



Qwest
1801 California Street, 10th Floor
Denver, Colorado 80202
Phone 303-383-6653
Facsimile 303-896-1107

Daphne E. Butler
Senior Attorney

REDACTED – FOR PUBLIC INSPECTION

Via Courier

April 27, 2007

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: *In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Denver, Colorado Metropolitan Statistical Area;*
In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Minneapolis-St. Paul, Minnesota Metropolitan Statistical Area;
In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Seattle, Washington Metropolitan Statistical Area; and
In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Phoenix, Arizona Metropolitan Statistical Area
Request for Confidential Treatment and Confidentiality Justification

Dear Ms. Dortch:

Qwest Corporation ("Qwest") hereby requests confidential treatment for each of the attached Petitions of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Denver, Colorado; Minneapolis-St. Paul, Minnesota; Seattle, Washington; and Phoenix, Arizona Metropolitan Statistical Areas. This request also covers the appended Declaration of Robert H. Brigham and David L. Teitzel and Exhibits 2 and 4 that are associated with each Petition. Each Petition and Declaration contains some information integrated into the text that is confidential; in addition, each Petition and Declaration has associated confidential and *highly confidential* Exhibits. The pages of each Petition and Declaration, along with Exhibit 4,¹ that contain

¹ Regarding only the Minneapolis-St. Paul Petition, Exhibit 4 contains one page of non-confidential information, along with a page of confidential information (*i.e.*, a map); the corresponding Exhibit 4 in each of the other three Petitions includes only the confidential map. Thus, the non-confidential page included with Exhibit 4 of the Minneapolis-St. Paul Petition is included with the non-confidential exhibits associated with the Minneapolis-St. Paul Petition.

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confidential information have been marked “**CONFIDENTIAL – NOT FOR PUBLIC INSPECTION**”; Exhibit 2, which contains highly confidential information, has been marked “**HIGHLY CONFIDENTIAL – NOT FOR PUBLIC INSPECTION – COPYING PROHIBITED**”. As such, Qwest requests that the non-redacted versions of the Petitions, Declarations and Exhibits containing confidential or highly confidential data be withheld from public inspection. Qwest also requests that no further copies be made of material marked highly confidential.

In each Petition, Qwest seeks forbearance from significant, burdensome regulations, particularly loop and transport unbundling and dominant carrier regulation throughout the Denver, Colorado; Minneapolis-St. Paul, Minnesota; Seattle, Washington; and Phoenix, Arizona Metropolitan Statistical Areas.

Qwest is submitting the non-redacted versions of its Petitions, the Declarations and Exhibits 2 and 4 pursuant to both Commission rules 47 C.F.R. §§ 0.457 and 0.459. The confidential and highly confidential information included in these documents is competitively sensitive information and thus should not be available for public inspection, and in the case of highly confidential information no copies should be made. A release of this material would have a substantial negative competitive impact on Qwest. Pursuant to Commission rule, 47 C.F.R. § 0.459(b), Qwest provides justification for the confidential treatment of this information in the Appendix to this letter. The non-redacted portions of the Petitions and associated documents contain, *inter alia*, Qwest’s confidential and highly confidential information. Such information would not ordinarily be made available to the public, and disclosure may cause substantial competitive harm to Qwest. Accordingly, the non-redacted information is appropriate for non-disclosure under both Sections 0.457(d) and 0.459 of the Commission’s rules.

Because it was not feasible to separate out the confidential and proprietary information, *see* 47 C.F.R. § 0.459(a), without destroying the integrated nature of the information presented in each Petition and associated Declaration, Qwest is also submitting today under separate cover the redacted versions of the Petitions and Declarations, along with the non-confidential Exhibits. The redacted version of each Petition and Declaration is marked “**REDACTED -- FOR PUBLIC INSPECTION**”, with the confidential information redacted. Exhibits 2 and 4 have been omitted in their entirety from the redacted version of each Petition, except for the Minneapolis-St. Paul Petition, as described in the above footnote.

For the redacted version of each Petition, Qwest is providing an original and four copies. For the non-redacted version of each Petition, Qwest is providing one original copy. For both the redacted and non-redacted versions of each submission, Qwest is providing an extra copy of each, to be stamped and returned to the courier. In addition, Qwest is providing via hand delivery three complete copies (including confidential and highly confidential material) of each Petition and associated documents to Christi Shewman of the Wireline Competition Bureau.

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Please contact me at the above contact information or Melissa Newman in Qwest's Federal Relations office (202-429-3120) if you have any questions.

Sincerely,

/s/ Daphne E. Butler

Attachments

Copies (via hand delivery) to: Christi Shewman

APPENDIX

Confidentiality Justification

Qwest requests confidential treatment of the information being provided in its Petition, the Declaration and its attached Exhibits 2 and 4 because this information is competitively sensitive and its disclosure would have a negative competitive impact on Qwest were it made publicly available. Such information would not ordinarily be made available to the public, and should be afforded confidential treatment under both 47 C.F.R. §§ 0.457 and 0.459. Throughout this Appendix, references to *a* Petition, *a* Declaration and *a* set of Exhibits (in association with each Petition and Declaration) are meant to apply to each of the four Petitions for Forbearance being filed with the FCC by Qwest on April 27, 2007.

47 C.F.R. § 0.457

Specific information in the Petition and the Declaration, as well the attached Exhibits 2 and 4, is confidential and proprietary (and in the case of Exhibit 2 is highly confidential) to Qwest as “commercial or financial information” under Section 0.457(d). Disclosure of such information to the public would risk revealing company-sensitive proprietary information in connection with Qwest’s ongoing business plans and operations. Therefore, in the normal course of Commission practice this information should be considered “Records not routinely available for public inspection.”

47 C.F.R. § 0.459

Specific information in the Petition and the Declaration as well as the attached Exhibits 2 and 4, is also subject to protection under 47 C.F.R. § 0.459, as demonstrated below.

Information for which confidential treatment is sought

Qwest requests that specific information in the Petition and the Declaration (set off with two sets of three asterices) as well as the attached Exhibit 4, be treated on a confidential basis under Exemption 4 of the Freedom of Information Act and that Exhibit 2 be treated on a highly confidential basis under the same Exemption 4. This information is competitively sensitive data that Qwest maintains as confidential and is not normally made available to the public. Release of the information would have a substantial negative competitive impact on Qwest. The confidential information is contained in the non-redacted versions of Qwest’s Petition and Declaration, as well as in the attached Exhibit 2 and Exhibit 4, and is marked, as appropriate, either “**CONFIDENTIAL – NOT FOR PUBLIC INSPECTION**” or “**HIGHLY CONFIDENTIAL – NOT FOR PUBLIC INSPECTION – COPYING PROHIBITED**”.

Commission proceeding in which the information was submitted

The information is being submitted in the Petitions of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Denver, Colorado; Minneapolis-St. Paul, Minnesota; Seattle, Washington; and Phoenix, Arizona Metropolitan Statistical Areas, which will be docketed at a later date.

Degree to which the information in question is commercial or financial, or contains a trade secret or is privileged

The competitive information designated as confidential (or in the case of Exhibit 2 highly confidential) is detailed information regarding Qwest's number of access lines, retail residential lines, retail business lines, special access lines, wholesale customers, wholesale unit sales and revenue shares. As noted above, the data is competitively sensitive information which is not normally released to the public as such release would have a substantial negative competitive impact on Qwest.

Degree to which the information concerns a service that is subject to competition; and manner in which disclosure of the information could result in substantial competitive harm

This type of commercial information would generally not be subject to routine public inspection under the Commission's rules (47 C.F.R. § 0.457(d)), demonstrating that the Commission already anticipates that the release of this kind of information likely would produce competitive harm. Qwest confirms that release of its confidential and proprietary information would cause it competitive harm by allowing its competitors to become aware of sensitive proprietary information regarding the operation of Qwest's business.

Measures taken by Qwest to prevent unauthorized disclosure; and availability of the information to the public and extent of any previous disclosure of the information to third parties

Qwest has treated and treats the non-public information disclosed in its Petition, the Declaration and its attached Exhibits 2 and 4 as confidential, and/or highly confidential, and has protected it from public disclosure to parties outside of the company.

Justification of the period during which Qwest asserts that the material should not be available for public disclosure

Qwest cannot determine at this time any date on which this information should not be considered confidential or would become stale for purposes of the current matters, except that the information would be handled in conformity with general Qwest records retention policies, absent any continuing legal hold on the data.

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Other information that Owest believes may be useful in assessing whether its request for confidentiality should be granted

Under applicable Commission and court rulings, the information in question should be withheld from public disclosure. Exemption 4 of the Freedom of Information Act shields information that is (1) commercial or financial in nature; (2) obtained from a person outside government; and (3) privileged or confidential. The information in question satisfies this test.

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Petition of Qwest Corporation for Forbearance) WC Docket No. _____
Pursuant to 47 U.S.C. § 160(c) in the Seattle,)
Washington Metropolitan Statistical Area)

**PETITION OF QWEST CORPORATION FOR
FORBEARANCE PURSUANT TO 47 U.S.C. § 160(c)**

Craig J. Brown
Daphne E. Butler
Suite 950
607 14th Street, N.W.
Washington, DC 20005
303-383-6653
Daphne.Butler@qwest.com

Attorneys for

QWEST CORPORATION

April 27, 2007

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ATTACHMENT – Declaration of Robert H. Brigham and David L. Teitzel

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of)
)
Petition of Qwest Corporation for Forbearance) WC Docket No. _____
Pursuant to 47 U.S.C. § 160(c) in the Seattle,)
Washington Metropolitan Statistical Area)

**PETITION OF QWEST CORPORATION FOR
FORBEARANCE PURSUANT TO 47 U.S.C. § 160(c)**

I. INTRODUCTION AND SUMMARY

Qwest Corporation (“Qwest”) seeks forbearance from significant, burdensome regulation, particularly loop and transport unbundling and dominant carrier regulation throughout the Seattle Metropolitan Statistical Area (“MSA”), where Qwest faces competition from a wide range of technologies and a broad array of service providers. Multiple competitive alternatives are available to mass market and enterprise customers alike. This competition includes wireline and cable-based services. Moreover, intermodal competition, particularly from wireless and Voice over Internet Protocol (“VoIP”) providers is more advanced than it was in Omaha, Nebraska in mid-2005, when the Federal Communications Commission (“Commission”) voted on the *Omaha Order*.¹

Mass market consumers throughout the Seattle MSA now have access to a wide range of competitive alternatives for affordable local telephone service. As was the case in Omaha, with respect to Cox Communications, a cable competitor, Comcast, is the largest provider of

¹ *In the Matter of Petition of Qwest Corporation for Forbearance Pursuant to 47 U.S.C. § 160(c) in the Omaha Metropolitan Statistical Area*, Memorandum Opinion and Order, 20 FCC Rcd 19415 (2005) (“*Omaha Order*” or “*Omaha Forbearance Order*”), *aff’d sub nom.*, *Qwest Corp. v. FCC*, Nos. 05-1450, *et al.* (D.C. Cir. Mar. 23, 2007).

competitive voice services in the Seattle MSA.² In Seattle, the cable providers are Comcast and Millennium. Cable voice services appear to be offered more widely in Seattle than they were in Omaha two years ago. Other types of mass market competition are also more advanced now than they were in Omaha two years ago. Each of the nation's major wireless carriers serves the entire Seattle MSA, offering service that is competitive with Qwest's wireline services. Consumers in the Seattle MSA appear more willing to replace wireline service with wireless service, than do consumers in the nation as a whole. Consumers can also obtain telephone service from several dozen "over-the-top" VoIP providers,³ which can be accessed over competitive wireline, cable and wireless networks. Qwest also continues to face competition from traditional competitive local exchange carriers ("CLECs"), including carriers that obtain wholesale service from Qwest, which the Commission in the *Omaha Forbearance Order* deemed relevant to forbearance inquiries such as this one.

These various competitive alternatives are widely used in the Seattle MSA. Between 2000 and 2006, Qwest's retail residential mass market switched access lines in the Seattle MSA declined by [REDACTED] percent,⁴ even though the number of households in the MSA increased by approximately seven percent during this time.

There is likewise intense competition for enterprise business services in the Seattle MSA. As the Commission has found, cable companies are capable of using their nearly ubiquitous cable networks to serve enterprise customers. As was the case in Omaha, cable voice services

² Millennium Digital Media ("Millennium") is another cable-based competitor in the Seattle MSA, serving the core downtown Seattle area.

³ "Over-the-top" VoIP providers are those that offer VoIP as an incremental, stand-alone service on top of an existing broadband Internet connection, as opposed to providers of integrated VoIP telephone service, such as cable-based service providers.

⁴ See Brigham and Teitzel Declaration ¶ 5.

are available to business customers. Apart from cable, there are approximately 20 competitive fiber providers that operate networks in areas where enterprise customers are concentrated in the Seattle MSA, including wire centers that account for [REDACTED] percent of Qwest's retail switched business lines in the MSA.⁵

These competitive alternatives are widely used among enterprise customers in the Seattle MSA. Since 2000 Qwest's business lines in the Seattle MSA declined by approximately [REDACTED] percent, even though the business segment grew overall. Moreover, these declines took place on top of the inroads that competitors made prior to 2000.

In this competitive environment, imposing regulation crafted in and for an earlier era is unnecessary and counterproductive.

II. THE FIRST TWO PARTS OF THE FORBEARANCE TEST ARE SATISFIED AS A CONSEQUENCE OF THE FACT THAT TELECOMMUNICATIONS COMPETITION IN THE SEATTLE MSA IS ROBUST AND RAPIDLY GROWING

Qwest asks that the Commission forbear from applying loop and transport unbundling regulation pursuant to 47 U.S.C. §§ 251(c) and 271 (c)(2)(B)(ii), *see* 47 C.F.R. § 51.319 (a), (b) and (e). For mass market and enterprise services, Qwest also seeks forbearance from the dominant carrier tariff requirements set forth in Part 61 of the Commission's rules,⁶ from price cap regulations set forth in Part 61 of the Commission's rules,⁷ from the Computer III requirements including Comparably Efficient Interconnection ("CEI") and Open Network Architecture ("ONA") requirements, and from dominant carrier requirements arising under

⁵ *Id.* ¶ 37.

⁶ 47 C.F.R. §§ 61.32, 61.33, 61.38, 61.58 and 61.59.

⁷ 47 C.F.R. §§ 61.41-61.49.

Section 214 of the Act and Part 63 of the Commission's rules concerning the process for acquiring lines, discontinuing services, making assignments or transfers of control.⁸

The Commission must forbear from regulating where the Commission determines that:

(1) enforcement of such regulation or provision is not necessary to ensure that the charges, practices, classifications, or regulations by, for, or in connection with that telecommunications carrier or telecommunications service are just and reasonable and are not unjustly or unreasonably discriminatory;

(2) enforcement of such regulation or provision is not necessary for the protection of consumers; and

(3) forbearance from applying such provision or regulation is consistent with the public interest.

47 U.S.C. § 160(a). In making the public interest determination the Commission may weigh the competitive effect of forbearance. "If the Commission determines that such forbearance will promote competition among providers of telecommunications services, that determination may be the basis for a Commission finding that forbearance is in the public interest." 47 U.S.C. § 160(b).⁹

In Omaha, where the Commission has already granted similar relief, consistent with the Commission's predictive judgment, Qwest is continuing to grant competitors wholesale access to its loop and transport facilities. Qwest's motivation is to sell as much service as possible, while making a reasonable profit. Thus, Qwest is committed to its wholesale customers as a distribution channel. In Omaha, as in virtually every instance in which Qwest has received regulatory relief, Qwest has voluntarily made available commercial products to replace the products that had previously been mandated by regulation. Accordingly, after the Commission

⁸ 47 C.F.R. §§ 63.03, 63.04, 63.60-63.66.

⁹ The Commission may not forbear from the requirements of Sections 251(c) or 271 until those requirements have been fully implemented. 47 U.S.C. § 160(d). The Commission has previously determined that Section 251(c) has been "fully implemented" for all incumbent LECs nationwide." *Omaha Forbearance Order*, 20 FCC Rcd at 19439-40 ¶¶ 51-53.

issued the *Omaha Forbearance Order*, Qwest reached agreement to provide loops and transport to a number of CLECs in the Omaha MSA. If the Commission were to grant this forbearance petition, Qwest would similarly continue to make loops and transport available on a commercial basis in Seattle.

The Seattle MSA is one of the most competitive areas within Qwest's 14-state region. Many carriers now actively compete in that market. In each of Qwest's 26 wire centers in the Seattle MSA,¹⁰ customers now have the choice of at least one, and often many more, alternatives to Qwest's retail telecommunications services. This collection of competitors ranges from a cable-based service provider, to traditional wireline CLECs, to wireless (narrowband and broadband) providers, to VoIP providers. As one would expect given this wide range of options, Qwest has experienced significant access line loss in the Seattle MSA and greatly reduced market share.

A. Mass Market Consumers Have Access to a Wide Range of Competitive Alternatives

Mass market consumers throughout the Seattle MSA now have access to a wide range of competitive alternatives for affordable local telephone service. "In prior proceedings the Commission has defined mass market customers as residential and small business customers that purchase standardized offerings of communications services."¹¹ Consistent with the Commission's earlier findings, Qwest faces competition from a variety of providers of retail mass market services. These competitors include cable service providers (both circuit switched

¹⁰ Highly Confidential Exhibit 2 lists Qwest's Seattle MSA wire centers by name.

¹¹ See *In the Matter of Petition of Qwest Communications International Inc. for Forbearance from Enforcement of the Commission's Dominant Carrier Rules As They Apply After Section 272 Sunsets*, Memorandum Opinion and Order, WC Docket No. 05-333, FCC 07-13, rel. Mar. 9, 2007 at n.56 ("*Sunset Order*").

and VoIP), wireline CLECs, wireless carriers, and “over-the-top” VoIP providers.¹² Moreover, there are non-unbundled network element (“UNE”) wholesale alternatives available to CLECs, including wholesale services offered by other CLECs. As the Commission found in the *Sunset Order*, intermodal competition between wireline service and services provided on alternative service platforms, including VoIP and wireless, has been increasing and is likely to continue to increase.¹³ Comcast and Millennium are the cable competitors in Seattle. Traditional CLECs, including carriers that obtain wholesale service from Qwest, provide additional competition. Moreover, any consumer with a broadband Internet connection (*e.g.*, cable modem, Digital Subscriber Line (“DSL”), wireless, etc.) can obtain telephone service from literally dozens of “over-the-top” VoIP providers, which can be accessed over competitive networks. Throughout the Seattle MSA, these competitors offer voice services that are competitive with Qwest’s service offerings and are comparably priced. As demonstrated below, in addition to being widely available, each of these competitive alternatives is also widely used by consumers in the Seattle MSA.

1. Cable

Two cable companies serve the Seattle MSA. The most prevalent source of competition in the Seattle MSA is Comcast, which offers both circuit switched telephony and facilities-based VoIP in the Seattle MSA. Brigham and Teitzel Declaration n.29. Millennium serves approximately 17,000 subscribers in the core Seattle area. *Id.* ¶ 14. Both the cable telephony and the facilities-based VoIP fall within the relevant market for local services. The Commission in its recent *AT&T/BellSouth Merger Order* found that “facilities-based VoIP services clearly fall within the relevant service market for local services. Facilities-based VoIP services have many

¹² See *id.* ¶ 29.

¹³ See *id.* ¶ 20.

similar characteristics to traditional wireline local service. There is also significant evidence indicating that mass market subscription to cable-based VoIP continues to increase nationwide as cable operators continue to roll out these services throughout their footprints.”¹⁴

In the *Omaha Forbearance Order*, the Commission held that Cox’s voice services “compete as substitutes for Qwest’s wireline telecommunications service offerings.”¹⁵ The same is true of Comcast’s and Millennium’s services in Seattle, where as of December 2006, Comcast was serving a geographic area encompassing Qwest wire centers that account for approximately [REDACTED] of the Qwest retail residential lines in that MSA. Brigham and Teitzel Declaration ¶ 17 and Exhibit 1, p.1. When Millennium services are included in this calculation, [REDACTED] of Qwest’s residential access lines in the Seattle MSA are in wire centers served by either Comcast or Millennium. *Id.* n.13. Like all of Qwest’s VoIP-based competitors, Comcast and Millennium are not obligated to report customer in-service data, particularly at the MSA level. Nonetheless, reasonable estimates of Comcast’s voice customer base range from 103,000 (which is based upon Comcast’s system-wide voice penetration rate) (*id.* n.26) to 380,000 (which is based upon Comcast’s publicly-stated goal for its penetration rate in Spokane, Washington). *Id.* ¶ 16. Comcast expects its customer base to increase rapidly over the next few years to an even more robust level. At a national level, Comcast expects its telephone subscriber base to grow by nearly 400% between 2007 and 2010. *Id.* ¶ 18. Comcast is actively ramping up its infrastructure in Washington State to prepare for this growth by adding office space and a significant number of customer service representatives. *Id.*

¹⁴ *In the Matter of AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, WC Docket No. 06-74, FCC 06-189, rel. Mar. 26, 2007 ¶ 93 (“*AT&T/BellSouth Merger Order*”), *pet. for rev. withdrawn*, Order, No. 07-1009 (D.C. Cir. Apr. 3, 2007).

¹⁵ *Omaha Forbearance Order*, 20 FCC Rcd at 19447 ¶ 65; *see id.* at 19432 ¶ 33.

Comcast and Millennium are competing aggressively based upon price. Comcast offers VoIP-based Comcast Digital Voice (“CDV”) service, which includes unlimited local and long distance calling, including free calls to Canada, and 12 standard calling features. *Id.* ¶ 17. This service is offered to residential customers already subscribing to cable and high speed Internet at a monthly price of \$39.95, with lower promotional prices regularly offered.¹⁶ Millennium’s residential Internet-based telephone service is even less expensive, ranging from \$19.99 to \$39.99 per month depending on the package. *Id.* ¶ 15. Based on the rapid and continuing rate of Qwest retail losses, customers in the Seattle MSA appear to be responding favorably to these offerings.

Understanding that customers prefer one-stop shopping for communications services, Comcast is involved in a joint venture with Sprint Nextel Corporation (“Sprint Nextel”) to provide integrated mobile phone service to its cable customers. *Id.* ¶ 21. This arrangement will enable Comcast to offer the “quadruple play” bundle of video, broadband Internet access, digital telephone and wireless service. *Id.* Comcast expects to use mobility as a means of adding value to its customer base, using wireless to tie its services together and thereby make its services even more compelling to potential customers. *Id.* Comcast plans to allow customers to access e-mail, cable TV guide and home voice mail from their cell phones. *Id.* Moreover, Comcast will allow consumers to access video content, and eventually program DVRs remotely from their cell phone handsets. *Id.* Industry analysts expect incumbent local exchange carrier (“ILEC”) access line losses to cable telephone providers to continue in light of cable’s multi-service bundles. *Id.* ¶ 22.

¹⁶ Residential customers taking only one of those services must pay \$44.95 a month. If the customer wishes to subscribe only to CDV service, the rate is \$54.95, absent promotional offers which are regularly available. Comcast recently offered a promotional price of \$19.99 for the first six months for new CDV customers. *Id.* ¶¶ 19, 20.

In sum, Comcast and Millennium have extensive facilities in the Seattle MSA capable of delivering mass market services. *See Omaha Forbearance Order*¹⁷ (finding that such facilities demonstrate that supply elasticity is high). Comcast and Millennium have been “successfully providing local exchange and exchange access services . . . without relying on Qwest’s loops or transport.”¹⁸ Thus, as the Commission held in the *Omaha Forbearance Order*, this competition is, standing alone, “sufficient to justify forbearance” from loop and transport unbundling regulations,¹⁹ and from dominant carrier regulation of switched access service.²⁰ Comcast’s extensive facilities build-out in the Seattle MSA, and growing success in luring Qwest’s mass market customers, indicates that the first factor is easily satisfied for switched access services.²¹

2. Wireline CLECs

In addition to Comcast and Millennium, over [REDACTED] unaffiliated CLECs are currently competing with Qwest within the Seattle MSA. Brigham and Teitzel Declaration ¶ 23. Of this number, [REDACTED] CLECs are using non-Qwest network facilities to provide service, [REDACTED] are using the Qwest Platform Plus (“QPP”)²² finished wholesale service and [REDACTED] are reselling Qwest retail services.²³ *Id.* ¶ 23. CLECs are utilizing Qwest wholesale services to

¹⁷ *See Omaha Forbearance Order*, 20 FCC Rcd at 19448 ¶ 66; *see id.* at 19432-33 ¶¶ 35-36.

¹⁸ *Id.* at 19447 ¶ 64.

¹⁹ *Id.* at 19450-51 ¶ 69.

²⁰ *Id.* at 19432-33 ¶ 36.

²¹ *See id.*

²² Qwest recently replaced QPP with a new product, the Qwest Local Service Platform (“QLSP”). During the time periods for which data is presented in this petition, QPP was the relevant product. With the exception of Omaha, where Qwest is no longer required to provide unbundled loops at TELRIC rates, QPP/QLSP relies upon an unbundled loop. In Omaha, Qwest includes terms and conditions for unbundled loops in the QPP/QLSP agreement. There, Qwest has not to date raised its unbundled loop prices when purchased as part of QPP/QLSP.

²³ Qwest wholesale tracking systems, December 2006. Some of the CLECs are serving end users via more than one platform (*e.g.*, a CLEC may use both resale and QPP/QLSP to serve its

compete with Qwest in every Qwest wire center in the Seattle MSA. *Id.* ¶ 24 and Highly Confidential Exhibit 2.²⁴ Qwest estimates that CLECs competing through QPP/QLSP and Resale are providing approximately [REDACTED] residence lines. Highly Confidential Exhibit 2. This does not take into account any CLECs competing via Special Access services, or those serving customers via CLEC-owned switches and loops.

To the extent CLECs are utilizing their own networks to serve residential customers in the Seattle MSA, Qwest has no means to obtain precise in-service access line counts for these CLECs. However, Qwest does track the number of white pages listings, by rate center, of CLECs that are “facilities-based” (those utilizing CLEC-owned switches and loops and/or CLEC-owned switches and unbundled loops or Special Access services purchased from Qwest), and Qwest can thereby estimate the number of lines served by such CLECs, based on Qwest’s internal data showing that about 75% of Qwest’s residential lines are listed in the white pages directories. Brigham and Teitzel Declaration n.48. Based upon white pages listings data as of January 2007, and presuming facilities-based CLECs’ customers choose to list their telephone numbers in the white pages directory in the same proportions as Qwest’s customers, there were approximately [REDACTED] residential lines associated with facilities-based CLECs in the rate centers in the Seattle MSA. *Id.* ¶ 25.

customers). Therefore, one cannot add the number of CLECs using each platform in order to determine the total number of CLECs.

²⁴ Highly Confidential Exhibit 2 shows the distribution of Qwest wholesale services, including UNEs, purchased by CLECs as of December 2006 in each Qwest wire center, segmented by residential and business line categories. Since Qwest has no means of determining the type of retail service for which CLECs are utilizing stand-alone UNE-L and enhanced extended loop (“EEL”) services, these wholesale services are attributed to the “business” category in this summary. It is important to note that the information shown in Highly Confidential Exhibit 2 *excludes* any data associated with access lines served via: (1) CLEC-owned network facilities; (2) Special Access service purchased from Qwest; or (3) network facilities leased from non-Qwest providers. It therefore represents only a subset of CLEC lines in service in the Seattle MSA. Brigham and Teitzel Declaration ¶ 24.

3. Wireless

Wireless use in Washington State is extensive. According to the Commission's most recent data, there were 4.4 million wireless subscribers in Washington State as of the end of June 2006. Brigham and Teitzel Declaration ¶ 39. By comparison, as of the same date, ILECs and CLECs jointly reported servicing approximately 3.5 million wireline access lines. *Id.* Thus, wireless subscribers in Washington exceed the combined total of ILEC and CLEC wireline access lines in the state by a wide margin. *Id.* Moreover, from June 2000 to June 2006, the number of Washington wireless subscribers grew exponentially (by approximately 110 percent), while the number of wireline access lines has declined. *Id.* Qwest also faces competition in the Seattle MSA from multiple wireless providers. Mass market customers are increasingly using wireless services in place of traditional wireline telephone services.²⁵

As demonstrated in the map attached as Exhibit 5, p.5 to the Brigham and Teitzel Declaration, various major carriers such as Sprint PCS, T-Mobile, Verizon, and AT&T (formerly known as Cingular) all offer telephone services in the Seattle MSA, and competitive wireless service from at least one of these carriers is available throughout the Seattle MSA. *See* Brigham and Teitzel Declaration ¶ 42 and Exhibit 5. In addition, other smaller wireless carriers, such as Alltel, also serve the Seattle MSA. *See id.* ¶ 42 and n.102. Each of these carriers offers packages of services that are competitive with Qwest's wireline services for comparable offerings.

It is important to note that Seattle MSA residents appear to "cut the cord"²⁶ at a more robust rate than people in most other parts of the country. In fact, 13.2 percent of Seattle area

²⁵ *See generally* Sunset Order ¶ 17 and n.61.

²⁶ Customers that have "cut the cord" have disconnected wireline telephone service and rely exclusively on wireless service for their voice telecommunications needs. Brigham and Teitzel Declaration ¶ 40.

respondents to a recent survey reported that they are relying upon wireless services for all of their communication needs. Brigham and Teitzel Declaration ¶ 41. That translates to over 105,000 Seattle area households that use wireless services instead of wireline. *Id.* This total excludes customers who have elected to remove an additional line in favor of wireless service or who have shifted a significant amount of usage from their landline to their wireless telephones. *Id.* In contrast to Seattle's 13.2 percent rate for cord-cutting reported in the study referenced above, the reported national average proportion of households with only wireless phones was 9.6% in June 2006.²⁷ *Id.* ¶ 40.

In many instances, even if they do not "cut the cord" subscribers will remove a second landline in favor of wireless service and/or shift a significant amount of telephone usage to wireless service. In each of these instances, demand for Qwest wireline telephone service is reduced, even though the customers have not disconnected their wireline telephone service entirely. The Commission states:

Even when not "cutting the cord" completely, consumers appear increasingly to choose wireless service over traditional wireline service, particularly for certain uses. For example, according to one analyst, customers in nearly a third of American households make at least half their long distance calls at home from their cell phones rather than from their landlines. In the early 2006 survey of cell phone users described above, an additional 42 percent of cell phone users said that they also had a landline phone, but that they used their cell phones "most."²⁸

Wireless service subscribers are undeniably using wireless service as a direct substitute for traditional wireline telephone services. In this context, it is not surprising that the Yankee Group reports that "more than 51% of local calls and 68% of long distance calls have been replaced by wireless." Brigham and Teitzel Declaration ¶ 41.

²⁷ <http://www.cdc.gov/nchs/products/pubs/pubd/hestats/wireless2006/wireless2006.htm>. See Brigham and Teitzel Declaration Exhibit 5, p.1.

²⁸ Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, Tenth Report, September 29, 2006, p.90 ¶ 206.

The Commission's analysis of the extent of competition between wireless and wireline services conducted in connection with the AT&T/BellSouth merger supports including wireless services in the forbearance analysis. In the *AT&T/BellSouth Merger Order*, the Commission recognized that "growing numbers of subscribers in particular segments of the mass market are choosing mobile wireless service instead of wireline local services"; that "approximately 6 percent of households have chosen to rely upon mobile wireless services for all of their communications needs"; that certain wireless carriers such as Sprint Nextel "would likely take actions that would increase intermodal competition between wireline and mobile wireless services"; and that "intermodal competition between mobile wireless and wireline service will likely increase in the near term."²⁹ The Commission also recognized that "even if most segments of the mass market are unlikely to rely upon mobile wireless services instead of wireline local services today," in order for wireless service to constrain prices for wireline service the analysis "only requires that there be evidence of sufficient substitution for significant segments of the mass market."³⁰ The Commission accordingly concluded that "mobile wireless services should be included within the product market for local services to the extent that customers rely on mobile wireless service as a complete substitute for . . . wireline service."³¹

Significantly, the Commission's conclusions with respect to wireless were not confined or unique to any particular geographic market but instead applied generally to all relevant geographic markets. The Commission also recognized that it was not necessary to evaluate competition on a granular geographic basis and that a state-level analysis was reasonable.³²

²⁹ *AT&T/BellSouth Merger Order* ¶ 96.

³⁰ *Id.*

³¹ *Id.*

³² *See id.* ¶ 104.

Although the Commission reached these conclusions in the context of analyzing a merger, the purpose of that analysis -- determining the extent of mass market competition -- is identical to the one here, and the Commission's conclusions should therefore hold the same weight here as they did in that context.

Evidence shows that, particularly in the Seattle MSA, wireless service is another form of facilities-based competition. Wireless service both taken alone, and particularly in combination with other forms of facilities-based competition, is sufficient to ensure that market forces will protect the interests of consumers. Data indicate that customers would have a viable alternative should Qwest attempt to raise its wireline prices. Moreover, Qwest's extremely limited presence as a wireless service provider in the Seattle MSA, strongly suggests that if the price of wireline service went up, few of Qwest's customers would switch to a Qwest wireless service.³³ Wireless competition accordingly protects against wireline price increases in the first instance.

4. Over-the-Top VoIP Providers

Industry experts forecast exponential VoIP growth until at least 2010. For example, Frost and Sullivan found that VoIP market revenue totaled \$295.1 million in 2004 and expect it to reach \$4,076.7 million in 2010, a growth rate of over 1,200%. See Brigham and Teitzel Declaration, Exhibit 6, p.25. Additionally, the Yankee Group reported that roughly 44% of all U.S. households now subscribe to broadband Internet access. This percentage is expected to reach 58% by 2010. *Id.* ¶ 50.

Since VoIP calls do not rely on Qwest's switched network (and calls transported via non-Qwest broadband facilities do not rely on Qwest's local loop network), the rapid customer adoption of VoIP represents an additional form of competition that bypasses Qwest. These

³³ See *Sunset Order* ¶ 34. Qwest Wireless has ██████████ share of the consumer wireless market in the Seattle MSA. Brigham and Teitzel Declaration n.17.

competitive networks are not limited to competitive wireline broadband services, but also include cable and wireless services. According to the Commission, broadband access lines in Washington have grown at an astounding rate, from 195,628 in December 2000 to 1,575,375 in June 2006, an increase of over 705%. Brigham and Teitzel Declaration ¶ 47. In fact, in the first six months of 2006 alone, broadband Internet access lines in Washington increased by over 29%. *Id.* As of June 2006, over 46% of the broadband access lines in Washington were served by cable modem, 32% were served by DSL and the remainder were served by other technologies such as fiber and fixed wireless. *Id.* The Commission found that “99% of the country’s population lives in the 99% of zip codes where a provider reports having at least one high-speed service subscriber,” (*id.*) and every zip code in Washington has at least one broadband service provider available as of June 2006. *Id.* Competitive broadband services are now widely available from multiple providers in the Seattle MSA, and have been embraced by a rapidly increasing number of customers. Each broadband customer represents a potential VoIP subscriber.

The non-Qwest broadband facilities capable of carrying VoIP calls include wireless broadband (“WiFi”) service, which is being actively deployed in many communities within Qwest’s service territory in the Seattle MSA. WiFi is available in over 140 public locations within the Seattle MSA. *See* Brigham and Teitzel Declaration ¶ 43.³⁴ Consumers can utilize the WiFi connection in any WiFi “hotspot” to access the Internet and use VoIP services to make and receive telephone calls without reliance on Qwest’s local network. *Id.* Clearwire Corporation also provides wireless broadband connectivity at speeds up to 1.5 Mbps (which can easily accommodate VoIP service) throughout virtually the entire MSA. Additionally, Clearwire offers

³⁴ *See* Brigham and Teitzel Declaration Exhibit 5, p.9.

its own VoIP telephone service to Clearwire wireless broadband subscribers in area code 206, which encompasses the Seattle MSA. Clearwire's VoIP service is priced at \$29.99 per month, which includes unlimited long distance calling. *Id.* ¶ 49.

The Commission has previously acknowledged that some portion of mass market consumers view certain over-the-top VoIP services as substitutes for wireline local service.³⁵ Currently there are at least 60 VoIP providers (excluding Qwest) serving the Seattle MSA including Vonage, Packet8, Skype, SunRocket and others. Many of these providers (including Vonage and Packet8) offer service options for both residential and business markets. Brigham and Teitzel Declaration ¶ 48. Other providers such as Speakeasy and SunRocket, focus primarily on the residential market. *Id.* Since VoIP calls do not rely on Qwest's switched network (and calls transported via non-Qwest broadband facilities do not rely on Qwest's local loop network), the rapid customer adoption of VoIP represents an additional form of competition that bypasses Qwest. Thus, VoIP should be included in the forbearance analysis because it too constrains Qwest's ability to raise its prices or otherwise harm consumers.

5. Qwest Wholesale Alternatives

In the *Omaha Forbearance Order*, the Commission also relied in part on competitors' ability to use the ILEC's wholesale offerings pursuant to "provisions of the Act designed to develop and preserve competitive local markets."³⁶ The Commission recognized that where there are "very high levels of retail competition that do not rely on the Qwest facilities -- and for which Qwest receives little to no revenue" Qwest has "the incentive to make attractive wholesale

³⁵ *AT&T/BellSouth Merger Order* ¶ 94.

³⁶ *Omaha Forbearance Order*, 20 FCC Rcd at 19447 ¶ 64; *see id.* at 19433 ¶ 37.

offerings available so that it will derive more revenue indirectly from retail customers who choose a retail provider other than Qwest.”³⁷

As demonstrated above, there is extensive facilities-based retail competition in the Seattle MSA. Qwest has in fact made attractive wholesale offerings available even when it has no obligation to do so. Following the Commission’s decision to eliminate the UNE platform, Qwest began offering its QPP/QLSP service, which provides the same features and functionality as the UNE platform, but at negotiated, market rates. As of December 2006, [REDACTED] competitors in the Seattle MSA were serving approximately [REDACTED] voice grade equivalent (“VGE”) residential lines using this wholesale product. Brigham and Teitzel Declaration ¶ 23 and Highly Confidential Exhibit 2. As of that same date, [REDACTED] competitors were reselling approximately [REDACTED] VGE residential lines in the Seattle MSA pursuant to the resale provisions of Section 251(c)(4). *Id.*

6. Decline in Qwest’s Retail Lines

In the *Omaha Forbearance Order*, the Commission held that the proper focus should be on the availability of competitive alternatives, rather than on the number of customers who have already chosen to switch to such alternatives. The Commission will look at both “actual and potential competition” that “either is present, or readily could be present.”³⁸ This focus on the availability of actual and potential competitive alternatives rather than static market share is consistent with the approach the Commission has taken in other contexts. The Commission has long held that “an analysis of the level of competition for LEC services based solely on a LEC’s

³⁷ *Id.* at 19448-49 ¶ 67.

³⁸ *Id.* at 19446 ¶ 62.

market share at a given point in time would be too static and one-dimensional.”³⁹ “[T]he presence and capacity of other firms matter more for future competitive conditions than do current subscriber-based market shares.”⁴⁰

As demonstrated above, there are multiple competitive alternatives that are widely available in the Seattle MSA and that also are being used by mass market consumers. This fact is further confirmed by the declines that Qwest has experienced in its base of switched access lines. Between 2000 and 2006 Qwest’s residential switched access lines have declined by approximately [REDACTED] percent, from [REDACTED] to [REDACTED] even though the number of households in the Seattle MSA increased by approximately seven percent during the period from 2000 to 2005. See Brigham and Teitzel Declaration ¶ 5. Independent industry analysts identify ILEC access line losses to cable telephony providers as significant and continuing given “the widespread availability of cable telephony and its associated multi-service bundles.”⁴¹

Since Qwest’s wireline, VoIP, and cable telephony competitors are under no obligation to report customer in-service data, especially at the MSA level, precise measurements of competitor “shares” are not possible to obtain. However, independent research houses have addressed this issue by conducting primary customer research to quantify competitive telecommunications

³⁹ *In the Matter of Price Cap Performance Review for Local Exchange Carriers, Treatment of Operator Services Under Price Cap Regulation, Revisions to Price Cap Rules for AT&T*, Second Further Notice of Proposed Rulemaking in CC Docket No. 94-1, Further Notice of Proposed Rulemaking in CC Docket No. 93-124, and Second Further Notice of Proposed Rulemaking in CC Docket No. 93-197, 11 FCC Rcd 858, 922-23 ¶ 143 (1995).

⁴⁰ *Applications of AT&T Wireless Services, Inc. and Cingular Wireless Corporation for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 19 FCC Rcd 21522, 21579 ¶ 148 (2004).

⁴¹ *Regulatory Event Risk Headlines Fitch’s U.S. Telecom Outlook for 2007*, November 29, 2006. See Brigham and Teitzel Declaration Exhibit 1, p.46.

dynamics. For example, TNS Telecoms, an independent research firm, conducts a quarterly “share” analysis in each of the states to estimate competitors’ shares of the residential telecommunications markets and to provide insights into the changes in competitive trends.⁴² Brigham and Teitzel Declaration ¶ 6. In fourth Quarter 2000, TNS reported Qwest’s share of residential communications connections in the Seattle MSA at [REDACTED]. *Id.* By the fourth Quarter 2006, Qwest’s share of residential communications connections in the Seattle MSA had declined to [REDACTED]. *Id.* These data confirm that Seattle-area consumers are utilizing substitutes for Qwest’s service to satisfy their telecommunications needs.

In the *Sunset Order*, the Commission noted that the availability of wireless and VoIP constrains Qwest’s market power given the large and growing percentage of customers who subscribe to both wireline service and wireless and/or broadband Internet access, and who thus have the ability to shift usage in response to price changes.⁴³ Although the Commission reached these conclusions in the context of analyzing the market for long distance services, the conclusions are applicable here because consumers have access to a similar multiplicity of platforms. Moreover, for those services such as wireless and over-the-top VoIP, where

⁴² In conducting its study, TNS collects actual billing information from a statistically-reliable sample of customers in each state and tabulates the number of residential customers subscribing to Qwest service (landline, DSL or wireless) as well as services of non-Qwest landline and wireless competitors. TNS uses this data to calculate “shares of customer connections” (excluding video connections) for each service provider in the consumer telecommunications market. In calculating “connections shares,” TNS defines a “connection” as any telecommunications service used by the customer. A residential access line, a wireless service and a broadband Internet line used by a customer would each be counted as a discrete “connection” under TNS’ definition in its calculations of “connections shares.” For example, a customer with Qwest landline service, Qwest DSL service and Verizon Wireless service would be counted as having three “connections,” and Qwest’s “connections share” in this example would be 66%. Brigham and Teitzel Declaration ¶ 6.

⁴³ See *Sunset Order* ¶¶ 34, 37 and 38.

consumers pay an “all you can eat” price, once consumers have purchased these services for use with long distance services, there is no incremental cost for local use.

In sum, Qwest faces many substitutes for its wireline services. Increasing numbers of customers subscribe to competitive wireline and cable services.⁴⁴ Additionally, increases in subscriptions to broadband Internet access services allow customers to subscribe to over-the-top VoIP service.⁴⁵ Moreover, there have been increased subscriptions to mobile wireless services, accompanied by a migration of wireline minutes to mobile wireless minutes.⁴⁶ All of these trends indicate that consumers are increasingly finding these alternative services serve as substitutes for Qwest’s traditional wireline service offerings.⁴⁷ Thus, in the mass market, enforcement of unbundling is not necessary to ensure that charges are just and reasonable, and not unjustly discriminatory, nor is unbundling necessary for consumer protection. Similarly, dominant carrier tariff regulation is no longer necessary to ensure that charges are just and reasonable, nor for consumer protection.

B. Enterprise Customers Also Have Access to a Wide Range of Competitive Alternatives

The provision of services to enterprise customers is also highly competitive. Moreover, the customers themselves are highly sophisticated purchasers of communications services.⁴⁸ They tend to make their decisions about communications services by using either communications consultants or employing in-house communications experts.⁴⁹ Accordingly, the

⁴⁴ See above at Sections II.A.1. and II.A.2.; see also Brigham and Teitzel Declaration ¶¶ 8-9.

⁴⁵ See above at Section II.A.4.; see also Brigham and Teitzel Declaration ¶ 47.

⁴⁶ See above at Section II.A.3.; see also Brigham and Teitzel Declaration ¶¶ 39-41.

⁴⁷ See *Sunset Order* ¶ 38.

⁴⁸ See *id.* ¶ 46; *AT&T/BellSouth Merger Order* ¶ 82.

⁴⁹ See *Sunset Order* ¶ 46.

Commission has previously expressed its expectation that enterprise customers are aware of the multitude of choices available to them,⁵⁰ and are able to take advantage of the competitive choices available to them, seeking out the best-priced alternatives.⁵¹ In the *Omaha Forbearance Order*, the Commission decided to forbear from loop and transport unbundling based on competition from Cox, the incumbent cable operator, together with “maps and other evidence” that other competitors have deployed their own transport facilities, and additional evidence that competing carriers were using wholesale alternatives to compete successfully.⁵² As in the mass market, evidence demonstrates that “the level of facilities-based competition [in the Seattle MSA] ensures that market forces will protect the interests of consumers.”⁵³ As the Commission has previously found, numerous categories of competitors provide services to enterprise customers.⁵⁴ These include cable companies, wireless providers, CLECs, data/IP network providers, VoIP providers, system integrators, and equipment vendors.⁵⁵

1. Cable

Comcast’s and Millennium’s cable networks in the Seattle MSA are capable of -- and are -- being used to serve enterprise customers. In the *Omaha Forbearance Order*, the Commission found that Cox’s cable facilities were “capable of delivering both mass market and enterprise telecommunications services.”⁵⁶ The Commission relied on the fact that Cox had “strong success in the mass market, its possession of the necessary facilities to provide enterprise services, its

⁵⁰ *See id.*

⁵¹ *AT&T/BellSouth Merger Order* ¶ 82.

⁵² *Omaha Forbearance Order*, 20 FCC Rcd at 19448 ¶ 66; *see id.* at 19448-49 ¶ 67.

⁵³ *Id.* at 19416 ¶ 1.

⁵⁴ *Sunset Order* ¶ 30.

⁵⁵ *See id.*; *AT&T/BellSouth Merger Order* ¶ 70.

⁵⁶ *Omaha Forbearance Order*, 20 FCC Rcd at 19448 ¶ 66.

technical expertise, its economies of scale and scope, its sunk investments in network infrastructure, its established presence and brand in the Omaha MSA, and its current marketing efforts and emerging success in the enterprise market.”⁵⁷ The Commission also noted that Cox had particularly strong incentives to compete for enterprise customers, as compared to mass-market, because the “revenue potential” is greater.⁵⁸ The Commission concluded that, in light of these facts, “Cox poses a substantial competitive threat . . . for higher revenue enterprise services.”⁵⁹ In reaching this conclusion, the Commission found the fact that Cox’s existing network did not necessarily reach every individual business location as “not . . . dispositive” in light of the other evidence demonstrating Cox’s incentives and ability to serve these customers.⁶⁰

This same analysis applies with equal force here. As demonstrated above, Comcast, in particular, has had “strong success in the mass market” in the Seattle MSA. Moreover, it has an extensive network and therefore possesses “the necessary facilities to provide enterprise services.” Comcast has recently announced a focus on serving the business market, positioning itself as a direct substitute for such services offered by Qwest. Brigham and Teitzel Declaration ¶ 20.

2. Wireline CLECs

Second, a large number of other competitors provide extensive business retail competition in the Seattle MSA. As stated above, CLECs are utilizing Qwest resale or QPP/QLSP wholesale services to compete with Qwest in every wire center in the Seattle MSA. Brigham and Teitzel Declaration, Highly Confidential Exhibit 2. Qwest estimates that CLECs

⁵⁷ *Id.*

⁵⁸ *Id.*

⁵⁹ *Id.*

⁶⁰ *Id.* ¶ 66 n.174.

competing through QPP/QLSP and Resale are providing approximately [REDACTED] business lines. *Id.* This does not take into account any CLECs competing via Special Access services or CLEC-owned switches and loops.

As explained above regarding mass market services, to the extent CLECs are utilizing their own networks to serve enterprise customers in the Seattle MSA, Qwest has no means to obtain precise in-service access line counts for these CLECs. However, Qwest does track the number of white pages listings, by rate center, of CLECs that are “facilities-based” (those utilizing CLEC-owned switches and loops and/or CLEC-owned switches and unbundled loops or Special Access services purchased from Qwest), and Qwest can thereby estimate the number of lines served by such CLECs, based on Qwest’s internal data showing that about 36% of its business lines⁶¹ are listed in the white pages directories. *Id.* n.48. Based upon white pages listings data as of January 2007, and presuming facilities-based CLECs’ customers choose to list their telephone numbers in the white pages directory in the same proportions as Qwest’s customers, there were approximately [REDACTED] business lines associated with facilities-based CLECs in the rate centers in the Seattle MSA. *Id.* ¶ 25.

In the *Omaha Forbearance Order*, the Commission also considered “evidence that a number of carriers . . . had success competing for enterprise services using DS1 and DS3 special access channel terminations obtained from Qwest” as relevant in its analysis of enterprise competition.⁶² The Commission held that “this competition that relies on Qwest’s wholesale inputs -- which must be priced at just, reasonable and nondiscriminatory rates . . . supports our

⁶¹ In particular, business customers often elect to list only their primary telephone number in the white pages directory. To the extent customers of facilities-based CLECs do not request that their telephone numbers be reported to Qwest for input to the white pages database, these telephone numbers are not reflected in the facilities-based CLEC customer white pages listings at all. Brigham and Teitzel Declaration n.48.

⁶² *Omaha Forbearance Order*, 20 FCC Rcd at 19449-50 ¶ 68.

conclusion that section 251(c)(3) unbundling obligations are no longer necessary to ensure that the prices and terms of Qwest's telecommunications offerings are just and reasonable and nondiscriminatory under section 10(a)(1)."⁶³

As in Omaha, competitors in the Seattle MSA are competing extensively using Special Access obtained from Qwest. As of December 2006, competitors purchased over [REDACTED] [REDACTED] Special Access channels from Qwest in the Seattle MSA. Brigham and Teitzel Declaration ¶ 35. The number of VGE circuits being provided by competitors using Qwest Special Access services exceeds the number of VGE circuits being provided by CLECs using UNEs, QPP/QLSP, and resale combined. *Id.* Over [REDACTED] of the Special Access VGEs in the Seattle MSA are in wire centers that also have competitive fiber in place. *Id.* ¶ 36.

There are numerous CLECs competing with Qwest for enterprise business customers in the Seattle MSA. As is well known in the industry, Verizon closed its acquisition of MCI in January 2006. MCI has offered a broad range of services to residential and business customers in the Seattle MSA. Verizon continues to offer voice and data services to virtually every business market segment in the Seattle MSA. *Id.* ¶ 31. AboveNetMFN, which provides telecommunications services to enterprise end users on a retail basis, and to other carriers on a wholesale basis, owns over [REDACTED] miles of fiber in the Seattle MSA, according to GeoTel. *Id.* ¶ 33. AboveNet's fiber map clearly shows that its extensive fiber ring in the Seattle MSA intersects major business centers where high concentrations of businesses and carriers are located. *Id.*

3. System Integrators, IP-Enabled Service Providers and Other Competitors

⁶³ *Id.* (Footnote omitted.) The forbearance that Qwest seeks here will not eliminate Qwest's obligations under Sections 201 and 202 to provide its services on just and reasonable, nondiscriminatory terms.

Third, as the Commission recently acknowledged in the context of the *AT&T/BellSouth Merger Order*, “systems integrators and the use of emerging technologies, including various Internet Protocol (IP-enabled) technologies, are likely to make [the enterprise] market more competitive, and this trend is likely to continue in the future.”⁶⁴ Demand for systems integrators is driven by the need for the extensive planning and management necessary to create communications systems blending voice, data, video, Internet, and wireless applications. Brigham and Teitzel Declaration ¶ 60. In the enterprise market, nearly half of all medium and large enterprises use some form of managed telecommunications and IT services. *Id.* The North American managed telecom service market generated \$18.6 billion in revenues in 2006. *Id.* n.149. Equipment vendors and systems integrators such as IBM, New Edge Networks, Mammoth Networks, and others compete in the Seattle MSA. *Id.* ¶ 61. For example, New Edge provides managed telecommunications services to small businesses, large corporations and to telecom carriers. *Id.* IBM helps customers “design, deploy and manage an IP telephony infrastructure that can help reduce the costs associated with managing and maintaining separate voice, data and equipment networks.” *Id.* Mammoth Networks provides DSL, Frame Relay and ATM service aggregation, allowing customers to connect circuits to its network. *Id.*

The increasing role of system integrators in the enterprise market may be based in part on the fact that VoIP providers are also making competitive inroads into the enterprise market. In 2005, 36% of large and 23% of medium North American organizations interviewed by a major research firm were already using VoIP products and services. That research firm estimated that by 2010, almost half of small and two-thirds of large organizations in North America would be using VoIP products and services. *Id.* ¶ 50.

⁶⁴ See *AT&T/BellSouth Merger Order* ¶ 81.

The Seattle area is a hotbed of innovation. As but one example, business in Seattle can also purchase a hybrid wireless service offered by Sotto Wireless, integrating cellular, WiFi and VoIP technologies. This service sends calls over the Internet using a wireless LAN, when the end user is in the office, and uses the cellular network when the end user is away from the office. The phone supports both voice and data communications. *Id.* ¶ 44.

4. Competitive Fiber

Finally, there are extensive competitive fiber networks in the Seattle MSA. According to GeoTel, a leading provider of telecommunications facilities information, approximately [REDACTED] miles of fiber (excluding fiber owned by Qwest and Qwest's affiliates) are now in place in the Seattle MSA, and this fiber is typically used by Qwest's competitors to serve enterprise and wholesale customers. *Id.* ¶ 37. At least one fiber-based competitor has facilities in [REDACTED] of Qwest's wire centers in the Seattle MSA, and these wire centers contain [REDACTED] of Qwest's residential lines and [REDACTED] of Qwest's retail business lines in the MSA. *Id.* In addition, competitive fiber is now being used to serve over [REDACTED] buildings in the Seattle MSA. *Id.*

Carriers with significant fiber facilities in the Seattle MSA include [REDACTED]

[REDACTED]
[REDACTED]. *Id.* ¶ 38.

Confidential Exhibit 4 shows the known fiber routes for 20 entities with competitive fiber facilities in the Seattle MSA. Given these significant facilities-based competitors, which can provide retail or wholesale services, it is clear that Qwest faces competition in its efforts to reap more revenue "indirectly from retail customers who choose a retail provider other than Qwest."⁶⁵

⁶⁵ *Omaha Forbearance Order*, 20 FCC Rcd ¶ 67.

5. Decline in Qwest's Retail Lines

Given the competition from Comcast, Millennium, wireline CLECs, systems integrators, VoIP providers, entities with competitive fiber networks and other players it is not surprising that Qwest has lost a significant proportion, [REDACTED], of its retail business lines between December 2000 and December 2006. Brigham and Teitzel Declaration ¶ 5. Qwest had [REDACTED] business retail access lines in December 2000, and just [REDACTED] in December 2006. *Id.* Just as in the mass market, developing precise measurements of “share” in the business market is difficult, given the diverse scope of intramodal and intermodal competition that now exists in the Seattle MSA and the general lack of publicly-available customer in-service data for these competitors. However, TNS Telecoms conducts primary research in the small business and enterprise business segments and has assembled “revenue share” estimates for those markets as indicators of competitive trends. In stratifying the business market, TNS classifies businesses generating less than \$1,500 in monthly telecom spending as small business customers, and business customers spending at or above this level as “enterprise” business customers. *Id.* ¶ 7. In the small business category, TNS’ research shows that Qwest’s revenue share in the Seattle MSA was [REDACTED] in fourth Quarter 2006. *Id.* In the enterprise market, Qwest’s revenue share in the Seattle MSA was [REDACTED] in fourth Quarter 2006. *Id.* These data confirm that Seattle MSA businesses are utilizing substitutes for Qwest’s service to satisfy their communications needs, particularly at the high end of the market. Systems integrators and the increased use of IP-enabled technologies are likely to make this market more competitive in the future.

III. THE THIRD PART OF THE FORBEARANCE TEST IS SATISFIED BECAUSE THE REQUESTED RELIEF IS IN THE PUBLIC INTEREST

As the Commission found in the *Omaha Forbearance Order*, evidence of competition satisfies not only the first two prongs of the forbearance test, but also supports a finding that the third prong of the forbearance test is met, *i.e.* it is in the public interest to eliminate the regulations in question.⁶⁶ In the *Omaha Forbearance Order* the Commission also identified two additional reasons why forbearance from the regulations at issue was in the public interest. Both reasons apply with equal force in the Seattle MSA.

First, as the Commission found in Omaha, the costs of the unbundling obligations that Qwest faces in the Seattle MSA outweigh the benefits. Both the Commission and the D.C. Circuit have recognized the harm to the public interest and to competition from excessive unbundling. As the Commission has explained, “excessive network unbundling requirements tend to undermine the incentives of both incumbent LECs and new entrants to invest in new facilities and deploy new technology.”⁶⁷ Similarly the D.C. Circuit has recognized that mandated unbundling “imposes costs of its own, spreading the disincentive to invest in innovation and creating complex issues of managing shared facilities.”⁶⁸ Given the extensive facilities-based competition that already exists in the Seattle MSA, and the potential for even greater facilities-based competition to emerge, any potential benefits from unbundling regulation are slim, while the costs of such regulatory intervention are significant.⁶⁹ Forbearance will give Qwest, and other facilities-based competitors, greater incentives to continue to invest in facilities, which will ensure the continued growth of long-lasting facilities-based competition.

⁶⁶ See *Omaha Forbearance Order*, 20 FCC Rcd at 19437 ¶ 47, 19453 ¶ 75.

⁶⁷ *In the Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, Report and Order and Order on Remand and Further Notice of Proposed Rulemaking, 18 FCC Rcd 16978, 16984 ¶ 3 (2003) (subsequent history omitted).

⁶⁸ *United States Telecom Ass'n v. FCC*, 290 F.3d 415, 427 (D.C. Cir. 2002).

⁶⁹ See *Omaha Forbearance Order*, 20 FCC Rcd at 19454 ¶ 77.

Eliminating unbundling regulation will also “further the public interest by increasing regulatory parity” among telecommunications providers in the Seattle MSA. These regulations were imposed at a time when Qwest’s narrowband circuit-switched network was a dominant technology, but this is far from the case today. Qwest is now losing mass market and enterprise lines and customers to wireless and broadband competitors. As the Commission noted, it is “in the public interest to place intermodal competitors on an equal regulatory footing by ending unequal regulation of services provided over different technological platforms.”⁷⁰ In the face of such competition, asymmetrical regulation imposes artificial price constraints that delay and impede full and fair competition among providers and harms consumers.⁷¹

Second, as the Commission also found in Omaha, eliminating dominant carrier regulations that apply to interstate switched access services is consistent with the public interest where vigorous local competition has emerged.⁷² As demonstrated above, cable voice services in the Seattle MSA are more widely available than they were in Omaha, and other types of competition are even more widespread than they were in December 2005 when the Commission issued the *Omaha Forbearance Order*. Moreover, with respect to interstate switched access services, competitive wireless services are particularly significant because customers can use their wireless phones for long-distance calls even where they do not abandon their wireline phone entirely. In fact, large fractions of long distance calls and minutes have already migrated to wireless. Brigham and Teitzel Declaration ¶ 40.

⁷⁰ *Id.* at 19454-55 ¶ 78.

⁷¹ See, e.g., *In the Matters of Appropriate Framework for Broadband Access to the Internet over Wireline Facilities*, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853, 14878 ¶ 45, 14890-91 ¶ 71, 14895-96 ¶ 79 and n.241 (2005), *appeal pending sub nom. Time Warner Telecom v. FCC*, No. 05-4769 (and cons. cases) (3rd Cir.), *oral argument held*, Mar. 16, 2007.

⁷² See *Omaha Forbearance Order*, 20 FCC Rcd at 19437 ¶ 47.

As the Commission found in Omaha, eliminating dominant carrier regulation for interstate switched access services also will promote the public interest by eliminating the unnecessary costs such regulations impose. In particular, “[i]n these environments that are competitive for end users, applying these dominant carrier regulations to Qwest limits its ability to respond to competitive forces and, therefore, its ability quickly to offer consumers new pricing plans or service packages.”⁷³

The Commission has similarly recognized in other contexts that certain “regulations associated with dominant carrier classification can also have undesirable effects on competition.”⁷⁴ For example, the Commission has recognized that tariffing requirements “impose significant administrative burdens on the Commission and the BOC[s],” and “adversely affect competition.”⁷⁵ Such regulations reduce the incentive and ability to discount prices in response to competition and to make efficient price changes in response to changes in demand and cost. Likewise, the Commission’s price cap regulations limit Qwest’s ability to respond to market conditions and competition. Unlike other providers in the Seattle MSA, to whom price cap regulation does not apply, Qwest is restricted from responding to competition with deaveraged rates and cannot respond to competitors’ bundled service offerings. Competitors also can use these regulations to their advantage, both to undercut each others’ pricing or to maintain artificially high prices.

⁷³ *Id.*

⁷⁴ *In the Matter of Regulatory Treatment of LEC Provision of Interexchange Services Originating in the LEC’s Local Exchange Area and Policy and Rules Concerning the Interstate, Interexchange Marketplace*, Second Report and Order in CC Docket No. 96-149 and Third Report and Order in CC Docket No. 96-61, 12 FCC Rcd 15756, 15808 ¶ 90 (1997) (“*LEC Classification Order*”), *on recon.*, 12 FCC Rcd 8730 (1997), *Order*, 13 FCC Rcd 6427 (1998), *on further recon.*, 14 FCC Rcd 10771 (1999); *see also Sunset Order* ¶ 78.

⁷⁵ *LEC Classification Order*, 12 FCC Rcd at 15807 ¶ 89.

For these reasons, dominant carrier regulation of the switched access market is not only unnecessary to ensure just, reasonable, and not unjustly or unreasonably discriminatory rates, and to protect consumers, but it also impedes Qwest's ability to compete,⁷⁶ dampens competition,⁷⁷ and is thus harmful to the public interest.

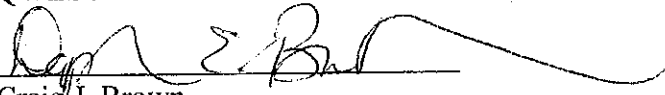
IV. CONCLUSION

For the foregoing reasons, Qwest requests that in the Seattle MSA the Commission forbear from loop and transport unbundling regulation, dominant carrier regulation, price cap regulation of switched access services and CEI/ONA requirements.

Respectfully submitted,

QWEST CORPORATION

By:


Craig J. Brown
Daphne E. Butler
Suite 950
607 14th Street, N.W.
Washington, DC 20005
303-383-6653
Daphne.Butler@qwest.com

Its Attorneys

April 27, 2007

⁷⁶ See *Sunset Order* ¶ 78.

⁷⁷ See *id.*

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

In the Matter of)
)
Petition of Qwest Corporation for)
Forbearance Pursuant to) WC Docket No. _____
47 U.S.C. § 160(c) in the)
Seattle Metropolitan Statistical Area)

DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL
REGARDING THE STATUS OF TELECOMMUNICATIONS COMPETITION IN
THE SEATTLE, WASHINGTON METROPOLITAN STATISTICAL AREA

I. INTRODUCTION AND SUMMARY.

1. My name is Robert H. Brigham. My business address is 1801 California Street, Denver, Colorado 80202, and I am currently employed by Qwest Service Corporation ("QSC")¹ as a Staff Director in the Public Policy department. In my current position, I develop and present Qwest's advocacy before regulatory bodies concerning pricing, competition and regulatory issues. I have been employed by Qwest and its predecessor companies for over 30 years, holding various management positions in Marketing, Costs and Economic Analysis, Finance and Public Policy. I have testified before numerous state commissions in the Qwest region.

¹ QSC performs support functions, such as regulatory support, for other Qwest entities.

2. My name is David L. Teitzel. My business address is Room 3214, 1600 7th Ave., Seattle, WA 98191. My title is Staff Director and I am a member of QSC's Public Policy organization. In that position I develop and present company advocacy in matters relating to the manner in which Qwest Corporation ("Qwest") is regulated for retail services. These matters include regulatory reform in dockets before state Commissions and the FCC. I have been employed by Qwest and its predecessor companies for over 32 years and have held a number of management positions in various departments, including Regulatory Affairs, Network and Marketing.

3. The purpose of this declaration is to demonstrate that extensive competition exists for Qwest's mass market and enterprise telecommunications services in the Seattle Metropolitan Statistical Area ("MSA") from a wide variety of intramodal and intermodal competitors. Consistent with the analytical framework the Commission applied to Qwest's earlier request for forbearance with respect to the Omaha MSA, the facts and evidence contained herein show that these competitors are competing with Qwest in the Seattle MSA via a full range of telecommunications service platforms. Many of Qwest's competitors compete for customers by building their own facilities or utilizing other non-Qwest facilities (including competitive fiber networks, coaxial cable networks, wireless services, internet-based services, etc.). Competitors also compete via the purchase of wholesale services from Qwest; including the purchase of unbundled network elements,

Qwest Platform Plus (“QPP”),² Special Access, and retail services sold at a resale discount.

4. Our declaration and associated exhibits contain information obtained from publicly-available sources and internal Qwest databases, and the sources of data upon which we rely in this declaration are fully identified. We attest that all Qwest data in this declaration is accurate as of the filing date of Qwest’s petition in this proceeding and that any information obtained from non-Qwest sources is shown precisely as it is reported by the source. A summary of the competitive information in our declaration is set forth below.

5. As of 2005, U.S. Census data shows that there were approximately 793,000 households and 2.5 million people in the Seattle MSA,³ up from 742,000 and 2.3 million respectively in 2000.⁴ Clearly, the Seattle MSA is experiencing a steady growth trend, with households up 7% and population up 9% over this timeframe, and it can be assumed that demand for telecommunications services in the Seattle area has increased apace. However, Qwest’s retail access line base has fallen sharply in the Seattle MSA since 2000, contrary to the upward trends in housing and population, as residential and business customers have availed themselves of the ever-expanding array of competitive

² In January 2007, CLECs began converting their QPP-based services to the new Qwest Local Services Platform (“QLSP”) wholesale service as discussed later in this declaration.

³ The Seattle MSA is entirely within King County.

⁴ <http://www.census.gov/popest/housing/HU-EST2005-CO.html>;
http://www.census.gov/population/www/estimates/Estimates%20pages_final.html. (Table 1).

alternatives to Qwest's services. As shown in Table 1 below, Qwest's retail residential, business and public coin access line base in the Seattle MSA has declined dramatically since 2000.⁵

-----begin confidential-----

Table 1

Qwest Retail Access Lines in the Seattle MSA

<u>Retail Service</u>	<u>Dec. 2000</u>	<u>Dec. 2006</u>	<u>Difference</u>	<u>% Difference</u>
Residential	██████	██████	██████	██████
Business	██████	██████	██████	██████
Public	████	████	████	████
Total	██████	██████	██████	██████

-----end confidential-----

These access line trends are clearly being driven by the proliferation of intramodal and intermodal competitive alternatives to Qwest's services in the Seattle MSA, and the range of alternatives continues to expand, as we discuss in our declaration.

6. The mix of competitive alternatives in the Seattle MSA continues to evolve, with traditional competitors such as CLECs continuing to aggressively compete with Qwest and intermodal forms of competition such as wireless and Voice over Internet Protocol

⁵ These results exclude any access line losses occurring prior to December 2000 and therefore understate the extent of competitive losses in the Seattle MSA.

("VoIP")⁶ rapidly gaining significant portions of the communications market. It is noteworthy that CLECs are lightly regulated and intermodal competitors are generally subject to even less regulation. Since these competitors are under no obligation to report customer in-service data,⁷ especially at the MSA level, precise measurements of competitor "shares" are not possible to obtain. However, independent research houses have addressed this issue by conducting primary customer research to quantify competitive telecommunications dynamics, and Qwest has purchased such research to gain insights into market trends. For example, TNS Telecoms, an independent research firm, conducts a quarterly "share" analysis in each of the states to estimate competitors' shares of the residential telecommunications markets and to provide insights into the changes in competitive trends. In conducting its study, TNS collects actual billing information from a statistically-reliable sample of customers in each state⁸ and tabulates the number of residential customers subscribing to Qwest service (landline, DSL or wireless) as well as services of non-Qwest landline and wireless competitors. TNS uses this data to calculate "shares of customer connections" (excluding video connections) for each service provider in the consumer telecommunications market.⁹ In calculating

⁶ VoIP services are now offered on a "stand-alone" basis by provider such as Vonage, SunRocket, Packet8, etc., as well as on an "integrated" basis by Cable MSOs such as Comcast, Millennium Communications, Charter Communications, etc.

⁷ The regulatory status of local telephone service provided by VoIP technology is the subject of an open FCC proceeding (IP-Enabled Services, WC Docket No. 04-36, Notice of Proposed Rulemaking, 19 FCC Rcd 4863). Currently, telecom providers are not required by FCC instructions for Form 477, which is the reporting tool used by telecom providers to report in-service access line counts to the FCC, to report VoIP-based access lines. If the FCC rules in its pending IP services proceeding that VoIP service is a telecommunications service, providers of these services may be required to report in the future access lines served via VoIP. However, until that time, providers utilizing VoIP to provide service are not required to report in-service data to the FCC.

⁸ In Qwest's 14 state territory, the TNS research sample is drawn strictly from exchanges within the Qwest service area footprint and does not include data from Independent service territory.

⁹ TNS Telecoms does not conduct a "connections share" analysis for the business market, and instead produces a "share of total telecom spend" analysis for the business segment.

"connections shares," TNS defines a "connection" as any telecommunications service used by the customer. A residential access line, a wireless service and a broadband internet line used by a customer would each be counted as a discrete "connection" under TNS' definition in its calculations of "connections shares." For example, a customer with Qwest landline service, Qwest DSL service and Verizon Wireless service would be counted as having three "connections," and Qwest's "connections share" in this example would be 66%. In fourth Quarter 2000, TNS reported Qwest's share of residential communications connections in the Seattle MSA at [REDACTED]. By fourth Quarter 2006, Qwest's share of residential communications connections in the Seattle MSA had declined to [REDACTED].¹⁰ Clearly, this data confirms that an increasing number of Seattle-area consumers are utilizing non-Qwest telecom alternatives to satisfy their telecommunications needs.

7. In the Business markets, developing precise measurements of "share" is equally difficult, in view of the diverse scope of intramodal and intermodal competition that now exists in the Seattle MSA and the general lack of availability of customer in-service data for these competitors. However, TNS Telecoms also conducts primary research in the small business and enterprise business segments and has assembled "revenue share" estimates for those markets that indicate competitive trends.¹¹ TNS classifies businesses generating less than \$1,500 in monthly telecom spending as "mass market" business customers, and businesses spending at or above this level as "enterprise" business

¹⁰ Source: TNS Telecoms, February 2007.

¹¹ TNS Telecoms does not collect connections share data in the business market.

customers. TNS' research shows that, as of the fourth Quarter 2006, Qwest's revenue share in the Seattle MSA was [REDACTED] for small business and had declined to only [REDACTED] in the enterprise market. Thus, a large and expanding proportion of both small and enterprise business customers in the Seattle MSA are purchasing a wide array of telecommunications services from Qwest's competitors, as described in the following sections of our declaration.

8. Comcast Communications is the predominant cable provider serving the Seattle MSA¹² and is aggressively competing with Qwest in the telecommunications market. As of December 2006, Comcast was serving a geographic area within the Seattle MSA encompassing Qwest wire centers that account for over [REDACTED] of the Qwest retail residential lines and [REDACTED] of the Qwest retail business lines in the Seattle MSA.¹³ As is discussed in this declaration, Comcast competes with Qwest via an extensive coaxial cable and fiber network and utilizes Comcast-owned switches. Its Comcast Digital Voice ("CDV") service utilizes VoIP technology and is being marketed very aggressively in all Comcast markets in Washington, including the greater Seattle area. Comcast offers a broad range of telecommunications services to residential, small business and enterprise business customers in the Seattle MSA.

¹² Millennium Digital Media retains the franchise for cable service in the downtown Seattle area of the Seattle MSA, and, similar to Comcast, also provides cable television, broadband internet and digital voice telephone service to the downtown Seattle area, as discussed later in this declaration.

¹³ Based on Comcast media coverage map of the Seattle, WA DMA. The combination of Comcast and Millennium Digital Media serve wire centers encompassing [REDACTED] of Qwest's residential lines and virtually [REDACTED] of Qwest's business lines in the Seattle MSA.

<http://seattle.comcastspotlight.com/sites/Default.aspx?pageid=4513&siteid=110&subnav=2>. See Exhibit 1, Page 1.

9. In addition to Comcast, there are at least [REDACTED] unaffiliated CLECs actively competing with Qwest in the Seattle MSA, ranging from CLECs of national scope, such as AT&T, McLeodUSA, Verizon and XO Communications, to regional CLECs such as Eschelon, TelWest and Integra. As discussed in following sections of our declaration, CLECs in Washington are serving residential customers as well as business and governmental customers of virtually all sizes. As of December 2006, CLECs are competing with Qwest in 100% of the wire centers in the Seattle MSA.¹⁴

10. A significant amount of fiber optic cable has been placed by competitive service providers in the Seattle MSA, and this fiber is used to bypass Qwest's network. According to GeoTel, over [REDACTED] miles of fiber (*excluding* fiber owned by Qwest and Qwest's affiliates) has been placed in the Seattle MSA. This fiber is typically used by Qwest's competitors to serve enterprise businesses and wholesale customers.¹⁵ The GeoTel data shows that at least one fiber-based competitor is present in [REDACTED] of Qwest's wire centers in the Seattle MSA, and these wire centers contain [REDACTED] of Qwest's retail residential lines and [REDACTED] of Qwest's retail business lines in the Seattle MSA. In addition, competitive fiber is now being used to serve over [REDACTED] buildings in the Seattle MSA.¹⁶

¹⁴ Source: Qwest Wholesale Database, December 2006.

¹⁵ GeoTel continually works to update its data regarding fiber-based competitors and provides updated data approximately every six months. However, GeoTel does not possess complete data regarding each fiber-based competitor, and the data reported above is therefore likely understated. GeoTel data underlying the numbers above was provided to Qwest in October 2006.

¹⁶ Source: GeoTel, October 2006.

11. Landline-based competitors are also using Special Access services purchased from Qwest to serve customers in the Seattle MSA. As of December 2006, competitors purchased over [REDACTED] voice grade equivalent (“VGE”) special access channels in this geographic area--a number that exceeds the number of VGE circuits provided to CLECs via unbundled network elements, Qwest Platform Plus and resale combined.

12. Wireless service is used as a direct substitute for traditional landline service by an ever-increasing number of customers and is contributing to Qwest’s retail access line reductions. At least four major wireless service providers, including Verizon, AT&T, T-Mobile and Sprint, are now providing service in the Seattle MSA,¹⁷ with at least one wireless carrier providing wireless service in every Qwest wire center. The Commission’s recent Commercial Mobile Radio Services (“CMRS”) report released on September 29, 2006 cites to various sources in estimating that 6 to 12 percent of U.S. households have replaced their landlines with wireless service.¹⁸ Other research, however, suggests that these estimates may actually understate the proportion of customers in the Seattle MSA who have “cut the cord.” On October 18, 2006, Telephia, an independent research entity specializing in Consumer market research, released results of primary research conducted during second Quarter 2006 in 20 major U.S. markets showing that 13.2% of the households polled in the Seattle metropolitan area used only

¹⁷ Qwest also provides wireless service in the Seattle MSA. According to TNS Telecoms data, however, Qwest holds only a [REDACTED] share of the consumer wireless market in the Seattle/Tacoma/Olympia area.

¹⁸ CMRS Report at pp. 89-90.

wireless service in their homes and no longer subscribed to landline telephone service.¹⁹ There can be no doubt that wireless service is a significant and continually growing form of direct competition to Qwest's landline service business in the Seattle MSA.

13. As discussed later in our declaration, the number of wireless subscribers in Washington climbed to 4.4 million in June 2006 and now exceeds the number of ILEC and CLEC lines combined in the state by nearly 1 million. Further, as described later in our declaration, Yankee Group research found that more than 51% of local calls and 68% of long distance calls have been replaced by wireless. As customers with both a wireless and wireline phone find that an increasingly significant proportion of their voice calls (as well as internet access functionality) can be accommodated by cellular phones, an even greater proportion of Qwest's residential and business landline customer base will be encouraged to "cut the cord."

II. CABLE SERVICES COMPETITION.

14. The Seattle MSA is served by two primary cable Multi Service Operators ("MSOs"), Comcast and Millennium Digital Media ("Millennium"), with Comcast by far the more significant of the two in terms of scale. According to the City of Seattle, Millennium "services approximately 17,000 Seattle cable subscribers with cable television and internet services and is the sole cable operator in the Central Area

¹⁹ *Midwesterners Cut the Cord: Households in Detroit and Minneapolis-St. Paul Have The Highest Rate of Wireless Substitution Among 20 Largest U.S. Cities, According to Telephia*: Oct. 18, 2006. See Exhibit 1, Page 2.

Franchise District” which encompasses the core Seattle area.²⁰ In contrast, the City of Seattle states that Comcast “is the City’s largest cable operator serving approximately 170,000 Seattle subscribers with cable television, telephony and high-speed internet service,” a number which excludes Comcast subscribers in other areas of the Seattle MSA beyond those within the Seattle city limits.

15. In view of Comcast’s status as the predominant cable-based telecommunications competitor in the Seattle MSA, the bulk of the discussion in this section is focused on Comcast’s efforts in this arena. However, Millennium is also competing with Qwest in offering the “triple play” of cable television, broadband internet and digital telephone services. In particular, Millennium offers to residential customers in the core Seattle area “Millennium CableSpeed” internet service at prices ranging from \$18.60 to \$54.95 (depending on speed and package options) and “Millennium Voice Phone Service”--an internet-based telephone service--at prices ranging from \$19.99 to \$39.99 (depending on package options).²¹ Millennium also provides broadband internet services, entitled “CableSpeed Pro”²² to business customers, enabling businesses in the core Seattle area, via a Millennium broadband internet connection, to utilize VoIP telephone services available from a range of providers discussed in this declaration. For residential and business customers alike in the core Seattle area, Millennium’s products represent

²⁰<http://www.seattle.gov/cable/franchises.htm>. See Exhibit 1, Page 4.

²¹<http://www.mdm.net/rates/seattle.pdf>. Exhibit 1, Page 5.

²²<http://www.mdmbusiness.com/cablespeed.php>. Exhibit 1, Page 6.

another form of telecommunications competition which is not dependent upon Qwest's wholesale services.

16. In discussing Comcast's highly successful competitive efforts in the Seattle MSA, it is useful to first discuss the scope and nature of Comcast's successes in Washington in general. Comcast's network directly passes at least 1.6 million homes in Washington, and Comcast now provides at least one of its services (e.g.: cable television, cable modem service or telephone service) to 1.1 million subscribers (69% of its potential customer base).²³ Comcast has provided public information that gives some insights into its current and targeted penetration rates for telephone service in the state. Comcast now has approximately 98,000 Spokane-area customers, and according to Len Rozek, a Comcast Senior Vice President, Comcast "expects to get about 36,000 customers for its telephone service."²⁴ In other words, Comcast's target penetration rate for telephone service in its Spokane market is approximately 38% of those customers already subscribing to Comcast cable television service. If Comcast is successful in achieving that same penetration rate in its existing Comcast cable television subscriber base throughout its service footprint in the Seattle market, which alone has approximately 1 million subscribers of basic Comcast video service,²⁵ that penetration would translate to approximately 380,000 Comcast telephone service customers in the Seattle MSA, a very

²³ Seattle Times, 9/23/05. See Exhibit 1, Page 7.

²⁴ Comcast Telephone Service Draws Interest, Spokesman Review, 3/24/06. See Exhibit 1, Page 9.

²⁵ <http://seattle.comcastspotlight.com/sites/Default.aspx?pageid=11273&siteid=110&subnav=2>. See Exhibit 1, Page 11.

significant number by any measure.²⁶ Additionally, these customers are served entirely via Comcast-owned network facilities and Comcast does not rely on Qwest wholesale network elements in the provision of its telephone services.

17. With the exception of the core Seattle area served by Millennium Digital Media, Comcast is the primary cable television provider in King County, which overlays the entire geographic area of the Seattle MSA. While specific details of its current network map are proprietary to Comcast, other useful information is provided in the Comcast website that can be used to approximate Comcast's Seattle MSA market coverage. In its website, Comcast reports its media coverage area in the Seattle DMA for use in displaying the geographic reach of its coaxial and fiber network to potential advertisers interested in using the Comcast network to distribute advertising. This map clearly shows that Comcast's DMA coverage area encompasses virtually the entire Seattle MSA, excluding the area served by Millennium.²⁷ In fact, according to this Comcast media coverage map (and excluding Seattle wire centers served by Millennium), the Comcast network serves Qwest wire centers in the Seattle MSA which contain over [REDACTED] of

²⁶ Comcast has not publicly divulged the number of digital telephone subscribers it currently has in the Seattle MSA. However, Comcast reported in a March 1, 2007 press release that it had 24.2 million video subscribers and 2.5 million voice subscribers nationally at that time (see Exhibit 1, Page 13), translating to a digital telephone penetration rate of approximately 10.3%. If that ratio holds true for Comcast's Seattle market, Comcast would currently have at least 103,000 digital telephone subscribers in that market (e.g.: $1,000,000 \times .103 = 103,000$), a number that is rapidly increasing.

²⁷ See Exhibit 1, Page 1. The term "DMA" represents the phrase "Designated Market Area," and is commonly used in the media industry to define geographic coverage areas for advertising. The DMA map in Exhibit 1 is included in this declaration as a reasonable approximation of Comcast's network facilities footprint, since Comcast offers this map on its public website to potential advertisers as a representation of the geographic reach advertisers can expect when using the Comcast network to distribute advertising in King County within the Seattle DMA.

Qwest's residential lines and over [REDACTED] of Qwest's switched business lines in the MSA.²⁸

18. Recently, Comcast senior leadership expressed highly optimistic prospects for growth in its digital voice telephone operations over the next three years, which currently has a nationwide subscriber base of 2.1 million subscribers.²⁹ John Alchin, co-Chief Financial Officer for Comcast stated:

“In that time frame, it is entirely conceivable and even probable that we could add 10 million phone customers.”³⁰

In other words, Comcast's view is that its telephone subscriber base will grow by nearly 400% between 2007 and 2010. Comcast is actively ramping up its infrastructure in Washington to prepare for this growth. On August 8, 2006, Comcast announced that it will lease a new office building in Lynnwood that will house more than 500 customer service representatives, which will bring the total number of Comcast service representatives in the state to nearly 1,000.³¹

At a national level, Comcast's success with its Digital Voice product has clearly exceeded the company's earlier projections. In September 2006, Comcast reported that it

²⁸ Source: Qwest Forecast Data Mart data as of December 2006. When wire centers served by Millennium are included in this calculation, virtually 100% of Qwest's residential and business access lines in the Seattle MSA are in wire centers served either by Comcast or Millennium.

²⁹ <http://www.marketwatch.com/news/story/comcast-confident-cable-phone-war/story.aspx?guid={F8C09A0C-9A88-4057-AD62-3917AB81D79F}>. It should be noted that Comcast's telephone subscriber base consists of customers of Comcast's Digital Phone service, which is a circuit-switched digital telephone service no longer available to new subscribers, and Comcast Digital Voice service, which is a VoIP-based telephone service now being actively marketed by Comcast. See Exhibit I, Page 15.

³⁰ *Id.*

³¹ <http://www.cabletv.com/comast-cable/411-comcast-open-new-customer-service.html>. See Exhibit I, Page 17.

was expecting to add 1.3 million to 1.4 million digital phone customers nationally for the year versus the 1 million additions it had previously estimated.³² After an exceptional fourth quarter that included the addition of 508,000 CDV customers, however, Comcast in reality added over *1.5 million* digital phone customers for the year.³³ In describing Comcast's 2006 performance, Chairman and CEO Brian Roberts proclaimed:

"2006 was simply our best year ever. Powered by our triple play offering and superior products, we added more RGUs [i.e., revenue-generating units] than at any other time in our history and reported terrific growth in cable revenue and Operating Cash Flow. This record-setting performance demonstrates substantial operating momentum, and we could not be more enthusiastic about the future."³⁴

Given the doubling in the number of Comcast service representatives in the state to accommodate increased customer demand for its services and Comcast's aggressive promotional efforts of its three product bundle in the Seattle MSA, it is clear that Comcast Digital Voice is contributing directly to Comcast's terrific growth in this market area.

19. Comcast currently offers its "Digital Voice" service, which is provided via VoIP technology,³⁵ to residential customers served via the Comcast network at a standard price of \$39.95 for customers already subscribing to Comcast cable television and high speed internet service. For customers with either Comcast cable television service or high

³² <http://www.multichannel.com/article/CA6374497.html>. See Exhibit 1, Page 19.

³³ *Comcast Reports 2006 Results and Outlook for 2007, Announces 3-for-2 Stock Split*, Press Release issued February, 1, 2007, Table 6. See Exhibit 1, Page 23.

³⁴ *Id.* See Exhibit 1, Page 23.

³⁵ While Comcast uses VoIP technology in providing telephone services, Comcast requires its digital telephone subscribers to use Comcast's coaxial loop network. Comcast's telephone service is not offered to any subscriber that subscribes to broadband service from a provider other than Comcast.

speed internet service, Comcast prices its digital voice service at \$44.95 per month. If the customer wishes to subscribe only to Comcast digital voice service, Comcast's monthly rate for the service is \$54.95.³⁶ Included with its digital voice service are unlimited local and long distance calling (including free long distance calls to Canada) plus 12 standard calling features.³⁷

20. Comcast has aggressively offered discounted pricing for its digital voice telephone service to attract new customers. For example, it recently offered a promotional price of \$24.99 per month until 2007 for its Comcast Digital Voice service, a discount of \$15.00 from its standard price (and as discussed earlier in our declaration, offered a limited time promotion of \$19.99 for this service to potential customers in the Seattle MSA). Comcast's digital voice service has been targeted primarily to residential customers thus far. However, on August 7, 2006, Comcast announced the appointment of Mr. William Stemper as president of Comcast Business Services. In announcing Mr. Stemper's appointment, Dave Watson, Executive Vice President of Operations for Comcast stated:

I'm thrilled that he will lead Comcast's continued efforts as we leverage our unparalleled network to deliver video, voice and data services for the business marketplace.³⁸

³⁶ In March 2007, Comcast conducted a promotional offer of its stand-alone Digital Voice service for \$19.99 per month for six months. See Exhibit 1, Page 38.

³⁷ See Exhibit 1, Page 40.

³⁸ <http://www.cmesk.com/phoenix.zhtml?c=147565&p=irol-newsArticle&ID=892959&highlight=/>. See Exhibit 1, Page 42.

Clearly, Comcast now has leadership in place that is focused on leveraging its network investments to deliver voice services that compete directly with Qwest's retail mass markets and enterprise business telecommunications services. Additionally, on March 21, 2007, Comcast announced the opening of a call center in Centennial, Colorado (one of two such facilities nationwide established to process service orders for small business customers anywhere in the country) that is dedicated specifically to serving the small business market.³⁹ In discussing Comcast's focus on the business market, Jim Erickson, Comcast's vice president of business services for Comcast's western U.S. division, stated: "the companies that serve the small-to-medium business market have taken them for granted, and these people are looking for a choice."⁴⁰ Clearly, Comcast is positioning itself in the market as representing a provider of business communications services that are direct substitutes for such services offered by Qwest.

21. Finally, Comcast has taken action to address its lack of a wireless offering in its service bundle by entering into an agreement with Sprint/Nextel to resell Sprint wireless service to Comcast subscribers, similar to an earlier agreement between Qwest and Sprint.⁴¹ This arrangement allows Comcast to fill a gap in its product portfolio, and will enable Comcast to offer the "quadruple play" bundle of services to customers, consisting of video, broadband internet access, digital telephone and wireless service. Since customers clearly prefer one-stop shopping in their communications services, this

³⁹ http://www.rockymountainnews.com/drmn/cda/article_print/0,1983,DRMN_23910_5431464_ARTICLE-DETAIL-PRINT,00.html. See Exhibit 1, Page 43.

⁴⁰ *Id.*

⁴¹ http://news.com.com/2100-1039_3-6147061.html. See Exhibit 1, Page 44.

arrangement is a tool for Comcast to drive up penetration rates for all services in the bundle.

Comcast sees mobility as a way to add more convenience and value to its customer base. In an article on C/Net, Tom Nagel, senior vice president and general manager for wireless at Comcast, stated "There is no question that wireless ties all of our services together. The idea is you can take the services you enjoy at home with you when you're on the go using a mobile device."⁴² According to this article, Comcast's initial launch "will allow customers to access their e-mail, cable TV guide and home voice mail from their cell phones. They'll offer some video content on their phones that would otherwise be available only at home. Eventually, the cable companies want to allow customers to be able to do things like program their DVRs remotely from their handsets."⁴³

22. Independent industry analysts identify ILEC access line losses to cable telephony providers as significant and continuing. For example, Fitch Ratings states:

"The competitive impacts of technological change remained intense, as expected, in 2006 and this should continue in 2007. Cable multiple system operators (MSOs) have aggressively rolled out digital telephony services using voice over Internet protocol (VoIP) technology that has increased retail access line erosion of incumbent local exchange carriers (ILECs). The scale of this erosion, which is expected to reach a total of approximately 6 million, representing cable telephony net additions in 2006 of more than 3 million, has increased with the widespread availability of cable telephony and its associated multi-service bundles."⁴⁴

⁴² *Id.*

⁴³ *Id.*

⁴⁴ Regulatory Event Risk Headlines Fitch's U.S. Telecom Outlook for 2007, November 29, 2006. See Exhibit 1, Page 46.

Like the majority of cable MSOs, Comcast has deployed VoIP technology to support continued growth in its digital telephone market segment. Industry analyst Light Reading states:

“North American cable operators are now signing up an average of about 11,000 new customers a day for IP phone service, up from 9,900 customers per day in the first quarter. Although impressive, that’s not too surprising given that all three of the biggest cable IP phone players - Time Warner Cable, Cablevision Systems and Comcast - are now signing up close to 10,000 or more subscribers every week.”⁴⁵

Clearly cable service providers such as Comcast are focused on expanding the base of subscribers for cable-based telephone services as these providers seek to improve their revenue streams by driving up the number of customers purchasing multiple services in addition to basic cable television service.

⁴⁵ http://www.lightreading.com/document.asp?doc_id=108862&print=true. See Exhibit I, Page 54.

III. CLECs

23. In addition to Comcast, over [REDACTED] unaffiliated CLECs are currently offering telephone services in competition with Qwest in the Seattle MSA. Of these CLECs, as of December 2006, [REDACTED] CLECs were providing services to customers via their own non-Qwest network facilities, [REDACTED] were providing service utilizing UNE Loops, [REDACTED] were providing service using the Qwest Platform Plus⁴⁶ ("QPP") finished wholesale service and [REDACTED] were reselling Qwest retail services.⁴⁷ It is important to note that CLECs utilizing non-Qwest network facilities, QPP/QLSP and/or resale *are not reliant upon Qwest UNEs* to provide service to their customers.

24. CLECs are utilizing Qwest wholesale services to compete with Qwest in every wire center in the Seattle MSA. Highly Confidential Exhibit 2 shows the distribution of Qwest wholesale services purchased by CLECs as of December 2006 in each wire center, segmented by residential and business line categories. Since Qwest has no means of determining the type of retail service for which CLECs are utilizing standalone UNE-L and Enhanced Extended Loop ("EEL") services, and it has been Qwest's experience that those CLECs relying on Qwest's network have typically utilized resale, UNE-Platform or QPP to serve their residential customers, these wholesale services are attributed to the "business" category in this summary. It is important to note that the information shown

⁴⁶ Qwest Local Services Platform ("QLSP") is the Qwest wholesale service which replaces the QPP service as Qwest/CLEC QPP commercial agreements expire, and since no CLECs in Washington were utilizing QLSP to serve customers until January 2007, there are no QLSP line counts in Qwest's December 2006 wholesale tracking data.

⁴⁷ Qwest wholesale tracking systems, December 2006.

in Highly Confidential Exhibit 2 excludes any data associated with access lines served via: 1) CLEC-owned network facilities, 2) Special Access service purchased from Qwest, or 3) network facilities leased from non-Qwest providers, and therefore represents only a subset of CLEC lines in service in the Seattle MSA.

25. To the extent CLECs are utilizing their own networks to serve residential and business customers in the Seattle MSA, Qwest has no means to obtain precise in-service access line counts for these CLECs. However, Qwest does track the number of white pages listings, by rate center, for CLECs that are "facilities-based" (those utilizing CLEC-owned switches and loops, such as Comcast, and/or CLEC-owned switches and unbundled loops or Special Access services purchased from Qwest), and Qwest can use this information to develop a conservative estimate of the number of lines served by such CLECs.⁴⁸ Based upon white pages listings data as of January 2007, which understate CLEC access lines to the extent CLEC customers do not always request their listings to appear in the white pages database, there were approximately [REDACTED] business lines and [REDACTED] residential lines associated with facilities-based CLECs in the Seattle MSA rate centers. Following is a brief overview of several CLECs now serving the Seattle MSA, with particular emphasis on those CLECs utilizing non-Qwest network facilities.

⁴⁸ About 75% of Qwest's residential lines and 36% of its business lines are listed in the white pages directories. Qwest assumes the CLECs' customer bases will have similar listings per line ratios, and estimates facilities-based CLEC lines on this basis [REDACTED]. Note that business customers often elect to list only their primary telephone number in the white pages directory, so that there are significantly more business lines than business white pages listings. To the extent customers of facilities-based CLECs do not request that their telephone numbers be included in the Qwest white pages listings database, these telephone numbers are not reflected in the facilities-based CLEC customer white pages listings at all.

26. AT&T, the largest telecom company in the U.S., offers a wide range of telecommunications services to all classes of residential, small business and enterprise business customers in the Seattle MSA. The company's website indicates it provides solutions designed to meet all personal communications needs (at home and on the go) as well as the needs of small, medium, large and global businesses and governmental entities. AT&T also offers wholesale and wireless services.⁴⁹ Additionally, AT&T has expanded its product reach by offering its CallVantage VoIP service--which bypasses Qwest's switched voice network--to any customer in the Seattle MSA with a broadband internet connection.⁵⁰ According to GeoTel, AT&T has approximately [REDACTED] route miles of fiber within the Seattle MSA that may be used to provide a wide range of voice and data services to customers without relying on the purchase of Qwest wholesale services.⁵¹

27. Eschelon is a major facilities-based CLEC providing services to small and enterprise business customers in a number of markets in the western U.S., including the Seattle MSA.⁵² In describing its operations, Eschelon states:

⁴⁹ <http://att.sbc.com/gen/landing-pages?pid=3308>. See Exhibit 3, Page 1.

⁵⁰ <http://www.consumer.att.com/>. See Exhibit 3, Page 2.

⁵¹ GeoTel fiber route data, October 2006.

⁵² On March 20, 2007, Integra Telecom, Inc. announced that it has entered into an agreement to purchase Eschelon, dependent upon governmental and shareholder approvals expected in the third quarter of 2007. At that time, Integra estimates that the combined Integra/Eschelon revenues will be approximately \$700 million annually and the combined companies will "serve an average of 20 percent of the businesses in the metropolitan areas in which they operate," which includes the Seattle MSA. While this transaction appears to be in progress, these two entities are treated in this declaration as unaffiliated carriers for purposes of the discussion of CLEC presence in the Seattle MSA. http://www.integratelecom.com/about/news/news_releases/2007/2007-03-20_news_release.asp. See Exhibit 3, Page 3.

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 45 markets in the western United States. The company serves over 60,000 business customers and has in excess of 550,000 access lines in service throughout its markets in Washington, California, Colorado, Minnesota, Montana, Nevada, Oregon, Utah and Washington.⁵³

Eschelon offers a broad range of voice and data services to small and enterprise business customers, including local exchange service, digital T-1 services, digital PBX trunks, long distance service, integrated voice/data services and a wide range of features.⁵⁴ Additionally, in late 2005, Eschelon introduced its "Precision FlexPak" VoIP service, which is provided over its own managed network. By June 2006, Eschelon reported that its Precision FlexPak service was exceeding sales expectations and represented 37 percent of the company's total lines sold.⁵⁵ In November 2006, Eschelon announced that its percentage of backhaul facilities carried over company-owned fiber had reached 52 percent, and predicted that this percentage would continue to grow as the company initiated the next phase of its network expansion.⁵⁶

28. Like Eschelon, Integra is a facilities-based CLEC providing a range of services to small and enterprise business customers, including basic business voice lines, long distance services, T-1 services, voice/data integrated services, features, private line services, internet access, etc.⁵⁷ In describing itself, Integra states:

⁵³ www.eschelon.com/about_us/. See Exhibit 3, Page 5.

⁵⁴ <http://www.eschelon.com>. See Exhibit 3, Page 7.

⁵⁵ http://www.eschelon.com/about_us/section_detail.aspx?itemID=7588&catID=6885&SelectCatID=6885. See Exhibit 3, Page 9.

⁵⁶ http://www.eschelon.com/about_us/section_detail.aspx?itemID=8311&catID=220&SelectCatID=220. See Exhibit 3, Page 11.

⁵⁷ <http://www.integratelecom.com/products/>. See Exhibit 3, Page 13.

