docket No. 99A-161T: In the Matter of the Application of U S West Communications, Inc. to Reduce Business Basic Exchange and Long Distance Revenues upon Receipt of the Colorado High Cost Support Mechanism in Accordance with Decision No. C99-222; Direct Testimony filed August 6, 1999

State of Florida Division of Administrative Hearings DOAH Case No. 98-2445RP: Telephonic Deposition of Dr. Richard Cabe in the matter of Florida Competitive Carriers Association, Inc.; Telecommunications Resellers Association, Inc.; AT&T Communications of the Southern States, Inc.; MCI Telecommunications Corporation; and Sprint Communications Company Limited Partnership, Petitioners, v. Florida Public Service Commission, Respondent. August 14, 1998 on behalf of Florida Competitive Carriers Association.

Before the Mississippi Public Service Commission, Docket No. 97-AD-544: Generic Proceeding to Establish Permanent Prices for BellSouth Interconnection and Unbundled Network Elements; Direct Testimony filed January 28, 1998; Rebuttal testimony filed March 13, 1998; Hearing testimony March 31, 1998; On behalf of AT&T Communications of the South Central States, Inc.

Before the North Carolina Utilities Commission, Docket No. P-100, Sub 133d: Review of Cost Studies, Methodologies, and Cost-Based Rates for Unbundled Network Elements; Direct testimony filed December 15, 1997; Rebuttal testimony filed March 9, 1998; Hearing testimony March 25, 1998; On behalf of AT&T Communications of the Southern States, Inc. and MCI Telecommunications Corporation

Before the South Carolina Public Service Commission, Docket No. 97-374-C: Proceeding to Review BellSouth Telecommunications, Inc.'s Cost for Unbundled Network Elements and Interconnection Arrangements; Direct Filed November 17, 1997; Hearing Testimony December 16, 1997; On Behalf of AT&T Communications of the Southern States, Inc.

Before the Public Utilities Commission of the State of Colorado, Docket No. 97M-063T; On Behalf of AT&T Communications of the Mountain States, Inc. and MCI Telecommunications Corporations; In the Matter of the Administration of the Colorado High Cost Fund and the Development of a Cost Model; Direct Testimony filed in the name of William Lehr; Hearing Testimony 1 December, 1997

Before the North Carolina Utilities Commission, Docket No. P-55, SUB 1022; Hearing Testimony September 30, 1997; In RE: Notification of Intention to File a Section 271 Petition for In-Region InterLATA Authority with the FCC Pursuant to the Telecommunications Act of 1996; Filed September 3, 1997; On Behalf of MCI Telecommunications Corporation and AT&T Communications of the Southern States

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Before the Alabama Public Service Commission, Docket No. 26029, Review of Cost Studies; Filed August 29, 1997; Hearing Testimony September 24, 1997; On Behalf of MCI Telecommunications Corporation and AT&T Communications of the South Central States

Before the Georgia Public Service Commission, Docket No. 7061-U, Review of Cost Studies, Methodologies, and Cost-Based Rates for Interconnection and Unbundling of BellSouth Telecommunications Services; Direct filed April 30, 1997; Rebuttal and Supplemental filed August 29, 1997; Surrebuttal filed September 8, 1997; Hearing Testimony September 18, 1997; On Behalf of MCI Telecommunications Corporation and AT&T Communications of the South Central States

Before the Louisiana Public Service Commission, Docket No. 22022/22093; In RE: Review and Consideration of BellSouth Telecommunications, Inc.'s TSLRIC and LRIC Cost Studies; Filed August 25, 1997; Hearing Testimony 12 September, 1997; On Behalf of MCI Telecommunications Corporation and AT&T Communications of the South Central States

Before the Public Service Commission, Commonwealth of Kentucky, In the Matter of: Inquiry into Universal Service and Funding Issues, Administrative Case No. 360, Filed July 11, 1997; Hearing Testimony August 6, 1997; on behalf of MCI Telecommunications Corporation