“Integra Telecom, Inc. is a facilities-based, integrated communications carrier, dedicated to providing a better choice for businesses in eight western states. It owns and operates a best-in-class carrier network...the company serves nearly 400,000 lines in the metropolitan areas of Arizona, California, Idaho, Minnesota, North Dakota, Oregon, Utah and Washington. In contrast to companies that simply resell services from the monopoly Regional Bell Operating Companies (RBOC), Integra owns and operates its own network offering local dial tone, domestic and international long distance, high speed Internet and data services (including digital subscriber line or DSL), voice messaging, and numerous ancillary services designed to support the communications needs of businesses.”⁵⁸

On August 1, 2006, Integra acquired Electric Lightwave, which is a fiber-based carrier serving 23 metropolitan areas in eight western states (including Washington and the Seattle MSA).⁵⁹ In discussing its acquisition of Electric Lightwave, Integra stated:

“Through its acquisition of Electric Lightwave in 2006, Integra owns and operates an eight-market, 2,200 route mile (160,000 fiber miles) metropolitan area network, with direct fiber access into over 580 major commercial buildings. Many other competitive local exchange carriers are scrambling to find network alternatives in response to recent FCC rules that increase the cost of leasing network from the Bell companies. Integra, by acquiring Electric Lightwave’s metropolitan area network, becomes one of the first to insulate itself from this unpredictable landscape of telecom regulation.”⁶⁰

The current Integra website contains a map showing the extent of the Integra/Electric Lightwave network, and clearly shows the route of their current fiber network ring in the Seattle MSA, a fiber ring which is now available as an alternative to Qwest’s loop and transport network.⁶¹ According to GeoTel competitive fiber tracking data, Integra/ELI now owns approximately [REDACTED] miles of fiber within Qwest wire center boundaries

⁵⁸ <http://www.integratelecom.com/about/>. See Exhibit 3, Page 14.

⁵⁹ <http://www.electricleightwave.com>. See Exhibit 3, Page 15.

⁶⁰ http://www.integratelecom.com/about/network_and_facilities.asp. See Exhibit 3, Page 16.

⁶¹ <http://www.electricleightwave.com/maps/LonghaulNetwork.pdf>. See Exhibit 3, Page 18.

in the Seattle MSA for use in providing services, without relying on Qwest wholesale services, to small and enterprise business customers in that MSA. Interestingly, on September 26, 2006, Integra announced the results of business "market share" research conducted for Integra by Riley Research Associates during July and August 2006 in seven MSAs, including the Seattle MSA. The results of this research (which do not appear to account for the presence of intermodal competition) show Qwest with a 45% share of the business market, the combination of Comcast, Eschelon, AT&T, McLeod, Integra (prior to the ELI acquisition), Verizon and Sprint with a 43% share, and all other CLECs with an 12% share of the business market.⁶² While not dispositive, Integra's own data shows a significant level of competition exists in the business telecom market in the Seattle MSA, and that Integra is well positioned with its acquisition of facilities-based Electric Lightwave to make even greater inroads into the small business and enterprise business markets in the area.

29. On October 17, 2006, Level 3 announced its acquisition of Broadwing Corporation, a CLEC serving small and enterprise business customers in a variety of U.S. markets, including the Seattle MSA. Until this acquisition, Level 3 was primarily a major "carriers' carrier," offering wholesale telecom services to other communications providers. However, in discussing its Broadwing acquisition, Level 3 stated:

"The acquisition of Broadwing is consistent with both the Level 3 wholesale market strategy as well as our more recent entry into the enterprise market. We believe the combination of Level 3 and Broadwing will create value for our investors through the elimination of duplicative

⁶² http://www.integratelecom.com/about/news/news_releases/2006/2006-09-26_news_release.asp. See Exhibit 3, Page 19.

network and operating costs, the addition of a solid revenue base, and a further strengthening of our financial position. Broadwing has made great strides with national enterprise customers as a result of their strong product portfolio and national sales teams. This creates an exciting opportunity for us to leverage both of these capabilities to accelerate the growth of Level 3's Business Markets Group."⁶³

Level 3 announced the completion of this acquisition in early January 2007. As is the case with other CLECs serving the Seattle MSA, it is noteworthy that Level 3 has established a specific marketing organization, the Level 3 Business Markets Group, to focus specifically on serving the small and enterprise business markets--a strategy that has been enhanced through Level 3's acquisition of Broadwing. Level 3 has also partnered with Covad to deliver VoIP telecom services to the small and medium business market.⁶⁴ This Covad-branded service is now available to any Seattle MSA customer with a broadband internet connection as a direct substitute for Qwest's retail voice services. With its acquisition of Broadwing, Level 3 now owns and operates a 39,500 mile fiber network,⁶⁵ including over [REDACTED] fiber miles in Qwest wire centers in the Seattle MSA.⁶⁶

30. Time Warner Telecom is a facilities-based CLEC that owns over 24,000 miles of fiber serving 30 states, including the Seattle MSA in Washington.⁶⁷ Time Warner Telecom focuses on the small and enterprise business markets, and offers a wide range of

⁶³ <http://www.level3.com/press/7625.html>. See Exhibit 3, Page 22.

⁶⁴ <http://www.level3.com/press/7561.html>. See Exhibit 3, Page 25.

⁶⁵ <http://www.level3.com/wholesale/reach/index.html>. See Exhibit 3, Page 27.

⁶⁶ Source: GeoTel, October 2006.

⁶⁷ http://www.twtelecom.com/about_us/networks.html. See Exhibit 3, Page 29.

telecommunications services including business voice service, dedicated high capacity services, digital trunks, ISDN, long distance, dedicated internet access, LAN services, etc.⁶⁸ Time Warner Telecom also provides wholesale services to other telecom carriers. For example, on June 1, 2005, Time Warner Telecom announced an agreement with the merged AT&T/SBC to provide, through 2010, "Special Access and other last mile network services to the companies nationwide."⁶⁹ Thus, AT&T/SBC can obtain Special Access services from a provider other than Qwest as AT&T/SBC seeks to expand its business presence in markets such as Seattle. Time Warner Telecom offers its business VoIP service, branded as TW Telecom One Solution, to small and medium business PBX customers via the Time Warner Telecom metro Ethernet system in various markets in the U.S., including Seattle.⁷⁰ In announcing results for the fourth quarter of 2006, Time Warner Telecom reported that it had grown enterprise business revenue by 43% year over year (including "organic growth" of 16%, with the remainder attributable to its acquisition of Xspedius Communications) and had grown data and Internet revenue by 40% year over year (including "organic growth" of 30%).⁷¹ Time Warner Telecom also serves as a "carrier's carrier" in offering wholesale services, such as collocation, to other competitive telecom service providers in a number of markets, including Seattle.⁷²

⁶⁸ http://www.twtelecom.com/cust_solutions/sm_med_biz_sol.html. See Exhibit 3, Page 31.

⁶⁹ Time Warner Telecom press release: Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement, June 1, 2005. See Exhibit 3, Page 32.

⁷⁰ Time Warner Telecom press release: Time Warner Telecom Launches VoIP-Based Business Solutions Over Metro Ethernet, February 23, 2005. See Exhibit 3, Page 35.

⁷¹ http://www.twtelecom.com/Documents/Announcements/News/2007/TWTC_q4_06_.pdf. See Exhibit 3, Page 37.

⁷² <http://www.twtelecom.com/Documents/Resources/PDF/MarketingCollateral/3201CoLo.pdf>. See Exhibit 3, Page 50.

31. Verizon closed its acquisition of MCI in January 2006, resulting in a combined telecom entity generating annual revenues of approximately \$90 billion.⁷³ In the process, Verizon acquired MCI's operations and customer base in the Seattle MSA. MCI has offered a broad range of residential and small and enterprise business services in the Seattle MSA for a number of years. For example, MCI's Washington Price List No. 2 was revised during early 2006 to reflect Verizon's name, and show that Verizon Access Transmission Services continues to offer long distance, local exchange service, PBX trunk service, ISDN service, foreign exchange service, directory assistance, etc. to customers in the Seattle MSA.⁷⁴ The current MCI website also shows that Verizon continues to offer voice, IP, internet access, T-1 service, frame relay, hosting services, etc. to virtually every residential and business market segment.⁷⁵ Verizon also offers its VoiceWing VoIP product to multi-line business customers with access to a broadband internet connection, regardless of whether Verizon/MCI is the broadband connection provider.⁷⁶ Based on GeoTel data, Verizon/MCI had over [REDACTED] miles of fiber in the Qwest wire centers in the Seattle MSA as of October 2006 which can be used to bypass Qwest's local network.

32. XO Communications is a significant provider of retail business and wholesale telecommunications services in the Seattle market, and owns over [REDACTED] miles of

⁷³ <http://newscenter.verizon.com/press-releases/verizon/2006/page.jsp?itemID=29672197>. See Exhibit 3, Page 52.

⁷⁴ See Exhibit 3, Page 55.

⁷⁵ <http://www.mci.com/>. See Exhibit 3, Page 149.

⁷⁶

http://www22.verizon.com/Business/fyb/Broadband%20Services/VoiceWing/VoiceWing%20for%20Business/7365/7365_WA. See Exhibit 3, Page 150.

fiber in Qwest's wire centers in the Seattle MSA.⁷⁷ XO's Seattle fiber facilities are part of its 18,000 mile national fiber network, which reaches 75 major metropolitan markets in the U.S., including the Seattle MSA.⁷⁸ XO provides telecom services to enterprise business customers as well as wholesale services to other telecom carriers, and announced in October 2006 that it had aligned its businesses into two major segments--XO Business Services and XO Carrier Services--to reflect its focus on these specific market segments.⁷⁹ In addition, Nextlink, XO's wireless broadband service division, now offers a range of broadband wireless private line services, including DS3, OC-3 and OC-12 services to enterprise and wholesale customers in major markets in the U.S., including Seattle. These offerings compete directly with high capacity services offered by Qwest.⁸⁰ XO provides a wide range of local services for business customers, including basic voice business lines, business trunks, Centrex service, voice messaging, ISDN-PRI, directory assistance, foreign exchange service, long distance services, etc.⁸¹ In addition to its traditional voice services, XO actively promotes its VoIP-based services provided via its XOptions Flex product line.⁸²

33. AboveNetMFN (formerly known as Metromedia Fiber Network) is a fiber-based CLEC active in the Seattle MSA, and also self-reported in the latest FCC

⁷⁷ Source: GeoTel competitive fiber analysis, October 2006.

⁷⁸ http://telephonyonline.com/ftp/marketing/comptel_xo_wholesale_100906/. See Exhibit 3, Pages 151, 152.

⁷⁹ *Id.*

⁸⁰ http://www.nextlink.com/livefiles/ServiceGroups/1/Service_Providers.pdf. See Exhibit 3, Page 153.

⁸¹ <http://www.xo.com/products/smallgrowing/voice/index.html>. See Exhibit 3, Page 155.

⁸² <http://www.xo.com/products/smallgrowing/integrated/>. See Exhibit 3, Page 158.

Telecommunications Provider Locator as providing telecommunications services to enterprise business end users on a retail basis and other carriers on a wholesale basis.⁸³

In describing its operations, AboveNet states:

“AboveNet, Inc. provides fiber connectivity solutions for businesses and carriers. Its private optical network delivers key network and IP services in and between 14 top U.S. metro markets and London. AboveNet’s network is widely used in demanding markets such as financial services, media, health care, retail and government.”⁸⁴

According to GeoTel, AboveNet now owns over [REDACTED] miles of fiber in the Seattle MSA. At its current website, AboveNet provides a map of its extensive fiber ring in the Seattle MSA, which clearly intersects major business centers where high concentrations of businesses and carriers are located.⁸⁵ AboveNet currently offers a wide range of Metro Ethernet, Internet Protocol and Wide Area Network services via its fiber network, which bypasses Qwest network facilities in the Seattle MSA.⁸⁶

34. It is important to note that in the Seattle MSA, these CLECs are focused squarely on reducing their reliance on Qwest UNEs as they deliver competitive local exchange service to their customers. The CLECs are realizing this goal by self-provisioning network facilities (either by wireline or wireless means), purchasing network capacity from other carriers (described later in this declaration), or by purchasing finished services, such as Qwest Platform Plus or Qwest Local Services Platform from Qwest via business-to-business contractual arrangements.

⁸³ See Exhibit 3, page 159.

⁸⁴ <http://www.above.net/about/>. See Exhibit 3, page 160.

⁸⁵ <http://www.above.net/products/maps2/maps/Seattle%20Entire%20Network.pdf>. See Exhibit 3, page 161.

⁸⁶ <http://www.above.net/products/ip-metroip.html>. See Exhibit 3, page 162.

IV. SPECIAL ACCESS.

35. Special Access service can be utilized as a substitute for unbundled network elements. In fact, many landline-based competitors are purchasing Special Access services from Qwest today in order to serve customers in the Seattle MSA. As of December 2006, competitors purchased over [REDACTED] Voice Grade Equivalent (“VGE”) lines in the Seattle MSA via Special Access.⁸⁷ Of these VGEs, [REDACTED] are based on DS1 Special Access, [REDACTED] are based on DS3 Special Access, and the remainder are based on OCn Special Access services. While Qwest does not have direct knowledge of the services CLECs provide to their customers via Special Access services, the fact that a significant proportion of Special Access services sold by Qwest to CLECs in the Seattle MSA are at a DS1 and above level suggests they are being utilized to serve enterprise customers who typically have the need for a large number of access lines and/or telecommunications bandwidth capacity. In fact, the number of VGE circuits being provided by competitors using Special Access services in the Seattle MSA exceeds the number of VGE circuits being provided by CLECs using unbundled network elements, Qwest Platform Plus and resale combined. In addition, revenues for Qwest Special Access provided to competitors in the Seattle MSA for the month of August, 2006 are over [REDACTED]. It is clear that carriers are

⁸⁷ VGEs represent equivalent voice channels; for example, a DS1 is equivalent to 24 voice channels, a DS3 is equivalent to 672 voice channels, an OC3 is equivalent to 2016 voice channels, and an OC12 is equivalent to 8064 voice channels. Special Access data is drawn from Qwest’s wholesale tracking systems and reflects data vintage December 2006.

utilizing Special Access services very broadly in providing telecom services in the Seattle MSA.

36. It is also worth noting that, while Special Access is provided by Qwest throughout the Seattle MSA, there is also competitive fiber in most of these wire centers which can be used as an alternative to Qwest Special Access services, as discussed in the following section of our declaration. In fact, over [REDACTED] of the Special Access VGEs in the Seattle MSA are in wire centers that also have competitive fiber in place.

V. FIBER-BASED COMPETITORS.

37. A significant amount of fiber optic cable has been placed by competitive service providers in the Seattle MSA for use in bypassing Qwest's network. According to GeoTel,⁸⁸ approximately [REDACTED] miles of fiber (excluding fiber owned by Qwest and Qwest's affiliates) is in now place in the Seattle MSA, and is owned by approximately 20 unaffiliated providers.⁸⁹ Based on this 2006 GeoTel data, at least one fiber-based competitor is in [REDACTED] of Qwest's wire centers in the Seattle MSA, and

⁸⁸ "GeoTel Communications, Inc. is the leading provider of telecommunications infrastructure data in a geographic information system (GIS). GeoTel's unique business strategy implements and converges the mapping of telecommunications fiber and other telecommunications infrastructure with GIS technologies. These two items integrated into one digital data set gives leverage and insight into the competitive metropolitan fiber optic landscape across America." http://www.cmcstore.com/productcart/pc/viewCat_h.asp?idCategory=66.

⁸⁹ GeoTel continually works to update its data regarding fiber-based competitors and provides updated data approximately every six months. However, GeoTel does not possess complete data regarding each fiber-based competitor, and the data reported above is therefore likely understated. GeoTel data underlying the numbers above was provided to Qwest in October 2006.

these wire centers contain [REDACTED] of Qwest's retail residential lines and [REDACTED] of Qwest's retail business lines in the MSA. In addition, non-Qwest fiber is now being used to serve over [REDACTED] buildings in the Seattle MSA.⁹⁰

38. According to GeoTel, some of the most significant alternative telecom fiber providers in the Seattle MSA include [REDACTED]

[REDACTED]
[REDACTED].⁹¹ Confidential Exhibit 4 shows the known fiber routes in the Qwest wire centers of the 20 known entities with competitive fiber within the Seattle MSA. These fiber facilities can be used to directly bypass a number of Qwest mass market and enterprise services, such as local exchange service, private line service, ISDN, local area networks, frame relay service, long distance services, etc.

⁹⁰ Source: GeoTel, October 2006.

⁹¹ *Id.*

VI. WIRELESS SERVICE COMPETITION.

39. Wireless phones are now widely accepted by business and residential customers alike for voice telephony. In addition, wireless providers are now augmenting their services with data applications such as dial-up wireless Internet access, text messaging and image transmission to bring additional functionality to their services and to attract new customers. The customer shift toward wireless substitution in Washington can be seen by reviewing the FCC's most recent Local Telephone Competition Report.⁹² From December 2000 to June 2006, the FCC's data shows that Incumbent telephone company access lines in Washington decreased from 3.8 million to 3.0 million -- a reduction of 800,000.⁹³ As of June 2006, the FCC shows approximately 506,000 CLEC access lines in the state.⁹⁴ On a net basis (Incumbent and CLEC lines combined), there were 3.5 million wireline access lines in Washington as of June 2006. In contrast, wireless subscriber counts in Washington grew from 2.1 million to 4.4 million between December 2000 and June 2006, an increase of 2.3 million, or 110%, and wireless subscribers in Washington now well exceed the combined total of ILEC and CLEC wireline access lines in the state.⁹⁵ Clearly, wireless services are outpacing traditional wireline services in fulfilling many Washingtonians' telecommunications needs.

⁹² *Local Telephone Competition: Status as of June 30, 2006*, Industry Analysis and Technology Division, Wireline Competition Bureau, January 2007.

⁹³ *Id.*, Table 10.

⁹⁴ *Id.*, Table 9.

⁹⁵ *Id.*, Table 14.

40. In its most recent Commercial Mobile Radio Service (“CMRS”) competition report,⁹⁶ the FCC provides facts with regard to the percentage of households that have “cut the cord” (those that have disconnected wireline telephone service and now rely exclusively on wireless service for their voice telecommunications needs). The FCC states:

Wireless substitution has grown significantly in recent years. According to a 2005 National Health Interview Survey (NHIS), 7.8 percent of adults lived in households with only wireless phones in the second half of 2005, up from 5.5 percent in the first half of 2004 and 3.5 percent in the first half of 2003.⁹⁷

The FCC’s data clearly shows a significant upward trend in the proportion of wireless subscribers who have “cut the cord,” and there is no sign that this trend is abating, but rather, it is continuing its inexorable upward pace--driving by the omnipresence, increasing functionality and affordable prices of wireless telephones. In fact, the National Center for Health Statistics—the research source for the data relied upon by the FCC regarding wireless substitution—recently released an updated report showing that the proportion of households that have “cut the cord” has increased to 9.6% as of June 2006, continuing the steady upward trend observed since 2003.⁹⁸ However, this data only tells part of the story. In many instances, subscribers remove a second landline in favor of wireless service and/or shift a significant amount of telephone usage to wireless service. In each of these instances, demand for Qwest wireline telephone service is

⁹⁶ Annual Report and Analysis of Competitive Market Conditions With Respect to Commercial Mobile Services, Tenth Report, September 29, 2006.

⁹⁷ *Id.*, Page 89, ¶205.

⁹⁸ <http://www.cdc.gov/nchs/products/pubs/pubd/hestats/wireless2006/wireless2006.htm>. See Exhibit 5, Page 1.

reduced, even though the customers have not yet disconnected their wireline telephone service entirely. The FCC states:

Even when not “cutting the cord” completely, consumers appear increasingly to choose wireless service over traditional wireline service, particularly for certain uses. For example, according to one analyst, customers in nearly a third of American households make at least half their long distance calls at home from their cell phones rather than from their landlines. In the early 2006 survey of cellphone users described above, an additional 42 percent of cellphone users said that they also had a landline phone, but that they used their cellphones “most.”⁹⁹

This data is undeniable evidence showing that wireless service subscribers are using wireless service as a direct substitute for traditional wireline telephone services.

41. Other independent experts have studied the phenomenon of wireless substitution and echo the FCC’s conclusions. For example, the Yankee Group reports that “more than 51% of local calls and 68% of long distance calls have been replaced by wireless.”¹⁰⁰ Independent research firm Instat/MDR concurs in this finding, as shown in a February 2004 CNET News.com article, in which they state: “by 2008, nearly a third of all U.S. wireless subscribers won’t have a landline phone in their home, according to a forecast released Wednesday by high-tech market research firm Instat/MDR. That’s a dramatic increase in what’s known as cord cutting.”¹⁰¹ In October 2006, Telephia released results of its primary research conducted during Second Quarter 2006 showing the rate of wireless substitution in large metropolitan areas in the United States, including the Seattle

⁹⁹ *Id.*, Page 90, ¶206.

¹⁰⁰ *2006 U.S. Technologically Advanced Family Survey*, The Yankee Group, September 2006.

¹⁰¹ “Cord Cutting” Frays Phone Revenues, CNET News.com, February 25, 2004. See Exhibit 5, Page 4.

metropolitan area. Telephia found that 13.2% of the survey respondents in the Seattle area reported that they had cut the cord--a percentage that translates to over 105,000 Seattle area households.¹⁰² In short, there is no evidence that the rate of substitution of wireless service for traditional wireline service is diminishing. Rather, all evidence is that such substitution will continue to increase at a robust rate.

42. Competitive wireless service is now available to the vast majority of customers in Qwest's Seattle MSA service territory from at least one (and usually several) of the major carriers such as Sprint PCS, T-Mobile, Verizon, and AT&T (f/k/a Cingular).¹⁰³ Exhibit 5, page 5, displays the wireless coverage areas of the carriers serving the Seattle MSA, based on a conservative mapping of a five mile¹⁰⁴ coverage footprint around each known cellular tower. Wireless services now provide functionality nearly identical to wireline service, from the perspective that both provide switched voice communication capability, access to directory assistance, access to popular calling features (such as call waiting, three-way calling, caller I.D., voice messaging, etc.), access to operator services, number portability (e.g.: customers may now port a wireline telephone number to a wireless carrier and vice versa) and access to E911 service.

¹⁰² http://www.telephia.com/html/documents/TotalCommunications_000.pdf, October 18, 2006. See Exhibit 5, Page 6. The 107,000 estimate was derived by multiplying the number of households in King County as identified in the 2005 U.S. Census by 13.5%, as follows: 792,682 X .135 = 107,000.

¹⁰³ Other smaller wireless carriers, such as Alltel, also serve the Seattle MSA (see http://www.alltel.com/personal/wireless/plans/nf_coverage_map.html). See Exhibit 5, Page 8.

¹⁰⁴ Depending on local conditions, cellular reception is viable at distances as great as 30 miles from the cellular tower (source: http://en.wikipedia.org/wiki/Cell_site). Mapping based on 2006 data obtained by research firm GeoResults.

43. Wireless broadband ("WiFi") service represents another form of radio-based competition that is being actively deployed in many communities within Qwest's service territory in the Seattle MSA and is a precursor to WiMAX service, which will have a much greater coverage area from each transmitter. According to WiFi Free Spot, an on-line directory service which identifies free public WiFi hot spot locations for free broadband internet access in each state in the U.S., free WiFi service is now publicly available in well over 140 locations within the Seattle MSA, including locations in Bellevue, Des Moines, Federal Way, Issaquah, Kent, Maple Valley, Mercer Island, Renton and Seattle.¹⁰⁵ In any of these locations, users can utilize the WiFi connection to access the internet and use VoIP services to make and receive telephone calls without reliance on Qwest's local network. In other words, WiFi services represent yet another physical "communications pipe" into homes and businesses in the Seattle MSA. This technology continues to be aggressively deployed. For example, in 4th Quarter 2006, Alltel introduced its Axxess broadband wireless service in the Seattle area, enabling broadband internet access via an Alltel wireless phone or a broadband wireless connection to a laptop computer.¹⁰⁶ Alltel maintains that "this next generation EVDO (evolution data optimized) technology provides customers with unlimited wireless access to the internet at speeds comparable to wired broadband connections such as cable modem or DSL."¹⁰⁷

¹⁰⁵ <http://www.wififreespot.com/wa.html>. See Exhibit 5, Page 9.

¹⁰⁶ http://www.alltel.com/axcess/inobile_web.html. See Exhibit 5, Page 53.

¹⁰⁷ <http://www.alltel.com/corporate/media/news/06/nov/n411nov2106a.html>. See Exhibit 5, Page 55.

44. The Seattle area is a hotbed of innovation, particularly in the wireless market. For example, Sotro Wireless, headquartered in Bellevue, Washington, now markets to small and medium businesses in the greater Seattle area a hybrid wireless service which integrates cellular and WiFi technology. As Sotro states:

“Sotro’s dual-mode Hybrid Wireless Phone solution incorporates both cellular and WiFi capability into one phone. This phone sends calls over the Internet (VoIP) using your company’s wireless LAN in the office and uses the cellular network when you are away from the office. Usage of the wireless LAN improves your in-building wireless coverage - enabling you to avoid expensive cellular charges. The phone supports both your wireless voice and data communications. Sotro has partnered with industry leader Nokia to offer their new E70 Smartphone as our featured hybrid phone.”¹⁰⁸

In other words, this new offering from Sotro Wireless integrates cellular, WiFi and VoIP technologies for small business and enterprise business customers, representing yet another facilities-based substitute for Qwest business telecom services.

45. Qwest does not maintain that wireless service is viewed by every customer in the Seattle MSA as a complete substitute for traditional wireline service. A certain number of customers will never switch from wireline service to wireless service no matter how attractive wireless service becomes. However, it is clear, when current facts regarding wireless service functionality (for voice as well as data/internet applications), price and convenience are examined, wireless service is now a viable and direct substitute for Qwest’s wireline services for many Washingtonians. It is equally clear that wireless substitution is occurring today, that the rate of such substitution will continue to increase

¹⁰⁸ <http://www.sottowireless.com/en/solutions/phones/e70>. See Exhibit 5, page 57.

and that this form of competition now represents price constraining competition for Qwest's residential and business telecom services in Washington.

VII. VOIP COMPETITION.

46. VoIP service, which typically consists of unlimited local and long distance service plus an array of calling features, is now readily available from a broad range of providers to any residence or business customer in the Seattle MSA that has broadband internet access.¹⁰⁹ As a preliminary matter, some parties contend that VoIP service is significantly more expensive than traditional landline service because a broadband connection is needed to enable VoIP service. However, this precept incorrectly implies that a customer only purchases broadband service to facilitate VoIP. In fact, most customers purchase broadband services primarily for internet access and entertainment purposes, not simply to facilitate VoIP. For these customers, there is no incremental cost for broadband when they elect to add VoIP service via the preexisting broadband internet connection, and the cost of broadband is therefore not a factor in their VoIP purchase decision.

47. According to the FCC, broadband access lines in Washington have grown at an astounding rate, from 195,628 in December 2000 to 1,575,375 in June 2006, an increase

¹⁰⁹ Broadband internet access is now available from a number of sources, including cable modem service, digital subscriber line, wireless broadband and satellite.

of over 705%.¹¹⁰ In fact, in the first six months of 2006 alone, broadband internet access lines in Washington increased by over 29%.¹¹¹ As of June 2006, over 46% of the broadband access lines in Washington were served by cable modem, 32% were served by DSL and the remainder were served by other technologies such as fiber and fixed wireless.¹¹² The FCC found that “99% of the country’s population lives in the 99% of zip codes where a provider reports having at least one high-speed service subscriber,”¹¹³ and every zip code in Washington has at least one broadband service provider available as of June 2006.¹¹⁴ Competitive broadband services are now widely available from multiple providers in the Seattle MSA, and have been embraced by a rapidly increasing number of customers. Each broadband customer represents a potential VoIP subscriber.

48. Currently, there are at least 60 unaffiliated VoIP providers serving area code 206 (which encompasses the Seattle MSA) including Verizon, AT&T, Vonage, Lingo/Primus, Broadvoice, Packet8, SunRocket, Clearwire, ZipGlobal and Skype and many others. Some of these providers, such as Vonage, Lingo/Primus, and Clearwire offer service options for both the residential and business markets, while others, such as Speakeasy and SunRocket, focus primarily on the residential market.¹¹⁵ Vonage, which

¹¹⁰ *High Speed Services for Internet Access: Status as of June 30, 2006*, Industry Analysis and Technology Division, Wireline Competition Bureau, January 2007, Table 10.

¹¹¹ *Id.*, Table 10.

¹¹² *Id.*, Table 9.

¹¹³ *Id.*, Page 4.

¹¹⁴ *Id.*, Table 17.

¹¹⁵

http://www.voipreview.org/service.all2.aspx?provider=0&Country=0&Area_Code=206&serviceType=1&pg=3&sort_exp=ProviderName%20asc. See Exhibit 6, Page 1.

is probably the best-recognized independent residential VoIP provider, recently announced that in just over two years, its customer base has grown to over 2 million subscribers in the U.S.¹¹⁶ Since VoIP calls don't rely on Qwest's switched network and calls transported via non-Qwest broadband facilities don't rely on Qwest's local loop network, the rapid customer VoIP adoption rate represents an increasingly significant form of network bypass competition.

49. On November 15, 2006, Clearwire Corporation, a business headquartered in the Seattle MSA and founded by cellular wireless pioneer Craig McCaw, announced the immediate availability of Clearwire wireless broadband service throughout the greater Seattle area. In announcing this new service, Clearwire stated:

“Clearwire Corporation - a provider of next-generation wireless Internet services enabling fast, simple, portable and reliable communications anytime and anywhere within Clearwire's coverage area- announced today it has officially launched its service in Seattle, Everett, Tacoma and surrounding areas. More than two million people in the greater Seattle area are now eligible to subscribe for Clearwire's service.”¹¹⁷

Clearwire's wireless broadband coverage area in the greater Seattle area encompasses virtually the entire Seattle MSA, as shown on the interactive coverage map available at Clearwire's website.¹¹⁸ This service, which uses a form of WiMax wireless technology, provides wireless broadband connectivity at speeds up to 1.5Mbps (which can easily accommodate VoIP service), and is now available to residential and business customers

¹¹⁶ <http://pr.vonage.com/releasedetail.cfm?ReleaseID=209928>. See Exhibit 6, Page 19.

¹¹⁷ http://www.clearwire.com/company/news/11_15/06.php. See Exhibit 6, Page 20.

¹¹⁸ http://www.clearwire.com/store/service_areas.php. See Exhibit 6, Page 22.

in the Seattle area at prices ranging from \$29.99 to \$49.99¹¹⁹ in direct competition with similar internet access services offered by Qwest and cable providers in the Seattle MSA. In effect, Clearwire's service represents yet another physical telecommunications "pipe" available to residential and business customers in the Seattle MSA that may be used in lieu of Qwest services. Additionally, Clearwire also offers its own VoIP telephone service to Clearwire wireless broadband subscribers in Washington area code 206, which encompasses the Seattle MSA. Clearwire's VoIP service, which includes unlimited long distance calling and over ten calling features, is priced at \$29.99.¹²⁰ Clearwire wireless broadband customers also have the option of subscribing to stand-alone VoIP offerings of the VoIP providers discussed earlier in this section, such as Vonage, SunRocket, Packet8, Skype and others.

50. While VoIP providers such as Vonage are currently reporting impressive subscriber totals, industry experts forecast exponential VoIP growth in the future. For example, Frost and Sullivan found that VoIP market revenue totaled \$295.1 million in 2004 and expect it to reach \$4.1 billion in 2010, a growth rate of over 1,200%.¹²¹ As noted earlier, the number of broadband connections that enable VoIP service has increased significantly, and that growth is expected to continue. The Yankee Group found that roughly 44% of all U.S. households now subscribe to broadband internet

¹¹⁹ http://www.clearwire.com/order_entry/web/service_plans/pho. See Exhibit 6, Page 23.

¹²⁰ See Exhibit 6, Page 13.

¹²¹ Real World Network, Trend and Forecasts, North American Residential VoIP Market to Increase Growth, July 19, 2005. See Exhibit 6, Page 25.

access service, and that proportion is expected to increase to over 58% by 2010.¹²² With respect to VoIP in the business markets, Infonetics Research, a major research firm specializing in data networking and telecommunications issues, released a study in May 2006 in which it found:

- 36% of large, 23% of medium and 14% of small North American organizations interviewed were already using VoIP products and services in 2005.
- By our estimates, almost half of small and two-thirds of large organizations in North America will be using VoIP products and services by 2010.¹²³

Thus, leading industry analysts predict seismic changes in the structure of the competitive mass and enterprise telecom markets in the U.S., with a significant shift away from traditional wireline telephone services and toward intermodal services such as VoIP.

51. In the past, lack of reliable access to 911 emergency service providers was mentioned as a reason that VoIP services may not have been considered to be viable direct substitutes for traditional wireline service. However, this issue has been largely resolved with regard to VoIP customers at fixed locations. The primary remaining VoIP E911 issue currently being addressed by the industry is the problem of "nomadic" E911, involving instances where customers transport their VoIP phone equipment to a location other than the location at which the equipment is registered and attempt to place an E911 call from the remote location.¹²⁴ Unless the VoIP provider is notified that the customer

¹²² 2006 U.S. Consumer Fixed Line Forecast, The Yankee Group, January 2007.

¹²³ <http://www.infonetics.com/resources/purple.shtml?upna06.ipv.nr.shtml>. See Exhibit 6, Page 27.

¹²⁴ The FCC ordered all VoIP providers to make their VoIP services fully 911-capable by November 28, 2005, particularly in instances where the customer is "nomadic."

has changed locations, the E911 call will show the name and address of the location at which the VoIP equipment was originally registered. For example, if customer John Smith registers his VoIP equipment at 123 Main Street in Seattle, but subsequently takes his VoIP equipment with him on a business trip to Chicago and places an E911 call on that equipment from Chicago without notifying his VoIP service provider, the E911 operator will recognize his call as originating at 123 Main Street in Seattle. However, if the customer is not "nomadic" and simply uses his or her VoIP equipment at a fixed location as a landline replacement (and has properly notified the VoIP provider of the address of the fixed location), 911 calls from that fixed location are recognized by the E911 operator with the telephone number, name and address of the party at the location at which the VoIP service was initially registered.

In an article in USA Today, AT&T discussed a solution it has devised to address the problem of nomadic VoIP, as follows:

AT&T's nomadic solution, called Heartbeat, uses its internet network to track the location of users. Here's how it works: when VoIP customers power down, AT&T's network will automatically suspend VoIP service. Once the phone adapter is plugged back in, AT&T will ask the user to verify his or her location. For customers who indicate they haven't moved, service will be instantly restored. If they have moved, they'll be directed to an 800 number or web page to register the new location.¹²⁵

Again, so long as the VoIP subscriber properly registers his or her location with the VoIP provider, the E911 operator will automatically receive the 911 caller's name, telephone number and street address. VoIP providers are actively working to resolve the remaining

¹²⁵ AT&T Solves VoIP's 911 Issue, USA Today, October 12, 2005. See Exhibit 6, Page 28.

E911 issues driven by nomadic VoIP applications. To the extent the VoIP service is used by the VoIP subscriber to replace wireline service at a static address, VoIP must clearly be viewed as a direct substitute for traditional wireline service.

VIII. WHOLESALE COMPETITION.

52. In addition to retail competitors in the Seattle MSA described earlier in this declaration (e.g., CLECs, cable operators, wireless carriers and VoIP providers), there is a class of carriers that offer wholesale services to other telecom carriers as a direct substitute to Qwest wholesale access and UNE services. These carriers offer dark fiber, wholesale access, wholesale transport and finished telecommunications services for use by other telecom providers. Our declaration as already briefly mentioned that wholesale services are now offered by Comcast as an alternative to Qwest wholesale service. In addition, other carriers, including many CLECs discussed earlier in this declaration, are now actively offering such services in the Seattle MSA. For example, AT&T, Covad, Eschelon, Global Crossing, Granite Telecommunications, Integra, Level 3, McLeodUSA, Time Warner Telecom, Trinsic, Verizon/MCI and XO Communications have all self-reported to the FCC that they are offering "carrier's carrier" services to other telecommunications service providers.¹²⁶ Since inter-carrier services are often provided on a contractual basis, details of such services are difficult to obtain. However, the presence of numerous providers of wholesale carrier services shows that alternatives to

¹²⁶ Telecommunications Provider Locator, Industry Analysis & Technology Division, Wireline Competition Bureau, Table 3, March 2006.

Qwest's wholesale telecom services, including UNEs, are readily available in Washington. A brief discussion of the wholesale offerings of a representative subset of these carriers follows.

53. Comcast, the dominant cable provider in the Seattle MSA, offers wholesale services to other carriers to leverage the scope of its coaxial and fiber network. On its website, Comcast touts the carrier benefits of its network, describing its wholesale offering as a "cost effective transport that can reach into new markets and scale at a moment's notice."¹²⁷ Further, in addressing the advantages to other carriers of utilizing Comcast's network, Comcast states:

"Comcast's services can be deployed quickly and efficiently with minimal wait and bureaucracy than you are typically confronted with when purchasing services from traditional telephone carriers."¹²⁸

While Comcast's pricing for such loop and transport wholesale services is a proprietary matter of carrier-to-carrier contracts and is not publicly posted, it is clear that Comcast positions its wholesale services as a direct alternative to wholesale network elements available from incumbent telephone service providers such as Qwest.

54. As discussed earlier in this declaration, AT&T provides retail and wholesale services in the Seattle MSA, and owns a significant amount of fiber in that market that is used to provide these services. AT&T states:

¹²⁷ <http://www.comcastcommercial.com/index.php?option=content&task=view&id=33&Itemid=71>. See Exhibit 7, Page 1.

¹²⁸ *Id.*

“Years of experience serving wholesale customers, targeted investment in our network and technology innovation have positioned AT&T as an industry leader. With AT&T Wholesale’s dedicated sales, customer care and global operations teams at your side, you will have the networking expertise to support a full range of voice, video, data and IP services - for you and your customers.”¹²⁹

On November 13, 2006, AT&T announced that it had been awarded “best national U.S. wholesale provider” by Capacity Magazine as part of that publication’s second annual Global Wholesale Awards.¹³⁰ AT&T currently offers a full range of wholesale services to other carriers, including local and long distance voice services, data services, internet protocol services, applications services and international services.¹³¹

55. Covad operates as a facilities-based, integrated telecommunications service provider with infrastructure located in 2,050 central offices in 235 MSAs across the country, including the Seattle MSA.¹³² Covad provides a wide range of retail and wholesale services including business and consumer DSL, Frame Relay, T-1 and VoIP services (with other services, such as Bonded T-1 and wireless to be introduced in 2007).¹³³ In its Third Quarter 2006 presentation to investors, Covad reported that it provides wholesale DSL and Line Powered Voice Access (a VoIP service that requires no special broadband equipment at the customer’s location) on a wholesale basis to carriers serving the consumer and small, “single owner” business markets. In addition,

¹²⁹ <http://www.business.att.com/?segment=whole>. See Exhibit 7, Page 3.

¹³⁰ <http://www.sbc.com/gen/press-room?pid=5097&cdvn=news&newsarticleid=23110>. See Exhibit 7, Page 4.

¹³¹ <http://www.business.att.com/services.jsp?repopid=ProductCategory&segment=whole>. See Exhibit 7, Page 5.

¹³² Covad Communications Group, Inc.: Third Quarter 2006 Investor Presentation, pages 3 and 5. See Exhibit 7, Pages 8 and 10.

¹³³ *Id.*, Page 6. See Exhibit 7, Page 11.

Covad reported that it provides Voice Optimized Access (“VOA”), xDSL, T-1 and Frame Access to carriers serving medium and large enterprise business customers.¹³⁴ Regarding its wholesale products, Covad reports that its “unique set of assets will continue to attract strategic partners,” including carriers such as Earthlink, AT&T, United Online, XO, Nextlink, Verizon, Sprint, etc.¹³⁵ On a consolidated basis (wholesale and retail operations combined), Covad announced 2006 total revenues of \$474 million with wholesale service revenues of \$275 million. Thus, wholesale revenues represent well over half of Covad’s annual revenue stream for the year.¹³⁶ Clearly, Covad’s strong wholesale facilities-based focus is contributing significantly to its growth nationally and within the major markets in Qwest’s service territory (including the greater Seattle area) where it operates.

56. XO offers wholesale services through its XO Communications Carrier Services division, and asserts that it provides wholesale telecom services to CLECs, Interexchange Carriers, Cable TV providers, wireless service providers, VoIP service providers, et. al.¹³⁷ Its wholesale product portfolio includes wholesale local voice service, long distance service, IP aggregation, dedicated internet access, private line service, DS-1 aggregation, Ethernet services, VoIP services and collocation.¹³⁸ XO was one of the first wholesale

¹³⁴ *Id.*

¹³⁵ *Id.*, Page 7. See Exhibit 7, Page 12.

¹³⁶ Covad Communications Group, Inc.: Fourth Quarter 2006 Earnings Supplement, pages 3 and 6. See Exhibit 7, Pages 20 and 23.

¹³⁷ <http://www.xo.com/products/carrier/>. See Exhibit 7, Page 32.

¹³⁸ *Id.*

carriers to deploy a finished wholesale service (entitled "Wholesale Local Voice" service) designed to replace UNE-Platform service. In a 2006 press release, XO states:

"Launched in August 2005, XO's wholesale offering for CLECs serving the residential and small business markets has rapidly gained momentum as a viable alternative to the unbundled network element platform (UNE-P) provided by incumbent carriers that were eliminated on March 11, 2006. The XO service delivers all the advantages of the UNE-P platform, and enables CLECs to avoid less economical choices such as building their own network facilities, or paying premium prices through commercial agreements or Special Access services from incumbent local exchange carriers."¹³⁹

In addition, it is important to note that XO's wholesale business is not limited to services provided via landline facilities. As discussed earlier in this declaration, XO's broadband wireless subsidiary, Nextlink, also provides wholesale telecommunications services. Nextlink offers wireless backhaul, as well as network redundancy and diversity services to mobile wireless providers and wireline carriers through fixed wireless broadband technology and over XO's licensed spectrum, which covers 75 metropolitan markets,¹⁴⁰ including Seattle.¹⁴¹ Nextlink's wholesale broadband wireless services can be offered in any Qwest wire center in the Seattle MSA within reach of a Nextlink broadband wireless transmitter/receiver, since such wireless services are not constrained by physical wire center boundaries.

¹³⁹ <http://www.xo.com/news/292.html>. See Exhibit 7, Page 34.

¹⁴⁰ Current Analysis, Company Assessment of XO Communications, July 2006.

¹⁴¹ http://www.nextlink.com/spectrum_map.htm. See Exhibit 7, Page 37.

57. As discussed earlier in this declaration, Integra acquired Electric Lightwave in 2006, and is now an integrated provider of retail and wholesale telecommunications services in multiple markets, including the Seattle MSA. As Electric Lightwave states:

“Electric Lightwave is one of the most recognized carrier services brands in the country providing communications network services, including transport, internet access and voice services, to telecom providers nationwide. Electric Lightwave carriers gain access to twenty-three metropolitan access networks in eight western states, a nationally acclaimed tier one internet and data network, and high speed long-haul fiber-optic network that interconnects major markets in the West. Electric Lightwave serves hundreds of carriers - meeting their needs everyday.”¹⁴²

Integra/Electric Lightwave now has approximately [REDACTED] miles of fiber in the Seattle MSA, according to GeoTel, for use in providing retail and wholesale services there. Clearly, Integra is now well positioned via its ownership of ELI to substantially expand its telecom services base in the Seattle MSA.

58. Level 3 is a major provider of wholesale telecom services (and as stated earlier in this declaration, its focus was largely on the wholesale market prior to its acquisition of Broadwing), and identifies its primary targeted customers as “RBOCs, major IXC, major foreign PTTs, major ISPs and Portals, Media Companies, wireless companies, satellite companies, established CLECs, system integrators, government, academia and content providers.”¹⁴³ Level 3 states that it offers five major categories of wholesale services: voice services, Softswitch, internet and data services, transport services and infrastructure

¹⁴² <http://www.electricleightwave.com>. See Exhibit 7, Page 38.

¹⁴³ <http://www.level3.com/580/html>. See Exhibit 7, Page 39.

services (which include collocation and dark fiber services).¹⁴⁴ Level 3's October 2006 acquisition of Broadwing expands the scope of Level 3's wholesale telecom service operations; Level 3 notes that "approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue."¹⁴⁵ As described earlier in this declaration, the combined Broadwing/Level 3 entity owns significant facilities in the Seattle MSA, with over [REDACTED] fiber miles in Qwest wire centers in that area that can be used to serve wholesale customers without reliance on Qwest's network.

59. Time Warner Telecom is a facilities-based CLEC providing both retail and wholesale services in the Seattle MSA. Time Warner Telecom's Seattle network is part of the national Time Warner Telecom network, which delivers communications services over "more than 24,000 miles of fiber networks, to businesses in 30 states and 75 U.S. markets."¹⁴⁶ Time Warner Telecom provides a range of wholesale services as a "carrier's carrier," including voice services, internet and data services, switched and transport services and collocation.¹⁴⁷ On June 1, 2005, Time Warner Telecom announced an agreement with the merged AT&T/SBC to provide, through 2010, "Special access and other last mile network services to the companies nationwide." Thus, AT&T can obtain

¹⁴⁴ *Id.*

¹⁴⁵ <http://www.level3.com/press/7625.html>. See Exhibit 7, Page 44.

¹⁴⁶ http://twtelecom.com/about_us/networks/html. See Exhibit 7, Page 46.

¹⁴⁷ http://www.twtelecom.com/cust_solutions/application.html. See Exhibit 7, Page 48.

Special Access services from a provider other than Qwest as it seeks to further expand its business presence in markets such as the Seattle MSA.¹⁴⁸

IX. SYSTEMS INTEGRATORS.

60. With the ever-increasing complexity of communications systems, large businesses are increasingly turning to systems integrators to assess, plan and manage their telecommunications systems. Systems integrators provide a “single point of contact” for the design and management of complex telecommunications systems and minimize the need for businesses to perform these functions in-house. The increasing demand for systems integrators is driven by the need for extensive planning and management needed to create converged communications systems--blending voice, data, video, internet and wireless applications--without having to create new physical networks from scratch. Systems integrators have shown that they can compete successfully against traditional telecommunications providers such as Qwest.¹⁴⁹ In the enterprise business market, nearly half of all medium and large enterprises utilize some form of managed telecom and IT services.¹⁵⁰

61. Systems integrators such as Electronic Data Systems, Data Systems Corp, IBM, Accenture, Northrop Grumman, New Edge Networks, etc. are now providing “single

¹⁴⁸ Time Warner Telecom press release: Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement, June 1, 2005. See Exhibit 7, Page 50.

¹⁴⁹ The North American managed telecom service market generated \$18.6 billion in revenues in 2006 and is expected to generate \$29.5 billion in 2012. Source: North American Managed Telecom Services Markets, Study N022-63, Frost and Sullivan, 2006, Page 29.

¹⁵⁰ *Id.*, Page 10.

point of contact” telecommunications services to business customers. For example, New Edge provides managed telecom services to “telecom carriers, small to midsize businesses and large corporations”¹⁵¹ in many U.S. markets, including Seattle. IBM also provides systems integration services through its IBM Converged Communications Services division. According to its promotional materials, “IBM can help you design, deploy and manage an IP telephony infrastructure that can help reduce the costs associated with managing and maintaining separate voice and data equipment and networks, and increase the productivity of your employees.”¹⁵² Mammoth Networks, with operations in Seattle, provides DSL, Frame Relay and ATM service aggregation. Mammoth states: “we have built out a nine-state, 14 LATA network for the benefit of ISPs, CLECs, DLECs, integrators and virtual ISPs. Mammoth Networks provides flexibility by allowing you to connect your DS1s and DSL customers to our network, while having those circuits invoiced to you.”¹⁵³ In addition to system integration, Mammoth offers collocation to other telecom carriers in its “fiber hotels” and has a number of “fiber hotels” in Qwest’s service territory, including in Seattle.¹⁵⁴ A variant of the systems integrator model, called “Virtual Network Operators (VNO)” has also appeared in the enterprise business market. For example, Virtela is a VNO which refers to itself as a “Super Integrator” that leases network capacity from other providers and owns network intelligence hardware and software unique to its service portfolio.¹⁵⁵

¹⁵¹ <http://www.newedgenetworks.com/products/>. See Exhibit 8, Page 1.

¹⁵² <http://www-935.ibm.com/services/us/index.wss/offering/gn/a1025378>. See Exhibit 8, Page 2.

¹⁵³ <http://www.mammothnetworks.com/index.php>. See Exhibit 8, Page 3.

¹⁵⁴ <http://www.mammothnetworks.com/fiberhotel.php>. See Exhibit 8, Page 5.

¹⁵⁵ <http://www.virtela.net/>. See Exhibit 8, Page 6.

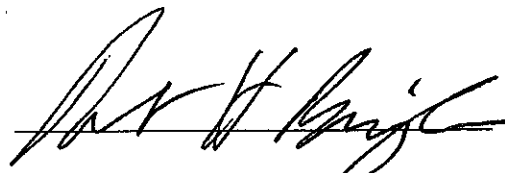
These examples represent just a few of the many competitive alternatives offered by systems integrators serving the medium and large enterprise business markets.

X. CONCLUSION.


62. The Seattle MSA is one of the most robustly competitive markets in Qwest's 14 state region, with a wide array of intermodal and intramodal carriers now actively competing in the market. Retail customers in every Qwest wire center in the Seattle MSA now have the choice of at least one, and often many more, alternatives to Qwest's telecommunications services. This collection of competitors ranges from traditional wireline CLECs, to cable-based telecom service providers, to wireless (narrowband and broadband) providers to VoIP providers. In addition, multiple wholesale telecom service providers now provide services to other carriers in the Seattle MSA, providing these carriers with alternatives to the purchase of Qwest UNEs and other wholesale services. Qwest's service territory in the Seattle MSA is now fully competitive, and it is clear that Qwest cannot exercise market power in view of the scope and composition of competition that now exists in the Seattle MSA.

We declare under penalty of perjury under the laws of the United States of America that
the foregoing is true and correct.

Executed on April 26, 2007



Robert H. Brigham



David L. Teitzel

**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,
WASHINGTON METROPOLITAN STATISTICAL AREA**

EXHIBIT 1



...TELEPHIA...

Your connection to the digital consumer

MIDWESTERNERS CUT THE CORD: HOUSEHOLDS IN DETROIT AND MINNEAPOLIS-ST. PAUL HAVE THE HIGHEST RATE OF WIRELESS SUBSTITUTION AMONG 20 LARGEST U.S. CITIES, ACCORDING TO TELEPHIA

San Francisco Has the Lowest Substitution Rate

SAN FRANCISCO—October 18, 2006—More and more U.S. households are dropping their landlines and opting to go completely wireless. According to Telephia, the largest provider of consumer research to the communications and new media markets, households in Detroit and Minneapolis-St. Paul have the highest rate of wireless substitution among the 20 largest cities in the country. Detroit and Minneapolis-St. Paul posted household wireless substitution rates of 19 and 15.2 percent, respectively (see Table 1). The Tampa metropolitan area secured a 15.1 percent rate, representing nearly 177,000 households. Nearly 219,000 (14.3%) households in Atlanta and 220,000 (13.6%) households in Washington D.C. cut the cord. Rounding out the top 10 were Phoenix, Seattle, Denver, Boston and Los Angeles.

“Several factors influence the rate of wireless substitution across different metropolitan markets including income levels, ethnic mix, and average age,” said Kanishka Agarwal, Telephia’s VP of New Products. “Telephia provides wired and wireless service providers with the research they need to understand and track this important change in consumer behavior at the market level.”

San Francisco: Tech Capital Holding onto Landline

San Francisco, which generally leads the nation in the adoption of many new technology products, landed at the bottom of the list. According to Telephia, the San Francisco metropolitan area posted just a 5.5 percent wireless substitution rate, which works out to be a little over 105,000 households.

“San Franciscans have traditionally been early adopters of advanced technologies. It is a bit of a surprise to see this metro much lower on the list, but this could be driven by the area’s high income level or its relatively low level of mobile network quality,” added Agarwal. “For topology and zoning reasons, mobile networks in San Francisco are not as reliable as compared to other top cities and it’s a less attractive substitute.”

Table 1: Wireless Substitution Rates for Largest U.S. Metropolitan Areas

Metropolitan Area	Total Households	Wireless Substitution Rate	Wireless Only Households
New York	6,988,000	6.5%	453,254
Los Angeles	5,374,491	9.8%	527,497
Chicago	2,751,090	8.3%	228,748

Philadelphia	2,309,987	7.4%	171,102
Boston	1,950,139	10.0%	194,962
San Francisco	1,903,708	5.5%	105,127
Dallas	1,694,764	8.0%	135,219
Washington, D.C.	1,613,508	13.6%	220,145
Houston	1,613,508	8.7%	140,821
Phoenix	1,543,860	13.5%	207,714
Atlanta, GA	1,532,252	14.3%	218,393
Detroit	1,474,213	19.0%	280,612
Seattle	1,288,485	13.2%	169,938
Tampa	1,172,405	15.1%	176,877
San Diego	1,102,757	9.6%	105,983
Cleveland	1,079,541	7.3%	78,287
Denver	1,056,326	11.3%	119,460
St. Louis	1,056,326	7.2%	76,090
Minneapolis	975,070	15.2%	148,254
Baltimore	858,990	5.8%	49,981

Source: Observed data from the Telephia Total Communications Survey (Q2 2006)

Note: Wireless substitution rates were determined through an online survey of 700+ households for each metropolitan area. National Health Interview Survey (NHIS) data was used to adjust for off-line households. Differences in wireless penetration rates between cities may not be statistically significant.

Please join Telephia at the following industry events:

- The World Digital Publishing Conference and Expo (London October 26-27). For more information, visit: wan-press.org
- Digital Music Wire LA Games Conference (Los Angeles, CA November 7-8). For more information, visit: lagamesconference.com
- Informa Telecoms and Media Mobile TV Summit (New York, NY November 14-16) For more information, visit: informatm.com

About Telephia

Telephia is the largest provider of syndicated consumer research to the communications and new media markets. Telephia is your connection to the digital consumer.

Since 1998, executives at service providers, device manufacturers, content providers, and retailers have relied on Telephia data to make confident competitive strategy, marketing and resource allocation decisions. Telephia uses its unique measurement tools and large-scale consumer panels to completely understand the digital consumer's behavior, attitudes and experience.

To learn how Telephia data can help you understand the digital consumer and track your competitive performance, please contact us at (415) 395-0500 or sales@telephia.com .

###

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Comcast Cable Franchise (formerly AT&T)



Comcast is the City's largest cable operator serving approximately 170,000 Seattle subscribers with cable television, telephony and high-speed Internet service. Comcast service is available in most of Seattle except for the Central Area Franchise District. To contact Comcast customer service call (888) 262-6300.

- [Comcast Franchise Agreement \(2006\)](#)
- [Downtown Franchise Ordinance](#)
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Millennium Digital Media



Millennium Digital Media serves approximately 17,000 Seattle cable subscribers with cable television and Internet service and is the sole cable operator in the Central Area Franchise District. Millennium also serves the Downtown and parts of Capitol Hill, Beacon Hill and Queen Anne. Millennium's customer service representatives can be reached at (800) 829-CABL.

- [Millennium Franchise Agreement \(No.1\)](#)
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Packages & Pricing

Basic Cable TV	\$46.99**	Premium Internet Services	
Digital Pix	\$58.39	CableSpeed Safe & Secure	
Includes Basic Cable, Digital Pix with Starz! Super Pak, Pay-Per-View channels plus Digital Music and applicable Digital Channels		Anti-Virus, Firewall, Pop-up ad Ad Blocker and Parental Controls	\$3.95
Premium Multiplexes		CableSpeed Plus	
Add multiple channels of your favorite premium to your Digital Pix package for as low as:		Shockwave GameBlast, NASCAR Track Pass, Encyclopedia Britannica, CNN Newspath, Clever Island & American Greetings	\$9.95
HBO Multiplex	\$5.50***	CableSpeed Plus & Safe & Secure	\$12.95
Showtime Multiplex	\$5.50***		
Cinemax Multiplex	\$5.50***		
Special Interest Package		Millennium Voice	
Sports & Adventure Pix	\$5.00	Use your CableSpeed Internet connection to make and receive calls. Also save on long distance charges!	
Enhanced Definition DigitalTier	\$9.95	Includes: voice mail, call waiting, caller ID, and more. Call for additional pricing and packaging information.	
Ala Carte International Premium Networks		Voice Unlimited full	\$39.99
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TV Japan	\$24.95	Voice Unlimited w/ 12 months CableSpeed	\$29.99
TV Asia	\$14.95	Voice 500 full	\$24.99
ZEE TV	\$14.95	Voice 500 w/ CableSpeed	\$24.99
Zhong Tian	\$11.95	Voice 500 w/ 12 months CableSpeed	\$19.99
The Filipino Channel	\$11.95		
Saigon Broadcasting Network	\$14.95		
Pay-Per-View		Equipment Rental	
Conveniently watch movies without having to step out of your house to rent and return! Transaction fees may apply.		First Digital Receiver/Remote	\$3.50
Movies	\$3.99	Additional Digital Receivers/Remote(each)	\$10.45
Adult Movie	\$4.95 - \$16.99	High Definition Receiver/Remote	\$9.95
Events	VARIES	High Definition DVR Receiver/Remote	\$9.95
		Cable Modem	\$7.50
		Installation & Activation	
		Installation	\$49.95
		Reconnect	\$29.95
		Service Trip Charge	\$29.95
		Service Upgrade (Separate Trip)	\$19.95
		Service Upgrade/Activation (No Trip)	\$9.95
		Miscellaneous Rates:	
		Unreturned High Definition DVR Set-top Receiver	\$995.00
		Unreturned High Definition Digital Set-top Receiver	\$745.00
		Unreturned Set-top Receiver	\$500.00
		Unreturned Cable Card	\$250.00
		Unreturned Modem	\$125.00
		Unreturned MTA	\$100.00
		Unreturned Remote Control	\$25.00
		Unreturned Power Cord	\$15.00
		Insufficient Funds Fee	\$25.00
		Returned Check Fee	\$25.00
		DVR Access Fee	\$9.95
		Late Fee	\$5.00
		Transaction Fee (Adding PPV, Switching Digital Services, no truck roll)	\$1.99

To save even more on your Digital Pix package, add CableSpeed high-speed internet service for as low as:

CableSpeed Lite* \$18.60***

CableSpeed** \$28.60***

The Millennium Connection

Includes Basic Cable TV, all our digital channels, Starz! Super Pak, HBO, Showtime and Cinemax multiplexes, Sports & Adventure Pix and CableSpeed 3.0. \$99.99

Seattle 2000 10209507080.87
6000 50 580 1040
Speeds up to 256Kbps Speeds up to 6.0 Mbps. All prices are per month unless otherwise stated. Information subject to change.
Excludes 12M06
Millennium offers a variety of value packages where premium channel rates are discounted monthly. Please call for more details.



Seattle

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New customers typically receive their bill within three weeks of installation. This will include any applicable installation or activation fees as well as service charges for approximately 30 days, as payment for cable services is in advance.

For your convenience, we offer a variety of payment options. You can send in your payment with a check or money order. Call us and pay with your VISA or Mastercard or directly from your checking.

How to Contact Us

3633 136th Place SE, Suite 107, Bellevue, WA 98006
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Commercial CableSpeed offers a variety of services and solutions designed for any size business including dedicated access solutions with speeds up to 100 times faster than dial-up, 7 times faster than 768K DSL and 4 times faster than 1.5Mbps T-1 connections. Put the power of the Internet to work for your business. You'll improve communication, boost efficiency and manage everything about your business more effectively.

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The Seattle Times

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Comcast to deliver Web phone service soon

By Kim Peterson*Seattle Times technology reporter*

Comcast has begun rolling out Internet-enabled telephone service to customers in Western Washington with service in Seattle scheduled for launch by November.

The service, called Comcast Digital Voice, is part of a nationwide push by the country's largest cable provider, and one that ratchets up the battle between cable and telecommunications providers to win customers across a spectrum of technologies.

Comcast offers the service in 10 markets so far and plans to expand into 10 more by the end of the year, potentially reaching 15 million homes. By the end of next year, the company is aiming to reach all markets — about 40 million homes.

The company has tiered its pricing for the service, charging \$40 a month for customers who already pay for cable and high-speed Internet services. Customers who subscribe to one of those services will pay \$45 a month, and those who want only Digital Voice will pay \$55 a month.

The service includes unlimited local and domestic long-distance calling, Web access to voice mail and the ability to make 911 emergency calls. By year's end, customers will be able to go online to view the numbers they called, check their bill or forward calls directly to voice mail.

"Our strategy has always been to provide communications to our consumers the way that they want to communicate," said Cathy Avgiris, a senior vice president at Comcast and general manager of the company's digital voice services.

"If we can entertain them, provide them information and meet their communications needs, then we feel that's a good position for us to be in."

Internal studies at the company show that about 75 percent of its Digital Voice customers also pay for video and high-speed Internet services, Avgiris said.

Comcast has 21.4 million cable and 7.7 million high-speed Internet customers. In Washington, it has 1.1 million cable customers and at least 400,000 high-speed Internet subscribers.

Analyst firm IDC estimates that the number of residential subscribers to the Internet phone service — also called Voice over Internet Protocol (VoIP) — will grow from 3 million in the U.S. in 2005 to 27 million by the end of 2009.

The Digital Voice service is available in Vancouver, Bremerton and along the Interstate 5 corridor. It won't widely launch in Seattle until November.

Analysts said yesterday that the service is priced at the high end of the VoIP business. Market-leader Vonage, for example, charges \$25 a month for local and long-distance calling.

Comcast, however, is positioning its service as more reliable than its competitors — so much so that it can replace land-line services.

The company said technicians will install the service and convert phone jacks and existing wiring. Customers will be able to keep their phone numbers.

The setup will have battery-powered backup, so the service can run for five to eight hours if a home loses power, Comcast said. Calls travel over Comcast's own network and not the public Internet.

"Comcast has the potential to take back some parts of that market because it is doing things that Vonage can't," said Brian Washburn, an analyst at Current Analysis, a research firm in Sterling, Va.

The company has lost customers because it has been slow in rolling out Internet-based phone services, he said. Other services, such as AT&T CallVantage and Qwest's OneFlex, have been aggressive in entering the market.

Most customers don't need an unlimited calling package, Washburn said, and Comcast could offer a per-minute type of fee structure.

"What these folks really need to do is bring in a metered service at a lower price point if they want to capture all the people that don't live on their wired telephones."

Cable companies are embracing VoIP because it generates significant revenue and uses little network capacity, said John Barrett, research director at Dallas-based Parks Associates. They are becoming multiservice providers that offer television, voice, Internet and ultimately, some kind of mobile phone service, Barrett added.

"If you can only offer some of the pieces of that, it puts you at a huge disadvantage against your competitors."

Kim Peterson: 206-464-2360 or kpeterson@seattletimes.com

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Spokesman Review (Spokane, WA)

March 24, 2006 Friday
Idaho Edition

SECTION: A; Pg. 8

LENGTH: 484 words

HEADLINE: Comcast telephone service draws interest

BYLINE: Tom Sowa Staff writer

BODY:

Since launching voice over cable telephone service in December, about 6,000 Spokane customers of Comcast Corp. have signed up, said Len Rozek, the company's senior vice president, based in Bothell.

Rozek said the company can realistically expect to get about 36,000 Spokane-area customers for its telephone service.

All told, Philadelphia-based Comcast has about 98,000 Spokane-area customers.

Company COO Steve Burke in an interview Thursday he believes voice over cable has vast business potential as more customers become comfortable with switching from their traditional phone lines.

"We see it becoming a major business for us," he said.

The company also hopes to gain new Spokane and Washington state subscribers through a "triple play" package being launched in June. That bundle of telephone, Internet and digital cable will cost \$99 a month - far less than customers would pay for the three services if purchased separately, Burke said.

The triple play package will be part of a national rollout by Comcast, the nation's largest cable operator.

The \$99 package rate includes a digital set-top box and some access to Comcast's video on demand catalog. But it won't include a digital video recorder (DVR).

Other telecommunications companies offer similar bundled packages. Qwest Communications gives phone customers DSL Internet service along with a regular phone plan, plus the option of adding DirecTV satellite video.

Burke said he thinks Comcast's bundled plan is simpler for customers to manage and understand than those offered by the phone companies.

"We are the only company in Washington right now that can offer all three of those services over our own network," he said.

Comcast has tested the triple play in Indianapolis and in suburbs outside Boston. Burke said response has been so strong that Comcast has had trouble handling the increased demand.

Comcast telephone service draws interest Spokesman Review (Spokane, WA)

"We'll be adding 150 technical workers in Washington state" to be ready once triple play is launched, Burke added. About seven of those will be in Spokane.

The company expects to announce a cell phone service for Comcast subscribers later this year, said Burke.

The company is working out terms of that deal with Sprint Nextel; pricing hasn't yet been determined, Comcast officials said.

One advantage in bundling cell phones and cable networks will be wider access to content, said Burke. For instance, mobile phone users could dial up video content on handsets through their Comcast accounts. In other cases, customers could grab cell phone messages when logging onto their Comcast Internet accounts.

Rozek and Burke said voice over cable is the company's fastest growth segment based on percentage. In absolute numbers, the fastest growth is among Comcast's high speed Internet customers, said Rozek. In Spokane, Comcast has about 35,000 cable modem subscribers, said Rozek. That number is growing about 25 percent per year, he said.

NOTES: Business writer Tom Sowa can be reached at (509) 459-5492 or at toms@spokesman.com.

LOAD-DATE: March 25, 2006

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ABOUT US

MARKET OVERVIEW

Seattle

Map

Market Statistics

Zip Codes / Communities

NETWORKS

PRODUCTION

RESOURCE CENTER

NEWSROOM

WHAT WE OFFER

Market Overview
Market Statistics

DMA#:	14
Total Households with TV:	1,701,950
Cable Households Served:	1,236,410
Cable Households Penetration:	72.6%

Note: Above Data for entire DMA. July 2006.
Source: Nielsen Media Research Local Universe Estimates (US)

Comcast Seattle Interconnect 1,116,830

Population by Gender:

Female	50.2%
Male	49.8%

Population by Age:

14 and under	19.4%
15 to 19	6.9%
20 to 24	6.7%
25 to 34	13.9%
35 to 44	16.0%
45 to 54	15.4%
55 to 64	10.3%
65 to 74	5.8%
75 to 84	3.9%
85+	1.7%

Median Age: 37

Population by Race/Ethnicity:

White	80.7%
Black	4.0%
American Indian*	1.4%
Asian	7.4%
Some Other Race	2.6%
Two or More Races	3.9%
~~~~	
Hispanic**	6.7%

Not Hispanic or Latino 93.4%

* Includes Alaska Natives

** Hispanic population estimated to grow 25% from 6.7% in 2004 to 7.9% in 2009.

**Households by Income:**

\$15,000 or less	11.0%
\$15,000 - \$24,999	9.8%
\$25,000 - \$34,999	11.0%
\$35,000 - \$49,999	15.9%
\$50,000 - \$74,999	21.4%
\$75,000 - \$99,999	13.9%
\$100,000 - \$149,999	11.3%
\$150,000+	5.7%

**Median Household Income*:** \$52,165

*Median Household Income estimated to grow 10.7% by 2009 to \$57,766.

**Housing:**

Owner Occupied	60.1%
Renter Occupied	32.9%
Vacant	7.0%

**Employment*:**

Employed	92.6%
Unemployed	5.4%
In Armed Forces	2.0%

* Does not include population not in the labor force.

**Highest Level of Education Completed:**

Grades K - 8	3.3%
Grades 9 - 12	8.0%
High School Graduate	24.0%
Some College, No Degree	26.5%
Associates Degree	8.0%
Bachelor's Degree	20.2%
Graduate Degree	10.0%

Cabletrack as of 20 Jan-2005

Polk Registrations data available within site is Jan, 2003 - Nov, 2004

ABC Data as of August 2004

Current year data is for the year 2004, 5 year projected data is for the year 2009. More Demographic data © 2004 by Experian/Applied Geographic Solutions.

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## Comcast Passes Its Two Million Comcast Digital Voice® Customer Milestone

Haga click aquí para la versión en español

### Company Celebrates Two Millionth Customer with Digital Home Makeover in Southeast Michigan

PHILADELPHIA, March 1, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Comcast (Nasdaq: CMCSA; CMCSK), the nation's leading provider of cable, entertainment and communications products and services, today announced it has surpassed the two million customer milestone for Comcast Digital Voice®, the company's innovative home phone service. Comcast Digital Voice is a fully featured, reliable and less expensive alternative for traditional telephone service. The company celebrated by awarding a customer in southeast Michigan with a digital home makeover to take advantage of the new integrated features that are available through its Triple Play package of phone, high-speed Internet and video services.

Surpassing two million Comcast Digital Voice customers underscores the record growth Comcast continues to experience across all cable products as it aggressively rolls out its Triple Play package of services.

"The momentum our voice product has experienced since it was launched is simply staggering," said Cathy Avgiris, senior vice president and general manager of Voice Services for Comcast. "We anticipate continued growth for the Digital Voice product and look forward to unveiling additional innovative features and services to our customers."

In addition to the cost savings and convenience of using one company for all services, the bundle provides further value and simplicity because customers benefit from the value-added features and integration of the products and services.

### Comcast Digital Voice

Comcast Digital Voice is a less expensive, fully featured, reliable digital-quality home phone service that is an alternative for customers' traditional telephone service. Comcast Digital Voice service includes: unlimited local and domestic long-distance calling (including calls to Canada and Puerto Rico); competitive international rates with no monthly fee or minimums; Web access to voicemail; online call management; E911 service; and 12 of the most popular calling features. Comcast Digital Voice stands out because calls originate and travel over Comcast's advanced, proprietary managed network, unlike best effort Voice over Internet Protocol (VoIP) offerings that run on the public Internet.

About Comcast Corporation:

Comcast Corporation (Nasdaq: CMCSA, CMCSK) (<http://www.comcast.com>) is the nation's leading provider of cable, entertainment and communications products and services. With 24.2 million cable customers, 11.5 million high-speed Internet customers, and 2.5 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable systems and in the delivery of programming content.

Comcast's content networks and investments include E! Entertainment Television, Style Network, The Golf Channel, VERSUS, G4, AZN Television, PBS KIDS Sprout, TV One, four regional Comcast SportsNets and Comcast Interactive Media, which develops and operates Comcast's Internet business. Comcast also has a majority ownership in Comcast-Spectacor, whose major holdings include the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and two large multipurpose arenas in Philadelphia.

**SOURCE Comcast Corporation**

Jennifer Khoury, +1-215-320-7408, [Jennifer_Khoury@Comcast.com](mailto:Jennifer_Khoury@Comcast.com),  
or Lynsey Grady, +1-215-851-3513, [Lynsey_Grady@Comcast.com](mailto:Lynsey_Grady@Comcast.com),  
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TELECOM REPORT

# Comcast confident in cable-phone war

## Analysis: Cable firm believes early advantage is crucial

By *Jeffrey Bartash*, MarketWatch  
Last Update: 5:10 PM ET Dec 8, 2006

**WASHINGTON (MarketWatch) -- The battle between cable and phone companies to dominate in U.S. households is just starting to sizzle, but cable leader Comcast Corp. isn't feeling the heat -- yet.**

Executives of the cable giant, which delivers television to more than 24 million households, say they won't lose many TV customers over the next three years to AT&T Inc. and Verizon Communications as those two behemoths ramp up their new video services. Phone carriers are upgrading networks for video to counter the entry of the cable industry into the phone business.

Whatever customers Comcast does lose, cable executives say, would be more than offset by big gains in phone and high-speed Internet users from now until 2010.

"In that time frame, it is entirely conceivable and even probable that we could add 10 million phone customers," said John Alchin, co-chief financial officer of Comcast. "We could add 5 million high-speed Internet customers."

### Early advantage

Comcast (CMCSK ) thinks those sorts of gains are reasonable given the low percentage of customers who now subscribe to those services.

Although Comcast serves 11 million high-speed Internet customers, more than any other cable or phone rival, that only represents 24% of the homes within its territory. And only 2.1 million customers, or 4% of Comcast's potential base, subscribe to phone service.

"Our own penetration rates still leave us a huge amount of upside," Alchin said.

Part of what makes Comcast executives so confident is that the company moved into the phone market earlier than the phone companies entered the video business. They believe that will allow Comcast to sell phone plans much faster than Verizon (VZ ) and AT&T (T ) will add video customers.

"We had much more experience to be able to scale what we're doing right now on the phone side compared to the telcos trying to get into the video business," said Dave Watson, executive vice president of operations at Comcast. "Video is difficult for somebody just starting off."

So far, the data supports that contention. Comcast had added 1 million digital-phone customers in the first nine months of 2006, the first year the company has heavily marketed the service to most of its subscribers.

Verizon, on the other hand, said it expects to sign up about 175,000 customers by year end for the TV service it's offering over the company's new multibillion-dollar fiber network. And AT&T, which has proceeded more slowly than Verizon, only has a few thousand video customers so far.

### Leveling the playing field

Of course, the phone companies are still rolling out their TV service and most of their customers aren't eligible to receive it right now for technical or legal reasons. That will change start to change in 2007.

"You will see both a number of markets and a number of households being covered and marketed to expand dramatically throughout the year," AT&T CFO Rick Lindner said this week.

For now, the bigger threat Comcast faces comes from Verizon. Still, cable executives estimate they would lose no more than 650,000 video customers to Verizon over the next three years.

Alchin points out that only one-third of the territory covered by Comcast and Verizon overlap. Even if Verizon achieves its target of reaching 15 million homes with its fiber-TV service by 2010, only about 5 million of those homes would be in regions served by Comcast.

What's more, Verizon has said its goal by 2010 is to achieve a penetration rate of 20%, meaning the company hopes to sign up one in every five households capable of receiving the fiber-TV service. Verizon CFO Doreen Toben said internal surveys show that about two-thirds of the company's initial fiber-TV customers switched from cable and the rest came from satellite.

If Verizon meets its goal, Comcast calculates the phone company would siphon off about 1 million video customers in its territory, including a sizable segment who are served by satellite operators DirecTV and The Dish Network.

Alchin figures half to two-thirds of Verizon's video customers would be Comcast defectors, representing a potential loss of 500,000 to 650,000 subscribers. Yet those losses would be miniscule compared Comcast's expected gains in phone and high-speed Internet users.

"We think we are going to do very, very well in this competition," Alchin said.

Just to be sure, though, Comcast is holding the line on cable prices. The company's planned increase in 2007 for its most basic TV package is expected to average about 4.5%, the lowest in more than 10 years, The Wall Street Journal reported this week.

Customers, it seems, are likely the biggest winners in the intensifying competition between the cable and phone industries. ■

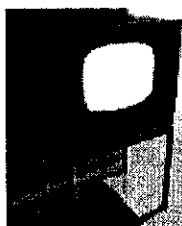
*Jeffrey Bartash is a reporter for MarketWatch in Washington.*



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CableTV.com Forums > Comcast Cable

### Comcast to Open New Customer Service Center in Washington

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**Comcast Cable** Comcast is the largest cable operator in the U.S. As of the closing of the Adelphia purchase on 7/31/06, Comcast had nearly 23.3 million direct subscribers, and another 3.5 million subscribers in various partnerships.

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August 9th, 2006, 01:10 PM

#1 (permalink)



**Jonathan Kramer**  
CableTV.com Administrator

Join Date: Mar 2006  
Location: Los Angeles, California  
Posts: 772

#### Comcast to Open New Customer Service Center in Washington

Aug 8, 2006 11:04 America/Vancouver **Comcast to Open New Customer Service Center in Washington**

SEATTLE, Aug. 8 /PRNewswire-FirstCall/ -- Comcast, the nation's leading cable and broadband communications provider, today announced it has signed a long-term agreement with Opus Northwest, L.L.C. to construct and lease a new office building in Lynnwood that would eventually house more than 500 Comcast customer service representatives, executives and administrative support staff.

Construction of the 87,385-square foot Comcast customer service center will be completed next year, with Comcast expected to occupy the building in July 2007. The building will be located in the 92-acre Opus Northpointe Corporate Campus near the intersection of I-5 and 164th Street Southwest in Lynnwood. Terms of the 10-year lease agreement were not disclosed.

"I am very pleased that Comcast is choosing to expand their business in Snohomish County," said Snohomish County Executive Aaron Reardon. "It is a testimony to the success of Comcast's business acumen and to our County's ability to deliver value in terms of a quality work environment."

The new customer service center in Lynnwood will join two other major, state-of-the-art Comcast

service centers in Fife and Everett. All three centers, which will house a total of nearly 1,000 customer service representatives, will operate as one virtual call center with full back-up capability.

Comcast is committed to providing local customer service. Following Comcast's acquisition of AT&T Broadband in the fall of 2002, the company returned nearly all customer service functions in Washington state to the local market, meaning that now nearly 100 percent of all calls made by Comcast customers in Washington state are handled by a Comcast customer service representative in Fife or Everett.

"We are excited to be able to support the economic growth of the Snohomish County area through this new local customer service center," said Len Rozek, Senior Vice President of Comcast's Washington market. "This investment represents Comcast's continued commitment to provide a first-class experience for our customers, strong support for the local community and a rewarding state-of-the-art work environment for our employees."

Rozek noted that Comcast's emphasis on local service is translating into success. The company will add 350 new jobs in Washington by the end of the year and expects to add more than 200 additional jobs in Washington in 2007 to meet the growing demand for its products and services. Nearly all of these new jobs are for front line customer service representatives and cable technicians.

In particular, demand for Comcast's new residential phone service, called Comcast Digital Voice, is running well ahead of the market's expectations, since its launch in Washington late last year. The service offers customers digital-quality phone service with unlimited direct-dial local and domestic long-distance calling, Web access to voicemail, E911 service and numerous popular calling features.

Comcast continues to launch its popular triple play bundle offer of Enhanced Cable with ON DEMAND, Comcast Digital Voice and Comcast High-Speed Internet products for \$33 each for 12 months when new customers subscribe to all three. The new offer saves customers more than \$350 in the first year.

In the coming year, Comcast plans to build nine new call centers, expand 12 existing locations and hire 3,000 customer service representatives across the country to help meet growing demand for its compelling packages of video voice and data services. Potential job applicants are encouraged to apply on line at <http://careers.comcast.com/>. Comcast Digital Cable customers in Washington also can learn more about job openings by clicking on the "Comcast Jobs" button under the "Get Local" section of the ON DEMAND menu.

Source: Comcast Corp.



« [Comcast to Receive Houston, TX Cable Systems in Planned Dissolution of Joint Venture | Comcast Sportsnet Philadelphia in York/Hanover, PA](#) »

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# NEWSWIRE Multichannel

## Slow But Sure, Comcast Finds Its Voice

By K.C. Neel

9/25/2006

When Comcast Corp. decided to enter the digital voice business, it went about it in the way that it launches all of its products: methodically and, when management believed the time was right, with gusto.

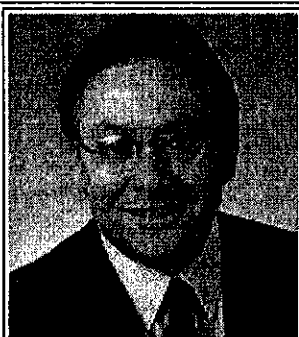
That doesn't mean Comcast was the first multiple-system operator to offer digital voice services. Indeed, it was behind the curve compared to peers Time Warner Cable and Cablevision Systems Corp., both of which launched phone services months before Comcast made its first digital offer to consumers.

But the wait paid off. Comcast is adding more than 23,000 new customers to its Comcast Digital Phone service every week, tallying 306,000 net new phone customers in the second quarter. The results blew past most analysts' expectations and Comcast stock has climbed steadily since the company posted its latest financial results on July 27.

Comcast didn't want to lease the equipment and infrastructure, as was the case with the switched-circuit phone offering it inherited when it purchased AT&T Broadband. So the company opted to own and integrate its back-office, gateway and soft-switch equipment with the modems in customer homes before rolling out its phone product on a national basis.

The decision delayed the rollout of digital-phone service, but "they're now reaping the rewards of lower variable costs, and therefore higher margins," Sanford Bernstein & Co. cable and satellite analyst Craig Moffett wrote in a recent research report.

**In this story:**  
TAKING IT EASY  
A BASIC DRIVER  
MOVING BEYOND TV  
SPEEDING  
INSTALLATIONS



"Comcast Digital Voice is driving tremendous adoption of the other products."

Comcast's digital phone product is different from "what I call an over-the-top, real Internet phone provider because we have a network that sits behind our service," said Catherine Avgiris, senior vice president and general manager of Comcast Voice Services. Without that control, "you can get into reliability issues," she noted. "[With some VoIP networks] the features aren't all there. We provide the same features and more at a more competitive price on our managed network, so there's the same reliability, safety and security, with 911, and E-911, that customers expect from a traditional phone-service provider ...

"You're going to be able to do more feature management and be able to customize your service and personalize your service and communicate how you want from where you want when you want," Avgiris said.

**TAKING IT EASY**

David Juliano  
Executive VP, Product Marketing  
and Development

It's all part of Comcast's strategy of offering products that "are easy to understand, easy to acquire, easy to use, and easy to pay for," said executive vice president of marketing and product development David Juliano. "If you think about

that, and you go back, even historically — and don't confine yourself to cable, but any products that are sold in America — when products are easy to understand, easy to acquire, easy to use and easy to pay for, customers will both buy more of your product and pay more for your product because that is the natural adoption pattern for the American consumer."

It's apparently working. Comcast expects to add 1.3 million to 1.4 million digital-phone customers for the year, instead of the previously estimated 1 million additions. Comcast has been adding about 23,000 phone subscribers per week, up from 10,000 weekly a year ago.

At this point, 35% of new customers calling into Comcast are subscribing to the operator's triple-play bundle and paying an average \$120 monthly for those services, chief operating officer Steve Burke told analysts during the company's second-quarter conference call.

"The phone business is coming into its own and is driving an era of growth we haven't seen for a long time," CEO and chairman Brian Roberts said during the conference call.

Analysts are pleased with the results. "Comcast likes end-to-end control, which is what they have with their phone division, and it shows their confidence in the upside growth potential of the business," said Matthew Harrigan, a media analyst with Denver-based research and investment firm Janco Partners. "I don't think it's unreasonable to assume that they can eventually reach penetration rates in the low- to mid-20% range.

"They have a strong marketing momentum going right now and there aren't many barriers to growth on the phone and data side of the business. Video will always be the largest business in terms of cash-flow contribution, but voice and data are the growth engines and the economics of those businesses are very attractive."

#### A BASIC DRIVER

Video growth may be minimal, but Comcast's basic-penetration rates — especially in old AT&T Broadband and now some Adelphia Communications Corp. markets — are below the national average, which means there may be more upside on the video side of the business than for other operators. Bundling products will likely help as well, Harrigan said.

"Brian Roberts used to regard bundling as closet discounting," Harrigan said. "But the company is now more flexible with its packaging and bundling and consumers are reacting positively."

To be sure, Comcast executives said the company's phone service is helping drive penetration of the company's other services. "Comcast Digital Voice [CDV] is driving tremendous adoption of the other products," Juliano said. "So 75% of our voice customers take three products. Almost all of our voice customers take two products or more. I think 98% or so take two products or more."

To wit, in Boston — Comcast's most mature phone market — the operator went from a loss of 16,000 basic customers in 2005 to a gain of 1,000 customers in the second quarter, Burke told analysts.

"In Boston, I think it's fair to say we're seeing a greater uplift in high-speed data and basic subs than other markets," Burke said. "As a whole, we don't think the triple play is materially affecting our basic subs now, but we're clearly seeing trends that would suggest it will, once you get out a couple of quarters."

But Comcast may have gotten a boost in subscriber numbers in its New England region because of a recent marketing promotion that is pushing a triple play rate for a bundle of bare-bones basic video, high-speed Internet and telephone service to just \$69 per month, for subscribers that have bolted to DirecTV Inc., RCN Corp. and other rivals. The deal is available only to defectors and doesn't include digital video service. In other markets, digital

video, high-speed data and local phone service cost \$99, part of a national campaign as Comcast rolls out phone service across the country.

Comcast's management initially thought the company's rollout of VoIP service would be a drag on 2006 operating cash-flow growth.

"In reality," Burke told analysts, "due to the triple play, we're seeing the benefits of less discounting on our video and high-speed data business. We're also seeing the benefits of scale and running three products over the same infrastructure. As a result, operating cash flow growth has accelerated from 10% to 13% and that acceleration should continue as we add more triple play customers in the future."

#### MOVING BEYOND TV

Comcast is clearly pushing its triple-play bundle, but the operator is also aiming its sights at non-cable homes with data and phone bundles. Indeed, Roberts told attendees of a Citigroup investment conference in Phoenix in January that market-share gains are more achievable for those products than for video services.

"I think you have to move way beyond looking at basic subscribers," he told analysts at the time.

The data-and-voice bundle is financially efficient because the same cable modem that handles data traffic can handle phone traffic via the same IP platform. Data-only modems cost about \$40, while a phone-and-data modem costs about \$70, according to Scientific Atlanta. A new phone customer therefore pays the operator back for incremental equipment costs in less than one month.

A monthly \$80 data-and-voice bundle might produce \$50 or more in profit — about a 60% margin, Leichtman Research Group president Bruce Leichtman said. Because of programming costs, video-only margins typically run in the 35% to 40% range, he noted. That also means cable can target satellite subscribers, offer a data and voice service that DBS can't provide and increase profits and revenue, even without getting the video piece.

Moreover, cable customers tend to be happier with their phone and data service than they are with their video service, making it easier to sell those products, Leichtman said.

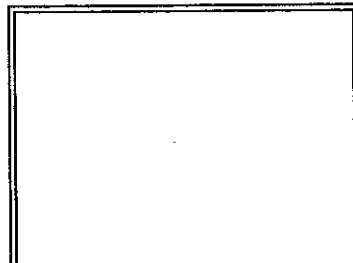
"Cable is still being held down [in customer satisfaction surveys] by their legacy on the video side of the business," he said. "But they've been able to overcome that with their other services such as broadband and phone."

Juliano estimates that between 20% and 25% of Comcast's switched-circuit customers take only phone service from the cable company.

"So obviously, they represent an opportunity for us to sell the other two products in there that we've not had an opportunity to sell before and get them into the triple play," he said. Comcast will continue selling its Digital Voice service a la carte and as part of a high-speed data bundle, but Juliano noted that the majority of customers continue to subscribe to multiple services.

#### SPEEDING INSTALLATIONS

Comcast's biggest restraint in phone customer growth is its ability to install customers in a timely fashion. It expects to add 3,000 field technicians this year and bolster its outside contractor list to help keep the installation time to a minimum. Some technical hoops must still be jumped through, but Juliano noted Comcast is working to create a self-installation process so consumers can hook themselves up to digital-phone service much the same way high-speed data customers have been able to sign on for service.



"I mean there's nobody else in the cable industry that's thinking about that yet, but we've got to figure out a way so that when we get to the Best Buys and Circuit Citys and the customers are looking to buy the new 5.8 Gig multiple handset, then it can come with the MTA [multimedia terminal adapter] and a little instruction kit that says take this home and install it yourself," Avgiris said. "You don't have to wait for the professional installer. If you'd like, we'll install it for you."



The MSO initially rolled out its voice-over-Internet protocol phone product in markets where it wasn't offering switched-circuit service, Avgiris said. "When we first launched CDV, we were careful," she said. "We wanted to obviously raise the entire phone customer base, so we went into the areas that we had not launched phone first." Now however, Comcast is working to migrate its switched-circuit customers, albeit gradually.

"We're not going to dive off a cliff (Migrating circuit-switched customers) is something that we want to take our time doing."  
  
Catherine Avgiris  
*Comcast Voice Services*

"We do have a plan to slowly migrate customers off, but we never really built out phone in any one market to any great extent," she said. "So there were very few of the originally AT&T Broadband markets that had the circuit-switched phone rolled out as ubiquitously as now CDV is."

"We're not going to dive off a cliff," Avgiris said. "This is something that we want to take our time doing and make sure that we have provided a good experience to these customers. So over the next couple of years, you'll see more customers migrating, but up until this point, the CDV customers really have been new because it's come from new footprint."

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**PRESS RELEASE**

**Investor Contacts:**

Marlene S. Dooner (215) 981-7392  
 Daniel J. Goodwin (215) 981-7518

**Press Contacts:**

D'Arcy Rudnay (215) 981-8582

**COMCAST REPORTS 2006 RESULTS AND OUTLOOK FOR 2007  
 ANNOUNCES 3-for-2 STOCK SPLIT**

**Triple Play and superior products power record-setting results**

**4th Quarter Cable Revenue increased 14%  
 Cable Operating Cash Flow increased 17%**

**Added 5 Million RGUs in 2006 – up 69%  
 Cable Revenue up 12%  
 Cable Operating Cash Flow up 15%**

**Expects Another Record-Setting Year in 2007 – 6.5 Million New RGUs  
 Minimum 14% Cable Operating Cash Flow Growth**

Philadelphia, PA – February 1, 2007...Comcast Corporation (NASDAQ: CMCSA, CMCSK) today reported results for the quarter and the year ended December 31, 2006. The following table highlights financial and operational results (dollars in millions, except per share amounts; units in thousands):

<b>Consolidated</b>	<b>4Q06</b>	<b>2006</b>	<b>Growth</b>	
			<b>Quarter</b>	<b>Year</b>
Revenue	\$7,031	\$24,966	30%	18%
Operating Cash Flow ¹	\$2,594	\$9,442	30%	19%
Operating Income ¹	\$1,218	\$4,619	43%	31%
Earnings per Share ¹	\$0.18	\$1.19	200%	183%
<b>Pro Forma Cable²</b>				
Revenue	\$6,894	\$26,339	14%	12%
Operating Cash Flow	\$2,749	\$10,511	17%	15%
Revenue Generating Unit Additions	1,632	5,026	77%	69%

Brian L. Roberts, Chairman and CEO of Comcast Corporation, said, "2006 was simply our best year ever. Powered by our triple play offering and superior products, we added more RGUs than at any other time in our history and reported terrific growth in cable revenue and Operating Cash Flow. This record-setting performance demonstrates substantial operating momentum, and we could not be more enthusiastic about the future. Looking ahead, we are perfectly positioned to continue to offer consumers the best entertainment and communications value proposition available anywhere, and to continue to deliver significant value to our shareholders."

Mr. Roberts added, "Reflecting our strong results and outlook, our Board of Directors authorized a 3-for-2 stock split – the 11th stock split in our company's history."

See notes on page 6

## **Pro Forma Cable Segment Results²**

Year ended December 31, 2006

Cable results are presented as if the acquisition of Susquehanna Communications and the Adelphia/Time Warner transactions were effective on January 1, 2005. Cable results also include the results of the Houston, TX cable systems received with the dissolution of the Texas/Kansas City cable partnership as if that transaction was effective on January 1, 2005. (See note 2 for additional details).

**Revenue** increased 12% to \$26.3 billion for the year reflecting increasing consumer demand for Comcast's services and the success of Comcast's Triple Play offer.

**Revenue generating units** (RGUs)³ increased 69%, or a record 5.0 million from prior year net additions of 3.0 million, to end the year at 50.8 million RGUs.

**Operating Cash Flow** (as defined in Table 7) grew 15% to \$10.5 billion resulting in an Operating Cash Flow margin of 39.9%, an increase from the 38.8% reported last year. The margin improvement reflects strong revenue growth and our continuing success in controlling the growth of operating costs. In 2006, programming expense increased 8% to \$5.4 billion, Comcast hired and trained 6,500 new employees to support higher service and installation activity that resulted from record RGU additions and integrated lower-margin operations received with the cable system acquisitions.

### **Video**

- *Added 1.9 million new digital cable subscribers in 2006 – 59% above last year*
- *Added 80,000 basic cable subscribers during 2006 compared to a loss of 141,000 in the prior year*

Video revenue increased 8% to \$16.6 billion in 2006, reflecting growth in both basic and digital cable customers and increased demand for advanced digital features including ON DEMAND, digital video recorders (DVRs) and HDTV programming, as well as higher basic cable pricing.

Basic cable subscribers increased by 80,000 to 24.2 million during 2006 with 12.7 million or 52% of video customers taking digital cable services. Comcast added 1.9 million digital cable customers in 2006, an increase of 59% from the 1.2 million digital cable customers added in 2005. The digital cable customer additions in 2006 include 900,000 digital cable and 1.0 million Digital Starter subscribers. During the year, 1.5 million digital cable customers subscribed to advanced services, like DVR and HDTV, either by upgrading their digital cable service or as new customers. Customers subscribing to digital cable with advanced services pay \$75 or more per month, 15% more than the average Comcast Digital Cable subscriber. Growth in video revenue also reflects increasing ON DEMAND movie purchases. Pay-per-view revenue increased 27% to \$633 million in 2006.

### **High-Speed Internet**

- *Added 1.9 million high-speed Internet subscribers during 2006 - highest level of annual additions in Company history*

High-speed Internet revenues increased 23% to \$5.5 billion in 2006, reflecting a 1.9 million or 19% increase in subscribers from the prior year and relatively stable average monthly revenue per subscriber. Comcast ended 2006 with 11.5 million high-speed Internet subscribers or 25% penetration of our footprint.

### **Phone**

- *Added over 1.5 million Comcast Digital Voice (CDV) customers compared to 290,000 in the prior year*
- *CDV service now marketed to 32 million homes representing 68% of Comcast's footprint*

Phone revenue increased 45% to \$955 million due to significant growth in CDV subscriber additions, offset by a \$132 million decline in circuit-switched phone revenues as Comcast primarily focuses on marketing CDV in most markets. Comcast ended 2006 with a total of 1.9 million CDV customers or 5.7% of available homes.

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See notes on page 6



**Advertising** revenue increased 13% to \$1.7 billion in 2006 when compared to 2005, reflecting political advertising growth in the second half of 2006. Comcast reported political advertising revenue of more than \$90 million in 2006.

**Capital expenditures** of \$4.6 billion increased 15% in 2006 reflecting primarily the record increase in RGU additions during the year. Comcast added 69% more RGUs in 2006 than 2005. Consistent with historical trends, approximately 75% of cable capital expenditures were variable and directly associated with demand for new products in 2006.

Comcast delivered strong cable results as compared to the annual guidance updated on October 26, 2006:

	<u>Guidance</u>	<u>Results</u>
Revenue growth	10 - 11%	12%
Operating Cash Flow growth	At least 13%	15%
RGU addition growth	Approximately 60%	69%
Capital expenditures	Approximately \$4.5 billion	\$4.6 billion

#### Fourth Quarter 2006

- *Added 1.6 million RGUs during the quarter - most quarterly additions in Company history*
- *Record RGU additions fueled 14% growth in revenue and 17% growth in Operating Cash Flow*

Comcast Cable reported revenue of \$6.9 billion in the fourth quarter of 2006, an increase of 14% from the prior year. Video revenue increased 9% reflecting growth in both basic and digital cable customers and increased demand for advanced digital features, such as DVR and HDTV. Comcast Cable added 613,000 digital cable subscribers and 110,000 basic cable subscribers during the fourth quarter of 2006, each representing the highest quarterly additions in more than 10 years. Driven by increasing ON DEMAND movie purchases, pay-per-view revenue increased 24% to \$159 million in 2006. Pay-per-view revenue has increased more than 20% on average for the past eight quarters.

High-speed Internet revenues increased 23% in the quarter to \$1.5 billion. The strong growth includes the addition of 488,000 high-speed Internet subscribers, a 12% increase from the same period last year and relatively stable monthly revenue per subscriber. Cable phone revenue increased 77% in the fourth quarter of 2006 to \$302 million reflecting the addition of 508,000 CDV customers offset by the decline of 87,000 circuit-switched customers during the quarter.

Advertising revenue increased 26% to \$501 million in the fourth quarter of 2006, reflecting double-digit growth in local and regional/national advertising, as well as a five-fold increase in political advertising to \$54 million principally associated with the fall 2006 elections.

Operating Cash Flow grew 17% to \$2.7 billion during the quarter, reflecting strong revenue growth and the Company's success in controlling the growth of operating costs, even as we experience higher service and installation activity from record RGU additions and integrate recently acquired cable systems. Operating Cash Flow margin for the quarter was 39.9% compared to 38.9% one year ago.

Comcast Cable capital expenditures of \$1.4 billion for the quarter were 43% higher than the fourth quarter of 2005 driven by the record RGU additions during the period. Comcast added 77% more RGUs in the fourth quarter of 2006 than 2005.

#### Programming Segment Results⁴

Comcast's Programming segment consists of our national programming networks E! Entertainment Television and Style Network (E! Networks), The Golf Channel, VERSUS (formerly OLN), G4 and AZN Television.

The Programming segment reported 2006 revenue of \$1.1 billion, a 15% increase from 2005, reflecting increases in network ratings, advertising and distribution revenue. Operating Cash Flow decreased 11%

See notes on page 6

to \$241 million in 2006, reflecting investments in programming at all our networks, particularly programming and production expenses related to VERSUS' coverage of the National Hockey League.

For the fourth quarter of 2006, Comcast's Programming segment reported revenue of \$283 million, a 21% increase compared to the prior year and Operating Cash Flow of \$43 million, an increase of 35% from the same period last year reflecting increases in network ratings, advertising revenue and distribution revenue.

#### **Corporate and Other⁴**

Corporate and Other includes Comcast Spectacor, corporate overhead and other operations, and eliminations between Comcast's businesses. In 2006, Comcast reported Corporate and Other revenue of \$203 million and an Operating Cash Flow loss of \$362 million, as compared to revenue of \$170 million and an Operating Cash Flow loss of \$313 million in 2005.

For the quarter ended December 31, 2006, Corporate and Other revenue increased to \$90 million from the \$72 million reported in 2005. The Operating Cash Flow loss for the fourth quarter of 2006 was \$109 million compared to a loss of \$77 million in 2005.

#### **Consolidated Results**

##### Year ended December 31, 2006

Consolidated results include all acquisitions as of the date of their closing. Comcast acquired Susquehanna Communications in April 2006 and completed the Adelphia/Time Warner transactions in July 2006. As part of the Adelphia/Time Warner transactions Comcast transferred cable systems serving Los Angeles, Dallas and Cleveland to Time Warner (presented as discontinued operations for all periods). Consolidated results, as of December 31, 2006, include our interest in the Texas/Kansas City cable partnership as an equity method investment.

**Revenue** increased 18% in 2006 to \$25.0 billion while **Operating Cash Flow¹** increased 19% to \$9.4 billion and **Operating Income** increased 31% to \$4.6 billion. This significant growth was due to strong results at Comcast Cable and the impact of cable system acquisitions in 2006.

**Net Income** increased to \$2.5 billion, or \$1.19 per share, in 2006, compared to net income of \$928 million or \$0.42 per share in 2005. In addition to strong operating results at Comcast Cable, the year includes an estimated one-time gain, included in investment income, of \$646 million (or \$405 million net of tax) related to the Adelphia/Time Warner transactions. Also included in this year's results is a one-time gain of \$195 million, net of tax, on discontinued operations related to the transfer of cable systems to Time Warner. Excluding these gains and reconciled in Table 7-C, Adjusted Net Income for 2006 would be \$1.9 billion or \$0.90 per share.

**Net Cash Provided by Operating Activities** increased to \$6.6 billion in 2006 from \$4.8 billion in 2005 due primarily to stronger operating results, the cable system acquisitions and changes in operating assets and liabilities.

**Free Cash Flow** (described further on Table 4) increased \$628 million to \$2.6 billion in 2006 compared to \$2.0 billion in 2005, due primarily to growth in consolidated Operating Cash Flow, the cable system acquisitions and changes in working capital.

##### Fourth Quarter 2006

Driven by strong results at Comcast Cable and the impact of cable acquisitions in 2006, Comcast reported consolidated revenue of \$7.0 billion, an increase of 30%, in the fourth quarter of 2006 while consolidated Operating Cash Flow¹ increased 30% to \$2.6 billion. Consolidated operating income increased 43% to \$1.2 billion in the fourth quarter of 2006 compared to \$849 million reported in 2005.

Net income increased to \$390 million, or \$0.18 per share, for the fourth quarter of 2006 compared to net income of \$133 million, or \$0.06 per share, in the prior year. Strong operating results at Comcast Cable contributed to the growth in net income. Included in this quarter's results are two adjustments reducing the gains recorded on the Adelphia/Time Warner transactions in the third quarter of 2006. These reductions represent a refinement of estimated gains due primarily to updated valuations. The first

⁴ See notes on page 6

adjustment, included in investment income, is \$49 million (or \$30 million net of tax). The adjustment of \$39 million net of tax on the gain on discontinued operations related to the transfer of cable systems to Time Warner. Excluding these adjustments and reconciled in Table 7-C, Adjusted Net Income for the fourth quarter of 2006 would be \$459 million or \$0.21 per share.

### **Pro Forma Consolidated Results⁵**

Pro forma consolidated results are presented as if the acquisition of Susquehanna Communications and the Adelphia/Time Warner transactions were effective on January 1, 2005. Pro forma consolidated results also include the results of the Houston, TX cable systems received with the dissolution of the Texas/Kansas City cable partnership as if that transaction was effective on January 1, 2005 as well. (See note 2 for additional details).

**Revenue** increased 12% to \$27.6 billion in 2006 while **Operating Cash Flow** increased 14% to \$10.4 billion for the year reflecting record setting results at Comcast Cable.

Comcast delivered strong consolidated results as compared to the annual guidance updated on October 26, 2006:

	<b><u>Guidance</u></b>	<b><u>Results</u></b>
Revenue growth ⁵	10 - 11%	12%
Operating Cash Flow growth ⁵	At least 12%	14%
Free Cash Flow Conversion	25-30%	28%

### **Share Repurchase Program**

In 2006, Comcast repurchased \$2.3 billion or 75.4 million Class A Special Common (CMCSK) shares, reducing the number of total shares outstanding by more than 3%. Comcast repurchased \$447 million or 11.2 million shares of its CMCSK stock during the fourth quarter of 2006.

Availability under the Company's stock repurchase program, as of December 31, 2006, is \$3.0 billion. Comcast expects that repurchases continue from time to time in the open market or in private transactions, subject to market conditions.

Since the inception of the repurchase program in December 2003, the Company has invested \$7.4 billion in its common stock and related securities, reducing the number of shares outstanding by 11%. These investments include repurchasing \$6.0 billion or 202.3 million shares of common stock and redeeming several debt issues for \$1.4 billion that were exchangeable into 47.3 million shares of common stock. The share amounts above are not adjusted for today's announced stock split.

### **2007 Financial Outlook**

- Cable revenue growth of at least 12%²
- Cable Operating Cash Flow growth of at least 14%²
- Cable RGU net additions of approximately 6.5 million, 30% above 2006 RGU net additions² of 5 million
  - RGU outlook includes an expected decrease of 500,000 circuit-switched phone RGUs
- Cable capital expenditures of approximately \$5.7 billion, including commercial services capital expenditures of approximately \$250 million
- Corporate and other capital expenditures of approximately \$250 million primarily due to the relocation of Comcast's headquarters
- Consolidated revenue growth of at least 11%⁵
- Consolidated Operating Cash Flow growth of at least 13%⁵
- Consolidated Free Cash Flow approximately the same as 2006

See notes on page 6

**Notes:**

- 1 Operating Cash Flow percentage growth is adjusted as if stock options had been expensed in 2005. Operating income and earnings per share percentage growth are unadjusted. Per share amounts are not adjusted for today's announced stock split. See Tables 7-A and 7-B for reconciliation of "as adjusted" financial data.
- 2 Cable results are presented on a pro forma, as adjusted, basis. Pro forma results adjust only for certain acquisitions and dispositions, including Susquehanna Communications (April 2006), the Adelphia/Time Warner transactions (July 2006) and the dissolution of the Texas/Kansas City cable partnership (effective January 1, 2007). Effective August 1, 2006, our economic interest in the Texas/Kansas City cable partnership tracked solely the performance of the Houston, TX cable systems. Accordingly, we included the systems' results in Cable pro forma data. Cable results are presented as if the transactions noted above were effective on January 1, 2005. The net impact of these transactions was to increase the number of basic cable subscribers by 2.6 million. These "As Adjusted" results are presented as if stock options had been expensed in 2005. Please refer to Tables 7-A and 7-B for a reconciliation of pro forma, "As Adjusted" financial data.
- 3 Represents the sum of basic and digital cable, high-speed Internet and net phone subscribers, excluding additional outlets. Subscriptions to DVR and/or HDTV services by existing Comcast Digital Cable customers do not result in additional RGUs.
- 4 Operating Cash Flow adjusted as if stock options had been expensed in 2005.
- 5 Pro forma consolidated results are presented on a pro forma, as adjusted, basis as described in note 2.

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**Conference Call Information**

Comcast Corporation will host a conference call with the financial community today February 1, 2007 at 8:30 a.m. Eastern Time (ET). The conference call will be broadcast live on the Company's Investor Relations website at [www.cmcsa.com](http://www.cmcsa.com) or [www.cmcsk.com](http://www.cmcsk.com). A recording of the call will be available on the Investor Relations website starting at 12:30 p.m. ET on Thursday, February 1, 2007. To participate via telephone, please dial (800) 263-8495 with the conference ID number 5668483. A telephone replay will begin immediately following the call and will be available until Friday, February 2, 2007 at midnight Eastern Time (ET). To access the rebroadcast, please dial (800) 642-1687 and enter passcode number 5668483. To automatically receive Comcast financial news by email, please visit [www.cmcsa.com](http://www.cmcsa.com) or [www.cmcsk.com](http://www.cmcsk.com) and subscribe to email alerts.

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This press release contains forward-looking statements. Readers are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual events or our actual results to differ materially from those expressed in any such forward-looking statements. Readers are directed to Comcast's periodic and other reports filed with the Securities and Exchange Commission (SEC) for a description of such risks and uncertainties.

In this discussion, we sometimes refer to financial measures that are not presented according to generally accepted accounting principles in the U.S. (GAAP). Certain of these measures are considered "non-GAAP financial measures" under the SEC regulations; those rules require the supplemental explanations and reconciliations provided in Table 7 of this release. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

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**About Comcast:**

Comcast Corporation (Nasdaq: CMCSA, CMCSK) (<http://www.comcast.com>) is the nation's leading provider of cable, entertainment and communications products and services. With 24.2 million cable customers, 11.5 million high-speed Internet customers, and 2.5 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable networks and in the delivery of programming content. Comcast's programming networks and investments include E! Entertainment Television, Style Network, The Golf Channel, VERSUS (formerly OLN), G4, AZN Television, PBS KIDS Sprout, TV One and four regional Comcast SportsNets. Comcast also has a majority ownership in Comcast-Spectacor, whose major holdings include the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball team and two large multipurpose arenas in Philadelphia.



TABLE 1  
Condensed Consolidated Statement of Operations  
(Unaudited)

(dollars in millions, except per share data)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
Revenues	\$7,031	\$5,416	\$24,966	\$21,075
Operating expenses	2,451	1,943	9,010	7,513
Selling, general and administrative expenses	1,986	1,433	6,514	5,490
	<u>4,437</u>	<u>3,376</u>	<u>15,524</u>	<u>13,003</u>
Operating cash flow	2,594	2,040	9,442	8,072
Depreciation expense	1,080	888	3,828	3,413
Amortization expense	296	303	995	1,138
	<u>1,376</u>	<u>1,191</u>	<u>4,823</u>	<u>4,551</u>
Operating income	1,218	849	4,619	3,521
Other income (expense)				
Interest expense	(562)	(462)	(2,064)	(1,795)
Investment income (loss), net	55	53	990	89
Equity in net (losses) income of affiliates	(38)	(23)	(124)	(42)
Other income (expense)	(21)	5	173	(53)
	<u>(566)</u>	<u>(427)</u>	<u>(1,025)</u>	<u>(1,801)</u>
Income before income taxes and minority interest	652	422	3,594	1,720
Income tax expense	(221)	(303)	(1,347)	(873)
Income before minority interest	431	119	2,247	847
Minority interest	(2)	(12)	(12)	(19)
Net income from continuing operations	429	107	2,235	828
Income from discontinued operations, net of tax	-	26	103	100
Gain (loss) on discontinued operations, net of tax	(39)	-	195	-
Net income	<u>\$390</u>	<u>\$133</u>	<u>\$2,533</u>	<u>\$928</u>
Basic earnings per common share				
Income from continuing operations per common share	\$ 0.21	\$ 0.05	\$ 1.06	\$ 0.37
Income from discontinued operations per common share	-	0.01	0.05	0.05
Gain (loss) on discontinued operations per common share	(0.02)	-	0.09	-
Net income per common share	<u>\$ 0.19</u>	<u>\$ 0.06</u>	<u>\$ 1.20</u>	<u>\$ 0.42</u>
Diluted earnings per common share				
Income from continuing operations per common share	\$ 0.20	\$ 0.05	\$ 1.05	\$ 0.37
Income from discontinued operations per common share	-	0.01	0.05	0.05
Gain (loss) on discontinued operations per common share	(0.02)	-	0.09	-
Net income per common share	<u>\$ 0.18</u>	<u>\$ 0.06</u>	<u>\$ 1.19</u>	<u>\$ 0.42</u>
Basic weighted-average number of common shares	<u>2,084</u>	<u>2,169</u>	<u>2,107</u>	<u>2,197</u>
Diluted weighted-average number of common shares	<u>2,109</u>	<u>2,179</u>	<u>2,120</u>	<u>2,208</u>

TABLE 2  
Condensed Consolidated Balance Sheet  
(Unaudited)

(dollars in millions)	December 31, 2006	December 31, 2005
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$1,239	\$947
Investments	1,735	148
Accounts receivable, net	1,450	1,008
Other current assets	778	685
Current assets of discontinued operations	-	60
Total current assets	<u>5,202</u>	<u>2,848</u>
Investments	8,847	12,675
Property and equipment, net	21,248	17,704
Franchise rights	55,927	48,804
Goodwill	13,768	13,498
Other intangible assets, net	4,881	3,118
Other noncurrent assets, net	532	635
Noncurrent assets of discontinued operations, net	-	4,118
	<u>\$110,405</u>	<u>\$103,400</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses related to trade creditors	\$2,862	\$2,239
Accrued expenses and other current liabilities	3,032	2,482
Deferred income taxes	563	2
Current portion of long-term debt	983	1,689
Current liabilities of discontinued operations	-	112
Total current liabilities	<u>7,440</u>	<u>6,524</u>
Long-term debt, less current portion	27,992	21,682
Deferred income taxes	27,089	27,370
Other noncurrent liabilities	6,498	6,920
Minority interest	251	657
Noncurrent liabilities of discontinued operations	-	28
Stockholders' equity	<u>41,135</u>	<u>40,219</u>
	<u>\$110,405</u>	<u>\$103,400</u>



**TABLE 3**  
Condensed Consolidated Statement of Cash Flows  
 (Unaudited)

(dollars in millions)

	Twelve Months Ended December 31,	
	2006	2005
<b>OPERATING ACTIVITIES</b>		
Net cash provided by operating activities	<u>\$6,618</u>	<u>\$4,835</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	7,497	3,978
Retirements and repayments of debt	(2,039)	(2,706)
Repurchases of common stock	(2,347)	(2,313)
Issuances of common stock	410	93
Other	25	15
Net cash provided by (used in) financing activities	<u>3,546</u>	<u>(933)</u>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(4,395)	(3,621)
Cash paid for intangible assets	(306)	(281)
Acquisitions, net of cash acquired	(5,110)	(199)
Proceeds from sales and restructuring of investments	2,720	861
Purchases of investments	(2,812)	(306)
Proceeds from sales (purchases) of short-term investments, net	33	(86)
Other investing activities	(2)	(116)
Net cash used in investing activities	<u>(9,872)</u>	<u>(3,748)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>292</b>	<b>154</b>
CASH AND CASH EQUIVALENTS, beginning of period	<u>947</u>	<u>793</u>
CASH AND CASH EQUIVALENTS, end of period	<u><u>\$1,239</u></u>	<u><u>\$947</u></u>

**TABLE 4**  
Calculation of Free Cash Flow  
 (Unaudited) ⁽¹⁾

(dollars in millions)

	Twelve Months Ended December 31,	
	2006	2005
Net Cash Provided by Operating Activities	\$6,618	\$4,835
Capital Expenditures	(4,395)	(3,621)
Cash paid for Intangible Assets	(306)	(281)
Non-operating items, net of tax	706	1,062
Free Cash Flow	<u><u>\$2,623</u></u>	<u><u>\$1,995</u></u>

(1) See Non-GAAP and Other Financial Measures in Table 7 for the definition of Free Cash Flow.



**TABLE 5**  
**Pro Forma Financial Data by Business Segment**  
(Unaudited) ⁽¹⁾

(dollars in millions)	Cable	Programming ⁽²⁾	Corporate and Other	Total
<b>Three Months Ended December 31, 2006</b>				
Revenues	\$6,894	\$283	\$90	\$7,267
Operating Cash Flow	\$2,749	\$43	(\$109)	\$2,683
Operating Income (Loss)	\$1,357	\$1	(\$120)	\$1,238
Operating Cash Flow Margin	39.9%	15.4%	NM	36.9%
Capital Expenditures ⁽³⁾	\$1,381	(\$2)	\$15	\$1,394
<b>Three Months Ended December 31, 2005, as adjusted ⁽⁴⁾</b>				
Revenues	\$6,029	\$235	\$72	\$6,336
Operating Cash Flow	\$2,348	\$32	(\$77)	\$2,303
Operating Income (Loss)	\$922	(\$10)	(\$91)	\$821
Operating Cash Flow Margin	38.9%	13.8%	NM	36.4%
Capital Expenditures ⁽³⁾	\$967	\$5	\$14	\$986
<b>Twelve Months Ended December 31, 2006</b>				
Revenues	\$26,339	\$1,053	\$203	\$27,595
Operating Cash Flow	\$10,511	\$241	(\$362)	\$10,390
Operating Income (Loss)	\$5,246	\$75	(\$430)	\$4,891
Operating Cash Flow Margin	39.9%	22.9%	NM	37.7%
Capital Expenditures ⁽³⁾	\$4,640	\$16	\$30	\$4,686
<b>Twelve Months Ended December 31, 2005, as adjusted ⁽⁴⁾</b>				
Revenues	\$23,556	\$919	\$170	\$24,645
Operating Cash Flow	\$9,132	\$272	(\$313)	\$9,091
Operating Income (Loss)	\$3,652	\$118	(\$363)	\$3,407
Operating Cash Flow Margin	38.8%	29.6%	NM	36.9%
Capital Expenditures ⁽³⁾	\$4,030	\$16	\$38	\$4,084

(1) See Non-GAAP and Other Financial Measures in Table 7. Historical financial data by business segment, as required under generally accepted accounting principles in the United States (GAAP), is available in the Company's annual report on Form 10-K. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

(2) Programming includes our national networks E! Entertainment Television and Style Network (E! Networks), The Golf Channel, VERSUS (formerly OLN), G4 and AZN Television.

(3) Our Cable segment's capital expenditures are comprised of the following categories:

	4Q06	4Q05	YTD 4Q06	YTD 4Q05
<b>New Service Offerings</b>				
Customer Premise Equipment (CPE)	\$712	\$512	\$2,482	\$2,080
Scalable Infrastructure	330	214	917	881
	<u>1,042</u>	<u>726</u>	<u>3,399</u>	<u>2,961</u>
<b>Recurring Capital Projects</b>				
Line Extensions	62	64	320	293
Support Capital	144	97	528	387
	<u>206</u>	<u>161</u>	<u>848</u>	<u>680</u>
<b>Upgrades</b>	133	80	393	389
<b>Total</b>	<u>\$1,381</u>	<u>\$967</u>	<u>\$4,640</u>	<u>\$4,030</u>

CPE includes costs incurred at the customer residence to secure new customers, revenue units and additional bandwidth revenues (e.g. digital converters). Scalable infrastructure includes costs, not CPE or network related, to secure growth of new customers, revenue units and additional bandwidth revenues or provide service enhancements (e.g. headend equipment). Line extensions include network costs associated with entering new service areas (e.g. fiber/coaxial cable). Support capital includes costs associated with the replacement or enhancement of non-network assets due to obsolescence and wear out (e.g. non-network equipment, land, buildings and vehicles). Upgrades include costs to enhance or replace existing fiber/coaxial cable networks, including recurring betterments.

(4) Adjusted as if stock options had been expensed in 2005. See Tables 7-A and 7-B for Reconciliation of "As Adjusted" Financial Data.





TABLE 6  
Pro Forma Data - Cable Segment Components  
(Unaudited) ^{(1) (2)}

(dollars in millions, except per subscriber and per unit data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2006	2005	2006	2005
<b>Revenues:</b>				
Video ⁽³⁾	\$4,214	\$3,865	\$16,599	\$15,386
High-Speed Internet	1,454	1,184	5,451	4,445
Phone	302	171	955	658
Advertising	501	398	1,651	1,463
Other ⁽⁴⁾	226	229	908	877
Franchise Fees	197	182	775	727
<b>Total Revenues</b>	<b>\$6,894</b>	<b>\$6,029</b>	<b>\$26,339</b>	<b>\$23,556</b>
Programming Expense			\$5,406	\$5,021
Operating Cash Flow ⁽⁵⁾	\$2,749	\$2,348	\$10,511	\$9,132
Operating Income ⁽⁵⁾	\$1,357	\$922	\$5,246	\$3,652
Operating Cash Flow Margin ⁽⁵⁾	39.9%	38.9%	39.9%	38.8%
Capital Expenditures	\$1,381	\$967	\$4,640	\$4,030

	4Q06	4Q05	3Q06
<b>Video</b>			
Homes Passed (000's)	47,400	46,700	47,200
Basic Subscribers (000's)	24,161	24,081	24,051
Basic Penetration	51.0%	51.6%	50.9%
Quarterly Net Basic Subscriber Additions (000's)	110	28	10
Digital Subscribers (000's)	12,666	10,804	12,053
Digital Penetration	52.4%	44.9%	50.1%
Quarterly Net Digital Subscriber Additions (000's)	613	365	558
Digital Set-Top Boxes	19,492	16,450	18,440
Monthly Average Video Revenue per Basic Subscriber	\$58.41	\$53.54	\$57.75
Monthly Average Total Revenue per Basic Subscriber	\$95.34	\$83.51	\$91.89
<b>High-Speed Internet</b>			
"Available" Homes (000's)	46,902	45,912	46,731
Subscribers (000's)	11,487	9,619	11,000
Penetration	24.5%	21.0%	23.5%
Quarterly Net Subscriber Additions (000's)	488	436	536
Monthly Average Revenue per Subscriber	\$43.12	\$41.99	\$43.14
<b>Phone</b>			
Comcast-Digital Voice			
"Available" Homes (000's)	32,435	18,580	30,800
Subscribers (000's)	1,855	306	1,348
Penetration	5.7%	1.6%	4.4%
Quarterly Net Subscriber Additions (000's)	508	147	483
Circuit Switched Phone			
"Available" Homes (000's)	8,866	8,462	8,858
Subscribers (000's)	652	986	740
Penetration	7.4%	11.7%	8.4%
Quarterly Net Subscriber Additions (000's)	(87)	(56)	(102)
Monthly Average Total Phone Revenue per Subscriber	\$43.92	\$46.20	\$45.09
Total Revenue Generating Units (000's) ⁽⁶⁾	50,822	45,796	49,190
Quarterly Net Additions	1,632	920	1,486

(1) See Non-GAAP and Other Financial Measures in Table 7. All percentages are calculated based on actual amounts. Minor differences may exist due to rounding.

(2) Pro forma financial data includes the results of Susquehanna Communications acquired on April 30, 2006, cable systems acquired in the Adelphia/Time Warner transactions on July 31, 2006, and cable systems serving Houston, Texas included as a result of the dissolution of our cable partnership with Time Warner, which was initiated in July 2006. The net impact of these transactions was to increase the number of basic cable subscribers by 2.6 million.

Pro forma subscriber data also includes 13,000 subscribers acquired in various small acquisitions during 2005. The impact of these acquisitions on our segment operating results was not material.

(3) Video revenues consist of our basic, expanded basic, digital, premium, pay-per-view and equipment services.

(4) Other revenues include installation revenues, guide revenues, commissions from electronic retailing, other product offerings, commercial data services and revenues of our digital media center and regional sports programming networks.

(5) Adjusted as if stock options had been expensed in 2005.

(6) Represents the sum of basic and digital video, high-speed Internet and net phone subscribers, excluding additional outlets. Subscriptions to DVR and/or HDTV services by existing Comcast Digital customers do not result in additional RGUs.



TABLE 7

Non-GAAP and Other Financial Measures

Operating Cash Flow is the primary basis used to measure the operational strength and performance of our businesses. Free Cash Flow is an additional performance measure used as an indicator of our ability to repay debt, make investments and return capital to investors, principally through stock repurchases. We also adjust certain historical data on a pro forma basis following significant acquisitions or dispositions to enhance comparability.

Operating Cash Flow is defined as operating income before depreciation and amortization, excluding impairment charges related to fixed and intangible assets and gains or losses on sale of assets, if any. As such, it eliminates the significant level of non-cash depreciation and amortization expense that results from the capital intensive nature of our businesses and intangible assets recognized in business combinations, and is unaffected by our capital structure or investment activities. Our management and Board of Directors use this measure in evaluating our consolidated operating performance and the operating performance of all of our operating segments. This metric is used to allocate resources and capital to our operating segments and is a significant performance measure in our annual incentive compensation programs. We believe that Operating Cash Flow is also useful to investors as it is one of the bases for comparing our operating performance with other companies in our industries, although our measure of Operating Cash Flow may not be directly comparable to similar measures used by other companies.

As Operating Cash Flow is the measure of our segment profit or loss, we reconcile it to operating income, the most directly comparable financial measure calculated and presented in accordance with generally accepted accounting principles in the United States (GAAP), in the business segment footnote of our quarterly and annual financial statements. Therefore, we believe our measure of Operating Cash Flow for our business segments is not a "non-GAAP financial measure" as contemplated by Regulation G adopted by the Securities and Exchange Commission. Consolidated Operating Cash Flow is a non-GAAP financial measure.

Beginning in 2006, we changed our definition of Free Cash Flow, which is a non-GAAP financial measure, to mean "Net Cash Provided by Operating Activities From Continuing Operations" (as stated in our Consolidated Statement of Cash Flows) reduced by capital expenditures and cash paid for intangible assets; and increased by any payments related to certain non-operating items, net of estimated tax benefits (such as income taxes on investment sales, and non-recurring payments related to income tax and litigation contingencies of acquired companies). We believe that Free Cash Flow is also useful to investors as it is one of the bases for comparing our performance with other companies in our industries, although our measure of Free Cash Flow may not be comparable to similar measures used by other companies.

Pro forma data is used by management to evaluate performance when significant acquisitions or dispositions occur. Historical data reflects results of acquired businesses only after the acquisition dates while pro forma data enhances comparability of financial information between periods by adjusting the data as if the acquisitions (or dispositions) occurred at the beginning of the prior year. Our pro forma data is only adjusted for the timing of acquisitions and does not include adjustments for costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined businesses. We believe our pro forma data is not a non-GAAP financial measure as contemplated by Regulation G.

In certain circumstances we also present data, as adjusted, in order to enhance comparability between periods. In connection with the adoption of FAS 123R, we have adjusted 2005 data as if stock options had been expensed.

Operating Cash Flow and Free Cash Flow should not be considered as substitutes for operating income (loss), net income (loss), net cash provided by operating activities or other measures of performance or liquidity reported in accordance with GAAP. Additionally, in the opinion of management, our pro forma data is not necessarily indicative of future results or what results would have been had the acquired businesses been operated by us after the assumed earlier date.

We provide reconciliations of Consolidated Operating Cash Flow in Table 1, Free Cash Flow in Table 4, Pro Forma and "As Adjusted" in Tables 7-A and 7-B, and Adjusted Net Income in Table 7-C.

TABLE 7-A  
Reconciliation of Pro Forma ⁽¹⁾ "As Adjusted" Financial Data by Business Segment  
(Unaudited)

(dollars in millions)					Cable		Total	
	Cable ⁽²⁾	Programming	Corporate, Other and Eliminations ⁽³⁾⁽⁴⁾	Total	Pro Forma Adjustments ⁽¹⁾⁽⁴⁾	Cable Pro Forma	Pro Forma Adjustments ⁽¹⁾⁽⁴⁾	Total Pro Forma
<b>Three Months Ended December 31, 2005</b>								
Revenue	\$6,895	\$283	(\$147)	\$7,031	(\$1)	\$6,894	\$236	\$7,267
Operating Expenses (excluding depreciation and amortization)	4,146	240	51	4,437	(1)	4,145	147	4,584
Operating Cash Flow	\$2,749	\$43	(\$198)	\$2,594	\$ -	\$2,749	\$89	\$2,683
Depreciation and Amortization	1,388	42	(54)	1,376	4	1,392	69	1,445
Operating Income (Loss)	\$1,361	\$1	(\$144)	\$1,218	(\$4)	\$1,357	\$20	\$1,238
Capital Expenditures	\$1,381	(\$2)	(\$35)	\$1,344	\$ -	\$1,381	\$50	\$1,394
<b>Three Months Ended December 31, 2006</b>								
Revenue	\$5,108	\$235	\$73	\$5,416	\$919	\$6,027	\$920	\$6,336
Segment reclassifications ⁽⁵⁾	2	-	(2)	-	-	2	-	-
Revenue	\$5,110	\$235	\$71	\$5,416	\$919	\$6,029	\$920	\$6,336
Operating Expenses (excluding depreciation and amortization)	3,051	200	125	3,376	608	3,659	609	3,985
Segment reclassifications ⁽⁵⁾	(8)	5	3	-	-	(8)	-	-
Stock option adjustment ⁽⁶⁾	30	(2)	(28)	-	-	30	-	-
Operating Cash Flow	\$2,037	\$32	(\$29)	\$2,040	\$311	\$2,348	\$311	\$2,351
Depreciation and Amortization	1,134	42	15	1,191	292	1,426	291	1,482
Operating Income (Loss)	\$903	(\$10)	(\$44)	\$849	\$19	\$922	\$20	\$869
Capital Expenditures	\$815	\$5	\$48	\$868	\$152	\$967	\$118	\$986

Reconciliation of Total Pro Forma ⁽¹⁾ "As Adjusted" Financial Data

(dollars in millions)	Three Months Ended December 31,					
	2005		2006		% Growth	% Growth
	Total Pro Forma	Adjustment ⁽⁶⁾	Total Pro Forma As Adjusted	Total Pro Forma	As Adjusted	As Adjusted
Revenue	\$6,336	\$ -	\$6,336	\$7,267	15%	15%
Operating Expenses (excluding depreciation and amortization)	3,985	48	4,033	4,584		
Operating Cash Flow	\$2,351	(\$48)	\$2,303	\$2,683	16%	14%
Depreciation and Amortization	1,482	-	1,482	1,445		
Operating Income (Loss)	\$869	(\$48)	\$821	\$1,238	51%	43%
Operating Cash Flow Margin	37.1%	NM	36.4%	36.9%		

Reconciliation of Total "As Adjusted" Financial Data

(dollars in millions, except per share data)	Three Months Ended December 31,					
	2005		2006		% Growth	% Growth
	Historical Total	Adjustment ⁽⁶⁾	As Adjusted	Total	As Adjusted	As Adjusted
Revenue	\$5,416	\$ -	\$5,416	\$7,031	30%	30%
Operating Expenses (excluding depreciation and amortization)	3,376	48	3,424	4,437		
Operating Cash Flow	\$2,040	(\$48)	\$1,992	\$2,594	30%	27%
Depreciation and Amortization	1,191	-	1,191	1,376		
Operating Income (Loss)	\$849	(\$48)	\$801	\$1,218	52%	43%
Operating Cash Flow Margin	37.7%	NM	36.8%	36.9%		
Earnings Per Share	\$0.06	(\$0.01)	\$0.05	\$0.18	260%	200%

(1) Pro forma data is adjusted only for timing of acquisitions (or dispositions) and does not include adjustments for costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined businesses. Pro Forma results are presented as if the acquisitions and dispositions were effective on January 1, 2005. Minor differences may exist due to rounding.

(2) Beginning on August 1, 2006, the cable segment includes the operating results of the cable systems serving Houston, TX as a result of the dissolution of our cable partnership with Time Warner. This adjustment is reversed in the Corporate, Other and Eliminations column to reconcile to our consolidated amounts.

(3) Cable Pro Forma adjustments include cable systems serving Houston, TX prior to August 1, 2006.

(4) Total Pro Forma adjustments include cable systems serving Houston, TX for all periods.

(5) To be consistent with our management reporting, reclassifications were made to technology development ventures, programming headquarters and other.

(6) To be consistent with our management reporting, the 2005 segment amounts have been adjusted as if stock options had been expensed as of January 1, 2005. For the three months ended December 31, 2005, the adjustments reducing operating income before depreciation and amortization by segment were \$30 million for Cable, (\$2) million for Programming and \$20 million for Corporate and Other. For the three months ended December 31, 2005, the total adjustment of \$48 million is reversed in the Corporate, Other and Eliminations column to reconcile to our consolidated 2005 amounts.

**TABLE 7-B**  
**Reconciliation of Pro Forma ⁽¹⁾ "As Adjusted" Financial Data by Business Segment**  
 (Unaudited)

(dollars in millions)					Cable		Total	
	Cable ⁽²⁾	Programming	Corporate, Other and Eliminations ^{(3) (6)}	Total	Pro Forma Adjustments ^{(1) (2)}	Cable Pro Forma	Pro Forma Adjustments ^{(1) (4)}	Total Pro Forma
<b>Twelve Months Ended December 31, 2006</b>								
Revenue	\$24,100	\$1,053	(\$187)	\$24,966	\$2,239	\$26,339	\$2,629	\$27,595
Operating Expenses (excluding depreciation and amortization)	14,396	812	316	15,524	1,432	15,828	1,681	17,205
Operating Cash Flow	\$9,704	\$241	(\$503)	\$9,442	\$807	\$10,511	\$948	\$10,390
Depreciation and Amortization	4,657	166	-	4,823	608	5,265	676	5,499
Operating Income (Loss)	\$5,047	\$75	(\$503)	\$4,619	\$199	\$5,246	\$272	\$4,891
Capital Expenditures	\$4,327	\$16	\$52	\$4,395	\$313	\$4,640	\$291	\$4,686
<b>Twelve Months Ended December 31, 2005</b>								
Revenue	\$19,979	\$919	\$177	\$21,075	\$3,569	\$23,548	\$3,570	\$24,645
Segment reclassifications ⁽⁵⁾	8	-	(8)	-	-	8	-	-
Revenue	\$19,987	\$919	\$169	\$21,075	\$3,569	\$23,556	\$3,570	\$24,645
Operating Expenses (excluding depreciation and amortization)	11,941	636	426	13,003	2,384	14,325	2,385	15,388
Segment reclassifications ⁽⁵⁾	(17)	10	7	-	-	(17)	-	-
Stock option adjustment ⁽⁶⁾	116	1	(117)	-	-	116	-	-
Operating Cash Flow	\$7,947	\$272	(\$147)	\$8,072	\$1,185	\$9,132	\$1,185	\$9,257
Depreciation and Amortization	4,346	154	51	4,551	1,134	5,480	1,133	5,684
Operating Income (Loss)	\$3,601	\$118	(\$198)	\$3,521	\$51	\$3,652	\$52	\$3,573
Capital Expenditures	\$3,409	\$16	\$196	\$3,621	\$621	\$4,030	\$463	\$4,084

**Reconciliation of Total Pro Forma ⁽¹⁾ "As Adjusted" Financial Data**

(dollars in millions)	Twelve Months Ended December 31,					
	2005		2006		% Growth	% Growth
	Total Pro Forma	Adjustment ⁽⁶⁾	Total Pro Forma As Adjusted	Total Pro Forma	As Adjusted	As Adjusted
Revenue	\$24,645	\$ -	\$24,645	\$27,595	12%	12%
Operating Expenses (excluding depreciation and amortization)	15,388	166	15,554	17,205		
Operating Cash Flow	\$9,257	(\$166)	\$9,091	\$10,390	14%	12%
Depreciation and Amortization	5,684	-	5,684	5,499		
Operating Income (Loss)	\$3,573	(\$166)	\$3,407	\$4,891	44%	37%
Operating Cash Flow Margin	37.6%	NM	36.9%	37.7%		

**Reconciliation of Total "As Adjusted" Financial Data**

(dollars in millions, except per share data)	Twelve Months Ended December 31,					
	2005		2006		% Growth	% Growth
	Historical Total	Adjustment ⁽⁶⁾	As Adjusted	Total	As Adjusted	As Adjusted
Revenue	\$21,075	\$ -	\$21,075	\$24,966	18%	18%
Operating Expenses (excluding depreciation and amortization)	13,063	166	13,169	15,524		
Operating Cash Flow	\$8,072	(\$166)	\$7,906	\$9,442	19%	17%
Depreciation and Amortization	4,551	-	4,551	4,823		
Operating Income (Loss)	\$3,521	(\$166)	\$3,355	\$4,619	38%	31%
Operating Cash Flow Margin	38.3%	NM	37.5%	37.8%		
Earnings Per Share	\$0.42	(\$0.04)	\$0.38	\$1.19	213%	183%

- Pro forma data is adjusted only for timing of acquisitions (or dispositions) and does not include adjustments for costs related to integration activities, cost savings or synergies that have been or may be achieved by the combined businesses. Pro Forma results are presented as if the acquisitions and dispositions were effective on January 1, 2005. Minor differences may exist due to rounding.
- Beginning on August 1, 2006, the cable segment includes the operating results of the cable systems serving Houston, TX as a result of the dissolution of our cable partnership with Time Warner. This adjustment is reversed in the Corporate, Other and Eliminations column to reconcile to our consolidated amounts.
- Cable Pro Forma adjustments include cable systems serving Houston, TX prior to August 1, 2006.
- Total Pro Forma adjustments include cable systems serving Houston, TX for all periods.
- To be consistent with our management reporting, reclassifications were made to technology development ventures, programming headquarters and other.
- To be consistent with our management reporting, the 2005 segment amounts have been adjusted as if stock options had been expensed as of January 1, 2005. For the twelve months ended December 31, 2005, the adjustments reducing operating income before depreciation and amortization by segment were \$116 million for Cable, \$1 million for Programming and \$49 million for Corporate and Other. For the twelve months ended December 31, 2005, the total adjustment of \$166 million is reversed in the Corporate, Other and Eliminations column to reconcile to our consolidated 2005 amounts.



**TABLE 7-C**  
**Reconciliation of Net Income to Adjusted Net Income**  
 (Unaudited)

(dollars in millions, except per share data)	Three Months Ended December 31,			
	2006		2005	
	\$	EPS ⁽¹⁾	\$	EPS ⁽¹⁾
Net Income	\$390	\$0.18	\$133	\$0.06
Adjustments:				
Investment income	-	-	53	0.02
Other income	-	-	5	-
Tax effect of adjustments (at 40% and refinement of effective tax rate)	-	-	(111)	(0.05)
Adjustment to gain on discontinued operations, net of tax	(39)	(0.02)	-	-
Adjustment to gain on Adelphia/Time Warner transactions, net of tax	(30)	(0.01)	-	-
Adjusted Net Income ⁽²⁾	\$459	\$0.21	\$186	\$0.09

(dollars in millions, except per share data)	Twelve Months Ended December 31,			
	2006		2005	
	\$	EPS ⁽¹⁾	\$	EPS ⁽¹⁾
Net Income	\$2,533	\$1.19	\$928	\$0.42
Adjustments:				
Investment income	-	-	89	0.04
Other income (expense)	-	-	(56)	(0.02)
Tax effect of adjustments (at 40% and refinement of effective tax rate)	-	-	(13)	(0.01)
Gain on discontinued operations, net of tax	195	0.09	-	-
Gain on Adelphia/Time Warner transactions, net of tax	405	0.20	-	-
Adjusted Net Income ⁽²⁾	\$1,933	\$0.90	\$908	\$0.41

(1) Based on diluted average number of common shares for the respective periods as presented in Table 1.

(2) For 2006, Adjusted Net Income excludes a one-time gain on discontinued operations, net of tax, and a one-time investment gain, net of tax, related to the Adelphia/Time Warner transactions.

For 2005, Adjusted Net Income excludes Investment Income and Other Income (Expense) (as presented in our Consolidated Statement of Operations), net of a 40% income tax rate and excludes in the fourth quarter of 2005 a refinement to our effective tax rate.

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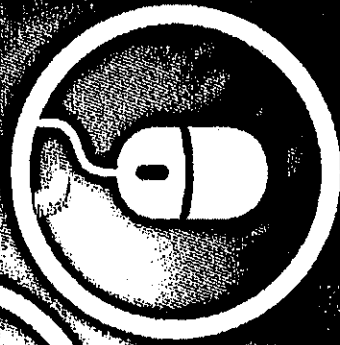
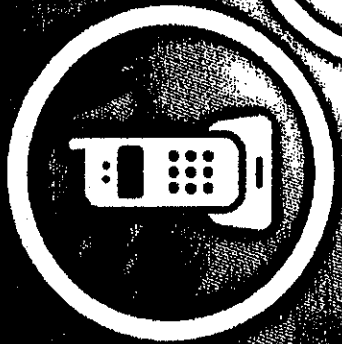
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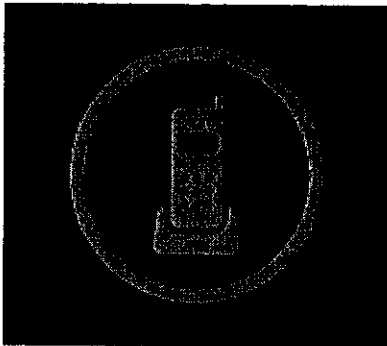
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## Comcast Names William Stemper President of Comcast Business Services

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PHILADELPHIA, Aug. 7 /PRNewswire/ -- Comcast Corporation (Nasdaq: CMCSA, CMCSK), the country's leading provider of cable, entertainment and communications products and services, announced today that William Stemper has been appointed President of Comcast Business Services and Senior Vice President of Comcast Cable.

In this newly created position, Mr. Stemper will oversee Comcast's business services strategy to facilitate the deployment of new and existing communications products and services for business customers. He will report to Dave Watson, Executive Vice President of Operations for Comcast.

"Bill has tremendous leadership experience and an outstanding record of successfully delivering high-value solutions for business customers," said Mr. Watson. "I'm thrilled that he will lead Comcast's continued efforts as we leverage our unparalleled network to deliver video, voice and data services for the business marketplace."

Mr. Stemper has over 25 years of industry experience, most recently serving as Vice President of Cox Business Services for Cox Communications in Atlanta, GA. Prior to that, he held key executive positions for AT&T Corporation that focused on serving the needs of business customers in the United States and Europe.

Mr. Stemper holds a master's degree in Business Administration from the University of Pennsylvania's Wharton School of Business and a bachelor's degree in Electrical Engineering from Marquette University in Milwaukee, WI. He will relocate to Philadelphia from Atlanta with his family.

### About Comcast

Comcast Corporation (Nasdaq: CMCSA, CMCSK) (<http://www.comcast.com>) is the nation's leading provider of cable, entertainment and communications products and services. With 23.3 million cable customers, 10 million high-speed Internet customers, and 1.6 million voice customers, Comcast is principally involved in the development, management and operation of broadband cable systems and in the delivery of programming content.

Comcast's content networks and investments include E! Entertainment Television, Style Network, The Golf Channel, OLN, G4, AZN Television, PBS KIDS Sprout, TV One and four regional Comcast SportsNets. Comcast also has a majority ownership in Comcast Spectacor, whose major holdings include the Philadelphia Flyers NHL hockey team, the Philadelphia 76ers NBA basketball

## Rocky Mountain News

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### Comcast to target businesses

Centennial call center to aid phone service

By Joyzelle Davis, Rocky Mountain News

March 21, 2007

Comcast, which traditionally has focused on residential customers, is poised for an aggressive push into the \$15 billion small-business market.

Comcast on Tuesday announced the opening of a Centennial call center that's one of two facilities nationwide dedicated to the company's small-business clientele. The center initially will be staffed by 100 employees and has room to expand to 400.

The Centennial office will play an integral part in the nation's largest cable company's plans to offer a bundle of phone, Internet and video services to the estimated 5 million small businesses in its territory. Comcast already offers Internet and pay TV to businesses but will ramp up efforts when it launches phone service later this year, said Jim Erickson, Comcast's vice president of business services for the west division.

"The companies that serve the small-to-medium business market have taken them for granted, and these people are looking for a choice," Erickson said.

Comcast is conducting a "very small trial" of its phone service for businesses in the Denver market and hasn't set an official launch date, he said. Nationwide, the company plans to spend \$250 million this year and \$3 billion over the next five years to build out its commercial phone network.

In going after the business market, Comcast is looking to replicate the success it has had since launching Internet-based phone service for residential customers. Some two years after launching its service, Comcast has more than 2 million subscribers nationwide.

Other cable companies, including Cablevision and Cox, also are eyeing business as the next growth engine after residential voice service.

Telecom companies sell all business customers about \$115 billion in services each year, but Comcast is focusing on businesses with fewer than 75 employees with an emphasis on workplaces with fewer than 20.

Qwest Communications, which had 2.87 million business land lines last year, says it's ready for the challenge. More than a year ago, the Denver-based telco switched its customer service structure to offer businesses a dedicated person for their accounts rather than regular call center support and has a specialized call center targeting Hispanic businesses.

Qwest also emphasizes that it can offer services to businesses throughout the country, not only in its 14-state local phone territory.

[davisj@RockyMountainNews.com](mailto:davisj@RockyMountainNews.com) or 303-954-2514

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News

A foam hand that illustrates treating the customer as No. 1 sits on the desk of Josh Hammes as he takes calls Monday at Comcast's new business services support center in Centennial.



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# Forget the triple play--wireless ups the ante

By Marguerite Reardon  
Staff Writer, CNET News.com  
Published: January 4, 2007, 4:02 AM PST

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**If 2006 was the year of the triple play, 2007 may very well be the year of the quadruple bundle as cable operators and phone companies start to integrate mobile wireless services into their service packages.**

Even though AT&T will soon own all of Cingular Wireless, and Verizon Communications owns a significant stake in Verizon Wireless, the cable industry seems to be taking an early lead in actually integrating the services and rolling them out to customers.

"Depending on how well mobile services are received by cable customers, it could up the ante in the battle between cable and phone companies," said Jim Penhune, an analyst with Strategy Analytics. "It will force the phone companies to readdress the market and get more serious about integrating their own wireless services into their offering."

Starting this year, all four of the cable operators involved in a joint venture with wireless carrier Sprint Nextel will launch their integrated mobile phone service. Comcast and Time Warner, which have already announced public pilot programs, are expected to expand their service in 2007. And Cox Communications and Advanced Newhouse also are expected to begin offering the service in 2007.

For cable operators, adding wireless to their bundle, which already includes high-speed Internet access, telephony and video services, means more than just providing customers with a single bill and a discount for buying more than one service. These companies see mobility as a way to add more convenience and value to services they already subscribe to.

"There is no question that wireless ties all of our services together," said Tom Nagel, senior vice president and general manager of wireless services at Comcast. "The idea is you can take the services you enjoy at home with you when you're on the go using a mobile device."

In the initial launch Comcast, Advanced Newhouse, Time Warner and Cox will allow customers to access their e-mail, cable TV guide and home voice mail from their cell phones. They'll offer some video content



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on their phones that would otherwise be available only at home. Eventually, the cable companies want to allow customers to be able to do things like program their DVRs remotely from their handsets.

**Still early in development**

But the companies admit that they are still in the early stages of developing these services. This past year, they've focused mainly on logistics, such as offering customers a single bill that details charges for all their services, including, broadband, voice, TV and wireless. They've also been training sales and support staff to handle the new wireless service. And they've worked on getting the basics of the service in place, such as simplifying the user interfaces so that customers can easily navigate the services and so that those services feel familiar and comfortable to customers.

This means that when customers access their e-mail or view the cable TV guide on their phone, the interface on the phone will be similar to what they see on the PC screen or on their TV at home. The voice mail service doesn't provide a single mailbox, but it offers the home voice mail mailbox as an option in the menu when checking for wireless voice mail messages.

"We know customers aren't begging for a bundled bill," said John Garcia, president of the Sprint-Cable Joint Venture. "And they don't necessarily want a new service. What they really want is for the services they already have to work together."

While they may not be as far along as the cable operators and Sprint in developing an integrated wireless service, the phone companies made it clear during the past several months that they will add wireless services to their bundles. During the second half of 2006, Verizon began offering a voice-services bundle that allowed people to talk for free between their cell phones and their Verizon home phones. It also provides a single voice mailbox. But the service is limited to certain customers in Texas and Florida. And it doesn't yet integrate any of the broadband or TV services the company is offering.

CONTINUED: Change on the horizon...

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## ■ ■ Regulatory Event Risk Headlines Fitch's U.S. Telecom Outlook for 2007

29 Nov 2006 9:30 AM (EST)

Fitch Ratings-Chicago-29 November 2006: Fitch believes that regulatory event risk will play a major role in the competitive and financial prospects of telecommunications operators in 2007. The inability of Congress, along with the Federal Communications Commission (FCC), to address key telecommunications issues related to Universal Service Funding (USF), inter-carrier compensation and video franchising in 2006 has shifted this growing event risk into 2007. The difficulty in resolving these regulatory issues highlights the potential changes being considered, the diversity of opinion and its ability to have dramatically different outcomes for the various telecommunications operators. Further complicating this situation is the recent political shift of power in Congress. The earlier telecommunications reform efforts will likely have to start over with a need for bipartisan support. It seems likely that USF reform and net-neutrality will be key issues in any future reform plans.

Along with telecommunications legislative reform, a variety of proposals from the FCC and other industry groups, are being evaluated that could have a significant impact on the industry. Some examples would include the FCC investigating a 'reverse auction' plan to resolve many of the funding and disbursement challenges associated with USF. A 'reverse auction' could limit high cost support from USF to a single operator willing to receive the least amount of support in a given study area. Another proposal called the 'Missoula' plan would reform inter-carrier compensation rules reducing access rates in place of higher subscriber line charges (SLC) and capturing originating traffic from non-traditional phone providers. Along with these plans, and others, the timing and approach to implementation will be as important as the change itself

to the prospects of individual operators. Fitch believes that material change in regulatory rules is probable in 2007 and it is possible that these changes will result in variability of business prospects and competitive pressures for the industry. Pressures that have a significant negative affect on financial stability would be recognized by credit rating downgrades or Rating Outlook revisions.

The competitive impacts of technological change remained intense, as expected, in 2006 and this should continue in 2007. Cable multiple system operators (MSOs) have aggressively rolled-out digital telephony services using voice over Internet protocol (VoIP) technology that has increased retail access line erosion of incumbent local exchange carriers (ILECs). The scale of this erosion, which is expected to reach a total of approximately 6 million, representing cable telephony net additions in 2006 of more than 3 million, has increased with the widespread availability of cable telephony and its associated multi-service bundles. Fitch expects this trend to continue in 2007 as pent-up demand is satisfied and MSOs complete aggressive roll-out marketing plans in new service areas. Wireless substitution will remain an equally significant source of access line erosion in 2007 as it was in 2006, with an increasingly aggressive prepaid product focus.

Business revenues should be a source of strength in 2007 for telecommunications operators. Pricing pressure, associated with new higher bandwidth and more flexible data technologies, has been a challenge to producing material revenue growth in the enterprise space even though growth in demand continues. These pricing pressures have moderated to some degree in 2006 and this trend should continue in 2007 allowing enterprise to be a source of financial growth in the coming year. Economic strength has led to meaningful growth of the small and regional business customer environment, which is expected to continue in 2007.

The wireless industry experienced a slowing of both revenue and subscriber growth in 2006 and both these trends will continue in 2007. Beyond, competitive impacts on pricing and subscriber additions, the mix of post-paid and pre-paid subscribers is changing with pre-paid becoming an increasing percentage of the total customer mix. Through mid-06, prepaid and reseller

subscribers represented approximately 13.1% of total subscribers in the U.S. compared to 12.5% and 10.6% at year-end 2005 and 2004, respectively. Pre-paid subscribers have a materially lower average revenue per user (ARPU) and higher churn rate compared to post-paid subscribers. Therefore, a continuing trend of the industry adding a greater number of prepaid customers will create greater negative pressure on ARPU and churn. While third-generation wireless technology offers advanced data rates, these will likely not fully offset the voice revenue pressures in the industry in 2007 which would create a slowing of financial growth in 2007.

Merger and acquisition activity has been strong in 2006 and should continue in 2007 with the focus on mid-tier and rural service provider consolidation. Changing business prospects, in part due to regulatory uncertainties, in these areas along with the recognized benefits of scale should produce more momentum for rural ILEC acquisition activity along with other mid-tier telecommunications operators in the carrier and data markets. Fitch believes the degree of acquisition activity will be closely linked to the regulatory and economic developments in the telecommunications sector in 2007.

From a recovery ratings perspective, which applies generally only to speculative-grade issuers, consolidation, economic stability and growing telecommunications service demand has led to a general strengthening of recovery values in the sector. This trend should continue in 2007, particularly if consolidation activity remains strong.

#### Wireline Outlook:

Wireline revenues continue to be pressured by access line erosion associated with wireless substitution, cable MSO telephony offerings, wholesale voice connections and high-speed data second line substitution. Total switched access line erosion has increased from approximately 5.3% in 2004 to approximately 6.5% in 2005 and is on pace to increase to approximately 6.8% in 2006. Looking more closely at the components of this erosion shows that retail access line erosion was approximately 5% in 2004 and then jumped to 7% in 2005 and will reach 8% in 2006. The large jump in retail access line erosion in 2005 is a



combination of increased wireless substitution, the introduction of cable telephony and the requirement changes associated with unbundled network elements. The increase in 2006 is largely the result of the increased coverage of cable telephony and the success of that offering. Fitch believes that the percentage of erosion from wireless substitution will continue relatively constant, while second line substitution will fall as the total of those lines decreases, but that cable telephony will see increased success in 2007 resulting in aggregate industry retail access line erosion of greater than 8%. Business access lines have had a stable aggregate erosion rate of between 2.5%-3% since the beginning of 2005 and that this level will continue in the future. As a result, total aggregate access line erosion should approximate 7%-7.25% in 2007. Data revenues, a partial offset to access line erosion pressures, will grow in 2006 in the high single digit range due to strong digital subscriber line (DSL) additions. DSL net additions for 2006 will reach approximately 6 million, which would be a double digit increase from full year 2005 additions of approximately 5.1 million. DSL additions should again be strong in 2007, with an increase of approximately 6.6 million lines. Data revenues now represent approximately 33% of total wireline revenues and almost 20% of total consolidated revenues. In spite of stronger data growth, total wireline revenues will likely be flat, to slightly down, in 2007 when compared to 2006.

Aggregate ILEC margins should be flat to slightly down in 2007 due in part to the timing of synergies and integration expenses of the variety of acquisitions and mergers from the past couple years continues. Additionally, potential regulatory changes and spreading cable competition could have a greater impact on rural ILECs cash flow leading to lower margins for these operators. Furthermore, strategic, but costly, broadband and video deployments at AT&T and Verizon will add pressure to aggregate telecommunications margins. As a result, Fitch expects that wireline EBITDA could be flat to slightly down, on aggregate, for 2007.

Regional Bell Operating Companies (RBOC):

Fitch believes relatively stable ratings are in store in 2007 for the Regional Bell

Operating Companies (RBOCs). Both AT&T Inc. and Verizon Communications are expected to derive increased merger synergies from their respective acquisitions of AT&T Corp. and MCI, as integration efforts enter their second year, and integration costs decline. For AT&T, the completion of the BellSouth merger will be important, but the timing of the final approval from the FCC is uncertain as the agency has delayed the approval of the merger more than once already. Nevertheless, Fitch expects the merger ultimately to be approved. Positive aspects of the post-merger AT&T and Verizon include their diverse service offerings, strong wireless businesses and solid balance sheets. The principal negative characteristics of post-merger AT&T and Verizon, along with Qwest Communications International Inc. (Qwest) include the exposure of their consumer wireline businesses to ongoing wireless substitution and the rise of competition from cable MSOs which have virtually completed their voice service deployments. AT&T and Verizon are affected by the timing differences between the cable MSO telephony offerings, and the nascent stage of their own network-based video deployments. As a consequence of improving the competitive position of their networks, AT&T's and Verizon's re-investment levels remain high. Cash flows are expected to grow moderately for the AT&T and Verizon due to strong wireless results, and additional merger synergies. Qwest should also experience modest growth on continued expense reduction. Fitch does not expect the RBOCs to decrease debt levels in 2007. AT&T's debt is expected to increase modestly, as the remaining \$7 billion-\$8 billion of its \$10 billion stock repurchase program is completed during 2007. Verizon, having shed approximately \$7 billion in debt through the spin-off of its directory business in the fourth quarter of 2006, is expected to maintain relatively flat debt levels, with ongoing leverage sustained modestly below recent historical levels. Qwest should reduce debt only as maturities occur, which should lead to a reduction of approximately \$474 million in 2007.

Rural Local Exchange Carriers (RLECs):

Fitch believes trends in the rural local exchange carrier (RLEC) segment and reliance on traditional sources of wireline revenue warrant a more negative outlook than for the industry as a whole. In 2007, heightened competitive forces

raise the risk of weaker financial results, and an uncertain regulatory environment could also pose a problem. Rural carriers have a greater reliance on universal service funds and intercarrier compensation revenues, two sources of revenue that have been subject to protracted reform processes. Free cash flows for the RLEC sector are quite strong, however, surplus cash flows have generally been returned to equity holders in the form of dividends and share repurchases. Thus carriers have had relatively stable debt levels and minimal cash balances.