Before the Florida Public Service Commission, In The Matter of the Petition of MCI Telecommunications Corporation for Arbitration with United Telephone Company of Florida and Central Telephone Company of Florida concerning interconnection rates, terms and conditions pursuant to the Federal Telecommunications Act of 1996, Docket No. 961230-TP; Direct filed October 11, 1996; Rebuttal filed November 19, 1996; Hearing Testimony December 19, 1996; on behalf of MCI Telecommunications Corporation

Before the Arizona Corporation Commission, In The Matter of The Petition Of MCImetro Access Transmission Services, Inc. For Arbitration Of Interconnection Rates, Terms, And Conditions Pursuant to 47 U.S.C. § 252(b) Of The Telecommunications Act Of 1996, Docket No: U-3175-96-479; October 18, 1996; on behalf of MCImetro Access Transmission Services, Inc.

Before the Public Utility Commission of Texas, In The Matter of The Petition Of MCImetro Access Transmission Services, Inc. For Arbitration Of Interconnection Rates, Terms, And Conditions Pursuant to 47 U.S.C. § 252(b) Of The Telecommunications Act Of 1996, Docket Nos. 16300, 16355, October 14, 1996; on behalf of MCImetro Access Transmission Services, Inc.

Before the Public Utilities Commission of the State of Oregon, In The Matter of The Petition Of MCImetro Access Transmission Services, Inc. For Arbitration Of Interconnection Rates, Terms, And Conditions Pursuant to 47 U.S.C. § 252(b) Of The Telecommunications Act Of 1996, ARB 9, October 11, 1996; on behalf of MCImetro Access Transmission Services, Inc.

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Before the Utah Public Service Commission, In the Matter of the Petition for Arbitration, Consolidation and Request for Agency Action of MCIMetro Access Transmission Services, Inc. Pursuant to 47 U.S.C. Section 252, Docket No. 96-095-01; Direct testimony filed 8 November 1996; Rebuttal testimony filed 22 November, 1996

Before the Iowa Utilities Board, In Re MCI Metro Access Transmission Services, Inc., Petitioning Party, and U S West Communications, Inc., Responding Party, Docket No. ARB-96-2, September 6, 1996; on behalf of MCIMetro.

“Before the Public Utilities Commission of Oregon:UM 351, In the matter of the Investigation into the Cost of Providing Telecommunications Services, Electric Lightwave, Inc.’s Response to Issues 1, 3, and 4, filed 30 August, 1993”

Before the Washington Utilities and Transportation Commission, In the Matter of the Complaint of GTE Northwest Incorporated against Pacific Northwest Bell Telephone Company with respect to Interexchange Traffic Utilizing Extended Area Service Facilities, Docket No. U-88-1719-F; on behalf of U.S. Metrolink Company; Cross Examination December 1989

Affidavit of Richard Cabe, in Support of Motion of U.S. MetroLink Company for Suspension and Hearing in the matter of U. S. West Communications Tariff Filing 2056T before the Washington Utilities and Transportation Commission, September 1989

Implementation of the Colorado Telecommunications Act of 1987: An Evaluation”, Report Prepared on behalf of the Colorado Public Utilities Commission, with Vinson Snowberger, June 30, 1988

Before the Energy and Utilities Committee of the Washington State House of Representatives, to present the Annual Report of the Utilities and Transportation Commission on the Status of the Washington Telecommunications Industry, February 1987

Before the Washington Utilities and Transportation Commission, In the Matter of Application of Pacific Northwest Bell for Banded Tariffs, Cause no. U-86-40; Cross Examination September 1986

Before the Washington Utilities and Transportation Commission, In the Matter of the Petition of AT&T of the Northwest for Classification as a Competitive Telecommunications Company, Cause no. U-86-113; Cross Examination April 1986

Cost of Service Information for Implementation of the Regulatory Flexibility Act, Report to the Washington Utilities and Transportation Commission, July 1985

“On Reducing Errors in Air Pollution Epidemiology,” with S. Atkinson and T.D. Crocker, draft report, Institute for Policy Research, University of Wyoming to U.S. Environmental Protection Agency for Grant CR808893-01, April 1982.

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**PUBLICATIONS:**

"Multimedia Economics" Instructional CD ROM included in 5 CD MBA Boxed Set, Pro One Software, Las Cruces, New Mexico, 1998

"Issues, Indicators, and Baselines: The Benefits and Hazards of Using a Natural Resource Accounting System in the RCA Analytical Process", with Jason Shogren and Stanley R. Johnson, in *Evaluating Our Nation's Natural Resources*, edited by T. Robertson, B. English, R. Alexander, and P. Rosenberry, University of Tennessee Agricultural Experiment Station, 1996

"CEEPES: An Evolving System for Agroenvironmental Policy", with Aziz Bouzaher, Stanley Johnson, Andrew Manale and Jason Shogren, p 67-89 in *Integrating Economic and Ecological Indicators*, edited by J. Walter Milon and Jason Shogren, Praeger, Westport CT, 1995

"Metamodels and Nonpoint Pollution Policy in Agriculture", with Aziz Bouzaher, Alicia Carriquiry, Phil Gassman, P. G. Lakshminarayan, and Jason Shogren, *Water Resources Research* 29, p. 1579-1587, June 1993

"The Effects of Environmental Policy on Tradeoffs in Weed Control Management", with Aziz Bouzaher, David Archer, Alicia Carriquiry and Jason Shogren, *The Journal of Environmental Management*, 36, #1, 69 - 80, Sept. 1992

"The Regulation of Non-Point Source Pollution Under Imperfect Information", with Joseph Herriges, *The Journal of Environmental Economics and Management* 22, 134-146, 1992

"Equilibrium Diffusion of Technological Change Through Multiple Processes", *Technological Forecasting and Social Change* 39, Number 3, May 1991

"Natural Resource Accounting Systems and Environmental Policy Modeling", with Stanley R. Johnson, *The Journal of Soil and Water Conservation* 45 # 5, p 533-9, September/October 1990

"Network Differentiation and the Prospects for Competition in Local Telecommunications", in *Sixth Annual Current Issues Challenging the Regulatory Process*, The Center for Public Utilities, New Mexico State University, 1990

"Prospects for Competition in the Local Exchange Telecommunications Industry", in *Telecommunications Regulation in Washington State*, Washington Utilities and Transportation Commission, January 29, 1989

"Rate of Return Regulation of Multiproduct Firms," Doctoral Dissertation, University of Wyoming, Department of Economics, 1988

Annual Report to the Legislature on the Status of the Washington Telecommunications Industry, principal author for the Washington Utilities and Transportation Commission, January, 1987

“Normative Economics and the Acid Rain Problem” with L.S. Eubanks, in T.D. Crocker, ed., Perspectives on the Economics of Acid Deposition, 1983, Ann Arbor Michigan: Ann Arbor Science Press.

“Intertemporal and Intergenerational Pareto Efficiency: An Extended Theorem,” Journal of Environmental Economics & Management 9, p 355-360, December 1982.

“Investment Criteria for Projects with Intergenerational Effects,” Masters Thesis, Pennsylvania State University, Department of Economics, 1982.

## **EMPLOYMENT**

### **Teaching:**

Associate professor, Department of Economics and International Business, New Mexico State University; 1994 - 1999, Tenure Granted 1995, Assistant professor 1990 to 1994: Antitrust Policy and Monopoly Power; Graduate Microeconomic Theory; Mathematical Economics; Industrial Organization; Seminar in Regulatory Economics; Economics of Risk, Uncertainty and Information; Game Theory; Advanced Seminar in Industrial Organization; Econometrics; Managerial Economics; Introduction to Economics; Microeconomic Principles

Assistant professor, Department of Economics, West Virginia University, 1983-1984: Graduate Environmental Economics; Principles of Economics.

Lecturer, Department of Economics, University of Wyoming, 1982-1983: Money & Banking; Intermediate Microeconomics.

Teaching assistant, Department of Economics, University of Wyoming; Fall, 1980.

Teaching assistant, Department of Economics and Department of Mathematics, Pennsylvania State University, five quarters in academic years 1978-1979 and 1979-1980.