#### Wireless Outlook:

Overall, wireless sector fundamentals remained positive in 2006 due to steady subscriber penetration gains, improved churn and relatively stable ARPU with strong growth in data revenue moderately offsetting the voice ARPU pressure from lower-valued subscribers. The strength in the results was driven by the network integration efforts at Cingular and strong operational performance at Verizon Wireless. While industry gross additions should increase to the mid-single digits in 2006, postpaid gross additions are on pace for a mid-single digit decline, while prepaid / reseller gross additions are expected to grow robustly in the 40% range as the subscriber mix changes due to the focus on the youth segment. Aggregate industry churn for the year should improve modestly to approximately 1.9%. Aggregate net additions will decrease in the mid-single digit range to approximately 21 million, a decrease of 2 million from the high point in 2005. Postpaid net additions should decline in the mid-teen range, although partially offset by strong gains in the prepaid and reseller segment. Consequently, these operational measures will lead to solid growth in revenue and EBITDA in the low double digit range although growth slowed from a year ago when accounting for consolidation within the industry. For the fourth quarter of 2006, data revenue should approach an annualized revenue stream of \$17 billion compared with \$10 billion a year ago. Margins are expected to improve by approximately 200 basis points to 33% largely driven by cost structure improvements at Cingular and increased scale in Verizon Wireless' operations.

Fitch expects gross additions will be slightly higher in 2007 with growing

pressure on churn, causing aggregate net additions to decrease by approximately 4-5 million from 2006 to the 16-17 million range. Aggregate churn is expected to increase slightly in 2007 with some improvements in postpaid churn being more than offset by an increasing mix of higher churn, lower economic value users in the total subscriber base. With these trends and Sprint Nextel's operational issues, Fitch expects aggregate revenue growth to further slow in the upper single digit range as ARPU is somewhat pressured despite the growth expected in data revenue. Since Verizon Wireless, Cingular and Sprint Nextel Corp. have completed the majority of the nationwide deployments for wireless broadband data with code division multiple access (CDMA) evolution data optimized (EV-DO) or universal mobile telecommunications system (UMTS)/high-speed downlink packet access (HSDPA) technology, Fitch expects good prospects for continued data revenue growth, particularly as data plan price points fall and broader availability of different data handsets and applications increase the adoption rate. By the fourth quarter of 2007, data services could have an annualized run-rate of approximately \$26 billion. While further integration efforts at Cingular and continued strong operating performance at Verizon Wireless will assist in improving EBITDA margins to approximately 35% in 2007, network build-outs beginning in late 2007 at T-Mobile and Sprint Nextel will likely pressure any additional improvement beyond 2007. In addition, given Sprint Nextel's recent weak performance, Fitch is concerned the subscriber trends coupled with the positive momentum generated by Verizon Wireless' strong results and Cingular's improved operational performance could exacerbate the challenges that Sprint Nextel faces in stabilizing its performance in light of their numerous operational issues.

- ALLTEL Corp. ('A', Stable Outlook)
- American Tower Corp. ('BB-', Positive Outlook)
- AT&T Inc. ('A', Stable Outlook)
- BCE Inc. ('BBB+', Stable Outlook)
- BellSouth Corp. ('A', Stable Outlook)
- Centennial Communications Corp. ('B-', Stable Outlook)
- CenturyTel, Inc. ('BBB', Stable Outlook)

- Cincinnati Bell, Inc. ('B+', Stable Outlook)
- Citizens Communications ('BB', Stable Outlook)
- Dobson Communications Corp. ('B-', Stable Outlook)
- Embarq Corp. ('BBB-', Stable Outlook)
- Level 3 Communications, Inc. ('CCC', Positive Outlook)
- Qwest Communications International, Inc. ('BB', Stable Outlook)
- Rogers Communications, Inc. ('BB', Positive Outlook)
- Rural Cellular Corp. ('CCC', Stable Outlook)
- Sprint Nextel Corp. ('BBB+', Negative Outlook)
- Telecomunicaciones de Puerto Rico, Inc. ('BBB+', Stable Outlook)
- Telephone & Data Systems, Inc. ('BBB+', Rating Watch Negative)
- TELUS Corp. ('BBB+', Stable Outlook)
- Verizon Communications ('A+', Stable Outlook)
- Windstream Corp. ('BB+', Stable Outlook)

Contact: Michael Weaver +1-312-368-3256, Chicago.

Media Relations: Brian Bertsch, New York, Tel: +1 212-908-0549.

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## Cable Racks Up Over 1 Million VOIP Subs in Q2

SEPTEMBER 18, 2006

Shattering their old quarterly record for VOIP subscriber gains, North American cable operators signed up more than 1 million IP phone customers for the first time during the spring, according to the latest figures compiled by *Cable Digital News*.

Using mainly the publicly reported figures of cable companies, *CDN* estimates that U.S. and Canadian MSOs collectively netted 1.03 million new VOIP customers in the second quarter of 2006, beating their first-quarter VOIP gains by about 100,000 subscribers. As a result, *CDN* reckons that the North American cable industry ended June with approximately 4.8 million IP phone customers, up from slightly less than 3.7 million customers at the close of the first quarter and slightly more than 2.7 million at the end of last year.

The spring surge occurred even though the second quarter is traditionally the weakest three-month period of the year for the cable guys because of temporary service disconnects by college students and snowbirds leaving their homes for the summer. It came at the same time that U.S. and Canadian MSOs added about 1.18 million high-speed Internet access subscribers, suggesting that most new cable broadband data customers are also opting for broadband voice service.

The second-quarter totals mean that North American cable operators are now signing up an average of about 11,000 new customers a day for IP phone service, up from 9,900 customers per day in the first quarter. Although impressive, that's not too surprising given that all three of the biggest cable IP phone players — Time Warner Cable, Cablevision Systems, and Comcast — are now signing up close to 10,000 or more subscribers every week.

In addition, the latest figures mean that U.S. and Canadian MSOs, with 1.9 million new VOIP subscribers under their belts after the first half of the year, are well on their way to signing up close to 4 million phone customers this year. In a recent *Cable Industry Insider* report, *Light Reading* projected that cable operators would rack up at least 3.8 million VOIP subscribers this year and another 5 million next year, boosting the industry's grand total to 11.5 million.

Overall, the cable industry now counts more than 7 million telephony subscribers, including those using older, more traditional circuit-switched technology. Cox Communications and Comcast, with at least 2.3 million circuit-switched phone customers between them, together account for nearly all of the non-VOIP subscribers.

As several RBOCs have admitted in their recent quarterly earnings report, cable's gains are coming at least partly at the phone companies' expense. The phone industry's exact losses to cable have been hard to quantify, though, because the wireless industry's growth is taking its toll on landline connections at the same time.

In the latest market analyst report last month, for example, *Primetrica* noted that the five largest telcos — AT&T, Verizon, BellSouth, Qwest, and *Embarq* — collectively lost nearly 2.6 million switched access lines in the second quarter. But the firm didn't break down the losses between cable gains and wireless substitution.

As they have for the past two years, Time Warner and Cablevision continue to dominate the cable VOIP business, combining to add more than 355,000 phone subscribers in the second quarter. The two MSOs ended June with more than 2.6 million IP phone customers between them, still more than half of the entire industry total.

But, while Time Warner and Cablevision continue to lead the pack, other large MSOs are starting to make big strides in the VOIP market, too. In particular, Comcast and Charter Communications are now picking up speed after getting off to a relatively late start.

Plus, several large, slower-moving MSOs are finally entering the VOIP market. One laggard, *CableOne*, started rolling out service in May, while another, *Insight Communications*, plans to launch VOIP later this

month.

Although it cooled off from its torrid pace at the start of the year, Time Warner easily maintained its position as the top cable VOIP provider by netting 234,000 new customers in the second quarter, down from its record-high total of 270,000 in the preceding quarter and 242,000 in the year-ago period. With the increase, the company raised its overall "Digital Phone" customer count to 1.6 million, at least 600,000 customers higher than Cablevision, its closest cable rival.

Taking questions on the company's earnings call last month, Time Warner officials shrugged off analysts' concerns about the company's slight decline in VOIP sales growth. Defending the MSO's performance, Jeff Bewkes, chairman of the company's Entertainment & Networks Group, said "the second-quarter voice numbers are always seasonally down and have been most years." He also noted that Time Warner is seeing penetration levels of 15 to 20 percent in some of its older phone markets, such as Albany, Syracuse, and San Antonio.

Second-place Cablevision enlisted 122,234 VOIP subscribers in the spring quarter, boosting its Optimum Voice subscriber total to about 988,000. The MSO, which has since become the second cable operator to clear the 1 million-subscriber barrier, also raised its industry-leading VOIP penetration rate to 21.9 percent of homes passed in the New York metro area.

Picking up ground on both leaders, Comcast snared 306,000 VOIP subscribers in the quarter, up an impressive 45 percent from 211,000 in the preceding quarter. With the gain, the continent's largest MSO boosted its total IP phone customer count to 721,000, putting it in position to scale the 1 million customer mark by the fall. In his remarks during the company's second-quarter earnings call, Comcast COO Steve Burke said the MSO is now signing up about 23,000 VOIP subscribers per week, up from 16,000 per week in the first quarter and 10,000 per week last fall.

Tickled by the results, Comcast officials have hiked their VOIP signup goals for the year. They now expect to add 1.3 million to 1.4 million IP phone subscribers by year's end, up from their earlier projections of a cool 1 million subscribers.

Cox, the cable industry's biggest overall phone player with 1.8 million circuit-switched and VOIP subscribers, does not break down its customer totals by technology. But the privately owned MSO which added an estimated 70,000 IP phone customers in the spring is aggressively expanding its VOIP reach. The company introduced service in the Cleveland area in July and plans to roll out VOIP to its last four markets by early next year.

- Alan Breznick, Site Editor, *Cable Digital News*

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**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL  
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,  
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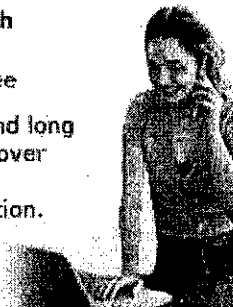
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## Integra Telecom News Release

### Integra Telecom, Inc. To Purchase Eschelon Telecom, Inc.

**Approved Acquisition will Result in Leading Provider for Businesses in 11 Western and Midwestern States;  
Combined Annual Revenue Predicted to be in Excess of \$700 Million**

**PORTLAND, Ore. - Mar 20, 2007** - Integra Telecom, Inc., a provider of local, long-distance and Internet services for businesses, today announced that it has signed a definitive agreement to purchase Eschelon Telecom, Inc. (NASDAQ: ESCH). The transaction is expected to close during the third quarter of 2007 upon obtaining necessary governmental and shareholder approvals. Upon closing, Eschelon will no longer be publicly held and operate under Integra Telecom, Inc., which will continue to be privately held and operated. The combination will yield one of the largest competitive local exchange carriers (CLEC) in the nation. Total company revenues are predicted to be more than \$700 million annually with more than \$200 million in pro-forma 2007 EBITDA.

Integra and Eschelon have each successfully focused on the business market for more than 10 years. "The combined companies are expected to create one of the most established, cash profitable CLECs, insuring long term continuity and superior service for the customers and employees of both companies," said Dudley Slater, CEO of Integra Telecom. The combined company will be able to provide Eschelon and Integra customers with expanded product offerings including business telephone systems and powerful high-bandwidth products available on Integra's fiber optic intra and intercity networks.

"Both companies have an excellent reputation in meeting the needs of their customers," added Richard A. Smith, president and CEO for Eschelon. "The market position and financial strength resulting from this combination well positions the customers and employees of both companies for the future." Upon closing, Richard A. Smith will join Integra Telecom's Board of Directors.

Upon completion of the transaction, Integra will serve an average of 20 percent of the businesses in the metropolitan areas in which it operates in 11 Western and Midwestern states. The integration of the two businesses is expected to generate substantial operating and network cost savings as nearly 80 percent of each company's revenues derive from overlapping geographic markets. Much of Eschelon's traffic, which was previously routed over leased facilities from other carriers, will now be routed over Integra's extensive metropolitan area and intercity fiber networks.

Under the terms of the agreement, Integra will purchase Eschelon Telecom for \$30 per share or an aggregated purchase price of \$710 million, including the repayment of approximately \$144 million in Eschelon debt. Integra will fund the purchase and the refinancing of its existing debt with \$1.2 billion in new capital, including i) senior secured debt facilities to be placed by Deutsche Bank Securities and Morgan Stanley Senior Funding, Inc. as Joint Lead Arrangers and CIBC as Co-Agent, and ii) senior notes to be placed by Deutsche Bank Securities with CIBC acting as lead manager. Integra was advised by Deutsche Bank Securities with legal counsel provided by PerkinsCoie LLP.

#### Integra's Record of Financial and Integration Success

In early 2003, Integra became the first facilities-based CLEC in the 14-state Qwest Communications service territory to be cash profitable - a key indicator of a business's health. In August 2006 Integra completed the \$243 million purchase of Electric Lightwave from Citizens Communications and has successfully transitioned those customers to Integra's industry-leading brand of customer service.

#### About Integra Telecom

Integra Telecom, Inc. provides voice, data and Internet communications to thousands of business and carrier customers in eight Western states, including: Arizona, California, Idaho, Minnesota, North Dakota, Oregon, Utah and Washington. The company owns and operates a best-in-class fiber-optic network comprised of metropolitan access networks, a nationally

acclaimed tier one Internet and data network and a 4,700-mile high-speed long haul network. The company enjoys some of the highest customer loyalty and customer satisfaction ratings in the telecommunications industry. Primary equity investors in the company include Banc of America Capital Investors, Boston Ventures and Nautic Partners. Integra Telecom and Electric Lightwave are registered trademarks of Integra Telecom Inc. For more information, visit [www.integratelecom.com](http://www.integratelecom.com).

### **About Eschelon Telecom, Inc.**

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 45 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company currently employs approximately 1,400 telecommunications/Internet professionals, serves over 60,000 business customers and has approximately 600,000 access lines in service throughout its markets in Minnesota, Arizona, Utah, Washington, Oregon, Colorado, Nevada, Montana and California. For more information, please visit our web site at [www.eschelon.com](http://www.eschelon.com).

In connection with the merger, Eschelon will file a proxy statement and other materials with the Securities and Exchange Commission. Before making any voting or investment decision, Eschelon investors are urged to read the proxy statement and these materials when they become available because they will contain important information. Eschelon and its officers and directors may be deemed to be participants in the solicitation of proxies with respect to the proposed transaction. Information regarding such individuals is included in Eschelon's proxy statements and Annual Reports on Form 10K previously filed with the Securities and Exchange Commission and will be included in the proxy statement relating to the proposed transaction when it becomes available. You may obtain Eschelon's proxy statement, when it becomes available, any amendments or supplements to the proxy statement and other relevant documents free of charge at [www.sec.gov](http://www.sec.gov). You may also obtain a free copy of Eschelon's proxy statement, when it becomes available, any amendments and supplements to the proxy statement and other relevant documents by writing to Eschelon at 730 Second Avenue South, Suite 900, Minneapolis, MN 55402, Attn: Investor Relations or at [www.eschelon.com](http://www.eschelon.com) under the tab "Investor Relations" and then under the heading "SEC Filings." In addition, Integra and its officers and directors may be deemed participations in the solicitation of proxies from Eschelon's stockholders in favor of the approval of the merger.

### **Forward Looking Statements**

*This announcement contains forward-looking statements with the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.*

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## ABOUT US

### News and Events / News and Events 2006

#### Eschelon Telecom, Inc. Fiber Optic Backhaul Ownership Surpasses 50%

11/27/2006

**Minneapolis, MN – November 27, 2006:** Eschelon Telecom, Inc., (NASDAQ: ESCH) a leading provider of integrated communications services to small and medium sized businesses in the western United States, today announced that with the completion of its acquisition of Mountain Telecommunications, Inc. (MTI) last month, the percentage of backhaul facilities carried over company-owned fiber has reached 52%.

"The extent of fiber in our network is probably the company's best-kept secret," stated Richard A. Smith, Eschelon's President and CEO. "As we built the network, we could never justify the economics of building the majority of our own fiber rings. The abundance of available facilities and significant price per channel mile compression has allowed us to lease whatever capacity we needed at very favorable terms. We have now completed our third acquisition of companies with their own fiber networks. Wherever possible, we are moving off of leased transport onto our own facilities – the synergies are significant."

As of December 1, 2006, Eschelon has 617 sheath miles in its network carrying approximately 7,768 strand miles of fiber. When the integration of Mountain Telecom is complete early next year, approximately 700 of the nearly 1,300, or 54%, of the Eschelon's DS3 facilities will be carried on the company's own fiber rings.

"As we begin the next phase of our network expansion, we will continue to evaluate the economics of leasing versus building backhaul facilities on a route-by-route basis," continued Smith. "Those economics obviously change significantly when we are able to acquire an existing broadband fiber network with the purchase of another company and since we will most likely continue to grow organically and through acquisitions, I expect our percent fiber ownership to continue to grow."

#### About Eschelon Telecom, Inc.

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 45 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company currently employs approximately 1,400 telecommunications/

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Internet professionals, serves over 60,000 business customers and has in excess of 570,000 access lines in service throughout its markets in Arizona, California, Colorado, Minnesota, Montana, Nevada, Oregon, Utah and Washington. For more information, please visit our web site at [www.eschelon.com](http://www.eschelon.com)

#### **Forward Looking Statements**

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

###

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# INTERNET



**Interested in Eschelon's services?**

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## Internet Connectivity with Eschelon Goes Beyond Standard Dial-Up, DSL and T-1 Services.

Our services include e-mail, web and domain hosting and SMTP Mail Relay, as well as virus and Spam filtering options. Eschelon can provide security and Virtual Private Network (VPN) solutions for maximum protection and flexibility.

### DSL

Digital Subscriber Line service (DSL) is a technology that offers a dedicated, high-speed and secure connection to the Internet. DSL uses existing copper wire phone lines and DSL modems at each end of the line to transmit data at much greater speeds than traditional dial-up or ISDN connections.

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### DEDICATED T-1

A Dedicated Internet T-1 Service is the ideal solution for customers requiring consistently reliable and secure bandwidth. Choose the speed that best fits your business - bandwidth options start at 768K and are available in 64K increments up to 1.5Mb. This dedicated solution is an "always-on" connection, and all of the bandwidth is dedicated solely to your network's Internet connection.

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### DIAL-UP

Eschelon provides many advanced services and helpful tools for your dial-up access and e-mail needs.

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### WEB HOSTING SERVICES

Let Eschelon host your Web site while you maintain complete control.

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### FIRST ESCHELON

For customers who want to combine their voice and Internet services on a single T-1, First Eschelon provides you with the flexibility you desire.

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### PRECISION INTEGRATED ACCESS

Flexible voice and data services delivered over a single circuit--ideal for businesses that need from four to 16 voice lines and want fast, dedicated Internet access.

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### Industry Terms

Look up industry terms in our glossary.



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## ABOUT US

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### Eschelon Telecom's FlexPak Solution Exceeds Sales Expectations

06/12/2006

Strong Customer Demand for Reliable Technology, Additional Bandwidth and Scalable Solutions are Driving Sales

**Minneapolis, Minn. -- June 12, 2006:** (NASDAQ: ESCH) Eschelon Telecom, Inc., a leading provider of integrated communications services to small and medium sized businesses in the western United States, today announced that its Precision FlexPak is exceeding sales expectations as businesses demand more bandwidth and reliable solutions. The Precision FlexPak Integrated T-1 allows a business to allocate unused voice channels for dedicated IP access, giving the customer more bandwidth to meet their specific business needs.

Precision FlexPak differs from other competitive VoIP products because it provides dedicated and guaranteed access – customers get access to the full bandwidth of the T-1 and do not suffer from the technology overhead drain of up to 20% that is common on VoIP circuits. FlexPak works with all types of signal transmissions – whether a customer is on a conference call, sending a fax or talking to someone who is using a digital cellular phone, FlexPak provides the reliability and quality businesses expect.

Precision FlexPak was specifically designed for small and medium sized businesses that need more bandwidth or stability than provided by DSL or cable-TV Internet connections. The Precision FlexPak product is delivered to customers via a dedicated T-1, the technology previously reserved for larger businesses. Now, customers can utilize the full 1.5 Mb bandwidth of the T-1 for a price comparable to phone lines and DSL.

Precision FlexPak is just one example of the products we offer that are designed specifically to support the needs of small and medium sized businesses,"stated Robert Pickens, Executive Vice President of Marketing and Integrations. In May, Precision FlexPak represented 37% of our total lines soldthis is very significant for a product that has been on the market for only six months. Its proven technology and reliability are becoming increasingly popular among customers as they continue to demand bandwidth to support mission-critical applications."

### Interested In Eschelon's services?

Contact your local office to learn more about our services in your area of call  
1-866-650-3733

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### **About Eschelon Telecom, Inc.**

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 23 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company offers small and medium-sized businesses a comprehensive line of telecommunications and Internet products. Eschelon currently employs over 1,100 telecommunications/Internet professionals, serves over 55,000 business customers and has approximately 428,000 access lines in service throughout its markets in Minnesota, Arizona, Utah, Washington, Oregon, Colorado, Nevada and California.

### **Forward Looking Statements**

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, difficulties inherent in making and integrating acquisitions, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

###

### **Industry Terms**

Look up industry terms in our glossary.

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## ABOUT US

### News and Events / News and Events 2006

#### Eschelon Telecom, Inc. Fiber Optic Backhaul Ownership Surpasses 50%

11/27/2006

**Minneapolis, MN – November 27, 2006:** Eschelon Telecom, Inc., (NASDAQ: ESCH) a leading provider of integrated communications services to small and medium sized businesses in the western United States, today announced that with the completion of its acquisition of Mountain Telecommunications, Inc. (MTI) last month, the percentage of backhaul facilities carried over company-owned fiber has reached 52%.

"The extent of fiber in our network is probably the company's best-kept secret," stated Richard A. Smith, Eschelon's President and CEO. "As we built the network, we could never justify the economics of building the majority of our own fiber rings. The abundance of available facilities and significant price per channel mile compression has allowed us to lease whatever capacity we needed at very favorable terms. We have now completed our third acquisition of companies with their own fiber networks. Wherever possible, we are moving off of leased transport onto our own facilities – the synergies are significant."

As of December 1, 2006, Eschelon has 617 sheath miles in its network carrying approximately 7,768 strand miles of fiber. When the integration of Mountain Telecom is complete early next year, approximately 700 of the nearly 1,300, or 54%, of the Eschelon's DS3 facilities will be carried on the company's own fiber rings.

"As we begin the next phase of our network expansion, we will continue to evaluate the economics of leasing versus building backhaul facilities on a route-by-route basis," continued Smith. "Those economics obviously change significantly when we are able to acquire an existing broadband fiber network with the purchase of another company and since we will most likely continue to grow organically and through acquisitions, I expect our percent fiber ownership to continue to grow."

#### About Eschelon Telecom, Inc.

Eschelon Telecom, Inc. is a facilities-based competitive communications services provider of voice and data services and business telephone systems in 45 markets in the western United States. Headquartered in Minneapolis, Minnesota, the company currently employs approximately 1,400 telecommunications/Internet professionals, serves over 60,000

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business customers and has in excess of 570,000 access lines in service throughout its markets in Arizona, California, Colorado, Minnesota, Montana, Nevada, Oregon, Utah and Washington. For more information, please visit our web site at [www.eschelon.com](http://www.eschelon.com)

#### **Forward Looking Statements**

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements are based on Eschelon Telecom's current intent, belief and expectations. These statements are not guarantees of future performance and are subject to certain risks and uncertainties that are difficult to predict. Actual results may differ materially from these forward-looking statements because of the company's history of losses, ability to maintain relationships with RBOCs, substantial indebtedness, intense competition, dependence on key management, changes in government regulations, and other risks that may be described in the company's filings with the Securities and Exchange Commission. Existing and prospective investors are cautioned not to place undue reliance on these forward-looking statements, which speak only as of today's date. Eschelon Telecom undertakes no obligation to update or revise the information contained in this announcement, whether as a result of new information, future events or circumstances or otherwise.

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## Products

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### ▶ Voice Products

Includes local Basic Business Lines, T1 voice trunks, long distance and calling features.

### ▶ Data & Internet Products

Choose from Integra's affordable data connections, including T1, DS3, OCN or Ethernet, designed to help medium and large businesses make productive use of the Internet.

### ▶ Private Networking Products

High-bandwidth data transport services, including point-to-point private line and Ethernet products.

### ▶ Integrated Products

With Integra's Integrated Voice and Data products, your business can enjoy a range of communications services that all take advantage of a single data connection.

### support tip

Are you an Integra customer with a **support** question? Try our **Customer Care** section.

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## About Us



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### A Focus on Local Service and Satisfaction

Integra Telecom, Inc. is a facilities-based, integrated communications carrier, dedicated to providing a better choice for businesses in eight western states. It owns and operates a best-in-class carrier network that differentiates itself by staffing locally based customer care, technical, and account management professionals whose goal is to provide high-level, personalized client service and satisfaction.

The company serves thousands of businesses in the metropolitan areas of Arizona, California, Idaho, Minnesota, North Dakota, Oregon, Utah and Washington.

In contrast to companies that simply resell services from the monopoly Regional Bell Operating Companies (RBOC), Integra Telecom owns and operates its own network offering local dial tone, domestic and international long distance, high-speed Internet and data services (including digital subscriber line or DSL), voice messaging, and numerous ancillary services designed to support the communication needs of businesses.

The company enjoys the highest customer loyalty and customer satisfaction ratings in the telecommunications industry. Primary equity investors in the company include Bank of America Capital Partners, Boston Ventures and Nautic Equity Partners. Primary lenders include Goldman Sachs and Tennenbaum Capital. Integra Telecom and Electric Lightwave are registered trademarks of Integra Telecom Inc.

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(888) 354-8780**NOC/Repair:**  
(800) 622-4354**Welcome To Electric Lightwave**

Electric Lightwave is one of the most recognized carrier services brands in the country providing communications network services, including transport, internet access and voice services, to telecom providers nationwide.

Electric Lightwave carriers gain access to twenty-three metropolitan access networks in eight western states, a nationally acclaimed tier one internet and data network, and high speed long-haul fiber-optic network that interconnects major markets in the West.

Electric Lightwave serves hundreds of carriers - meeting their needs everyday.

**Attention Retail Telephone and Internet Customers:**

On August 1, 2006, Electric Lightwave was acquired by Integra Telecom.

Electric Lightwave's retail customers can now find **retail product information** (business lines, DSL, calling features, etc.) and **customer support** at the **Integra Telecom Web site**.

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**Network and Facilities**

Integra Telecom is a facilities-based service carrier, operating its network from various switching centers throughout its operating regions. Integra implements only carrier-class equipment in its network operations. Integra's network equipment vendors include Lucent Technologies, Cisco Systems, Nortel, Tekelec, Cerent, Paradyne Corporation, Sun Microsystems, Carrier Access Corporation, and ADC/Kentrox, to name but a few.

Through it's acquisition of Electric Lightwave in 2006, Integra owns and operates an eight-market, 2,200 route mile (160,000 fiber miles) metropolitan area network, with direct fiber access into over 580 major commercial buildings. Many other competitive local exchange carriers are scrambling to find network alternatives in response to recent FCC rules that increase the cost of leasing network from the Bell companies. Integra, by acquiring Electric Lightwave's metropolitan area network, becomes one of the first to insulate itself from this unpredictable landscape of telecom regulation. In addition to the metropolitan area networks, Integra will also own and operate Electric Lightwave's unique 4,700-mile, long haul network - one of the largest of its kind in the western United States.

Integra's network operations are monitored 24 hours per day. Backup power sources, including battery and generator systems, keep Integra systems operational in the case of power outages. Integra's voice and data networks are connected to and from the public switched telephone network (PSTN) and the Internet via ATM over multiple fiber-optic SONET rings, ensuring failsafe operation in the event of carrier service interruption. Integra operates Lucent 5ESS® switching equipment to support all local and long distance voice services. Integra's product sets include Lucent's enhanced CLASS services like call waiting, caller ID, and more. Current and future investments in network switching equipment will emphasize a transition to next-generation, packet-switched network technologies. These build-outs provide the flexibility to handle any form of voice or data over an optimized network at lower cost.

With a customer base increasingly dependent on connections to the Internet, Integra Telecom has engineered its data network with virtually unlimited scalability, featuring several multi-megabit connections to Tier 1 Internet providers in each market. Integra's fiber-optic backbone feeds are designed for high burst rates and monitored usage for optimal bandwidth availability.

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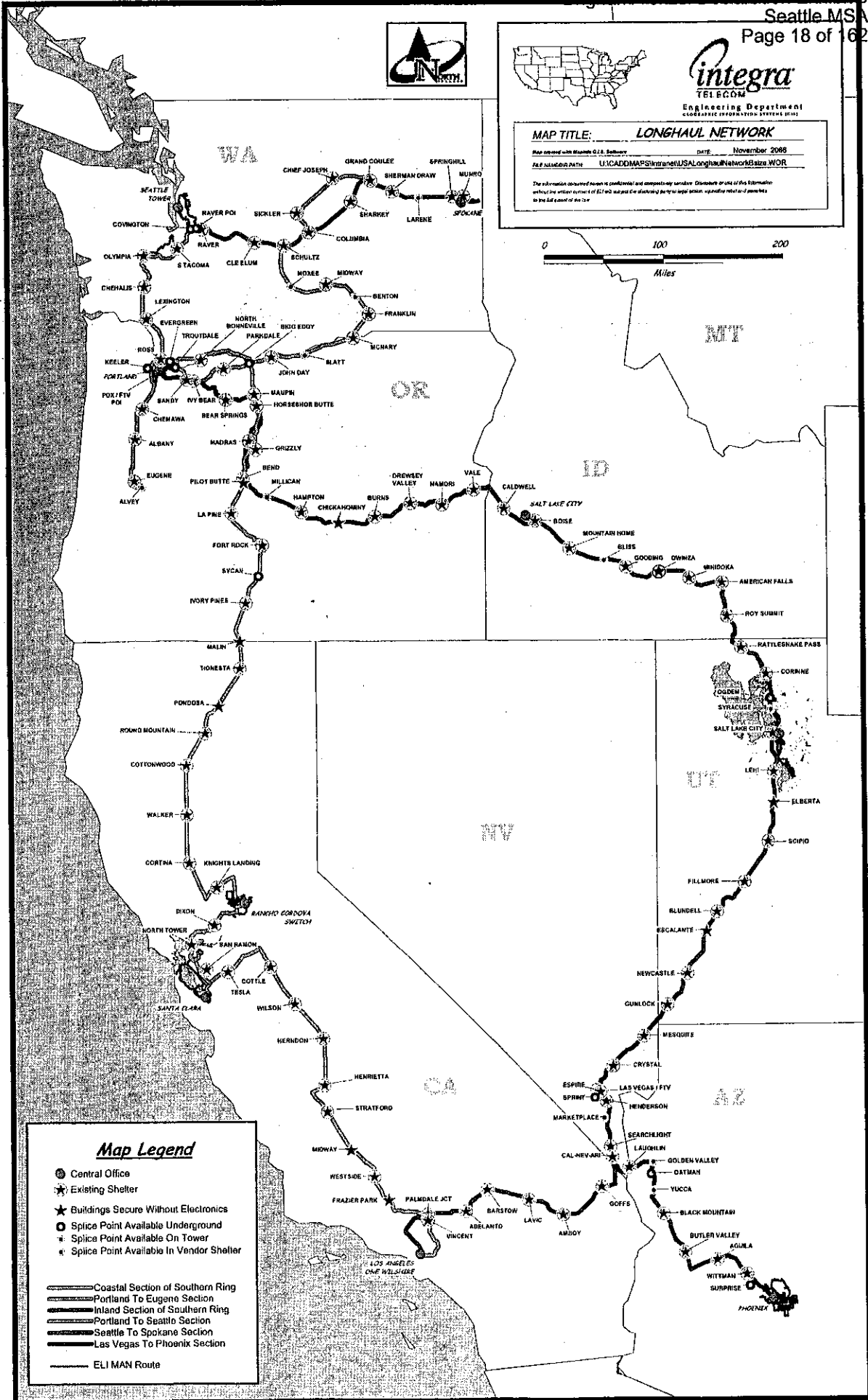
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Engineering Department  
GEOGRAPHIC INFORMATION SYSTEMS UNIT

MAP TITLE: **LONGHAUL NETWORK**

Map created with MicroStation V8i  
DATE: November 2005  
FILE NAME: C:\MAPS\intranet\USA\LonghaulNetwork\size WOR

The information contained herein is confidential and proprietary to Integra. Disclosure or use of this information without the written consent of IN is prohibited. This map is for planning purposes only and is not intended to be used for any other purpose.



**Map Legend**

- ⊙ Central Office
- ★ Existing Shelter
- ★ Buildings Secure Without Electronics
- Splice Point Available Underground
- ⊙ Splice Point Available On Tower
- ⊙ Splice Point Available In Vendor Shelter

- Coastal Section of Southern Ring
- Portland To Eugene Section
- Inland Section of Southern Ring
- Portland To Seattle Section
- Seattle To Spokane Section
- Las Vegas To Phoenix Section
- ELI MAN Route

Integra Telecom News Release

## **Riley Research and Integra Announce Telecom Customer and Market Share Survey Results**

### **Dedication to Customers Proves Successful in Establishing Integra as Leader in Quality Customer Service and Market Share**

**PORTLAND, Ore. - September 26, 2006** - According to customers, Integra Telecom, has the highest customer satisfaction ratings and leads in market share among alternatives to the regional monopoly carriers. The results of a recent customer service and market share survey conducted by the independent firm of Riley Research Associates, indicates that Integra leads the market in providing overall quality customer service, scores higher than the competition on key service attributes, and enjoys market share leads in its most established markets among alternative providers to the regional monopoly carriers.

In addition, Dun and Bradstreet information indicates that in three of its most established markets, Integra has captured double-digit customer penetration rates within their target market segment.

"The results indicate that Integra Telecom is setting the bar in terms of service quality and has earned the leading position among alternatives to the regional monopoly carriers in Portland/Vancouver, Seattle, Salt Lake City and Minneapolis/St. Paul," said Michael J. Riley, APR, PRC, of Riley Research Associates.

"The market place finally has current objective data on customer service and market share. We're pleased - but not surprised - to learn that Integra's unique and responsive, locally based customer service model is so highly regarded by our customers," according to John Nee, Integra's Vice President of Marketing.

"Our leadership in market share among the competitive carriers reflects substantial demand for our brand of service," adds Nee. "Listening to our customers and focusing on those attributes of service they find most important has earned us strong customer loyalty and a reputation for quality in the markets we serve."

The results are based on telephone interviews with a statistically valid sample of randomly chosen business customers in each market. Riley Research Associates completed the surveys during July and August 2006. The sample size of 300 is accurate to within a margin of error of +/- 5.6 percentage points. On a ten-point scale, a half a rating point (+/-0.56) represents a statistically significant difference.

**Market Share within Integra Telecom's Metropolitan Statistical Areas (MSA)  
 August 2006 Results**

MSA	Qwest	Verizon	Integra	Eschelon	Comcast	AT&T	McLeod	Sprint
Portland-Vancouver	32%	25%	10%	5%	4%	3%	1%	1%
Seattle	45%	20%	5%	5%	3%	2%	2%	2%
Salt Lake City Ogden	67%	8%	4%	4%	3%	2%	2%	1%
Minneapolis-St. Paul	42%	8%	6%	2%	5%	5%	4%	3%
Boise	51%	5%	3%	2%	1%	1%	1%	1%
Sacramento	AT&T/SBC	SunWest	Frontier	XO	MCI	Verizon		
Phoenix	Qwest	Com	Eschelon	AT&T	McLeod	Integra	Verizon	XO

**Integra Telecom Leads the Market in Quality Service  
 August 2006 Results**

(As rated by the customers of each carrier on a scale of 1 to 10, with 10 being the highest rating)

Service Attribute	Integra	Qwest	Verizon	AT&T	McLeod	Eschelon	Avg. of Others
Reliability of Service	9.0	8.7	8.6	8.9	8.8	8.6	8.4
A full range of services	8.3	8.2	8.9	9.0	9.2	9.0	8.2
Service calls answered by a local rep	9.0	8.0	7.7	8.3	7.9	8.4	8.1
Speed in which call was answered by a real person	9.1	7.7	7.1	7.7	8.3	8.1	8.1
Resolving service call or inquiry in a timely manner	9.0	8.4	7.8	7.9	8.3	7.8	8.2
Overall Satisfaction	8.8	8.3	8.1	8.4	8.5	8.2	8.2

* Excludes all other carriers not listed and represents McLeod's 2006 survey results based on a survey of 61,000 customers.

**Integra Telecom Market Penetration  
by Network Footprint Service Area¹  
August 2006 - Established Integra Markets**

Service Area	Percentage of Businesses served by Integra within the Integra Network Service Area (Dun and Bradstreet)
Portland/Vancouver	19.7%
Minneapolis/St. Paul	19.3%
Salt Lake City	17.8%
Seattle	8.8%

¹ The portion of the MSA where Integra has built its network.

## About Integra Telecom

Integra Telecom, Inc. provides voice, data and Internet communications to thousands of business and carrier customers in eight Western states, including: Arizona, California, Idaho, Minnesota, North Dakota, Oregon, Utah and Washington. The company owns and operates a best-in-class fiber-optic network comprised of eight metropolitan access networks, a nationally acclaimed tier one Internet and data network and a 4,700-mile high-speed long haul network. The company enjoys some of the highest customer loyalty and customer satisfaction ratings in the telecommunications industry. Primary equity investors in the company include Bank of America Capital Investors, Boston Ventures and Nautic Equity Partners. Integra Telecom and Electric Lightwave are registered trademarks of Integra Telecom Inc. For more information, visit [www.integratelecom.com](http://www.integratelecom.com).

## About Riley Research Associates

Riley Research Associates is a 17 year-old communications and market research firm. Principal, Michael J. Riley is a certified professional research practitioner (PRC) by the Market Research Association, and is accredited (APR) by the Public Relations Society of America. Riley has been conducting research in the telecommunications industry for over 20 years.

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**LEVEL 3 TO ACQUIRE BROADWING CORPORATION**

*Combination Will Further Leverage Level 3's Nationwide Network*

*Acquisition Expected to be Adjusted OIBDA Positive in 2007 and Cash Flow Positive in 2008*

*Purchase Price of Approximately \$1.4 Billion in Aggregate Cash and Stock*

*Acquisition Expected to Accelerate Growth of Level 3's Business Markets Group*

**BROOMFIELD, Colo., October 17, 2006** – Level 3 Communications, Inc. (Nasdaq: LVL3) today announced that it has signed a definitive agreement to acquire Broadwing Corporation (Nasdaq: BWNG), a publicly held provider of optical network communications services. Under the terms of the agreement, Level 3 will pay \$8.18 of cash plus 1.3411 shares of Level 3 common stock for each share of Broadwing common stock outstanding at closing. In total, Level 3 currently expects to pay approximately \$744 million of cash and issue approximately 122 million shares.

Broadwing, based in Austin, Texas, delivers data, voice and media solutions to enterprises and service providers over its 19,000 mile intercity fiber network. Approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue.

"The acquisition of Broadwing is consistent with both the Level 3 wholesale market strategy as well as our more recent entry into the enterprise market," said James Q. Crowe, chief executive officer of Level 3. "We believe the combination of Level 3 and Broadwing will create value for our investors through the elimination of duplicative network and operating costs, the addition of a solid revenue base, and a further strengthening of our financial position.

"Broadwing has made great strides with national enterprise customers as a result of their strong product portfolio and national sales teams. This creates an exciting opportunity for us to leverage both of these capabilities to accelerate the growth of Level 3's Business Markets Group."

"We are confident in our ability to successfully integrate Broadwing," said Kevin O'Hara, president and chief operating officer of Level 3. "We have completed the majority of integration efforts from our WiTel acquisition under budget and ahead of schedule. The integration activities for our more recent acquisitions are also on plan."

"Bringing together the resources and talents of Broadwing and Level 3 is an exciting opportunity for our company, allowing us to capitalize on the strengths of both companies and on advances in technology," said Steve Courter, chief executive officer of Broadwing Corporation. "The combination of our two operations will create a powerful company in the global telecommunications industry with strong growth potential."

"During 2006, Broadwing has grown revenue and improved its margin profile," said Sunit Patel, chief financial officer of Level 3. "Broadwing has had success with expanding its enterprise customer base and service offerings as well as its transport business. We expect the combined operations to directly benefit from these efforts."

"Broadwing is expected to contribute positive Adjusted OIBDA in 2007, and even though we expect integration efforts to extend into 2008, we expect Broadwing will generate approximately \$200-\$250 million of Consolidated Adjusted OIBDA in 2008."

"Including the benefit of synergies and the cost of integration including capital expenditures, this transaction is free cash flow positive in 2008 and should contribute over \$200 million of free cash flow in 2009. Total integration costs are expected to be approximately \$110-\$130 million."

"We expect the transaction to further improve Level 3's financial position and reduce leverage given its expected positive Adjusted OIBDA contribution and Broadwing's approximately \$150 million of net cash as of June 30, 2006."

As of June 30, 2006, Level 3 had approximately \$1.4 billion of cash and marketable securities on hand as adjusted for the acquisitions of TelCove and Looking Glass, the sale of Software Spectrum and the redemption of its outstanding 9.125% Senior Notes due 2008 and 10.50% Senior Discount Notes due 2008.

Closing is subject to customary conditions, including receipt of applicable state and federal regulatory approvals, and is also subject to the approval of the stockholders of Broadwing. Closing is expected to occur in the first quarter of 2007.

Level 3 will hold an investor and media conference call today to discuss the announcement at 10 a.m. EDT. To join the call, please dial (612) 332-1025. A live broadcast of the call can also be heard on Level 3's Web site at [www.Level3.com](http://www.Level3.com). An audio replay of the call will be available within 24 hours after the call through the Web site or by dialing (320) 365-3844 - Access code 845296.

Level 3 was advised on the transaction by Evercore Partners, JPMorgan and Merrill Lynch & Co. Level 3 received legal representation from Wilkie Farr & Gallagher LLP.

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#### **About Level 3 Communications**

Level 3 Communications, Inc. (Nasdaq: LVL3), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable



Level 3's customers to meet their growing demands for advanced communications solutions. The company's Web address is <http://www.level3.com/>.

Level 3 satellite video delivery and advertising distribution solutions through its subsidiary, Vyvx. For additional information, visit the Web site [www.vyvx.com](http://www.vyvx.com).

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**Forward-Looking Statement**

*Some of the statements made by Level 3 in this press release are forward-looking in nature. Actual results may differ materially from those projected in forward-looking statements. Level 3 believes that its primary risk factors include, but are not limited to: increasing the volume of traffic on Level 3's network; developing new products and services that meet customer demands and generate acceptable margins; successfully completing commercial testing of new technology and information systems to support new products and services, including voice transmission services; stabilizing or reducing the rate of price compression on certain of our communications services; integrating strategic acquisitions; attracting and retaining qualified management and other personnel; and the ability to meet all of the terms and conditions of our debt obligations. Additional information concerning these and other important factors can be found within Level 3's filings with the Securities and Exchange Commission. Statements in this release should be evaluated in light of these important factors.*


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## COVAD AND LEVEL 3 TEAM TO ACCELERATE VOIP ADOPTION IN THE SMALL AND MEDIUM BUSINESS MARKET

**BOSTON, Mass., September 12, 2006** ¼ Level 3 Communications today announced it has added Covad Communications (AMEX: DVW), a leading national provider of integrated voice and data communications, to its Premier Master Reseller program, which provides sales and marketing support to select service provider business partners.

Under the terms of the agreement, Level 3 will be a key provider of underlying VoIP services to enable Covad's nationwide feature-rich hosted VoIP service. In addition, Level 3 will provide go-to-market support and customer leads, and share market research findings to help Covad grow its presence in the small and medium business telecommunications market. Covad offers a broad portfolio of voice solutions to meet the needs of this market segment.

"With its deep experience in and understanding of SMB telecommunications, nationwide coverage, and speed to market, Level 3 is an ideal business partner for Covad as we continue to focus on the telecommunications needs of the small business owner," said Prakash Nagpal, director of product development for Covad. "This relationship enables us to expand our indirect channel efforts through Level 3's network of value-added resellers, from whom small businesses are most likely to turn to for a new voice solution."

"We are very pleased to welcome Covad into our Master Reseller Program, and we believe that this business relationship will enable them to achieve even greater success in meeting the needs of the SMB market," said Craig Schlagbaum, vice president of channel programs for Level 3. "Research shows us that SMBs are increasingly turning to providers such as Covad when seeking an alternative to their current voice service."

### About Level 3 Communications

Level 3 Communications, Inc. (Nasdaq: LVL3), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable Level 3's customers to meet their growing demands for advanced communications

solutions. The company's Web address is <http://www.level3.com/>.

Level 3 satellite video delivery and advertising distribution solutions through its subsidiary, Vyvx. For additional information, visit the Web site [www.vyvx.com](http://www.vyvx.com).

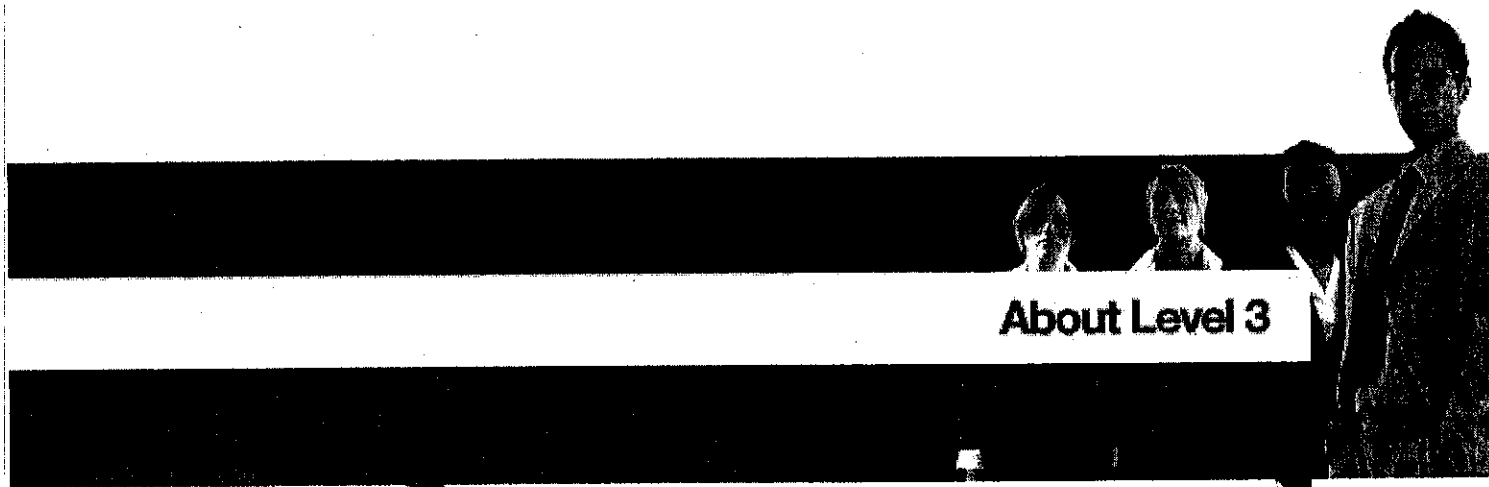
*"Level 3 Communications," "Level 3" and the Level 3 Communications logo are registered service marks of Level 3 Communications, Inc. in the United States and/or other countries. Any other product and company names herein may be trademarks of their respective owners. Level 3 services are provided by wholly owned subsidiaries of Level 3 Communications, Inc.*

**Forward-Looking Statement**

*Some of the statements made by Level 3 in this press release are forward-looking in nature. Actual results may differ materially from those projected in forward-looking statements. Level 3 believes that its primary risk factors include, but are not limited to: increasing the volume of traffic on Level 3's network; developing new products and services that meet customer demands and generate acceptable margins; successfully completing commercial testing of new technology and information systems to support new products and services, including voice transmission services; stabilizing or reducing the rate of price compression on certain of our communications services; integrating strategic acquisitions; attracting and retaining qualified management and other personnel; and the ability to meet all of the terms and conditions of our debt obligations. Additional information concerning these and other important factors can be found within Level 3's filings with the Securities and Exchange Commission. Statements in this release should be evaluated in light of these important factors.*



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## About Level 3

Level 3 (Nasdaq: LVLT) is an international communications company headquartered in Broomfield, Colorado. The company operates one of the largest communications and Internet backbones in the world.

Since our founding in 1998, Level 3 has been focused on delivering premier services over one of the world's most advanced, IP-optimized networks. Level 3 owns and maintains over 39,500 intercity route miles, and makes more than 77,000 intercity route miles available to our customers.

We offer a comprehensive portfolio of network offerings that spans Internet Protocol (IP) services, broadband transport, colocation services, and patented Softswitch-based managed modem and voice services. Level 3 also uses these network services as a foundation for delivering enterprise telecommunications solutions.

Level 3 supports its customers across four Groups:

- Level 3 Wholesale Markets serves national and global service providers with integrated data, voice, and video services across one of the world's largest, most-modern networks.
- Level 3 Content Markets combines broadcast and advertising distribution services with traditional Internet services to help rich-media content providers operate at a huge scale among multiple destinations.
- Level 3 Business Markets connects regional enterprises, local service providers, and regional carriers with high-availability, nationwide network access and high-performance data, voice and Internet solutions.
- Level 3 European Markets provides European and Global content and telecom providers with the transatlantic capacity and global connectivity to handle growth across wholesale communications services and bandwidth

### News & U

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Level 3 counts among its customers:

- 18 of the world's top 20 telecom companies
- 8 of the 10 largest carriers in Europe
- 8 of the top 10 U.S. Internet Service Providers (ISPs)
- 9 of the 10 largest U.S. cable companies
- 3 of the top 4 telecom companies in Asia
- 4 of the top 5 U.S. Wireless Service Providers



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## About Us

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- Our Networks
- Our Management Team

### Our Networks

[General Network Map](#)

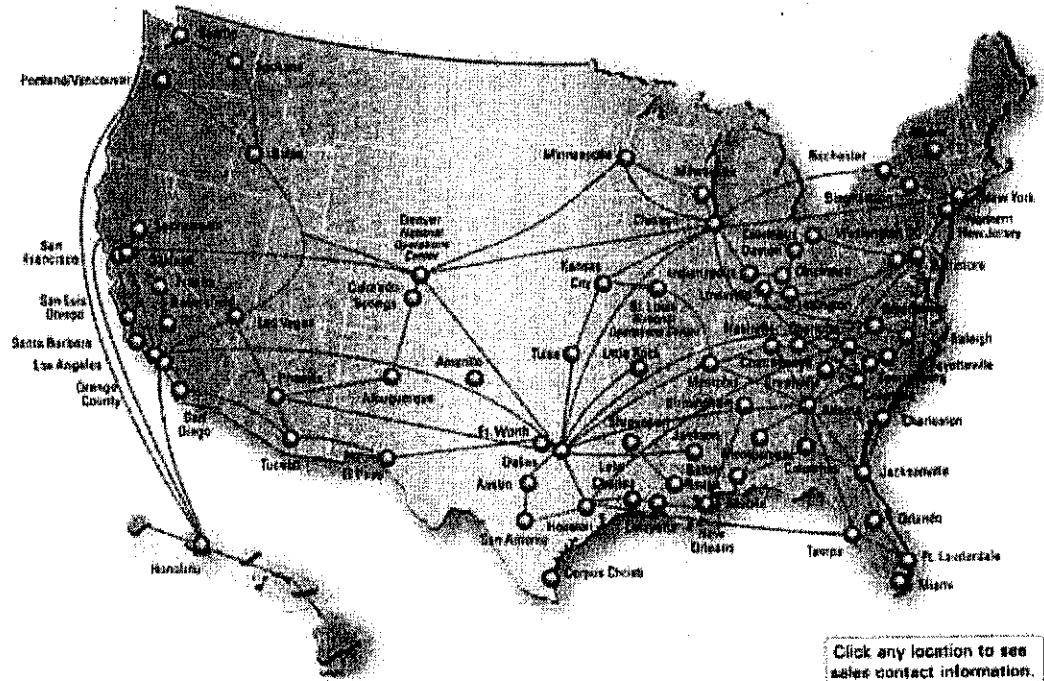
[IP Backbone Map](#)

[Peering Gateways Map](#)

Connecting Your Business to More Business begins by delivering high speed, secure, and reliable communications over our more than 24,000 miles of fiber networks, to business in 75 markets spanning 30 states and D.C. We connect to more than 7,400 buildings and pass thousands more, providing us a unique opportunity to meet the growing demand for new data services and to capture increased market share. Our optical networks are fast, powerful, flexible, secure and highly reliable to deliver a comprehensive suite of voice, data, dedicated Internet and integrated communications services to our customers.

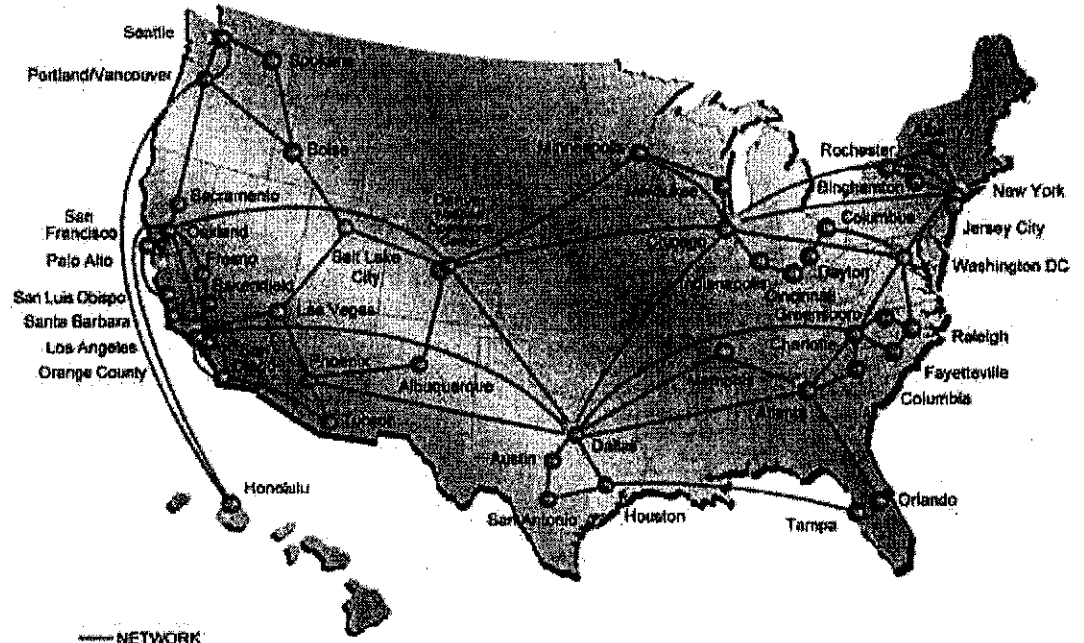
[Click here to see our monthly network averages for our IP backbone](#)

### Our General Network Map



Click any location to see sales contact information.

### Our IP Backbone Map



- NETWORK
- PEERING GATEWAY
- TIME WARNER TELECOM MARKETS
- NOC
- REGIONAL INTERCONNECTION SITES

**IP NETWORK**  
**TIME WARNER TELECOM**  
 CONNECTING YOUR BUSINESS TO ANOTHER BUSINESS™  
Due to our continued growth this map is subject to change.

February, 2006

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## Customer Solutions

By Application  
By Business Type  
By Industry

### Small/Medium Business

Internet and Data  
Switched & Transport  
News & Views

Bundled Solutions  
National Operations Center

Case Studies/Application Briefs  
Case Study Videos

From local phone service to bundled packages of voice and data services, Time Warner Telecom delivers the solutions that meets the needs of small and growing businesses.



### Internet & Data

Co-location Services  
Dedicated Internet Access  
Dedicated Web Hosting  
Native LAN  
Storage Transport Services  
Switched Native Lan

### Switched & Transport

Business Voice Services  
Dedicated High Capacity Services  
Digital Trunks  
ISDN PRI  
Long Distance

### Bundled Solutions

VersiPak

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For Information:  
SBC Communications Inc.  
Steve Lee  
210.351.2105  
[steve.lee@sbc.com](mailto:steve.lee@sbc.com)

AT&T Corp.  
Joyce Van Duzer  
908-234-6846  
[jvanduzer@att.com](mailto:jvanduzer@att.com)

Time Warner Telecom  
Carole Curtin  
303-566-1000  
[ir@twtelecom.com](mailto:ir@twtelecom.com)

## Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement

*Time Warner Telecom to deliver "last-mile" network services to merged companies;  
agreement provides businesses the benefits of alternative communications choices*

**San Antonio, Bedminster, N.J., and Littleton, Colo., June 1, 2005** – Time Warner Telecom (Nasdaq: TWTC), SBC Communications Inc. (NYSE: SBC) and AT&T Corp. (NYSE: T) today announced the extension of a long-term service agreement under which Time Warner Telecom would provide special access and other "last-mile" network services to the companies nationwide through 2010. The deal, effective upon completion of the SBC and AT&T merger, demonstrates the parties' commitment to promoting viable competition in the telecommunications industry and to delivering businesses the benefits of alternative communications choices.

"This agreement enables SBC, post-merger, to become a more effective out-of-region provider, thereby enhancing competition in the industry nationwide," said Mark Keiffer, senior vice president-business marketing for SBC. "SBC is pleased to build upon the long-term business relationship AT&T has had with Time Warner Telecom."

This new commercial agreement would extend a current contract between Time Warner Telecom and AT&T through Dec. 31, 2010, for the combined AT&T and SBC once the merger is completed. AT&T entered into a long-term commercial agreement with Time Warner Telecom on Jan. 1, 2001, buying local network access primarily to provide private-line and special-access services to businesses nationwide, and for local termination of long-distance and international calls.

"This agreement ensures that we will continue our valued business relationship with AT&T post-merger, and that we will be able to include SBC in that relationship, allowing us to be a viable competitor of and supplier to the merged entity," said John Blount, executive vice president-field operations for Time Warner Telecom. "We are excited about the opportunity to be a key provider for the combined entity."

"Time Warner Telecom has been a valuable supplier of 'last-mile' network services used to connect our corporate customers to the AT&T network in many markets around the country," said Regina Egea, AT&T vice president of global access strategy and bandwidth product management. "We're very pleased this relationship will continue once our merger with SBC is completed."

Completion of the SBC-AT&T merger is expected by the end of this year or in early 2006, following all necessary regulatory and governmental approvals.

-more-

**Time Warner Telecom, AT&T, SBC agreement/add one**

In a separate agreement, SBC will provide Time Warner Telecom with special access and other "last-mile" network services in SBC's traditional in-region territory for five years. The deal, which will take effect June 2, 2005, strengthens Time Warner Telecom's ability to compete effectively for the nationwide business market.

**SBC Communications Inc. is a Fortune 50 company whose subsidiaries, operating under the SBC brand, provide a full range of voice, data, networking, e-business, directory publishing and advertising, and related services to businesses, consumers and other telecommunications providers. SBC holds a 60 percent ownership interest in Cingular Wireless, which serves more than 50 million wireless customers. SBC companies provide high-speed DSL Internet access lines to more American consumers than any other provider and are among the nation's leading providers of Internet services. SBC companies also now offer satellite TV service. Additional information about SBC and SBC products and services is available at [www.sbc.com](http://www.sbc.com).**

**For more than 125 years, AT&T (NYSE "T") has been known for unparalleled quality and reliability in communications. Backed by the research and development capabilities of AT&T Labs, the company is a global leader in local, long distance, Internet and transaction-based voice and data services.**

**Time Warner Telecom, headquartered in Littleton, Colo., provides managed network services, specializing in Ethernet and transport data networking, Internet access, local and long distance voice, VoIP and security, to enterprise organizations and communications services companies throughout the U.S. As a leading provider of integrated and converged network solutions, Time Warner Telecom delivers customers overall economic value, quality, service, and improved business productivity. With nearly 20,000 route miles of its own local and regional fiber networks, a national IP backbone with 10 Gbps capacity, and nearly 5,300 buildings connected directly to its fiber networks, Time Warner Telecom provides the local "last mile" of reliable communications services to customers. Please visit [www.twtelecom.com](http://www.twtelecom.com) for more information.**

**About the Proposed SBC/AT&T Merger:**

**In connection with the proposed transaction, SBC Communications Inc. ("SBC") filed a registration statement, including a proxy statement of AT&T Corp., with the Securities and Exchange Commission (the "SEC") on March 11, 2005 (File No. 333-123283). Investors are urged to read the registration and proxy statement (including all amendments and supplements to it) because it contains important information. Investors may obtain free copies of the registration and proxy statement, as well as other filings containing information about SBC and AT&T Corp., without charge, at the SEC's Internet site ([www.sec.gov](http://www.sec.gov)). These documents may also be obtained for free from SBC's Investor Relations web site ([www.sbc.com/investor_relations](http://www.sbc.com/investor_relations)) or by directing a request to SBC Communications Inc., Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of AT&T Corp.'s filings may be accessed and downloaded for free at the AT&T Investor Relations Web Site ([www.att.com/ir/sec](http://www.att.com/ir/sec)) or by directing a request to AT&T Corp., Investor Relations, One AT&T Way, Bedminster, New Jersey 07921.**

**SBC, AT&T Corp. and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from AT&T shareholders in respect of the proposed transaction. Information regarding SBC's directors and executive officers is available in SBC's proxy statement for its 2005 annual meeting of stockholders, dated March 11, 2005, and information regarding AT&T Corp.'s directors and executive officers is available in the registration and proxy statement. Additional information regarding the interests of such potential participants is included in the registration and proxy statement and other relevant documents filed with the SEC.**

**Time Warner Telecom, AT&T, SBC agreement/add two**

**Cautionary Language Concerning Forward-Looking Statements:**

**This document contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act. Forward-looking statements are statements that are not historical facts and are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.**

**AT&T-SBC: These statements include, but are not limited to, financial projections and estimates and their underlying assumptions, statements regarding the benefits of the business combination transaction involving AT&T and SBC, including future financial and operating results and the plans, objectives, expectations and intentions of the combined. Such statements are based upon the current beliefs and expectations of the managements of AT&T and SBC and are subject to significant risks and uncertainties (many of which are difficult to predict and are generally beyond the control of AT&T and SBC) that may cause actual results to differ materially from those set forth in, or implied by, the forward-looking statements.**

**The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements: the ability to obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of AT&T shareholders to approve the transaction; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues. Additional factors that may affect future results are contained in SBC's and AT&T's filings with SEC, which are available at the SEC's Web site <http://www.sec.gov>. Other than as required by applicable law, AT&T and SBC disclaim any obligation to update and revise statements contained in this news release based on new information or otherwise.**

**Time Warner Telecom: These statements include, but are not limited to, the benefits and impacts of the agreements described in this release and Time Warner Telecom's continued relationship with AT&T/SBC. Such statements are based upon the current beliefs and expectations of the management Time Warner Telecom and are subject to significant risks and uncertainties (many of which are difficult to predict and are generally beyond the control of Time Warner Telecom) that may cause actual results to differ materially from those set forth in, or implied by, the forward-looking statements. Important factors that could cause actual results to vary materially from those set forth in the forward-looking statements include the failure of AT&T/SBC to consummate the planned merger, unforeseen technological changes in the industry, future consolidation in the industry and economic downturns, as well as the Risk Factors set for the in Time Warner Telecom's Annual Report on Form 10-K for the fiscal year ended December 31, 2004. Time Warner Telecom undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.**

###



**FOR MORE INFORMATION CONTACT:**

Bob Meldrum  
Time Warner Telecom  
(303) 566-1354  
email: bob.meldrum@twtelecom.com

**Time Warner Telecom Launches VoIP-Based Business Solutions Over Metro Ethernet**

- *Leverages the Company's industry-leading metro Ethernet platform*
- *First services available in 21 markets; works with existing customer PBX equipment*
- *VoIP VPN delivers unlimited long distance for all business customers, site to site*

MIAMI—February 23, 2005—Time Warner Telecom (NASDAQ: TWTC), a leading provider of managed voice and data networking solutions for businesses, today announced its VoIP-based business solutions strategy and new service offerings at the Internet Telephony Conference and Expo in Miami.

Time Warner Telecom is launching its business-class VoIP solution suite, called TW Telecom *ONE SOLUTION*, to business customers in 21 initial markets. These services are now available in: Atlanta; Albuquerque, N.M.; Austin, Texas; Binghamton, N.Y.; Charlotte, N.C.; Cincinnati; Columbus, Ohio; Dallas; Denver; Greensboro, N.C.; Indianapolis; Memphis, Tenn.; Milwaukee; Minneapolis; New York City; Orlando, Fla.; Portland, Ore.; Raleigh, N.C.; San Antonio, Texas; San Diego; Tampa, Fla. Other Time Warner Telecom markets will have TW Telecom *ONE SOLUTION* business-class VoIP-based solutions available later this year.

“Our strategic approach to this technology may differ slightly from other service providers, but it is consistent with how we have built our networks, solutions and customer care for businesses,” said Michael A. Rouleau, senior vice president – Strategy and Business Development for Time Warner Telecom. “Our strategy is to layer VoIP-based business-class solutions on our robust metro Ethernet platform. This leverages our network strengths and relationships with customers to meet their mission-critical voice needs. Our industry leadership position in data and IP enables new applications, like VoIP-based services, that work on time, all the time.

“The burning question in the minds of customers is not, what *technology*, but what *solution*, will help me win in a very competitive marketplace? How the industry takes technologies, like VoIP, and crafts them into real solutions that deliver real benefits for customers, is what separates the contenders from the pretenders. As more and more

businesses converge their voice and data networks, aligning with the right service provider is becoming even more critical," Rouleau added.

The first phase of VoIP-based products offered under TW Telecom *ONE SOLUTION*, provides solutions for PBX customers. These products include: TW Telecom ONE CONNECT, a VoIP trunking solution; TW Telecom ONE REACH, an IP FX virtual numbering service; and TW Telecom ONE FORUM, a conferencing solution. In concert with this VoIP-based business strategy launch, Time Warner Telecom is offering free VoIP VPN service to all its site-to-site customers in the 44 markets it serves.

"These VoIP-based products can integrate quickly and seamlessly over our packet infrastructure," said Rouleau. "This gives customers the ability to converge their disparate voice and data networks onto one common access infrastructure."

These product solutions improve the flexibility of a customer's voice network, while lowering its overall network and support costs by as much as 40 percent.

TW Telecom *ONE SOLUTION* delivers the convergence, simplicity, scalability and flexibility that enterprises demand of a carrier-class VoIP provider. This translates into bottom-line efficiencies and cost savings for businesses today and a platform for next generation services tomorrow.

Analysts have called Time Warner Telecom's metro Ethernet solutions suite one of the most comprehensive and competitive in the industry with market leadership position in network reach and breadth of services offered. Since early 2003, Time Warner Telecom has delivered its metro Ethernet services, called Native LAN, to more than 1,250 of its medium and large customers.

"Our business is about delivering one network...one voice...one solution to customers," Rouleau added.

#### **About Time Warner Telecom**

Time Warner Telecom Inc., headquartered in Littleton, Colo., is a leading provider of managed voice and data networking solutions to a wide array of businesses and organizations. One of the country's premier competitive telecom carriers, Time Warner Telecom integrates data, dedicated Internet access, and local and long distance voice services for long distance carriers, wireless communications companies, incumbent local exchange carriers, and enterprises doing business in healthcare, finance, higher education, manufacturing, and hospitality industries, as well as for military and state and local government organizations. Time Warner Telecom serves the needs of businesses in 22 states and 44 U.S. metropolitan areas that require telecommunications intensive services. Please visit [www.twtelecom.com](http://www.twtelecom.com) for more information.

# TIME WARNER TELECOM

## CONTACTS:

### Investor Relations:

Carole Curtin  
carole.curtin@twtelecom.com  
303 566-1000

### Media Relations:

Bob Meldrum  
bob.meldrum@twtelecom.com  
303 566-1354

## Time Warner Telecom Reports Strong Fourth Quarter 2006 Results

*Grew quarterly revenue 29% year over year*

*Delivered impressive results driven by strong organic growth  
and the acquisition of Xspedius Communications, LLC ("Xspedius")*

LITTLETON, Colo. – February 6, 2007 – Time Warner Telecom Inc. (NASDAQ: TWTC), a leading provider of managed voice and data networking solutions for business customers, today announced its fourth quarter 2006 financial results, including \$238.8 million of revenue, \$80.2 million in Modified EBITDA¹ ("M-EBITDA") and a net loss of \$24.8 million. For the year ended December 31, 2006, the Company reported \$812.4 million of revenue, \$286.0 million of M-EBITDA, and a net loss of \$98.8 million.

"This was an incredibly strong year for the Company," said Larissa Herda, Time Warner Telecom's Chairman, CEO and President. "Our organic results including revenue growth, M-EBITDA, margins, cash flow and customer growth were all impressive. We successfully executed a strategic acquisition, and accelerated free cash flow through accretive refinancing activities while maintaining our financial flexibility. We leveraged the positive momentum of our business to facilitate two equity offerings, which resulted in us becoming a non-controlled company, eliminating our Class B super-voting shares. In addition, we continued to invest in the business to focus on delivering complex solutions and serving large customer opportunities, all positioned to capture greater market share and grow revenue."

### Highlights for the Quarter

For the quarter ending December 31, 2006, the Company –

- Grew total revenue 29% year over year and 22% sequentially  
-- Included organic growth² of 9% year over year and 3% sequentially
- Grew enterprise revenue 43% year over year, and 29% sequentially  
-- Included organic growth of 16% year over year and 5% sequentially
- Grew data and Internet revenue 40% year over year and 16% sequentially  
-- Included organic growth of 30% year over year and 8% sequentially
- Produced \$80.2 million of M-EBITDA, and 34% M-EBITDA margin
- Delivered \$5.9 million of levered free cash flow⁶ for the quarter

### **Acquisition and Integration of Xspedius ("Acquired Operations"⁴)**

On October 31, 2006 the Company completed its strategic acquisition of Xspedius. The Company paid \$216 million in cash and issued 18.2 million Class A common shares. The Company achieved the following integration milestones in the first 60 days:

- Consolidated sales and marketing management, including the regional sales structure, field operations and field engineering
- Integrated acquired IP backbone into the Company's nationwide network
- Integrated human resource and financial reporting systems and launched a consolidated view of critical customer information

"To optimize the value out of our acquisition we are putting an intense focus toward fully integrating our operations," said Mark Peters, Time Warner Telecom's Executive Vice President and Chief Financial Officer. "We are pleased with our integration accomplishments this quarter. As expected, we will make integration expenditures over the next 12 to 16 months, weighted more heavily earlier in the integration process, with cost synergies to be realized later in the process. Accordingly, we expect the lower margins of the acquired operations and the related integration costs will impact our consolidated margins until we realize the expected cost synergies." The Company anticipates \$15 to \$20 million of expenses, and \$20 to \$25 million in capital expenditures related to the integration process in 2007. The Company also expects margins to be impacted by regular first quarter merit increases to employee compensation, the resetting of payroll taxes, and its re-branding initiative.

### **Year over Year Results –Fourth Quarter 2006 compared to Fourth Quarter 2005**

#### **Revenue**

Quarterly revenue was \$238.8 million for the current quarter, as compared to \$184.5 million for the fourth quarter of 2005, an increase of \$54.3 million, or 29%. This included revenue from core operations³ of \$201.6 million which represented a 9% growth over the same period last year. The primary components of the change in revenue included:

- \$44.6 million increase in revenue from enterprise customers, which included the impact of the acquired operations and a \$17.0 million increase from core operations
- \$8.5 million increase in revenue from carriers, which included the impact of the acquired operations and a \$.7 million increase from core operations

By product line, the percentage change in revenue year over year was as follows:

- 40% increase for data and Internet⁷ services, which included the impact of the acquired operations and strong organic growth. Core operations included 30% organic growth due primarily to success with Ethernet and IP-based product sales
- 58% increase for voice services⁸, which included the impact of the acquired operations and strong organic growth. Core operations included 8% organic growth due primarily to growth in bundled voice products

- 12% increase for network services⁹ due to the acquired operations. Core operations included 1% organic growth
- 5% increase in Inter-carrier Compensation primarily related to the acquired operations. Core operations included an 11% decrease from core operations due to fluctuations in dispute settlements

Monthly revenue churn was 1.1% and 1.3% for the third and fourth quarters of 2006, respectively. This compares to 1.3% monthly revenue churn for the fourth quarter of 2005. The Company expects to experience ongoing churn, including disconnects from carrier customers related to their merger activities and network grooming. In the current quarter the Company experienced a \$1.3 million reduction in revenue from a wireless carrier from the prior quarter, primarily related to its earlier consolidation. The Company expects the balance of this carrier's disconnects related to consolidation to be completed in the first half of 2007.

### M-EBITDA and Margins

M-EBITDA grew \$9.6 million to \$80.2 million for the fourth quarter of 2006, a 14% increase over the same period last year. The increase in M-EBITDA primarily reflects the impact of the acquired operations and strong revenue growth. Included in M-EBITDA was \$1.9 million of integration costs in the current quarter, and none in the same period last year. Operating costs increased primarily due to revenue growth and further investments in the business such as expansion of the IP backbone. Selling, general and administrative costs ("SG&A") remained stable in relation to total revenue between periods, but increased over the same period last year due to increases in headcount, higher commissions and acquisition costs.

Excluded from M-EBITDA, but included in operating and SG&A costs is non-cash stock-based compensation expense under SFAS 123R, which was adopted in the first quarter of 2006. Operating and SG&A costs include \$.6 million and \$3.2 million, respectively, for non-cash stock-based compensation expense in the current quarter which was not recognized in the prior year.

M-EBITDA margin was 34% for the quarter as compared to 38% for the same quarter last year. Modified gross margin¹⁰ was 59% for the current quarter compared to 66% for the same period last year. The difference in margins between periods primarily reflects the impact of integration costs for the Xspedius acquisition and two months of acquired operations, as well as normal fluctuations in revenue and costs. The Company utilizes a fully burdened modified gross margin, including network costs, and personnel costs for customer care, provisioning, network maintenance, technical field and network operations, excluding non-cash stock-based compensation expense.

### Net Loss

The Company's net loss was \$24.8 million, a loss of \$.18 per share for the current quarter compared to a net loss of \$22.3 million, a loss of \$.19 per share for the fourth quarter of 2005. Excluding the non-cash stock-based compensation expense and debt extinguishment costs, the net loss narrowed to a loss of \$.07 per share for the current quarter as compared to a loss of \$.14 per share for the same period last year, reflecting strong M-EBITDA growth as well as significant net interest savings due to refinancing events.



## Sequential Results – Fourth Quarter 2006 compared to Third Quarter 2006

### Revenue

Revenue for the quarter was \$238.8 million, as compared to \$196.1 million for the third quarter of 2006, an increase of \$42.7 million sequentially. Revenue from core operations was \$201.6 million and represented a 3% growth over the prior quarter. The primary components of the change in revenue included:

- \$33.8 million increase in revenue from enterprise customers, which included the impact of the acquired operations and \$6.2 million sequential increase for core operations
- \$6.2 million increase in revenue from carrier customers, which included the impact of the acquired operations and a \$1.6 million decrease from core operations

By product line, the percentage change in revenue sequentially was as follows:

- 16% increase for data and Internet services, which included the impact of the acquired operations and strong organic growth. Core operations included 8% organic growth due primarily to success with Ethernet and IP-based product sales
- 49% increase for voice services which included the impact of the acquired operations and strong organic growth. Core operations included 2% organic growth due primarily to growth in bundled voice products
- 10% increase in Network services due to the impact of acquired operations. Core operations included a 1% decrease

### M-EBITDA and Margins

M-EBITDA grew \$9.0 million to \$80.2 million for the fourth quarter of 2006, a 13% increase sequentially. The increase in M-EBITDA primarily reflects the impact of the acquired operations and strong revenue growth. Included in M-EBITDA was \$1.9 million of integration costs in the current quarter and \$.8 million in the prior quarter.

M-EBITDA margin was 34% for the quarter, as compared to 36% reported in the third quarter of 2006. Modified gross margin was 59% for the quarter as compared to 63% in the third quarter. The difference in margins between periods primarily reflects the impact of integration costs for the Xspedius acquisition and two months of acquired operations.

### Net Loss

The Company's net loss was \$24.8 million, a loss of \$.18 per share for the quarter compared to a net loss of \$11.3 million, a loss of \$.09 per share for the prior quarter. Excluding the non-cash stock-based compensation expense and debt extinguishment costs, the loss was \$.07 per share for the current quarter as compared to a loss of \$.06 per share for the prior quarter, reflecting strong M-EBITDA growth as well as increased interest costs for the additional debt drawn to fund the Xspedius acquisition.

### Full year 2006 results compared to 2005 results

For the year 2006, the Company reported revenue of \$812.4 million, M-EBITDA of \$286.0 million, and a net loss of \$98.8 million. For the year 2006, the Company:

- Grew total revenue \$103.6 million or 15% for the year, which included the impact of the acquired operations and strong organic growth from core operations  
*--Included 9% organic growth*
- Grew data and Internet revenue by 33% for the year, which included the impact of the acquired operations and strong organic growth from core operations  
*--Included 30% organic growth*
- Increased M-EBITDA by 14%, primarily due to increased sales, which included the impact of the acquired operations and strong organic growth from core operations
- Completed refinancing of \$1.1 billion of debt and redeemed \$640 million of senior notes and \$199 million of term loan indebtedness, improving the effective interest costs. Moved the nearest scheduled debt maturity to 2013, excluding minimal annual amortization of the secured term loan
- Achieved modified gross margin of 62% and M-EBITDA margin of 35%
- Achieved \$15.2 million of levered free cash flow

### Capital Expenditures

Capital expenditures were \$55.8 million for the fourth quarter, which included \$3.5 million of investments made for integration of the acquired operations. Capital expenditures for the year ending December 31, 2006, were \$192.7 million compared to \$162.5 million for the same period last year. Capital expenditures for core operations were \$187.0 million for the current year. For 2007, the Company expects capital expenditures to be approximately \$250 to \$275 million, which will primarily be used to fund growth opportunities, and also includes \$20 to \$25 million for integration investments.

### Summary

“We delivered impressive organic growth in 2006, at the same time we executed significant strategic events including completion of a valuable acquisition, acceleration of free cash flow through accretive refinancing activities and elimination of our super voting stock,” said Herda. “All of our actions are focused on continuing to strengthen our differentiated market position and to enable us to grow long term shareholder value.”

**Time Warner Telecom Inc. plans to conduct a webcast conference call to discuss its earnings results on February 7 at 9:00 a.m. MST (11:00 a.m. EST). To access the webcast and the financial and statistical information to be discussed in the webcast, visit [www.twtelecom.com](http://www.twtelecom.com) under “Investor Relations.”**

- (1) The Company uses a modified definition of EBITDA to eliminate certain non-cash and non-operating income or charges to earnings to enhance the comparability of its financial performance from period to period. Modified EBITDA (or "M-EBITDA") is defined as net income or loss before depreciation, amortization, accretion, asset impairment charge, interest expense, debt extinguishment costs, interest income, investment gains and losses, income tax expense or benefit, cumulative effect of change in accounting principle, and, beginning the first quarter of 2006, non-cash stock-based compensation expense. (See a discussion below of Modified EBITDA under "Financial Measures".)*
- (2) Organic growth is defined as results from the Company's operations excluding the impact of acquired operations of Xspedius since October 31, 2006 and the related integration costs.*
- (3) Core operations are defined as the Company's operations excluding the results from the acquired operations of Xspedius since October 31, 2006 and the related integration costs.*
- (4) Acquired Operations are defined as the results of the Xspedius acquisition since October 31, 2006 and the related integration costs.*
- (5) The Company defines un-levered free cash flow as Modified EBITDA less capital expenditures. Un-levered free cash flow is reconciled to Net Cash provided by (used in) operating activities in the supplemental information posted on the Company's website.*
- (6) The Company defines levered free cash flow as Modified EBITDA less capital expenditures and net interest expense from operations (but excludes debt extinguishment costs). Levered free cash flow is reconciled to Net Cash provided by (used in) operating activities in the supplemental information posted on the Company's website.*
- (7) Data and Internet services include services that enable customers to connect their internal computer networks and to access external networks, including Internet at high speeds using Ethernet protocol. Services include metro and wide area Ethernet, virtual private network solutions and Internet access.*
- (8) Voice services contain traditional and next generation voice capabilities, including voice services from stand alone and bundled products, long distance, 800 services, and VoIP.*
- (9) Network services include transmission speeds up to OC 192 to carrier and enterprise customers. These services transmit voice, data, image, storage and video, using state-of-the-art fiber optics.*
- (10) The Company defines modified gross margin as Total Revenue less operating costs excluding non-cash stock-based compensation expense under SFAS 123R. Modified gross margin is reconciled to gross margin in the financial tables.*

### **Financial Measures**

The Company provides financial measures using generally accepted accounting principles ("GAAP") as well as adjustments to GAAP measures to describe its business trends, including Modified EBITDA. Management believes that its definition of Modified EBITDA (see above) is a standard measure of operating performance and liquidity that is commonly reported and widely used by analysts, investors, and other interested parties in the telecommunications industry because it eliminates many differences in financial, capitalization, and tax structures, as well as non-cash and non-operating income or charges to earnings. Modified EBITDA is not intended to replace operating income (loss), net income (loss), cash flow, and other measures of financial performance and liquidity reported in accordance with GAAP. Management uses Modified EBITDA internally to assess on-going operations and it is the basis for various financial covenants contained in the Company's debt agreements. Modified EBITDA is reconciled to Net Loss, the most comparable GAAP measure to Modified EBITDA, within the Consolidated Operations Highlights and in the supplemental information posted on the Company's website. In addition, management uses unlevered and levered free cash flow, which measure the ability of M-EBITDA to cover capital expenditures. The Company uses these cash flow definitions to eliminate certain non-cash costs. Levered and unlevered free cash flow are reconciled to Net Cash

provided by (used in) operating activities in the supplemental information posted on the Company's website.

The Company also provides an adjustment to the measure gross margin by eliminating the impact of non-cash stock-based compensation expense related to the adoption of SFAS 123R. Management uses modified gross margin internally to assess on-going operations. Modified gross margin is reconciled to gross margin in the Consolidated Operations Highlights.

### **Forward Looking Statements**

The statements in this press release concerning the outlook for 2007 and beyond, including expansion plans, growth prospects, expected margins, sales activity, expected customer disconnections, integration activities and results and expected capital expenditures are forward-looking statements that reflect management's views with respect to future events and financial performance. These statements are based on management's current expectations and are subject to risks and uncertainties. Important factors that could cause actual results to differ materially from those in the forward looking statements include the risks summarized in the Company's filings with the SEC, especially the section entitled "Risk Factors" in its 2005 Annual Report on Form 10-K. Time Warner Telecom undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **About Time Warner Telecom**

Time Warner Telecom Inc., headquartered in Littleton, Colo., provides managed network services, specializing in Ethernet and transport data networking, Internet access, local and long distance voice, VoIP and security, to enterprise organizations and communications services companies throughout the U.S. As a leading provider of integrated and converged network solutions, Time Warner Telecom delivers customers overall economic value, quality service, and improved business productivity. Please visit [www.twtelecom.com](http://www.twtelecom.com) for more information.

**Time Warner Telecom Inc.**  
**Consolidated Operations Highlights**  
(Dollars in thousands)  
Unaudited (1)

	Three Months Ended			Twelve Months Ended		
	December 31,			December 31,		
	2006	2005	Growth %	2006	2005	Growth %
<b>Revenue</b>						
Network services (formerly dedicated transport) (2)	\$95,892	\$85,468	12%	\$355,996	\$341,779	4%
Data and Internet services	62,849	44,752	40%	216,419	162,834	33%
Voice services (formerly switched services) (2)	68,457	43,267	58%	201,968	166,808	21%
Service Revenue	227,198	173,487	31%	774,383	671,421	15%
Inter-carrier compensation (3)	11,583	11,032	5%	37,992	37,306	2%
<b>Total Revenue</b>	<b>238,781</b>	<b>184,519</b>	<b>29%</b>	<b>812,375</b>	<b>708,727</b>	<b>15%</b>
<b>Expenses</b>						
Operating costs (4)	98,085	62,598		311,532	264,517	
<b>Gross Margin</b>	<b>140,696</b>	<b>121,921</b>		<b>500,843</b>	<b>444,210</b>	
Selling, general and administrative costs (4)	64,300	51,289		228,485	193,052	
Depreciation, amortization and accretion	71,567	61,907		256,091	238,180	
<b>Operating Income</b>	<b>4,829</b>	<b>8,725</b>		<b>16,267</b>	<b>12,978</b>	
Interest expense	(23,317)	(29,778)		(98,238)	(120,219)	
Debt extinguishment costs	(11,097)	(5,470)		(36,874)	(14,043)	
Interest income	4,811	4,117		20,054	13,220	
<b>Loss before income taxes</b>	<b>(24,774)</b>	<b>(22,406)</b>		<b>(98,791)</b>	<b>(108,064)</b>	
Income tax expense (benefit)	21	(150)		28	-	
<b>Net Loss</b>	<b>(\$24,795)</b>	<b>(\$22,256)</b>		<b>(\$98,819)</b>	<b>(\$108,064)</b>	

**SUPPLEMENTAL INFORMATION TO RECONCILE MODIFIED GROSS MARGIN AND MODIFIED EBITDA**

Gross Margin	\$140,696	\$121,921		\$500,843	\$444,210	
Add back non-cash stock-based compensation expense	603	-		2,075	-	
<b>Modified Gross Margin</b>	<b>141,299</b>	<b>121,921</b>	<b>16%</b>	<b>502,918</b>	<b>444,210</b>	<b>13%</b>
Selling, general and administrative costs	64,300	51,289		228,485	193,052	
Add back non-cash stock-based compensation expense	3,246	-		11,590	-	
<b>Modified EBITDA</b>	<b>80,245</b>	<b>70,632</b>	<b>14%</b>	<b>286,023</b>	<b>251,158</b>	<b>14%</b>
Non-cash stock-based compensation expense	3,849	-		13,665	-	
Depreciation, amortization and accretion	71,567	61,907		256,091	238,180	
Net Interest expense	18,506	25,661		78,184	106,999	
Debt extinguishment costs	11,097	5,470		36,874	14,043	
Income tax expense	21	(150)		28	-	
<b>Net Loss</b>	<b>(\$24,795)</b>	<b>(\$22,256)</b>		<b>(\$98,819)</b>	<b>(\$108,064)</b>	
<b>Modified Gross Margin %</b>	<b>59%</b>	<b>66%</b>		<b>62%</b>	<b>63%</b>	
<b>Modified EBITDA Margin %</b>	<b>34%</b>	<b>38%</b>		<b>35%</b>	<b>35%</b>	
<b>Free Cash Flow:</b>						
Modified EBITDA	\$80,245	\$70,632		\$286,023	\$251,158	
Less: Capital Expenditures	55,805	41,053		192,679	162,521	
<b>Unlevered Free Cash Flow</b>	<b>24,440</b>	<b>29,579</b>		<b>93,344</b>	<b>88,637</b>	
Less: Net Interest expense	18,506	25,661		78,184	106,999	
<b>Levered Free Cash Flow</b>	<b>\$5,934</b>	<b>\$3,918</b>		<b>\$15,160</b>	<b>(\$18,362)</b>	
<b>Integration Costs (5)</b>						
Operating costs & Selling, General and Administrative costs	\$2,010	-		\$2,829	-	
Capital Expenditures	3,511	-		3,511	-	
<b>Total</b>	<b>\$5,521</b>	<b>-</b>		<b>\$6,340</b>	<b>-</b>	

- (1) For complete financials and related footnotes, please refer to the Company's SEC filings.  
(2) The Company modified the name of its revenue categories in order to provide further clarity in the first quarter of 2006. This change reflects only a change in title and is consistent with reporting in prior periods. Please see the footnotes of the press release for a further description.  
(3) Inter-carrier Compensation includes switched access and reciprocal compensation.  
(4) The Company adopted SFAS 123R effective January 1, 2006 for non-cash stock-based compensation.  
(5) Represents costs to integrate the acquired operations. All amounts are included in the reported results above.

**Time Warner Telecom Inc.**  
**Consolidated Operations Highlights**

(Dollars in thousands)

Unaudited (1)

	Three Months Ended		
	December 31, 2006	September 30, 2006	Growth %
<b>Revenue</b>			
Network services (formerly dedicated transport) (2)	\$95,892	\$87,312	10%
Data and Internet services	62,849	53,995	16%
Voice services (formerly switched services) (2)	68,457	45,932	49%
Service Revenue	227,198	187,239	21%
Inter-carrier compensation (3)	11,583	8,870	31%
<b>Total Revenue</b>	<b>238,781</b>	<b>196,109</b>	<b>22%</b>
<b>Expenses</b>			
Operating costs (4)	98,085	74,018	
<b>Gross Margin</b>	<b>140,696</b>	<b>122,091</b>	
Selling, general and administrative costs (4)	64,300	54,409	
Depreciation, amortization and accretion	71,567	62,028	
<b>Operating Income</b>	<b>4,829</b>	<b>5,654</b>	
Interest expense	(23,317)	(21,759)	
Debt extinguishment costs	(11,097)	-	
Interest income	4,811	4,754	
<b>Loss before income taxes</b>	<b>(24,774)</b>	<b>(11,351)</b>	
Income tax expense	21	-	
<b>Net Loss</b>	<b>(\$24,795)</b>	<b>(\$11,351)</b>	

**SUPPLEMENTAL INFORMATION TO RECONCILE MODIFIED GROSS MARGIN AND MODIFIED EBITDA**

Gross Margin	\$140,696	\$122,091	
Add back non-cash stock-based compensation expense	603	491	
<b>Modified Gross Margin</b>	<b>141,299</b>	<b>122,582</b>	<b>15%</b>
Selling, general and administrative costs	64,300	54,409	
Add back non-cash stock-based compensation expense	3,246	3,026	
<b>Modified EBITDA</b>	<b>80,245</b>	<b>71,199</b>	<b>13%</b>
Non-cash stock-based compensation expense	3,849	3,517	
Depreciation, amortization and accretion	71,567	62,028	
Net interest expense	18,506	17,005	
Debt extinguishment costs	11,097	-	
Income tax expense	21	-	
<b>Net Loss</b>	<b>(\$24,795)</b>	<b>(\$11,351)</b>	
<b>Modified Gross Margin %</b>	<b>59%</b>	<b>63%</b>	
<b>Modified EBITDA Margin %</b>	<b>34%</b>	<b>36%</b>	

<b>Free Cash Flow</b>		
Modified EBITDA	\$80,245	\$71,199
Less: Capital Expenditures	55,805	48,171
<b>Unlevered Free Cash Flow</b>	<b>24,440</b>	<b>23,028</b>
Less: Net interest expense	18,506	17,005
<b>Levered Free Cash Flow</b>	<b>\$5,934</b>	<b>\$6,023</b>

<b>Integration Costs (5)</b>		
Operating costs and Selling, General and Administrative costs	\$2,010	-
Capital Expenditures	3,511	-