### **Public Policy:**

Economic Consultant, 1988. Performed economic analysis concerning regulation of the telecommunications industry under contract to the Colorado Public Utilities Commission and the Washington Utilities and Transportation Commission.

Associate, RCG/Hagler, Bailly, Inc. 1987-1988. Assignments included litigation support in Bell Operating Company requests for lessened regulation and a study of the effect on property values of proximity to a major defense facility containing hazardous waste sites.



Telecommunications Regulatory Flexibility Manager, Washington Utilities and Transportation Commission, 1985-1987. Duties included conduct of investigations and preparation of recommendations, primarily with regard to the telecommunications industry; preparing evidence, assisting in cross examination and presenting expert testimony; and serving as a member of the Federal - State Joint Board Staff, FCC Docket 86-297, concerned with revising jurisdictional separations of telecommunications company costs and revenues.

**Research:**

Post-Doctoral Research Associate, Center for Agricultural and Rural Development, Department of Economics, Iowa State University, September 1988 to August 1990. Participate in policy-oriented economic research and serve as liason to the Economic Research Service, USDA.

Research Associate, Department of Economics, University of Wyoming, spring 1981 through summer 1982. Theoretical modelling, data construction, and analysis on health effects of air pollution and application of economic methods to ecosystem modelling. Under the direction of Thomas Crocker.

Research assistant, Department of Economics, University of Wyoming, summer 1980. Data construction and analysis on health effects of air pollution. Under the direction of Ralph d'Arge.

Research assistant, Department of Economics, Pennsylvania State University, summer and fall 1979. Theoretical and empirical work with Assymetric Quadratic Gorman Polar forms (flexible functional forms with explicit analytical solutions for the dual cost or expenditure function). Under the direction of Jonathon Dickinson.

**Other Employment:**

One year, Administrative Research Assistant, Aroostook County Action Program, Presque Isle, Maine.

Four years, U.S. Coast Guard, Electronics Technician.

**PERSONAL**

Born July 16, 1950; Pulaski County, Arkansas

Married, one child

Second language: Spanish



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**SBC Communications Provides Progress Report On Major Growth Strategies, Outlines Broad Service And Cost Initiatives**

- *Strong initial sales from Midwest long distance launches*
- *Long distance freedom in all 13 SBC states opens door to expansion in large-business market; national data and IP networks now completed and carrying traffic*
- *SBC DISH TV bundled video entertainment service on track for early 2004 launch*
- *Productivity and customer service improvement initiatives expected to save \$1.3 billion in annual expenses and capital costs by 2006*
- *Cingular Wireless network conversion ahead of schedule; NextWave spectrum acquisition expected to close in the first half of 2004*
- *Board of directors to evaluate policy of returning value to shareowners, including dividend and share repurchase program*

**New York, New York**

**, November 13, 2003**

SBC Communications Inc. (NYSE: SBC) today outlined a broad range of marketing, customer service and productivity initiatives designed to strengthen its competitive position and drive growth. The company reported that major growth initiatives - including its recent Midwest long distance launches, expansion in national data and enterprise markets, its plan to launch bundled SBC DISH TV video services in early 2004 and Cingular Wireless' national GSM/GPRS network conversion - are all on or ahead of schedule.

SBC Communications is updating and standardizing systems at its call centers and network service centers over the next two years to further enhance customer service, simplify operations and increase productivity.

"We have come through a tough period for our company and the industry," SBC Chairman and CEO Edward E. Whitacre Jr. said during a company-sponsored conference here. "We have many sizable opportunities ahead, and I am optimistic and confident about our ability to execute on behalf of our owners."

Gaining long distance freedom in the final five SBC states was a major milestone, Whitacre said, because it provides opportunities for new long distance revenues, helps drive access line retention and winback, and gives SBC companies much greater traction in the national data and enterprise business markets.