<b>Total</b>	<b>\$5,521</b>	<b>-</b>

- (1) For complete financials and related footnotes, please refer to the Company's SEC filings.  
 (2) The Company modified the name of its revenue categories in order to provide further clarity in the first quarter of 2006. This change reflects only a change in title and is consistent with reporting in prior periods. Please see the footnotes of the press release for a further description.  
 (3) Inter-carrier Compensation includes switched access and reciprocal compensation.  
 (4) The Company adopted SFAS 123R effective January 1, 2006 for non-cash stock-based compensation.  
 (5) Represents costs to integrate the acquired operations. All amounts are included in the reported results above.

**Time Warner Telecom Inc.**  
**Highlights of Results Per Share**  
 Unaudited (1) (2) (3)

	Three Months Ended		
	12/31/06	9/30/06	12/31/05
<b>Weighted Average Shares Outstanding (thousands)</b>			
Basic and Diluted	<u>136,182</u>	<u>121,659</u>	<u>116,915</u>
<b>Basic and Diluted Loss per Common Share</b>			
Loss per share before debt extinguishment costs and non-cash stock-based compensation expense	<u>(\$0.07)</u>	<u>(\$0.06)</u>	<u>(0.14)</u>
Impact of debt extinguishment costs	<u>(0.08)</u>	<u>-</u>	<u>(0.05)</u>
Impact of non-cash stock-based compensation expense	<u>(0.03)</u>	<u>(0.03)</u>	<u>-</u>
As Reported	<u>(\$0.18)</u>	<u>(\$0.09)</u>	<u>(\$0.19)</u>
<b>Common shares (thousands)</b>			
	<u>12/31/06</u>	<u>As of 9/30/06</u>	<u>12/31/05</u>
Actual Shares Outstanding	<u>142,815</u>	<u>122,823</u>	<u>117,382</u>
<b>Options (thousands)</b>			
Options Outstanding	<u>13,738</u>	<u>14,336</u>	<u>19,512</u>
Options Exercisable	<u>8,977</u>	<u>9,843</u>	<u>13,158</u>
Options Exercisable and In-the-Money	<u>4,526</u>	<u>5,355</u>	<u>4,022</u>

- (1) For complete financials and related footnotes, please refer to the Company's SEC filings.  
 (2) As of December 31, 2006 only Class A common shares remain outstanding.  
 (3) Stock options, restricted stock units and convertible debt subject to conversion were excluded from the computation of weighted average shares outstanding because their inclusion would be anti-dilutive.

**Time Warner Telecom Inc.**  
**Condensed Consolidated Balance Sheet Highlights**  
(Dollars in thousands)  
Unaudited (1)

	December 31, 2006	September 30, 2006	December 31, 2005
<b>ASSETS</b>			
Cash and equivalents, and short-term investments	\$309,453	\$345,121	\$393,523
Receivables	87,105	65,629	58,535
Less: allowance	<u>(13,182)</u>	<u>(7,395)</u>	<u>(10,938)</u>
<b>Net receivables</b>	73,923	58,234	47,599
Other current assets	31,297	27,519	28,251
Property, plant and equipment	2,771,631	2,601,746	2,480,113
Less: accumulated depreciation	<u>(1,477,519)</u>	<u>(1,422,315)</u>	<u>(1,253,163)</u>
<b>Net property, plant and equipment</b>	1,294,112	1,179,431	1,226,950
Other Assets	<u>544,452</u>	<u>109,251</u>	<u>96,213</u>
<b>Total</b>	<u><u>\$2,253,237</u></u>	<u><u>\$1,719,556</u></u>	<u><u>\$1,792,536</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable	\$41,388	\$36,306	\$34,787
Deferred revenue	22,582	18,622	20,478
Accrued taxes, franchise and other fees	78,795	57,289	60,687
Accrued interest	16,984	13,737	35,211
Accrued payroll and benefits	34,688	37,017	28,757
Current portion of debt and lease obligations	6,679	3,038	4,211
Other current liabilities	<u>83,390</u>	<u>75,094</u>	<u>72,113</u>
<b>Total current liabilities</b>	284,506	241,103	256,244
<b>Long-Term Debt and Capital Lease Obligations</b>			
Floating rate senior secured debt - Term Loan B due 1/7/2013	600,000	-	-
Floating rate senior secured debt - Term Loan B due 11/30/2010 (2)	-	198,500	200,000
Floating rate senior secured notes, due 2/15/2011 (3)	-	240,000	240,000
10 1/8% senior unsecured notes, due 2/1/2011 (4)	-	-	400,000
9 1/4% senior unsecured notes, due 2/15/2014	400,396	400,410	400,451
2 3/8% convertible senior debentures, due 4/1/2026	373,750	373,750	-
Capital lease obligations	8,491	8,919	10,122
Less: current portion	<u>(6,679)</u>	<u>(3,038)</u>	<u>(4,211)</u>
<b>Total long-term debt and capital lease obligations</b>	1,375,958	1,218,541	1,246,362
Long-term Deferred Revenue	20,357	18,226	16,937
Other Long-Term Liabilities	19,768	9,083	8,479
Stockholders' Equity	<u>552,648</u>	<u>232,603</u>	<u>264,514</u>
<b>Total</b>	<u><u>\$2,253,237</u></u>	<u><u>\$1,719,556</u></u>	<u><u>\$1,792,536</u></u>

- (1) For complete financials and related footnotes, please refer to the Company's SEC filings.  
(2) This debt was refinanced on October 6, 2006.  
(3) These notes were fully redeemed on November 6, 2006.  
(4) These notes were fully redeemed on May 1, 2006.



**Time Warner Telecom Inc.**  
**Consolidated Statements of Cash Flows**  
 (Dollars in thousands)  
 Unaudited (1)

	Three Months Ended		Year Ended
	12/31/06	9/30/06	12/31/06
<b>Cash flows from operating activities:</b>			
Net Loss	(\$24,795)	(\$11,351)	(\$98,819)
Adjustments to reconcile net loss to net cash provided by operating activities			
Depreciation, amortization, and accretion	71,567	62,028	256,091
Stock-based compensation	3,849	3,517	13,665
Other	131	-	131
Deferred debt issue, extinguishment costs and premium on debt	11,661	779	40,032
Changes in operating assets and liabilities:			
Receivables and prepaid expense	(928)	(9,915)	(18,161)
Accounts payable, deferred revenue, and other liabilities	2,713	4,943	(18,381)
<b>Net cash provided by operating activities</b>	<b>64,198</b>	<b>50,001</b>	<b>174,558</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(55,774)	(48,171)	(192,269)
Cash paid for acquisitions, net of cash acquired	(212,416)	-	(212,416)
Purchases of investments	(87,312)	(59,545)	(425,671)
Proceeds from maturities of investments	106,693	153,116	528,201
Proceeds from sale of assets and other investing activities	1,216	(89)	1,232
<b>Net cash provided by (used in) investing activities</b>	<b>(247,593)</b>	<b>45,311</b>	<b>(300,923)</b>
<b>Cash flows from financing activities:</b>			
Net proceeds from issuance of common stock upon exercise of stock options and in connection with the employee purchase plan	14,107	14,108	46,404
Net proceeds from issuance of debt	595,507	(73)	957,800
Retirement of debt obligations	(443,300)	-	(863,552)
Payment of debt and capital lease obligations	(487)	(1,052)	(3,568)
<b>Net cash provided by (used in) financing activities</b>	<b>165,827</b>	<b>12,983</b>	<b>137,084</b>
Increase (decrease) in cash and cash equivalents	(17,568)	108,295	10,719
Cash and cash equivalents at the beginning of the period	239,121	130,826	210,834
Cash and cash equivalents at the end of the period	<u>\$221,553</u>	<u>\$239,121</u>	<u>221,553</u>
<b>Supplemental disclosures of cash flow information:</b>			
Cash paid for interest	\$20,049	\$28,700	\$115,604
Cash paid for debt extinguishment costs	\$4,800	-	\$25,052
Addition of capital lease obligation	\$31	-	\$410
<b>Summary of Cash and equivalents and short-term investments:</b>			
Cash and cash equivalents at end of the period	\$221,553	\$239,121	\$221,553
Investments	87,900	106,000	87,900
	<u>\$309,453</u>	<u>\$345,121</u>	<u>\$309,453</u>
<b>Supplemental information to reconcile capital expenditures:</b>			
Capital expenditures per cash flow statement	\$55,774	\$48,171	\$192,269
Addition of capital lease obligation	.31	-	410
Total capital expenditures	<u>\$55,805</u>	<u>\$48,171</u>	<u>\$192,679</u>

(1) For complete financials and related footnotes, please refer to the Company's SEC filings.

**Time Warner Telecom Inc.**  
**Selected Operating Statistics**  
 Unaudited (1)

	Quarter Ended							
	2005				2006			
	Mar. 31	Jun. 30	Sept. 30	Dec. 31	Mar. 31	Jun. 30	Sept. 30	Dec. 31
<b>Operating Metrics:</b>								
<b>Route Miles</b>								
Metro	12,835	13,053	13,427	13,589	13,913	14,053	14,409	17,786
Regional	<u>7,015</u>	<u>7,015</u>	<u>7,015</u>	<u>7,015</u>	<u>7,015</u>	<u>7,015</u>	<u>7,015</u>	<u>6,884</u>
Total	19,850	20,068	20,442	20,604	20,928	21,068	21,424	24,670
<b>Buildings (2)</b>								
Fiber connected buildings (on-net)	5,281	5,501	5,752	5,982	6,185	6,433	6,672	7,457
Type II (4)	<u>14,576</u>	<u>15,057</u>	<u>15,581</u>	<u>16,246</u>	<u>16,865</u>	<u>17,623</u>	<u>18,355</u>	<u>18,953</u>
Total	19,857	20,558	21,333	22,228	23,050	24,056	25,027	26,410
<b>Networks</b>								
Class 5 Switches	39	39	38	38	38	38	38	71
Soft Switches	20	26	32	34	34	35	35	35
<b>Headcount</b>								
Total Headcount	2,019	2,029	2,022	2,034	2,055	2,105	2,129	2,784
Sales Associates (3)	317	312	312	318	330	331	342	482
<b>Customers</b>								
Total Customers	10,740	11,088	11,439	11,834	12,181	12,842	13,081	31,516

- (1) For complete financials and related footnotes, please refer to the Company's SEC filings.  
 (2) Fiber connected buildings (e.g. "on-net") represents customer locations to which the Company's fiber network is directly connected. Type II buildings are carried on the Company's fiber network, including the Company's switch for voice services, with a leased service from the Company's distribution ring to the customer location.  
 (3) Includes Sales Account Executives and Customer Care Specialists.  
 (4) Excludes Type II buildings for acquired operations in the quarter ended December 31, 2006.

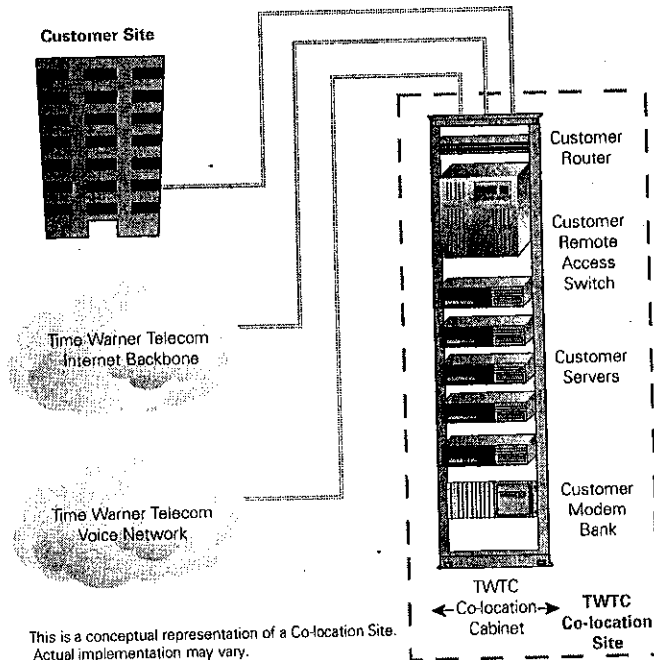
## CO-LOCATION SERVICE

Do you want to expand into new markets but can't afford the extra time and money?  
Does your network receive so much traffic that it slows down to a crawl?  
Do you have a back-up plan in place if something goes wrong with your network?

Time Warner Telecom's Co-Location Service solves these problems and delivers more. Our Co-Location Service supports your expanding network needs with a secure, redundant environment and provides dedicated space for your equipment and storage of your information. We give you a gateway to the industry's most robust local and regional optical networks, allowing you to take advantage of the best infrastructure and support capabilities available.

When you purchase any of Time Warner Telecom's valuable services (including Dedicated Internet Access, Storage Transport, Private Line, Native LAN and ISDN PRI) our Co-Location Service can become the ideal back-up site for you to store your data.

Time Warner Telecom's Co-location sites have secured access, redundant power supplies, dual HVAC, fire detection systems, and 24 x7 network monitoring. We offer flexible space options including open racks, lockable cabinets, and caged



TIME WARNER TELECOM CUSTOMER SITE AND CO-LOCATION CABINET

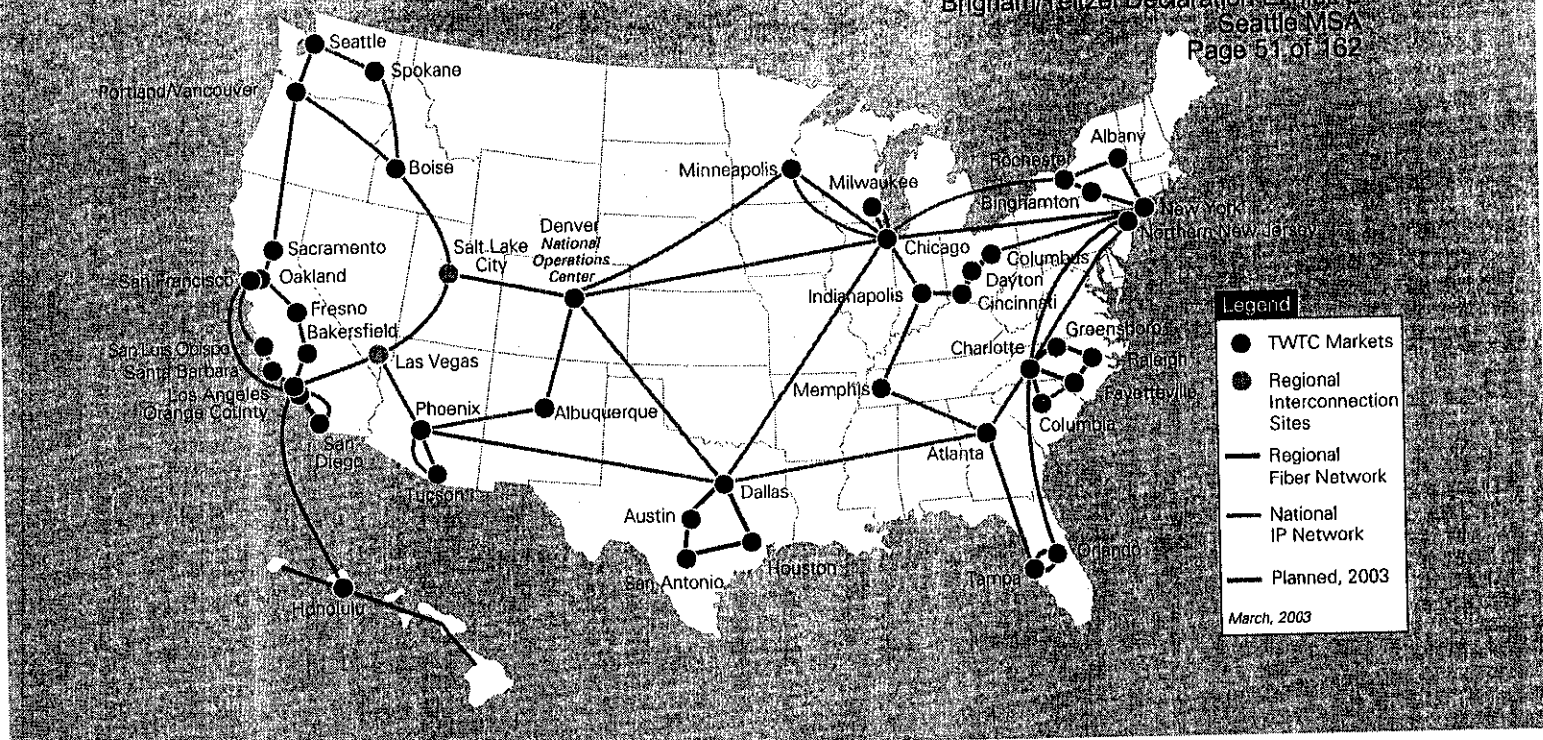
floor space. *Rack and cabinet space is set-up to support 19" and 23" equipment. Our space is conditioned with AC and DC power options to meet your power requirements.

Take advantage of our robust national network and premier customer service for a fraction of the cost of building your

POWER

TIME WARNER TELECOM

THE POWER DRIVING YOUR NETWORK



own site. You can have a single physical location with a virtual presence in any market Time Warner Telecom serves. Time Warner Telecom's skilled, local technicians are available to assist you at any time and will work with you to design a solution that fits your needs.

**ABOUT TIME WARNER TELECOM**  
 Time Warner Telecom is the leading provider of metro-area broadband optical networks and services to businesses. We deliver "last-mile" broadband data, voice, Dedicated Internet Access, and Dedicated Web Hosting in 44 major U.S. markets. Our strong financial position allows us to deliver powerful networks, robust products, and superior customer care to meet your needs. We're the power driving your network.

- TIME WARNER TELECOM CO-LOCATION SERVICE OFFERS:**
- Dedicated Co-location Space
  - Locations across the nation
  - Climate-controlled environment
  - Redundant power supplies
  - Secured access

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- TIME WARNER TELECOM CO-LOCATION SERVICE BENEFITS:**
- No building to buy
  - No employees to hire
  - Presence in as many markets as you need
  - Expanded network
  - Reliable back-up site for your data storage

**Rack, cabinet, and/or cage options may vary by market. Additional charges may apply for power, maintenance service, space designs, and technical support.*


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## News Release

**Verizon and MCI Close Merger, Creating a Stronger Competitor for Advanced Communications Services**

***New Unit -- Verizon Business -- Serves Business and Government Customers***

January 6, 2006

**Media Contact:**  
Peter Thonis, 212-395-2355

**NEW YORK** - Verizon Communications Inc. (NYSE:VZ) and MCI, Inc. today closed on their merger, enhancing Verizon's ability to deliver the benefits of converged communications, information and entertainment to customers across the country and around the world.

"This milestone for Verizon creates a new competitive force with the power of the global MCI network and the reach of Verizon's broadband and wireless networks in the U.S.," said Verizon Chairman and CEO Ivan Seidenberg. "Our added network capabilities and strong customer relationships provide a solid foundation for innovative and integrated wireless, wireline and multimedia services designed to meet customer demands for speed, mobility and control."

Seidenberg added, "Our strategy is to be a customer-focused leader in consumer broadband and video, as well as business and government services, in both the landline and wireless environments. We believe that our superior networks are the basis for innovation and competitive advantage in communications. The combination of our world-class wireless and broadband access networks with the leading global IP (Internet protocol) backbone will allow us to deliver the highest quality end-to-end experience for our customers."

Following the merger, Verizon, which continues to be based in New York, has approximately \$90 billion in annual total consolidated operating revenues and approximately 250,000 employees, serving customers in 150 countries.

### **New Unit Named 'Verizon Business'**

Verizon Business is the name of the new Verizon business unit encompassing business and government customers and related functions of the former MCI as well as similar businesses that previously were part of Domestic Telecom, including the former Verizon Enterprise Solutions Group.

Verizon now operates three network-based businesses: Verizon Business; Verizon Wireless, operator of America's most reliable wireless network; and Verizon's landline segment, which is deploying the most advanced wireline broadband and video network in America today.

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Verizon Business serves medium and large businesses and government customers, and it will announce details of new products and services later this month.

This new business segment boasts a highly trained and experienced force of sales and service professionals deployed in hundreds of sales offices around the world. It owns and operates an end-to-end, global IP network spanning more than 100,000 miles, providing next-generation IP network services to medium and large businesses and government customers.

As previously announced, John Killian has been named president of this new unit, and his leadership team executives have been overseeing integration planning for their respective functions since October.

"We have the team in place to hit the ground running and offer Verizon Business customers greater value from Day One," said Killian. "We believe that our strong commitment to customers and our integrated product offerings will deliver the most advanced business communications solutions and best customer experience available in today's marketplace."

While further details about Verizon Business will be announced at the upcoming market launch, Verizon will continue to build on the success of its "master brand" strategy.

Other segments of the former MCI are being combined with similar existing functions in Verizon. For example, the MCI Foundation will be part of the Verizon Foundation.

#### Transaction Details

The merger was announced on Feb. 14, 2005, and received the required state, federal and international regulatory approvals by year-end 2005. Verizon and MCI have been engaged in integration planning since the merger was approved by MCI shareholders on Oct. 6, 2005.

Under terms of the merger agreement, MCI shareholders will receive 0.5743 shares of Verizon and cash for each of their MCI shares. Verizon elected to make a supplemental cash payment of \$2.738 per MCI share (or \$779 million in the aggregate), rather than issue additional shares of Verizon, so that the merger consideration was equal to at least \$20.40 per share of MCI. The parties mutually agreed that there would be no purchase price adjustment related to the amount of certain MCI liabilities.

The merger was also structured as a tax-free reorganization, and generally MCI shareholders will be taxed only to the extent of a previously paid special dividend and the supplemental cash payment.

MCI shareholders holding certificates will very shortly receive information about how to exchange their shares. MCI shareholders who hold their shares in book entry or through a broker will have their shares automatically exchanged for Verizon shares and cash. Verizon shareholders need not take any action.

#### Verizon's Leadership Team

Verizon's top management team and Board of Directors remain unchanged. Michael Capellas, former president and CEO of MCI, has announced that he is leaving the business now that the merger has been completed.

Seidenberg said, "Michael's work in transforming MCI over these past few years has been extraordinary. He has been a great leader, and he leaves a legacy as an architect of one of the world's great, next-generation communications companies - a strong competitive force focused on customer innovation."

Verizon Communications Inc. (NYSE:VZ), a Dow 30 company, is a leader in delivering broadband and other communication innovations to wireline and wireless customers. Verizon operates America's most reliable wireless network, serving 49.3 million customers nationwide; one of the most expansive wholly-owned global IP networks; and one of the nation's premier wireline networks, serving home, business and wholesale customers. Based in New York, Verizon has a diverse workforce of approximately 250,000 and generates annual consolidated operating revenues of approximately \$90 billion. For more information, visit [www.verizon.com](http://www.verizon.com).

####

NOTE: This press release contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: materially adverse changes in economic and industry conditions and labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments; material changes in available technology; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results; the effects of competition in our markets; the timing, scope and financial impacts of our deployment of fiber-to-the-premises broadband technology; the ability of Verizon Wireless to continue to obtain sufficient spectrum resources; changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI, Inc.

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3.0 Service Descriptions

3.1 Local Exchange Service: The Company's Local Telephone Service provides a Customer with the ability to connect to the Company's switching network which enables the Customer to:

- place or receive calls to any calling Station in the local calling area, as defined herein;
- access enhanced 911 Emergency Service;
- access the interexchange carrier selected by the Customer for interLATA, intraLATA, interstate or international calling;
- access Operator Services;
- access Directory Assistance for the local calling area;
- place or receive calls to 800 telephone numbers;
- access Telecommunication Relay Service.

The Company's service can not be used to originate calls to other telephone companies caller-paid information services (900, 976). Calls to those numbers and other numbers used for caller-paid information services will be blocked by the Company's switch.

3.1.1 Service Area:

Plan 1: For company-provided facility based service, where facilities are available, service areas are defined by the following local calling areas.

The Company will offer Local Exchange Service in the Qwest and Verizon areas as defined in Qwest Communications, Inc. WN U-31 and Verizon Incorporated WN U-17 and the Southern Washington Area, which consists of the Camas/Washougal and Vancouver exchange areas, as defined below. Customers in each of the aforementioned areas will have different pricing structures. Where Company has facilities available, service areas are defined by the following exchange designations:

Exchange

Bainbridge Island  
Vashon  
Des Moines  
Puyallup (N)  
Seattle  
Seattle Adams  
Seattle North  
Seattle South  
Sumner (N)  
Richmond Beach*  
Tacoma  
Tacoma Waverly (N)  
Kent  
Auburn  
Silverdale  
Battle Ground+

Exchange

Vancouver+  
Bremerton  
Camas/Washougal+  
Port Orchard  
Bellevue  
Kirkland*  
Halls Lake*  
Everett*  
Silverlake*  
Bothel*  
Issaquah  
Maple Valley  
Renton

* Verizon Areas

+ So. Washington Areas

Issued: January 13, 2006

Effective: January 23, 2006

Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202



MCImetro Access Transmission Services, LLC  
d/b/a Verizon Access Transmission Services  
Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.1 Service Area (Cont'd):

Plan 2: For service provisioned via UNE-Platform (UNE-P) the service and calling areas will mirror the existing ILEC Exchange Services Tariff. UNE-P is a service delivery method where Company obtains local exchange facilities via unbundled network elements through the incumbent ILEC.

3.1.1.1 Local Calling Areas: Exchanges and zones, included in the local calling area for each of the serving area exchange designations, are specified below. NXX's associated with each particular exchange or zone may be found in the telephone directory published by the dominant exchange service provider in the Customer's exchange area. Customers in each exchange service area (Verizon and/or Qwest and/or So. Washington) may have different pricing structures.

Exchange or Zone:

Bainbridge Island:	Bainbridge Island, Eatonville and Seattle	C
Vashon:	- Auburn, Bainbridge Island, Bellevue, Bothell, Des Moines, Halls Lake, Issaquah, Kent, Kirkland, Maple Valley, Renton, Richmond Beach, Seattle and Vashon	
Des Moines:	Auburn, Des Moines, Kent, Renton, Tacoma, Tacoma Waverly and Seattle	
Seattle:	Ames Lake, Auburn, Bainbridge Island, Bellevue, Bothell, DesSeattle Adams, Moines, Halls Lake, Issaquah, Kent, Kirkland, Maple Valley, Seattle North, Renton, Richmond Beach, Seattle and Vashon	
Seattle South:		
Richmond Beach*:	Richmond Beach, Bothell, Halls Lake, Seattle	

* Verizon Area  
+ So. Washington Area

Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.1 Service Area (Cont'd):

3.1.1.1 Local Calling Areas (Cont)

Exchange or Zone:

Tacoma:	Arletta, Burley, Eatonville, Fox Island, Gig Harbor, Graham, Lakebay, Orting, Puyallup, Rainier, Roy, South Prairie, Sumner, Tacoma, Tacoma Waverly and Yelm
Kent:	Auburn, Black Diamond, Des Moines, Kent, Maple Valley, Renton and Seattle
Auburn:	Auburn, Black Diamond, Des Moines, Enumclaw, Kent, Renton, Seattle, Sumner, Tacoma and Tacoma Waverly
Silverdale:	Belfair, Bremerton, Port Orchard, Kingston, Poulsbo, Silverdale
Vancouver+:	Amboy, Battle Ground, Camas/Washougal, La Center, Ridgefield, Vancouver, Woodland, Yacolt
Bremerton:	Belfair, Bremerton, Dewatto, Port Orchard, Silverdale
Camas/Washougal+:	Camas/Washougal, Vancouver
Port Orchard:	Belfair, Bremerton, Port Orchard, Silverdale

* Verizon Area  
+ So. Washington Area

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.1 Service Area (Cont'd):

3.1.1.1 Exchange or Zone:(Cont'd)

Bellevue:	Ames Lake, Bellevue, Carnation, Fall City, Issaquah, Kirkland, North Bend, Renton and Seattle	
Kirkland*:	Kirkland, Bellevue, Bothel, Carnation, Fall City, Issaquah, North Bend and Seattle	
Halls Lake*:	Halls Lake, Bothel, Everett, Richmond Beach, Seattle and Silver Lake	
Everett*:	Everett, Halls Lake, Marysville, Silver Lake, Snohomish	C
Silver Lake*:	Silver Lake, Bothel (Excluding Duvall), Everett, Halls Lake, Marysville, Snohomish	C
Bothel*:	Ames Lake, Bothel, Carnation, Fall City, Halls Lake, Kirkland, Richmond Beach, Seattle and Silver Lake	
Issaquah:	Bellevue, Carnation, Fall City, Issaquah, Kirkland, Maple Valley, North Bend, Renton and Seattle	
Maple Valley:	Black Diamond, Issaquah, Kent, Maple Valley, Renton and Seattle	N
Marysville:	Everett, Marysville, Silver Lake	
Renton:	Auburn, Bellevue, Des Moines, Issaquah, Kent, Maple Valley and Renton and Seattle	
Puyallup:	Graham, Orting, Puyallup, South Prairie, Sumner, Tacoma	
Snohomish:	Everett, Silver Lake, Snohomish	N
Sumner:	Auburn, Buckley, Enumclaw, Orting, Puyallup, South Prairie, Sumner, Tacoma	
Tacoma Waverly:	Arlettra, Auburn, Des Moines, Eatonville, Fox Island, Gig Harbor, Graham, Lakebay, Orting, Puyallup, Rainier, Roy, south Priarie, Sumner, Tacoma, Tacoma Waverly, Yelm	

* Verizon Area  
 + So. Washington Area

Issued: April 25, 2006

Effective: May 5, 2006

Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line: A facilities based service which provides a Business Customer with an individual access line and the ability to connect to the Company's switching network to complete calling within a local calling area for the transmission of two way interactive switched voice or data communication. Local Line provides the Customer with a single, voice-grade communications channel. Each Local Line will include a telephone number. The following services and/or options may apply:

Flat Rate Option: Customers electing this option may make unlimited local calls.

Per Minute Option:¹ Customer may make local calls on a per minute basis according to usage rates as set forth in Section 3.1.4.1.

High Capacity Inbound Service: A High Capacity Inbound Line or Trunk is any inbound line or trunk for which, during any monthly billing period and at any location or individual building address of a customer, the following three conditions are met: 1) more than 70 percent of the traffic carried is inbound local; 2) the average off-hook time per call is more than ten minutes; and 3) the average daily usage per line or trunk exceeds eight hours. Monthly charges shall apply to each High Capacity Inbound Line or Trunk used by the Customer. These charges are in lieu of other monthly recurring local line, Local Trunk-Basic (Per Call/Per Minute/Flat Rate options) and Local Trunk-DID (Analog) and are in addition to non-recurring and per minute usage charges specified elsewhere in this price list.

3.1.2.1 Standard Features: Each Local Line Customer is provided with the following standard features:

- Call Forward-Variable
- Call Hold
- Call Park
- Call Pickup (Group Call Pickup or Directed Call Pickup)
- Calling Number Delivery Blocking (Selective)
- Conference Six-Way
- Customer Group Dialing Plan
- Do Not Disturb
- Message Waiting
- Hunting (Circular, Sequential and Uniform Call Distribution)
- Touchtone

¹ Effective March 1, 2001, this option will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)  
3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line (Cont'd)

3.1.2.2 Optional Features: A Local Line Customer may order the following optional features, at the rates specified in Section 3.1.2.3.3:

- Call Forward-Busy*
- Call Forward-No Answer*
- Call Transfer or 3-Way Conference*
- Call Waiting/Cancel Call Waiting*
- Caller ID-Number¹
- Caller ID with Name and Number
- Call Trace
- Calling Number Delivery+
- Calling Number Delivery Blocking (Complete)
- Interim Local Number Portability
- Selective Call Screening
- Speed Dial-8 or Speed Dial-30*
- Toll Restriction*
- Remote Call Forwarding²

Feature Package 1 (Only where facilities are available. Includes all Standard Features listed above and each of the following Optional Features):

- Call Transfer or 3-Way Conference Calling
- Call Forward-Busy
- Call Forward-No Answer
- Speed Dial-8

Feature Package 2 (Only where facilities are available. Includes all Standard Features listed above, Feature Package 1 and each of the following Optional Features):

- Speed Dial-8 or Speed Dial-30
- Toll Restriction

3.1.2.3 Local Line Rates and Charges: A Local Line Customer will be charged applicable Non-Recurring and Monthly Recurring Charges as specified in Sections 3.1.2.3.1 and 3.1.2.3.2, respectively. Local Line charges will vary based on whether the Customer chooses the per minute rate or Flat Rate option, as specified in Section 3.1.2.3.2. The usage rates in section 3.1.2.3.4 will only apply to those customers who choose the Per Minute and/or Per Call Options specified in Section 3.1.2.3.2.

* Installation on or after December 15, 1998 will be charged the applicable rate. Existing lines will continue to receive these feature at no charge.

+ Beginning December 15, 1998, this feature will not be available to new subscribers.

¹ Effective November 1, 2000, this feature will no longer be available to new subscribers.

² Effective January 1, 2004, this feature is not available to customers who choose Plan 2.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line (Cont'd)

3.1.2.3 Local Line Rates and Charges (Cont'd):

3.1.2.3.1 Non-Recurring Charges

Line Connection Charge (per line)	
Verizon Area	\$15.00
Qwest Area	\$15.00
So. Washington Area	\$15.00

Account Setup (per account)	
Verizon Area	\$48.50
Qwest Area	\$0.00
So. Washington Area	\$0.00

Moves, Changes, Additions (per change)	
Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Changes (per billing record change)	
Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Line Restoral Charge (per line)	
Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

(Applies for line restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. If service is discontinued and subsequently re-established, charges apply as for a new installation of service.)

Order Expedite Charge (Per Line)	\$25.00
-------------------------------------	---------

Due Date Change (Per Occurrence)	\$10.00
-------------------------------------	---------

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line (Cont'd)

3.1.2.3 Local Line Rates and Charges (Cont'd):

3.1.2.3.1 Non-Recurring Charges (Cont'd)

Suspension of Service Restoral Charge  
(per line)

Verizon Area	\$41.25
Qwest Area	\$10.00
So. Washington Area	\$10.00

(Applies for restoral of service after Customer-initiated suspension)

3.1.2.3.2 Recurring Charges - Monthly

Plan 1:  
Local Line - Line Charge (Analog)  
(per line)

Per Minute/Per Call Options¹

Verizon Area	\$17.50
Qwest Area	\$18.60
So. Washington Area	\$17.50

Flat Rate Option:

Verizon Area	\$31.40
Qwest Area	\$26.89
So. Washington Area	\$26.89

High Capacity Inbound Service (Analog)

Per minute/per call options

Verizon Area	\$17.50
Qwest Area	\$18.60
So. Washington	\$17.50

Flat Rate Option

Verizon Area	\$31.40
Qwest Area	\$26.89
So. Washington Area	\$26.89

¹ Effective March 1, 2001, this option will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line (Cont'd)

3.1.2.3 Local Line Rates and Charges (Cont'd):

3.1.2.3.2 Recurring Charges - Monthly (Cont.)

Plan 2:		
	Flat	Metered
Plan 2 a) for 1-3 lines	\$40.00	\$17.50
Plan 2 b) for 4 or more lines (rate applies to all lines)	\$40.00	\$17.50

3.1.2.3.3 Optional Features:

	<u>Monthly Recurring</u>
Call Forward-No Answer	\$1.00
Call Transfer or 3-Way Conference	\$2.00
Call Waiting/Cancel Call Waiting	\$3.00
Caller ID-Number	\$5.00
Caller ID with Name and Number	\$5.00
Speed Dial-8	\$2.00
Speed Dial-30	\$4.00
Toll Restriction	\$3.00
Feature Package 1	\$4.50
Feature Package 2	\$9.50
Calling Number Delivery	\$4.75
Calling Number Delivery Blocking (Complete)	\$0.00
Interim Local Number Portability ¹	\$0.00
Selective Call Screening (per line)	\$2.00
Call Trace ²	
(monthly subscription charge)	\$0.00
(per-activation charge)	\$0.00
Remote Call Forwarding	\$20.00

¹ Rates for volume of numbers greater than 500 will be provided on an individual case basis.

² Customers may choose between a monthly subscription or per-activation charge. The total monthly charge for per-activation is capped at \$25.00.



3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.2 Local Line (Cont'd)

3.1.2.3 Local Line Rates and Charges (Cont'd):

3.1.2.3.3 Optional Features: (Cont)

	<u>Non-Recurring</u>
Call Forward-Busy	\$5.00
Call Forward-No Answer	\$5.00
Call Transfer or 3-Way Conference	\$5.00
Call Waiting/Cancel Call Waiting	\$5.00
Caller ID-Number	\$5.00
Caller ID with Name and Number	\$5.00
Speed Dial-8	\$5.00
Speed Dial-30	\$5.00
Toll Restriction	\$5.00
Feature Package 1	\$10.00
Feature Package 2	\$10.00
Selective Call Screening	\$24.00

3.1.2.3.4 Usage Rates: The rates in Section 3.1.20 will apply.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk: A facilities based service which will provide a single, analog, voice-grade communications access line that can be used to place or receive one call at a time. Provides a trunk-side connection from the customer's PBX or trunk capable key system to the Company's switch. Signaling is ground start. The service is Dual Tone Multi-Frequency (DTMF). Local Trunk(s) provide the Customer with a voice-grade communications channel(s) to the Customer's Private Branch Exchange or Hybrid Key System. Local Trunks can be provisioned as either analog or digital. The following services and/or options may apply:

Local Trunk - Basic: Can be used to carry one-way outbound traffic, one-way or two-way traffic. The calling options described in Section 3.12 will be available to Local Trunk-Basic customers.

Local Trunk - DID: Provides the customer with a single analog connection which can carry one-way inbound traffic.

High Capacity Inbound Service: A High Capacity Inbound Line or Trunk is any inbound line or trunk for which, during any monthly billing period and at any location or individual building address of a customer, the following three conditions are met: 1) more than 70 percent of the traffic carried is inbound local; 2) the average off-hook time per call is more than ten minutes; and 3) the average daily usage per line or trunk exceeds eight hours. Monthly charges shall apply to each High Capacity Inbound Line or Trunk used by the Customer. These charges are in lieu of other monthly recurring local line, Local Trunk-Basic (Per Call/Per Minute/Flat Rate options) and Local Trunk-DID (Analog) and are in addition to non-recurring and per minute usage charges specified elsewhere in this price list.

3.1.3.1 Local Trunk-Basic: Local Trunk- Basic can be used to carry one-way outbound traffic, one-way inbound or two-way traffic.

3.1.3.1.1 One-Way Outbound: Provides the Customer with a single analog connection which is restricted to carry outbound traffic only.

3.1.3.1.2 One-Way Inbound or Two-Way: Provides the Customer with a single analog connection which can carry one-way inbound or two-way traffic.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.1 Local Trunk-Basic (Cont'd)

3.1.3.1.2 One-Way Inbound or Two-Way (Cont)

3.1.3.1.2.1 Features: The following features are available:

Standard:

Hunting (Circular, Sequential and  
Uniform Call Distribution)  
Calling Number Delivery Blocking  
(Selective)  
Touchtone

Optional:

Selective Call Screening  
Interim Local Number Portability  
Calling Number Delivery Blocking  
(Complete)  
Remote Call Forwarding  
Overflow Routing

3.1.3.1.3 Local Trunk-Basic Rates and Charges: A Local Trunk - Basic Customer will be charged the applicable Non-Recurring and Monthly Recurring Charges specified in Sections 3.1.3.1.3.1 and 3.1.3.1.3.2, respectively.

3.1.3.1.3.1 Non-Recurring Charges

Line Connection Charges (per Trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	
Analog	\$20.00
Digital	\$20.00

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.1 Local Trunk-Basic (Cont'd)

3.1.3.1.3 Local Trunk-Basic Rates and Charges (Cont'd)

3.1.3.1.3.1 Non-Recurring Charges (Cont'd)

Account Setup (per account)

Verizon Area	\$48.50
Qwest Area	\$0.00
So. Washington Area	\$0.00

Account Changes (Moves, Changes, Additions)  
(per change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Changes (per Billing Record Change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Line Restoral Charge (per trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

(Applies for trunk restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. If service is discontinued and subsequently re-established, charges apply as for a new installation of service.)

Suspension of Service Restoral Charge  
(per trunk)

Verizon Area	\$41.25
Qwest Area	\$10.00
So. Washington Area	\$10.00

(Applies for trunk restoral after Customer-initiated suspension.)

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Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.1 Local Trunk-Basic (Cont'd)

3.1.3.1.3 Local Trunk-Basic Rates and Charges (Cont'd):

3.1.3.1.3.1 Non-Recurring Charges (Cont'd)

Order Expedite Charge(Per Trunk)	\$25.00
T-1 Order Expedite Charge (Per T-1)	\$600.00
Due Date Change (Per Occurance)	\$10.00
Local T-1 Installation Charge (Per T-1)	\$200.00

3.1.3.1.3.2 Monthly Recurring Charges

Local Trunk - Basic Charge

(Analog per Trunk; per minute/call options)¹

Verizon Area	\$26.00
Qwest Area	\$18.60
So. Washington Area	\$18.60

Local Trunk - Basic Charge

(Digital per Trunk; per minute/call options)¹

Verizon Area	\$26.00
Qwest Area	\$18.95
So. Washington Area	\$18.95

¹ Effective March 1, 2001, this option will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.1 Local Trunk-Basic (Cont'd)

3.1.3.1.3 Local Trunk-Basic Rates and Charges (Cont'd):

Local Trunk - Basic Charge (Analog per Trunk; Flat Rate Option)	
Verizon Area	\$46.50
Qwest Area	\$26.89
So. Washington Area	\$26.89
Local Trunk - Basic Charge (Digital per Trunk; Flat Rate Option)	
Verizon Area	\$46.50
Qwest Area	\$26.60
So. Washington Area	\$26.60

High Capacity Inbound Service Local Trunk-Basic Charge (per trunk) Analog per Trunk; per minute/per call options	
Verizon Area	\$26.00
Qwest Area	\$18.60
So. Washington Area	\$18.60

Digital per Trunk; per minute/per call options	
Verizon Area	\$26.00
Qwest Area	\$18.95
So. Washington Area	\$18.95

Analog per Trunk; Flat Rate Option	
Verizon Area	\$46.50
Qwest Area	\$26.89
So. Washington Area	\$26.89
Digital per Trunk; Flat Rate Option	
Verizon Area	\$46.50
Qwest Area	\$26.60
So. Washington Area	\$26.60

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.1 Local Trunk-Basic (Cont'd)

3.1.3.1.3 Local Trunk-Basic Rates and Charges (Cont'd):

3.1.3.1.3.2 Monthly Recurring Charges (Cont'd)

Interface Charge² \$150.00

(Tacoma and Auburn  
exchange areas only)

3.1.3.1.3.3 Optional Features:

Monthly Recurring

Interim Local Number Portability  
(Per number)³ \$0.00

Calling Number Delivery Blocking  
(Complete) \$0.00

Selective Call Screening (per trunk) \$2.00

Remote Call Forwarding \$20.00

Overflow Routing \$20.00

Non-Recurring

Selective Call Screening \$24.00

² Existing customers in the Tacoma and Auburn exchange areas are exempt from this charge. All orders for fewer than 24 trunks placed on or after May 24, 1999 will be assessed this charge.

³ Rates for volume of numbers greater than 500 will be provided on an individual case basis.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - Direct Inward Dialing (DID): Provides the Customer with a single analog¹ or digital connection which can carry one-way, inbound traffic.

3.1.3.2.1 Direct Inward Dialing Numbers: Additional monthly charges will apply, as specified in Section 3.1.3.2.2.2, for DID numbers.

3.1.3.2.1.1 Features:

Standard Features:

Hunting (Circular, Sequential and Uniform Call Distribution)  
Touchtone

Optional Features:

Interim Local Number Portability (ILNP)  
Remote Call Forwarding  
Overflow Routing

3.1.3.2.2 Direct Inward Dialing Rates and Charges: A Customer who orders a Local Trunk - DID trunk will be charged applicable Non-Recurring Charges and monthly Recurring Charges as specified in Sections 3.1.3.2.2.1 and 3.1.3.2.2.2. Optional Features will apply as specified in Section 3.1.3.2.2.3

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¹ Effective April 1, 2001, analog DID will no longer be available to new subscribers.



3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - (DID) (Cont'd)

3.1.3.2.2 Direct Inward Dialing Rates and Charges (Cont'd):

3.1.3.2.2.1 Non-Recurring Charges

Installation:

Line Connection (per DID Trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Setup (per account)

Verizon Area	\$48.50
Qwest Area	\$0.00
So. Washington Area	\$0.00

Account Changes (Moves, Changes, Additions)  
(per change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Changes (per Billing Record change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Line Restoral Charge (per Trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

(Applies for trunk restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. If service is discontinued and subsequently re-established, charges apply as for a new installation of service.)

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - (DID) (Cont'd)

3.1.3.2.2 Direct Inward Dialing Rates and Charges (Cont'd):

3.1.3.2.2.1 Non-Recurring Charges (cant)

Suspension of Service Restoral Charge (per trunk)	
Verizon Area	\$41.25
Qwest Area	\$10.00
So. Washington Area	\$10.00
(Applies for trunk restoral after Customer-initiated suspension.)	
Order Expedite Charge (Per Trunk)	\$25.00
T-1 Order Expedite Charge (Per T-1)	\$600.00
Due Date Change (Per Occurance)	\$10.00
Local T-1 Installation Charge (Per T-1)	\$200.00

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - DID (Cont'd)

3.1.3.2.2 Direct Inward Dialing Rates and Charges (Cont'd):

3.1.3.2.2.1 Non-Recurring Charges (Cont'd)

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Verizon Area:

Initial Block of 20  
DID Numbers \$66.00

Each Add'l Block of 20  
DID Numbers \$32.80

Initial Block of 100  
DID Numbers \$197.20

Each Add'l Block of 100  
DID Numbers \$164.00

(Rate for volume of numbers greater than 1000  
will be on an individual case basis.)

Qwest Area:

Each Block of 20 DID Number  
(up to 1000) \$20.00

(Rate for volume of numbers greater than 1000  
will be on an individual case basis.)

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So. Washington Area:

Each Block of 20 DID Numbers \$20.00

(Rate for volume of numbers greater than 1000  
will be on an individual case basis.)

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Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - DID (Cont'd)

3.1.3.2.2 Direct Inward Dialing Rates and Charges (Cont'd):

3.1.3.2.2.1 Non-Recurring Charges (Cont'd)

PRI Customers will be charged the following for DID numbers:

Initial Block of 20 Numbers	\$66.00
Each Add'l Block of 20 Numbers	\$32.80
Initial Block of 100 Numbers	\$197.20
Each Add'l Block of 100 Numbers	\$164.00

3.1.3.2.2.2 Monthly Recurring Charges

Local Trunk - DID Charge

Analog (per trunk)

Verizon Area	\$46.50
Qwest Area	\$59.89
So. Washington Area	\$46.50

Digital (per trunk)

Verizon Area	\$46.50
Qwest Area	\$53.25
So. Washington Area	\$46.50

High Capacity Inbound Service

Local Trunk-DID charge

Analog (per trunk)

Verizon Area	\$46.50
Qwest Area	\$59.89
So. Washington Area	\$46.50

Digital (per trunk)

Verizon Area	\$46.50
Qwest Area	\$53.25
So. Washington Area	\$46.50

Interface Charge ¹ (Tacoma and Auburn exchange areas only)	\$150.00
-----------------------------------------------------------------------------	----------

¹ Existing customers in the Tacoma and Auburn exchange areas are exempt from this charge. All orders for fewer than 24 trunks placed on or after May 24, 1999 will be assessed this charge.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - DID (Cont'd)

3.1.3.2.2 Direct Inward Dialing Rates and Charges (Cont'd):

3.1.3.2.2.2 Monthly Recurring Charges

Qwest Area:

DID number charge \$3.00  
(per Block of 20 Numbers)  
Rates for a volume of Numbers greater than  
1000 will be provided on an Individual Case  
Basis.¹

(Per Block of 1000 numbers after an initial  
purchase of 2000 numbers in a Metropolitan  
Statistical Area (MSA) from a single Company  
switch.) \$2,000

Verizon Area:

Initial Block of 20 DID Numbers \$8.00

(Per Block of 1000 numbers after an  
initial purchase of 2000 numbers in a  
Metropolitan Statistical Area (MSA)  
from a single Company switch.) \$2,000

PRI Customers \$8.00  
Each Add'l Block of 20 DID Numbers \$8.00  
PRI Customers \$8.00  
Initial Block of 100 DID Numbers \$25.00  
PRI Customers \$25.00  
Each Add'l Block of 100 DID Numbers \$25.00  
PRI Customers \$25.00

¹ Effective December 1, 2000, this will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.2 Local Trunk - DID (Cont'd)

3.1.3.2.2 Direct Inward Dialing Rates and Charges (Cont'd):

3.1.3.2.2.2 Monthly Recurring Charges

So. Washington Area:

DID number charge \$3.00  
(per Block of 20 Numbers)  
(Rates for a volume of Numbers greater than  
1000 will be provided on an Individual Case Basis.)^{1,2}

(Per Block of 1000 numbers after an  
initial purchase of 2000 numbers in a  
Metropolitan Statistical Area (MSA)  
from a single Company switch.) \$2,000

PRI Customers will be charged the following for

DID numbers:  
Per Block of 20 DID Numbers \$8.00  
Per Block of 100 Numbers \$40.00

3.1.3.2.2.3 Optional Features  
Monthly Recurring

Interim Local Number Portability \$0.00  
(Per Number)¹

Remote Call Forwarding \$20.00

Overflow Routing \$20.00

¹ Rate for volume of numbers greater than 500 will be on an individual cases basis.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.3 Local Trunk - Digital T-1 Service¹: Digital T-1 Service provides a credit for customers who purchase digital trunks in blocks of 24 (an entire T-1). Customers who order an entire T-1 will be charged applicable non-recurring trunk and monthly recurring trunk charges as specified below for Local Trunk depending on service for which customer subscribes. Terms, conditions, and other charges, as described elsewhere in this Tariff, apply as appropriate.

3.1.3.3.1 Non-Recurring Charges:

Applicable non-recurring charges for Local Trunk-Basic (Digital), Local Trunk-DiD (Digital) and Local Trunk-2 Way Direct (Digital), as specified in sections 3.1.3.1, 3.1.3.2 and 3.1.3.5, will apply.

3.1.3.3.2 Monthly Recurring Charges:

Applicable monthly recurring charges for Local Trunk-Basic (Digital), Local Trunk-DiD (Digital) and Local Trunk-2 Way Direct (Digital), as specified in sections 3.1.3.1, 3.1.3.2 and 3.1.3.5, will apply.

3.1.3.3.3 Credit: Customers enrolling in this service will receive the following monthly credits per trunk per T-1 ordered:

	<u>Credit per trunk</u>
<hr/>	
Local Trunk-Basic and High Capacity	
Inbound Service	
(Digital Flat Rate Option)	
Verizon Area	\$13.00
Qwest Area	\$6.60
So. Washington Area	\$6.60
Local Trunk-DiD (Digital) and High Capacity	
Inbound Service (Digital)	
Verizon Area	\$13.00
Qwest Area	\$9.10
So. Washington Area	\$13.00

¹ Effective October 13, 1998, Digital T-1 Service will only be available to existing customers who have enrolled their existing T-1s in this service.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.3 Local Trunk - Digital T-1 Service

3.1.3.3.3 Credit (Cont)

Local Trunk - 2 Way Direct and High Capacity  
Inbound Service

(Digital Flat Rate Option)

Verizon Area \$13.00

Qwest Area \$9.10

So. Washington Area \$13.00

Credits earned during a partial billing period will be given in their entirety and will not be pro-rated.

Customers must retain their original T-1 configuration. Customers who disconnect trunks from the original T-1 configuration will no longer receive the credits for that T-1. Customers may enroll more than one T-1 in this service.

3.1.3.4 Local Trunk - Digital T-1 Credit Program: Digital T-1 Credit Program provides a credit for customers who purchase digital Local Trunk-Basic, digital Local Trunk-DID or digital Local Trunk-2 Way Direct (trunk types) in blocks of 24 trunks (an entire T-1). Customers who order an entire T-1 will be charged applicable non-recurring trunk and monthly recurring trunk charges as specified below for Local Trunk depending on service for which customer subscribes. Terms, conditions, and other charges, as described elsewhere in this Tariff, apply as appropriate.

3.1.3.4.1 Non-Recurring Charges:

Applicable non-recurring charges for Local Trunk-Basic, Local Trunk-DID and Local Trunk-2 Way Direct, as specified in sections 3.1.3.1, 3.1.3.2 and 3.1.3.5, will apply.

3.1.3.4.2 Monthly Recurring Charges:

Applicable monthly recurring charges for Local Trunk-Basic, Local Trunk-DID and Local Trunk-2 Way Direct, as specified in sections 3.1.3.1, 3.1.3.2 and 3.1.3.5, will apply.



3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.4 Local Trunk - Digital T-1 Credit Program

3.1.3.4.3 Credit: Customers enrolling in this service will receive the following monthly credit per trunk per T-1 ordered.

	<u>Credit per Trunk</u>
Local Trunk - Basic and High Capacity Inbound Service (Digital Flat Rate Option)	
Verizon Area	\$13.00
Qwest Area	\$6.60
So. Washington Area	\$6.60
Local Trunk - DID (Digital) and High Capacity Inbound Service (Digital)	
Verizon Area	\$13.00
Qwest Area	\$9.10
So. Washington Area	\$13.00
Local Trunk-2 Way Direct and High Capacity Inbound Service (Digital Flat Rate Option)	
Verizon Area	\$13.00
Qwest Area	\$9.10
So. Washington Area	\$13.00

Credits earned during a partial billing period will be given in their entirety and will not be pro-rated.

Customers must retain their original T-1 configuration. Customers who disconnect trunks from the original T-1 configuration will no longer receive the credits for that T-1. Customers may enroll more than one T-1 in this service.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct:

Provides the customer with a two-way direct dial digital or analog¹ connection which can carry both inbound and outbound traffic and the ability to route a block of numbers to a trunk group, receive outpulsed digits on calls incoming through that trunk group and make outgoing calls using the same trunks.

3.1.3.5.1 2 Way Direct Dialing Numbers: Telephone numbers can be obtained in blocks of 20 numbers. So, Washington Area PRI Customers will be able to purchase DID numbers in blocks of 20 or 100. Non-Recurring Charges and Monthly recurring charges will apply, as specified in Section 3.1.3.5.2.1 and Section 3.1.3.5.2.2 respectively, for 2-Way Direct numbers.

3.1.3.5.1.1 Features:  
Standard Features:

Calling Number Delivery Blocking (Selective)  
Hunting (Circular, Sequential and Uniform Call  
Distribution)  
Touchtone

Optional Features:  
Interim Local Number Portability (ILNP)  
Selective Call Screening  
Calling Number Delivery Blocking (Complete)  
Remote Call Forwarding  
Overflow Routing

3.1.3.5.2 2 Way Direct Rates and Charges: A Customer who orders a Local Trunk - 2 Way Direct trunk will be charged applicable Non-Recurring Charges and monthly Recurring Charges and Usage Charges as specified in Sections 3.1.3.5.2.1, 3.1.3.5.2.2 and 3.1.20.

<u>Optional Features:</u>	<u>Monthly:</u>
Interim Local Number Portability (ILNP)	\$0.00
Selective Call Screening	\$2.00
Calling Number Delivery Blocking (Complete)	\$0.00
Remote Call Forwarding	\$20.00
Overflow Routing	\$20.00

	<u>Non-Recurring:</u>
Selective Call Screening	\$24.00

¹ Effective April 1, 2001, analog 2 Way Direct will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct (Cont'd)

3.1.3.5.2 2 Way Direct Rates and Charges (Cont'd)

---

3.1.3.5.2.1 Non-Recurring Charges

Installation:

Line Connection (per DID Trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Setup (per account)

Verizon Area	\$48.50
Qwest Area	\$0.00
So. Washington Area	\$0.00

Account Changes (Moves, Changes, Additions)  
(per change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Changes (per Billing Record change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct (Cont'd)

3.1.3.5.2 2 Way Direct Rates and Charges (Cont'd)

---

3.1.3.5.2.1 Non-Recurring Charges

Line Restoral Charge (per Trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

(Applies for trunk restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. If service is discontinued and subsequently re-established, charges apply as for a new installation of service.)

Suspension of Service Restoral Charge  
(per trunk)

Verizon Area	\$41.25
Qwest Area	\$10.00
So. Washington Area	\$10.00

(Applies for trunk restoral after Customer-initiated suspension.)

Order Expedite Charge \$25.00  
(Per Trunk)

T-1 Order Expedite Charge \$600.00  
(Per T-1)

Due Date Change \$10.00  
(Per Occurance)

Local T-1 Installation Charge \$200.00  
(Per T-1)

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Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct (Cont'd)

3.1.3.5.2 2 Way Direct Rates and Charges (Cont'd)

---

3.1.3.5.2.1 Non-Recurring Charges (Cont'd)

Verizon Area:

Initial Block of 20  
DID Numbers \$66.00

Each Add'l Block of 20  
DID Numbers \$32.80

Initial Block of 100  
DID Numbers \$197.20

Each Add'l Block of 100  
DID Numbers \$164.00

(Rate for volume of numbers greater than 1000  
will be on an individual case basis.)

Qwest Area:

Each Block of 20 DID Number  
(up to 1000) \$20.00

(Rate for volume of numbers greater than 1000  
will be on an individual case basis.)

---

So. Washington Area:

Each Block of 20 DID Numbers \$20.00

(Rate for volume of numbers greater than 1000  
will be on an individual case basis.)

PRI Customers will be charged the following for  
DID numbers:

Initial Block of 20 Numbers \$66.00

Each Add'l Block of 20 Numbers \$32.80

Initial Block of 100 Numbers \$197.20

Each Add'l Block of 100 Numbers \$164.00

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct (Cont'd)

3.1.3.5.2 2 Way Direct Rates and Charges (Cont'd)

3.1.3.5.2.2 Monthly Recurring Charges

Per Minute/Per Call Options¹

Analog

Verizon Area	\$37.20
Qwest Area	\$47.68
So. Washington Area	\$37.20

Digital

Verizon Area	\$30.00
Qwest Area	\$42.60
So. Washington Area	\$30.00

Flat Rate Option

Analog

Verizon Area	\$46.50
Qwest Area	\$59.89
So. Washington Area	\$46.50

Digital

Verizon Area	\$46.50
Qwest Area	\$53.25
So. Washington Area	\$46.50

High Capacity Inbound Service

Local Trunk-2 Way Direct (per Trunk)

Per minute/per call options

Analog

Verizon Area	\$37.20
Qwest Area	\$47.68
So. Washington Area	\$37.20

Digital

Verizon Area	\$30.00
Qwest Area	\$42.60
So. Washington Area	\$30.00

¹ Effective March 1, 2001, this option will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct (Cont'd)

3.1.3.5.2 2 Way Direct Rates and Charges (Cont'd)

3.1.3.5.2.2 Monthly Recurring Charges (Cont)

Flat Rate Option

Analog

Verizon Area	\$46.50
Qwest Area	\$59.89
So. Washington Area	\$46.50

Digital

Verizon Area	\$46.50
Qwest Area	\$53.25
So. Washington Area	\$46.50
Interface Charge ¹	\$150.00
(Tacoma and Auburn exchange areas only)	

Qwest Area:

DID number charge	\$3.00
(per Block of 20 Numbers)	

Rates for a volume of Numbers greater than 1000 will be provided on an Individual Case Basis.²

(Per Block of 1000 numbers after an initial purchase of 2000 numbers in a Metropolitan Statistical Area (MSA) from a single Company switch.) \$2,000

¹ Existing customers in the Tacoma and Auburn exchange areas are exempt from this charge. All orders for fewer than 24 trunks placed on or after May 24, 1999 will be assessed this charge.

² Effective December 1, 2000, this will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.3 Local Trunk (Cont'd)

3.1.3.5 Local Trunk - 2 Way Direct (Cont'd)

3.1.3.5.2 2 Way Direct Rates and Charges (Cont'd)

3.1.3.5.2.2 Monthly Recurring Charges (Cont'd)

Verizon Area:

Initial Block of 20 DID Numbers	\$8.00
(Per Block of 1000 numbers after an initial purchase of 2000 numbers in a Metropolitan Statistical Area (MSA) from a single Company switch.)	
PRI Customers	\$2,000
Each Add'l Block of 20 DID Numbers	\$8.00
PRI Customers	\$8.00
Initial Block of 100 DID Numbers	\$25.00
PRI Customers	\$25.00
Each Add'l Block of 100 DID Numbers	\$25.00
PRI Customers	\$25.00

So. Washington Area:

DID number charge	\$3.00
(per Block of 20 Numbers)	
(Rates for a volume of Numbers greater than 1000 will be provided on an Individual Case Basis.) ¹	
(Per Block of 1000 numbers after an initial purchase of 2000 numbers in a Metropolitan Statistical Area (MSA) from a single Company switch.)	
	\$2,000
PRI Customers will be charged the following for DID numbers:	
Per Block of 20 DID Numbers	\$8.00
Per Block of 100 Numbers	\$40.00



3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN):

ISDN is an alternative arrangement for individual local exchange services. ISDN is a set of standards which establish compatibility between the public switched telephone networks (PSTN's) and various data terminals and devices. Access, Switching, transmission and signaling are encompassed by this network concept. ISDN supports a variety of services such as Voice, Switched Data, Video and large file transfer from a common network interface.

3.1.4.1 Primary Rate Interface Local (PRI Local): . PRI Local is provisioned at the 1.544 Mbps rate via the Primary Rate Interface standard of ISDN. PRI Local provides the Customer with the capabilities of simultaneous access, transmission and switching of voice, data and imaging services via channelized transport.

3.1.4.1.1 PRI Local Service Arrangement - One or more Service Configurations can be combined to create a PRI Local Service Arrangement. Customers may have multiple PRI Local Service Arrangements per location, however for each Service Arrangement one Service Configuration 1 must be included. The controlling D channel will always reside on Service Configuration 1.

3.1.4.1.1.1 Service Configuration 1 - The first Service Configuration for any PRI Local Service Arrangement must be a Service Configuration 1. Service Configuration 1 provides twenty-three (23) 64 Kbps¹ B channels and one (1) primary 64 Kbps D signaling channel. The primary D channel is an-out-of band signaling channel used to control and route all of the B channel traffic within the PRI Local Service Arrangement.

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¹ For clear channel 64 kbps circuits, the customer must provide B8ZS or clear channel compatible customer terminal equipment.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont.)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont.)

3.1.4.1.1 PRI Local Service Arrangement (Cont.)

3.1.4.1.1.2 Service Configuration 2 - This configuration is only available in conjunction with Service Configuration 1. It provides an additional twenty-four (24) 64 Kbps B channels which are controlled by the D channel on Service Configuration 1.

The bearer (or B) channels are used for information transfer between users. B channels provide the same features as Local Trunk Basic and Local Trunk DID. To receive the DID capability, customers must order separately DID telephone numbers, as found in Section 4.2.3.2.2 preceding.

The D channel is a 64 Kbps channel that carries signaling and control for the B channels. The capabilities of the D channel are contained within the customers Service Configuration.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont'd)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont'd)

3.1.4.1.1 PRI Local Service Arrangement (Cont'd)

3.1.4.1.1.3 Service Configuration 3

Service Configuration 3 - This configuration is also only available to subscribers who have a Service Configuration 1. It provides a backup 64 Kbps D channel and twenty-three (23) additional 64 Kbps B channels. The backup D channel will control and route all of the B channel traffic of a single PRI Service Arrangement in the event the D channel on the primary configuration (Service Configuration 1) fails. A maximum of one Service Configuration 3 may be included with each Local ISDN-PRI Service Arrangement. Service Configuration 3 is available subject to switching equipment capabilities.

The bearer (or B) channels are used for information transfer between users. B channels provide the same features as Local Trunk Basic and Local Trunk DID. To receive the DID capability, customers must order separately DID telephone numbers, as found in Section 3.1.3.2. preceding.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont.)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont.)

3.1.4.1.2 **Optional Features:** In addition to providing Local Exchange Services specified above, PRI Local can be configured to support the following optional advanced ISDN features:

**Call-by-Call Service Selection:** Allows B channels to be shared between multiple services carried over a single PRI Local Serving Arrangement.

**Calling Number Delivery:** Allows the customer to receive the originating caller's working telephone number provided this information is forwarded to the Company by the caller's Local Exchange and/or Long Distance Carrier.

The features above can be ordered separately or combined in Feature Package 1. The features below can only be ordered separately.

Remote Call Forwarding  
Overflow Routing

3.1.4.1.3 Rates and Charges

Non-recurring and Monthly Recurring Charges as specified below apply per T-1 unless otherwise noted. The Local ISDN PRI T-1 non-recurring and recurring charges include Service Configuration and B Channel Service charges. Customers subscribing to DID capability will be assessed DID number charges as specified in Sections 3.1.3.2.2.1 and 3.1.3.2.2.2.

3.1.4.1.3.1 Non-Recurring Charges

Service Reconfiguration Charge ¹	
Verizon Area	\$200.00
Qwest Area	\$55.00
So. Washington Area	\$200.00

¹ Applies for each Service Configuration affected. (i.e., If the Service Reconfiguration will effect one Service Configuration 1 and three Service Configuration 2s, four (4) Service Reconfiguration Charges would apply.)

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont'd)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont'd)

3.1.4.1.3 Rates and Charges (Cont'd)

3.1.4.1.3.1 Non-Recurring Charges (Cont)

Account Setup (per account)

Verizon Area	\$48.50
Qwest Area	\$0.00
So. Washington Area	\$0.00

Account Changes (Moves, Changes, Additions)  
(per change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Account Changes (per Billing Record Change)

Verizon Area	\$24.25
Qwest Area	\$20.00
So. Washington Area	\$20.00

Line Restoral Charge (per trunk)

Verizon Area	\$20.00
Qwest Area	\$20.00
So. Washington Area	\$20.00

(Applies for trunk restoral after temporary interruption of service initiated by the Company. If service is temporarily interrupted and payment is not received within 10 days following the interruption, the Company reserves the right to discontinue service. If service is discontinued and subsequently re-established, charges apply as for a new installation of service.)

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont'd)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont'd)

3.1.4.1.3 Rates and Charges (Cont'd)

3.1.4.1.3.1 Non Recurring Charges (Cont.)

Suspension of Service Restoral Charge  
(per trunk)

Verizon Area	\$41.25
Qwest Area	\$10.00
So. Washington Area	\$10.00

(Applies for trunk restoral after  
Customer-initiated suspension.)

Local ISDN PRI T-1 Installation (Per T-1)

Verizon Area	\$200.00
Qwest Area	\$200.00
So. Washington Area	\$200.00

T-1 Order Expedite Charge \$600.00  
(Per T-1)

Due Date Change \$10.00  
(Per Occurance)

3.1.4.1.3.2 Monthly Recurring Charges  
Per T-1

Local ISDN PRI T-1 Flat Rate Option

Verizon Area	\$825.00
Qwest Area	\$1,200.00
So. Washington Area	\$825.00

Local ISDN PRI T-1 Per Call/Per Minute¹²

Verizon Area	\$400.00
Qwest Area	\$400.00
So. Washington Area	\$400.00

¹ Local ISDN PRI T-1 Per Minute/Per Call Options are not available for High Capacity Inbound Service customers

² Effective March 1, 2001, this option will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont.)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont.)

3.1.4.1.3 Rates and Charges (Cont.)

3.1.4.1.3.3 Optional features

3.1.4.1.3.3.1 Non-recurring charges

Non-Recurring Optional Feature charges are assessed once per customer location regardless of the number of arrangements or Service Configurations installed.

	<u>Per Location</u>
Call-by-Call Option	
Verizon Area	\$200.00
Qwest Area	\$0.00
So. Washington Area	\$200.00

Calling Number Delivery \$0.00

Feature Package 1 (Includes Call-by-Call & Calling Number Delivery)	
Verizon Area	\$200.00
Qwest Area	\$0.00
So. Washington Area	\$200.00

3.1.4.1.3.3.2 Recurring charges:

Recurring Optional Feature charges are assessed once per customer location regardless of the number of arrangements or Service Configurations installed.

	<u>Per Location</u>
Call-by-Call Option	
Verizon Area	\$225.00
Qwest Area	\$0.00
So. WA Area	\$225.00

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont.)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont.)

3.1.4.1.3 Rates and Charges (Cont.)

3.1.4.1.3.3 Optional features (Cont.)

3.1.4.1.3.3.2 Recurring charges (Cont)

Calling Number Delivery \$0.00

Feature Package 1  
(Includes Call-by-Call  
& Calling Number Delivery)

Verizon Area	\$225.00
Qwest Area	\$0.00
So. WA Area	\$225.00

Remote Call Forwarding	\$20.00
Overflow Routing	\$20.00

3.1.4.1.3.4 Usage Charges:

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Verizon Area: The rates and charges specified in Section 3.1.4.1.3.2 for Flat Rate Option will apply to circuit switched voice calls only. The rates and charges specified in Section 3.1.20 will apply for Per Minute/Per Call Option. Data usage will be charged on a per minute basis as specified below. If the computed charge includes a fraction of a cent, the fraction is rounded to the nearest whole cent. Flat Rate Option customers selecting the data only option will receive a monthly credit of \$792.00 per T-1.

Qwest Area: The rates and charges specified in Section 3.1.4.1.3.2 for Flat Rate Option will apply to circuit switched voice and data calls. The rates and charges specified in Section 3.1.20 will apply for Per Minute/Per Call Option. Flat Rate Option customers selecting the data only usage option will receive a monthly credit of \$284.64 per T-1.



3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.4 Integrated Services Digital Network (ISDN): (Cont.)

3.1.4.1 Primary Rate Interface Local (PRI Local): (Cont.)

3.1.4.1.3 Rates and Charges (Cont.)

3.1.4.1.3.4 Usage Charges (Cont)

So. Washington Area: The rates and charges specified in Section 3.1.4.1.3.2 for Flat Rate option will apply to circuit switched voice calls only. The rates and charges specified in Section 3.1.20 will apply for Per Minute/Per Call Option. Data usage will be charge on a per minute basis as specified below. If the computed charge includes a fraction of a cent, the fraction is rounded to the nearest whole cent. Flat Rate Option customers selecting the data only usage option will receive a monthly credit of \$792.00 per T-1.

3.1.4.1.3.5 Per Minute Data Usage Rate:

Verizon Area	\$0.020
So. Washington Area	\$0.020

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.5 LD and Local Online Calling Plan¹

Eligibility: To be eligible for this plan, the customer:

must subscribe to this plan via a Company-designated Internet site;

must designate the Company as its local exchange service carrier and the Company both as its interexchange service carrier for interstate and intrastate calling and as its carrier for intraLATA toll calling;

must subscribe to the LD and Local Online Calling Plan as described in the companion business service offered in the Company's Price Guide at [www.mci.com](http://www.mci.com) ("Companion Interstate Service") and must subscribe to LD and Local Online Calling Plan offered by MCI Communications Services, Inc, d/b/a Verizon Business Services ("Companion Intrastate Service").

may not receive service under a Special Customer Arrangement;

Definitions:

For the purposes of this service, the following definitions apply:

"Eligible Local Service" is defined as Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct, and Local Trunk-ISDN/PRI

"Existing customers" are customers who, at the time of subscription to the plan, are receiving service under this tariff and the tariff containing the Companion Interstate Service.

"New customers" are customers who, at the time of subscription to the plan, are not receiving service under this tariff and the tariff containing the Companion Interstate Service.

Non-Recurring Charges: The following non-recurring charges will apply of Local Line Line Connection charge, Local Trunk Line Connection charge and Local ISDN-PRI T-1 Installation Charge:

	<u>Non-Recurring Charge</u>
Local Line (Per Line)	\$ 50.00
Local Trunk-Basic, Local Trunk-DID or Local Trunk-2 Way Direct (Per Trunk)	\$ 50.00
Local ISDN-PRI (Per T-1)	\$1,000.00

All material on this page is new.

¹ Effective January 1, 2003, this plan will no longer be available to new subscribers.

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Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.5 LD and Local Online Calling Plan (Cont.)

Monthly Recurring Charges:

A monthly recurring charge will apply for each Offering under this plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. Offerings A and B are available on a per-Local Line basis and Offerings C and D are on a per-Local Trunk basis. The following Monthly recurring charges apply:

<u>Offering Monthly Recurring Charge (per line or per trunk)</u>	
A	\$39.00
B	\$59.00
C	\$55.00
D	\$99.00

Benefits: Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited exchange service usage for Eligible Local Service.

Eligible Local Service will be billed in 60-second increments.

Termination of Service: The following provisions will apply to customers who terminate service, continue to maintain a Company account, and do not subscribe to other services offerings under this tariff:

For existing customers who disconnect only plan service under this tariff, the Companion Interstate Service and Companion Intrastate Service will terminate. Customers will then be automatically re-subscribed to the service offering under this tariff and the Company's Price Guide at [www.mci.com](http://www.mci.com) to which the customer was subscribed at the time of subscription to plan service.

For existing customers who disconnect from plan service under this tariff and Companion Intrastate Service, the Companion Interstate Service will terminate. Customers will then be automatically re-subscribed to the service offering the Company's Price Guide at [www.mci.com](http://www.mci.com) to which the customer was subscribed at the time of subscription to plan service.

For new customers who disconnect only plan service under this tariff, the Companion Interstate Service and Companion Intrastate Service will terminate. Customers will then be automatically subscribed to CompanyOn-Net Services the Company's Price Guide at [www.mci.com](http://www.mci.com) and CompanyOn-Net Services under MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.5 LD and Local Online Calling Plan (Cont.)

Termination of Service (Cont.)

For new customers who disconnect plan service under this tariff and Companion Intrastate Service, the Companion Interstate Service in the Company's Price Guide at [www.mci.com](http://www.mci.com) and plan service under this tariff will terminate. Customers will then be automatically subscribed to CompanyOn-Net Services the Company's Price Guide at [www.mci.com](http://www.mci.com) for interstate long distance.

Other Conditions:

The portion of a Customer's allotment that is not exhausted at the end of a onthly billing period will not carry over to the next month.

Charges under this plan will not be calculated in satisfaction of any volume requirement.

Customers subscribing to this service may not receive the benefits of any discounts or promotions including any term plan discounts except for the Install Waiver Promotion.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.6 Agent Program¹

Eligibility: To be eligible for this program, the Customer:

1. Must subscribe to this program through a Company-designated agent;
2. may not receive any discounts or the benefits of any promotional offering except for the Local Satisfaction Guarantee Promotion, Local Nationwide One Promotion and the Local Install Waiver Promotion;
3. may not receive service under any other term plan;

Term Commitment and Renewal Options: The Customer must commit to service for a term of either one or two years (Initial Term). The term of service will automatically renew on a month-to-month basis (Extended Term) upon expiration of its Initial Term and Extended Term(s), unless either the Customer or the Company provides written notification to terminate the term, which must be received by the other party no more than 60 days prior to the expiration of the existing term.

Credits: During each monthly period of the term of service, the Customer will receive a credit equal to 10 percent of the standard tariffed monthly recurring charges (excluding features) and usage rates for Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI service.

Optional Feature Package: The Customer will be charged \$10.00 monthly recurring charge for the following feature package:

Includes Standard Features plus  
Call Waiting/Cancel Call Waiting; Call Transfer or 3 Way Calling (mutually exclusive); Call Forward Busy; Call Forward No Answer; Caller Id-Name and Number; Calling Party Number Delivery; Speed Dialing - 8

Classifications, Practices and Regulations:

Termination: Either the Customer or the Company may terminate this program for Cause. For purposes of this program only: (i) as to payment of invoices, "Cause" shall mean the Customer's failure to pay any invoice within 30 days after the date of the invoice; and, (ii) for all other matters, "Cause" shall mean a breach by the other party of any material provision of this program, provided that written notice of the breach has been given to the breaching party, and the breach has not been cured within 30 days after delivery of such notice.

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¹ Effective January 1, 2004, this plan will no longer be available to new subscribers.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.7 Local Plus Program¹

Customers currently enrolled in the Digital T1 Credit Program, Digital T1 Service, Digital Rate Program and/or who receive credits for data only under ISDN-PRI are not eligible for this program.

Eligibility: To be eligible for this program, customers:

- must subscribe to service under Special Customer Arrangement (SCA) Guide Type 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 or 12 as described in the Company's "Service Publication and Price Guide located on the Company's Internet site at [www.worldcom.com](http://www.worldcom.com);
- must be a new facilities based business customer or an existing facilities based business customer who is eligible for renewal under their existing term plan agreement.

Definitions:

Eligible Charges: Monthly recurring charges for Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct, Local ISDN-PRI T-1 charge, Local Trunk T-1 charge, DID number charge and optional features.

Features:

The following optional features are available for Local Line service in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges for optional features will apply as specified in Section 3.1.2.3.3 except for Feature Package 1 and Feature Package 2 monthly recurring charges which are specified within this program.

Local Line Optional Features

Feature Package 1

Feature Package 2

Call Waiting/Cancel Call Waiting

Caller ID with name and Number

Remote Call Forwarding²

Vanity Number

Features and applicable feature charges for Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI are available as described in the Optional Features Sections of each of these offerings. Blocks of telephone numbers can be obtained in blocks of 20 DID numbers for Local Trunk-DID and Local Trunk-2 Way Direct service. Applicable monthly recurring charges will apply for blocks of 20 DID numbers as specified in Section 3.1.3.2.2 for Local Trunk-DID and Section 3.1.3.5.2.2 For Local Trunk-2 Way Direct.

¹ Effective January 1, 2004, this plan will no longer be available to new subscribers.

² Effective January 1, 2004, this feature is not available to customers who choose Plan 2.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.7 Local Plus Program (Cont.)

Non-Recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Charges: The following flat rate monthly recurring charge applies in lieu of monthly recurring charges for these services as specified elsewhere in this Price List:

Plan 1		
Local Line (Per line)	Verizon Area	\$35.00
	Qwest Area	\$35.00
Local Trunks (Basic, DID and 2 Way Direct) (Per trunk)		\$40.00
Local Trunks (Basic, DID and 2 Way Direct)(Per T-1)		\$672.00
Local ISDN-PRI (Per T-1)		\$672.00
Feature Package 1		\$3.50
Feature Package 2		\$6.50
Plan 2		\$40.00

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

Discounts:¹

A customer who subscribes to service under SCA Guide Type 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 or 12 or under another SCA type if the Customer's contract includes provision of the Local Plus Program and who commits to a new term of service that equals or exceeds 1 year for up to a 5% discount, 2 years for a 10% discount, or 3 years for a 15% discount will receive applicable discounts applied to Eligible Charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount the existing or prospective Customer must, 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement to subscribe, or remain subscribed to the Company's exchange service, and 2) subscribe to SCA Guide Type 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 or 12 or under another SCA type if the Customer's contract includes provision of the Local Plus Program.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Local Plus Program pricing plan for interstate and intrastate long distance service.

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount.

¹ Effective August 3, 2006, these discounts will not be available upon contract renewal.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.8 Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II¹

Eligibility: To be eligible for this plan, the customer:

must designate the Company as its local exchange service carrier and the Company both as its interexchange service carrier for interstate and intrastate calling and as its carrier for intraLATA toll calling;

must subscribe to the Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II as described in the Company's "Service Publication and Price Guide" (The Guide) located on the Company's website at www.worldcom.com; ("Companion Interstate Service") and must subscribe to the Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II offered in the MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4 (Companion Intrastate Service").

must subscribe to service under Special Customer Arrangement SCA Guide Types 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 or 12 as described in The Guide.

Non-recurring Charges: Applicable non-recurring charges apply to services under this program as specified the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Recurring Charges:

A monthly recurring charge will apply for each Offering under this plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. Offering A is available on a per-Local Line basis, Offering B is available on a per-Local Trunk basis and Offering C is available on a per- T-1 or ISDN-PRI basis. The following Monthly recurring charges apply:

<u>Offering</u>	<u>Monthly Recurring Charge (per line, trunk, T-1 or ISDN-PRI)</u>
Plan 1	
A	
Verizon Area	\$55.00
Qwest Area	\$50.00
B	\$65.00
C	\$1,400.00
Plan 2	\$60.00

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

¹ Effective January 1, 2004, this plan will no longer be available to new subscribers.



3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.8 Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II (Cont.)

Features:

The following optional features are available for Local Line service under this plan in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges will apply to optional features as specified in Section 3.1.2.3.3 except that the Feature Package 1 and Feature Package 2 monthly recurring charges which are specified within this program. Features and applicable feature charges for Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI are available as described in the Features Sections of each of these offerings. Blocks of telephone numbers can be obtained in blocks of 20 DID numbers for Local Trunk-DID and Local Trunk-2 Way Direct service.

Local Line Optional Features

Feature Package 1	Remote Call Forwarding ¹
Feature Package 2	Vanity Number
Call Waiting/Cancel Call Waiting	Caller ID with name and Number

	<u>Monthly Recurring Charge</u>
Feature Package 1	\$3.50
Feature Package 2	6.50
DID/2 Way Direct Numbers (per each block of 20 numbers)	6.25

Discounts²: These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service. T

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount the Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, 2) commit to a new term of service that equals or exceeds 1 year for a 5 percent discount, 2 years for up to a 10 percent discount or 3 years for up to a 15 percent discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II pricing plan for interstate and intrastate long distance service. N

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount. N

¹ Effective January 1, 2004, this feature will not be available to customers who choose Plan 2.

² Effective August 3, 2006, these discounts will not be available upon contract renewal. N

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.8 Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II (Cont.)

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Termination of Service: The following provisions will apply to customers who terminate service, continue to maintain a Company account, and do not subscribe to other service offerings under this tariff:

For existing customers who disconnect Companion Local Service only under this tariff, Companion Interstate Service offered under The Guide and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4 will terminate and the customer will be automatically re-subscribed to the service offering under this tariff and The Guide to which the customer subscribed at the time of subscription to this plan.

For existing customers who disconnect Companion Local Service under this tariff and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4, Companion Interstate Service under The Guide and Companion Intrastate Service will terminate and the customer will then be automatically re-subscribed to the service offering under The Guide to which the customer subscribed at the time of subscription to this plan.

For new customers who disconnect Companion Local Service under this tariff, Companion Interstate Service under The Guide and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4 will terminate and the customer will be automatically subscribed to WorldCom On Net Voice Services Option 1 under The Guide and CompanyOn-Net Service-Voice under MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4.

For new customers who disconnect Companion Local Service under this tariff and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4, Companion Interstate Service under The Guide and Companion Intrastate Service under this tariff will terminate and the customer will be automatically subscribed to WorldCom On Net Voice Services Option 1 under The Guide.

Other Conditions:

Services under this plan are not eligible to receive the benefits of any discounts or promotions including any term plan discounts.

Customers who subscribe to service via a company-designated Internet site will receive Electronic Billing invoicing only.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.8 Local and Long Distance Service Plus Plan/Local and Long Distance Service - Trunk Solution/ Local and Long Distance Service - Line Solution II (Cont.)

The following disclaimers apply to Local and Long Distance Service Plus Plan/Local and Long Distance Service-Trunk Solution/Local and Long Distance Service-Line Solution II in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer is limited to 30 lines per location, (ii) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (iii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

3.1.9 Local Nationwide One Program

The Local Nationwide One Program is available to existing facilities-based business customers who order a new T-1 of Digital Local Trunk-Basic, Digital Local Trunk-DID, Digital Local Trunk-2 Way Direct and/or Local ISDN-PRI service (Program Service). To be eligible for this program, an existing customer must be an existing subscriber to an On-Net Term Plan or Local On-Net Term Plan (Term Plan).

Benefits: Enrolled Customers may select a metered plan or flat rate plan per each location. The following monthly recurring charge (Program Charge) per T-1 will apply for the length of the customers term commitment based on the plan selected:

	<u>Monthly Recurring Charge (Per T-1)</u>		
	<u>Verizon Areas</u>	<u>Qwest Areas</u>	<u>So. WA Areas</u>
Local Trunk-Basic, Local Trunk-DID and Local Trunk-2 Way			
Metered Plan	\$146.44	\$161.56	\$161.56
Flat Plan	\$501.44	\$516.56	\$516.56
Local ISDN-PRI			
Metered Plan	\$181.00	\$202.84	\$202.84
Flat Plan	\$536.00	\$557.84	\$557.84

Customers selecting the Metered Plan will receive the following program monthly usage rates:

<u>1st Minute</u>	<u>Each Additional Minute</u>
\$0.0158	\$0.0095

The Program Charge is in lieu of the standard tariffed monthly recurring charges for Program Service, usage charges, and any other local promotions or programs.

Other Conditions: Customers enrolled in the Metered Plan who have more than 70% of their traffic carried via inbound local and have an average off-hook time per call of more than ten minutes are not eligible to receive the benefits of this program.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.10 Save Program¹

Definitions:

An existing customer is a customer who is receiving service under this tariff for at least 12 months prior to enrollment in this program.

Eligibility: To be eligible for this program, the customer:

must be an existing facilities based business customer;

must be in good standing;

must bill at least \$50 in current charges in any one month prior to enrollment in this program;

represent to the Company's satisfaction, as determined with the Company's sole discretion, that it will enter into another carrier's offer in absence of any further inducement from the Company to remain subscribed to Company services.

Benefits: After enrollment in this program, the Company will provide a one-time credit, not to exceed \$5,000, equal to the net monthly recurring charges billed during the first full invoice after the Company receives notification from the Customer that it wishes to discontinue all service (Program Credit).

Other Conditions:

A Customer who discontinues all service within three months after receiving the Program Credit will be billed and required to repay the Program Credit. A customer will only be eligible to receive one Program Credit in any twelve-month period. Customer's receiving the benefits of this program are not eligible to receive the benefits of any promotional offering.

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¹ Effective January 1, 2004, this plan will no longer be available to new subscribers.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.11 Local and Long Distance - Line Solution Service¹

Eligibility: To be eligible for this plan, the customer:

must designate the Company as its local exchange service carrier and the Company both as its interexchange service carrier for interstate and intrastate calling and as its carrier for intralata toll calling;

must subscribe to the Local and Long Distance - Line Solution Service as described in the Company's "Service Publication and Price Guide" (The Guide) located on the Company's website at [www.worldcom.com](http://www.worldcom.com); ("Companion Interstate Service") and must subscribe to the Local and Long Distance - Line Solution Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4, ("Companion Intrastate Service").

must subscribe to service under Special Customer Arrangement SCA Guide Types 2, 3, 4, 5, 6, 7, 8, 9, or 10 as described in The Guide.

Non-recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Recurring Charges:

A monthly recurring charge will apply for the Offering under this plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. The Offer is available on a per-Local Line basis. The following Monthly recurring charges apply:

<u>Offering</u>	<u>Monthly Recurring Charge (Unlimited)</u>
Plan 1	
Unlimited	\$ 60
Plan 2	\$60.00

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

Features:

The following optional features are available for Local Line service under this plan in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges will apply to optional features as specified in Sections 3.1.2.3.3 except that the Feature Package 1 and Feature Package 2 monthly recurring charges which are specified within this program.

¹ Effective January 1, 2004, this plan will no longer be available to new subscribers.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.11 Local and Long Distance - Line Solution Service(Cont.)

Features: (Cont.)

- Local Line Optional Features
- Feature Package 1
- Feature Package 2
- Call Waiting/Cancel Call Waiting
- Caller ID with name and Number
- Remote Call Forwarding¹
- Vanity Number

Monthly Recurring Charge

Feature Package 1	\$3.50
Feature Package 2	\$6.50

Discounts:² These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service.

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount the Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, 2) commit to a new term of service that equals or exceeds 1 year for a 5 percent discount, 2 years for up to a 10 percent discount or 3 years for up to a 15 percent discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Local and Long Distance - Line Solution Service pricing plan for interstate and intrastate long distance service.

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount.

Termination of Service: The following provisions will apply to customers who terminate service, continue to maintain a Company account, and do not subscribe to other service offerings under this tariff:

For existing customers who disconnect Companion Local Service only under this tariff, Companion Interstate Service offered under The Guide and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4 will terminate and the customer will be automatically re-subscribed to the service offering under this tariff and The Guide to which the customer subscribed at the time of subscription to this plan.

For existing customers who disconnect Companion Local Service under this tariff and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4, companion Interstate Service under The Guide and Companion Intrastate Service will terminate and the customer will then be automatically re-subscribed to the service offering under The Guide to which the customer subscribed at the time of subscription to this plan.

¹ Effective January 1, 2004, this feature is not available to customers who choose Plan 2.  
² Effective August 3, 2006, these discounts will not be available upon contract renewal.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.11 Local and Long Distance - Line Solution Service(Cont.)

Termination of Service (Cont.)

For new customers who disconnect Companion Local Service under this tariff, Companion Interstate Service under The Guide and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4 will terminate and the customer will be automatically subscribed to WorldCom On Net Voice Services Option 1 under The Guide and Company On-Net Service-Voice under MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4.

For new customers who disconnect Companion Local Service under this tariff and Companion Intrastate Service offered in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4, Companion Interstate Service under The Guide and Companion Intrastate Service under this tariff will terminate and the customer will be automatically subscribed to WorldCom On Net Voice Services Option 1 under The Guide.

Other Conditions:

Services under this plan are not eligible to receive the benefits of any discounts or promotions including any term plan discounts.

Customers who subscribe to service via a company-designated Internet site will receive Electronic Billing invoicing only.

Disclaimer

The following disclaimers apply to Local and Long Distance - Line Solution Service in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer is limited to 30 lines per location, (ii) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (iii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

Issued: January 13, 2006

Effective: January 23, 2006

Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.12 Business Advantage Program¹

Eligibility: To be eligible for this plan, the customer:

must subscribe to service under Special Customer Arrangement SCA Guide Types 6, 7, 8, 9, or 10 as described in The Guide.

must be a new facilities based business customer or an existing facilities based business customer who is eligible for renewal under their existing term plan agreement.

Definitions:

Eligible Charges: Monthly recurring charges for Local Line and optional features.

Features:

The following optional features are available for Local Line service in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges for optional features will apply as specified in Sections 3.1.2.3.3 except for Feature Package 1 and Feature Package 2 monthly recurring charges which are specified within this program.

Local Line Optional Features

Feature Package 1	Call Waiting/Cancel Call Waiting
Feature Package 2	Caller ID with name and Number
Remote Call Forwarding ²	Vanity Number

Non-Recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Charges: The following flat rate monthly recurring charge applies in lieu of monthly recurring charges for these services as specified elsewhere in this tariff:

Plan 1

Local Line (Per line)	
Seattle (Qwest and Verizon area)	\$40.00

Feature Package 1	\$3.50
Feature Package 2	\$6.50

Plan 2	\$40.00
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¹ Effective January 1, 2004, this plan will no longer be available to new subscribers.

² Effective January 1, 2004, this feature is not available to customers who choose Plan 2.



3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.12 Business Advantage Program

Discounts:¹

These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service.

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount the Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, 2) commit to a new term of service that equals or exceeds 1 year for a 5 percent discount, 2 years for up to a 10 percent discount or 3 years for up to a 15 percent discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to the Business Advantage Program pricing plan for interstate and intrastate long distance service.

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount.

Disclaimer

The following disclaimers apply to Business Advantage Program in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer is limited to 30 lines per location, (ii) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (iii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

3.1.13 Verizon Business Services | Local & Long Distance¹

Eligibility: To be eligible for this plan, the customer:

In addition to the provisions of Section 10, customer must subscribe to service under Product Package Guide Types 13, 14, 15, or 16 as described in The Guide.

must be a new business services facilities-based customer or a new business services customer provisioned via UNE-Platform (UNE-P), or an existing business services facilities-based customer or an existing business services customer provisioned via UNE-P who is eligible for renewal under their existing term plan agreement.

¹

²

Effective April 7, 2005, this plan will no longer be available to new subscribers  
Effective August 3, 2006, these discounts will not be available upon contract renewal.

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.13 Verizon Business Services | Local & Long Distance (Cont)

T

Non-recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Recurring Charges:

Offering A is available on a per-Local Line basis, Offering B is available on a per-Local Trunk basis and Offering C is available on a per T-1 or ISDN-PRI basis. The following Monthly Recurring Charges apply. For customers who reside within the most dense zone of the Top 50 MSA, unless the state has established a different requirement as defined by the FCC in Docket No. 99-98, service is limited to a maximum of three lines per location. Customers whose service location resides outside of the most dense zone of the Top 50 MSA may order an unlimited number of lines.

<u>Offering</u>	<u>Monthly Recurring Charge</u> <u>(per line, trunk, T-1 or ISDN-PRI)</u>	
Plan 1		
A	Verizon Area	\$50.00
	Qwest Area	\$55.00
B		\$65.00