"Our initial entry into the Midwestern long distance market seven weeks ago has been very successful, with early sales figures outpacing our initial growth rates in other states," Whitacre said. "Being able to offer long distance in a bundle with local, DSL, wireless and soon satellite TV - in all of our markets - gives us great sales momentum heading into 2004."

Whitacre also reiterated the company's commitment to returning value to shareowners. In the first quarter of this year, the company increased its regular dividend \$0.05, or 4.6 percent, its 19th consecutive annual dividend

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increase. In each of the last three quarters, the SBC board of directors has also approved additional dividends totaling \$0.25 per share. The board is expected to evaluate the company's shareowner return policy, including the dividend and share repurchase program, at its next meeting in December.

In addition to Whitacre's comments, presentations at the conference included updates on marketing, customer service and cost initiatives, as well as Cingular Wireless, the nationwide wireless company that is 60 percent SBC owned. Highlights include:

#### **Consumer Markets**

The SBC consumer growth strategy is built around bundling, offering customers the value and convenience of attractive combinations of services. The company's increase in bundles sold is driven by strong, rapid growth in DSL and long distance. The company has 3.1 million DSL lines, and it plans to expand its DSL footprint to reach nearly 80 percent of its customer locations in the first quarter of 2004.

Over the first three quarters of this year, the company added 5.4 million long distance lines to reach 11.5 million in service. On Sept. 26, SBC Long Distance began offering service in Michigan, and on Oct. 24, it launched in its final four states - Indiana, Illinois, Wisconsin and Ohio. These five Midwestern states represent 36 percent of the company's 55.3 million total access lines and are therefore key to its growth opportunities.

Long distance and DSL help reduce churn and increase average revenue per user (ARPU):

- Adding long distance to an access line reduces the company's churn rate by 9 percent.
- Churn drops by 61 percent when a DSL line is added to an SBC bundle.
- Together, long distance and DSL reduce churn by 73 percent.
- In the Southwest and West, where the company has sold long distance for several quarters, retail ARPU is about \$6 higher per month than in the Midwest.

#### **Business Markets**

While SBC companies have strong existing local relationships with many businesses, long distance freedom, combined with the addition of new capabilities and infrastructure, has improved the company's competitive position in the national business market.

The SBC IP backbone and out-of-region networks - which reach more than 30 major metropolitan markets outside the company's traditional service area - are up and running. The company has built a national sales force focused on the large-business market. In addition, products and customer-care capabilities are being added to help drive new large-business growth opportunities. The company has already won several major contracts.

With strong customer relationships and nearly half of the Fortune 500 companies located within its core 13-state footprint, SBC companies are well positioned to compete for this business. Large businesses with more than 50 percent of their locations within the SBC 13-state area spend an estimated \$34 billion a year on telecom services.

#### **Cingular Wireless**

Cingular Wireless has accelerated subscriber growth over the past three quarters and has made a number of moves to strengthen its competitive profile.

Its network conversion to the GSM/GPRS industry standard - now 92 percent complete across Cingular's existing geographic footprint - is ahead of

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schedule and should be completed in 2004. In addition, through roaming agreements, Cingular expects GSM coverage to reach 90 percent of the nation's population by the end of this year and 95 percent by the end of 2004. Currently, 40 percent of Cingular customers have GSM-enabled handsets.

The company will also further strengthen its competitive position through its pending NextWave Telecom spectrum acquisition, which covers 34 markets and a population of more than 83 million. This purchase, which is expected to close in the first half of 2004, will increase Cingular's average spectrum in its top 100 markets from 30.3 MHz to 34.5 MHz, increasing its network capacity.

In less than a year, Cingular has moved from a distant fifth in subscriber growth to a strong second, with a net subscriber gain of 745,000 in the third quarter. Today, Cingular's network serves 23.4 million cellular/PCS subscribers, with licenses reaching a population of 236 million across the United States.

Major drivers of Cingular's subscriber growth include its quality service, nationwide coverage and broad distribution. Cingular has 86,000 retail points of presence across the United States, complemented by the sales channels of its parent companies' wireline operations.

#### **Productivity and Service Gains, Cost Reductions**

While they execute new marketing initiatives, SBC companies are also investing in technology and resources to enhance customer service, improve productivity, and reduce costs. The goal of these initiatives is to simplify operations by standardizing technology, migrating to national platforms and automating various functions.

Among the hundreds of initiatives under way, the company is reducing its number of call centers by about one-third by standardizing technologies and processes. And in the SBC network center operations, the company expects to substantially reduce its roughly 500 locations - down from 600 a year and a half ago - and create a more efficient, uniform system with a consistent national approach to service. Productivity improvement initiatives that are under way today are expected to save the company an additional \$1.3 billion annually in expenses and capital costs by 2006.

Over the last two years, the company's total work force has declined by 28,000 employees. SBC companies expect the pace of companywide staffing reductions going forward to accelerate from recent quarters, mainly through attrition.

#### **2004 Outlook**

Whitacre said effective marketplace execution and disciplined cost management will be hallmarks for 2004. "We are confident that as we move forward we will see revenue trends stabilize, leading to positive growth in revenues, including proportionate results from Cingular, by the end of next year," he said.

For 2004, the company expects:

- Continued growth in DSL net adds.
- Consumer retail long distance penetration of more than 40 percent companywide by year end.
- Strong access-line performance in the Midwest - similar to trends in the Southwest and West following long distance launches.
- A capital spending program of approximately \$5 billion.

Whitacre said SBC marketing initiatives will continue to impact margins in the

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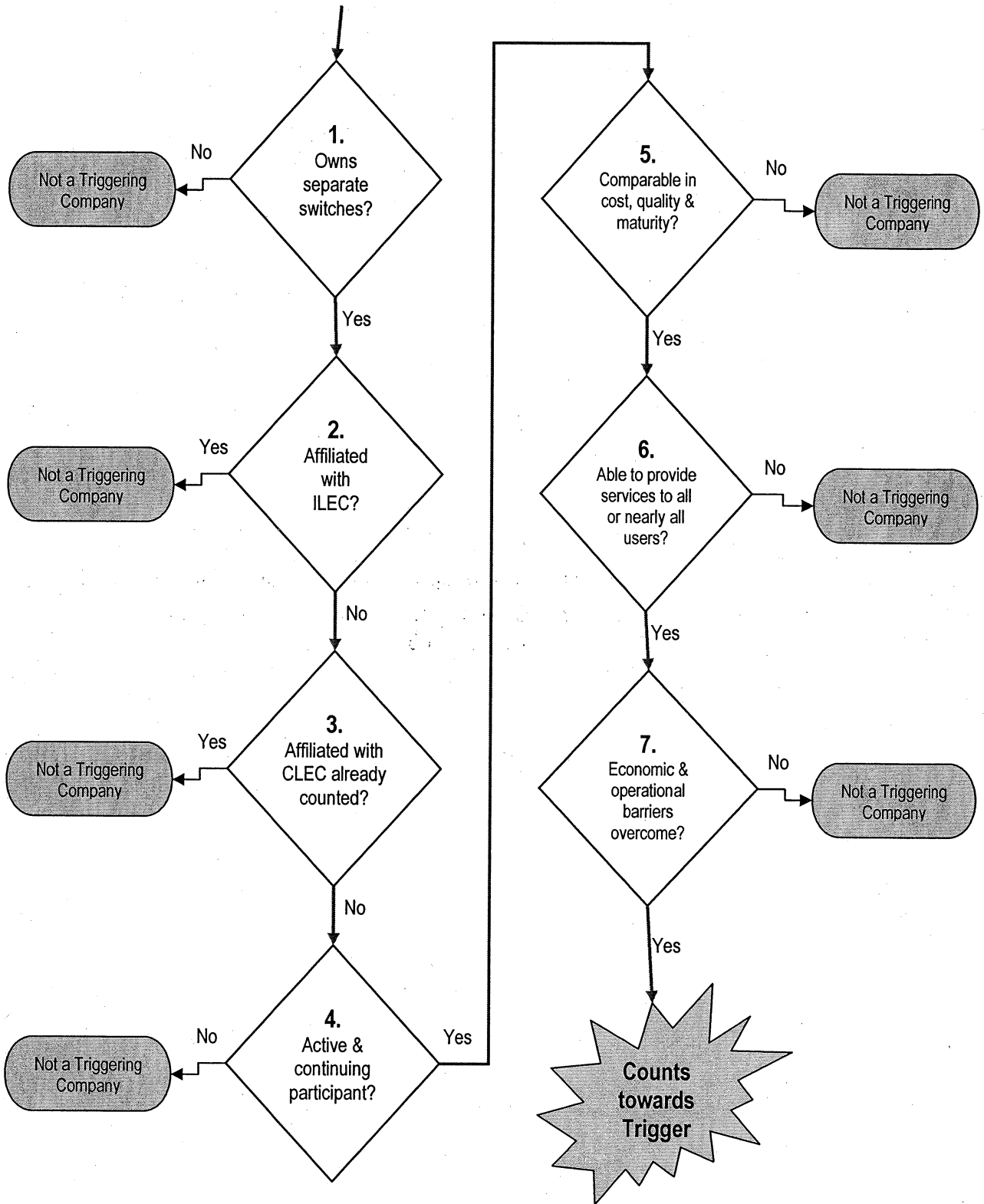
near term. But with improving revenues and access-line retention trends - combined with ongoing cost reductions - the company expects margins to stabilize by the end of next year, he said.