C		\$1,400.00
Plan 2		\$60.00

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

Features:

Applicable feature charges apply to services under this program as specified in the Features Charges Sections of Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI, except where otherwise noted. Blocks of telephone numbers can be obtained in blocks of 20 DID numbers for Local Trunk-DID and Local Trunk 2-Way Direct Service for a monthly recurring charge identified below.

The following optional features are available for Local Line service under this plan in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges will apply to Local Line optional features as specified in Section 3.1.2.3.3 except that the Feature Package 1 monthly recurring charges which are specified within this program.

3. Service Descriptions (Cont.)3.1 Local Exchange Service (Cont.)3.1.13 Verizon Business Services I Local & Long Distance (Cont.)Optional FeaturesLocal Line Feature Package 1

Call Waiting/Cancel Call Waiting

Caller ID with name and Number

Remote Call Forwarding¹DID/2 Way Direct Numbers (per each block of 20 numbers)²Optional Features Monthly Recurring Charge

Local Line Feature Package 1

\$3.50

DID/2 Way Direct Numbers

(per each block of 20 numbers)

\$6.25

Discounts:³ These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service. T

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 5% discount, 2 years for up to a 15% discount and 3 or more years for up to a 15% discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Verizon Business Services I Local & Long Distance pricing plan for interstate and intrastate long distance service. N

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount. N

Other Conditions:

Services under this plan are not eligible to receive the benefits of any discounts other than those stated above or promotions including any term plan discounts.

Customers who subscribe to service via a company-designated Internet site will receive Electronic Billing invoicing only.

The following disclaimers apply to Verizon Business Service I Local and Long Distance Service in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer is limited to 30 lines per location, (ii) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (iii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

¹ Effective January 1, 2004, this feature will not be available to customers who choose Plan 2.

² Not available for Local Lines.

³ Effective August 3, 2006, these discounts will not be available upon contract renewal. N

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.14 Verizon Business Services | Local & Long Distance Line Solution¹

T

Eligibility: To be eligible for this plan, the customer:

In addition to the provisions of Section 10, customer must subscribe to service under Product Package Guide Types 13, 14, 15, or 16 as described in The Guide.

must be a new business services facilities-based customer or a new business services customer provisioned via UNE-Platform (UNE-P), or an existing business services facilities-based customer or an existing business services customer provisioned via UNE-P who is eligible for renewal under their existing term plan agreement.

Non-recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Recurring Charges:

A monthly recurring charge will apply for the Offering under this plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. The Offer is available on a per-Local Line basis. The following Monthly Recurring Charges apply. Unless the state has established a different requirement, for Customers who reside within the most dense zone of the Top 50 MSA, as defined by the FCC in Docket No. 99-98, service is limited to a maximum of three lines per location. Customers whose service location resides outside of the most dense zone of the Top 50 MSA may order an unlimited number of lines.

<u>Offering</u>		<u>Monthly Recurring Charge (unlimited)</u>
Plan 1	Seattle (Qwest and Verizon area)	\$60.00
Plan2		\$60.00

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

¹ Effective April 7, 2005, this plan will not be available to new subscribers

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.14 Verizon Business Services | Local & Long Distance Line Solution (Cont.)

Features:

The following optional features are available for Local Line service under this plan in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges will apply to optional features as specified in Section 3.1.2.3.3 except that the Feature Package 1 monthly recurring charges which are specified within this program.

Local Line Optional Features

Feature Package 1	\$3.50
Call Waiting/Cancel Call Waiting	
Caller ID with name and Number	
Remote Call Forwarding ¹	
Vanity Number	

Discounts:² These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service.

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for a 5% discount, 2 years for up to a 15% discount and 3 or more years for up to a 15% discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Verizon Business Services | Local & Long Distance Line Solution pricing plan for interstate and intrastate long distance service.

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount.

Other Conditions:

Services under this plan are not eligible to receive the benefits of any discounts other than those stated above or promotions including any term plan discounts.

Customers who subscribe to service via a company-designated Internet site will receive Electronic Billing invoicing only.

¹ Effective January 1, 2004, this feature will not be available to customers who choose Plan 2.

² ~~Effective August 3, 2006, these discounts will not be available upon contract renewal.~~

MCImetro Access Transmission Services, LLC  
d/b/a Verizon Access Transmission Services  
Washington Price List No. 2

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.15 Verizon Business Services | Local Line Solution¹

T

Eligibility: To be eligible for this program, customers:

must subscribe to service under Product Package Guide Types 13, 14, 15 or 16 as described in the Company's "Service Publication and Price Guide located on the Company's Internet site at www.verizonbusiness.com;

must be a new business services facilities-based customer or a new business services customer provisioned via UNE-Platform (UNE-P), or an existing business services facilities-based customer or an existing business services customer provisioned via UNE-P who is eligible for renewal under their existing term plan agreement.

Definitions:

Eligible Charges: Monthly recurring charges for Local Line, and optional features.

Features:

The following optional features are available for Local Line service in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges for optional features will apply as specified in Section 3.1.2.3.3 except for Feature Package 1 monthly recurring charges which are specified within this program.

Local Line Optional Features

Feature Package 1

- Call Waiting/Cancel Call Waiting
- Caller ID with name and Number

Remote Call Forwarding²

Optional Features Monthly Recurring Charge

Feature Package 1	\$3.50
-------------------	--------

Non-Recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

¹

Effective April 7, 2005, this plan will no longer be available to new subscribers

²

Effective January 1, 2004, this feature will not be available to customers who choose Plan 2.

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.15 Verizon Business Services I Local Line Solution(Cont.)

Monthly Charges: The following flat rate monthly recurring charge (unlimited) applies in lieu of monthly recurring charges for these services as specified elsewhere in this tariff. For Customers who choose Plan 3 and who reside within the most dense zone of the Top 50 MSA, unless the state has established a different requirements defined by the FCC in Docket No. 99-98, service is limited to a maximum of three lines per location. Customers whose service location resides outside of the most dense zone of the Top 50 MSA may order an unlimited number of lines.

Local Line (Per Line)

Plan 1: (Qwest and Verizon areas)	\$35.00
Plan 2:	\$35.00

Discounts¹: These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service. T

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 5% discount, 2 years for up to a 15% discount and 3 or more years for up to a 15% discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Verizon Business Services I Local Line Solution pricing plan for interstate and intrastate long distance service. N

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount. N

Other Conditions:

The following disclaimers apply to Verizon Business Service I Local Line Solution in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer may not utilize auto-dialers or any similar type of device in connection with the service; and (ii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges. Services under this plan are not eligible to receive the benefits of any discounts, or promotions including any term discounts other than those stated above.

¹ Effective August 3, 2006, these discounts will not be available upon contract renewal. N  
Issued: July 24, 2006 Effective: August 3, 2006

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.16 Verizon Business Services | Local¹

Eligibility: To be eligible for this program, customers:

must subscribe to service under Product Package Guide Type 13, 14, 15 or 16 as described in the Company's "Service Publication and Price Guide located on the Company's Internet site at [www.verizonbusiness.com](http://www.verizonbusiness.com);

must be a new business services facilities-based customer or a new business services customer provisioned via UNE-Platform (UNE-P), or an existing business services facilities-based customer or an existing business services customer provisioned via UNE-P who is eligible for renewal under their existing term plan agreement. _____

Definitions:

Eligible Charges: Monthly recurring charges for Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct, Local ISDN-PRI charge, Local Trunk T1 charge, DID number charge and optional features.

Features:

Flat Rate Service Line Features

The following optional features are available for Local Line service in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges for optional features will apply as specified in Section 3.1.2.3.3 except for Feature Package 1 and Remote Call Forwarding monthly recurring charges which are specified within this program.

Local Line Standard Features

Feature Package 1  
 Call Waiting/Cancel Call Waiting  
 Caller ID with name and Number  
 Remote Call Forwarding²  
 Vanity Number

Metered Service Line Features: The following features are included in metered services feature package.

Calling Party Number delivery (outbound) with Caller ID Blocking Selective; or, Caller ID Blocking-Complete (mutually exclusive to CPN Delivery);  
 Call Forward Variable;  
 Caller Transfer or Three-way Conference Calling;  
 Speed Dial³ (8 codes);  
 Caller ID w/Name (inbound);  
 Call Waiting/ Cancel Call Waiting

¹ Effective April 7, 2005, this plan will no longer be available to new subscribers  
² Effective January 1, 2004, this feature will not be available to customers who choose Plan 2.  
³ Not regulated

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Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202



d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

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3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.16 Verizon Business Services | Local (Cont.)

Features: (Cont.)

Metered Service Line Features (Cont)

Flat Rate and Metered Service ISDN Features: ISDN features as described in Section 3.1.4.1.2 and applicable feature charges for ISDN-PRI as described in Sections 3.1.4.1.3.3.3 are available.

Grouping of telephone numbers can be obtained in blocks of 20 DID numbers or 100 DID numbers, as applicable, for Local Trunk-DID and Local Trunk-2 Way Direct service. Applicable monthly recurring charges will apply for blocks of 20 DID or 100 DID numbers, as applicable, numbers as specified in Sections 3.1.3.2.2.1 and 3.1.3.2.2.2.

Non-Recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Charges: The following flat rate monthly recurring charge applies in lieu of monthly recurring charges for these services as specified elsewhere in this tariff. For Customers who choose Plan 2 and who reside within the most dense zone of the Top 50 MSA, unless the state has established a different requirement as defined by the FCC in Docket No. 99-98, service is limited to a maximum of three lines per location. Customers whose service location resides outside of the most dense zone of the Top 50 MSA may order an unlimited number of lines.

Monthly Recurring Charge

Flat Rate Service

Local Line (per line)

Plan 1: (Qwest and Verizon areas)	\$35.00
Plan 2:	\$40.00

Local Trunks (Basic, DID and 2 Way Direct) (Per trunk) \$40.00

Local Trunks (Basic, DID and 2 Way Direct)(Per T-1) \$672.00

Local ISDN-PRI (Per T-1) \$672.00

Features Monthly Recurring Charge

Feature Package 1	\$3.50
Remote Call Forwarding	\$20.00

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Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202

3. Service Descriptions (Cont.)

3.1 Local Exchange Service (Cont.)

3.1.16 Verizon Business Services I Local (Cont.)

Monthly Recurring Charges (Cont.)

Metered Service Monthly Charge

Plan I and Plan II Local Line (per line)	
Regional Metered Line	\$26.00
Regional Metered Line usage	\$0.0120
Nationwide Metered Line	\$28
Nationwide Metered Line Local Usage	\$0.025
Local Metered T1/ISDN-PRI (per T1/ISDN-PRI)	\$540
Local Metered T1/ ISDN- PRI (per minute)	\$0.005
Metered Feature Package (optional)	\$19

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

Discounts:¹ These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service. T

A discount will be provided on the monthly recurring plan charge, per minute usage charges and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 5% discount, 2 years for up to a 15% discount and 3 or more years for up to a 15% discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Verizon Business Services I Local pricing plan for interstate and intrastate long distance service. N

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount. N

Other Conditions:

The following disclaimers apply to Stand Alone Verizon Business Services I Local Service in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (ii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

¹ Effective August 3, 2006, these discounts will not be available upon contract renewal. N

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.17 Verizon Business Services I Flex T1¹

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The Verizon Business Services I Flex T1 is a flexible, integrated solution for small and medium businesses. The Flex T1 must be configured with a minimum of 8 circuits (of which 4 must be Local trunks). Beyond the 4 required Local trunks, the additional 4 circuits (in DS-0 increments) may be Integrated Internet Access*, Frame Relay*, Local, Local Trunks and Private Internet Protocol* Services. Customers will be charged a per circuit/trunk charge for the additional 4 circuits and any circuits/trunks added on top of the required 8 circuits/trunks charges.

T

Eligibility

Customer must subscribe to service under a Verizon Business Services Agreement or renew under a Verizon Business Services Agreement with a minimum 1 year commitment as described in the Company's "Service Publication and Price Guide" located on the Company's Internet site at [www.verizonbusiness.com](http://www.verizonbusiness.com).

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Customer must also subscribe to the Verizon Business Services I Flex T1 offering as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2 or Price List No. 4 ("Companion Intrastate Service").

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The Verizon Business Services I Flex T1 cannot be used in conjunction with the Verizon Business Services I Local and Long Distance Plan or the Verizon Business Services I Local and Long Distance Line Solution.

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Monthly Recurring Charges:

A monthly recurring charge will apply for the Plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. The Offer is available on a per-Local Trunk basis. The following Monthly Recurring Charges apply:

<u>Service</u>	<u>Monthly Recurring Charge</u>
Flex T1	\$290 (\$240 in a Local Lit Building) for 4 trunks of Local
Additional circuit fee	\$40 each per Local Trunk, Frame Relay DS-0, Private IP DS-0, and/or Integrated Internet Access* DS-0

Customers are eligible to receive Verizon Business Services I Local discounts on top of the monthly recurring charge for: Integrated Internet Access*, Frame Relay*, Local, Local Trunks, and Private IP* service.

T

* Not regulated

¹ Effective April 7, 2005, this plan will no longer be available to new subscribers.

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Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202

MCImetro Access Transmission Services, LLC  
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Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.17 Verizon Business Services I Flex T1 (Cont.)

Additional benefits

In addition to the monthly recurring charge, customers will receive the benefits of the Companion Intrastate Service as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2 or Price List No. 4.

Non Recurring Charges: Applicable non-recurring charges apply to services under the Verizon Business Services I Flex T1 as specified in local trunk basic, local trunk DID, local trunk 2 way direct sections. Customers are eligible to utilize the Local Installation Waiver Promotion. MCI will waive the one-time installation charges which include Port charges and/or DS1 local loop access associated with the implementation of Integrated Internet Access*, Frame Relay*, Local, Local Trunks, Private Internet Protocol* Services within the 48 contiguous US States under this Agreement. Customer will receive the promotional waiver for the length of the contract term. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived.

3.1.18 Verizon Business Services I Install Guarantee¹

Offer: A credit equal to the charges, excluding third-party charges, pass-through charges and expedite charges, paid by Customer for Company exchange service installed under Customer's new term plan: (i) which Company fails to install on or before the installation date specified in the Company's agreement with the Customer, excluding failure which results from Customer order change or any other act or omission by the Customer, as determined in the Company's sole discretion; and, (ii) about which failure Customer submits to Company an Installation Commitment Submission Form, located on Company Internet site, www.verizonbusiness.com, within 30 days of the scheduled installation date.

Eligibility: Customer must:

- enroll in this program; and,
- enter into a new term plan for Company exchange service with a term of service which equals or exceed one year.

* Not regulated

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.19 Verizon Business Services | 90 Day Satisfaction Guarantee¹ T

Offer: The Company will waive applicable early termination and underutilization charges under a term plan, of the Company, within 90 days of the contract effective date, receives written notification from the Customer that it wishes to discontinue the plan, In order to exercise this right, Customer must provide the Company with at least 30 days written notice per the notice provision agreement. For any Customer electing to discontinue service under a plan and timely notifying the Company of its intent, service will terminate under the plan 60 days after the date of receipt of the Customer notification. Customers who terminate under this guarantee will be billed and required to repay all credits, including installation credits received under the plan. Customers who have received a product specific promotional benefit and have not met the requirements for the specific benefit shall also reimburse the Company on a pro-rata basis for such other credits received and charges waived. T

This Guarantee applies only with respect to new eligible Company Customers who receive Company service provided under a contract. Customers must enter into a new term plan with a term of service, which equals or exceeds one year. Customers must not have had any Company billing within the past 90 days. T

¹ Effective April 7, 2005, this plan will no longer be available to new subscribers.

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.20 Usage Rates: All Local Exchange Service Customers must order service on a per minute¹, per call¹ or flat rate basis. For Customers who elect the per minute usage or per call options, the rates specified below will apply to all outgoing direct-dialed calls placed to Stations within the caller's local exchange area, as defined herein. If the computed charge includes a fraction of a cent, the fraction is rounded to the nearest whole cent. Peak rates will apply from 8 a.m. through 5 p.m. Monday thru Friday. Off Peak rates will apply at all other times.

3.1.20.1 Per Minute Usage Rate: The following rates will be applied on a per minute basis: _____

	Peak	
	<u>1st Minute</u>	<u>Add'l. Minute</u>
Verizon Area	\$0.042	\$0.022
Qwest Area	\$0.025	\$0.010
So. WA Area	\$0.025	\$0.010

	Off-Peak	
	<u>1st Minute</u>	<u>Add'l. Minute</u>
Verizon Area	\$0.032	\$0.017
Qwest	\$0.015	\$0.006
So. WA Area	\$0.015	\$0.006

3.1.20.2 Per Call Usage Rate: The following rates will be applied on a per call basis:

Verizon Area	\$0.12
Qwest Area	\$0.06
So. WA Area	\$0.06

¹ Effective March 1, 2001, this option will no longer be available to new subscribers.

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.21 Verizon Business Services II Local

Eligibility: To be eligible for this program, customers:

must subscribe to service under Product Package Guide Type 18, 19, 20 or 21 as described in the Company's "Service Publication and Price Guide located on the Company's Internet site at [www.verizonbusiness.com](http://www.verizonbusiness.com);

must be a new business services facilities-based customer or a new business services customer provisioned via UNE-Platform (UNE-P), or an existing business services facilities-based customer or an existing business services customer provisioned via UNE-P who is eligible for renewal under their existing term plan agreement. _____

Definitions:

Eligible Charges: Monthly recurring charges for Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct, Local ISDN-PRI charge, Local Trunk T1 charge, DID number charge and optional features.

Features:

Flat Rate Service Line Features

The following optional features are available for Local Line service in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges for optional features will apply as specified in Section 3.1.2.3.3 except for Feature Package 1 and Remote Call Forwarding monthly recurring charges which are specified within this program.

Local Line Standard Features

Feature Package 1

- Call Waiting/Cancel Call Waiting
- Caller ID with name and Number

Remote Call Forwarding¹

Voice Mail

Metered Service Line Features: The following features are included in metered services feature package.

- Calling Party Number delivery (outbound) with Caller ID Blocking Selective; or, Caller ID Blocking-Complete (mutually exclusive to CPN Delivery);
- Call Forward Variable;
- Caller Transfer or Three-way Conference Calling;
- Speed Dial² (8 codes);
- Caller ID w/Name (inbound);
- Call Waiting/ Cancel Call Waiting

¹ Effective March 7, 2005, this feature will not be available to customers who choose Plan 2.  
² Not regulated

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.21 Verizon Business Services II Local (Cont.)

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Features: (Cont.)

Metered Service Line Features (Cont)

Flat Rate and Metered Service ISDN Features: ISDN features as described in Section 3.1.4.1.2 and applicable feature charges for ISDN-PRI as described in Sections 3.1.4.1.3.3.3 are available.

Grouping of telephone numbers can be obtained in blocks of 20 DID numbers or 100 DID numbers, as applicable, for Local Trunk-DID and Local Trunk-2 Way Direct service. Applicable monthly recurring charges will apply for blocks of 20 DID or 100 DID numbers, as applicable, numbers as specified in Sections 3.1.3.2.2.1 and 3.1.3.2.2.2.

Non-Recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Charges: The following flat rate monthly recurring charge applies in lieu of monthly recurring charges for these services as specified elsewhere in this tariff. For Customers who choose Plan 2 and who reside within the most dense zone of the Top 50 MSA, unless the state has established a different requirement as defined by the FCC in Docket No. 99-98, service is limited to a maximum of three lines per location. Customers whose service location resides outside of the most dense zone of the Top 50 MSA may order an unlimited number of lines.

Monthly Recurring Charge

Flat Rate Service

Local Line (per line)

Plan 1: (Qwest and Verizon areas)	\$23.00
Plan 2:	\$23.00

Local Trunks (Basic, DID and 2 Way Direct) (Per trunk) \$40.00

Local Trunks (Basic, DID and 2 Way Direct)(Per T-1) \$672.00

Local ISDN-PRI (Per T-1) \$672.00

Features Monthly Recurring Charge

Feature Package 1	\$5.00	
Remote Call Forwarding		\$20.00
Voice Mail	\$5.00	

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Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202



3. Service Descriptions (Cont'd)  
3.1 Local Exchange Service (Cont'd)  
3.1.21 Verizon Business Services II Local (Cont.)

Monthly Recurring Charges (Cont.)

Metered Service Monthly Charge

Plan I and Plan II Local Line (per line)	
Regional Metered Line	\$22.00
Regional Metered Line usage	\$0.0120
Local Metered T1/ISDN-PRI (per T1/ISDN-PRI)	\$540
Local Metered T1/ ISDN- PRI (per minute)	\$0.005
Metered Feature Package (optional)	\$19

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

Discounts:¹ These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service. T

A discount will be provided on the monthly recurring plan charge, per minute usage charges and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 5% discount, 2 years for up to a 15% discount and 3 or more years for up to a 15% discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Verizon Business Services II Local pricing plan for interstate and intrastate long distance service. N

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount. N

Other Conditions:

The following disclaimers apply to Stand Alone Verizon Business Services II Local Service in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (ii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY THE COMPANY. The Company will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

¹ Effective August 3, 2006, these discounts will not be available upon contract renewal or to new subscribers. N

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.22 Verizon Business Services II Local & Long Distance

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Eligibility: To be eligible for this plan, the customer:

In addition to the provisions of Section 10, customer must subscribe to service under Product Package Guide Types 18, 19, 20, or 21 as described in The Guide.

must be a new business services facilities-based customer or a new business services customer provisioned via UNE-Platform (UNE-P), or an existing business services facilities-based customer or an existing business services customer provisioned via UNE-P who is eligible for renewal under their existing term plan agreement.

Non-recurring Charges: Applicable non-recurring charges apply to services under this program as specified in the Non-Recurring Charges Sections of Local Line, Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI.

Monthly Recurring Charges:

Offering A is available on a per-Local Line basis, Offering B is available on a per-Local Trunk basis and Offering C is available on a per T-1 or ISDN-PRI basis. The following Monthly Recurring Charges apply. For customers who reside within the most dense zone of the Top 50 MSA, unless the state has established a different requirement as defined by the FCC in Docket No. 99-98, service is limited to a maximum of three lines per location. Customers whose service location resides outside of the most dense zone of the Top 50 MSA may order an unlimited number of lines.

<u>Offering</u>	<u>Monthly Recurring Charge</u> <u>(per line, trunk, T-1 or ISDN-PRI)</u>	
Plan 1		
A	Verizon Area	\$53.00
	Qwest Area	\$53.00
B		\$65.00
C		\$1,400.00
Plan 2.		\$53.00

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Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.22 Verizon Business Services II Local & Long Distance (Cont.)

Benefits:

Upon installation of Companion Intrastate Service, Companion Interstate Service and Local Service, customers will receive unlimited local exchange service usage.

Features:

Applicable feature charges apply to services under this program as specified in the Features Charges Sections of Local Trunk-Basic, Local Trunk-DID, Local Trunk-2 Way Direct and ISDN-PRI, except where otherwise noted. Blocks of telephone numbers can be obtained in blocks of 20 DID numbers for Local Trunk-DID and Local Trunk 2-Way Direct Service for a monthly recurring charge identified below.

The following optional features are available for Local Line service under this plan in addition to the Local Line Standard Features. Applicable non-recurring and monthly recurring charges will apply to Local Line optional features as specified in Section 3.1.2.3.3 except that the Feature Package 1 monthly recurring charges which are specified within this program.

Optional Features

Local Line Feature Package 1

Call Waiting/Cancel Call Waiting  
Caller ID with name and Number

Remote Call Forwarding¹  
Voice Mail

Optional Features Monthly Recurring Charge

Local Line Feature Package 1	\$5.00
Remote Call Forward	\$20.00
Voice Mail	\$5.00

Discounts:² These discounts are identical to, and shall not be in addition to, discounts applicable to Companion Intrastate Service and Companion Interstate Service.

A discount will be provided on the monthly recurring plan charge and monthly recurring charges for optional features and feature packages, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another exchange carrier's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 5% discount, 2 years for up to a 15% discount and 3 or more years for up to a 15% discount.

Discounts: These discounts are identical to, and shall not be in addition to, discounts applicable to Verizon Business Services II Local & Long Distance pricing plan for interstate and intrastate long distance service.

A discount will be provided on the monthly recurring charges, in lieu of all other discounts, in response to competitive marketplace conditions. To be eligible for this discount, Customer must; 1) demonstrate to the Company's reasonable satisfaction that it will accept another company's offer in absence of any further inducement, and 2) commit to a new term of service that equals or exceeds 1 year for up to a 20% discount, or 2 or more years for up to a 25% discount.

¹ Effective March 7, 2005, this feature will not be available to customers who choose Plan 2.  
² Effective August 3, 2006, these discounts will not be available upon contract renewal or to new subscribers.

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Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200

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Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.22 Verizon Business Services II Local & Long Distance (Cont.)

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Other Conditions:

Services under this plan are not eligible to receive the benefits of any discounts other than those stated above or promotions including any term plan discounts.

Customers who subscribe to service via a company-designated Internet site will receive Electronic Billing invoicing only.

The following disclaimers apply to Verizon Business Services II Local and Long Distance Service in addition to those set forth in the Service Attachment. Customer understands that use of the Service is restricted in the following manner: (i) Customer is limited to 30 lines per location, (ii) Customer may not utilize auto-dialers or any similar type of device in connection with the Service; and (iii) Customer may not utilize the Service in any call center environment or in connection with any similar such application. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT ANY VIOLATION OF THE FOREGOING RESTRICTIONS ON ITS USE OF THE SERVICE WILL RESULT IN THE IMMEDIATE TERMINATION OF THE SERVICE BY MCI. MCI will install the Line-based Service from the point of the local exchange carrier's smart-jack to the Customer's premises. Customer will be responsible for all inside wiring and special construction charges.

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3.1.23 Verizon Business Services II Flex T1¹

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The Verizon Business Services II Flex T1 is a flexible, integrated solution for small and medium businesses. The Flex T1 must be configured with a minimum of 8 circuits (of which 4 must be Local trunks). Beyond the 4 required Local trunks, the additional 4 circuits (in DS-0 increments) may be Integrated Internet Access*, Frame Relay*, Local, Local Trunks and Private Internet Protocol* Services. Customers will be charged a per circuit/trunk charge for the additional 4 circuits and any circuits/trunks added on top of the required 8 circuits/trunks charges.

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Eligibility

Customer must subscribe to service under a Verizon Business Services Agreement or renew under a Verizon Business Services Agreement with a minimum 1 year commitment as described in the Company's "Service Publication and Price Guide" located on the Company's Internet site at [www.verizonbusiness.com](http://www.verizonbusiness.com).

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Customer must also subscribe to the Verizon Business Services II Flex T1 offering as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2 or Price List No. 4 ("Companion Intrastate Service").

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The Verizon Business Services II Flex T1 cannot be used in conjunction with the Verizon Business Services II Local and Long Distance Plan.

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Effective April 7, 2005, this plan will no longer be available to new subscribers

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Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.23 Verizon Business Services II Flex T1 (Cont)

Monthly Recurring Charges:

A monthly recurring charge will apply for the Plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. The Offer is available on a per-Local Trunk basis. The following Monthly Recurring Charges apply:

<u>Service</u>	<u>Monthly Recurring Charge</u>
Flex T1	\$290 (\$240 in a Local Lit Building) for 4 trunks of Local
Additional circuit fee	\$40 each per Local Trunk, Frame Relay DS-0, Private IP DS-0, and/or Integrated Internet Access* DS-0

Customers are eligible to receive Verizon Business Services II Local discounts on top of the monthly recurring charge for: Integrated Internet Access*, Frame Relay*, Local, Local Trunks, and Private IP* service.

Additional benefits

In addition to the monthly recurring charge, customers will receive the benefits of the Companion Intrastate Service as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2 or Price List No. 4.

Non Recurring Charges: Applicable non-recurring charges apply to services under the Verizon Business Services II Flex T1 as specified in local trunk basic, local trunk DID, local trunk 2 way direct sections. Customers are eligible to utilize the Local Installation Waiver Promotion. MCI will waive the one-time installation charges which include Port charges and/or DS1 local loop access associated with the implementation of Integrated Internet Access*, Frame Relay*, Local, Local Trunks, Private Internet Protocol* Services within the 48 contiguous US States under this Agreement. Customer will receive the promotional waiver for the length of the contract term. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived.

* Not regulated

MCImetro Access Transmission Services, LLC  
d/b/a Verizon Access Transmission Services  
Washington Price List No. 2

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.24 Verizon Business Services II Flex T1 Plus

Verizon Business Services II Flex T1 Plus is a flexible, integrated solution for small and medium businesses. The Flex T1 Plus must be configured with a minimum of 12 circuits (of which 6 must be Local trunks or lines; but cannot be both). Beyond the 6 required Local trunks or lines, the additional 6 circuits (in DS-0 increments) may be Integrated Internet Access*, Frame Relay*, Local Lines, Local Trunks, Private Internet Protocol Services* and Metro Private Line* (Lit buildings only). Customers will be charged a per circuit/trunk charge for the required 12 circuits/trunks and any additional circuits/trunks.

Eligibility

Customer must subscribe to or renew service under a Verizon Business Services II Agreement with a minimum 1 year commitment as described in the Company's (Service Publication and Price Guide) located on the Company's Internet site at [www.verizonbusiness.com](http://www.verizonbusiness.com).

Customer must also subscribe to the Verizon Business Services II Flex T1 Plus offering as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2 or Price List No. 4] (Companion Intrastate* Service).

Verizon Business Services II Flex T1 Plus cannot be used in conjunction with the Verizon Business Services II Local and Long Distance Plan.

Monthly Recurring Charges:

A monthly recurring charge will apply for the Plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate Service or Companion Intrastate Service. The Offer is available on a per-circuit basis. The following Monthly Recurring Charges apply:

Flex T1Plus	\$40
In a Local Lit Building	\$35

Customers are eligible to receive Verizon Business Services II Local discounts on top of the monthly recurring charge for: Integrated Internet Access*, Frame Relay*, Local, Local Trunks, Private IP service*, and Metro Private Line* (Lit Buildings Only).

Additional benefits

In addition to the monthly recurring charge, customers will receive the benefits of the Companion Intrastate* Service as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 2 or Price List No. 4.

* Not regulated under this tariff

MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.24 Verizon Business Services II Flex T1 Plus (Cont) T

Non Recurring Charges:

Applicable non-recurring charges apply to services under the Verizon Business Services II Flex T1 Plus as specified in each section for local line, local trunk basic, local trunk DID and local trunk 2-way direct. Customers are eligible to utilize the Local Installation Waiver Promotion. The Company will waive the one-time installation charges which include Port charges and/or DS1 local loop access associated with the implementation of Integrated Internet Access*, Frame Relay*, Local Line, Local Trunks, Private Internet Protocol Services* or Metro Private Line* (Lit Buildings Only) within the 48 contiguous US States under this Agreement. Customer will receive the promotional waiver for the length of the contract term. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived. T

3.1.25 Verizon Business Services Versatile T1¹ T

Verizon Business Services Versatile T1 (Versatile T1) is an integrated solution for small businesses. Customer must order a minimum of 8 circuits, 4 of which must be local lines or trunks, and one of which must be Internet Dedicated Access*, and a maximum of 24 circuits based on Packages A, B, or C as detailed below. T

Eligibility

Customer must subscribe to service under Guide Type 17, with a minimum 1-year term, as described in the Company's (Service Publication and Price Guide) located on the Company's Internet site at [www.verizonbusiness.com](http://www.verizonbusiness.com). T

Customer must also subscribe to the Verizon Business Services Versatile T1 offering as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4. (Companion Intrastate* Service). T

Customer is not eligible to receive the benefits of any other program or promotion related to local, long distance*, conferencing* or internet dedicated access* services.

Benefits

Package A: Customers who subscribe to Versatile T1 service with a minimum 8 circuits and a maximum 12 circuits will receive the monthly recurring charges detailed below.

Package B: Customers who subscribe to Versatile T1 service with a minimum 13 circuits and a maximum 18 circuits will receive the monthly recurring charges detailed below.

Package C: Customers who subscribe to Versatile T1 service with a minimum 19 circuits or a maximum 24 circuits will receive the monthly recurring charges detailed below.

¹ Effective October 1, 2005, this plan will no longer be available to new subscribers.  
 * Not regulated under this tariff

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3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.25 Verizon Business Services Versatile T1 (Cont)

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Monthly Recurring Charges

A monthly recurring charge applies to the Plan. This charge is identical to, and shall not be in addition to, any monthly recurring charge applicable to Companion Interstate* Service or Companion Intrastate* Service. The following Monthly Recurring Charges apply:

Package A	\$625.00
Package B	\$720.00
Package C	\$900.00

Additional benefits

In addition to the monthly recurring charge, customers will receive the benefits of the Companion Intrastate* Service as described in MCI Communications Services, Inc, d/b/a Verizon Business Services Washington Price List No. 4.

Non Recurring Charges

Applicable non-recurring charges apply to services under the Verizon Business Services Versatile T1 as specified in each section for local line, local trunk basic, local trunk DID and local trunk 2 way direct. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived.

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Features

DID blocks (block of 20) \$6.25 per month

The following local calling features are included at no additional charge:

- Caller ID - Name & Number
- Complete Blocking for Caller ID
- Select Blocking for Caller ID
- Call Forwarding Variable
- Speed Dial 8* or 30*
- Call Waiting
- Three-way Calling
- Call Transfer
- 900/976 Blocking
- Toll Blocking (per line)
- Call Forwarding-busy
- Call Forwarding- Don't answer
- Voice mail*

* Not regulated under this tariff



MCImetro Access Transmission Services, LLC  
d/b/a Verizon Access Transmission Services  
Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.26 Verizon Business Services II Local Availability Enhancement Plan

Customers currently enrolled in a long distance On-Net Term Plan are eligible to receive Verizon Business Services II Local Pricing as found in the Companion Local Tariffs. Customers adding Local service for the first time to their long distance On-Net Term Plan with a minimum one-year term commitment are eligible to receive the benefits described in the following offers as specified in the Sections listed below.

Section 3.1.21 for Verizon Business Services II Local  
Section 3.1.22 for Verizon Business Services II Local and Long Distance

Customers will receive the discounts under the term plan applicable to their agreement in lieu of any other term-based discount. Customers may not receive the benefits of non-promotional discounts or credits.

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MCImetro Access Transmission Services, LLC  
 d/b/a Verizon Access Transmission Services  
 Washington Price List No. 2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.26 Local T1 Rewards

Eligibility

Customers who enroll in an Agreement and, for the first time, subscribe to Verizon Business Services II Local, Verizon Business Services II Local and Long Distance, in combination with MCI Full Local T1/ PRI service are eligible to receive a waiver of one month service. T

Local customers enrolled in an Agreement having a three-year or greater term with a minimum of 12 months remaining who order additional Service are eligible to receive a waiver of three months Service. T

Local customers enrolled in an Agreement having a two-year term commitment with a minimum of 12 months remaining who order additional Service are eligible to receive a waiver of two months Service. T

In addition, customer will receive a waiver of DID block monthly recurring charges for the duration of the Customers MCI Services Agreement ("Agreement"). T

Customers who subscribe to Verizon Business Service Flex T1, UNE-P, Local Lines, Trunk and Metered Rate service are not eligible. T

3.1.27 Verizon Business Services II Installation Waiver T

Eligibility

Customers who convert existing local exchange service from another local exchange carrier to MCImetro local services; and, to existing customers adding MCImetro local services.

Customer must commit, at the time of converting to MCImetro Local Service, to at least a one year term commitment. Customers will have the installation charges listed below waived for new circuits implemented under this offering.

Account Setup

- Account Charges (including Moves, Changes, Additions and Billing Record Changes)
- Line Connection Charges (Local Line, Local Trunk-Basic, Local Trunk DID, Local Trunk-2 Way Direct)
- Direct Inward Dialing (DID)/2 Way Direct Installation for Blocks of DID/2 Way Direct Numbers
- Non-Recurring Charges for Local ISDN-PRI T-1 installation and optional features
- Selective Call Screening Non-Recurring Charge
- Non-Recurring charges for Optional Features
- Additional Telephone Number Listing (Set-up charge)
- Alternative Call Listing (Set-up charge)
- Restoral charges (Customer and Company charges on the rate calculator)
- Toll Restrictions (Set-up charges)
- Call Assistance Install (Set up charge)
- Voice Mail*

An automatic waiver of all associated Local installation fees will occur for only those circuits added under this offering. Customers who receive service under a Special Contract Arrangement (SCA) are eligible to receive the benefits of this offering.

* Not regulated by this Commission

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Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202

MCImetro Access Transmission Services, LLC

d/b/a Verizon Access Transmission Services

Washington Price List No. 2

Original Page No. 120.1

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.28 Local T1/PRI Lit Building Plan

Customer will receive a monthly recurring charge (Plan Charge) of \$595.00 for Local T1/PRI service.

Eligibility: Customer must:

- Be a new or existing customer adding new circuits into Lit Buildings;
- Be located and provision in a building connected via Company owned fiber to the Company's network (Lit Building);
- Receive service under Verizon Business Service II Local which receives the benefits of this promotion under a term of service which equals or exceeds one year;
- Represent the Company's satisfaction, as determined with the company's sole discretion, that it would not permit conversion of facilities without further inducement; and
- Agree to allow the Company and its subcontractors and their respective employees and agents access to Customer or Authorized User premises at which service is being or will be provided (including access to associated equipment).

Other Conditions:

Customer may not receive the benefits of Verizon Loyalty Plus I, Verizon Loyalty Plus II, Verizon Loyalty Plus III, Local T1 Rewards and VBS II Local Availability Enhancement Plans or any discounts on the monthly recurring charges that receive the benefits of this plan.

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MCImetro Access Transmission Services, LLC  
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Original Page No. 120.2

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

RD 3.1.29 Verizon Loyalty Plus I Plan

Company customers who simultaneously order a new eligible MCImetro Legacy Company service "unit" (see table below), excluding upgrades and conversions on existing service and enroll that unit in this plan will receive the following benefit: a one-time credit in the amount indicated in the table below, applied to the monthly recurring charges for the new MCImetro Legacy Company-provided service unit. The credit will be applied to the second full-month's invoice following activation of the new service unit. Customer may designate that the credit be applied either as an invoice credit or a deposit in Customer's Fund account. To receive the benefits of this plan, each eligible service unit must be active, with no pending cancellation request, at the time the credit is applied. Except for this one-time credit, this plan does not change the terms and conditions that apply to the new service unit.

Customers will also receive a waiver of the non-recurring Company-billed charges for installation following plan enrollment of all eligible service units identified below. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived.

This plan applies only with respect to new eligible MCImetro Legacy Company-provided service units ordered for installation within 30 days of order (or by Company's quoted installation date if later), by a Customer with at least one MCImetro Legacy Company service which has been actively billing for at least 90 days prior to enrollment in this plan.

Customer may enroll any eligible service unit, but any individual unit may be enrolled only once. Customer may not receive: (i) any discounts, (ii) the benefits of: any Special Customer Arrangement (SCA) or Product Package, other than Special Customer Arrangements (SCA) Guide Types 2, 3,4,5,6,7,8 or 9 or Produce Package SCA Guide Types 13, 14, 15, 16, 18, 19, 20 and 21, or (iii) the benefits of Verizon Business Services I Flex T1 Promotion, Regional Plus Frame Relay Promotion and Competitive Voice 2 Promotion as described in the Company's "Service Publication and Price Guide" (The Guide) located on the Company's website at [www.verizonbusiness.com](http://www.verizonbusiness.com) on any enrolled unit.

TABLE OF ELIGIBLE COMPANY SERVICE UNITS AND CREDIT AMOUNTS

Product Group	Sub-product	Service Unit	Credit Value	Company Installation Charge Waiver (Yes/No)
Voice				
	Local Trunk	Trunk	\$50	Y
	Local and Long Distance Service-Trunk Solution II	Trunk	\$50	Y
	Local T1	T1 Circuit	\$500	Y
	Local PRI	PRI Circuit	\$500	Y

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Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202

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 N  
 N

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.30 Verizon Loyalty Plus II Plan

Company customers who simultaneously order a new eligible MCImetro Legacy Company service "unit" (see table below), excluding upgrades and conversions on existing service and enroll that unit in this plan will receive the following benefit: two credits in the amount indicated in the table below, applied to the monthly recurring charges for the new MCImetro Legacy Company provided service unit. The credits will be applied to the second full-month's and the sixth full-month's invoice following activation of the new service unit. Customer may designate that the credit be applied either as an invoice credit or a deposit in Customer's Fund account. To receive the benefits of this plan, each eligible service unit must be active, with no pending cancellation request, at the time the credits are applied. Except for these two credits, this plan does not change the terms and conditions that apply to the new service unit.

Customers will also receive a waiver of the non-recurring Company-billed installation charges following plan enrollment of all eligible service units identified below. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived.

This plan applies only with respect to new eligible MCImetro Legacy Company provided service units ordered for installation within 30 days of order (or by Company's quoted installation date if later), by a Customer with at least one MCImetro Legacy Company service which has been actively billing for at least 90 days prior to enrollment in this plan.

Customer may enroll any eligible service unit, but any individual unit may be enrolled only once. Customer may not receive: (i) any discounts, (ii) the benefits of: any Special Customer Arrangement (SCA) or Product Package, other than Special Customer Arrangements (SCA) Guide Types 2, 3,4,5,6,7,8 or 9 or Produce Package SCA Guide Types 13, 14, 15, 16, 18, 19, 20 and 21, or (iii) the benefits of Verizon Business Services I Flex T1 Promotion, Regional Plus, Frame Relay Promotion and Competitive Voice 2 Promotion as described in the Company's "Service Publication and Price Guide" (The Guide) located on the Company's website at [www.verizonbusiness.com](http://www.verizonbusiness.com) on any enrolled unit.

TABLE OF ELIGIBLE COMPANY SERVICE UNITS AND CREDIT AMOUNTS

Product Group	Sub-product	Service Unit	Credit Value	Company Installation Charge Waiver (Yes/No)
Voice				
	Local Trunk	Trunk	\$50	Y
	Local and Long Distance Service-Trunk Solution II	Trunk	\$50	Y
	Local T1	T1 Circuit	\$500	Y
	Local PRI	PRI Circuit	\$500	Y

Issued: March 22, 2006

Effective: April 1, 2006

Randee Klindworth  
 Tariff Administrator  
 707 17TH Street, #4200  
 Denver, CO 80202

3. Service Descriptions (Cont'd)

3.1 Local Exchange Service (Cont'd)

3.1.31 Verizon Loyalty Plus III Plan¹

Company customers who simultaneously order a new eligible MCImetro Legacy Company service "unit" (see table below), excluding upgrades and conversions on existing service and enroll that unit in this plan will receive the following benefit: three credits in the amount indicated in the table below, applied to the monthly recurring charges for the new MCImetro Legacy Company service unit. The credits will be applied to the second full-month's, sixth full-month's, and twelfth full-month's invoice following activation of the new service unit. Customer may designate that the credit be applied either as an invoice credit or a deposit in Customer's Fund account. To receive the benefits of this plan, each eligible service unit must be active, with no pending cancellation request, at the time the credits are applied. Except for these three credits, this plan does not change the terms and conditions that apply to the new service unit.

Customers will also receive a waiver of the non-recurring Company-billed installation charges following plan enrollment of all eligible service units identified below. Usage charges, monthly recurring charges, expedite charges, change charges, surcharges, any charges imposed by third parties (including access, egress, jack, or wiring charges), taxes or tax-like surcharges, or other Governmental Charges will not be waived.

This plan applies only with respect to new eligible MCImetro Legacy Company provided service units ordered for installation within 30 days of order (or by Company's quoted installation date if later), by a Customer with at least one MCImetro Legacy Company service which has been actively billing for at least 90 days prior to enrollment in this plan. Customer may enroll any eligible service unit, but any individual unit may be enrolled only once.

Customer may not receive: (i) any discounts, (ii) the benefits of: any Special Customer Arrangement (SCA) or Product Package, other than Special Customer Arrangements (SCA) Guide Types 2, 3,4,5,6,7,8 or 9 or Produce Package SCA Guide Types 13, 14, 15, 16, 18, 19, 20 and 21, or (iii) the benefits of Verizon Business Services I Flex T1 Promotion, Regional Plus Frame Relay Promotion and Competitive Voice 2 Promotion as described in the Company's "Service Publication and Price Guide" (The Guide) located on the Company's website at [www.verizonbusiness.com](http://www.verizonbusiness.com) on any enrolled unit.

TABLE OF ELIGIBLE COMPANY SERVICE UNITS AND CREDIT AMOUNTS

Product Group	Sub-product	Service Unit	Credit Value	Company Installation Charge Waiver (Yes/No)
Voice				
	Local Trunk	Trunk	\$50	Y
	Local and Long Distance Service-Trunk Solution II	Trunk	\$50	Y
	Local T1	T1 Circuit	\$500	Y
	Local PRI	PRI Circuit	\$500	Y

¹ Effective September 1, 2006, this will no longer be available to existing customers upon contract renewal or to new subscribers. N N

3.0 Service Descriptions (Cont'd)

3.2 Directory Assistance

A Customer may obtain Directory Assistance in determining telephone numbers within its local calling area by calling the Directory Assistance operator.

3.2.1 Each call to Directory Assistance will be charged as follows:

	<u>Per Call</u>
Verizon Area	\$0.25
Qwest Area	\$0.60
So. Washington Area	\$0.60

The Customer may request one telephone number per call to Directory Assistance service.

3.2.2 A credit will be given for calls to Directory Assistance as follows:

- The Customer experiences poor transmission or is cut-off during the call; or
- The Customer is given an incorrect telephone number.

To obtain such a credit, the Customer must notify its Customer Service representative.

3.3 Operator Assistance

A Customer may obtain the assistance of a local operator to complete local exchange telephone calls in the following manner. In addition to the rates specified in Section 3.1, surcharges as specified in Section 3.3.1 will apply:

Third Number Billing: Provides the Customer with the capability to charge a local call to a third number which is different from the called or calling party. The party answering at the third number has the option to refuse acceptance of the charges in advance or when queried by the operator.

Collect Calls: Provides the Customer with the capability to charge a call to the called party. On the operator announcement of a collect call, the called party has the option to refuse acceptance of charges in advance or when queried by the operator.

Calling Cards: Provides the Customer with the capability to place a call using a calling card of an interexchange carrier with or without the assistance of an operator.

Person to Person: Calls completed with the assistance of an operator to a particular Station and person specified by the caller. The call may be billed to the called party.

3.0 Service Descriptions (Cont'd)

3.3 Operator Assistance (Cont)

Station to Station: Calls complete with the assistance of an operator to a particular Station. The call may be billed to the called party.

General Assistance: The Customer has the option to request general information from the operator, such as dialing instructions, country or city codes, area code information and Customer Service 800 telephone numbers, but does not request the operator to complete the call.

3.3.1 Operator Assisted Surcharges: The following surcharges will be applied on a per call basis.

Third Number Billing	\$1.30
Collect Calling	\$1.50
Person to Person	\$3.50
Station to Station	\$1.30
General Assistance	N/C

3.3.2 Busy Line Verification and Interrupt Service: Busy Line Verification and Interrupt Service, which is furnished where and to the extent that facilities permit, provides the Customer with the following options:

3.3.2.1 Busy Line Verification: Upon request of the calling party, the Company will determine if the line is clear or in use and report to the calling party.

3.3.2.2 Busy Line Verification with Interrupt: The operator will interrupt the call on the called line only if the calling party indicates an emergency and requests interruption.

3.3.2.3 Rates: Rates for Busy Line Verification and Interrupt Service will apply under the following circumstances:

3.3.2.3.1 The operator verifies that the line is busy with a call in progress.

3.3.2.3.2 The operator verifies that the line is available for incoming calls.



3.0 Service Descriptions (Cont'd)

3.3 Operator Assistance (Cont'd)

3.3.2 Busy Line Verification and Interrupt Service (Cont)

3.3.2.3 Rates (Cont)

3.3.2.3.3 The operator verifies that the called number is busy with a call in progress and the Customer requests interruption. The operator will then interrupt the call, advising the called party the name of the calling party. One charge will apply for both verification and interruption.

Per Request

Busy Line Verification

Verizon Area	\$1.35
Qwest Area	\$1.50
So. Washington Area	\$1.50

Busy Line Interrupt

Verizon Area	\$1.50
Qwest Area	\$3.00
So. Washington Area	\$3.00

3.4 Directory Listings

The Company shall provide for a single directory listing, termed the primary listing, in the telephone directory published by the dominant exchange service provider in the Customer's exchange area of the Station number which is designated as the Customer's main billing number. Directory listings of additional Company Station numbers, other than the Customer's main billing number, associated with a Customer's service will be provided for a monthly recurring charge per listing.

3.4.1 The Company reserves the right to limit the length of any listing in the directory by the use of abbreviations when, in its judgment, the clearness of the listing or the identification of the Customer is not impaired thereby. Where more than one line is required to properly list the Customer, no additional charge is made.

3.4.2 The Company may refuse a listing which is known not to constitute a legally authorized or adopted name, obscenities in the name, or any listing which, in the opinion of the Company, is likely to mislead or deceive calling persons as to the identity of the listed party, or is a contrived name used for advertising purposes or to secure a preferential position in the directory or is more elaborate than is reasonably necessary to identify the listed party. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.

3.0 Service Descriptions (Cont'd)

3.4 Directory Listings (Cont'd)

3.4.3 Each listing must be designated Government or Business to be placed in the appropriate section of the directory. In order to aid the user of the directory, and to avoid misleading or deceiving the calling party as to the identity of the listed party, only business listings may be placed in the Business Section and only residential listings in the Residential section. The Company, upon notification to the Customer, will withdraw any listing which is found to be in violation of its rules with respect thereto.

3.4.4 In order for listings to appear in an upcoming directory, the Customer must furnish the listing to the Company in time to meet the directory publishing schedule.

3.4.5 Directory listings are provided in connection with each Customer service as specified herein.

3.4.5.1 Primary Listing: A primary listing contains the name of the Customer, or the name under which a business is regularly conducted, as well as the address and telephone number of the Customer. This listing is provided at no additional charge.

3.4.5.2 Additional Listings: In connection with business service, additional listings are available only in the names of Authorized Users of the Customer's service, as defined herein. Charges for additional listings are specified in Section 3.4.5.9 and 3.4.5.10.

3.4.5.3 Nonpublished Listings: Listings that are not printed in directories nor available from Directory Assistance.

A Nonpublished Telephone Service will be furnished, at the Customer's request providing for the omission or deletion of the Customer's telephone listing from the telephone directory and, in addition, the Customer's telephone listing will be omitted or deleted from the directory assistance records, subject to the provisions set forth in Section 2.1.4. Charges for Nonpublished Listings are specified in Section 3.4.5.9 and 3.4.5.10.

3.4.5.4 Nonlisted Numbers: A Nonlisted number will be furnished at the Customer's request, providing for the omission or deletion of the Customer's listing from the telephone directory. Such listings will be carried in the Company's directory assistance and other records and will be given to any calling party.

3.4.5.5 Foreign Listings: Where available, a listing in a phone directory which is not in the Customer's immediate calling area. The Customer will be charged the rates specified in the tariff published by the specific exchange carrier providing the Foreign Listing.

3.0 Service Descriptions (Cont'd)

3.4 Directory Listings (Cont'd)

3.4.5 (Cont'd)

3.4.5.6 Alternate Call Listings: Where available, a listing which references a telephone number which is not the primary listing for the Customer. The Customer must provide written verification that the alternate telephone number is authorized to accept calls.

3.4.5.7 Information Listings: Where available, additional lines of information which may be included with a primary, additional or reference listings. Charges for information listings are specified in Section 3.4.5.9 and 3.4.5.10.

3.4.5.8 Reference Listings: A listing including additional telephone numbers of the same or another Customer to be called in the event there is no answer from the Customer's telephone. Charges for reference listings are specified in Section 3.4.5.9 and 3.4.5.10.

3.4.5.9 Non-Recurring Charges: Non-Recurring charges associated with Directory Listings are as follows:

	<u>Per Listing or Per Number Charge</u>
Primary Listing	\$0.00
Additional Listing	\$6.50
Information Listing	\$6.50
Reference Listing	\$6.50
Non-Listed Number	\$6.50
Non-Published Number	\$6.50

3.4.5.10 Recurring Charges: Monthly Recurring Charges associated with Directory Listings are as follows:

	<u>Per Listing or Per Number Charge</u>
Primary Listing	\$0.00
Additional Listing	
Verizon Area	\$2.21
Qwest Area	\$1.00
So. Washington Area	\$1.00

3.0 Service Descriptions (Cont'd)

3.4 Directory Listings (Cont'd)

3.4.5 (Cont'd)

3.4.5.10 Recurring Charges (Cont)

Information Listing	\$0.50
Reference Listing	\$1.00
Non-Listed Number	
Verizon Area	\$2.21
Qwest Area	\$0.50
So. Washington Area	\$0.50
Non-Published Number	
Verizon Area	\$2.21
Qwest Area	\$0.75
So. Washington Area	\$0.75
Alternate Call Listing	
Verizon Area	\$2.21
Qwest Area	\$1.00
So. Washington Area	\$1.00

3.5 Telecommunications Relay Service (TRS): Enables deaf, hard-of-hearing or speech-impaired persons who use a Text Telephone (TT) or similar devices to communicate freely with the hearing population not using TT and visa versa. The Company does not impose any charge to end users for access to TRS; however, persons using this service are liable for applicable per call/increment charges. A Customer will be able to access the state provider to complete such calls. The Company will impose a surcharge to all Customers at a level determined by the Commission.

3.6 Vanity Telephone Numbers: At the request of the Customer, the Company may assign a telephone number with the last four digits selected by the Customer. The assignment is subject to availability of a particular number and subject to the terms and conditions set forth in Section 2.1.3.

	<u>Non-Recurring Charge</u> <u>(per number assigned)</u>	<u>Monthly Recurring Charge</u> <u>(per number assigned)</u>
Verizon Area	\$30.00	\$2.00
Qwest Area	\$30.00	\$2.00
So. Washington Area	\$30.00	\$2.00

Issued: January 13, 2006

Effective: January 23, 2006

Randee Klindworth  
Tariff Administrator  
707 17TH Street, #4200  
Denver, CO 80202

3.0 Service Descriptions (Cont'd)

- 3.7 Emergency Services (Enhanced 911): Allows Customers to reach appropriate emergency services including police, fire and hospital. Enhanced 911 has the ability to selectively route an emergency call to the primary E911 provider so that it reaches the correct emergency service located closest to the caller. In addition, the Customer's address and telephone information will be provided to the primary E911 provider for display at the Public Service Answering Point (PSAP).
- 3.8 Presubscription (PIC-2): Allows Customers to presubscribe to their carrier of choice for intraLATA toll calls, without dialing the Access Code. The following charge applies each time the Customer requests a change to their intraLATA PIC. This charge applies per line or per trunk for each Local Line or Local Trunk PIC change requested, subsequent to the initial designation:

PIC-2 Change Charge            \$1.49  
(per line or per trunk)

3.9 MCI Local Disaster Recovery Service

MCI Local Disaster Recovery Service is an optional feature for customers of MCI Local Line and /or Trunk Services. MCI Local Disaster Recovery Service is not available for circuits provided via UNE-P.

MCI Local Disaster Recovery Service provides MCI Local customers with pre-established Local Disaster Recovery plans to be invoked in case of a local line/trunk outage related to an emergency or disaster. MCI Local Disaster Recovery Service is a collection of actions, procedures, and information that is developed, tested and held in readiness for use in the event of an emergency or disaster. For purposes of this optional feature, an emergency or disaster is defined as any event that may cause a lengthy disruption of a customer's local line/trunk service. These events include, but are not limited to, natural events, accidents, or events of sabotage. The customer must notify MCI when to invoke these pre-established plans with a secure password. These pre-established plans may consist of specific restoration processes involving the redirection of traffic through Remote Call Forward Feature Service; or Trunk Group Redirection. More complex plans that involve over 100 numbers may also be established on an individual case basis. Changes or modifications to these plans can be made as part of the monthly recurring fee.

MCI Local Disaster Recovery Service Charges:

Non Recurring Charges	
1 number to 10 numbers	\$750.00
11 numbers to 40 numbers	\$850.00
41 numbers to 100 numbers	\$1,000.00
101 numbers and above	\$1,500.00
Recurring Charges	
1 number to 10 numbers	\$50.00
11 numbers to 40 numbers	\$100.00
41 numbers to 100 numbers	\$200.00
101 numbers and above	\$200.00



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ABOUT US

**Verizon has joined forces with MCI**  
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### Consumer

Services for your home, including local and long distance, voicemail, VoIP, low international rates, and more.

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### Small Business

Local and long distance calling, high-speed Internet access, and more for companies with fewer than 20 employees and/or one office location.

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### Medium Business

A full suite of voice, IP, equipment, managed network services, Internet access and data services, including T1, frame relay, and managed security for businesses with fewer than 300 employees and/or less than 25 office locations.

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IP, data, voice, IT/hosting, mobility, managed network solutions, and other communications solutions for large and global businesses, government, and wholesale.

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## VoiceWing Multi-line

### Where Voices Take Flight and Unite Over Broadband

VoiceWing Multi-line is the ideal plan for a small business that needs more than one line. Using your current broadband Internet connection, get 2 lines of unlimited local and long-distance calling to anywhere in the U.S., Puerto Rico and Canada for one monthly price!



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### Service Location

Washington  
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### Solution Finder

Answer a few questions and we'll suggest products for you to consider.

[Get started](#)

### Benefits Features

- Choose your own phone number from anywhere in the U.S.* (or keep your existing ones!)
- The ability to manage call features, view billing statements and call logs for both lines with a Personal Account Manager website.
- Check your voice mail online.
- Order online and we'll waive the \$19.95 set-up fee!

*Based on availability

VoiceWing differs from regular telephone service. A DSL or cable Internet connection, a regular telephone, a router, and a telephone adapter are required for service. VoiceWing does not provide operator services. VoiceWing will provide service only in areas where it can direct a 911 call to the appropriate emergency response center in a manner consistent with applicable law. If VoiceWing cannot provide service in an area, service will be suspended. VoiceWing will not provide a credit or refund for the period that service is in suspension. Customer must maintain alternative means of accessing 911 emergency response services. Customer must provide an accurate service address in order for VoiceWing to route 911 calls to the appropriate emergency response center.

VoiceWing may not be compatible with some home security systems, satellite TV systems, digital entertainment systems, fax machines, modems and medical monitoring devices. VoiceWing may not work behind some firewalls. Network congestion or use of data services at the same time as VoiceWing may affect sound quality. To use more than one phone with VoiceWing, an expandable cordless phone system is required. Verizon reserves the right to monitor usage for possible abuse of service. For packages with unlimited calling, more than 5,000 minutes a month is considered beyond normal use and may be investigated, resulting in potential termination of service. Usage over 5,000 minutes is monitored per line for VoiceWing Multi-line. Equipment is a new or fully inspected, tested and warranted return unit. Not all area codes are available. If the Area Code you select for your main VoiceWing telephone number is different from Area Code considered "local" to your service address, then people making calls to you within that Area Code could be charged long distance rates. VoiceWing has one-time \$19.95 setup fee and one-time shipping and handling fee for the adapter. One-year commitment required. Set up fee waived when order placed online. Early termination fee of \$39.95 applies if service cancelled between months 2 and 12. For VoiceWing Multi-line, an early termination fee applies per line. Taxes and other charges apply. Additional terms and conditions apply. Service not available in all areas. © 2006 Verizon. All rights reserved.

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# TELEPHONY ONLINE

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## Comptel: XO strengthens wholesale push

*By Carol Wilson*

Oct 9, 2006 12:31 PM

XO Communications added two more pieces to its wholesale puzzle today, announcing completion of the 18,000-mile fiber optic network and a business realignment that separates its wholesale operation from its sales to large enterprise customers.

The fiber optic network reaches 75 major metropolitan areas in the U.S. with 100 Gb/s capacity, and plans to upgrade that to 400 Gb/s, said Ernie Ortega, president of carrier services at XO.

"We have been selling on the network, and we are in the middle of provisioning the services we have already sold," Ortega said. "From what we have experienced so far, lighting the long-haul network opened up a part of the business we haven't had visibility into before."

New Internet applications such as video, the growth in demand for diversity in the light of consolidation and the rise of other markets including wireless backhaul have made this a good time for XO to launch its long-distance wholesale business, Ortega added.

As part of that effort, XO Communications has now reorganized into two units, XO Business Services and XO Carrier Services, in part to eliminate the perception that XO is competing with its wholesale customers.

"We think this gives up more credibility," Ortega said. "What this allows us to do is focus on our market without drawing on any shared resources. We can align our processes and our decision-making in a way that is consistent with the market we are in."

In reality, most companies compete and partner at different times, he added, but eliminating the perception of a conflict is important.

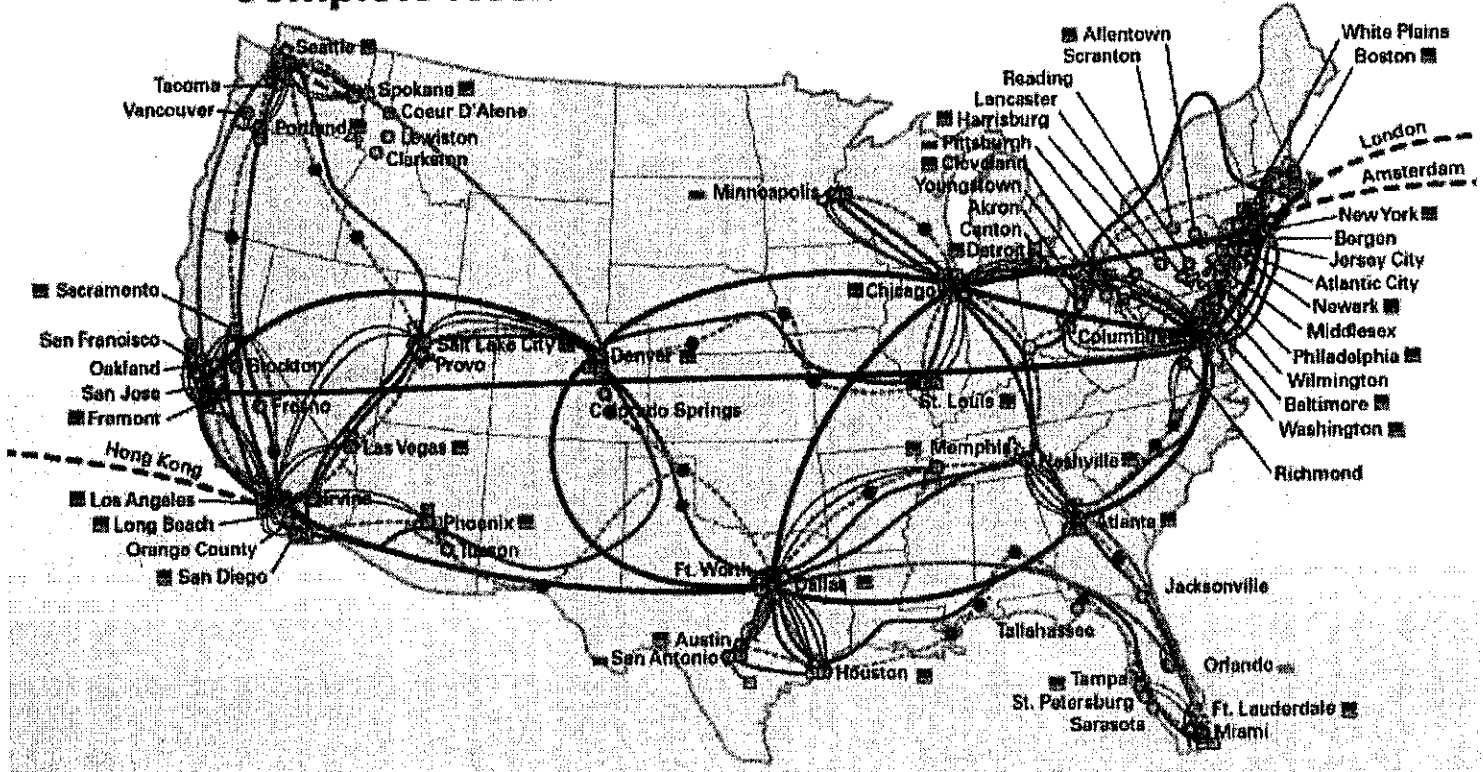
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Complete Network Assets

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Complete Network Assets : XO Communications



LEGEND					
	OC-12 Market Uplinks		Data Center IP OC-12c Uplink		Core IP Node
	OC-3 Market Uplinks		OC-48 IP Backbone		Metro IP Node
	Diversely Routed OC-48 Transport		OC-48 IP Market Uplink		Private Peering IP Node
	OC-192 BLSR Rings		OC-192 Backbone Circuit		Public Peering IP Node
	GigE		Peering Backbone Circuit		Data Center
					Class 5 Voice Switch
					Sonus Gateway
					Longhaul Termination (All Bandwidths)
					Longhaul Termination (OC-48 & Above Only)
					Local Voice Footprint
					XO Market
					Network Management Center
					Private Line Backbone

## Wireless Access for Communications Carriers

### Extending Your Network Reach

Carrier-grade reliability and network reach—that's what you get when you choose Nextlink™ for your access and metro private line needs. Nextlink offers compelling alternative access solutions in comparison to the access offerings of the incumbent telephone companies. With solutions such as 10/100 Mbps Ethernet, DS-3 (45 Mbps), OC-3 (155 Mbps) and OC-12 (622 Mbps), Nextlink offers carriers not only alternative access options to serve your customers, but also cost-effective ways to save on your own internal networking requirements.

In addition, Nextlink helps to facilitate service continuity by enabling physically redundant broadband wireless network links. Timely provisioning and competitive Service Level Agreements complete the package, delivering the network availability and service that both you and your customers demand. Nextlink—economically extending your network reach for a competitive advantage.

#### The Nextlink Advantage

##### Licensed Spectrum

- Licensed wireless spectrum in 75 markets reduces the potential for signal interference from unlicensed spectrum users;
- The leading licensee of LMDS in the 28 – 31 GHz spectrum, with spectrum holdings averaging almost 1 GHz per market.

##### Value

- Augments or replaces traditional voice and IP wireline services supplied by a Local Exchange Carrier (LEC);
- Delivers higher bandwidth than copper, along with lower costs when compared to building new fiber networks.

##### Flexible

- Facilitates the convergence of voice and data applications over a high-speed Ethernet-based infrastructure;
- Scalable to accommodate changing usage patterns as the need for high-speed Internet access increases.

##### Reliable

- End-to-end, fully managed solution with 24 x 7 monitoring;
- Enables a physically redundant network infrastructure for service continuity.

#### Nextlink Wireless Access Bandwidth

##### Wireless Metro Private Line

DS-3 (45 Mbps), OC-3 (155 Mbps), OC12 (622 Mbps)

##### Wireless Metro Ethernet

Up to 100 Mbps

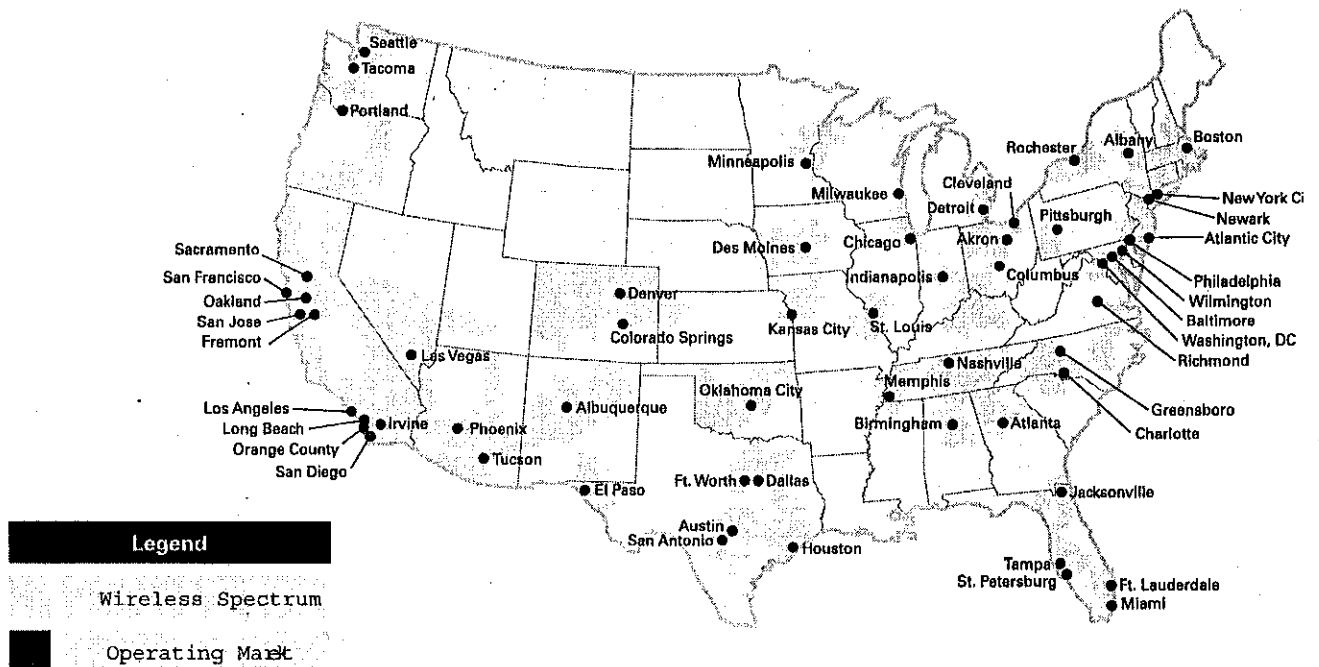
## Reliable Service

## Established Provider

Nextlink is one of the nation's leading licensees of LMDS and other fixed wireless spectrum, covering 75 markets across the United States. Nextlink delivers managed network services using microwave radio signals transmitted on a line-of-sight basis over distances up to seven miles. The company currently operates in several major metropolitan areas and anticipates expanding its market presence to many more major U.S. cities by the end of 2008.

## Spectrum

## Nextlink™ Licensed Holdings



## Contact Us

Find out more from your Nextlink representative at 800 549 1140

11111 Sunset Hills Road  
Reston, VA 20190

nextlink.com

## About Nextlink™

Nextlink, a subsidiary of XO Holdings, Inc., provides broadband wireless services to the wireless and wireline communications service provider, business and government markets. As one of the nation's largest holders of fixed wireless spectrum, Nextlink delivers high-quality, carrier-grade wireless access solutions that scale to meet the demands of today's converged world of communications—supporting next-generation mobile and wireline voice, data and video applications. For additional information, visit [www.nextlink.com](http://www.nextlink.com).

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[Directory Assistance and Operator Services](#)

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[Remote Call Forwarding \(RCF\)](#)

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### Overview

Your local voice services are probably your most heavily used communications services. Local services provide for everything from basic phone service to voice mail and directory assistance. At XO, reliability and competitive pricing backed with feature-rich offerings form the foundation for all of our local services. Whatever your local service needs, XO has them covered.

Whether your business has one location in a single market or many offices across the nation, XO makes it simple for you to buy local services. That's because XO offers standard product features across all of our markets, along with standard product names and functionality. Imagine that - local services available in over 70 markets nationwide from one supplier with one simple invoice.

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### What's Hot

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Your business needs...	XO Product Solution	Product Description
Basic phone service with fax, modem and other features	<a href="#">Basic Business Lines</a>	Low-cost, flexible telephone service that can be set up quickly without a great deal of technical expertise
Manage and budget your telecom maintenance costs for inside wiring and field technician service calls.	<a href="#">Wire Maintenance Plan</a>	The XO® Wire Maintenance Plan offers you a diagnosis, by trained XO technicians, of your inside wiring problem and any necessary repairs.
Dedicated bandwidth to carry heavy voice traffic	<a href="#">Business Trunks</a>	Trunks offer shared access from your PBX or Hybrid System to the Public Switched Telephone Network. Trunks can be analog or digital and can carry inbound, outbound or two-way traffic.
A turnkey solution for your voice services	<a href="#">Centrex</a>	Fully managed service that offers PBX-like capabilities and standard feature sets, including three-way calling, forwarding and speed dialing along with productivity-enhancing optional features.
Flexible voicemail solution to take incoming calls when you are not available.	<a href="#">Voice Messaging</a>	Lets businesses capture and manage important messages via standard, enhanced or advanced voicemail options
A high-capacity method of transmitting voice and data	<a href="#">ISDN PRI</a>	ISDN PRI offers simultaneous, integrated voice and data transmission via a digital trunking interface.
Access to directory information.	<a href="#">Directory Assistance and Operator Services</a>	Directory Assistance connects to a live operator and offers nationwide traditional and reverse look-up capabilities. Operator Services offer a choice of live operator or



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Manage and budget your telecom maintenance costs for inside wiring and field technician service calls.	<a href="#">Wire Maintenance Plan</a>	The XO® Wire Maintenance Plan offers you a diagnosis, by trained XO technicians, of your inside wiring problem and any necessary repairs.
Dedicated bandwidth to carry heavy voice traffic	<a href="#">Business Trunks</a>	Trunks offer shared access from your PBX or Hybrid System to the Public Switched Telephone Network. Trunks can be analog or digital and can carry inbound, outbound or two-way traffic.
A turnkey solution for your voice services	<a href="#">Centrex</a>	Fully managed service that offers PBX-like capabilities and standard feature sets, including three-way calling, forwarding and speed dialing along with productivity-enhancing optional features.
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		auto-attendant assistance with calling card/credit card, third number billing, collect calling, person-to-person, station-to-station, busy line verification and busy line interrupt services.
To ensure that specific employee or tenant location information - rather than only the office or building address - can be transmitted to local emergency response officials	<u>Private Switch/Automatic Location Identification (PS/ALI)</u>	PS/ALI provides the E911 system with current, specific employee or tenant location information to expedite emergency response times.
To provide a local market presence in an area where the company does not have a physical location	<u>Remote Call Forwarding (RCF)</u>	Remote Call Forwarding is an inbound only call service that allows incoming calls to be forwarded to a local or long distance telephone number - providing a seamless view to the caller that the business is located within their local area.
Local telephone number(s) from an exchange (rate center) other than the exchange in which your location is physically situated	<u>Foreign Exchange (FX)</u>	With FX, multiple rate centers are being served from the same XO switching platform to maintain a local presence in a nearby area and increase customer accessibility
To combine expenses from all your locations and receive deep discounts on your local services	<u>Local Volume Discounts</u>	Local Volume Discounts are beneficial for companies with large telecom expenses and multiple locations. For qualifying accounts, Local Volume Discounts can be paired with National Local Services.
An automated solution to help comply with state and federal Do-Not-Call regulations	<u>TeleBlock®</u>	Available with XO Local and Long Distance services, TeleBlock® automatically screens and blocks outbound calls in real time against centrally administered federal, state, third party and proprietary DNC lists.

* SERVICE AVAILABILITY, PRICES AND CHARGES VARY BY MARKET. MINIMUM TERM COMMITMENT APPLIES.

#### XO® VOICE SERVICES TERMS & CONDITIONS

##### **See Also**

- Service availability for Local Services
- Long Distance Service



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### Overview

XO® Integrated Services are designed to simplify the purchase of telecommunications. XOptions® bundles and XO Integrated Access packages encompass a broad array of products that are available through XO. Translation: one point of contact and one simplified invoice. XO Integrated Services are designed with all business sizes in mind. XO offers flexible package options with a number of voice minutes and data speeds so that your service can always grow with your business, whether you have one location or many.

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#### Support

Call toll-free **800.421.3**  
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Your business needs...	XO Product Solution	Product Description
A converged voice and data solution that utilizes your existing Private Branch Exchange (PBX) and is connected to a Primary Rate Interface (PRI) or Digital Trunk to take advantage of VoIP-enabled capabilities and features. Critical Internet, data and voice applications all on one invoice for one flat rate*	XOptions® Flex: <b>Digital Trunks and ISDN-PRI Packages</b>	A flat rate bundled VoIP solution with ISDN-PRI or Digital Trunk connectivity that provides business customers with advanced features, functionality, and value for their voice and Internet services and delivers unlimited local calling and a generous number of long distance and toll-free minutes.* with Dedicated Internet Access and Web hosting over a single broadband connection
A converged voice and data solution that utilizes Business Lines to take advantage of VoIP-enabled capabilities and features. Critical Internet, data and voice applications all on one invoice for one flat rate*	XOptions® Flex: <b>Business Line Packages</b>	A flat rate bundled VoIP solution with Business Line connectivity that provides business customers with advanced features, functionality, and value for their voice and Internet services and delivers unlimited local calling and a generous number of long distance and toll-free minutes.* with Dedicated Internet Access and Web hosting over a single broadband connection
To find a company that will manage your telecommunications from installation of customer premise equipment to project managing the implementation of your network	<b>XO One Managed Services</b>	XO One Managed Services™ is an offering of bundled telecommunication and professional services that can be customized to help building tenants, mid-tier and larger companies increase the quality, reliability and return on investment of their integrated communication network

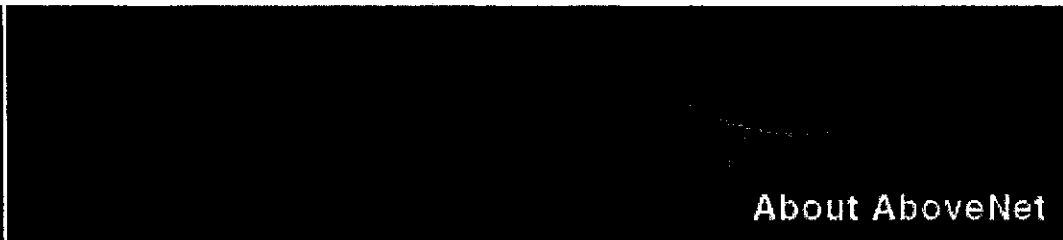
*Flat rates vary by location. 50,000-minute cap on long distance usage per location, per month. 5,000-minute cap on toll-free usage per location, per month. Overage charges apply.  
** Flat rate prices vary by location. Limits apply

Table 3: Telecommunications Providers Reporting on FCC Form 499-A for 2004

Filings as of October 20, 2005

Filer ID	Legal Name of Carrier	Mailing Address	Contact Number	Carrier Type	Affiliation of Joint Management	Services Reported													
						Local	Mobile	Payphone	OSP	Other Toll	Local	Mobile	Payphone	OSP	Other Toll	USF Contributor			
821016	@Comcast, LLC	3858 Van Dyke Rd., Suite 201, Luz., FL 32559	(866) 254-3393	Toll Reseller															
820256	@Comcast, Inc.	3000 Alencost St., Suite 111, Moundsville, WV 26041	(202) 240-2935	CAP/CLEC															
813111	@Track Communications, Inc.	1155 Kas Dr., Richardson, TX 75081	(972) 307-2380	Other Mobile	@Track Communications, Inc.														
819658	B1 Communications, Inc.	1515 K Street, Suite 100, Sacramento, CA 95814	(916) 444-1111	CAP/CLEC															
824638	B11 Unplugged, Inc.	101 Fayette St., Perth Amboy, NJ 08851	(800) 786-7422	Other Toll															
820216	B430-RECONEX, Inc.	P.O. Box 40, 2500 Industrial Ave., Hubbard, OR 97032	(503) 771-6000	Local Reseller															
823526	B-Cor-1 Technologies, Inc.	10 Carolina Ct. S.E., Suite 300, Leesburg, VA 20177	(703) 871-6000	Toll Reseller															
804580	B2-7 Telecom, Inc.	E-528 County Rd. C, P.O. Box 115, Downsview, WI 54725	(715) 864-8311	CAP/CLEC	West Wisconsin Telecom Cooperative, Inc.														
806678	B3 Rivers PCS, Inc.	1211 N.W. Bygess, Great Falls, MT 59403	(800) 756-5557	Cellular/FCS/SMR															
806577	B Rivers Telephone Cooperative, Inc.	212 5th St., South, P.O. Box 428, Fairfield, VT 55435	(802) 796-4587	Incumbent LEC															
820874	BSONetworks (USA 2), LP	160-667 Coal Creek Circle, Suite 170, Louisville, CO 80027	(303) 954-5000	Other Toll	Dynegy, Inc.														
821352	B30Networks (USA) Inc.	2401 Fourth Ave., Suite 1100, Seattle, WA 98121	(800) 350-1035	Interexchange Carrier	360Networks Corporation														
822278	B Telecom, Inc.	1802 N. Carson St., Ste. 212-0683, Carson City, NV 89701	(800) 972-7538	Interexchange Carrier															
822606	B Connections, LLC	125 Biard Street, Suite 1107, Elizabeth, NJ 07201	(800) 920-0800	CAP/CLEC															
811540	BK Communications, Inc.	P.O. Box 258, Traverse City, MI 49685	(231) 546-7407	Payphone Service Provider															
819964	B2-Eleven Incorporated	2021 S. MacArthur Blvd., Oklahoma City, OK 73123	(800) 877-3535	Payphone Service Provider															
825473	B60 Response Information Services, LLC	P.O. Box 1045, 208 Church St., Burlington, VT 05402	(800) 639-1650	Toll Reseller															
825562	B8 Telecom Corp.	2525 Van Ness Avenue, Suite 222, San Francisco, CA 94109	(888) 892-8888	Prepaid Card															
823872	B8 Telecom, LLC	2525 Van Ness Avenue, Suite 222, San Francisco, CA 94109	(888) 892-8888	Prepaid Card															
822674	B89 Telecom, Inc.	330 Rancheros Dr., Suite 220, San Mateo, CA 92069	(858) 314-2945	Interexchange Carrier															
819340	B90 Wireless, Inc.	P.O. Box 93870, Margate, FL 33293	(954) 226-5201	SNR (SpaCall)	900 Wireless														
818710	B A & K Pawn Shop, Inc.	32 Pineapple Avenue, Cocoa, FL 32922	(321) 638-4851	Prepaid Card															
812886	B S S Communications & Services LLC	403 Unquova Rd., Fairfield, CT 06424	(203) 367-5555	Paging & Messaging															
819310	B A & V Communications, Inc.	P.O. Box 66, Eska, MD 53944	(800) 530-5783	Paging & Messaging															
823329	B E. Payphone Services	P.O. Box 258, 2783 Graden Rd., Waze Shoals, SC 29692	(800) 791-5569	Payphone Service Provider															
822828	B A.M.S. Voicem, Inc.	115 River Road, Bldg. 12, Suite 1203, Eggswater, NJ 07020	(877) 547-8268	Other Toll	A.M.S. Voicem, Inc.														
821232	B R. Communications	81 Main St., Easton, NJ 07824	(732) 452-8695	Paging & Messaging															
813002	B R.C. Networks, Inc.	175 Pinebark Rd., Suite 408, Asheville, KY 11747	(800) 320-6372	CAP/CLEC	Eureka Broadband Corporation														
824085	B A Wireless, Inc.	P.O. Box 5454, Ventura, CA 93003	(800) 893-2337	CAP/CLEC															
816544	B-1 Answering Service	P.O. Box 1165, Norwalk, CA 94948	(415) 724-1529	Paging & Messaging															
818548	B-1 Paging, Inc.	207 S. Jackson St., Tallahassee, FL 32308	(904) 893-2222	Paging & Messaging															
806673	BAAA Payphone, Inc.	7800 Red Rd., Suite 125A, South Miami, FL 33143	(305) 693-3259	Payphone Service Provider															
824910	BadsService	422 South C Street, Grangerville, ID 83830	(800) 347-7305	CAP/CLEC															
809304	B Adren Communications Service, Inc.	3535 W. Irving Park Rd., Chicago, IL 60619	(773) 882-7500	Payphone Service Provider															
808372	B Able Communications, Ltd.	P.O. Box 2450, Jacksonville, FL 32241	(904) 737-5000	Other Mobile															
818878	BAGM Telecom	7 Oak Ln., Stratham, NH 03885	(603) 580-1943	Payphone Service Provider															
820558	B AboveNet Communications, Inc.	360 Hamilton Ave., 7th Floor, White Plains, NY 10601	(914) 421-6709	CAP/CLEC	AboveNet, Inc. 1626 Metronet Fiber Network, Inc.														
822314	B Abetaka Coop. Tel. Co.	2894 148th Ave. S.E., Absarokee, ND 58602	(701) 696-3104	Incumbent LEC															
819695	B ABS-CBN Telecom North America, Inc.	856 Cowan Rd., Bullington, CA 94010	(800) 345-2465	Prepaid Card															
823948	B AC License Holding Corporation	14469 New Falls of the Neuse Rd., Suite 145-302, Raleigh, NC 27614	(919) 952-8328	CAP/CLEC															
824884	B AcademicPoint, Inc.	18408 Park Row, Suite 350, Houston, TX 77084	(281) 975-7802	CAP/CLEC															
819526	B Adian Smart Phones LLC	P.O. Box 847, Berwick, LA 70342	(985) 727-8639	Prepaid Card															
821378	B Accura Communications Corp.	11071 Brinton Road, Pittsburgh, PA 15221	(412) 244-6547	Toll Reseller	Access Management and Acquisition LLC														
820804	B Access Anywhere, LLC	628 Mendotaan Ave. N., Golden Valley, MN 55427	(800) 756-8534	Payphone Service Provider															
825526	B Access Communications, LLC	35 Fairway Lane, Jacksonville Beach, FL 32250	(904) 249-8877	Local Reseller															
822874	B Access Fiber Solutions, Inc.	114 N. Second St., P.O. Box 1051, Harrisburg, PA 17101	(717) 260-1157	CAP/CLEC															
815113	B Access Integrated Networks, Inc.	4895 Riverside Dr., Suite 300, Macon, GA 31210	(888) 278-0777	Local Reseller															
816798	B Access One, Inc.	820 W. Jackson Blvd., 6th Floor, Chicago, IL 60607	(800) 804-8333	Local Reseller															
823578	B Access Payphones, Inc.	83 Broadway, Waltham, MA 02468	(781) 324-1800	Payphone Service Provider															
818974	B Access Point, Inc.	1100 Crescent Green, Suite 108, Cary, NC 27511	(888) 249-8877	Toll Reseller															
822562	B ACCESS250, Inc.	4509 N. Prospect Rd., Peoria Heights, IL 61616	(800) 990-8093	Toll Reseller															
823835	B AccessCom, Inc.	1340 Paydram St., Suite 330, New Orleans, LA 70112	(504) 892-2000	CAP/CLEC															
823528	B Access the Wireless, LLC	100 Via de la Valle, Suite 200, Del Mar, CA 92014	(858) 947-0102	Cellular/FCS/SMR															
820846	B AccessLine LD Services, Inc.	11201 S.E. 8th St., Suite 200, Bellevue, WA 98004	(877) 850-0955	Interexchange Carrier															
814657	B AccepTel - Communications, Inc.	2235 W. Lone Cactus Dr., P.O. Box 11928, Suite 100, Phoenix, AZ 85027	(628) 525-5000	Incumbent LEC	Accessline Holdings, Inc.														





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## About AboveNet

[Management](#)

### Who We Are

[Board of Directors](#)

AboveNet, Inc. provides fiber connectivity solutions for businesses and carriers. Its private optical network delivers key network and IP services in and between 14 top U.S. metro markets and London. AboveNet's network is widely used in demanding markets such as financial services, media, healthcare, retail and government.

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### Our Vision