**Cautionary Language Concerning Forward-Looking Statements**

Information set forth in this news release contains financial estimates and other forward-looking statements that are subject to risks and uncertainties. A discussion of factors that may affect future results is contained in SBC's filings with the Securities and Exchange Commission. SBC disclaims any obligation to update or revise statements contained in this news release based on new information or otherwise.

***SBC Communications Inc.** ([www.sbc.com](http://www.sbc.com)) is one of the world's leading data, voice and Internet services providers. Through its world-class networks, SBC companies provide a full range of voice, data, networking and e-business services, as well as directory advertising and publishing. A Fortune 30 company, SBC is America's leading provider of high-speed DSL Internet Access services and one of the nation's leading Internet Service Providers. SBC companies currently serve 55 million access lines nationwide. In addition, SBC companies own 60 percent of America's second-largest wireless company, Cingular Wireless, which serves more than 23 million wireless customers. Internationally, SBC companies have telecommunications investments in 26 countries.*

For more information on SBC, visit [http://www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations)



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## Cable Datacom News

OCTOBER 2003

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### Backup Power Reemerges As Issue for Cable VoIP Service

*Northeast Power Outage and Hurricane Isabel Stir Concerns About Network Reliability*

OCTOBER 2003

By Alan Breznick, Editor, *Cable Datacom News*

It looks like cable operators preparing to roll out voice-over-Internet-Protocol (VoIP) service over their broadband plant may need to beef up their plans for emergency power backup, thanks to the back-to-back punches of the massive U.S. Northeast blackout in August and Hurricane Isabel last month.

The national Network Reliability & Interoperability Council (NRIC)—a group of wireline phone, wireless phone, cable, satellite and Internet executives that advises the FCC on technical issues and develops voluntary "best practices" standards for its industries—is looking at tightening its emergency power recommendations for all telephone providers. At their last meeting in Washington, D.C. in mid-Sept., NRIC members discussed the need for enhanced power backup because consumers are increasingly relying on all their communications networks during emergencies.

"We need to think more diversely about customer communications, such as cable phone or cable data service," said Pam Stegora Axberg, a senior vice president of Qwest National Network who chairs the NRIC Steering Committee. That's "because during times of crisis, people are using multiple channels," she noted.

Axberg said NRIC members are also looking at setting a higher standard for the amount of backup power needed. While the council's best practices now call for a minimum of eight hours of backup power, that standard could climb to 12 hours or beyond because of the great length of the outages caused first by the blackout and then by the hurricane.

"Now we're wondering whether that (the current standard) is long enough," she said. "We've never seen a power outage last this long previously."