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AboveNet, Inc. enables businesses to grow and scale their operations by providing the infrastructure needed. Our fiber connectivity solutions for business enable our customers to improve productivity and expand their operations on demand. An aggressive and agile player in the industry, AboveNet provides security, performance, scalability and reliability through a wealth of interconnected services designed to facilitate information exchange.

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AboveNet provides an alternative to local carriers through a dedicated private fiber optic network that helps manage risk and extend access, by providing physical diversity, a choice of vendors, and a broader range of local and nationwide services.

### Our Foundation and Assets

Our fiber optic network provides the foundation for our offerings, providing metro access, long haul services, and IP transit (Tier I IP provider) to the major business centers in the U.S. and London. AboveNet's portfolio of managed services solutions, enable enterprise customers to rise above legacy networks to create truly customized door-to-door optic networks. AboveNet enables real-time information exchange wherever and whenever it's needed. In addition to highly innovative and experienced people in the industry, AboveNet has a broad portfolio of assets that seamlessly interconnect to offer a full range of information exchange services.

Services: Metro Access Networks (MAN), Wide Area Networks (WAN), and Managed Services include: WDM Wavelength Services, Metro Ethernet, WAN Ethernet, and IP Transit.

AboveNet's private metropolitan fiber network enables its customers to solve critical issues, including cost containment, security and reliability. AboveNet provides private secure communications with virtually unlimited capacity and flexibility at competitive rates. Secure optical connectivity frees companies from the constraints of tariffed, local loop solutions. Its door-to-door optical connectivity translates into improved efficiency and productivity – resulting in substantial cost savings and higher profitability.

Experienced project teams provide AboveNet metropolitan area fiber customers with a single point-of-accountability for the provisioning, deployment, and optimization of their network infrastructure.

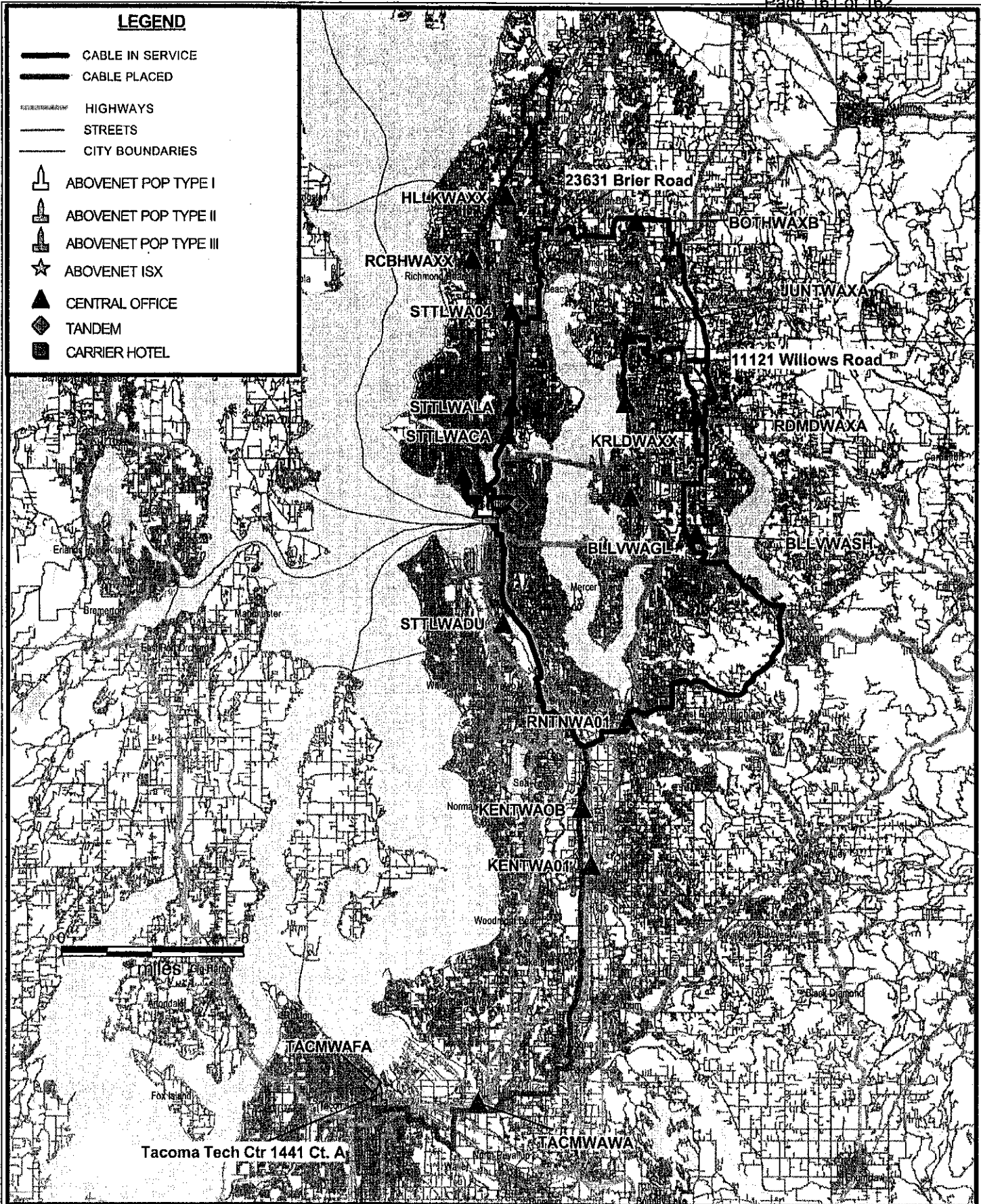
### Network Reach:

Lit buildings – over 1,300  
Fiber miles worldwide – over 1.5 million  
Domestic Markets Served: New York/New Jersey Metro Area, Boston, Chicago, Baltimore, Philadelphia, Washington DC/Northern VA, Atlanta, San Francisco/San Jose, Seattle, Portland, Phoenix, Los Angeles, Houston, Dallas.

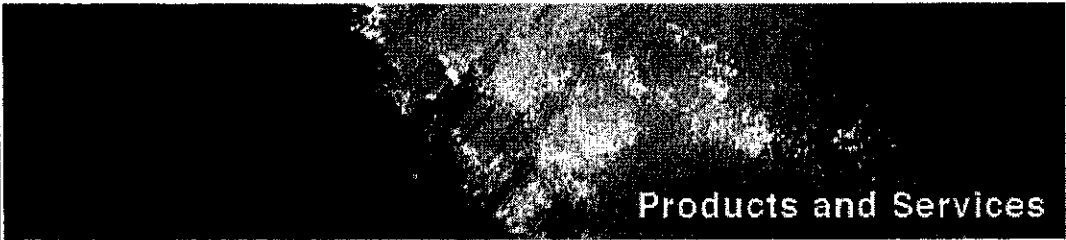
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# SEATTLE, WASHINGTON



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- dcXchange

**IP Services**

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- Metro IP
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**WAN**

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- eWan Lite
- Long Haul

## AboveNet Metro IP

### Unsurpassed Performance and Cost Savings

Private fiber that directly connects to the backbone of the Internet via AboveNet's Tier 1 PoP produces real-time responsiveness that translates into bottom-line enterprise savings. When day to day business demands require instantaneous exchange of mission-critical data and real-time corporate communication, superior connectivity and bandwidth determine success or failure. In today's competitive world, a truly effective access solution must empower the enterprise while safeguarding operations as well.

Metro IP combines AboveNet's global IP backbone with high-performance Gigabit Metro Ethernet over private fiber exclusively dedicated to the customer to deliver the optimal solution. By easily and cost-effectively connecting corporate locations to this secure ultra-broadband conduit, AboveNet customers immediately enhance their operational productivity, as well as grow their competitive advantage.

By eliminating dependence on outdated architectures, Metro IP enables organizations to avoid the typical "last mile" bottleneck and focus on ever-changing core business requirements. Also, by providing secure, private access to the Internet, Metro IP allows companies to avoid outdated bandwidth limited solutions such as SONET, a service that lacks both innovation and scalability.

By combining familiar technologies and common assets in a truly unique, powerful design, AboveNet's optical Internet connection quite literally adds hours of productivity to the typical day! Furthermore, by delivering astonishing levels of Internet capacity and productivity for the most critical users, AboveNet provides unsurpassed performance and cost savings. In short, AboveNet Metro IP Service breaks the metro bottleneck.

### Features and Benefits

- o AboveNet metro fiber and Gigabit Ethernet network connectivity – ultra-secure, dedicated and exclusively private for each customer
- o Dramatically simplified network architecture – eliminates legacy carrier involvement, old technology, complexity and costs
- o High-performance access with dedicated 1 Gig capacity – always available, even for full capacity bursts
- o Unrivaled customer service – single point of accountability enables one call to handle all customer needs
- o Astoundingly affordable pricing – first 100 Mbps per month of AboveNet IP bandwidth included at no additional charge
- o Customer-administered Web-based monitoring functionality – greatly reduces risk of service disruptions allowing daily business to continue unhindered

### AboveNet Protected Metro IP Service Option

AboveNet Protected Metro IP Service provides an additional fiber pair provided on a physically diverse path for an incremental monthly charge. This option eliminates the risk of a loss of service due to disruptions to the primary fiber route.

## Quick Links



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**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL  
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,  
WASHINGTON METROPOLITAN STATISTICAL AREA**

**HIGHLY CONFIDENTIAL EXHIBIT 4**

**REDACTED**

**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL  
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,  
WASHINGTON METROPOLITAN STATISTICAL AREA**

**EXHIBIT 5**



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## Wireless Substitution: Preliminary Data from the January-June 2006 National Health Interview Survey

by Stephen J. Blumberg, Ph.D., and Julian V. Luke, Division of Health Interview Statistics

Preliminary results from the January-June 2006 National Health Interview Survey (NHIS) indicate that the number of households with only wireless telephones continues to increase. During the first 6 months of 2006, one out of eight American homes did not have a landline telephone. Of those homes without a landline telephone, 84 percent had at least one working wireless telephone. These are the most up-to-date estimates available from the federal government concerning the size of this population.

The estimates are based on in-person interviews completed as part of the NHIS. This cross-sectional survey of the U.S. civilian noninstitutionalized population, conducted continuously throughout the year, is designed to collect information on health status, health-related behaviors, and health care utilization. The survey also includes information about household telephones and whether anyone in the household has a wireless telephone (also known as a cellular telephone, cell phone, or mobile phone). From January through June 2006, interviews were completed in 16,009 households. These households included 29,842 adults aged 18 years and over and 11,670 children aged 17 years or younger.

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National Center for  
Health Statistics  
3311 Toledo Road  
Hyattsville, MD 20782  
(301) 458-4000

Toll Free Data Inquiries  
**1-866-441-NCHS**

Because NHIS is conducted throughout the year and the sample is designed to yield a nationally representative sample each week, data can be analyzed quarterly. Weights are created for each calendar quarter of the NHIS sample. NHIS data weighting procedures have been described in more detail in an NCHS published report (**Series Report Number 2, Volume 130**).

Because the estimates using the January-June 2006 data are being released prior to final data editing and final weighting, they should be considered preliminary and may differ slightly from estimates using the final data files.

Among the findings from the first 6 months of 2006, approximately 10.5 percent of households do not have a traditional landline telephone, but do have at least one wireless telephone. Approximately 9.6 percent of all adults—21 million adults—live in households with only wireless telephones; 8.6 percent of all children—more than 6 million children—live in households with only wireless telephones.

Two percent of households do not have any telephone service (wireless or landline). Approximately 4 million adults (1.8 percent) and 1.4 million children (1.9 percent) live in these households.

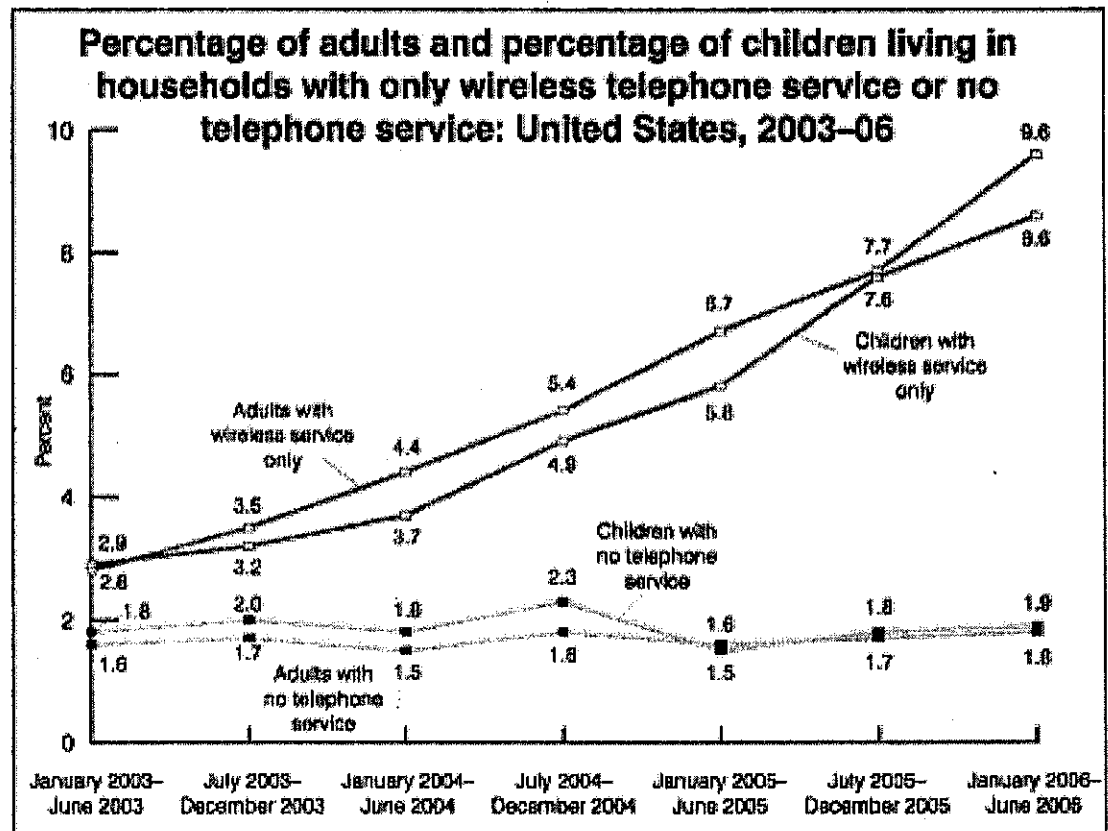
The results also reveal that:

- Nearly one-half of all adults living with unrelated roommates live in households with only wireless telephones (44.2 percent). This is the highest prevalence rate among the population subgroups examined.
- Adults renting their home (22.5 percent) are more likely than adults owning their home (5.1 percent) to be living in households with only wireless telephones.
- Among adults less than 25 years of age, more than 6 million live in households with only wireless telephones. Nearly one in four adults aged 18-24 years live in households with only wireless telephones (22.6 percent).
- The prevalence rate decreases as age increases: 12.5 percent for adults aged 25-44 years; 5.3 percent for adults aged 45-64 years; and 1.3 percent for adults aged 65 years or over. Men (10.7 percent) are more likely than women (8.5 percent) to be living in households with only wireless telephones.
- Adults living in poverty (15.8 percent) are more likely than higher income adults to be living in households with only wireless telephones.
- Adults living in the South (11.4 percent) are more likely than

adults living in the Northeast (7.2 percent), Midwest (10.2 percent), or West (7.8 percent) to be living in households with only wireless telephones.

Most major survey research organizations, including NCHS, do not include wireless telephone numbers when conducting random-digit-dial telephone surveys. Therefore, the inability to reach households with only wireless telephones (or with no telephone service) has potential implications for results from health surveys, political polls, and other research conducted using random-digit-dial telephone surveys. For more information about the potential implications for health surveys based on landline telephone interviews, see:

- Blumberg SJ, Luke JV, Cynamon ML. Telephone coverage and health survey estimates: Evaluating the need for concern about wireless substitution. *Am J Public Health* 96:926-31. 2006.





**'Cord-cutting' frays phone revenues**

By Ben Charny

[http://news.com.com/Cord-cutting+frays+phone+revenues/2102-1037_3-5165405.html](http://news.com.com/Cord-cutting+frays+phone+revenues/2102-1037_3-5165405.html)

Story last modified Wed Feb 25 21:20:37 PST 2004

**By 2008, nearly a third of all U.S. wireless subscribers won't have a landline phone in their home, according to a forecast released Wednesday by high-tech market research firm Instat/MDR. That's a dramatic increase in what's known as "cord-cutting."**

Instat/MDR also found that cord-cutting is most popular among young adults, one of any industry's most important customer segments.

The arrival in the United States of number portability, or being able to switch from landline to cell phone service providers and still keep the same telephone number, is playing a role in the projected increase, said Clint Wheelock, Instat/MDR director of wireless research.

Aside from portability, Wheelock said, cell phones are now more reliable because wireless carriers have improved their coverage during the past two years, especially in densely populated cities where many of their customers live.

"Cell phones have become a reliable primary phone," Wheelock said.

This is not welcome news for traditional telephone service providers, which have seen a slow erosion of their huge customer bases in the past few years because of cell phone substitution, competition from long-distance providers and Net-based phoning companies.

Most carriers, though, are fighting back by either launching their own wireless phone services, like Qwest Communications International intends to do in the next few days, or by putting more emphasis on their cell phone divisions, as Verizon Communications has over the past two years, Wheelock noted.

"It's a revenue shift rather than a revenue loss," Wheelock said.

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# ...TELEPHIA...

Your connection to the digital consumer

## MIDWESTERNERS CUT THE CORD: HOUSEHOLDS IN DETROIT AND MINNEAPOLIS-ST. PAUL HAVE THE HIGHEST RATE OF WIRELESS SUBSTITUTION AMONG 20 LARGEST U.S. CITIES, ACCORDING TO TELEPHIA

*San Francisco Has the Lowest Substitution Rate*

**SAN FRANCISCO—October 18, 2006**—More and more U.S. households are dropping their landlines and opting to go completely wireless. According to Telephia, the largest provider of consumer research to the communications and new media markets, households in Detroit and Minneapolis-St. Paul have the highest rate of wireless substitution among the 20 largest cities in the country. Detroit and Minneapolis-St. Paul posted household wireless substitution rates of 19 and 15.2 percent, respectively (see Table 1). The Tampa metropolitan area secured a 15.1 percent rate, representing nearly 177,000 households. Nearly 219,000 (14.3%) households in Atlanta and 220,000 (13.6%) households in Washington D.C. cut the cord. Rounding out the top 10 were Phoenix, Seattle, Denver, Boston and Los Angeles.

“Several factors influence the rate of wireless substitution across different metropolitan markets including income levels, ethnic mix, and average age,” said Kanishka Agarwal, Telephia’s VP of New Products. “Telephia provides wired and wireless service providers with the research they need to understand and track this important change in consumer behavior at the market level.”

### **San Francisco: Tech Capital Holding onto Landline**

San Francisco, which generally leads the nation in the adoption of many new technology products, landed at the bottom of the list. According to Telephia, the San Francisco metropolitan area posted just a 5.5 percent wireless substitution rate, which works out to be a little over 105,000 households.

“San Franciscans have traditionally been early adopters of advanced technologies. It is a bit of a surprise to see this metro much lower on the list, but this could be driven by the area’s high income level or its relatively low level of mobile network quality,” added Agarwal. “For topology and zoning reasons, mobile networks in San Francisco are not as reliable as compared to other top cities and it’s a less attractive substitute.”

**Table 1: Wireless Substitution Rates for Largest U.S. Metropolitan Areas**

Metropolitan Area	Total Households	Wireless Substitution Rate	Wireless Only Households
New York	6,988,000	6.5%	453,254
Los Angeles	5,374,491	9.8%	527,497
Chicago	2,751,090	8.3%	228,748

Philadelphia	2,309,987	7.4%	171,102
Boston	1,950,139	10.0%	194,962
San Francisco	1,903,708	5.5%	105,127
Dallas	1,694,764	8.0%	135,219
Washington, D.C.	1,613,508	13.6%	220,145
Houston	1,613,508	8.7%	140,821
Phoenix	1,543,860	13.5%	207,714
Atlanta, GA	1,532,252	14.3%	218,393
Detroit	1,474,213	19.0%	280,612
Seattle	1,288,485	13.2%	169,938
Tampa	1,172,405	15.1%	176,877
San Diego	1,102,757	9.6%	105,983
Cleveland	1,079,541	7.3%	78,287
Denver	1,056,326	11.3%	119,460
St. Louis	1,056,326	7.2%	76,090
Minneapolis	975,070	15.2%	148,254
Baltimore	858,990	5.8%	49,981

*Source: Observed data from the Telephia Total Communications Survey (Q2 2006)*

*Note: Wireless substitution rates were determined through an online survey of 700+ households for each metropolitan area. National Health Interview Survey (NHIS) data was used to adjust for off-line households. Differences in wireless penetration rates between cities may not be statistically significant.*

Please join Telephia at the following industry events:

- The World Digital Publishing Conference and Expo (London October 26-27 ). For more information, visit: [wan-press.org](http://wan-press.org)
- Digital Music Wire LA Games Conference (Los Angeles, CA November 7-8). For more information, visit: [lagamesconference.com](http://lagamesconference.com)
- Informa Telecoms and Media Mobile TV Summit (New York, NY November 14-16) For more information, visit: [informatm.com](http://informatm.com)

### **About Telephia**

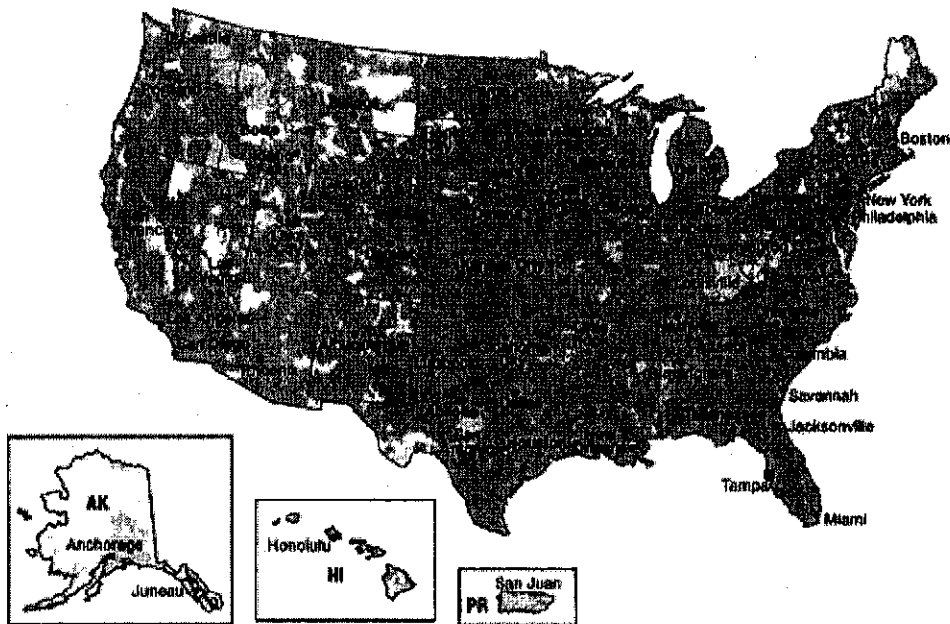
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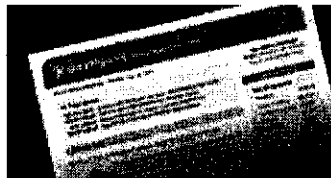


- National Freedom Coverage Area**
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40¢ per minute long distance while roaming**
- No Service Area**

**Map Information**

Maps are a general representation of coverage. They are for illustrative purposes only. Wireless service is subject to limitations and may vary based on system availability and capacity, customer equipment, terrain, signal strength, buildings, weather and other conditions. Service outside the Alltel network, although depicted on our maps, is based on information from other carriers or publicly available information, and we cannot guarantee its accuracy. Alltel does not guarantee coverage or service availability

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**Read the Wi-Fi-FreeSpot Weblog** for recent news and information about Wireless Internet Access, hotspots and Wi-Fi-FreeSpots and recent additions to the Wi-Fi-FreeSpot Directory.

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**Pierce County Library System** - 17 locations

**Sno-Isle Community Libraries of Island and Snohomish Counties** - 19 locations

**Timberland Regional Library** locations in Western WA have Free Wi-Fi - ask staff at the information desk for the "password of the day"

**Aberdeen Aberdeen Mansion B&B** - 807 North Main Street - 360-533-7079

**Brady's Oysters** - 3714 Oyster Place E. Lighthouse Drive-In - 2121 Simpson Ave South Shore Mall Guesthouse Inn & Suites - 701 E. Heron St

**Anacortes**  
Donut House - 2719 Commercial Ave. - 360-293-4053  
Penguin Coffee - 2119 Commercial - (360) 588-8321

**Anacortes Library** - 1220 10th Street - 360/293-1910

**Adrift Restaurant** - 506 Commercial Ave - (360)588-0653

**The Brown Lantern**

**Tavern - 412**  
Commercial Ave -  
(360)293-2544

**Arlington**  
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3110 Lakewood Rd -  
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Arlington Public  
Library - 135 North  
Washington Ave -  
360-435-3033

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1 - 253-520-5800  
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H104 - 253-333-8555  
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253-931-3018  
King County Library -  
38811 172nd Ave.  
S.E. - 253-931-6779

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Coffee - 584 Winslow  
Way - 206-842-2557  
Bagels & Beans - 321  
High School Rd NE -  
(206) 842-4050  
**Doc's Marina Grill -**  
403 Madison Ave  
South - 206-842-8339  
Bainbridge Island  
Public Library

**Ballard**  
**Java Jazz - 5905**  
15th Ave. NW - 206  
706-0772  
Sunset Bowl - 1410  
NW Market - 206 782  
7312

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NE 20th St - 425-653-9433  
Bellevue Regional Library - 1111 110th Ave NE  
Espresso Americano - in the Bellevue Arts Museum - 510 Bellevue Way NE - 425.519.0770  
Crossroads Mall - signal supplied by Library - 156th Ave. NE and NE 8th St  
McCormick & Schmick's Seafood Restaurant - bar area - Lincoln Square at 700 Bellevue Way NE - 425-454-2606  
Embassy Suites - 3225 158th Ave SE

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Between Cornwall and Railroad Ave.

**Kissaten Coffee Bar & Gallery** - 205  
Grand Avenue - (360) 738-0258  
Fantasia Coffee - 1322 Cornwall Ave - 360-715-1622

**Diego's Mexican Grill and Take Out** -  
300 N. Samish Way - 360-714-9426

**The Black Drop Coffeehouse** - 300  
W. Champion Street - 360-738-3767

**Toad Mountain Coffee Company** -  
1001 Dupont Street - (360) 734-4400

**Village Books** - 1210  
11th St. - 360-671-2626

**The Grace Cafe** -  
1065 E. Sunset Dr. - (360) 650-9298

**Bellingham Public**

**Market - 1530**

Cornwall Avenue -  
360-647-8006

**La Fiamma Pizza -**

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Cozy Corner Books &  
Coffee - 2500

Cedarwood Avenue -  
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**Coffee Company -**  
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Street - (360) 647-  
1643

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360.738.0405  
Zephyr Bistro - 11  
Bellwether Way - 360-  
671-3767

Rocket Donuts - 306  
W. Holly Street

**Swan Cafe & Deli -**

1220 N. Forest St. -  
360-734-8158

**Western**

**Washington**

**University - 516**

High Street -  
360.650.3000

**Tube Time - 1520**

Cornwall Ave - 360-  
715-9167

**Wilson Motors -**

service area - 405 E  
Champion St - (360)  
676-0600

OpenAccess Network  
Services - Fairhaven  
Ferry Terminal and  
Amtrak Station

**Val-U Inn - 805**

Lakeway Dr. - 360-  
671-9600

Best Western Heritage  
Inn - 151 East McLeod  
Road - 360.647.1912

La Quinta Inns - 125E  
Kellogg Road -  
360.671.6200

**Hampton Inn - 3985**

Bennett Drive

**Bingen**

Bingen Superette -

105 Steuben - 509-  
493-1100

**Blaine**

Blackberry House -  
321 H Street -  
360.332.5212

**Bonney Lake**

Forza coffee company  
- 20980 SR410 -  
253.862.9924

**Bothell**

Canyons Restaurant -  
22010 17th Ave. SE -  
425-485-3288

**Caffe Ladro** - 18610

Bothell Way NE -  
(425) 415-1202

**Pizza Works** - 14130

Juanita Dr NE, STE  
109 - 425.821.1300

**Bremerton**

Cornerstone Coffee -  
435 Pacific Ave. -  
360.479.3334  
Oyster Bay Inn - 4412  
Kitsap Way

**Burien**

Burien Community  
Center - 425 SW  
144th Street - 206-  
988-3700

**Wizards Casino** -

15739 Ambaum Blvd  
SW - (206) 444-6100

**Burlington**

**Northwest Java** -

18038 SR20 - 360-  
707-5455

Common Ground  
Coffee House - 351  
Pease Rd. -  
360.757.1015

**Hampton Inn &**

**Suites Burlington** -

1860 S Burlington  
Blvd - 360-757-7100  
Holiday Inn Express &  
Suites Burlington -

1003 Goldenrod Road  
- 360-755-7338

**Camas**  
Carla's Barber Shop -  
210 N.E. 4th Ave.  
**aXcess2go.com** at  
Quality Food Center  
#212 - around the  
cafe/espresso bar  
area - 3505 SE 192nd  
Crown Park - south  
side area, NE 15th  
and NE Adams

**Camano Island**  
Alfy's Pizza - 848 N  
Sunrise Blvd #G -  
360-387-2539

**Cashmere**  
**Washington Apple**  
**Country Gift**  
**Shoppe, Espresso,**  
**Desserts, & Cider**  
**Bar** - 4401 Eels Rd -  
509.782.3564  
**Brian's Bulldog**  
**Pizza** - 107 Cottage  
Ave. - (509)-782-  
1505

**Centralia**  
Judy's Country  
Kitchen - 3210 Galvin  
Road  
**Boccata Deli &**  
**Market** - 405 N.  
Tower - 360 736 2404  
**Santa Lucia Coffee** -  
202 So. Tower, Suite  
C - 360-807-9600  
**The Olympic Club**  
**Hotel-Theater** - 112  
No. Tower - 360-736-  
1508

**Chehalis**  
Chamber of  
Commerce - 500 NW  
Chamber of  
Commerce Way -  
360-748-8885  
Downtown area near

Library and City Hall

**Cheney**

Kafka Coffee - 410  
2nd St - (509) 235-  
2577

**Chelan**

**Pat & Mike's Chelan**

**Texaco** - 53 S  
Lakeshore Road -  
(509) 682-2841

**Chewelah**

Chewelah Public  
Library - 301 E. Clay  
Avenue - (509)935-  
6805

**49er Motel and RV**

**Park** - 311 S. Park  
Street (Highway 395)  
- 509-935-8613

**Chimacum**

On Common Grounds  
- Beaver Valley Rd

**Clarkston**

Tomato Brothers -  
200 Bryden St - 509-  
758-7902

**Motel 6** - US 12 East  
of SR 129, 222 Bridge  
Street

**Quality Inn & Suites**

- 700 Port Dr - (509)  
758-9500

**Cle Elum**

Radio Shack - 208 E  
1st St.  
Pioneer Coffee - 121  
Pennsylvania

**Clinton**

**RockHopper**

**CoffeeHouse** - 8898  
State Route 525

**College Place**

**Peterson Memorial**

**Library** - Walla Walla  
College - 204 South  
College Avenue

**Colville**  
**Colville Public**  
**Library** - 195 S. Oak  
St.  
Cafe al Mundo -  
Corner of First and  
Main

**Concrete**  
Upper Skagit Library -  
ask for username and  
password - 45770B  
Main Street

**Coupeville**  
Coupeville Public  
Library - 788 NW  
Alexander - 360-678-  
4911  
Coupeville  
Coffeehouse - 12 NW  
Front Street - (360)  
678-5358

**Covington**  
Cutters Point Coffee -  
16739 SE 272nd  
Street - 253-638-  
1996  
King County Library -  
27100 164th Ave.  
S.E. - 253 630 8761

**Darrington**  
Darrington Public  
Library - 1005  
Cascade St - 360-  
436-1600

**Dayton**  
**Skye Book and**  
**Brew** - 148 E Main St  
- (509) 382-HOPS

**Dupont**  
Caffe Pegaso - 1520  
Wilmington Drive  
#100 - 253-964-5665

**Duvall**  
**P&G Speakeasy**  
**Cafe** - 15614 Main St  
- (425) 844-2766  
**Twin Dragon**

**Restaurant & Sports**

**Lounge** - 15321 Main  
St NE - (425) 788-  
5519  
Moonray Espresso -  
14524 Main St NE  
#119

**East Wenatchee**

**Wenatchee Valley  
Mall** - 511 Valley Mall  
Parkway - 509-884-  
6645

**Eastsound**

**Orcas Island Public  
Library** - 500 Rose  
Street - 360-376-  
4985

**Sunflower Cafe** -  
Corner of Main Street  
and North Beach Road  
- 360-376-5435

**Edna Gallery** - 310  
Main St - 360-376-  
6934

**Eatonville**

Truly Scrumptious  
Bakery & Cafe - 212  
Washington Ave N -  
360 832-2233

**Edmonds**

Edmonds Public  
Library - 650 Main St  
- 425-771-1933

**ZuKafe** - 515A Main  
St. - (425) 640-5000

**Ellensburg**

D & M Coffee - 408  
South Main Street -  
509-962-6333  
D & M Coffee - 301  
North Pine Street -  
509-962-9333  
D & M Coffee - 416  
North Main Street -  
509-925-3301  
D & M Coffee - 215 W.  
Third Street - 509-  
925-5313  
Jerrol's Bookstore - on

University

**Enumclaw**

Vinny's Place - 1442  
Cole Street - 360-  
802-4616

**Ephrata**

Rock Park Coffee - 26  
Basin St. NW - 509-  
754-0300

Subway -303 Basin ST  
SW

McDonald's - 1 hr free  
w/coupon - 1010

Basin ST SW

Thrift Company - 319

Basin ST. SW

**Moore Furniture -**

328 Basin Street SW -  
(509) 754-3231

Splash Zone,

Ephrata's Community

Pool - 780 A Street SE

**Everett**

**Everett**

**Underground - 1212**

California St. - 425-  
339-0807

A Taste of Heaven

Espresso, Deli & Cafe -

6919 Evergreen Way -

425-438-2950

Everett Library's

Espresso Americano -

2702 Hoyt Ave

Espresso Americano

at Everett Station -

3201 Smith Ave

Quality Food Center -

2615 Broadway

**Petosa's On**

**Broadway - 3121**

Broadway - (425)

258-1544

Alfy's Pizza at Silver

Lake - 9620 19th Ave.

SE - (425) 338-2577

**Zippy's Java Lounge**

- 1804 Hewitt Ave -

(425) 258-4940

Kodiak Rons Pub &

Grill - 7601 Evergreen

Way - 425)347-6659



**Fall City**

Blue Frog Computer  
Repair - 33370  
Redmond-Fall City  
Hwy - 425-222-5010

**Federal Way**

King County Library -  
320th 848 S. 320th  
St. - 253-839-0257  
King County Library -  
34200 First Way S. -  
253-838-3668  
Marlene's Market and  
Deli - 2565 So.  
Gateway Center Place  
- 253-839-0933

**Fife**

**Fife Community**

**Center** - 2111 54th  
Avenue E - 253-922-  
0900

Les Schwab Tires -  
1334 54th Ave E -  
(253) 926-0188

The Fabulous Firwood  
- 8014 Valley Ave. E -  
253-926-0476

Quality Inn - rooms  
and common areas -  
5601 Pacific Hwy E. -  
253-926-2301

**Royal Coachman**

**Inn** - 5805 Pacific  
Hwy E - 253-922-  
2500

**Fircrest**

Bertolino's Espresso -  
4040 Orchard St S -  
253-460-0625

**Forks**

North Olympic Library  
System - 171 W.  
Forks Ave - 360-374-  
6402

**Forks Chamber of  
Commerce Visitor's**

**Center** (including  
parking area) - 1411  
S Forks Ave - 800-  
443-6757

**Gig Harbor**

Cutters Point Coffee -  
5500 Olympic Dr. -  
253-858-8180  
Cutters Point Coffee -  
5006 Pt. Fosdick Drive  
- 253-858-2348

**Peninsula Pierce**

**County Library** -  
4424 Point Fosdick  
Drive NW - 253-851-  
3793

**The Inn at Gig**

**Harbor** - 3211 W.  
56th St. N.W. - 253-  
858-1111

**Goldendale**

Angelo's Pizza - 110  
East Main - 509-773-  
6939  
Ponderosa Motel - 775  
E Broadway St

**Granite Falls**

Granite Falls Public  
Library - 815 East  
Galena - 360-691-  
6087

**Hoodsport**

Hoodsport Coffee  
Company - 24240  
Highway 101 - 360-  
898-2481  
Hood Canal Visitor  
Center - 27061 North  
Highway 101

**Husum**

**Wind River Cellars** -  
415 West Steuben -  
509-493-3881

**Issaquah**

**Riley's Café and**  
**Wine Bar** - 485 Front  
Street North D-1 -  
425.313.1056  
Tully's Coffee - 1171  
NW Sammamish  
Road, Suite 109 -  
425-391-6882  
Issaquah Library - 10

W. Sunset Way - 425-392-5430  
Panera Bread - 775  
NW Gilman Boulevard  
- (425) 369-6180

**Kelso**

Sunrise Bagels - 503A  
Allen St ( signal  
carries to laundramat  
at 503B )

**Kennewick**

Espresso World -  
7510 W. Clearwater -  
509-783-3390  
La Quinta Inns and  
Suites - 4220 W 27th  
Place - (509)736-  
3326

**Kent**

Downtown Kent -  
Wireless Hot zone -  
220 4th Avenue South  
- 253 856 5703  
King County Library -  
212 Second Ave. N. -  
253-859-3330  
Kent Station

**Kettle Falls**

Kettle Falls Public  
Library - 605 Meyers  
Street

**Kirkland**

**Waimea Brewing  
Co.** - 111 Central Way  
- (425) 828-0404

**Hanuman Thai Cafe**  
- 115 Central Way -  
425-605-2181

Bridle Trails Dairy  
Queen - 6811 132nd  
Ave NE  
Time Out Sports Bar -  
218 Central Way -  
(425) 822-8511

**Carillon Point** -  
many locations  
throughout the public  
spaces and marina  
Comfort Inn - Totem

Lake

**La Conner**

Downtown district  
**The Next Chapter** -  
bookstore &  
coffeehouse - 721  
South First Street

**Lacey**

**Craze Espresso** -  
640 Woodland Square  
Loop SE - 360-455-  
1576  
Cutters Point Coffee -  
5831 Lacey Blvd SE -  
(360) 456-2974  
Brewed Awakening -  
640 Woodland Square  
Loop S.E. - 360-455-  
1576  
Cutters Point Coffee -  
5750 Ruddell Road -  
360-438-9433  
Cutters Point Coffee -  
1340 Marvin Road NE  
Panera Bread - 1320  
Marvin Way N.E. -  
360-456-4069

**Lake Chelan**

**Campbells Resort** -  
non-guests can get  
access in rest/bar  
area - 104 W Woodin

**Lake Forest Park**

Third Place Commons  
- Lake Forest Park  
Shopping Center -  
17171 Bothell Way  
N.E.

**Lake Stevens**

Lake Stevens Public  
Library - 1804 Main St  
- 425-334-1900  
Main Street Coffee -  
1811 Main St. - 425-  
335-9934

**Hawkeyes Bar and  
Grill** - 1002 Vernon  
Road

**Lakewood**

Gertie's Grill - 15417  
Union Ave SW - 253-  
584-4848  
Lacoste Coffee - 8623  
87th Ave SW - 253-  
584-5558  
Coffee Escape - 7406  
Custer Rd West - 253  
476-1894  
Mocha Moo - 3810  
Steilacoom Blvd -  
253-584-1565  
Panera Bread - 5618  
Lakewood Towne  
Center Dr - 253-588-  
4669

**Langley**

**Holmes Harbor Rod  
and Gun Club** - 3634  
E. Brooks Hill Road -  
360.221.8494

**Leavenworth**

**Midway Village** -  
14193 Chiwawa Loop  
Road - 509.763.3344  
**Black Bear Café &  
Coffee Haus** - Icicle  
Village Resort - 535  
Highway 2 - (509)  
548-8225

**Best Western Icicle  
Inn Resort** - guest  
rooms, lobby, J.J. Hills  
Restaurant, and  
conference rooms -  
505 Highway 2 -  
(800) 558-2438  
Howard Johnson - 405  
Hwy 2 - 509 548 4326

**Long Beach**

**Long Beach Coffee  
Roasters** - 811  
Pacific Avenue Suite  
12 - 360-642-2334  
McDonald's - 100 16th  
St SE - SW parking lot  
area

**Longview**

Common Ground -

1333 Broadway - 425-5400

**Loon Lake**

Library of the Lakes -  
4008 Cedar St

**Lynnwood**

Alfy's Pizza - 4820  
196th SW - (425)  
775-5459

**Darcies Laundry** -

4615 196th street SW  
- 425-673-6446

Lynnwood Public  
Library - 19200 44th  
Ave W - 425-778-  
2148

Lynnwood Convention  
Center - 3711 196th  
Street SW

Panera Bread - 3000  
184th Street SW,  
Alderwood Mall -  
(425) 774-1416

Laquinta Inn - 4300  
Alderwood Mall Blvd -  
(425)775-7447

**Manson**

**Blueberry Hills**

**Farms** - 1315  
Washington Street -  
509.687.BERY (2379)

**Maple Valley**

Gloria's Restaurant -  
23220 Maple Valley  
Hwy SE - 425-432-  
6880

**Marysville**

Galaxy Game Cafe -  
free with drink  
purchase - Open 2PM  
- 1206 State Ave. Unit  
H

Marysville Public  
Library - 6120 Grove  
St - 360-658-5000

**McCleary**

Quinton Computers -  
215 Mommson Ave -

city park access

**Mercer Island**

**Mercer Island**

**Travelodge** - in lobby  
and guest rooms -  
7645 Sunset Highway  
- (206) 232-8000

**Mill Creek**

Spotted Cow Ice  
Cream & Coffee Co. -  
3414 132nd St. SE -  
425-337-8494

**McMenamins**

**Restaurant** - 13300  
Bothell-Everett Hwy. -  
(425) 316-0520  
Mill Creek Public  
Library - 15429  
Bothell-Everett Hwy -  
425-337-4822  
University Book Store,  
Mill Creek Town  
Center - Bothell-  
Everett Highway and  
153rd Street SE - 425  
385-3530

**Milton**

The Milton - 7320  
Pacific Highway East -  
253-922-3340

**Monroe**

The Comfort Zone -  
19565 U.S. 2  
Monroe Public Library  
- 1070 Village Way -  
360-794-7851

**Canyons Rest.** -

14919 N Kelsey St -  
360-805-5453

**Morton**

The Bean Tree Coffee  
House - 212 Main  
Ave. - 360.496.3368

**Moses Lake**

**Suncrest Resort** -

303 Hansen Road -  
(509)765-0355  
Holiday Inn Express -

1745 E Kittleson -  
(509)766-2000  
Shilo Inn - 1819 E.  
Kittleson - (509) 765-  
9317

**Mossyrock**

Mossy-Mini Market  
Shell - 748 Williams  
St

**Mount Vernon**

**Althea's** - 614 South  
First Street - (360)  
336-0602  
Best Western Cotton  
Tree Inn - 2300  
Market Street - 360-  
428-5678

**Mountlake Terrace**

Canyons Restaurant -  
6003 244th St. SW -  
425-744-1525  
Mountlake Terrace  
Public Library - 23300  
58th Ave W - 425-  
776-8722

**Mukilteo**

**Diamond Knot**

**Brewery** - 621 Front  
Street - (425) 355-  
4488  
Mukilteo Public Library  
- 4675 Harbour Pointe  
Blvd - 425-493-8202

**North Bend**

**North Bend Bar and**

**Grill** - 145 East North  
Bend Way - 425-888-  
1243 **Gordy's Steak**  
**and BBQ**

**Smokehouse** -

14303 436th Ave  
SENorth Seattle

**Greenlake**

**Guesthouse B&B** -  
7630 E. Green Lake  
Dr. - 206-729-8700

**Oak Harbor**

Daily Grind - 1351 SW



Barlow St - 360-675-2767  
Wind and Tide  
Bookshop and  
Espresso - 790 SE  
Pioneer Way - 360-672-9285  
Angelo's Caffè - 670  
SE Pioneer Way -  
360-675-4053  
Oak Harbor Public  
Library - 1000 SE  
Regatta Dr - 360-675-5115

**Ocean Shores**

**Ocean Shores**

**Public Library** - 573  
Pt. Brown Ave. N.W. -  
(360)289-3919  
Caffè Amici - 749  
Point Brown Ave.  
N.W., Suite 2  
Tsunami Beads >

**Olympia**

**Bagel Brothers** -

400 Cooper Pt. Rd.,  
#22 - 360-352-3676

**Mud Bay Coffee** -

1600 Cooper Point Rd,  
Suite 630 -  
360.754.6222

**Tugboat Annies** -

2100 West Bay Drive  
- 360-943-1850

Caffè Vita - 124 4th  
Ave

**Kundalini Espresso**

Co. - 408 4th Ave. SE

**New Caldonia Coffee**

Co. - 116 E 5th Ave  
SE

**Olympia Farmers**

Market - 700 Capitol.  
Way

Zipperz - 412 Cherry  
St. SE

Clubsides Cafe - 406

4th Ave. SE

**Dockside Deli and**

Pizza - 501 Columbia  
NW - 360-956-1928

Swantown Marina -

1022 Marine Drive NE

**Zhonka Broadband**  
provides free DSL Wi-Fi service to several locations around Olympia.  
Phoenix Inn Suites -  
415 Capitol Way  
North

**Orondo**  
**Lone Pine Fruit and Espresso** - 23041  
Hwy 97 - 509-682-1514

**Pacific**  
King County Library -  
255 Ellingson Rd. -  
253-833-3554

**Packwood**  
Four-U Realty - 13044  
US Highway 12

**Parkland**  
Lady Luck's Cowgirl  
Up Steakhouse &  
Saloon - 14114 Pacific  
Ave. - 253-538-4996  
Pierce County Library  
- 13718 Pacific Ave.  
S. - 253-531-4656

**Pasco**  
**Out and About Restaurant/Lounge**  
- 327 W Lewis - 509-543-3796

**Perth**  
Caffissimo - corner of  
Beaufort and  
Chelmsford Rd

**Point Roberts**  
Reef Tavern - 70 Gulf  
Road - 360.945.7333  
**Maple Meadows Inn**  
- 101 Goodman Road  
- 360-945-5536  
Point Roberts Marina  
Resort - 713  
Simundson  
**Whalens Park** - 82

Derby Ave -  
360.945.2874  
**Cedar House Inn** -  
Gulf Road - 360-945-  
2984

**Port Angeles**

Roots Coffeehouse -  
216 W. Eighth St. -  
360-457-7668  
Bella Rosa Coffee  
House - 402 S Lincoln  
St. - 360-417-5402  
Olympic Coffee House  
Internet Cafe - 133 E.  
First Street - (360)  
452-5040  
Quality Inn Uptown -  
101 E Second St

**Port Orchard**

Port Orchard Library -  
87 Sidney Avenue -  
360-876-2224  
Cutters Point Coffee -  
4720 Bethel Rd. SE -  
360-876-4216  
Port Orchard City Hall  
- 216 Prospect  
Avenue - 360-876-  
4407  
Days Inn  
Holiday Inn Express

**Port Townsend**

Bread & Roses Bakery  
& Cafe - 230 Quincy  
St.  
Aldrich's Grocery -  
Lawrence and Tyler  
Sts.  
**The English Inn**  
**B&B** - 718 F Street -  
360-385-5302

**Poulsbo**

Poulsbo Library - 700  
NE Lincoln Street -  
360-779-2915  
Hot Shots Java  
Coffeehouse - 18881b  
Front St. NE

**Pullman**

**Daily Grind Coffee**

**Shop** - 230 Main  
Dissmores IGA - 1205  
N. Grand Av. - 509-  
332-2918  
Holiday Inn Express -  
1190 SE Bishop Blvd -  
509-334-4437  
Hawthorne Inn and  
Suites - 928 NW  
Olsen St - 509-332-  
0928  
Quality Inn Paradise  
Creek - 1400 SE  
Bishop Blvd - 509-  
332-0500

**Puyallup**

**Cutters Point Coffee**

- 13210 Meridian E -  
253-845-3866  
Austin Chase Coffee -  
17404 Meridian St E  
#G - (253) 848-6126  
Alexander's  
Restaurant - 213 N.  
Meridiand St. - (253)  
435-8833  
Endicott Coffee -  
13507 Meridian East  
Suite G - (253) 770-  
2361  
Daffodi Entertainment  
Center - 1624 E. Main  
Ave - 253-845-9166  
Puyallup Public Library  
- 324 S. Meridean -  
253-841-5454

**Quincy**

L & R Cafe - 1114  
Central Avenue South  
- (509) 787-2210

**Redmond**

Jerzy's Coffee - 16727  
Redmond Way - (425)  
702-8575  
Canyon's Restaurant -  
15740 Redmond Way  
- 425-556-1390  
Sassy's Teahouse and  
Boutique - 16244  
Cleveland St. - 425-  
458-4988



Espresso World - 496  
George Washington  
Way - 509-943-3071  
Hot Shotz Espresso &  
Cafe - 800 Swift Blvd,  
Corrado Medical  
Building

**Richland Public  
Library** - need library  
card to get WEP key -  
955 Northgate Dr

**Ridgefield**

Zebruns Starliner  
Grocery/Deli Cafe

**Roslyn**

Leftie's Deli - 107  
Pennsylvania Ave

**Sammamish  
(Issaquah)**

Quality Food Center  
#824 - around the  
cafe/espresso bar  
area - 2902 228 Ave  
SE - Pine Lake region

**Seattle**

**Admiral Chevron** -  
2347 California Ave  
SW - (206)933-1100  
Alki Bakery - 2738  
Alki Ave SW - (206)  
935-1352

**All City Coffee** - 125  
Prefontaine Place  
South, Pioneer Sq. -  
206.652.8331

Ancient Grounds Vafe  
and Gallery - 1220 1st  
Avenue - 749-0747  
Anthony's HomePort -  
longe area - 6135  
Seaview Ave NW

**Aurafice Internet &  
Coffee Bar** - 616  
East Pine Street  
(Capitol Hill) - 860-  
9977

Bauhaus Books &  
Coffee - 301 E. Pine  
(Capitol Hill) - 625-  
1600

BizzBuzzBox - 8541  
 15th Ave NW - 206-789-2178  
**Blue Plate Express** -  
 7347 35th Ave NE  
**Bubbles** - 1619  
 Harbor Ave. S.W.  
 (Alki Ave.)  
**Bubble Lounge**  
**Caffe** - 6022  
 California Ave. SW -  
 (206) 932-1914  
**Buckley's** - 232 1st  
 Avenue West - (206)  
 691-0232  
**C&P Coffee**  
**Company** - 5612  
 California Ave SW -  
 206.933.3125  
 Cafe Allegro at the  
 College Inn - free with  
 purchase - 4002  
 University Way NE -  
 (206) 634-2310  
 Cafe Allegro - free  
 with purchase - 4214  
 University Way NE -  
 (206) 633-3030  
**Café Darclee** - 100  
 4th Ave N - (206) 404  
 CAFE(2233)  
**Cafe Europa** - 1501  
 17th Ave E - 206-328-  
 3155  
 Cafe Ladro- Upper  
 Queen Anne, 2205  
 Queen Anne Ave N -  
 (206) 282-5313 and  
 Lower Queen Anne,  
 600 Queen Anne Ave  
 N - (206) 282-1549  
 Cafe Maree (Green  
 Lake area) - 6560  
 Latona Ave. NE -  
 (206)985-6766  
**Cafe Rozella** - 9434  
 Delridge Way SW -  
 206/763-5805  
**Cafe Vega** - 1918 E.  
 Yesler  
 Caffe Appassionato -  
 1417 Queen Anne  
 Ave. - 206-270-8760  
 Caffe Bella - 2621 5th  
 Ave - 206.441.4351

Caffe Fiore - 225 W.  
 Galer  
**Caffe Vita** - 1005 E.  
 Pike - 206-709-4440  
**Caffe' Zingaro** - 127  
 Mercer Street (lower  
 Queen Anne) -  
 206.352.2581  
 Chaco Canyon Cafe -  
 4759 Brooklyn Ave NE  
 - Corner of 50th and  
 Brooklyn  
 Cherry Street Coffee  
 House locations  
 2719 1st Avenue  
 (Clay Street,  
 Belltown) - 206-441-  
 5489  
 808 3rd Avenue (3rd  
 & Columbia) - 206-  
 442-9372  
 2121 1st Avenue  
 (Belltown) - 206-441-  
 7176  
 103 Cherry Street  
 (Pioneer Square) -  
 206-621-9372  
 Christina's Espresso  
 Cafe / Coffee Shop -  
 101 NW 85th St. (1st  
 Ave. NW) -  
 206.356.7183  
 City Hall lobby - 600  
 4th Ave  
**Cloud City Coffee** -  
 8801 Roosevelt Way  
 NE  
**Coffee Messiah** -  
 1554 E.Olive Way -  
 (206)861-8233  
**Columbia City**  
**business district** -  
 along Rainier Avenue  
 South from South  
 Alaska Street in the  
 north to South  
 Dawson Street,  
 including Columbia  
 Park, the Columbia  
 City library, Rainier  
 Valley Cultural Center  
 and the Farmer's  
 Market location.  
 Craniums Coffee and  
 Collectibles - 12301



Lake City Way NE  
**Cupcake Royale** -  
 1101 34th Avenue -  
 206 709 4497  
 Downtown Cups  
 Coffee and Tea - 65  
 Marion  
 Drinkmore Cafe - 239  
 Bellevue Avenue E  
**El Diablo Coffee Co.**  
 - 1811 Quenn Anne  
 Ave. North #101 -  
 206-285-0693  
 Elliott Bay Cafe - 101  
 South Main  
 Elysian- Tangletown -  
 2106 N 55th  
 (southeast of  
 Greenlake)  
 Espresso Express -  
 6500 15th Ave NE -  
 (206) 524-6326  
 Espresso-OH on 15th -  
 12339 15th Ave NE -  
 (206) 365-9640  
 Espresso Vivace - 901  
 East Denny Way  
 Freeway Park - 700  
 Seneca Street  
**Fuel Coffee** - 610  
 19th Ave E. -  
 206.329.4700  
**Gary Manuel Salon** -  
 2127 First Avenue -  
 206/728.9136  
**Gossip Espresso &  
 Tea** - 651 S. King St.  
 - (206) 624-5402  
 Green Cat Cafe - 1514  
 E. Olive Way (Capitol  
 Hill) - 726-8756  
**Herkimer Coffee** -  
 7320 Greenwood Ave.  
 N. - 206-784-0202  
 Hines Public Market  
 Coffee - 2243  
 Eastlake Ave E  
**Hotwire Online  
 Coffeehouse** - 4410  
 California Ave SW  
 Icon Coffee - 4301  
 Fremont Ave N  
 Insomniac Coffee -  
 102 15th Ave East  
**Java Jazz** - NW 59th

and 15th NW  
Jump! Gourmet  
Espresso - 604  
Broadway E - 206  
322-7100

**Kells Wireless** -  
1916 Post Aly  
le fournil bakery -  
3230 Eastlake Ave E  
suite B -  
206.328.6523

Louisa's Cafe - 2379  
Eastlake Ave E

**Lottie Motts Coffee**  
- Columbia City  
neighborhood - 4900  
Rainier Ave South -  
206 725-8199

**Maximilien** - 81A  
Pike Street -  
206.682.7270  
Metro Buses on Route  
197 between the  
University District and  
Federal Way and  
Route 48 between  
Loyal Heights and  
Rainier Beach  
Mioposto - 3601 S.  
McLellan St

**Monkey Grind**  
**Espresso Bar** - 518  
North 85th St - 206-  
782-6100  
Oakwood Seattle -  
312 Second Ave West  
Occidental Park -  
Occidental Ave. South  
and South Main St.

**Online Coffee**  
**Company** (Capitol  
Hill) - free with  
purchase - 1720 E  
Olive Way - 206-328-  
3731

Online Coffee  
Company (Downtown)  
- free with purchase -  
1111 1st Ave - 206-  
381-1911

**Pagliacci Pizza** -  
4529 University Way  
N.E. - (206)726-1717

**Panama Tea &  
Coffee House** - 607

S. Main St. - (206)  
 515-4000  
 Park Hill Apartments -  
 1306 E. Union St.  
 Pat's on the Ave -  
 1905 Queen Anne  
 Ave. N - 206-284-  
 0121  
**Perkatory Café** -  
 1400 14th Ave(Capitol  
 Hill) - 206.568.2345  
 Philadelphia Fevre  
 Steak & Hoagie Shop  
 - 2332 E. Madison St.  
 Pochi Tea Station -  
 5014 University Way  
 NE  
**Q Cafe** - 3223 15th  
 Ave. W. (Interbay) -  
 206-352-2525  
 Quality Food Center -  
 2746 NE 45th St  
**R Place Bar & Grill** -  
 619 E. Pine St. -  
 Capital Hill - 206-322-  
 8828  
 Ralph's Grocery Deli -  
 2035 4th Ave - (206)  
 441-0700  
 Ravenna Blvd.  
 Grocery - 2007 NE  
 Ravenna Blvd.  
 Ravenna Third Place  
 Books - 20th and 65th  
**Revolution Coffee &**  
**Art** - 4217 Admiral  
 Way SW -  
 206.932.3661  
**Revolutions**  
**Espresso and**  
**Bakery** - 7012  
 Woodlawn Ave NE  
 (Green Lake) - 206-  
 527-1908  
**Sea Thai Restaurant**  
 - ask server for  
 password - 2313 N.  
 45th St. - 206-547-  
 1961  
 Seattle Central Library  
 - 1000 Fourth Ave  
 Ballard Branch - 5614  
 22nd Ave. N.W. -  
 (206) 684-4089  
 Beacon Hill Branch -

2821 Beacon Ave. S. -  
 (206) 684-4711  
 Capitol Hill Branch -  
 425 Harvard Ave. E. -  
 (206) 684-4715  
 Green Lake Branch -  
 7364 E. Green Lake  
 Dr. N. - (206) 684-  
 7547  
 Greenwood Branch -  
 8016 Greenwood Ave.  
 N. - (206) 684-4086  
 High Point Branch -  
 3411 SW Raymond  
 St. - 206-684-7454  
 North East Branch -  
 6801 35th Ave. N.E. -  
 (206) 684-7539  
 Rainier Beach Branch  
 - 9125 Rainier Ave. S.  
 - (206) 386-1906  
 Ravenna Ale House  
 2258 NE 65th Street -  
 206-526-9761  
 Shinka Tea Co. -  
 Gourmet boba tea,  
 espresso & traditional  
 tea service - 4727  
 University Way NE -  
 206.522.8424  
 Sip and Ship Cafe -  
 1752 NW Market St. -  
 206 789 4488  
**Snack Snack Cafe** -  
 710 8th Avenue South  
 - Chinatown  
 Speranza Coffee  
 House - 2735  
 California Ave SW -  
 206-937-4316  
 Spin's Barber Shop -  
 4501 Interlake ave.  
 North #24  
**Susans 5100 Bistro**  
 - 5100 S Dawson St -  
 206 721 6308  
 Teahouse Kuan Yin -  
 1911 N 45th Street  
 Thai Kitchen Queen  
 Anne - 2220 Queen  
 Anne Ave N - 206-  
 285-8424  
**The Fargonian**  
**Coffeehouse** - 2328  
 E. Madison St.

The Ugly Mug - 11425  
Rainier Ave S. - 206-  
772-3157

Top Pot Coffee and  
Donuts - 609 Summit  
Ave E (Capitol Hill) -  
323-7841

**Trabant Chai**

**Lounge** - 1309 NE  
45th St.

**Tully's Coffee** -  
many locations, use  
their Search to find  
them

Uncle Elizabeth's -  
1123 Pike St  
University Bookstore  
Cafe - 4326 University  
Way NE

**U-District business**

**district** - along the  
Ave from 40th St. NE  
to midway between  
45th Street NE and  
47th Street NE..

**Verite Coffee** - 1101  
34th Avenue - 206  
709 4497

Victor Steinbrueck  
Park - 2001 Western  
Avenue

**Victrola Coffee &**

**Art** - access not  
available on weekends  
- 411 15th Avenue  
East - 206.325.6520

Village Pub in  
Magnolia - 3221 W Mc  
Graw - 206 385 9756

**Washington State**

**Ferries** - free til end  
of April, 05 -  
Bainbridge-Seattle,  
Port Townsend-  
Keystone, and  
Kingston-Edmonds  
routes

**Wayward**

**Coffeehouse** - 8570  
Greenwood Ave N  
Westair  
Communications -  
2505 3rd Ave, Suite  
130

Westlake Park - 401

Pine Street  
Zeitgeist Art and  
Coffee - 171 S.  
Jackson (Pioneer  
Square) - 583-0497

**Zoka Coffee  
Roasters & Tea Co.**

- 2200 N. 56th  
(Wallingford) - 545-  
4277

Zoka University -  
2901 NE Blakeley  
Street - 206 527-  
0990

Best Western Pioneer  
Square Hotel -  
guestrooms, lobby,  
breakfast room and  
boardroom - 77 Yesler  
Way - 206-340-1234  
Mayflower Park Hotel  
- for guests in rooms  
and lobby - 405 Olive  
Way - 206.623.8700

**University**

**Travelodge** - in  
public areas and some  
guest rooms - 4725  
25th Avenue  
Northeast - (206)  
525-4612

**Caffeinated and  
Unstrung** is another  
source for Seattle free  
Wi-Fi locations that is  
searchable by  
neighborhood.

**Sequim**

Hurricane Coffee  
Company - 104 W.  
Washington St. - 360-  
681-6008

**Cedar Creek  
restaurant** - 665 N.  
5th Ave - 360-683-  
3983

Ramada Limited -  
1095 E Washington St  
- (360) 683-1775

**Shelton**

Urraco Coffee- 628 S.  
Cota St. -  
360.462.5282

**Sage Book Store -**  
116 W Railroad Ave,  
Suite 102 - 360-426-  
6011  
A & W Family  
Restaurant - 1729  
Olympic Highway  
North - 360-426-2002  
Olympic Bakery & Deli  
- 591E Pickering Rd. -  
360-426-4566

**Shoreline**  
**Hotwire Online**  
**Coffeehouse - 17551**  
15th Ave NE  
Sunshine Coffee -  
15550 27th Ave N.E. -  
206-417-1995  
Dr. Cue Billiards -  
14713 bothell Way NE

**Silverdale**  
Austin Chase Coffee -  
9621 Mickleberry Rd.  
NW - 360-698-9042

**Heads Up Brewing**  
**Company - 9960**  
Silverdale Way NW -  
360.337.2739  
LanWerX Game  
Center/Cyber Cafe -  
10600 Silverdale Way  
- 360-307-0929

**Snohomish**  
**Wired and**  
**Unplugged Internet**  
**Coffee House - 717**  
First Street - 360-  
568-2472  
Snohomish Public  
Library - 311 Maple  
Ave - 360-568-2898  
**Snohomish Coffee**  
**Inc. - 1120 First**  
Street - 360-568-  
8254

**Snoqualmie**  
**Bibo Coffee - 7811**  
Center Blvd - 425-  
396-4544  
**Mount Si Golf**

**Course Restaurant**

- 9010 Boalch Ave SE  
- 425-391-4926

**Snoqualmie Falls**

**Brewing Co. and**

**Tap Room** - 8032

Falls Ave. SE - 425

831 BEER

**Salish Lodge and**

**Spa, Attic, Dining**

**Room and Kayak**

**Cafe Restaurants** -

6501 Railroad Ave. -

(800) 272-5474

**South Hill**

Pierce County Library

- 15420 Meridian Ave.

E. - 253-848-8686

**Spanaway**

Elk Plain Grange #782

- 21817 Mountian

Hwy E

**Spokane**

Rock City Grill -

Riverpark Square

Rocket Bakery - 157

S. Howard St.

The Daily Grind - 422

W. Riverside Ave.

Steampant - 159 S.

Lincoln St.

Soulful Soups - 117 S.

Howard St.

**Heroes and Legends**

- 825 West Riverside -

509-747-2085

**Snoops Saloon** - 805

E. Rosewood

The Energy Bar Coffee

Shop - 606 W.

Garland

**Spokane Public**

**Library** - 906 W.

Main Ave. - 509-444-

5300

Spokane Public

Library Shadle Branch

- W. 2111 Wellesley

Ave., (corner of Belt &

Wellesley) - 509-444-

5390

Spokane Public



Library South Hill  
Branch - 3324 South  
Perry - 509-444-5385  
Zips - S Lincoln and  
3rd Ave  
Rosauers  
Supermarket - 29th  
Avenue  
Spokane Community  
College Library - 1810  
N. Greene St., MS  
2160, Bldg. 16  
Fernwell Building -  
505 West Riverside  
Ave.

**Random Computers**

- One South  
Washington

**The Davenport**

**Hotel** - 10 South Post  
Street - 509-455-  
8888

**Quality Inn** -

Downtown Medical  
Center - 110 E 4th  
Ave - 509 838 6101  
Downtown Wi-Fi Zone  
- 100 block area,  
including Riverfront  
Park - two hours free  
per day for public,  
need to register with  
an e-mail address

**Spokane Valley  
Park Lane Motel,  
Suites & RV Park** -

East 4412 Sprague  
Avenue - 800-533-  
1626  
La Quinta Inns &  
Suites - 3808 N  
Sullivan Rd - (509)  
893-0955

**Stanwood**

Stanwood Public  
Library - 9701 271st  
St NW - 360-629-  
3132

**Stevenson**

downtown core area  
and all along  
waterfront

**Sultan**

**Vinaccio Coffee** -  
507B State Route 2  
Sultan Public Library -  
319 Main St, Ste 100  
- 360-793-1695

**Summit**

Pierce County Library  
- 5107 112th St. E. -  
253-536-6186

**Sumner**

Berry Land Cafe -  
1101 E. Main - 253-  
863-4567  
Gast House Bakery -  
1012 E. Main - 253-  
863-4433  
Pierce County Library  
- 18501 90th St. E. -  
253-863-5867  
Vanlierop Garder  
Market - 1020 Ryan  
Ave - 253/862-8510

**Tacoma**

**Affordable**  
**Computer Solutions**  
**Cyber Cafe & Repair**  
**Center** - 4845 Pacific  
Ave South - 253-671-  
4117  
**Bertolino's Coffee**  
**Bar** - 2421 S Union  
Ave, Ste. L#2 - (253)  
383-1867  
**Blackwater Café** -  
747 South Fawcett -  
253.404.0000  
Cavanaugh's Coffee  
House - 3928 N.  
Cheyenne St. - 253-  
756-8875  
Commencement Bay  
Coffee Co. - 2354  
Jefferson Avenue -  
(253) 274-1173  
Cutters Point Coffee -  
1936 Pacific Avenue -  
(253) 272-7101  
Cutters Point Coffee -  
5104 6th Ave., Suite  
100 - 253-761-3113  
Dad's Bakery and Deli

- 2914-C Sixth Ave. -  
253-572-7900

**Edgeworks**

**Climbing** - 6102 N  
9th Street - 253-564-  
4899

**Firehouse Coffee**

**Company** - 3518 6th  
Ave - 253.212.1503

Forza Coffee Co. -  
2209 N Pearl St. -  
(253) 759 9320

Harmon Brewery -  
1938 Pacific Ave -

(253) 383-2739

Java Bean - 716 S.  
37th St. - 253-473-  
4141

Java Bean - 744  
Market St. - 256-272-  
8228

Kickstand Cafe - 604  
S. Fawcett Ave. -  
253-779-5485

Lady Lucks Cowgirl Up  
Steakhouse & Saloon  
- 14114 Pacific Ave. -  
(253)538-4996

Mandolin Cafe and  
Valhalla Coffee  
Roasting - S. 12th St  
and Proctor

**Meconi's Pub &**

**Eatery** - 709 Pacific  
Ave. - (253) 383-  
3388

Northern Pacific  
Coffee Company - 401  
Garfield St S - (253)  
537-8338

O'Malley's Irish Pub -  
2403 Sixth Ave. -  
253-383-3144

One Heart Cafe -  
1117 Broadway - 253-  
284-0974

Pairings Wine &  
Flowers - 2914 6th  
Avenue - 253-779-  
0838

Parkway Tavern - 313  
N. I St. - 253-383-  
8748

Renaissance Cafe -  
1746 Pacific Ave. -

253-572-1029  
 Sol Coffee - 10625  
 Pacific Avenue, Suite  
 B - (253) 537-0210  
 St. Joseph Medical  
 Center - 1717 South J  
 - 253 426-4101  
 Tacoma's City Lights  
 Billiards - 445 Tacoma  
 Ave. S. - 253-383-  
 3301

Tacoma Community  
 College Wanamaker  
 Library - 6501 S. 19th  
 St. - 253-566-5000

**Tacoma Public  
 Library branches**

**Tacoma Subaru /  
 Nissan** - 3838 South  
 Tacoma Way  
 Tempest Lounge - 913  
 Martin Luther King Jr.  
 Way - 253-272-4904  
 The Bidder's Suite  
 Coffee Shop - 6404  
 Waller Road East -  
 253-531-0596

**The Swiss Pub** -  
 1904 S. Jefferson  
 Ave. - 253-572-2821  
 Tully's Coffee - 764  
 Broadway - (253)  
 627-564  
 Tully's Coffee - N. 1st  
 and Tacoma Ave.  
 University of Puget  
 Sound Wheelock  
 Student Center Collins  
 Memorial Library -  
 1500 N. Warner St. -  
 253-879-3100  
 Varsity Grill - 1114  
 Broadway - (253)  
 627-1229  
 Vin Grotto Cafe and  
 Wine Bar - 813 Pacific  
 Avenue 253-722-5079

**Tillicum**  
 Galloping Gerties  
 Restaurant - 15417  
 Union Ave. S.W. -  
 253-584-4848

**Toppenish**

**Yakama Nation RV**

**Park** - 280 Buster Rd  
- (800) 874-3087

**Trout Lake**

**Trout Lake Country  
Inn** - 15 Guler Road -  
509-395-3667

**Tukwilla**

Comfort Suites - 7200  
Fun Center - 425 227  
7200

**Tulalip**

**The Greater  
Marysville Tulalip  
Chamber of  
Commerce Visitor  
Information Center**  
- 8825 34th Avenue  
NE, Suite C

**Tumwater**

Uncommon Ground  
Coffee Company - 855  
Trosper Rd.

**Washington State**

**Library** - 6880  
Capitol Boulevard  
South - (360) 704-  
5221

**Union**

Union Square Deli -  
310 Dalby, Suite 100

**Union Gap**

**Columbia Steppe**

**Northwest**

**Coffeehouse** - Valley  
Mall, first floor - 2529  
Main Street, Suite 118  
- 509-249-0005

Valley Mall - entire  
food court area - 2529  
Main Street - 509-  
453-8233

**University Place**

Coffee House - 2620  
Bridgeport Way Ste. B  
Caffe Diallo coffee  
house - 2620

Bridgeport Way West  
#B - 253 565-4095

**Vashon Island**

Cafe Luna - 9924  
Bank Road - 206-463-0777

**Vancouver**

Brewed Awakenings -  
16318 SE 12th -  
(360) 514-8111  
Club 99 - 7005  
Northeast Highway 99  
- (360) 693-8125  
Mari's Gourmet Coffee  
- 2100 SE 164th Ave -  
(360) 737-2925  
McMenamins on the  
Columbia - 1801 SE  
Columbia River Dr -  
(360) 699-1521  
Quiznos - 7809 NE  
Vancouver Plaza Dr -  
(360) 892-0399  
Savona Coffee Shop -  
1898 SE Columbia  
River Dr - (360) 695-0678

The Java House - 210  
West Evergreen Blvd.

**The Grind Gourmet**

**Coffee** - 611 West  
11th St - 360-696-0206

**Smokey's Hot Oven**

**Pizza** locations -  
Hazel Dell - 6920 NE  
Hwy 99 and Orchards  
- 10411 NE Fourth  
Plain and St. Johns -  
2905 St. Johns Blvd

**Esther Short Park** -

W Columbia St. and  
8th St. - (360) 759-4453

**Compass Church** -

1812 Main St - 360-695-8448

Phoenix Inn Suites -  
12712 SE Second  
Circle

**Walla Walla**

**Penrose Library** -

Whitman College -  
345 Boyer Avenue  
Merchant's Café - 21  
E. Main St.

TCBY - 1850 Isaacs -  
509-522-8229

**Coffee Connections**

**Café** - 57 East Main  
Street - (509) 529-  
9999

Coffee Perk - 4 S. 1st  
Ave

The Downtown Bagel  
& Juice Bar - 3 S. First  
Ave

Stone Hut Bar and  
Grill - 1427 Plaza Way

Ze Bagel - 216 E.  
Main

Vintage Cellars - 10  
N. 2nd Ave -

509.529.9340

Walla Walla Regional  
Airport

**Marcus Whitman**

**Hotel & Conference**

**Center** - Six West  
Rose Street - (509)  
525-2200

**Fairway RV Resort -**

50 W. George St. -  
509-525-8282

**Wenatchee**

Godfathers Pizza -  
1014 N Wenatchee  
Ave - 509-662-5255

The Wok-About  
Mongolian Grill - 110  
North Wenatchee  
Avenue

The Coffee Cabin -  
414 N. Miller Street -  
(509) 667-9227

Bison Bagels - 25 N.  
Wenatchee Ave. -  
(509) 665-6677

**Cocoa's Fine**

**Dessert Café** - 113  
Orondo - (509) 888  
0806

**D&M Coffee** - 11  
Palouse St. - (509)  
667-0700

**Caffe Mela** - 17

North Wenatchee Ave.  
- (509) 888-0374  
**Sertinos Cafe** - 521  
S. Chelan St. - 509-  
662-6750

**White Salmon**  
The Creamery - 121  
East Jewett - 509-  
493-4007  
**Inn of the White  
Salmon** - 172 W.  
Jewett - 509-493-  
2335

**Winlock**  
**Special Moments  
Floral & Candy  
Bouquet** - 207 NE  
First St. - 360-785-  
9636

**Woodinville**  
**Coffee Tyme** - 13317  
NE 175th St - 425-  
488-2450

**Woodland**  
Woodland Grange  
#178 - 404 Davidson  
Ave

**Yakima**  
Essencia Artisan  
Bakery & Chocolaterie  
- 4 N 3rd St - (509)  
575-5570  
Yakima Networks -  
1640 East Washington  
Ave  
Retrospects Eye  
Center - 72nd and  
Tieton Drive  
Planet Joe - Espresso  
Coffee & Bakery -  
5607 Tieton Drive -  
(509) 728-3257  
Valley Mall food court  
in Union Gap  
Meadowbrook Mall -  
opposite Thriftway -  
72nd and Nob Hill  
**Cedars Suites**  
**Yakima** - 1010 E. "A"



Street - 509-452-  
8101

**Yelm**  
The Blue Bottle  
Espresso - 309 Yelm  
Ave - (360) 458-4611

**Return to Directory**  
**States List**

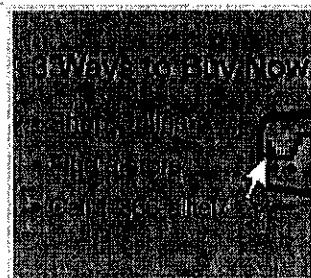
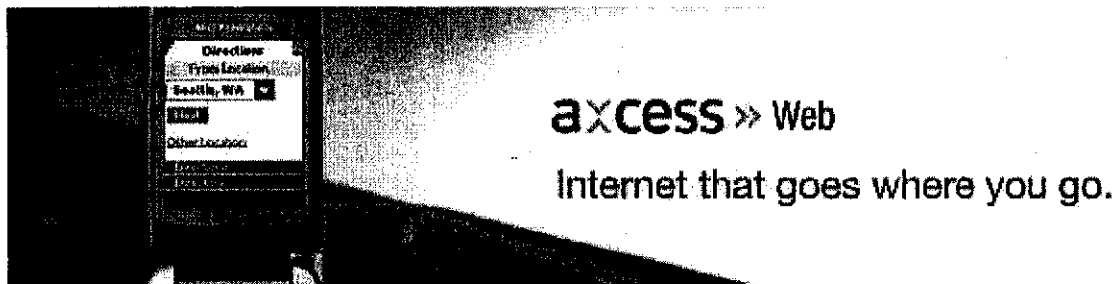


Alltel is a customer-foc

PERSONAL

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Get access to the Internet while you're on the go through your wireless phone with Access Web. Access Web is your connection to the Internet giving you access to over 160 sources of information — including news, stock quotes, sports and more. You can even download ringtones, ringbacks and wallpaper.

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- Set Parental Controls
- Browse Web sites
- Check your e-mail or chat with friends
- Check out the latest news, sports, and weather information
- Look up directory information



### At Your Service

- [Access Web FAQs](#)
- [Access Terms & Conditions](#)

### Step by Step Instructions

Learn how to use your phone.

[Select a Manufacturer](#)

[Select a Phone](#)



### Access MobileLink/Broadbar

Get wireless Internet and get connected anywhere.

[» MORE](#)



**Access Web**  
Access the Web - free  
for one month.

**\$5⁹⁹**

> MORE

**All Access Pass**  
Unlimited Text, Picture &  
Video Messaging plus Access Web  
and more.

**\$19⁹⁹**  
mo

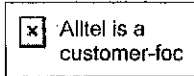
> MORE

**Google Mobile**

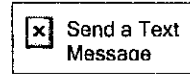
**Google**

Search Google anytime,  
anywhere - right from your phone.

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**News Releases**

## Alltel Wireless debuts EVDO wireless broadband service in Farmington

*High-speed wireless data services cover Gallup, Shiprock, Durango and Cortez; EVDO technology delivers speeds comparable to cable or DSL*

**Release date: November 21, 2006**

FARMINGTON, N.M. - Alltel Wireless, America's largest network, is now offering Access Broadband service in Farmington and surrounding communities, including Shiprock, Aztec and Bloomfield. The coverage also is available in Gallup and extends to Durango and Cortez, Colo. This next generation EVDO (evolution data optimized) technology provides customers with unlimited wireless access to the Internet at speeds comparable to wired broadband connections such as cable modem or DSL.

Using the service, customers can access advanced business and entertainment applications from their laptops, smartphones or handsets at average speeds of 400 to 700 Kbps with maximum speeds of up to 2.4 Mbps. Access Broadband makes it easy to surf the Internet, access e-mail and calendars and download large, graphic-rich files while on the go.

"Alltel Wireless is committed to meeting the growing data needs of our customers," said Terri Larson, vice president of business solutions for Alltel Wireless in New Mexico. "Access Broadband Internet service delivers an unmatched wireless broadband experience that will keep both traveling business professionals and casual users connected with the fastest and most reliable data services."

Alltel is rapidly expanding its high-speed network across the country. In the past year, Alltel has introduced Access Broadband in metropolitan areas such as Phoenix, Tampa, Charlotte and Cleveland; in smaller cities such as Little Rock, Ark., Raleigh, N.C., and Savannah, Ga., and in towns such as Jonesboro, Ark., Dothan, Ala., and Casa Grande, Ariz.

Alltel plans to launch Access Broadband in additional markets across the country in 2006, giving it one of the largest EVDO footprints of any U.S. carrier.

Access Broadband is available for \$59.99 a month for unlimited use with qualifying voice plans. In addition to supporting a wide range of productivity enhancing business applications, it enables Alltel's Access TV, with more than 25 channels, and XM radio, with 20 of the best satellite radio music channels. To experience the high-speed network, customers will need an EVDO-capable handset, such as the silver or fire red MOTORAZR V3m, or a laptop PC data card, such as the Kyocera Passport 1xEVDO PC Card.

For more information on Access devices, visit an Alltel Wireless retail store or log on to [www.alltel.com](http://www.alltel.com). Alltel is owner and operator of the nation's largest wireless network and has more than 11 million wireless customers.

**For additional information contact:**

Andrew Moreau 501-905-7962  
Vice President - Corporate Communications  
[andrew.moreau@alltel.com](mailto:andrew.moreau@alltel.com)

Scott Morris 501-905-4094  
Manager - Corporate Communications  
[scott.l.morris@alltel.com](mailto:scott.l.morris@alltel.com)

Alltel, NYSE: AT  
[www.alltel.com](http://www.alltel.com)



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solutions

wireless + more

**THE SOTTO SOLUTION**

- How it Works
- Why it Matters
- Solution Details
- How it Compares

**WIRELESS APPS**

**SOTTO PHONES**

- Hybrid Wireless
- Cellular Phones
- Office Phones

**PHONES FAQ**

**IS SOTTO FOR ME?**

**SOTTO HYBRID WIRELESS PHONE**

**ONE PHONE FOR OFFICE AND CELLULAR CALLING**

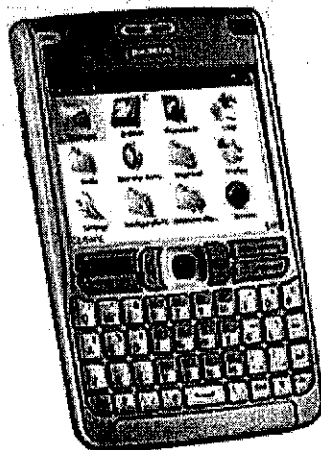
Sotto's dual-mode Hybrid Wireless Phone solution incorporates both cellular and WiFi capability into one phone. This phone sends calls over the Internet (VoIP) using your company's wireless LAN in the office and uses the cellular network when you are away from the office. Usage of the wireless LAN improves your in-building wireless coverage – enabling you to avoid expensive cellular charges. The phone supports both your wireless voice and data communications. Sotto has partnered with industry leader Nokia to offer their new E61 Smartphone as our featured Hybrid phone.

**HIGHLIGHTS**

- Simplifies communications with one phone, one voicemail, and consistent features for office and cellular calling
- Takes advantage of extended wireless coverage in the office to deliver high quality voice everywhere you need it
- VoIP calling via Wi-Fi over your wireless LAN saves you money and minutes on your cellular plan
- QWERTY keyboard makes wireless email and other applications simple and convenient

» Learn more about the Nokia E61

**NOKIA E61**



**OTHER FEATURES AND SPECIFICATIONS OF THE NOKIA E61**

**FEATURE**

**BENEFITS**

**Application support and Flexibility**

- Supports the most common features of Microsoft Word, PowerPoint and Excel
- Multi-tasking abilities: send and receive emails while talking on the phone
- Access to up-to-date calendar and contact information
- Works in offline mode – read and write email even when network is unavailable

	<ul style="list-style-type: none"> <li>• Large user memory; up to 64 MB + support for miniSD card</li> </ul>
<b>Handsfree speakerphone</b>	<ul style="list-style-type: none"> <li>• Convenience of conferencing easily from any location</li> </ul>
<b>Fast and flexible data connections</b>	<ul style="list-style-type: none"> <li>• WCDMA provides fast, cellular connectivity</li> <li>• WLAN provides fast, local-area connectivity</li> </ul>
<b>Innovative design and form factor</b>	<ul style="list-style-type: none"> <li>• Sleek, stylish design – premium materials and thin construction</li> <li>• Full keyboard with backlight</li> <li>• Large landscape screen</li> <li>• Easy, one-handed navigation; one-press access to email</li> </ul>
<b>High Quality display</b>	<ul style="list-style-type: none"> <li>• Large, advanced high-resolution screen shows images sharper and reduces scrolling</li> <li>• Documents and applications appear with high clarity</li> </ul>
<b>Symbian operating system version 60</b>	<ul style="list-style-type: none"> <li>• Mature platform means many applications are available</li> </ul>

< Back

**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL  
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,  
WASHINGTON METROPOLITAN STATISTICAL AREA**

**EXHIBIT 6**





Find, Compare, Review Voip Providers

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[Give Us Feedback](#) : [VoIP](#)

Home

Compare VoIP Providers

VoIP Providers Reviews

Learn about VoIP

VoIP Forums

> Filter Results <

Select Plan Type

Home

Select Country

US

Select Area Code & City (Optional)

206

- All -

Select Provider (Optional)

- All -

Select Features (Optional)

3 Way Calling

911*

Call Waiting

Caller ID

Keep Your Number

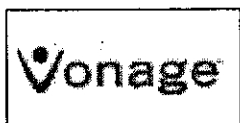
Voice Mail

Search Now

Advanced Search >>

(Additional features)

Sponsored providers



## Compare Voip Service Providers









VoIP Plans for US 206

160 Plans found

Marketplace Results Showing - How The Search Results Work


Providers	Plan and Description	Ongoing Monthly Fee/ First Month Fee	Long Distance Rate	User Rating
<b>Compare</b>				
<input type="checkbox"/>	<b>Vonage</b> <b>Vonage Basic 500 Plan</b> 500 anytime minutes a month to anywhere in the US (including Puerto Rico) & Canada	\$14 ⁹⁹ /\$56 ⁸² <i>Equipment incl.</i>	3.9¢ With 500 mins free!	★★★★★ 750 Reviews
<input type="checkbox"/>	<b>Vonage</b> <b>Vonage Premium Unlimited Plan</b> Unlimited calling throughout the 50 United States, Canada, Puerto Rico, France, Ireland, Italy, Spain, and the U.K. anytime, anywhere.	\$24 ⁹⁹ /\$42 ³⁶ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 750 Reviews
<input type="checkbox"/>	<b>SunRocket</b> <b>SunRocket SunRocket Limited Edition</b> Includes 200 outbound minutes to US, Can, Puerto Rico and other int'l SunSpot destinations. 10+ free calling features, taxes included.	\$9 ⁹⁵ /\$49 ⁹⁰ <i>Equipment incl.</i>	3¢ With 200 mins free!	★★★★★ 802 Reviews
<input type="checkbox"/>	<b>SunRocket</b> <b>SunRocket Annual Edition</b> \$199/year, unlimited calls to the US & Can... up to 100 minutes of international calls, taxes not included, no contract, money-back guarantee.	\$16 ⁵⁸ /\$26 ⁸⁴ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 802 Reviews
<input type="checkbox"/>	<b>SunRocket</b> <b>SunRocket Monthly Edition</b> Unlimited calling to the U.S., Canada, and Puerto Rico, plus over 12 built-in features, Enhanced Voicemail, bonus international calling, and more!	\$24 ⁹⁵ /\$66 ²⁸ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 802 Reviews
<input type="checkbox"/>	<b>JoiPhone</b> <b>JoiPhone \$6.95/mo JoiPhone w/voicemail Annual Plan</b> Phone lines, Voice Mail, Call-Waiting, Caller-ID, Fax to email, 25+ free features, any area code, unlimited incoming calls, 100 free LD minutes.	\$6 ⁹⁵ /\$21 ⁹⁰ <i>Equipment incl.</i>	2¢ With 100 mins free!	★★★★★ 11 Reviews
<input type="checkbox"/>	<b>JoiPhone</b> <b>JoiPhone 2 Phone Lines \$9.95/mo</b> 2 Phone lines, Voice Mail, Call-Waiting, Caller-ID, Fax to email, 25+ free features, any area code.	\$9 ⁹⁵ /\$24 ⁹⁰	2¢ With 200 mins free!	★★★★★ 11 Reviews


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Seattle MSA  
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		unlimited incoming calls, 200 free LD minutes.	Equipment incl.		
<input type="checkbox"/>		<b>JoiPhone \$14.95 JoiPhone Unlimited Annual Plan</b> Unlimited LD minutes, Phone line, Voice Mail, Call-Waiting, Caller-ID, Fax to email, 25+ free features, any area code, unlimited incoming calls.	\$14 ⁹⁵ /\$82 ³⁵ Equipment incl.	0¢ Unlimited	★★★★★ 11 Reviews
<input type="checkbox"/>		<b>JoiPhone 2 Unlimited JoiPhone lines \$17.95-SPECIAL</b> Unlimited LD minutes, Phone line, Voice Mail, Call-Waiting, Caller-ID, Fax to email, 25+ free features, any area code, unlimited incoming calls.	\$17 ⁹⁵ /\$62 ⁹⁰ Equipment incl.	0¢ Unlimited	★★★★★ 11 Reviews
<input type="checkbox"/>	<b>Packet8</b> Internet Phone Service	<b>Packet8 Freedom Annual</b> Annual discounted service. \$199 per year, all the benefits of Freedom Unlimited. Free phone with mail-in rebate.	\$16 ⁵⁸ /\$46 ⁵⁷ Equipment incl.	0¢ Unlimited	★★★★★ 169 Reviews
<input type="checkbox"/>	<b>Packet8</b> Internet Phone Service	<b>Packet8 Freedom Unlimited</b> Unlimited calling to the USA and Canada along with all of the great features from Packet8	\$19 ⁹⁹ /\$51 ⁹⁷ Equipment incl.	0¢ Unlimited	★★★★★ 169 Reviews
<input type="checkbox"/>	<b>Packet8</b> Internet Phone Service	<b>Packet8 Freedom Unlimited VideoPhone</b> Unlimited worldwide video calls in addition to unlimited local and long distance calling to the USA and Canada	\$19 ⁹⁹ /\$199 ⁹⁷ Equipment incl.	0¢ Unlimited	★★★★★ 169 Reviews
<input type="checkbox"/>		<b>ViaTalk VT_ Unlimited Annual</b> Unlimited Local & Long Distance To US & Canada	\$8 ²⁹ /\$49 ⁴⁴ Equipment incl.	0¢ Unlimited	★★★★★ 75 Reviews
<input type="checkbox"/>		<b>ViaTalk VT_ 500</b> 500 Local & Long Distance Minutes To US & Canada	\$9 ⁹⁵ /\$51 ¹⁰ Equipment incl.	3.5¢ With 500 mins free!	★★★★★ 75 Reviews
<input type="checkbox"/>		<b>Cordia Residential Unlimited U.S.</b> Unlimited calls to anywhere in the continental U.S. and Canada. Sign up anywhere in the world broadband and Internet calling are available.	\$14 ⁹⁵ /\$54 ⁸⁵ Equipment incl.	0¢ Unlimited	★★★★★ 30 Reviews
<input type="checkbox"/>		<b>Cordia Puerto Rico Unlimited</b> Call anywhere in Puerto Rico without restrictions. Includes unlimited calls to the Continental U.S. and Canada.	\$24 ⁹⁵ /\$64 ⁸⁵ Equipment incl.	0¢ Unlimited	★★★★★ 30 Reviews
<input type="checkbox"/>		<b>Voip Your Life Premier Basic</b> Affordable, reliable service with unlimited incoming calls. Outbound calls only 2.4¢	\$14 ⁹⁷ /\$19 ⁹² Equipment incl.	2.4¢ With 0 mins free!	★★★★★ 103 Reviews

**Packet8**  
Internet Phone Service







Sponsored providers

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Ads by Gooooogle

**Compare VoIP Services**  
We compare and review the leading Internet Phone (VoIP) providers  
www.ConsumerCompare.org





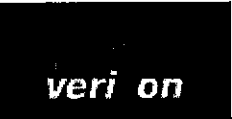





**Cut Your Phone Bill 66%**  
Turn your highspeed connection into a phone line. Home & business plans  
5pcom.com

**Vonage - Unlimited \$24.99**  
Keep your existing phone number. Rated top VoIP Service - PC World.  
www.Vonage.com

**Pay and Go VoIP \$6.99/mo**  
The first Internet Phone Service bundled with Calling Card.  
www.VoIPVoIP.com

**Internet Phone Providers**  
Compare Prices, Features & Reviews Cheap VoIP Providers - Check Here!  
TheISPGuide.com

Advertise on this site

<input type="checkbox"/>	 <b>VoIP Your Life</b> 1-888-785-2369	<b>Voip Your Life Premier Unlimited</b> Residential service with unlimited calling to the USA and Canada, including Cellular.	\$23 ⁹⁷ / \$28 ⁹² Equipment incl.	0¢ Unlimited	☆☆☆☆☆ 103 Reviews
<input type="checkbox"/>	 <b>VoIP Your Life</b> 1-888-785-2369	<b>Voip Your Life Premier Global Unlimited</b> Residential service with unlimited calls to US, Canada and 33 other countries.	\$29 ⁹⁷ / \$34 ⁹² Equipment incl.	0¢ Unlimited	☆☆☆☆☆ 103 Reviews
<input type="checkbox"/>	 <b>VelocityTel</b>	<b>VelocityTel Residential Basic 500</b> Free equipment, free shipping, no activation fee. 500 minutes per month to anywhere in the US and Canada.	\$14 ⁹⁵ / \$0 ⁰ Equipment incl.	3¢ With 500 mins free!	☆☆☆☆☆ 51 Reviews
<input type="checkbox"/>	 <b>VelocityTel</b>	<b>VelocityTel Premium Dial Plan</b> Free equipment, free shipping, no activation fee. Unlimited minutes anywhere in the US and Canada.	\$24 ⁹⁵ / \$0 ⁰ Equipment incl.	0¢ Unlimited	☆☆☆☆☆ 51 Reviews
<input type="checkbox"/>	 <b>verizon</b>	<b>Verizon VoiceWing 500</b> 500 minutes of local and long distance calling and your favorite calling features at no extra charge.	\$19 ⁹⁵ / \$27 ⁹⁵ Equipment incl.	4¢ With 500 mins free!	☆☆☆☆☆ 22 Reviews
<input type="checkbox"/>	 <b>verizon</b>	<b>Verizon VoiceWing Unlimited</b> Unlimited local and long distance calling in the US and Canada and your favorite calling features at no extra charge.	\$24 ⁹⁵ / \$32 ⁹⁵ Equipment incl.	0¢ Unlimited	☆☆☆☆☆ 22 Reviews
<input type="checkbox"/>	 <b>CALLCentric</b>	<b>Callcentric Pay Per Call</b> No monthly fees! Pay only for the calls you make.	\$0 ⁰ / \$4 ⁴⁰ Equipment incl.	1.98¢ With 0 mins free!	☆☆☆☆☆ 9 Reviews
<input type="checkbox"/>	 <b>CALLCentric</b>	<b>Callcentric North America Unlimited</b> Unlimited calling to the USA and Canada.	\$19 ⁹⁵ / \$24 ³⁵ Equipment incl.	0¢ Unlimited	☆☆☆☆☆ 9 Reviews
<input type="checkbox"/>	 <b>mondotalk</b>	<b>MondoTalk SweetTalk 10</b> \$10 Prepaid credit US and Canada 2.9¢/min International calls at our low rates! MondoTalk to MondoTalk calls are FREE!	\$0 ⁰ / \$10 ⁰ Equipment incl.	2.9¢ With 0 mins free!	☆☆☆☆☆ 9 Reviews
<input type="checkbox"/>	 <b>mondotalk</b>	<b>MondoTalk SweetTalk 50</b> \$50 Prepaid credit US and Canada at only 2¢/min 15% discount on our International call rates! MondoTalk to MondoTalk calls are FREE!	\$0 ⁰ / \$50 ⁰ Equipment incl.	2¢ With 0 mins free!	☆☆☆☆☆ 9 Reviews
<input type="checkbox"/>		<b>MondoTalk SmallTalk 200 US/Canada</b> US/Canada 200 minutes Less than 2.5¢/min After 200 min 2.9¢/min International calls at our	\$4 ⁹⁵ / \$4 ⁹⁵	2.9¢ With 200 mins free!	☆☆☆☆☆ 9 Reviews

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**Compare VoIP Services**

We compare and review the leading Internet Phone (VoIP) providers  
www.ConsumerCompare.org

**Voip Calling Plan**

Looking to find calling plan? Visit our calling plan guide.  
PlansCatalog.net

**Voip Phone Provider**

Searching for telephone provider? See our telephone provider guide.  
TelephonesCatalog.com

**Verizon Voice Wing (- \$17)**

With Verizon Voice Wing VOIP, get \$17 Cash Back. Plan starts \$19.95  
www.greedybargains.com

**Amazing Web Phone Deals**

Over 20 best selling internet phone service providers to compare!  
www.voipan.com

Advertise on this site

		low rates. MondoTalk to MondoTalk calls are FREE!	Equipment incl.		
<input type="checkbox"/>		<b>MondoTalk GrandTalk 1000 US/Canada</b> 1000 minutes to US and Canada. Less than 1.5c/min. After 1000 minutes 2c/min. Enjoy 15% off international rates MondoTalk to MondoTalk calls are FREE!	\$14 ⁹⁵ /\$14 ⁹⁵  Equipment incl.	2¢ With 1000 mins free!	★★★★★ 9 Reviews
<input type="checkbox"/>		<b>Vonics Digital Residential Basic Plan</b> Unlimited inbound calls from anywhere in the world & 500 minutes to call anywhere in the US & Canada - just 3 cents per minute after the 500 minutes.	\$12 ⁹⁹ /\$47 ⁸³  Equipment incl.	3¢ With 500 mins free!	★★★★★ 24 Reviews
<b>Compare</b>		Marketplace Results Showing - How The Search Results Work			

**Filter Results** - This tool allows users to filter through hundreds of different plans and compare

- 1) Sorting by plan type, country, area code and city will let you know which providers are
- 2) Sort by actual providers and look at all the plans available for that individual provider
- 3) Sort by popular features and look at plans that only have the features you want.
- 4) Use the advanced search tool to sort by minimum and maximum price or select from a help select the best voip provider.

**Page Results** - Sort through the results by average monthly costs, long distance rates, and user

- 1) Average monthly cost includes the equipment, setup fee, activation fee and monthly fee divided by 12 to give you the average.
- 2) Long distance rates include the amount of free long distance minutes the plan offers a minute after the free minutes are gone.
- 3) Click on the user ratings to see how users rated each provider for sound quality, reliability features, price and overall rating. You can also add your own voip review.

**Goal** - Our goal is to provide our users with the most relevant information available so that they can make a decision. If you have any comments or suggestions to improve our product, please share those on our feedback page.

*911 over a VoIP service may not function in certain circumstances such as in the event of a loss of connection, or if you provide incorrect address information. For more information, please review your VoIP provider and visit nena.org

**E911 over a VoIP service is different from traditional 911 service in important ways. Click Here

***We do not have any information about availability for services marked with "****"

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> Filter Results <

Select Plan Type

Home

Select Country

US

Select Area Code & City (Optional)

206

- All -

Select Provider (Optional)

- All -

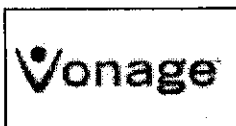
Select Features (Optional)

- 3 Way Calling
- 911*
- Call Waiting
- Caller ID
- Keep Your Number
- Voice Mail

Search Now

Advanced Search >>  
(Additional features)

Sponsored providers



## Compare Voip Service Providers

VoIP Plans for US 206

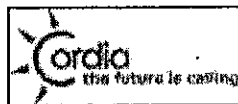
160 Plans found

Marketplace Results Showing - How The Search Results Work

Providers	Plan and Description	Ongoing Monthly Fee/ First Month Fee	Long Distance Rate	User Rating
<input type="checkbox"/>	<b>Vonics Digital Residential Platinum Plan</b> Unlimited calls anywhere in the United States and Canada for the low price \$18.99 for the first six months and \$24.99 a month thereafter.	\$18 ⁹⁹ /\$47 ⁸³ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 24 Reviews
<input type="checkbox"/>	<b>Vonics Digital WorldFone</b> Choose from one of 42 available countries' WorldFone plans - Such as the UK plan which transforms international calls from U.K to local calls.	\$29 ⁹⁹ /\$32 ⁸³ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 24 Reviews
<input type="checkbox"/> <b>Net2Phone®</b>	<b>Net2Phone® VoiceLine U.S./Canada 500 Plan</b> 500 minutes to the U.S. and Canada with a local U.S. phone number (unlimited inbound minutes)	\$14 ⁹⁹ /\$55 ⁹⁸ <i>Equipment incl.</i>	3.9¢ With 500 mins free!	★★★★★ 17 Reviews
<input type="checkbox"/> <b>Net2Phone®</b>	<b>Net2Phone® VoiceLine U.S. and Canada Unlimited</b> Unlimited minutes to the U.S. and Canada with a U.S. local phone number	\$29 ⁹⁹ /\$70 ⁹⁸ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 17 Reviews
<input type="checkbox"/> <b>Voipgo</b>	<b>Voipgo Voipgo Unlimited</b> Unlimited calling to Canada & the US! Only \$16.99/month for VoipReview users (Normally 24.95)! One plan. Everything.	\$16 ⁹⁹ /\$16 ⁹⁹ <i>Equipment incl.</i>	0¢ Unlimited	★★★★★ 2 Reviews
<input type="checkbox"/> <b>SageVone</b>	<b>SageVone Sage Connect</b> 250 anytime minutes a month for US (including Puerto Rico) & Canada. Basic calling features. Online account management.	\$8 ⁹⁵ /\$40 ⁹⁰ <i>Equipment incl.</i>	2.95¢ With 0 mins free!	★★★★★ 12 Reviews
<input type="checkbox"/> <b>SageVone</b>	<b>SageVone Sage Saver Basic</b> 600 anytime minutes a month for US (including Puerto Rico) & Canada. Dozens of bundled calling features. Online call management.	\$16 ⁹⁵ /\$40 ⁹⁰ <i>Equipment incl.</i>	2.95¢ With 600 mins free!	★★★★★ 12 Reviews
<input type="checkbox"/> <b>SageVone</b>	<b>SageVone Sage Saver Special Unlimited Plan</b> Unlimited calls: US, Argentina.	\$17 ⁹⁵ /\$58 ⁸⁵		★★★★★

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<input type="checkbox"/>	<b>SageVone</b>	Canada, China, Hong Kong, Europe, Russia, Singapore, Sweden. All top calling features and voice mail included.	Equipment incl.	0¢ Unlimited	12 Reviews
<input type="checkbox"/>	<b>SageVone</b>	<b>SageVone Sage Saver Unlimited</b> Unlimited calls: US, Argentina, Canada, China, Hong Kong, Europe, Russia, Singapore, Sweden. All top calling features and voice mail included.	Equipment incl.	\$22 ⁹⁵ /\$40 ⁹⁰ 0¢ Unlimited	12 Reviews
<input type="checkbox"/>	<b>ECR Voice</b>	<b>ECR Voice ECR Voice Basic U.S.</b> 300 Minutes Free (Local and Long Distance) Only 3.9 cents a minute after that.	Equipment incl.	\$14 ⁹⁵ /\$2 ⁵⁰ 3.9¢ With 300 mins free!	20 Reviews
<input type="checkbox"/>	<b>ECR Voice</b>	<b>ECR Voice ECR Voice Unlimited</b> Unlimited Local and Long Distance Calling throughout the United States and Canada.	Equipment incl.	\$24 ⁹⁵ /\$2 ⁵⁰ 0¢ Unlimited	20 Reviews
<input type="checkbox"/>	<b>VoX</b>	<b>VoX VoX Basic</b> 200 free minutes to anywhere in the USA and Canada. 3.9 cents per minute for additional minutes.	Equipment incl.	\$9 ⁹⁵ /\$49 ⁸⁵ 3.9¢ With 0 mins free!	4 Reviews
<input type="checkbox"/>	<b>VoX</b>	<b>VoX VoX Unlimited</b> Enjoy unlimited calling across the U.S. and Canada. Calls to other VoX users, even outside of the country, are always free.	Equipment incl.	\$29 ⁹⁵ /\$69 ⁸⁵ 0¢ Unlimited	4 Reviews
<input type="checkbox"/>	<b>MyPeople</b>	<b>MyPeople Simple</b> Free Local Calls & 100 Long Distance Minutes Included. 3 Free Email Accounts with 100MB Storage and 5 Free Voice Mail Boxes.	Equipment incl.	\$15 ⁰ /\$30 ⁰ 5¢ With 100 mins free!	7 Reviews
<input type="checkbox"/>	<b>MyPeople</b>	<b>MyPeople Simply Unlimited</b> Free Long Distance. Features like "One Call Tell All" and "Reminder Calls". 3 Free Email Accounts with 100MB of Storage. 5 Voice Mail Boxes.	Equipment incl.	\$25 ⁰ /\$30 ⁰ 0¢ Unlimited	7 Reviews
<input type="checkbox"/>	<b>InPhonex</b>	<b>InPhonex InPhonex LiteLine</b> Need an incoming DID number without an Unlimited Calling Plan? InPhonex lets you combine "pay as you go calling" with your own incoming number.	Equipment incl.	\$7 ⁹⁵ /\$26 ¹⁵ 2.5¢ With 0 mins free!	6 Reviews
<input type="checkbox"/>	<b>InPhonex</b>	<b>InPhonex USA and Canada Residential Unlimited</b> Unlimited residential calling to the USA and Canada with InPhonex Direct Incoming Number. This plan includes calls to mobile phones.	Equipment incl.	\$24 ⁹⁵ /\$53 ¹⁵ 0¢ Unlimited	6 Reviews
<input type="checkbox"/>	<b>EarthLink</b>	<b>EarthLink Earthlink trueVoice Basic</b> 500 minutes free local and long distance calling in the continental US and Canada.	Equipment incl.	\$14 ⁹⁵ /\$49 ⁹⁰ 4¢ With 500 mins free!	60 Reviews
<input type="checkbox"/>	<b>EarthLink</b>	<b>EarthLink Earthlink trueVoice Unlimited</b> Unlimited local and long distance calling in the continental US and Canada.	Equipment incl.	\$24 ⁹⁵ /\$49 ⁹⁰ 0¢ Unlimited	60 Reviews



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**Free Broadband Phone**  
\$100 value-Take it anywhere w/SunRocket activation (Great Deal)  
www.freebroadbandphone.net

**VOIP 30 Day Free Trial**  
Unlimited monthly calling to US, Canada and Puerto Rico. \$19.95.  
www.VOIP.com

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<input type="checkbox"/>	<b>ZingoTel</b>	<b>ZingoTel Basic</b> Includes 100 minutes to the continental US and Canada	\$5 ⁹⁵ /\$29 ⁹⁰ Equipment incl.	3.9¢ With 100 mins free!	★★★★★ 89 Reviews
<input type="checkbox"/>	<b>ZingoTel</b>	<b>ZingoTel Plus</b> Includes 400 minutes to the Continental US and Canada.	\$9 ⁹⁵ /\$29 ⁹⁰ Equipment incl.	3.9¢ With 400 mins free!	★★★★★ 89 Reviews
<input type="checkbox"/>	<b>ZingoTel</b>	<b>ZingoTel Residential Unlimited</b> \$14.95/mo no contract service plan. Make unlimited calls to the continental US and Canada! All features included.	\$14 ⁹⁵ /\$29 ⁹⁰ Equipment incl.	0¢ Unlimited	★★★★★ 89 Reviews
<input type="checkbox"/>	<b>NetZero Voice</b>	<b>NetZero Voice NetZero Unlimited (PC Based Calling)</b> Get unlimited computer-to-phone, computer-to-computer minutes. Use the possibility to choose your own personal phone number. First month is free.	\$14 ⁹⁵ /\$0 ⁰ Equipment incl.	0¢ Unlimited	★★★★★ 40 Reviews
<input type="checkbox"/>	<b>VoiceEclipse</b>	<b>VoiceEclipse Basic</b> 500 Minutes USA & Canada	\$12 ⁹⁵ /\$12 ⁹⁵ Equipment incl.	3.5¢ With 500 mins free!	★★★★★ 64 Reviews
<input type="checkbox"/>	<b>VoiceEclipse</b>	<b>VoiceEclipse Premium</b> 2 Phone Numbers, 2 Phone Lines, voFax on both Lines	\$19 ⁹⁵ /\$19 ⁹⁵ Equipment incl.	0¢ Unlimited	★★★★★ 64 Reviews
<input type="checkbox"/>	<b>ITP</b>	<b>ITP Residential Basic</b> 500 local and long distance minutes ANYWHERE in the U.S, Canada and Puerto Rico.	\$9 ⁹⁹ /\$52 ⁸⁹ Equipment incl.	2.5¢ With 500 mins free!	★★★★★ 67 Reviews
<input type="checkbox"/>	<b>ITP</b>	<b>ITP Premium Unlimited</b> Unlimited Calls ANYWHERE in the U.S, Canada and Puerto Rico.	\$19 ⁹⁹ /\$62 ⁸⁹ Equipment incl.	0¢ Unlimited	★★★★★ 67 Reviews
<input type="checkbox"/>	<b>Speakeasy</b>	<b>Speakeasy VoIP/Home</b> Home VoIP is for Speakeasy DSL customers and includes a full feature set and unlimited local & long distance calling to the US & Canada.	\$23 ⁹⁵ /\$59 ⁹⁰ Equipment incl.	0¢ Unlimited	★★★★★ 10 Reviews
<input type="checkbox"/>	<b>iPhone.com</b>	<b>iPhone.com iPhone Voice Residential Basic</b> \$14.99 - 500 Minutes of Local/LD calling within the USA and Canada. \$.03 min thereafter. Service to over 4000 USA cities. Analog Adapter included.	\$14 ⁹⁹ /\$54 ⁹⁸ Equipment incl.	3¢ With 500 mins free!	Write Review
<input type="checkbox"/>	<b>iPhone.com</b>	<b>iPhone.com iPhone Voice Residential Unlimited</b> \$29.99 -Unlimited calling throughout the USA and Canada. Caller ID, Voicemail to Email, and more. Analog Adapter included.	\$29 ⁹⁹ /\$69 ⁹⁸ Equipment incl.	0¢ Unlimited	Write Review
<b>Compare</b>		Marketplace Results Showing - How The Search Results Work			

**Filter Results** - This tool allows users to filter through hundreds of different plans and compare

- 1) Sorting by plan type, country, area code and city will let you know which providers are
- 2) Sort by actual providers and look at all the plans available for that individual provider
- 3) Sort by popular features and look at plans that only have the features you want.
- 4) Use the advanced search tool to sort by minimum and maximum price or select from a help select the best voip provider.



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> Filter Results <

Select Plan Type

Home

Select Country

US

Select Area Code & City (Optional)

206

- All -

Select Provider (Optional)

- All -

Select Features (Optional)

3 Way Calling

911*

Call Waiting

Caller ID

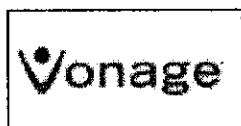
Keep Your Number

Voice Mail

Search Now

Advanced Search >>  
(Additional features)

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## Compare Voip Service Providers

VoIP Plans for US 206

160 Plans found

Marketplace Results Showing - How The Search Results Work

Providers	Plan and Description	Ongoing Monthly Fee/ First Month Fee	Long Distance Rate	User Rat
<input type="checkbox"/> <b>Compare</b>				
<input type="checkbox"/> <b>Nuvio</b>	<b>Nuvio Residential 500 Outgoing</b> 500 Outgoing Minutes Unlimited Incoming	\$14 ⁹⁹ /\$46 ⁴⁶ Equipment incl.	3¢ With 500 mins free!	☆☆☆☆ 5 <a href="#">Review</a>
<input type="checkbox"/> <b>Nuvio</b>	<b>Nuvio Residential Unlimited</b> Unlimited Local and Long Distance	\$29 ⁹⁹ /\$61 ⁴⁶ Equipment incl.	0¢ Unlimited	☆☆☆☆ 5 <a href="#">Review</a>
<input type="checkbox"/> <b>Broadvox Direct</b>	<b>Broadvox Direct Residential Choice Plus</b> Get 100 monthly outgoing minutes to call anywhere in the US & Canada. Overage is billed at 2.9 cents per minute. Incoming calls are free.	\$9 ⁹⁵ /\$61 ⁸⁵ Equipment incl.	2.9¢ With 100 mins free!	☆☆☆☆ 10 <a href="#">Review</a>
<input type="checkbox"/> <b>Broadvox Direct</b>	<b>Broadvox Direct Residential Unlimited</b> Unlimited local, regional, and long distance calls to the US & Canada, including Alaska and Hawaii. Free virtual number included.	\$29 ⁹⁵ /\$71 ⁸⁵ Equipment incl.	0¢ Unlimited	☆☆☆☆ 10 <a href="#">Review</a>
<input type="checkbox"/> <b>AT&amp;T CallVantage</b>	<b>AT&amp;T CallVantage Unlimited Local Plan</b> Unlimited local calling and pay only 4¢ per minute for long distance calls.	\$19 ⁹⁹ /\$59 ⁹³ Equipment incl.	4¢ With 0 mins free!	☆☆☆☆ 29 <a href="#">Review</a>
<input type="checkbox"/> <b>AT&amp;T CallVantage</b>	<b>AT&amp;T CallVantage Unlimited Local and Long Distance Plan</b> Unlimited local and long distance calling in the US and to Canada.	\$24 ⁹⁹ /\$39 ⁹⁴ Equipment incl.	0¢ Unlimited	☆☆☆☆ 29 <a href="#">Review</a>
<input type="checkbox"/> <b>MyPhoneCompany</b>	<b>MyPhoneCompany MyHome - Unlimited Local</b> Includes a local phone number of your choice, phone-to-internet device, unlimited local calling, and 2.5 cents per minute to the USA and Canada.	\$19 ⁹⁹ /\$59 ⁹⁸ Equipment incl.	2.5¢ With 0 mins free!	☆☆☆☆ 36 <a href="#">Review</a>
<input type="checkbox"/> <b>MyPhoneCompany</b>	<b>MyPhoneCompany MyHome - Unlimited USA &amp; Canada</b> Includes a local phone number of your choice and unlimited local and long distance to the USA and Canada.	\$24 ⁹⁹ /\$64 ⁹⁸ Equipment incl.	0¢ Unlimited	☆☆☆☆ 36 <a href="#">Review</a>
<input type="checkbox"/> <b>Net2Phone®</b>	<b>Net2Phone® VoiceLine Basic</b> Per-minute rates for all calls.	\$8 ⁹⁹ /\$49 ⁹⁸ Equipment incl.	5¢ With 0 mins free!	☆☆☆☆ 17 <a href="#">Review</a>



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<input type="checkbox"/>	<b>iConnectHere ®</b>	<b>iConnectHere @ \$6.99 World Plan</b> ICH's World Plan is Pay-as-you-Go broadband phone for just \$6.99/month + access to our award-winning network and the lowest rates in the market.	<del>\$6⁹⁹</del> / <del>\$6⁹⁷</del>  Equipment incl.	2¢ With 0 mins free!	☆☆☆☆ 46 Review
<input type="checkbox"/>	<b>iConnectHere ®</b>	<b>iConnectHere @ World Plan +400</b> ICH's World Plan is Pay-as-you-Go broadband phone with the lowest rates in the market. The +400 is for 400 world minutes each month for only \$15.99	<del>\$15⁹⁹</del> / <del>\$15⁹⁷</del>  Equipment incl.	2¢ With 400 mins free!	☆☆☆☆ 46 Review
<input type="checkbox"/>	<b>iConnectHere ®</b>	<b>iConnectHere @ World Plan +800</b> ICH's World Plan is Pay-as-you-Go broadband phone with the lowest rates in the market. The +800 is for 800 US/Can minutes each month for only \$15.99	<del>\$15⁹⁹</del> / <del>\$15⁹⁷</del>  Equipment incl.	2¢ With 800 mins free!	☆☆☆☆ 46 Review
<input type="checkbox"/>	<b>iConnectHere ®</b>	<b>iConnectHere @ World Plan +2000</b> ICH's World Plan is Pay-as-you-Go broadband phone with the lowest rates in the market. The +2000 is for 2000 US/Can minutes each month for only \$24.99	<del>\$24⁹⁹</del> / <del>\$24⁹⁷</del>  Equipment incl.	2¢ With 2000 mins free!	☆☆☆☆ 46 Review
<input type="checkbox"/>	<b>voip.com</b>	<b>voip.com Unlimited In-State Calls</b> *** Unlimited in-state calls, 3.9¢ per min for calls to USA, Canada & Puerto Rico. \$9.95 per month. All voip features.	<del>\$9⁹⁵</del> / <del>\$49⁸⁵</del>  Equipment incl.	3.9¢ With 0 mins free!	☆☆☆☆ 49 Review
<input type="checkbox"/>	<b>voip.com</b>	<b>voip.com Unlimited Yearly</b> *** You want unlimited calling and want to save by paying for the whole year upfront.	<del>\$16⁹⁵</del> / <del>\$56⁸⁵</del>  Equipment incl.	0¢ Unlimited	☆☆☆☆ 49 Review
<input type="checkbox"/>	<b>voip.com</b>	<b>voip.com \$19.95/mo Unlimited</b> *** Unlimited US & Canada Calls, E911, 100+ features, 24/7 customer support, \$0.01/min to Europe and South America all for \$19.95/month. 1-800-TRY-VOIP	<del>\$19⁹⁵</del> / <del>\$39⁹⁰</del>  Equipment incl.	0¢ Unlimited	☆☆☆☆ 49 Review
<input type="checkbox"/>	<b>iConnectVoice</b>	<b>iConnectVoice Basic Residential</b> *** The Basic Plan includes 500 minutes per month to anywhere in the USA or Canada. Additional minutes are charged at 3 cents per minute.	<del>\$14⁹⁵</del> / <del>\$9⁹⁵</del>  Equipment incl.	3¢ With 500 mins free!	☆☆☆☆ 1 Review
<input type="checkbox"/>	<b>iConnectVoice</b>	<b>iConnectVoice Premium Residential</b> *** The Premium Residential Plan includes unlimited minutes per month to anywhere in the USA or Canada.	<del>\$21⁹⁵</del> / <del>\$9⁹⁵</del>  Equipment incl.	0¢ Unlimited	☆☆☆☆ 1 Review
<input type="checkbox"/>	<b>5 Point Communications</b>	<b>5 Point Communications Basic</b> *** Get 500 minutes of coverage in U.S. or Canada.	<del>\$14⁹⁵</del> / <del>\$14⁹⁵</del>  Equipment incl.	0¢ With 500 mins free!	Write Rev
<input type="checkbox"/>	<b>5 Point Communications</b>	<b>5 Point Communications Unlimited</b> *** Unlimited Calls in U.S. and Canada. Free Calling to Europe, Free Calling to Puerto Rico. 1 Year Contract	<del>\$19⁹⁵</del> / <del>\$19⁹⁵</del>  Equipment incl.	0¢ Unlimited	Write Rev



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5pcom.com

**VoIP Phone Savings**  
Start saving money on your phone and start with VoIP for only \$9.95m  
www.uchatvolp.i-fortuity.com

**ViaTalk Internet Phone**  
View ViaTalk Internet Phone Service Plans - Now Offering 1 Free Year  
www.ViaTalk.com

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		locks in low price.	Equipment incl.		
<input type="checkbox"/>	<a href="#">globalconnect.net</a>	<a href="#">globalconnect.net pc to Pc ***</a>	<del>\$0</del> / <del>\$0</del> Equipment incl.	0¢ With 0 mins free!	★★★★★ 5 Review.
<input type="checkbox"/>	<a href="#">YesTalk</a>	<a href="#">YesTalk YesTalk ***</a> FREE! YesTalk Softphone Unlimited PC to PC	<del>\$29</del> / <del>\$29</del> Equipment incl.	0¢ With 0 mins free!	Write Rev
<input type="checkbox"/>	<a href="#">YesTalk</a>	<a href="#">YesTalk YesTalk Value ***</a> FREE! YesTalk Softphone Asia Package	<del>\$39</del> / <del>\$39</del> Equipment incl.	0¢ With 0 mins free!	Write Rev
<input type="checkbox"/>	<a href="#">YesTalk</a>	<a href="#">YesTalk YesTalk Premium ***</a> Follow ME Feature	<del>\$99</del> / <del>\$99</del> Equipment incl.	0¢ With 0 mins free!	Write Rev
<input type="checkbox"/>	<a href="#">UnifiedDirect</a>	<a href="#">UnifiedDirect UnifiedDirect Phone2Go ***</a> Sign up for a plan of your choice and buy a Phone2Go. You are now able to use the same PC account on your Phone2Go at no extra charge.	<del>\$0</del> / <del>\$0</del> Equipment incl.	0¢ With 0 mins free!	★★★★★ 3 Review.
<input type="checkbox"/>	<a href="#">UnifiedDirect</a>	<a href="#">UnifiedDirect Residential Build Your Own Plan ***</a> The UnifiedDirect Build Your Own Plan allows you to purchase the features and calling time that you need. There is no expiry on the calling time.	<del>\$9</del> / <del>\$9</del> Equipment incl.	0¢ With 0 mins free!	★★★★★ 3 Review.
<input type="checkbox"/>	<a href="#">UnifiedDirect</a>	<a href="#">UnifiedDirect Residential Unlimited ***</a> Unlimited inbound and outbound calling to these locations. Canada, USA, Puerto Rico, Hawaii, Guam, U.S Virgin Islands, Germany, France, Spain, UK, Ireland, Netherlands	<del>\$34</del> / <del>\$34</del> Equipment incl.	0¢ Unlimited	★★★★★ 3 Review.
<input type="checkbox"/>	<a href="#">UnifiedDirect</a>	<a href="#">UnifiedDirect Pocket PC Plan ***</a> The UnifiedDirect PocketPC Plan allows you to take your phone with you wherever you go. All you need is a wireless connection.	<del>\$34</del> / <del>\$34</del> Equipment incl.	0¢ With 0 mins free!	★★★★★ 3 Review.
<input type="checkbox"/>	<a href="#">FuguPhone</a>	<a href="#">FuguPhone 12-Months   Residential ***</a> Get billed less often and save \$48 Replace your existing expensive land-line Get access to our great features	<del>\$14</del> / <del>\$14</del> Equipment incl.	0¢ With 0 mins free!	Write Rev
<input type="checkbox"/>	<a href="#">FuguPhone</a>	<a href="#">FuguPhone 6-Months   Residential ***</a> Get billed less often and save \$12 Replace your existing expensive land-line Enjoy very inexpensive long distance	<del>\$16</del> / <del>\$16</del> Equipment incl.	0¢ With 0 mins free!	Write Rev

Compare

Marketplace Results Showing - How The Search Results Work

**Filter Results** - This tool allows users to filter through hundreds of different plans and compare

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- 3) Sort by popular features and look at plans that only have the features you want.
- 4) Use the advanced search tool to sort by minimum and maximum price or select from c



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Select Plan Type

Home

Select Country

US

Select Area Code & City (Optional)

206

- All -

Select Provider (Optional)

- All -

Select Features (Optional)

3 Way Calling

911*

Call Waiting

Caller ID

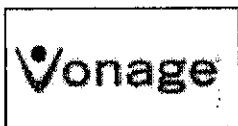
Keep Your Number

Voice Mail

Search Now

Advanced Search >>  
(Additional features)

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## Compare Voip Service Providers

VoIP Plans for US 206

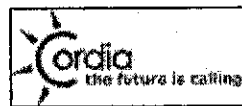
160 Plans found

Marketplace Results Showing - How The Search Results Work

Providers	Plan and Description	Ongoing Monthly Fee/ First Month Fee	Long Distance Rate	Use
<input type="checkbox"/> <a href="#">Compare</a>				
<input type="checkbox"/> <a href="#">FuguPhone</a>	<b>FuguPhone 1-Month   Residential ***</b> Commit only to one month. Use your phone anywhere you have broadband Internet access.	\$18 ⁰ /\$18 ⁰ <i>Equipment incl.</i>	0¢ With 0 mins free!	<a href="#">Write</a>