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What this means is that cable operators may soon be expected to provide emergency power backup for their fledgling IP telephony services at all times, even when the electricity shuts down and the lights go out. That, in turn, could require MSOs to conduct more expensive upgrades of their HFC plant, which is something that they've resisted doing so far.

It also means that cable operators may be expected to provide backup phone power for much longer stretches of time than before. That would likely mean higher costs for them as well.

Although such leading cable phone players as Comcast and Cox Communications now provide "network powering" of customer premises telephony devices for their older circuit-switched services, MSOs have been balking at doing the same for IP telephony because of the high cost. Instead, many big cable operators have been touting the idea of using a less costly backup battery, which would keep the embedded multimedia terminal adapter (E-MTA) going for up to 10 hours in case of a power outage. And unlike network powering, which requires an upfront network investment before installing subscribers, the capital cost for a battery must only be incurred when a new customer is activated for service.

In the most prominent example, Cox plans to use backup batteries in its E-MTA units when it conducts a market trial of its new VoIP product in Roanoke, Virg. near the end of the year. Bill Dame, senior manager of network switch engineering for Cox, said the batteries will provide 10 hours of standby power and four hours worth of talk time.

"The batteries have come a long way in the last two years," said Dianna Mogelgaard, director of product development for Cox. She noted that the batteries have evolved from large lead varieties to much smaller yet more powerful lithium ion models.

Even with cheaper battery systems available, though, several major MSOs are not exactly rushing out to offer emergency power backup for their IP telephony deployments right away. Take Time Warner Cable, the cable pioneer in residential VoIP service. Although Time Warner launched commercial service in Portland, Maine last winter, now has more than 4,000 VoIP customers there and plans to introduce service in three other markets this fall, the cable operator is not yet employing a backup power solution.

"We're still talking to people," said a Time Warner spokesman. "It's still kind of early. We're still looking for the right solution."

Likewise, Cablevision Systems, which is readying a rollout of its OptimumVoice IP telephony service to more than 4 million homes in the New York metro area this fall, will not initially use back-up batteries. Instead, the company spokesman said, Cablevision is mulling over offering battery backup as an optional, add-on service by the end of next year.

Time Warner and Cablevision executives defend their companies' lackadaisical power backup approaches by arguing that consumers don't expect lifeline phone service from their cable provider, even

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when it's marketed as a primary-line service. Company officials insist that cable telephony customers are much more interested in other service aspects, such as cheaper rates, unlimited dialing and the various calling features.

"Most of our customers have cell phones and powered cordless phones so it's not a priority item for them," the Cablevision spokesman said. To the point, during the East Coast blackout and the hurricane, many RBOC customers found themselves without phone service, not realizing that their cordless phones wouldn't work during a power outage.

In Cablevision's VoIP trial on western Long Island earlier this year, the company spokesman said, customers did not stress the need for emergency power backup. "It was not the pressing issue you might think," he said.

The Time Warner spokesman concurred. "The RBOCs seem to be trying to make a big issue out of it (powering)," he said. "But that's just not ringing true with our customers."

Cox officials say their cable customers aren't making a big deal about backup power either. But, based on their years of experience with circuit-switched service, they still think it's an important service reliability feature to provide right now.

"Our perception locally is that it does make a difference, at least in Roanoke," Dame said. "If you launch the service and lose the customer, you're never going to get him back."

Mogelgaard put it somewhat differently. "I think we're all seeing similar trends," she said. "But we want to start conservatively."

Fortunately for the MSOs, it doesn't appear that either the big Northeast power outage or Hurricane Isabel disrupted their nascent IP telephony operations too much. In Time Warner's case, for instance, both the power outage and the hurricane spared Portland so emergency backup did not become an issue there.

Nevertheless, Time Warner, Cablevision and other MSOs may ultimately have to follow Cox's lead. As cable operators transform themselves into phone companies, consumers may expect them to perform just like phone companies, no matter what technologies they use or other services they deliver.

"I would say that this is a new area for them (cable operators) to be thinking about," Axberg said. "They've never thought of themselves as a lifeline service before. But that's changing."

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