<input type="checkbox"/> <a href="#">FuguPhone</a>	<b>FuguPhone 1-Month   Business ***</b> Dual channel monthly	\$32 ⁰ /\$32 ⁰ <i>Equipment incl.</i>	0¢ With 0 mins free!	<a href="#">Write</a>
<input type="checkbox"/> <a href="#">VoIPFrog.com</a>	<b>VoIPFrog.com Residential ***</b> Unlimited local/long US, CA and Puerto Rico. Call waiting, caller ID, three way calling, Voice Mail, New Caller ring back tone!	\$24 ⁹⁵ /\$24 ⁹⁵ <i>Equipment incl.</i>	0¢ With 0 mins free!	<a href="#">Write</a> <a href="#">Rate</a>
<input type="checkbox"/> <a href="#">VoIPFrog.com</a>	<b>VoIPFrog.com Residential Plus ***</b> Same as residential but many more features like find me follow me, Comm Pilot Express, Free Computer Phones	\$35 ⁹⁵ /\$35 ⁹⁵ <i>Equipment incl.</i>	0¢ With 0 mins free!	<a href="#">Write</a> <a href="#">Rate</a>
<input type="checkbox"/> <a href="#">VoIPFrog.com</a>	<b>VoIPFrog.com Business ***</b> Unlimited local/long distance US, CA, and Puerto Rico. Caller ID, three way calling, call hold	\$49 ⁹⁵ /\$49 ⁹⁵ <i>Equipment incl.</i>	0¢ With 0 mins free!	<a href="#">Write</a> <a href="#">Rate</a>
<input type="checkbox"/> <a href="#">VoIPFrog.com</a>	<b>VoIPFrog.com Business Plus ***</b> All the features of Business but you also get, Call center and hunt groups, Virtual PBX, comm pilot, much much more	\$89 ⁹⁵ /\$89 ⁹⁵ <i>Equipment incl.</i>	0¢ With 0 mins free!	<a href="#">Write</a> <a href="#">Rate</a>
<input type="checkbox"/> <a href="#">TomatoVine</a>	<b>TomatoVine OnVine 500 ***</b> 500 anytime minutes to the U.S., Canada, & Puerto Rico. FREE VoiceMail, Caller ID, Call Waiting... NO ANNUAL CONTRACTS	\$14 ⁹⁵ /\$39 ⁹⁰ <i>Equipment incl.</i>	3.49¢ With 500 mins free!	<a href="#">Write</a> <a href="#">Rate</a>
<input type="checkbox"/> <a href="#">TomatoVine</a>	<b>TomatoVine OnVine Unlimited ***</b> Unlimited anytime minutes to the U.S., Canada, & Puerto Rico. FREE VoiceMail, Caller ID, Call Waiting... NO ANNUAL CONTRACTS	\$24 ⁹⁵ /\$39 ⁹⁰ <i>Equipment incl.</i>	0¢ Unlimited	<a href="#">Write</a> <a href="#">Rate</a>
<input type="checkbox"/> <a href="#">ALLO.COM</a>	<b>ALLO.COM International Virtual Number Forwarding ***</b> Get a Virtual Number and forward to your primary phone. (cell, home,	\$0 ⁰ /\$0 ⁰	0¢ With 0 mins	<a href="#">Write</a>

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		office). This is a great solution for people with friends or family overseas!	Equipment incl.	free!	Re
<input type="checkbox"/>	<b>ALLO.COM</b>	<b>ALLO.COM Pay As You Go ***</b> Purchase ALLO minutes or ALLO Int'l Credits and call.	\$0 ⁰ /\$7 ⁹⁵ Equipment incl.	0¢ With 0 mins free!	Write
<input type="checkbox"/>	<b>ALLO.COM</b>	<b>ALLO.COM Toll Free Forwarding ***</b> Get a Toll Free number in the USA or Canada and forward it to any number (cell, home, office). People calling will not pay. Includes 100 min/month	\$4 ⁹⁵ /\$4 ⁹⁵ Equipment incl.	0¢ With 0 mins free!	Write
<input type="checkbox"/>	<b>ALLO.COM</b>	<b>ALLO.COM US/CDN Virtual Number ***</b> Get a Virtual Number from any area code within the USA or Canada forward it to any number (cell, home, office). Includes 100 free minutes/month	\$4 ⁹⁵ /\$4 ⁹⁵ Equipment incl.	0¢ With 0 mins free!	Write
<input type="checkbox"/>	<b>ALLO.COM</b>	<b>ALLO.COM Unlimited ***</b> Unlimited calling to USA & Canada.	\$23 ⁹⁵ /\$0 ⁰ Equipment incl.	0¢ Unlimited	Write
<input type="checkbox"/>	<b>Rubicon</b>	<b>Rubicon Unlimited North American Residential ***</b> Unlimited calling to continental U.S. and Canadian mobile and fixed line numbers.	\$24 ⁹⁸ /\$44 ⁹⁶ Equipment incl.	0¢ Unlimited	Write
<input type="checkbox"/>	<b>Rubicon</b>	<b>Rubicon Unlimited North American Toll-Free Residential ***</b> Unlimited outgoing and incoming residential calls to and from the USA and Canada with a toll free 800 number.	\$49 ⁹⁵ /\$74 ⁹³ Equipment incl.	0¢ Unlimited	Write
<input type="checkbox"/>	<b>Olivoice</b>	<b>Olivoice Economy ***</b> Unlimited calls to all Olivoice subscribers worldwide. Local, Long Distance and International calls starting from 2.5¢/minute. All the Olivoice features for free, including 3 phone number in the USA and Canada, Voicemail, and more than 10 other features.	\$9 ⁹⁵ /\$9 ⁹⁵ Equipment incl.	0¢ With 0 mins free!	Write
<input type="checkbox"/>	<b>Olivoice</b>	<b>Olivoice America ***</b> Unlimited calls to the USA and Canada. Mobile and landline. Unlimited calls to all Olivoice subscribers worldwide. International calls starting from 2.5¢/minute. All the Olivoice features for free, including 3 phone number in the USA and Canada, Voicemail, and more than 10 other features.	\$19 ⁹⁵ /\$19 ⁹⁵ Equipment incl.	0¢ With 0 mins free!	Write
<input type="checkbox"/>	<b>Olivoice</b>	<b>Olivoice No Limits ***</b> Unlimited calls to 33 international destinations. Unlimited calls to the USA and Canada. Mobile and landline. Unlimited calls to all Olivoice subscribers worldwide. International calls starting from 2.5¢/minute. All the Olivoice features for free, including 3 phone number in the USA and Canada, Voicemail, and more than 10 other features.	\$24 ⁹⁵ /\$24 ⁹⁵ Equipment incl.	0¢ With 0 mins free!	Write
		<b>Proximiti Home Select ***</b>			



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5pcom.com

**VoIP Phone Savings**  
Start saving money on your phone and start with VoIP for only \$9.95m  
www.uchatvoip.i-fortuity.com

**ViaTalk Internet Phone**  
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www.ViaTalk.com

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<input type="checkbox"/>	<b>Proximiti</b>	UNLIMITED local and long distance calling throughout the US and Canada. Includes 1 line and softphone.	\$29 ⁹⁹ /\$38 ⁹⁴ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>Proximiti</b>	<b>Proximiti Home Complete ***</b> UNLIMITED local and long distance calling throughout the US and Canada. Includes 2 lines, 2 anywhere numbers and softphone.	\$39 ⁹⁹ /\$48 ⁹⁴ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>Proximiti</b>	<b>Proximiti Multi-Home Select ***</b> UNLIMITED local and long distance calling throughout the US and Canada. Includes 2 lines, 2 adapters, and softphone.	\$49 ⁹⁹ /\$88 ⁹³ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>Proximiti</b>	<b>Proximiti Multi-Home Complete ***</b> UNLIMITED local and long distance calling throughout the US and Canada. Includes 4 lines, 4 anywhere numbers, 2 adapters, and softphone.	\$69 ⁹⁹ /\$108 ⁹³ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>iOnosphere</b>	<b>iOnosphere Residential Value 500 ***</b> Includes 500 free minutes to anywhere in the US.	\$14 ⁹⁹ /\$14 ⁹⁹ Equipment incl.	0¢ With 500 mins free!	Write Review
<input type="checkbox"/>	<b>iOnosphere</b>	<b>iOnosphere Residential Unlimited ***</b> Unlimited calling to anywhere in the continental US and Canada.	\$24 ⁹⁵ /\$24 ⁹⁵ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>ANEW</b>	<b>ANEW Residential 500 ***</b> 500 minutes included to anywhere in the US.	\$19 ⁹⁹ /\$29 ⁴⁹ Equipment incl.	3.5¢ With 500 mins free!	Write Review
<input type="checkbox"/>	<b>ANEW</b>	<b>ANEW Residential Unlimited ***</b> Unlimited minutes to anywhere in the US.	\$28 ⁹⁹ /\$38 ⁴⁹ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>ISNtelcom</b>	<b>ISNtelcom Americas 500 Plan ***</b> Unlimited Local and Regional Calling. 500 minutes to Major Latin-American Cities*, USA & Canada. All ISNtelcom features included.	\$19 ⁹⁵ /\$39 ⁹⁰ Equipment incl.	2.5¢ With 500 mins free!	Write Review
<input type="checkbox"/>	<b>ISNtelcom</b>	<b>ISNtelcom Americas Unlimited Plan ***</b> Unlimited Calls to Major Latin-American Cities. Unlimited Calls to USA & Canada. All ISNtelcom features included.	\$29 ⁹⁵ /\$39 ⁹⁰ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>Efonica</b>	<b>Efonica efonica FREE ***</b> Create your own personal calling network and talk to other efonica members anywhere in the world, anytime, for free, forever!	\$0 ⁰ /\$0 ⁰ Equipment incl.	0¢ Unlimited	Write Review
<input type="checkbox"/>	<b>Clearwire</b>	<b>Clearwire Unlimited ***</b> Say goodbye to big phone bills! Add unlimited local and long distance calling. Users of this service must be subscribers to Clearwire Broadband.	\$29 ⁹⁹ /\$79 ⁹⁹ Equipment incl.	0¢ Unlimited	Write Review

Compare Marketplace Results Showing - How The Search Results Work

Filter Results - This tool allows users to filter through hundreds of different plans and compare

- 1) Sorting by plan type, country, area code and city will let you know which providers are
- 2) Sort by actual providers and look at all the plans available for that individual provider



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> Filter Results <

Select Plan Type

Home

Select Country

US

Select Area Code & City (Optional)

206

- All -

Select Provider (Optional)

- All -

Select Features (Optional)

3 Way Calling

911*

Call Waiting

Caller ID

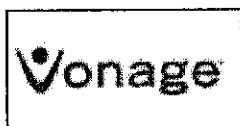
Keep Your Number

Voice Mail

Search Now

Advanced Search >>  
(Additional features)

Sponsored providers



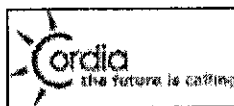
## Compare Voip Service Providers

VoIP Plans for US 206

Providers		Plan and Description	Ongoing Monthly Fee/ First Month Fee	Long Distance Rate	U:
<b>Compare</b>					
<input type="checkbox"/>	<b>RocketVoIP</b>	<b>RocketVoIP Easy Residential ***</b> Unlimited calls to Western Europe and within the USA and Canada.	\$19 ⁹⁵ /\$64 ⁸⁰ Equipment incl.	0¢ Unlimited	U:
<input type="checkbox"/>	<b>CloseCall America</b>	<b>CloseCall America Residential ***</b> Residential features. Unlimited Local, Canadian and Domestic Long Distance.	\$28 ⁹⁵ /\$28 ⁹⁵ Equipment incl.	0¢ Unlimited	Wi
<input type="checkbox"/>	<b>Jivetel Communications</b>	<b>Jivetel Communications US-jive - Unlimited US / Canada Calling for \$24.95 ***</b> Jive all you want day & night to anywhere in the US & Canada from anywhere with a broadband connection for \$24.95/month.	\$24 ⁹⁵ /\$69 ⁸⁵ Equipment incl.	0¢ Unlimited	Wi
<input type="checkbox"/>	<b>Cape.com: Broadband Voice</b>	<b>Cape.com: Broadband Voice US 600 ***</b> 600 minutes within the Continental US at 2.5 cents per minute; 3.5 cents per minute thereafter.	\$15 ⁰ /\$15 ⁰ Equipment incl.	2.5¢ With 0 mins free!	Wi
<input type="checkbox"/>	<b>Cape.com: Broadband Voice</b>	<b>Cape.com: Broadband Voice US 1000 ***</b> 1000 minutes within the Continental US at 2.5 cents per minute; 3.5 cents per minute thereafter.	\$25 ⁰ /\$25 ⁰ Equipment incl.	2.5¢ With 0 mins free!	Wi
<input type="checkbox"/>	<b>ACN Digital Phone Service</b>	<b>ACN Digital Phone Service Home Unlimited ***</b> Unlimited calls to the US, Canada and Puerto Rico	\$23 ⁹⁹ /\$63 ⁹⁷ Equipment incl.	0¢ Unlimited	U:
<input type="checkbox"/>	<b>BabyTelUSA</b>	<b>BabyTelUSA Pay As You Go ***</b> Free calls to other BabyTEL users. 3 cents/min. for all calls (including inbound).	\$9 ⁹⁵ /\$39 ⁹⁰ Equipment incl.	3¢ With 0 mins free!	Wi
<input type="checkbox"/>	<b>BabyTelUSA</b>	<b>BabyTelUSA US and Canada 500 ***</b> This plan includes 500 minutes to anywhere in the US and Canada and unlimited inbound calls.	\$12 ⁹⁵ /\$42 ⁹⁰ Equipment incl.	3¢ With 500 mins free!	Wi
<input type="checkbox"/>	<b>BabyTelUSA</b>	<b>BabyTelUSA US and Canada Unlimited ***</b> Unlimited calls anywhere in the US and Canada and unlimited inbound calls.	\$21 ⁹⁵ /\$51 ⁹⁰ Equipment incl.	0¢ Unlimited	Wi

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<input type="checkbox"/>	<b>GalaxyVoice</b>	<b>GalaxyVoice Basic Residential Service ***</b> One low monthly fee of \$9.95, 2.9 cents per minute for all calls within the Continental USA.	\$9 ⁹⁵ /\$104 ⁸⁵ <i>Equipment incl.</i>	2.9¢ With 0 mins free!	ℙ
<input type="checkbox"/>	<b>GalaxyVoice</b>	<b>GalaxyVoice Unlimited Residential Service ***</b> Unlimited Residential Canada and U.S. Local and Long Distance (within Continental US) Calling only \$19.95!	\$19 ⁹⁵ /\$114 ⁸⁵ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
<input type="checkbox"/>	<b>QuantumVoice</b>	<b>QuantumVoice Regional Service Plan ***</b> This plan allows you to make unlimited calls within your region plus get 250 minutes of nationwide long distance (including Canada).	\$19 ⁹⁹ /\$64 ⁹⁴ <i>Equipment incl.</i>	4¢ With 250 mins free!	ℙ
<input type="checkbox"/>	<b>QuantumVoice</b>	<b>QuantumVoice Premier Service Plan ***</b> For only \$29.99 you get unlimited local and unlimited long distance within the USA and Canada!	\$29 ⁹⁹ /\$159 ⁹⁴ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
<input type="checkbox"/>	<b>QuantumVoice</b>	<b>QuantumVoice Residential 800 Unlimited Service Plan ***</b> No Limits! Toll-Free # with Unlimited INBOUND and Outbound Calling for \$39.99!	\$39 ⁹⁹ /\$169 ⁹⁴ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
<input type="checkbox"/>	<b>OPEX: Internet Voice</b>	<b>OPEX: Internet Voice Residential Unlimited Local Plan ***</b> Free Local Calls	\$14 ⁹⁹ /\$113 ⁹⁶ <i>Equipment incl.</i>	1.9¢ With 0 mins free!	ℙ
<input type="checkbox"/>	<b>OPEX: Internet Voice</b>	<b>OPEX: Internet Voice Residential Unlimited Local and LD Plan ***</b> Unlimited Local and Long Distance Calls to USA and Canada	\$24 ⁹⁹ /\$123 ⁹⁶ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
<input type="checkbox"/>	<b>FonVantage</b>	<b>FonVantage Standard FonVantage ***</b> Unlimited calling anywhere in the U.S. and Canada.	\$29 ⁹⁵ /\$96 ⁸⁵ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
<input type="checkbox"/>	<b>WireSpeed Telecommunications</b>	<b>WireSpeed Telecommunications Residential Basic + VM ***</b> Residential line with residential feature set and voicemail.	\$19 ⁹⁵ /\$50 ⁹⁵ <i>Equipment incl.</i>	3¢ With 0 mins free!	ℙ
<input type="checkbox"/>	<b>WireSpeed Telecommunications</b>	<b>WireSpeed Telecommunications Residential Basic Unlimited + VM ***</b> Basic residential feature set with voicemail and unlimited long-distance within the continental US and Canada.	\$24 ⁹⁵ /\$55 ⁹⁵ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
<input type="checkbox"/>	<b>WireSpeed Telecommunications</b>	<b>WireSpeed Telecommunications Residential Enhanced + Voice Mail ***</b> Residential feature set with full access web-portal login and voicemail.	\$24 ⁹⁵ /\$62 ⁹⁵ <i>Equipment incl.</i>	3¢ With 0 mins free!	ℙ
<input type="checkbox"/>	<b>WireSpeed Telecommunications</b>	<b>WireSpeed Telecommunications Residential Enhanced Unlimited + VM ***</b> Residential feature set with web-portal and unlimited long-distance in the continental US and Canada.	\$29 ⁹⁵ /\$67 ⁹⁵ <i>Equipment incl.</i>	0¢ Unlimited	ℙ
		<b>Voiceral Communications, Inc. Voiceral Communications, Inc.</b>			ℙ



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We compare and review the leading Internet Phone (VoIP) providers  
www.ConsumerCompare.org

**Internet Phone Comparison**  
Compare Broadband Phone Service Providers Prices and Plans  
www.VoIPProviderHQ.com

**FREE International Calls**  
USA UK Canada China Hong Kong Singapore Taiwan Australia  
www.mediaringtalk.com

**No Start Up Fee**  
Get your first month free. Unlimited VoIP calling for \$19.95  
5pcom.com

**VoIP Phone Savings**  
Start saving money on your phone and start with VoIP for only \$9.95m  
www.uchatvoip.i-fortully.com

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<input type="checkbox"/>	<b>Voiceral Communications, Inc.</b>	*** Unlimited calls in the US, Canada, China, Hong Kong and Taiwan	\$14 ⁹⁹ /\$53 ⁹⁸ Equipment incl.	0¢ Unlimited	
<input type="checkbox"/>	<b>NetVelocite</b>	<b>NetVelocite Residential VOIP ***</b> Unlimited Local Calling in the US and Canada.	\$24 ⁹⁹ /\$164 ⁹⁸ Equipment incl.	5¢ With 0 mins free!	✓
<input type="checkbox"/>	<b>Intelefone-Global Dial-Up VoIP</b>	<b>Intelefone-Global Dial-Up VoIP Friends and Family ***</b> Unlimited FREE InteleFone to InteleFone calls. Great low rates worldwide.	\$9 ⁹⁵ /\$92 ³⁵ Equipment incl.	2.9¢ With 0 mins free!	✓
<input type="checkbox"/>	<b>Intelefone-Global Dial-Up VoIP</b>	<b>Intelefone-Global Dial-Up VoIP Premium North American ***</b> Unlimited FREE InteleFone to InteleFone calls. 500 free minutes to anywhere in the US, Puerto Rico, and Canada.	\$14 ⁹⁵ /\$97 ³⁵ Equipment incl.	2.9¢ With 500 mins free!	✓
<input type="checkbox"/>	<b>Intelefone-Global Dial-Up VoIP</b>	<b>Intelefone-Global Dial-Up VoIP Unlimited North American ***</b> Unlimited minutes to the US or Canada. Crystal-clear connections on dial-up modems as slow as 28.8k. Free phone with plan. Free user-to-user.	\$24 ⁹⁵ /\$107 ¹⁰ Equipment incl.	0¢ Unlimited	✓
<input type="checkbox"/>	<b>International Number Exchange</b>	<b>International Number Exchange INX Local ***</b> Personal US/CA number with unlimited local calls and 2.1¢ US and Canadian long distance	\$7 ⁹⁵ /\$25 ⁹⁰ Equipment incl.	2.1¢ With 0 mins free!	✓
<input type="checkbox"/>	<b>International Number Exchange</b>	<b>International Number Exchange INX Personal Unlimited ***</b> Personal US/CA number with unlimited local and long distance calls in the US and Canada	\$19 ⁹⁵ /\$37 ⁹⁰ Equipment incl.	0¢ Unlimited	✓
<input type="checkbox"/>	<b>NexBoom ( Champion Communications )</b>	<b>NexBoom ( Champion Communications ) Residential VoIP ***</b> Unlimited US, Canada and in-network minutes.	\$24 ⁹⁵ /\$106 ⁹⁵ Equipment incl.	0¢ Unlimited	✓
<input type="checkbox"/>	<b>Our Digital Voice</b>	<b>Our Digital Voice Basic Home ***</b> 500 Minutes in U.S. & Canada. All Call Features Included free.	\$14 ⁹⁹ /\$59 ⁹⁵ Equipment incl.	4¢ With 500 mins free!	✓
<input type="checkbox"/> Compare		Marketplace Results Showing - How The Search Results Work			

**Filter Results** - This tool allows users to filter through hundreds of different plans and compare

- 1) Sorting by plan type, country, area code and city will let you know which providers are
- 2) Sort by actual providers and look at all the plans available for that individual provider
- 3) Sort by popular features and look at plans that only have the features you want.
- 4) Use the advanced search tool to sort by minimum and maximum price or select from help select the best voip provider.

**Page Results** - Sort through the results by average monthly costs, long distance rates, and user

- 1) Average monthly cost includes the equipment, setup fee, activation fee and monthly fee divided by 12 to give you the average.
- 2) Long distance rates include the amount of free long distance minutes the plan offers a minute after the free minutes are gone.





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> Filter Results <

Select Plan Type

Home

Select Country

US

Select Area Code & City (Optional)

206

- All -

Select Provider (Optional)

- All -

Select Features (Optional)

3 Way Calling

911*

Call Waiting

Caller ID

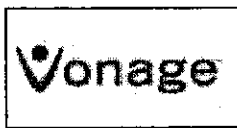
Keep Your Number

Voice Mail

Search Now

[Advanced Search >>](#)  
(Additional features)

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## Compare Voip Service Providers

VoIP Plans for US 206

160 Plans found

Marketplace Results Showing - How The Search Results Work

Providers	Plan and Description	Ongoing Monthly Fee/ First Month Fee	Long Distance Rate	User
<input type="checkbox"/> <a href="#">Compare</a>				
<input type="checkbox"/> <a href="#">Yak</a>	<b>Yak yak Unlimited Plan ***</b> Unlimited calling to the United States & Canada with huge savings on all per minute rates for calls around the world.	\$19 ⁹⁹ /\$34 ⁴⁴ <i>Equipment incl.</i>	0¢ Unlimited	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">Qwest</a>	<b>Qwest OneFlex ***</b> Local phone service with standard feature set included. Long distance billed separately with a \$19.99 per month cap.	\$29 ⁹⁹ /\$69 ⁹⁷ <i>Equipment incl.</i>	5¢ With 0 mins free!	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">Lingo ( Primus )</a>	<b>Lingo ( Primus ) Lingo Link ***</b> Get unlimited in-network and incoming calls. Other calls are billed at 3 cents per minute.	\$7 ⁹⁵ /\$39 ⁹⁰ <i>Equipment incl.</i>	3¢ With 0 mins free!	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">Lingo ( Primus )</a>	<b>Lingo ( Primus ) Basic ***</b> You get 500 minutes of VoIP home service each month to call anyone in the U.S., Canada, and Puerto Rico.	\$14 ⁹⁵ /\$39 ⁹⁰ <i>Equipment incl.</i>	3¢ With 500 mins free!	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">Lingo ( Primus )</a>	<b>Lingo ( Primus ) Unlimited ***</b> You get unlimited minutes of VoIP home phone service each month to call anyone in the U.S., Canada, and Western Europe	\$21 ⁹⁵ /\$39 ⁹⁰ <i>Equipment incl.</i>	0¢ Unlimited	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">BroadVoice</a>	<b>BroadVoice Unlimited In-State ***</b> The BroadVoice Unlimited In-State plan allows you to pick the state you call most often and include all calls to that state in your plan.	\$9 ⁹⁵ /\$68 ³⁵ <i>Equipment incl.</i>	3.9¢ With 0 mins free!	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">BroadVoice</a>	<b>BroadVoice Unlimited World ***</b> Unlimited USA includes your choice of phone number, and calls to anyone in the US and Canada are free.	\$19 ⁹⁵ /\$74 ⁸⁵ <i>Equipment incl.</i>	0¢ Unlimited	☆☆ <a href="#">Re</a>
<input type="checkbox"/> <a href="#">BroadVoice</a>	<b>BroadVoice Unlimited World Plus ***</b> The BroadVoice Unlimited World plan lets you talk all you want. For just \$24.95 you get unlimited calling to 35 countries including the United States.	\$24 ⁹⁵ /\$83 ³⁵ <i>Equipment incl.</i>	0¢ Unlimited	☆☆ <a href="#">Re</a>
	<b>VoicePulse Inc Local Unlimited</b>		3.9¢	☆☆

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<input type="checkbox"/>	<b>VoicePulse Inc</b>	<b>+200 ***</b> Get unlimited local calling and 200 long distances minutes free.	<b>\$14⁹⁹/ \$24⁹⁸</b> Equipment incl.	With 200 mins free!	Re
<input type="checkbox"/>	<b>VoicePulse Inc</b>	<b>VoicePulse Inc America Unlimited ***</b> Get unlimited calling anywhere in the United States.	<b>\$24⁹⁹/ \$34⁹⁸</b> Equipment incl.	0¢ Unlimited	Re
<b>Compare</b>		Marketplace Results Showing - How The Search Results Work			

**Filter Results** - This tool allows users to filter through hundreds of different plans and compare

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- 4) Use the advanced search tool to sort by minimum and maximum price or select from a list to help select the best voip provider.

**Page Results** - Sort through the results by average monthly costs, long distance rates, and user

- 1) Average monthly cost includes the equipment, setup fee, activation fee and monthly fee divided that by 12 to give you the average.
- 2) Long distance rates include the amount of free long distance minutes the plan offers a minute after the free minutes are gone.
- 3) Click on the user ratings to see how users rated each provider for sound quality, reliability, features, price and overall rating. You can also add your own voip review.

**Goal** - Our goal is to provide our users with the most relevant information available so that they can make a decision. If you have any comments or suggestions to improve our product, please share those on our feedback page.

*911 over a VoIP service may not function in certain circumstances such as in the event of a lost connection, or if you provide incorrect address information. For more information, please review your VoIP provider and visit [nena.org](http://nena.org)

**E911 over a VoIP service is different from traditional 911 service in important ways. Click [Here](#)

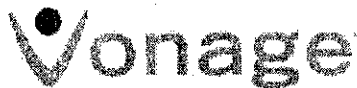
***We do not have any information about availability for services marked with "****"



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## Vonage Crosses 2 Million Line Mark

Holmdel, NJ, September 5, 2006 – Vonage Holdings Corp. (NYSE: VG), a leading provider of broadband telephone service, today announced it has exceeded 2 million lines in service.

"Activating over 2 million lines is a milestone for both Vonage and the industry," said Jeffrey A. Citron, chairman and chief strategist of Vonage Holdings Corp. "As we continue to grow our business, innovation will be a key focus. To move the industry forward we must create tools that enable people to communicate when, where and how they choose, on their terms."

Utilizing its innovative technology, Vonage sets the standard for the new generation of phone service with residential and business calling plans:

### Vonage Canada pricing plans and features*

- \$19.99/month - Residential Basic Plan – 500 minutes of local, toll and long distance calling throughout the 50 United States, Canada and Puerto Rico.
- \$39.99/month - Residential Premium Unlimited Plan – unlimited calling throughout the 50 United States, Canada, Puerto Rico, France, Ireland, Italy, Spain and the U.K., anytime, anywhere.
- \$55.99/month – Entrepreneur Pro Plan – 1500 minutes of calling throughout the 50 United States, Canada and Puerto Rico including a dedicated fax line.
- \$69.99/month – Entrepreneur Unlimited Plan – unlimited calling throughout the 50 United States, Canada, Puerto Rico, France, Ireland, Italy, Spain and the U.K, including a dedicated fax line.
- Features included at no additional charge in all Vonage plans:
  - Voicemail
  - Caller ID
  - Call waiting Call forwarding
  - Call hunt
  - Call transfer
  - Call return (*69)
  - Caller ID block (*67)
  - Repeat dialing
  - Area code selection
  - Number mobility
  - Bandwidth saver
  - Web-based account management
  - Voicemail retrieval and real-time inbound/outbound calling activity
  - International calling at significantly reduced rates
    - Tel Aviv 7 a minute
    - Hong Kong 6 cents a minute
    - Sydney 7 cents a minute

Vg-m

* VoIP 9-1-1 service has certain limitations versus traditional 9-1-1. See [vonage.ca](http://vonage.ca) for details. Monthly rates exclude fees for premium services and taxes. International calls are billed per minute. Credit card & high-speed Internet required. Other restrictions may apply. See [www.vonage.ca](http://www.vonage.ca) for complete Terms of Service & details.

### About Vonage Canada

Vonage Canada is a subsidiary of Vonage Holdings Corp. traded on the NYSE under the symbol VG. Vonage Canada is an early pioneer of the Canadian Internet phone industry, setting the standard for pricing, features, call quality and reliability for the entire VoIP category. Vonage's award winning service is sold on the web at [www.vonage.ca](http://www.vonage.ca) and through national retailers like Best Buy, Future Shop, London Drugs, The Source by Circuit City, Staples Business Depot/ BUREAU EN GROS, Office Depot, CompuSmart, Visions Electronics, Telephone Booth and WirelessWave. Vonage Canada is headquartered in Mississauga, ON. For more information about Vonage's products and services, please visit <http://www.vonage.ca> or call 1-877-272-0528. Vonage® is a registered trademark of Vonage Marketing. VoIP 9-1-1 service has certain limitations versus traditional 9-1-1. See [vonage.ca](http://vonage.ca) for details.

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FOR IMMEDIATE RELEASE:

## Clearwire Brings Fast, Simple and Portable Wireless Internet Service to Seattle, Everett, and Tacoma

*Clearwire Celebrates the Launch of its Largest Market to Date with the First-Ever  
Laser Light Show at the Seattle Space Needle;  
Clearwire Works with Community Organizations to Help Enhance the Ways Local  
Area Youth Live and Learn*

**KIRKLAND, WA (November 15, 2006)** —Clearwire Corporation ([www.clearwire.com](http://www.clearwire.com)) - a provider of next-generation wireless Internet services enabling fast, simple, portable and reliable communications anytime and anywhere within Clearwire's coverage area - announced today it has officially launched its service in Seattle, Everett, Tacoma and surrounding areas. More than two million people in the greater Seattle area are now eligible to subscribe for Clearwire's service.

"Clearwire's wireless technology can help users realize more freedom and the potential of the Internet," said Craig McCaw, chairman and co-CEO of Clearwire. "Our goal has always been to look at the wants and needs that people have in ways the major carriers didn't have interest or time to pursue. Clearwire is delivering on this goal by providing services that are differentiated from everything else that is currently available. We are seeing the same phenomenon today that we saw in cellular more than 20 years ago - people like the idea of not being tied to a specific location by a cable in order to communicate and access information."

"The Seattle, Tacoma and Everett deployments constitute Clearwire's largest market to date, making our services available now to more than eight million people in more than 360 cities and towns across the United States," said Ben Wolff, co-CEO and co-president of Clearwire. "We are changing the way people access all the Internet has to offer by delivering services that are fast, simple, portable, reliable and affordable. No other service provides all of these benefits in one package the way we do."

Clearwire provides an easy off-the-shelf wireless high-speed Internet solution. Customers typically have the service operating within minutes of receiving the modem without any need for a technician to visit. There is no software to load and generally no configuring or changes to the customer's computer. The fast and simple service can be accessed by simply taking the modem out of the box, plugging it in and connecting the Ethernet cord to the customer's computer. With users such as real estate professionals, contractors, students, home-based educators, public safety organizations and families, Clearwire's simple and portable service enables customers to access the internet in creative and unexpected ways.

"With Clearwire's service, we constantly see our customers redefine how they live and work," said Perry Satterlee, Clearwire's co-president. "We see customers invent new solutions and use Clearwire in ways which allow them to truly

experience the Internet on their terms."

Consistent with Clearwire's efforts to support the communities in which it operates, today's launch is coupled with Clearwire's announcement that it is working with local organizations to contribute its services to address the educational and communications needs of young people located in the Seattle, Tacoma and Everett communities in new and unique ways.

The company announced its "Clearly Connected Communities" initiative through which it will provide its simple and portable Internet service to community organizations assisting foster care, homeless and seriously ill children. The goal of Clearwire's initiative is to provide a means for children and teens to make meaningful connections with friends and loved ones and to take advantage of learning opportunities and entertainment that would not otherwise be available – breaking the barriers resulting from isolation or limited resources. Clearwire plans to work with several local organizations, which initially include: Starlight Starbright Children's Foundation ([www.starlight-washington.org](http://www.starlight-washington.org)), 826 Seattle ([www.826seattle.org](http://www.826seattle.org)), Team Read ([www.teamread.com](http://www.teamread.com)), and the Mockingbird Society ([www.mockingbirdsociety.org](http://www.mockingbirdsociety.org)). "We want to make a difference and apply our technology and services in ways that are important to the greater Seattle community," said McCaw.

Clearwire will celebrate the launch of its service in the greater Seattle area by presenting a laser light show tonight at the Seattle Space Needle. The first of its kind for the iconic Seattle landmark, the laser light show promises to be the largest in the city's history.

Customers can sign up for the Clearwire service by calling 1-888-CLEARWIRE or going to [www.clearwire.com](http://www.clearwire.com). In addition, customers can buy Clearwire at Best Buy stores, located in each of the Clearwire markets, as well as Clearwire authorized representatives, Clearwire retail locations and mall kiosks.

**About Clearwire**

Clearwire, founded by Craig McCaw, is a provider of reliable, wireless high-speed Internet service. Clearwire, headquartered in Kirkland, Wa., has launched wireless high-speed Internet service in 32 metro markets, covering more than 360 cities and towns in Alaska, California, Florida, Hawaii, Idaho, Minnesota, Nevada, North Carolina, Oregon, Texas, Washington and Wisconsin in the United States, as well as Ireland, Belgium, Denmark (under the Clearwire name with Danske Telecom) and Mexico (via its partner MVSNet). For more information, visit [www.clearwire.com](http://www.clearwire.com).

For more information, please contact Teresa Fausti at (425) 828-8018 or [teresa.fausti@clearwire.com](mailto:teresa.fausti@clearwire.com) or Emily Killoren at (206) 268-2267 or [emily.killoren@edelman.com](mailto:emily.killoren@edelman.com).

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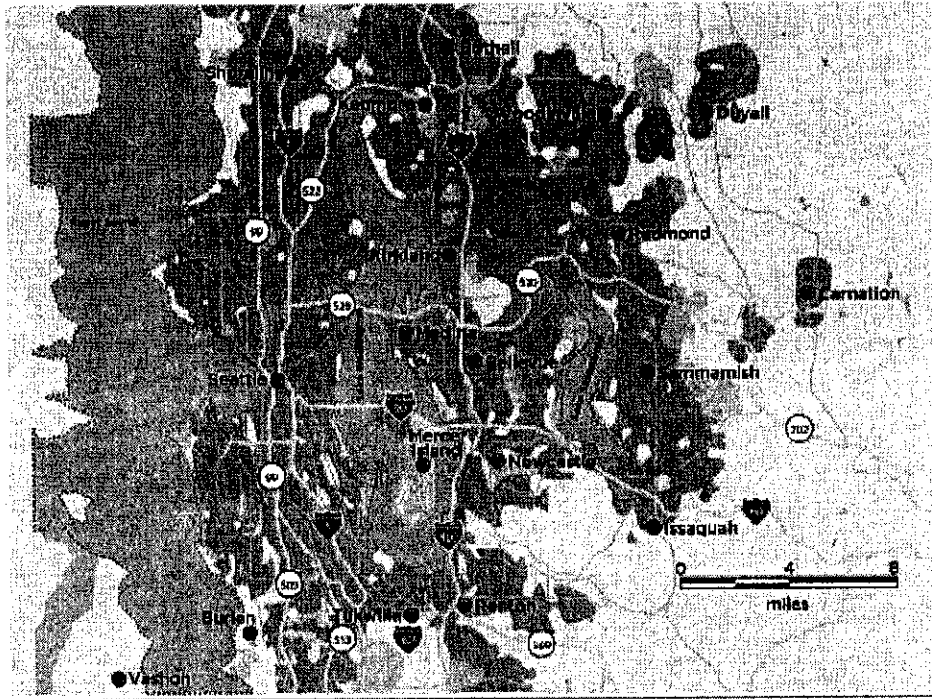
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<b>Total Savings</b>	<b>SAVE \$80.00</b>	<b>SAVE \$101.00</b>	<b>SAVE \$50.00</b>
<b>Downlink Speed</b>	768Kbps	1.5Mbps	1.5Mbps
<b>Uplink Speed</b>	256Kbps	256Kbps	256Kbps
<b>Email Addresses</b>	3	5	8
<b>Web Account</b>	--	10Mb	25Mb
<b>Static IP Addresses</b>	--	--	1
<b>Modem</b>			
<input checked="" type="radio"/> Lease	\$ 4.99/mo.	\$ 4.99/mo.	\$ 4.99/mo.
<input type="radio"/> Purchase			
<input type="radio"/> Have my own			
<b>Contract Length</b>	<input type="radio"/> 2 Year <input type="radio"/> 1 Year	<input checked="" type="radio"/> 2 Year <input type="radio"/> 1 Year	<input type="radio"/> 2 Year <input type="radio"/> 1 Year

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**Optional with any plan:**

<input type="checkbox"/> Additional Email Addresses	None	<input type="checkbox"/> /mo.
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### North American Residential VoIP Market to Increase Growth

By Newsdesk  
Jul 19, 2005

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Voice over Internet protocol (VoIP) service providers are gearing up to deal with the substantial increase in demand as well as challenges associated with moving into the mass market. They have to address the issues of pricing, regulatory uncertainty, and competition to be successful in the big league.

New analysis from Frost & Sullivan on North American Residential VoIP Markets reveals that market revenue totaled \$295.1 million in 2004 and expects to reach \$4,076.7 million in 2010.

Mass-market customers, unlike early adopters, are not attracted to new technology. They must be convinced that IP telephony is superior to plain old telephone service (POTS) and can provide access to 911 networks.

"Customer apprehension about the value of the service can be overcome by increasing awareness about the advantages of VoIP over traditional telephony," says Frost & Sullivan Senior Analyst Lynda Starr. "The issue of providing timely access to 911 can be alleviated through industry cooperation."

Once all issues are resolved, VoIP-based services will burgeon due to greater broadband penetration, service providers' need to increase revenue, and availability of low-priced services.

While potential subscribers are likely to show initial interest in IP telephony due to its cost savings, they will choose the service for additional features such as virtual numbers and videoconferencing.

VoIP also enables advanced features including Web-based call logs, click-to-dial, and scheduling phone calls. These options increase customer satisfaction and offer providers additional revenue streams.

However, some participants such as the incumbent telecommunications service providers correctly perceive competition from new IP telephony providers as a threat to their revenue. In the past, incumbent local exchange carriers (ILECs) in the United States have lost 15.0 million access lines to various competitors. Many of these lines are second lines used by teens, telecommuters, and for data lines.

"Residential subscribers are likely to replace second lines with wireless or VoIP; the benefits of VoIP include lower cost, additional features and ease of use," notes Starr. "If an ILEC offers

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VoIP, it risks cannibalizing traditional revenue but also opens up new revenue streams."

The residential VoIP market expects to witness significant growth in the customer base and revenue despite residential VoIP subscriptions still being in the nascent market stage.

Service providers that also deal in cable, Internet service provider (ISP), and non-telecom operations are likely to enter the market, and thereby drive the growth of VoIP lines from 1.5 million to more than 18.0 million during 2004-2010.

North America Residential VoIP Markets is part of the IP Communications subscription and discusses the opportunities and challenges faced by virtual network operators, incumbent providers, cable operators, and other new service providers targeting the market with VoIP-based services. It also enables companies to align their positioning strategies to benefit from the changing market and obtain maximum return on investment.

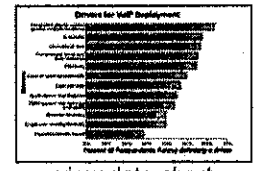
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**Press Contact:**  
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view data chart

## Enterprise VoIP adoption in North America will more than double in 2010

BOSTON, Massachusetts, May 10, 2006—While voice over IP is still in the early phase of adoption, it's starting to go mainstream, says a new study from Infonetics Research, *User Plans for VoIP: North America 2006*.

In the three years Infonetics has conducted VoIP adoption surveys as part of their larger study on VoIP usage, one trend is clear: the number of small, medium, and large organizations that plan to deploy or at least evaluate the technology is rising steadily. At the same time, awareness of available products and services is increasing, and while awareness doesn't necessarily translate into deployments, it is one of the first obstacles any new technology must overcome.

"Our forecasts show a continued steady uptake of VoIP over the next few years, with adoption following a relatively straight line, not the S-shaped curve typically seen in the adoption of emerging technologies," said Matthias Machowinski, directing analyst at Infonetics Research. "That's because VoIP uptake is largely tied to an organization needing a new phone system, and when companies buy a new phone system, they generally invest in the latest technology, which happens to be VoIP-based now. By our estimates, almost half of small and two-thirds of large organizations in North America will be using VoIP products and services by 2010."

A number of companies that are moving voice network investments aggressively from TDM to VoIP are actually decommissioning their legacy TDM PBXs, the ultimate show of confidence illustrating that VoIP has become enterprise-grade.

### Study Highlights

- 36% of large, 23% of medium, and 14% of small North American organizations interviewed were already using VoIP products and services in 2005
- VoIP adoption will triple by 2010 among small organizations in North America
- The top drivers for deploying VoIP are having an integrated phone system across multiple locations, scalability, operational cost savings, and converging voice and data networks
- Next to basic voice, money-saving long distance/toll bypass is the highest ranked application for VoIP
- The percent of users at respondent sites accessing VoIP over wireless LANs grows from 5% in 2006 to 20% in 2008
- Among respondents using in-house VoIP, the most commonly used protocols for their IP phone endpoints now and in 2008 are SIP and the 4 versions of H.323
- Cisco, Avaya, and Nortel, the top PBX manufacturers in North America, head the list of manufacturers of VoIP products currently in use (IP PBXs, gateways, and IP phones)
- Organizations spent an average of \$47,667 on hosted VoIP in 2005, growing 34% to \$63,799 in 2007; for managed CPE, expenditures grow from \$10,865 in 2005 to \$28,367 in 2007

Infonetics conducted in-depth interviews with 240 small, medium, and large organizations that use VoIP products and/or services now or will by 2007, an additional 450 shorter interviews to determine VoIP adoption rates, and 150 exit interviews to determine why organizations are not deploying VoIP. Most respondents use in-house VoIP some use managed VoIP services, and others use a combination of the two.

Download **sample data** at [www.info.infonetics.com](http://www.info.infonetics.com). For sales, contact **Larry Howard**, vice president, [larry@infonetics.com](mailto:larry@infonetics.com), +1 (408) 583-3335.

Infonetics Research ([www.infonetics.com](http://www.infonetics.com)) is the premier international market research and consulting firm specializing in data networking and telecom. We provide a complete view of the market through constant interaction with equipment manufacturers, service providers, end-users, chip and component manufacturers, sales channels, and the financial community. We offer quarterly market share and forecasting, end-user survey research, service provider survey research, and service

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## AT&T solves VoIP's 911 issue

By Leslie Cauley, USA TODAY

NEW YORK — AT&T says it's solved a problem that has dogged Internet-based phone service: how to provide emergency 911 to people who use VoIP — short for Voice over Internet Protocol — on the road.

The problem: VoIP users who call 911 from hotels and other remote sites sometimes can't be found by 911 operators. That's because the correct locations of these "nomadic" users don't show up on operators' screens.

The Federal Communications Commission has given Internet phone carriers until Nov. 28 to make their VoIP services 911-capable. AT&T's rival carriers are still working on the problem.

The national 911 service uses databases crammed with customers' home addresses to pinpoint the location of callers. VoIP is mobile. So home addresses are meaningless if a customer uses an Internet phone in a different location.

AT&T, which invented the USA's 911 service in 1968, estimates that about 5% of its 53,000 VoIP customers use the service on the road. There are about 2 million VoIP users nationwide.

"That is the bane of everybody's existence," says Robert Quinn, an AT&T vice president.

AT&T's nomadic solution, called Heartbeat, uses its Internet network to track the location of users. Here's how it works:

When VoIP customers power down, AT&T's network will automatically suspend VoIP service. Once the phone adapter is plugged back in, AT&T will ask the user to verify his or her location.

For customers who indicate they haven't moved, service will be instantly restored. If they have moved, they'll be directed to an 800 number or a Web page to register the new location.

AT&T's VoIP units — sold under the CallVantage name — are programmed to contact the carrier's global network once every 24 hours. During these communications, AT&T sends software upgrades and does maintenance.

Heartbeat works off that same protocol, Quinn notes.

AT&T's solution isn't foolproof. If a customer fails to verify he's moved to a remote location, AT&T has no way to check, Quinn says.

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The plan also has a limited reach. CallVantage now connects to about 50% of the "public safety administration points" that administer the 911 program. Those who travel outside that footprint will immediately lose service, Quinn says.

Quinn allows that AT&T's fix "isn't the most elegant solution." Still, he says, AT&T is hopeful it will help educate the public about VoIP, particularly the 911 limitations.

AT&T, which has been sold to SBC — the deal could close as early as next month — is open to licensing its Heartbeat solution to other carriers, Quinn says.

The letter outlining the Heartbeat plan was sent to the FCC on Friday. Quinn says AT&T developed the plan after talking with FCC Chairman Kevin Martin.

Vonage, the USA's biggest VoIP player, is working with vendors to meet the FCC's Nov. 28 deadline. Spokeswoman Brooke Schulz says Vonage's 911 plans are "moving along nicely."

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**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL  
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,  
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**EXHIBIT 7**



### Telecommunications

#### Increasing Margins with Lower Transport Costs

Carriers are expanding their networks to complete coverage, increase QoS and grow market share. As a result they face rapidly increasing transport costs. Whether it is local loop charges or backhaul transport, carriers need to quickly address operational expenses to drive fiscal performance.

Carrier face other issues, like having limited configuration options and spotty coverage in residential and rural areas. While most networking companies can deliver in certain areas, very few have a wide footprint. Those that do have broader coverage, usually have rigid pricing structures and inflexible service configurations. Worst of all, you are often buying from a competitor or their parent company

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- Deliver customized solutions for carriers, wireless operators, cable MSOs and systems integrators for scale and value.

#### AT&T Wholesale named "Company of the Year" by Frost & Sullivan

Citing leadership in product innovation and marketing advancement, Frost & Sullivan selected AT&T Wholesale the 2007 North American Wholesale Business Services Company of the Year. AT&T was also recognized for its market potential, technological innovations and successful execution of key business initiatives.

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## AT&T Named "Best National U.S. Wholesale Provider" in Capacity Magazine's Second Annual Global Wholesale Awards

San Antonio, Texas, November 13, 2006

**Amsterdam, Netherlands** — AT&T Inc. (NYSE:T) today announced that AT&T has further solidified its position as a leading provider of wholesale services, receiving the "Best National U.S. Wholesale Provider" award from *Capacity* magazine, as part of the publication's second annual Global Wholesale Awards. The award was announced at the *Capacity* Europe 2006 conference in Amsterdam.

*Capacity* is the only monthly publication that focuses on the latest business techniques and strategies for bringing innovation and efficiency to the global wholesale telecommunications industry. The judging panel for the awards included leading telecom industry analysts from the Yankee Group, Ovum and ATLANTIC-ACM, as well as the editors of *Capacity*.

"AT&T won the "Best National U.S. Wholesale Provider" award based on the reach of the AT&T network, quality and performance of the network, as well as the company's successful integration post-AT&T and SBC merger," said Mark Kemp, CEO and editor in chief of *Capacity*. The award was judged on five factors: quality and performance of network, reach of network, speed to market, pricing strategy and investment in network.

"Our award-winning network that supports the convergence of voice, data, and video is key to helping our customers extend their reach and maximize their potential in a rapidly changing business environment," said Sherry Charles, vice president of AT&T Wholesale Marketing, AT&T Enterprise Services, Inc. "From Day One, the AT&T-SBC merger integration has been customer-focused to simplify and improve processes and make the transition easy for customers. We are pleased to be recognized for our commitment to deliver reliable, cost-effective solutions built on a robust network infrastructure, and this award substantiates our leadership."

AT&T operates one of the largest, most sophisticated and secure communications networks in the world. AT&T's longstanding tradition of network performance, reliability, quality, innovation and security form the cornerstones of the services portfolio. AT&T's U.S. networks consistently deliver more than 99.99 percent network reliability, including more than 99.99 percent IP/MPLS network availability, through proactive 24x7 network monitoring.

AT&T has one of the largest voice networks in the U.S. Its transport facilities consist of more than 80,000 route miles of fiber optic cable, including 14.8 miles of next-generation fiber capable of supporting OC768. Overlaid with an intelligent optical network and over 6,700 SONET rings, AT&T has one of the largest and most reliable IP/MPLS networks in the U.S. connecting 36 cities via multiple OC48/OC192 links and more than 100 smaller cities to the backbone with multiple OC3s in a star configuration. Earlier this year, AT&T announced its intention to upgrade core routes within its IP network to OC768.

As a leading provider of wholesale services, AT&T provides complete end-to-end solutions locally and globally for carriers, wireless operators, cable providers, systems integrators and Internet service providers. The company can help businesses grow by extending their footprint, strengthening their network infrastructure, making their internal business operations more efficient and complementing their existing offers with value-added application services.

Note: This AT&T release and other news announcements are available as part of an RSS feed at [www.att.com/rss](http://www.att.com/rss).

### About AT&T

AT&T Inc. is one of the world's largest telecommunications holding companies and is the largest in the United States. Operating globally under the AT&T brand, AT&T companies are recognized as the leading worldwide providers of IP-based communications services to business and as leading U.S. providers of high-speed DSL Internet, local and long distance voice, and directory publishing and advertising services. AT&T Inc. holds a 60 percent ownership interest in Cingular Wireless, which is the No. 1 U.S. wireless services provider with 58.7 million wireless customers. Additional information about AT&T Inc. and AT&T products and services is available at <http://www.att.com>.

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AT&T is a global market leader in IP networking. Our customers confidently and cost-effectively incorporate leading-edge technologies and capabilities into their own networks - and those of their customers - by selecting from AT&T's extensive wholesale IP and Managed Services portfolio.

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Virtual Private Networks (VPNs)  
VOIP

### Value Added Services

AT&T Value-added Services enable you to build flexibility, high reliability, performance and scalability into your application services offerings.

Contact Management Services  
Hosting  
Other Services

TRANSFORMING COMMUNICATIONS THROUGH BROADBAND INNOVATION



**Covad Communications Group Inc.**  
Investor Presentation  
Ticker: DVW

**COVAD**

**Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:**

This presentation discusses the Company's future business outlook. In this presentation we will make projections and other forward-looking statements regarding future events or the future operational and/or financial performance of the Company, including without limitation statements regarding future revenue, including VoIP, T1 and wireless revenue, A-EBITDA projections, our plans for new services, such as ADSL 2+, bonded T-1, metro Ethernet, G.SHDSL, IPTV, video, WiMAX service and wireless broadband, and the stability of the regulatory and legislative environment. The Company disclaims any obligation to update any projections, estimates or other forward-looking statements. We caution you that such statements are only projections and actual events or results may differ materially as a result of risks facing the Company or actual results differing from the assumptions underlying such statements. Such risks and assumptions include, but are not limited to, the Company's ability to continue to enhance and expand sales of its services, deploy new services, increase automation in its processes, respond to increasing competition from other companies that provide voice and data services, manage the Company's growth, maintain suitable interconnection agreements with the phone companies, all in a timely manner, at reasonable costs and on satisfactory terms and conditions, as well as new regulatory, legislative, and judicial developments. All forward-looking statements are expressly qualified in their entirety by the above "Risk Factors" and other risk factors and cautionary statements included in the Company's Forms 10-K and 10-Q filed with the SEC.

Please refer to our Q3 2006 Earnings Release and attached tables at <http://www.covad.com/companyinfo/investorrelations/> for reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures.

Covad is a national, facilities-based provider of voice, wireline and wireless broadband services

- **Founded in 1996, recently celebrated 10th anniversary, ~1,000 employees**
- **As the leading next-generation communications service provider, we are transforming communications through broadband innovation**
  - Largest ADSL 2+ network with capabilities to deliver next generation broadband and voice services to over 14 million homes and businesses
  - Largest market share of Hosted VoIP with a complete product portfolio addressing the SMB market¹
  - Leading fixed wireless provider, uniquely positioned to capitalize on the emergence of WiMAX
- **National Network and Scalable Infrastructure**
  - 2,050 central offices across 235 MSAs
  - Next-generation network capability in 11 Tier 1 markets
    - LPVA, Bonded T1, ADSL 2+, MetroEthernet, Video, G.SHDSL
  - 100 wireless base stations passing 500,000 businesses
- **Making an excellent customer experience our #1 priority**
  - 532,000 Access Lines
  - 2,500 VoIP sites (47,000 users)
  - 3,100 Wireless customers

Covad has continued its transition from a wholesale broadband-only company to a differentiated Next-Generation Communications Service Provider.

- **Actively transitioning from legacy, data-only products to bundled voice and data solutions sold direct**

- Q3 06 Direct subscription revenue mix: \$40M, 37% of total subscription revenue

- **Unique growth products continue to gain scale**

- \$44M in subscription revenue in Q3 06, +51% from Q3 05
- Fueled primarily by T1, VoIP and Wireless

- **Next-generation network build-out completed in 11 top markets**

- 758 central offices in Covad's largest markets, capable of offering service to over 14M homes and businesses

- **Expanded wireless broadband services, presence in four key markets-SFO/Bay Area, Los Angeles, Chicago, Las Vegas**

- **New partners continue to seek Covad for its national scale and unique product capabilities**



# CO 7AD

Bingham/Teitel/Declarator Exhibit

## Covad Communications Corp. Inc.

Unique Assets

Largest National, Facilities-based, Next-Generation Communications Service Provider

- **2,050 COs in 235 MSAs**

- **Next-generation network**

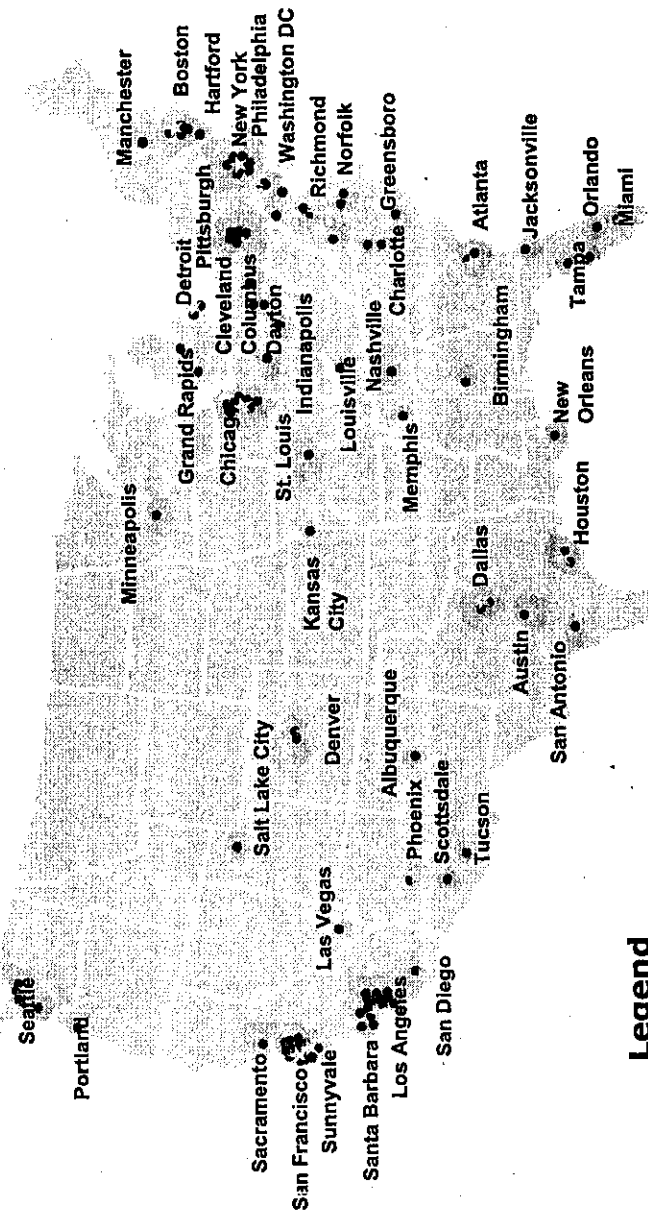
- 758 COs in top 11 markets*

- Capable of serving ~14M+ homes and businesses

- LPVA, Bonded T1, ADSL 2+, MetroEthernet, Video, G.SHDSL capabilities

- **100+ wireless base stations passing 500k+ businesses**

- SF Bay Area, Los Angeles, Las Vegas, Chicago



### Legend

- ATM Hub Sites
- ★ Internet Pops
- ⊙ CO footprint

*Markets include: Atlanta, Chicago, Dallas, Los Angeles, Miami, New York City, Philadelphia, San Diego, San Francisco/San Jose, Seattle, Washington, DC



Covad's focus is driving growth from bundled voice and data products through its Direct channel, targeted at the SMB market

	Consumer	SOHO (1-5)	VSB (5-20)	SMB (21-100)	Distributed Enterprise (100-1,000)	Medium Enterprise (1,000+)
Covad Direct			xDSL, T1, VoIP, VOA, Wireless			
Covad Wholesale	LPVA, ADSL					VOA, xDSL, T1, Frame Access

	Direct	Wholesale
<b>Q3 06 Subscription Revenue, Mix</b>	\$39.6M, 37%	\$68.5M, 63%
<b>Annual Revenue Growth (Q3 05 to Q3 06)</b>	24%	(0.5%)
<b>Key Growth Products</b>	Business ADSL, T1/Bonded T1, VoIP, Wireless	Business ADSL, T1/Bonded T1, VOA, LPVA, ADSL 2+
<b># of Sales Reps</b>	150+	20
<b># of Selling Partners</b>	1,400+ Agents/Dealers	300+

- **Accelerated revenue growth from differentiated products**
  - Fully launched LPVA in all 11 markets as of the end of 2006, sales volume has increased substantially
  - Strong growth expected to continue from T1, VoIP and Wireless
  - Leveraging the next-generation network capability for new products
    - LPVA: launched in Q4 06, ADSL 2+ and Bonded T1: 1H 07

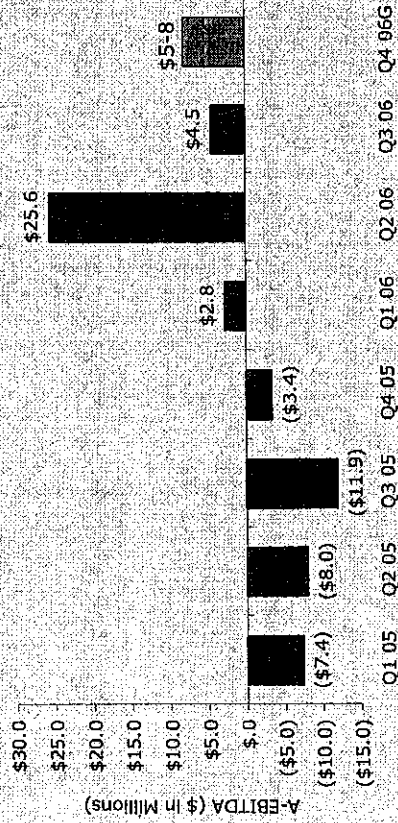
### • Unique set of assets will continue to attract strategic partners



### • Recent AT&T merger concessions provide stable regulatory environment

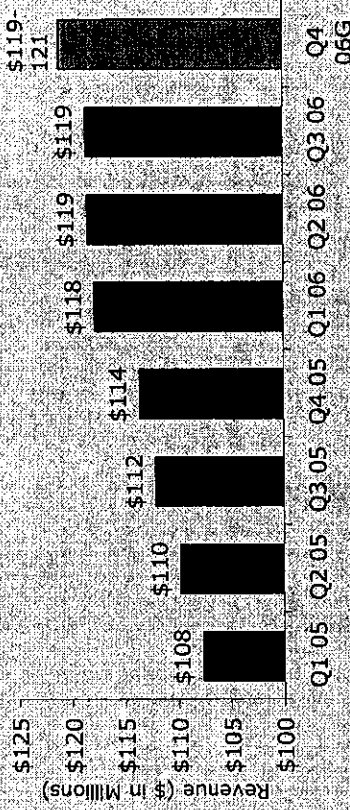
- UNE and Special Access rate freeze until 2010
- No forbearance petitions with the FCC during this time

## A-EBITDA



- \$16.4M in A-EBITDA growth
- 21% reduction in Q3'06 SG&A spend
- Cash flow positive in Q3'06, excluding \$14.6M in next-generation network project expenses

## Total Revenue

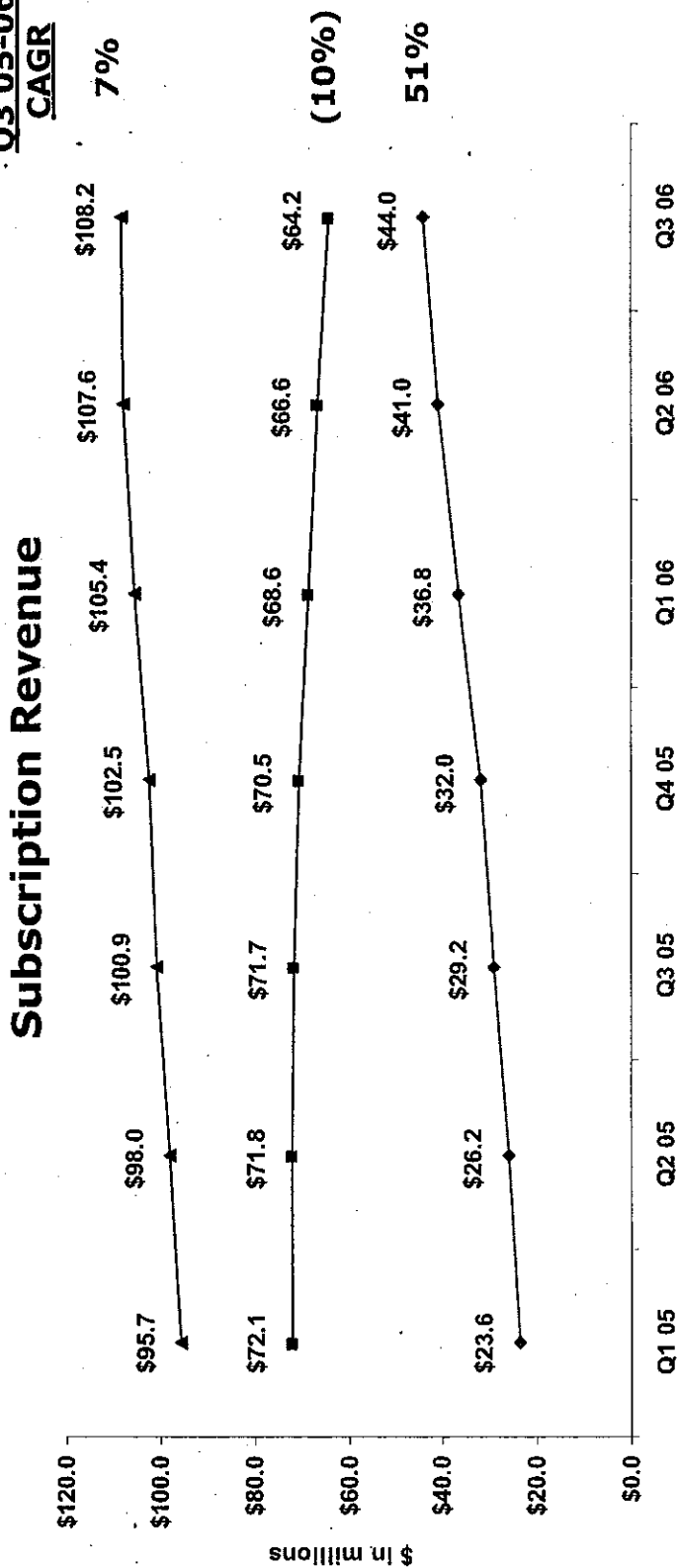


- 25% Annual growth from Direct Business
- \$7M in VoIP subscription revenue in Q3'06, 84% annual growth
- \$22.8M in T1 subscription revenue in Q3'06, 43% annual growth
- 51% Annual growth from Growth Products

**Notes:**

- All annual growth and comparative metrics are measured from Q3'05 to Q3'06
- Q2'06 A-EBITDA includes the benefit of a transaction tax adjustment of \$19.5M and a \$2.1M employment related tax adjustment. Excluding these one-time items, A-EBITDA was \$4M
- Q1'06 includes \$1.7M benefit from ACCA; without ACCA, A-EBITDA in Q1'06 was \$1.0M

Q3 05-06  
CAGR



7%

(10%)

51%

◆ Growth Products ■ Legacy Products ▲ Total Subscription Revenue

Legacy Products	ARPU	Q3 Mix
> Business SDSL	\$90-100	34%
> Consumer ADSL	\$20-25	20%
> Partner Circuits	N/A	4%
> Frame Access	\$70-80	1%

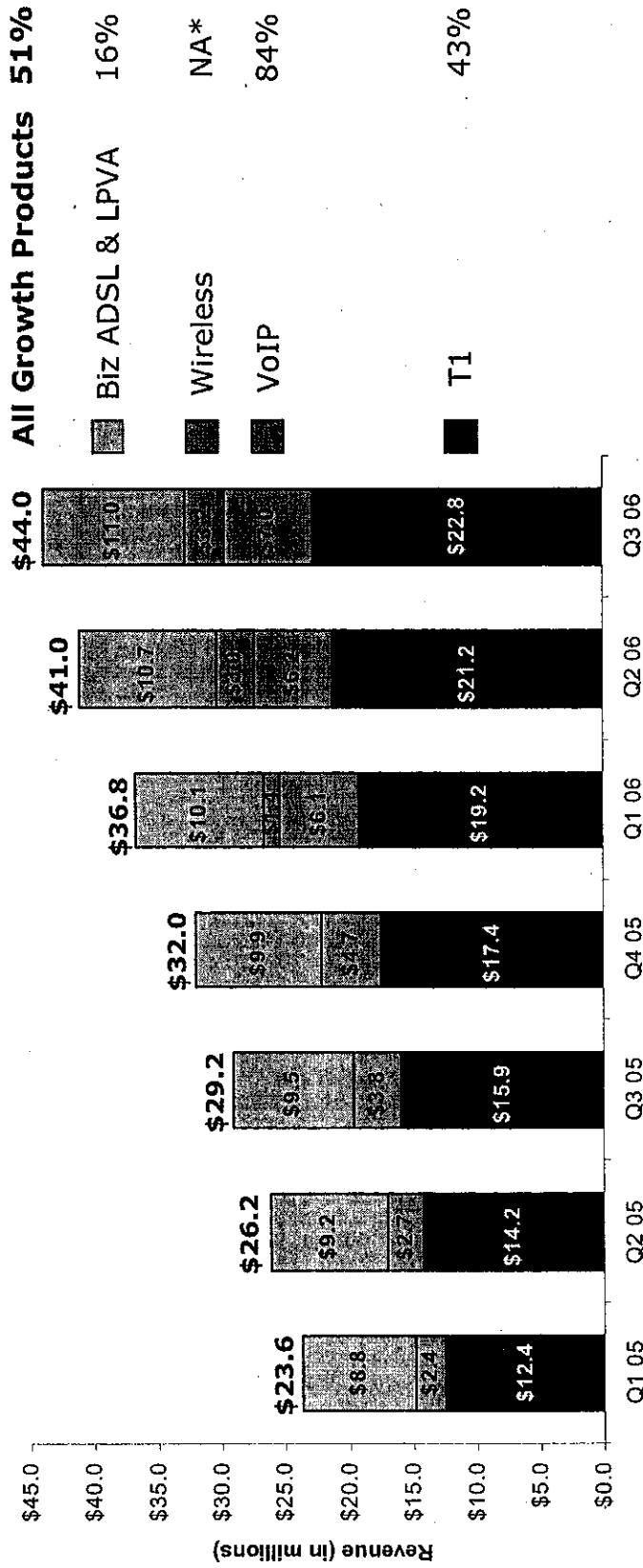
Growth Products	ARPU	Q3 Mix
> T1	\$300-400	21%
> Business ADSL	\$50-75	10%
> VoIP	\$1,500-2,000	6%
> Wireless*	\$300-350	3%
> LPVA	\$30-40	~1%
> Bonded T1**	N/A	0%

Note: ARPU's are blended across wholesale and direct segments *hi-cap wireless ARPU: \$3,000-5,000 **bonded T1 available in 1H 07

Covad growth products, currently comprising 41% of total subscription revenue, are expected to accelerate in 2007 with the launch of LPVA and Bonded T1 services

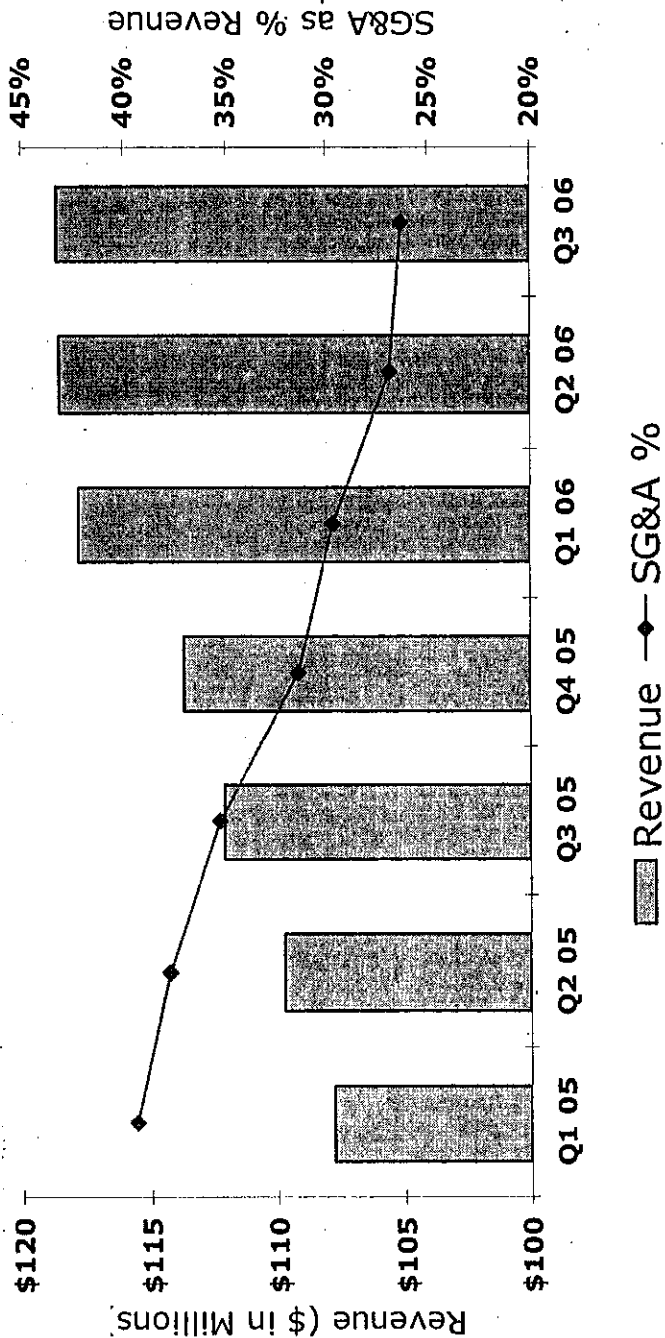
**Q3 05/06**  
**CAGR**

## Growth Products Subscription Revenue



*Closed NextWeb transaction in Q1 2006

Investments in back-office automation and operational scaling have enabled Covad to reduce SG&A expense while growing revenue



- **Covad has a unique set of assets with next generation product capability in the top 11 markets**
  - 758 central offices, 14M+ homes and businesses
- **These assets enable Covad to offer differentiated product solutions to our customers and partners. Recent examples include:**
  - EarthLink - Offering a bundle of 8 Mbps DSL+ Local & Long Distance using Covad's Line Powered Voice solution
  - United Online - Agreement to offer consumer ADSL on a national scale
  - FiberTower & NextLink - Covad provides licensed Wireless Hi-Capacity service to companies like Disney, Marriott and Intel
- **Growth products expected to accelerate in 2007 with the launch of LPVA and Bonded T1 services**
  - Revenue from Growth products should surpass the Legacy products by mid-to-late 2007
- **Improving financial profile provides increased flexibility**
  - Continued focus on operational efficiency
  - Strong capital structure to pursue compelling growth investments

**COVAD[®]**

**Covad Communications Group Inc.  
Fourth Quarter 2006 Earnings Supplement**



# Safe Harbor Statement

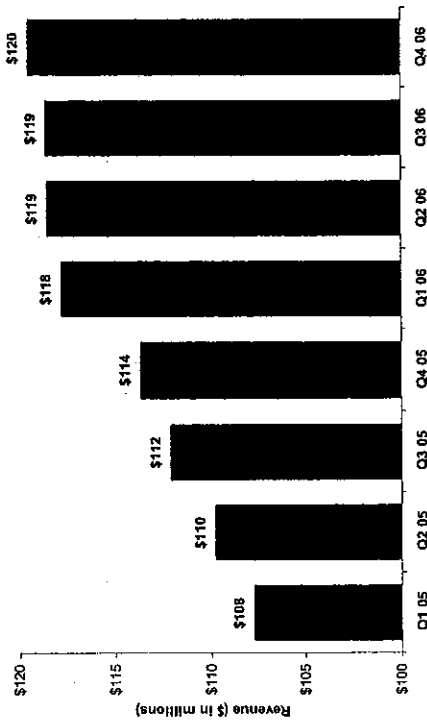
## Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:

This presentation discusses the Company's future business outlook. In this presentation we will make projections and other forward-looking statements regarding future events or the future operational and/or financial performance of the Company, including without limitation statements regarding future revenue and subscription revenue, including VoIP, T1 and wireless revenue and subscription revenue, A-EBITDA projections, our plans for new services, such as ADSL 2+, bonded T-1, metro Ethernet, G.SHDSL, IPTV, video, WiMAX service and wireless broadband, and the stability of the regulatory and legislative environment. The Company disclaims any obligation to update any projections, estimates or other forward-looking statements. We caution you that such statements are only projections and actual events or results may differ materially as a result of risks facing the Company or actual results differing from the assumptions underlying such statements. Such risks and assumptions include, but are not limited to, the Company's ability to continue to enhance and expand sales of its services, deploy new services, increase automation in its processes, respond to increasing competition from other companies that provide voice and data services, manage the Company's growth, maintain suitable interconnection agreements with the phone companies, all in a timely manner, at reasonable costs and on satisfactory terms and conditions, as well as new regulatory, legislative, and judicial developments. All forward-looking statements are expressly qualified in their entirety by the above "Risk Factors" and other risk factors and cautionary statements included in the Company's Forms 10-K and 10-Q filed with the SEC.

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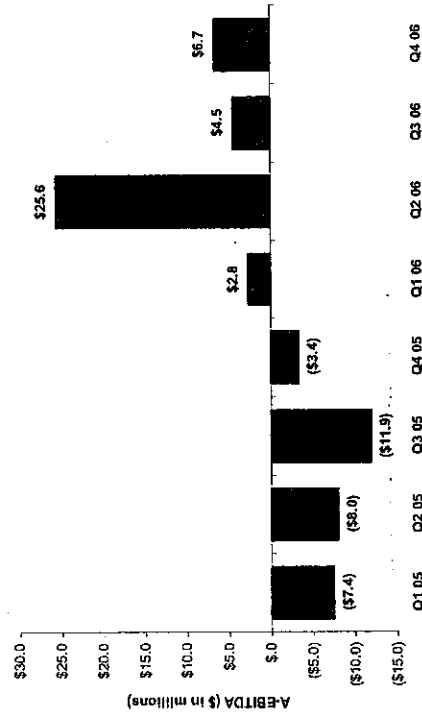
# Financial Summary

## Revenue



- 2006 Revenue: \$474M
- Q4 06 Subscription Revenue: \$110M, +7% vs Q4 05
- Growth Products: \$48M, +48%
- T1: \$24M, +39%
- VoIP: \$8.5M, +79%
- Wireless: \$3.4M
- ~8,000 LPVA Net Adds in Q4 06

## A-EBITDA



- 2006 A-EBITDA: \$39.6M
- Q4 06 A-EBITDA: \$6.7M, +\$10M from Q4 05
- Q4 06 SG&A: 25% of Revenue, 31% in Q4 05

### Notes:

- All growth increases are measured from Q4'05 to Q4'06
- Q2'06 A-EBITDA includes the benefit of a transaction tax adjustment of \$19.5M and a \$2.1M employment related tax adjustment. Excluding these one-time items, A-EBITDA was \$4M
- Q1'06 includes \$1.7M benefit from ACCA; without ACCA, A-EBITDA in Q1'06 was \$1.0M

# Revenue Growth and Transition

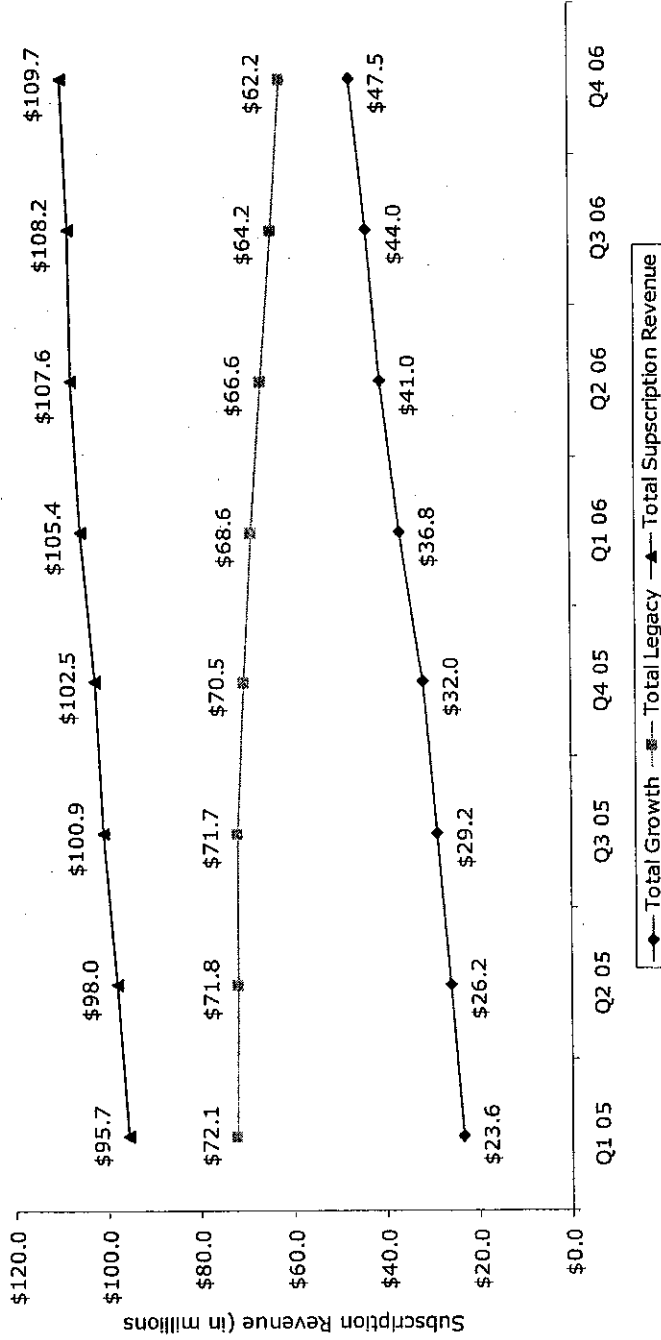
Q4 05-06  
CAGR

7%

(12%)

48%

## Subscription Revenue



Legacy Products	ARPU	Q4 Mix
Business SDSL	\$90-100	33%
Consumer ADSL	\$20-25	18%
Partner Circuits	N/A	4%
Frame Access	\$70-80	1%

Growth Products	ARPU	Q4 Mix
T1	\$300-400	22%
Business ADSL	\$50-75	9%
VoIP	\$1,500-2,000	8%
Wireless*	\$300-350	3%
EPVA	\$30-40	~1%
Bonded T1**	N/A	0%

**Note:** ARPU's are blended across wholesale and direct segments  
 * hi-cap wireless ARPU: \$3,000-5,000  
 ** bonded T1 available in 1H 07



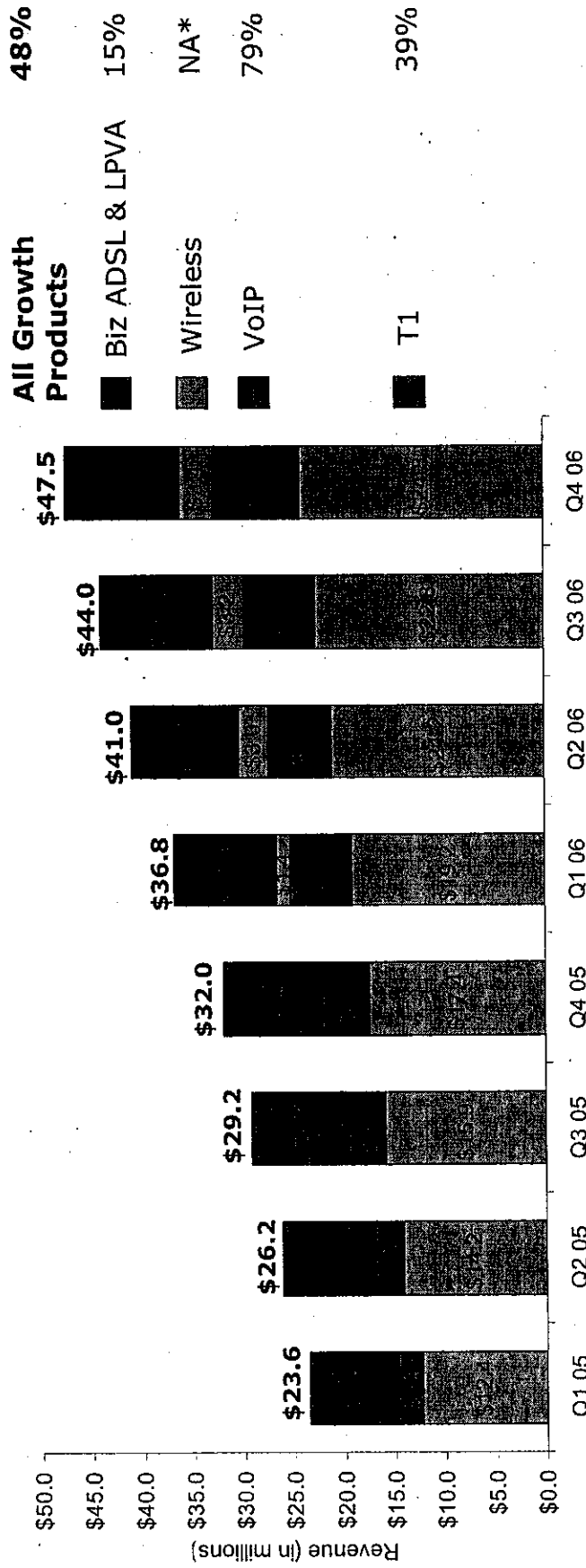
# Growth Product Revenue

Covad growth products, now comprising 43% of total subscription revenue, are expected to accelerate in 2007 with the expansion of LPVA and launch of Bonded T1 services

Q4 05/06

CAGR

## Growth Products Subscription Revenue

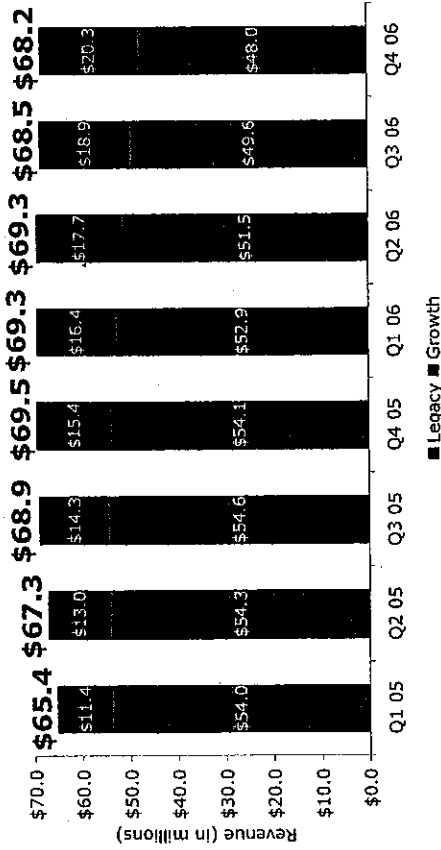


**Notes:**

- Slight differences in some product revenue stream totals due to rounding
- 5 *Closed NextWeb transaction in Q1 2006

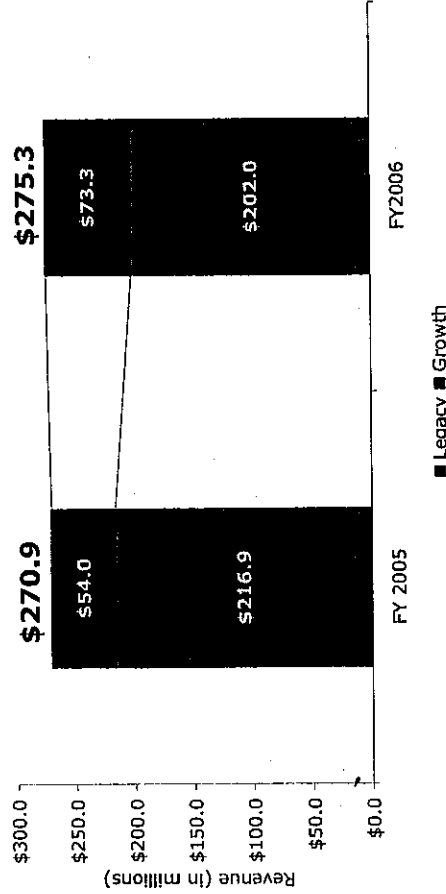
# Wholesale Subscription Revenue

## Wholesale Subscription Revenue



- 2006 Subscription Revenue: \$275M
- Q4 06 Subscription Revenue: \$68M, -2% from Q4 05
  - Business: \$49M
  - Growth Products: \$20M, +32%
  - Wholesale T1: \$14M, +33%

- Signed United Online, a new residential distribution partner
- Completed the next-generation network
  - ~8,000 LPVA net adds in Q4
  - New services will likely fuel wholesale growth in 2007
- Significant profit generator for Covad

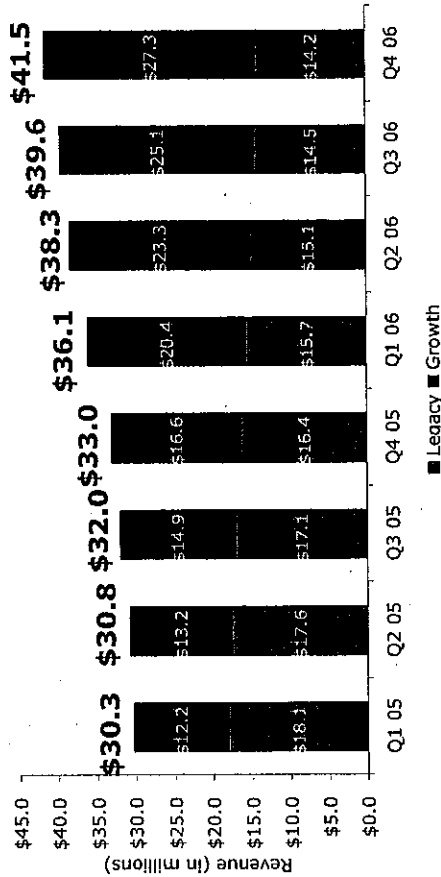


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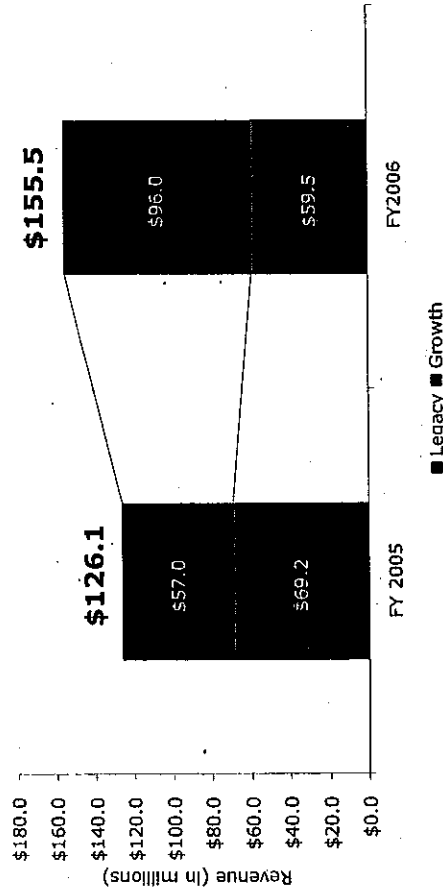
# Direct Subscription Revenue

## Direct Subscription Revenue



- 2006 Subscription Revenue: \$156M
- Q4 06 Subscription Revenue: \$41.5M, +26% from Q4 05
  - Growth Products: \$27M, +64%
  - Direct T1: \$10M, +50%
  - VoIP: \$8.5M, +79%
  - Wireless: \$3.4M

- \$130 Broadband ARPU, up from \$119 in Q4 05
- Expanded wireless to Chicago via Dataflo acquisition
- ClearEdge Integrated Access & Office now 30-40% of all new VoIP sales

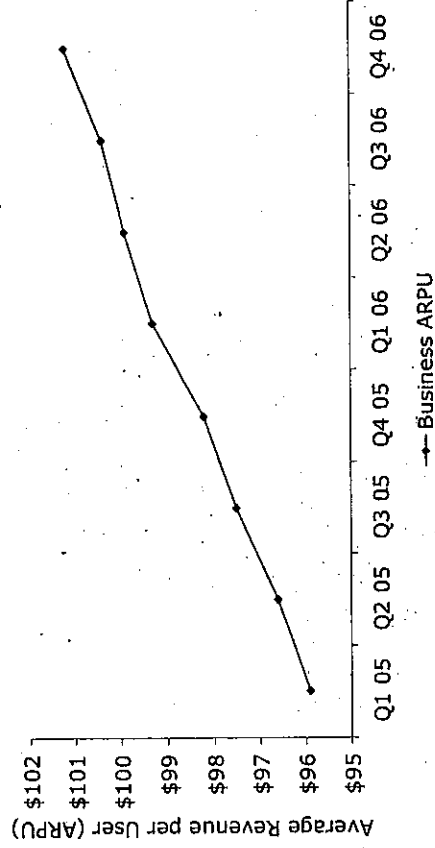
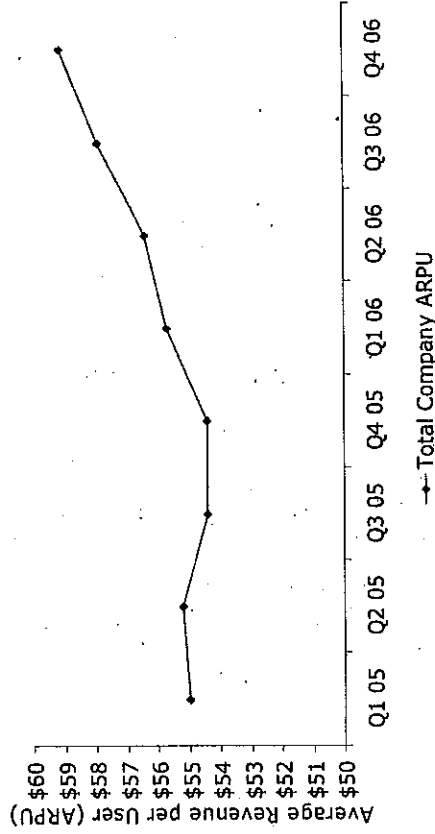
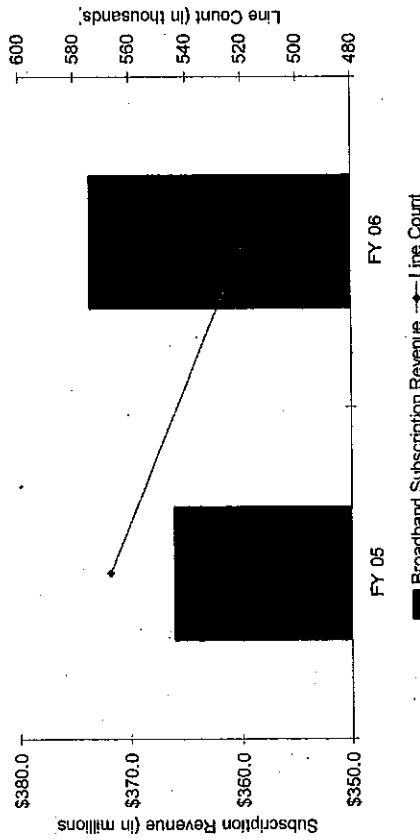


**Notes:**

• Slight differences in some product revenue stream totals due to rounding

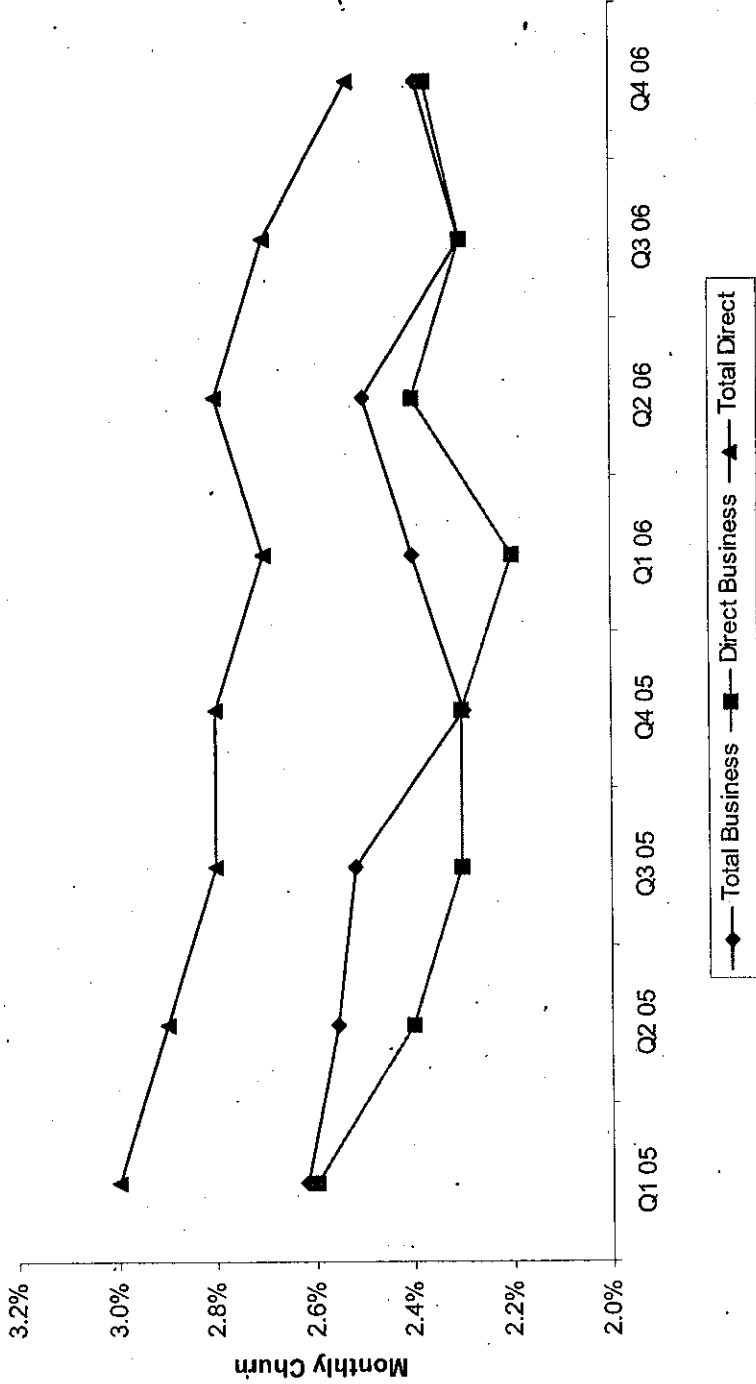
# Average Revenue Per User (Broadband ARPU)

Higher ARPU/margin business customers are fueling revenue growth, despite a decrease in line count associated with Consumer ADSL lines



# Business & Direct Broadband Churn

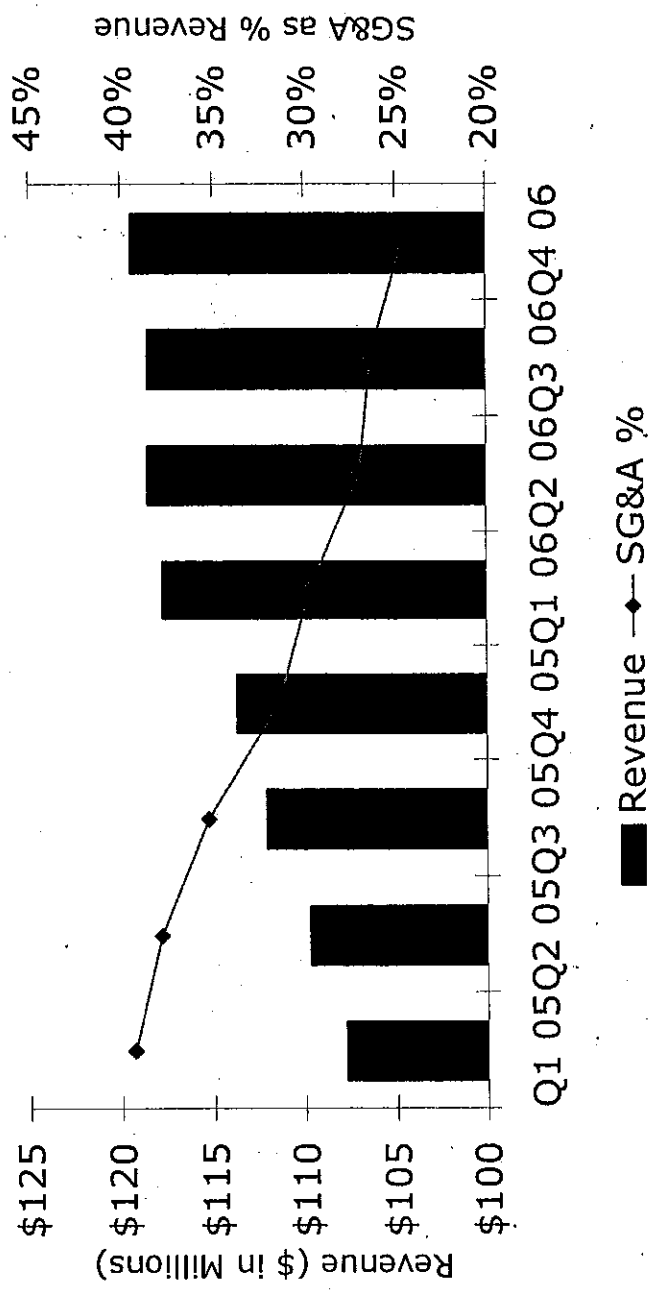
Churn rates with business customers and in our overall Direct business have decreased over the last 8 quarters due to increased penetration of T1 and higher bandwidth products





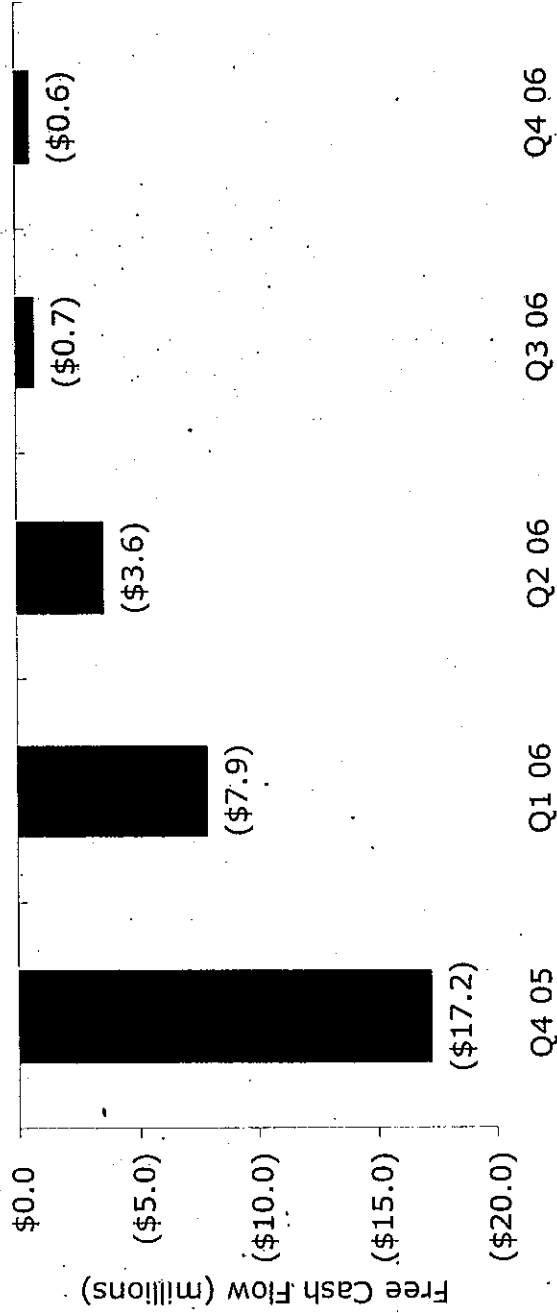
# Operational Efficiency

Investments in back-office automation and operational scaling have enabled Covad to reduce SG&A expense while growing revenue



# Adjusted Free Cash Flow

Covad's revenue growth and cost management efforts have translated to much improved adjusted free cash flow performance over the last four quarters.



**Notes:**

- Covad defines Free Cash Flow as Cash Flow from Operations less Capital Expenditures
- Q2 06 Adjusted Free Cash Flow excludes a \$33.5M payment to redeem an AT&T pre-paid liability
- Q2-Q4 06 Adjusted Free Cash Flow excludes EarthLink LPVA CapEx associated with the build-out of Covad's Next-generation network, funded from \$50M investment proceeds
- Adjusted Free Cash Flow is a non-GAAP financial measure. For a reconciliation of Adjusted Free Cash Flow and Free Cash Flow to Cash Flow from Operations, a GAAP financial measure, please see the appendix



# Capitalization Structure and 2006 CapEx

## Capitalization Structure

(\$ in 000's)	<u>As of</u> <u>12/31/06</u>
Total Cash	\$81,650
Restricted Cash ¹	\$19,578
Debt ²	\$167,240
Stockholders equity	\$2,354
Weighted Average Shares Outstanding—diluted	295,683

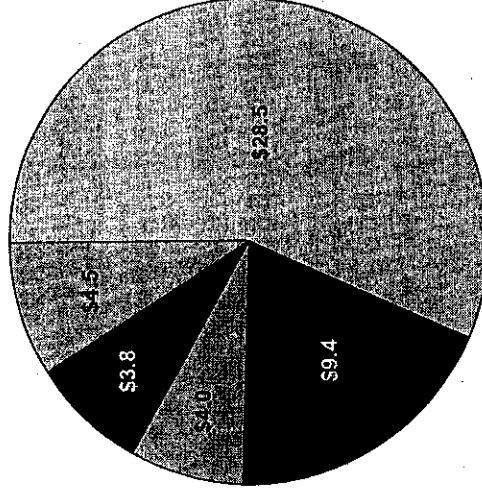
¹ Restricted Cash Balance consists primarily of unused ELNK LPVA project expenditures

² Supplemental information on Covad debt:

- DVW convertible note: \$125M, 3% cash interest, \$3.17 convertible price, due in 2009
- ELNK convertible note: \$40M, 12% PIK, \$1.86 convertible price, due in 2011
- \$50m Silicon Valley Bank credit facility, which retains significant borrowing capacity
- Details of the calculation for fully diluted vs. basic shares outstanding are included in the Company's 10-Q

## 2006 CapEx (in millions)

\$50M

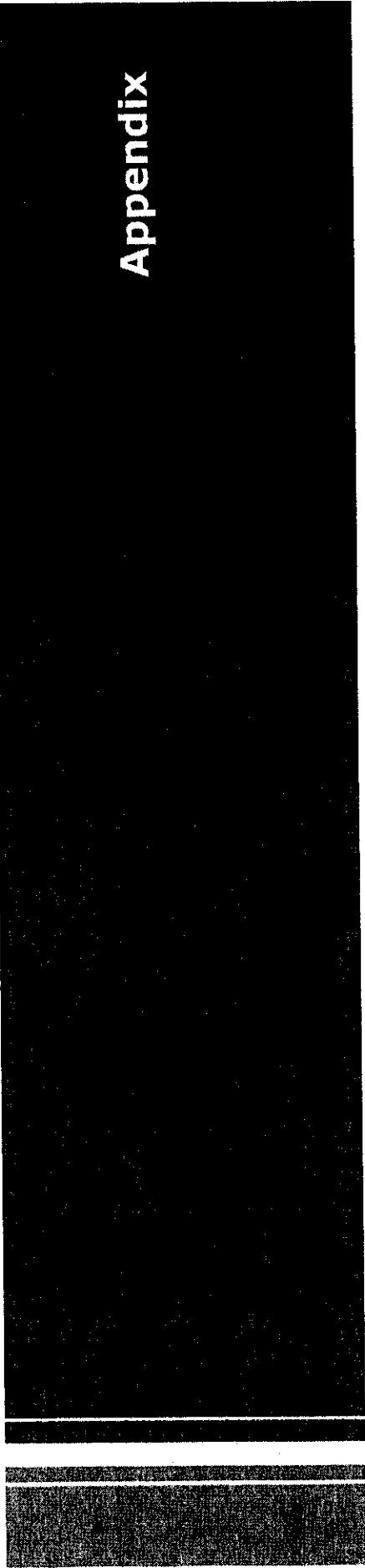


□ Partner Funded ■ Regular Growth ▣ VoIP ■ Other ▨ Wireless

- EarthLink provided \$50M investment for the build-out of LPVA in 758 Central offices. EarthLink-funded CapEx was \$28.5M in 2006, expenditures that are applied against the restricted cash balance

**COVAD**

**COVAD[®]**



**Appendix**

# Free Cash Flow Reconciliation

	Q4 05	Q1 06	Q2 06	Q3 06	Q4 06
Net Cash Provided (used in) by Operating Activities	(\$6,843)	(\$4,134)	(\$33,933)	\$5,389	\$8,024
Add (deduct):					
Capital Expenditures	(\$10,396)	(\$3,752)	(\$18,252)	(\$18,418)	(\$9,778)
<b>Free Cash Flow</b>	<b>(\$17,239)</b>	<b>(\$7,886)</b>	<b>(\$52,185)</b>	<b>(\$13,029)</b>	<b>(\$1,754)</b>
Add (deduct):					
AT&T pre-paid Liability Redemption			\$33,538		
Capital Expenditures- EarthLink LPVA			\$15,065	\$12,281	\$1,177
<b>Adjusted Free Cash Flow</b>	<b>(\$17,239)</b>	<b>(\$7,886)</b>	<b>(\$3,582)</b>	<b>(\$748)</b>	<b>(\$577)</b>

**Notes:**

- Covad defines Free Cash Flow as Cash Flow from Operations less Capital Expenditures
- Q2 06 Adjusted Free Cash Flow excludes a \$33.5M payment to redeem an AT&T pre-paid liability
- Q2-Q4 06 Adjusted Free Cash Flow excludes EarthLink LPVA CapEx associated with the build-out of Covad's Next-generation network, funded from \$50M investment proceeds
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**COVAD**



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**Are Carrier Services for you?**

XO is committed to serving the needs of emerging and established carriers and service providers such as:

- Competitive Local Exchange Carrier (CLEC)
- Internet Service Provider (ISP)
- IntereXchange Carrier (IXC)
- Incumbent Local Exchange Carrier (ILEC)
- Non-Facility Based Reseller
- Building Local Exchange Carrier (BLEC)
- Cable TV Provider
- Wireless Service Provider
- VOIP Service Provider
- Utility Telecom Division

This commitment, combined with our financial strength and vast network, means you can rely on XO to provide the communications solutions you need to stay competitive today... and further down the road.

With assets that directly compete with those of the largest telecommunications service providers, XO serves carriers and service providers of various sizes. So no matter what your line of business, or product or service requirements, XO can handle a piece of your business... or all of it. We'll design a solution specifically for you, evaluating and delivering exactly what you need at a price you can afford. If it's speed to market you need, XO can help you expand into new markets with little to no additional effort or capital expense. That way, you can remain focused on running your business and servicing your customers instead of constructing networks.

**Product Portfolio**

XO understands that carriers and service providers need more than just bandwidth to satisfy their customers. So along with the generous bandwidth capabilities we offer, our products and services - coupled with dedicated customer service and technical support - make it possible for you to deliver what your customers need.

**Voice Services**

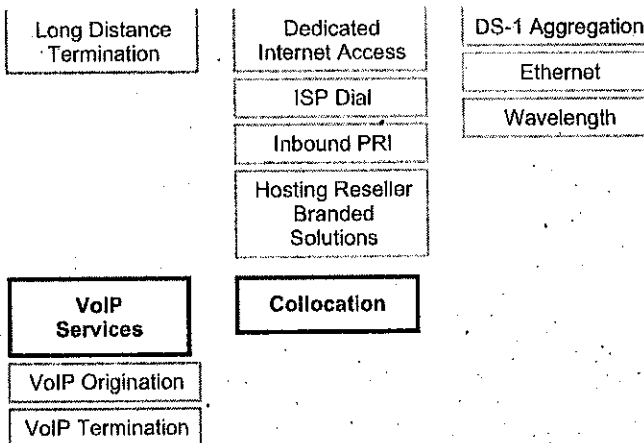
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**Let's Talk!**  
 Schedule a person-to-person meeting with XO Carrier Services at an upcoming trade show.

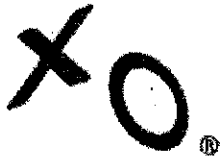
 [Trade Show Meeting Scheduler](#)

**See Also**

- [Fones4All Case Study \(PDF\)](#)
- [i3 Case Study \(PDF\)](#)
- [Learn More About the XO® Network](#)
- [XO Available Markets](#)

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## XO Communications Signs Five Agreements for Wholesale Local Voice Solution

March 20, 2006

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SAN DIEGO, CA - Today at the CompTel Spring 2006 Convention & Expo, XO Communications announced agreements valued at more than \$66 million over the next five years with five competitive local exchange carriers (CLECs) for its Wholesale Local Voice services solution. Designed as a robust, competitively-priced alternative to wholesale platforms provided by incumbent operators, XO's wholesale service will enable FONES4ALL, Habla Comunicaciones, i3 Networks, PCS1, and Telscape Communications to more cost-effectively provide local and long distance services to their residential and small business customers.

Launched in August 2005, XO's wholesale offering for CLECs serving the residential and small business markets has rapidly gained momentum as a vital alternative to the unbundled network element platforms (UNE-P) provided by incumbent carriers that were eliminated on March 11, 2006. The XO service delivers all the advantages of the UNE-P platform, and enables CLECs to avoid less economical choices such as building their own network facilities, or paying premium prices through commercial agreements or special access services from incumbent local exchange carriers.

Habla Comunicaciones, which provides local telephone service to the growing Latino market in Texas, was the first customer to deploy XO Wholesale Local Voice services and has been very successful in its implementation efforts. In just three months, Habla Comunicaciones has installed more than 17,000 end users using the XO wholesale platform and continues to install more than 500 new end users per day.

"We are helping ensure the availability of competitive service for residential and small business customers served by CLECs," said Ernie Ortega, president of carrier sales at XO Communications. "Our nationwide Wholesale Local Voice services platform allows CLECs to continue providing their customers the choices, savings, and first-rate service they deserve."

"Our residential customers count on us for high-quality, low-cost service," said FONES4ALL CEO Bettina Cardona. "Paying higher prices to lease facilities, or building our own, would dramatically impact our business model. With XO, we've been able to remain cost competitive without compromising quality, and our customers are the beneficiaries."

"Small businesses are an often overlooked segment of the market, stuck between the residential masses and larger enterprises," said Devin Semler, PCS1's CEO. "Serving businesses with five lines or less is critical to us, and XO's solution complements our requirements and enables us to deploy a full suite of local and long distance voice and data services for our customers."

"This product is a landmark opportunity that allows Telscape to blend our unique telephone network features for our target Hispanic consumers by partnering with the world class network of XO Communications," said Ruben



Garcia, President/CEO of Telscape Communications. "This partnership with XO's network has enabled Telscape to cover more Spanish speaking Hispanic households in Southern California than any other telephone company."

The XO Wholesale Local Voice services platform provides CLECs with a pre-determined block of capacity for telephone lines, and a physical connection for transporting voice traffic from XO's 950 collocation facilities in 70 markets nationally to the CLECs' voice switches. As a result, CLECs can provision and manage these lines as part of their own networks – giving them full control over billing to maximize revenue streams, eliminating the time and expense of central office buildouts, achieving savings, and securing long-term stability for themselves and their customers.

To help CLECs and resellers understand the various UNE-P alternatives available to them, XO in December 2005 conducted a webinar in conjunction with PHONE+ and xchange magazines titled, "Life After UNE-P: Re-Engineering CLEC Businesses". To view the webinar, go to <http://www.xo.com/products/carrier/webinar/webinarpop.html>.

For an example about how customers are using XO Wholesale Local Voice services, view the i3 Networks case study at [http://www.xo.com/products/carrier/i3_case_study.pdf](http://www.xo.com/products/carrier/i3_case_study.pdf). To contact an XO sales representative, call (888) 963-8283.

#### **About XO Communications**

XO Communications (OTCBB: XOHO.OB) is a leading provider of national and local telecommunications services to businesses, large enterprises and telecommunications companies. XO offers a complete portfolio of services, including local and long distance voice, dedicated Internet access, private networking, data transport, and Web hosting services as well as bundled voice and Internet solutions. XO provides these services over an advanced, national facilities-based IP network and serves more than 70 metropolitan markets across the United States. For more information, visit [www.xo.com](http://www.xo.com).

#### **About FONES4ALL**

FONES4ALL is the leading provider of bundled packages of local, long distance and international telecommunications services to low income residents throughout the State of California. FONES4ALL, in conjunction with the California Public Utilities Commission's Universal Lifeline Telephone Service (ULTS) program, provides high quality customer-focused local service to minority families, senior citizens, students. No Pagues Mas! For more information about FONES4ALL or the ULTS program call toll free 1 (877) 366-3742 or visit [www.fones4all.com](http://www.fones4all.com).

#### **About Habla Comunicaciones**

Habla Comunicaciones provides local telephone service for the burgeoning Latino communities of Texas. Founded in 2001, Habla was the first corporation in Texas dedicated to attending to the needs of the Latino community. The company has grown rapidly and built customer confidence by delivering rapid service activation, high quality service, and accurate billing, working with customers in their native language. For more information, visit [www.hablacom.com](http://www.hablacom.com).

#### **About i3 Networks**

i3 Voice & Data Inc., d/b/a/ i3 Networks, is a Houston-based wholesale voice and data telecommunications company that specializes in helping competitive local exchange carriers (CLECs) and ITSPs succeed in their chosen markets. What makes i3 unique are the UNE-3@ and the patent pending Fractional Switch Ownership@ programs that enable CLECs to enjoy the benefits of their own network without the upfront expense and ongoing maintenance typically associated with telecom networks. For more information, go to [www.i3net.us](http://www.i3net.us).

#### **About PCS1**

PCS1 ([www.pcs1.net](http://www.pcs1.net)) formerly Pacific Centrex Services, is a privately held, full-service telecommunications provider and manager of state-of-the-art Centrex-based telecommunications services. The Company supports small and medium-sized business customers in California with significant cost savings on high-quality local and long distance services, including value-

added services such as voice messaging and ISDN/DSL Internet access.

**About Telscape**

Telscape Communications, Inc. is a facilities-based phone service provider that caters to the Hispanic, Spanish speaking community and maintains the nation's only fully bilingual network. Telscape currently has over 95,000 lines in service and employs over 340 people in Southern California. Telscape is a privately held company owned by a private equity firm and is headquartered in Monrovia, California. For more information, please visit [www.telscape.com](http://www.telscape.com).

**FOR MORE INFORMATION CONTACT:**

CHAD COUSER / XO COMMUNICATIONS  
703-547-2746  
CHAD.COUSER@XO.COM

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### Spectrum | Nextlink™ Holdings

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#### Nextlink™ Services

Reseller Partner Program

Communications Carriers

Business

Government

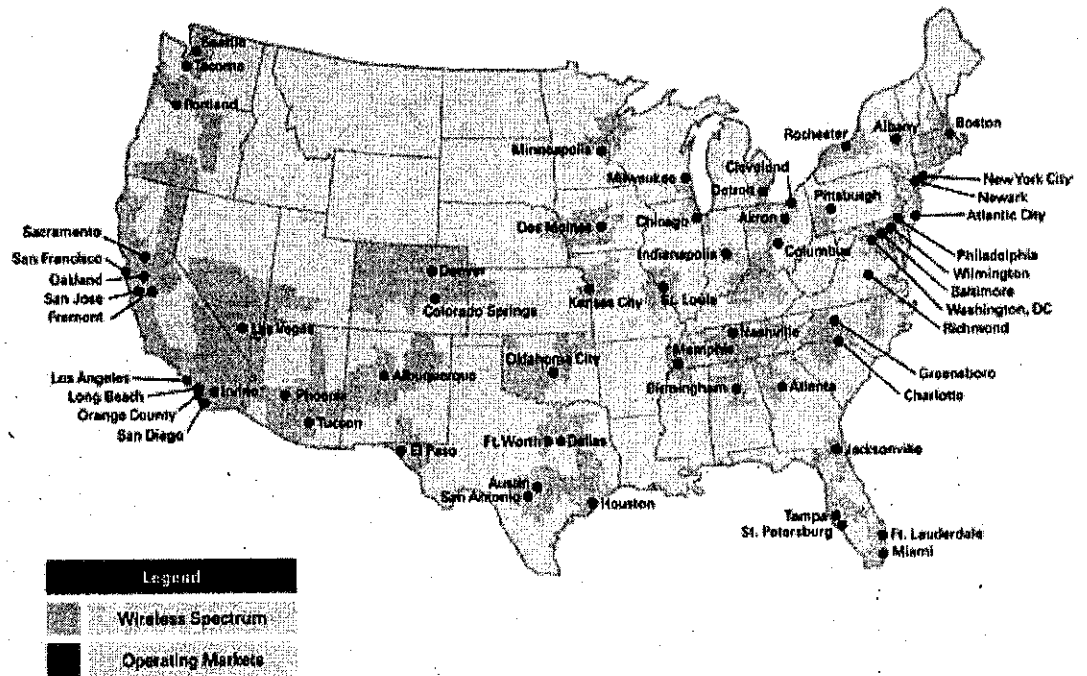
Spectrum Map

Nextlink is the leading provider of broadband wireless services to fixed and mobile communications providers selling to business and government customers.

As one of the nation's largest holders of fixed wireless spectrum, Nextlink delivers high-quality, carrier-grade wireless alternative access solutions that scale to meet the demands of today's converged world of communications-supporting next-generation mobile and wireline voice, data and video applications.

Nextlink spectrum holdings cover 75 major markets in the United States.

### Nextlink™ Licensed Spectrum Holdings



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The logo for Electric Lightwave, featuring the words "ELECTRIC" and "LIGHTWAVE" in a bold, sans-serif font, stacked vertically. The background of the logo is a dark, textured image of a starry night sky or a fiber optic network.**Carrier Services**[home](#) | [about](#) | [products](#) | [support](#) | [contact](#)**recent news:****Integra Telecom  
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**Carrier Sales:**  
(888) 354-8780**NOC/Repair:**  
(800) 622-4354**Welcome To Electric Lightwave**

Electric Lightwave is one of the most recognized carrier services brands in the country providing communications network services, including transport, internet access and voice services, to telecom providers nationwide.

Electric Lightwave carriers gain access to twenty-three metropolitan access networks in eight western states, a nationally acclaimed tier one internet and data network, and high speed long-haul fiber-optic network that interconnects major markets in the West.

Electric Lightwave serves hundreds of carriers - meeting their needs everyday.

**Attention Retail Telephone and Internet Customers:**

On August 1, 2006, Electric Lightwave was acquired by Integra Telecom. Electric Lightwave's retail customers can now find **retail product information** (business lines, DSL, calling features, etc.) and **customer support** at the **Integra Telecom Web site**.

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## FAQs

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- ▶ Management Bios
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### General Stockholder Questions

Business Questions  
Financial Questions

### General Stockholder Questions

- ▶ Can I buy stock directly from Level 3, or do I have to use a broker?
- ▶ Does Level 3 Communications pay dividends?
- ▶ I am the holder of a Kiewit Class D Stock Certificate. Do I need to exchange this certificate into Level 3 Common Stock?
- ▶ When is the next Annual Meeting of Stockholders?
- ▶ What is Level 3 Communications stock split history?

**Can I buy stock directly from Level 3, or do I have to use a broker?**  
Level 3 Communications does not have a direct stock purchase plan. All trades must be made through a broker. Level 3 is traded on the Nasdaq under the ticker symbol LVL3.

**Does Level 3 Communications pay dividends?**  
Level 3 does not pay dividends. The Company is in the early stages of its business plan and growing the business. At this time, we believe that our shareholders' interests are better served by investing funds in our continued growth.

**I am the holder of a Kiewit Class D Stock Certificate. Do I need to exchange this certificate into Level 3 Common Stock?**  
No. Kiewit Class D stock was converted one for one to Level 3 Common Stock on April 1, 1998. No action was required of the Kiewit Class D holders, and the Class D certificates are now recognized as Level 3 Common Stock.

**When is the next Annual Meeting of Stockholders?**  
The 9th Annual Meeting of Stockholders was held on May 15, 2006, in Broomfield, CO. For more information please [click here](#). The date for the 10th Annual Meeting of Stockholders has not been determined yet.

**What is Level 3 Communications stock split history?**  
The company has declared two separate stock splits since 1997. The first stock split was effective to stockholders of record as of December 26, 1997. This split took place while the stock was still registered as Kiewit Diversified, Inc. Class D Stock (ticker: KIWT Æ" Nasdaq OTC). Each Class D stockholder received five shares for each share held on the record date.

On July 20, 1998, the Board of Directors of Level 3 Communications declared a one-for-one stock split payable to stockholder of record as of July 30, 1998. The stock (LVL3) began trading on Nasdaq at the adjusted price for the dividend distribution on August 10, 1998.

### Business Questions

- ▶ What does "Level 3" mean?
- ▶ What is the scope of Level 3's Network?
- ▶ What is Level 3's corporate history?
- ▶ What is Level 3's Communications Services business?
- ▶ What is Level 3's Information Services business?
- ▶ Who are Level 3's targeted customers?
- ▶ What are Level 3's competitive advantages?
- ▶ What services does Level 3 offer?



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**What does "Level 3" mean?**  
The term "Level 3" comes from the layered set of protocols or standards that are often used in the industry to describe networks. The Company's strategy generally calls for services to be provided in the first three levels of these technical specifications.

**What is the scope of Level 3's Network?**

An in-depth description of the Level 3 Network can be found on our Web site [here](#).

**What is Level 3's corporate history?**

Level 3 Communications, Inc. was originally founded in 1985 as Kiewit Diversified Group Inc. (KDG), a wholly-owned subsidiary of Peter Kiewit Sons', Inc. (PKS), a 114-year-old construction, mining, information services, and communications company headquartered in Omaha, Nebraska. KDG was originally created to hold PKS' non-construction business assets.

On January 19, 1998, KDG announced it was changing its name to Level 3 Communications, Inc. Since late 1997, the company has substantially increased the emphasis it places on and the resources devoted to its communications and information services business.

On March 31, 1998, PKS announced the separation of its construction and communication/information services business, establishing Level 3 as an independent corporation. Prior to April 1, 1998, Level 3's common stock was traded on the OTC Bulletin Board under the symbol KIWT. On April 1, 1998, Level 3 Common Stock started trading on the Nasdaq National Market under the symbol LVL3.

**What is Level 3's Communications Services business?**

Level 3 provides underlying infrastructure for many of the most respected household names in the communications and internet industries using a multi-conduit, IP- and Ethernet-optimized global network that the company built and owns. The company operates one of the largest internet backbones in the world and is one of the largest providers of wholesale dial-up service to ISPs in North America. Level 3 is the primary provider of internet connectivity for millions of broadband subscribers, through its cable and DSL customers. Level 3 offers a wide range of communications services over its 36,400-route mile broadband fiber optic network connecting 16 countries, including Internet Protocol (IP) services, broadband transport, colocation services, patented Softswitch-based managed modem, and voice services.

Communication Services had approximately 4,350 employees at the end of 2Q06.

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**What is Level 3's Information Services business?**

Information Services includes Level 3's Software Spectrum subsidiary.

Software Spectrum is a global business-to-business software services provider with sales locations, operations, and technical support centers throughout North America, Europe, and Asia/Pacific. The company provides enterprise software management, technical support, and customer relationship management solutions that help organizations increase business value from information technology. More information is available at [www.softwarespectrum.com](http://www.softwarespectrum.com).

Information Services had approximately 1,300 employees at the end of 2Q06.

**Who are Level 3's targeted customers?**

The Level 3 Sales force targets the largest users of bandwidth, which includes RBOCs, major IXCs, major foreign PTTs, major ISPs and Portals, Media Companies, wireless companies, satellite companies, and established CLECs, system integrators, government, academia and Content Providers. These customers are typically credit-worthy with large amounts of existing demand.

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**What are Level 3's competitive advantages?**

Longhaul Network - Global, extensive intercity network in the U.S., and Europe with transoceanic lines in the Atlantic and Pacific.

Metro Network - Global and robust metro networks connecting over 5,300 Traffic Aggregation Points (TAPS) in 110 metro fiber markets.

Technology Path - Level 3 has built a network from scratch using Internet Protocol (IP) technology. This network was built with the clear knowledge that technology is going to change rapidly. The network was designed to be easily upgraded, one that can evolve and change as the technology changes.

Financial Strength - Level 3 has funded the business plan by raising approximately \$14 billion to date and is fully funded to free cash flow breakeven. As of June 30, 2006, Level 3 had cash and marketable securities of approximately \$2.2 billion.

**Pricing** - Low cost pricing improving with advancement in fiber and equipment technology.

**Optionality** - Customers have the flexibility and choice of services to fit their needs.

**Experience** - Level 3 has an experienced management team, most of whom have extensive backgrounds in the telecom industry.

**Operational Excellence** - Level 3's industry-leading service quality enables the company to successfully sell services to larger, more established companies.

**What services does Level 3 offer?**

Level 3 offers a wide selection of Internet Protocol (IP) based services within the following segments:

**Voice Services**

- (3)Voice[®] Termination
- (3)VoIP EnhancedSM Local
- (3)VoIPSM Local Inbound and
- (3)VoIP Toll FreeSM

**Softswitch**

- (3)Connect[®] Modem

**Internet & Data Services**

- (3)CrossRoads[®] Internet Access
- (3)Flex Ethernet
- (3)Flex Network IP VPN

**Transport Services**

- (3)Link[®] Metro Ethernet
- (3)HubSM Private Line
- (3)Link Intercity Private Line
- (3)Link Metro Private Line
- (3)Link Unprotected Private Line
- (3)Link Intercity Wavelength
- (3)Link Metro Wavelength
- Backhaul Services
- Transoceanic Services

**Infrastructure Services**

- (3)Center[®] Colocation
- (3)Link Dark Fiber
- (3)TechSM Services

You can find a more detailed description of our services on our Web site [here](#).

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**Financial Questions**

- ▶ How much capital has Level 3 raised to fund its business plan? What was the capital spending budget for full year 2005?
- ▶ How has the Company financed the network build?
- ▶ What is Level 3's acquisition strategy? Does Level 3 plan to buy other companies for their network and/or customer bases?
- ▶ Will Level 3 have to pay access charges?

**How much capital has Level 3 raised to fund its business plan? What was the capital spending budget for full year 2005?**  
The company has raised approximately \$14 billion in capital to fund the business plan to free cash flow positive. Capital expenditures for 2005 were \$305 million.

**How has the Company financed the network build?**  
Level 3's funding philosophy is to use equity for the 'up-front' capital expenditures and debt for 'success-based' capital expenditures.

Up-front expenses are defined as expenditures on the components of the network that are required to be in place in order to offer services. Examples of these are the fiber, conduit, business support systems, etc. Equity is used for these expenditures because they are the riskier investments.

Success-based expenditures are for those components of the network that can wait to be purchased until customer orders are secured. Examples of success-based expenditures are electronics, modems, etc. Debt is used for these expenses because the revenue stream required to support the debt is more assured.

To date, Level 3 has balanced debt and equity issuance to fund the business plan. Listed below are the Company's fundraising activities:

1998

- \$800M Initial cash contribution
- \$1.2B proceeds from the sale of CalEnergy stock
- \$2B in 9.125% Senior Notes due 2008
- \$500M in 10.5% Senior Discount Notes due 2008

1999

- \$1.6B in common equity issuance
- \$1.125B in Senior Secured Credit Facility

Tranche A: \$250M  
 Tranche A: \$200M  
 Tranche B: \$275M  
 Tranche C: \$400M  
 Revolver: \$150M

- \$823M in 6% Convertible Subordinated Notes due 2009

2000

- \$2.4B in common equity issuance
- \$863M 6% Convertible Subordinated Notes due 2010
- \$1.4B U.S. High Yield, broken down as:

\$800M in 11% Senior Notes due 2008  
 \$250M in 11.25% Senior Notes due 2010  
 \$359M in 12.875% Senior Discount Notes due 2010

- \$800M Euro High Yield, broken down as:  
 \$500M in 10.75% Senior Notes due 2008  
 \$300M in 11.25% Senior Notes due 2010

2002

- \$500M in 9% Junior Convertible Subordinated Notes due 2012

2003

- \$374M in 2.875% Convertible Senior Notes due 2010
- \$500M in 10.75% Senior Notes due 2011

2004

- \$345M in 5.25% Convertible Senior Notes due 2011
- \$730M Senior Secured Term Loan due 2011

2005

- \$880M in 10% Convertible Senior Notes due 2011

2006

- \$692M in 11.5% Senior Notes due 2010
- \$150M in Floating Rates due 2011
- \$550M in 12.25% Senior Notes Due 2013
- \$335M in 3.50% Convertible Senior Notes due 2012
- \$568.75M in Common Equity Issuance

**What is Level 3's acquisition strategy? Does Level 3 plan to buy other companies for their networks and/or customer bases?**



# Level 3 Communications, Inc. - FAQs

Level 3 will continue to be disciplined with respect to pricing and accessing the degree of risk associated with integrating any future acquisitions. In general, consolidation opportunities must meet certain criteria.

### Will Level 3 have to pay access charges?

Access charges are the fees that long distance companies pay to originate and terminate their customers' calls on the local carrier's networks (e.g. the regional Bell companies and the competitive local exchange carriers (CLEC)). These fees are determined by the FCC and are used to support phone service in rural and under-served urban areas.

The process for determining the amount of access charges and who should pay them are currently under review by the FCC. It is expected that, over time, the amount being paid to the local carrier will be reduced and ultimately spread over a larger pool of providers.

Level 3's business plan does not assume a continuation of the exemption from access charges currently afforded to ISP's.

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Level 3 Completes Acquisition of  
SAWIS Content Delivery Network



Analyst Conference



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**LEVEL 3 TO ACQUIRE BROADWING CORPORATION**

*Combination Will Further Leverage Level 3's Nationwide Network*

*Acquisition Expected to be Adjusted OIBDA Positive in 2007 and Cash Flow Positive in 2008*

*Purchase Price of Approximately \$1.4 Billion in Aggregate Cash and Stock*

*Acquisition Expected to Accelerate Growth of Level 3's Business Markets Group*

**BROOMFIELD, Colo., October 17, 2006** – Level 3 Communications, Inc. (Nasdaq: LVL3) today announced that it has signed a definitive agreement to acquire Broadwing Corporation (Nasdaq: BWNG), a publicly held provider of optical network communications services. Under the terms of the agreement, Level 3 will pay \$8.18 of cash plus 1.3411 shares of Level 3 common stock for each share of Broadwing common stock outstanding at closing. In total, Level 3 currently expects to pay approximately \$744 million of cash and issue approximately 122 million shares.

Broadwing, based in Austin, Texas, delivers data, voice and media solutions to enterprises and service providers over its 19,000 mile intercity fiber network. Approximately half of Broadwing's revenue comes from the wholesale market, with business customers comprising the remaining revenue.

"The acquisition of Broadwing is consistent with both the Level 3 wholesale market strategy as well as our more recent entry into the enterprise market," said James Q. Crowe, chief executive officer of Level 3. "We believe the combination of Level 3 and Broadwing will create value for our investors through the elimination of duplicative network and operating costs, the addition of a solid revenue base, and a further strengthening of our financial position.

"Broadwing has made great strides with national enterprise customers as a result of their strong product portfolio and national sales teams. This creates an exciting opportunity for us to leverage both of these capabilities to accelerate the growth of Level 3's Business Markets Group."

"We are confident in our ability to successfully integrate Broadwing," said Kevin O'Hara, president and chief operating officer of Level 3. "We have completed the majority of integration efforts from our WilTel acquisition under budget and ahead of schedule. The integration activities for our more recent acquisitions are also on plan."

"Bringing together the resources and talents of Broadwing and Level 3 is an exciting opportunity for our company, allowing us to capitalize on the strengths of both companies and on advances in technology," said Steve Courter, chief executive officer of Broadwing Corporation. "The combination of our two operations will create a powerful company in the global telecommunications industry with strong growth potential."

"During 2006, Broadwing has grown revenue and improved its margin profile," said Sunit Patel, chief financial officer of Level 3. "Broadwing has had success with expanding its enterprise customer base and service offerings as well as its transport business. We expect the combined operations to directly benefit from these efforts."

"Broadwing is expected to contribute positive Adjusted OIBDA in 2007, and even though we expect integration efforts to extend into 2008, we expect Broadwing will generate approximately \$200-\$250 million of Consolidated Adjusted OIBDA in 2008."

"Including the benefit of synergies and the cost of integration including capital expenditures, this transaction is free cash flow positive in 2008 and should contribute over \$200 million of free cash flow in 2009. Total integration costs are expected to be approximately \$110-\$130 million."

"We expect the transaction to further improve Level 3's financial position and reduce leverage given its expected positive Adjusted OIBDA contribution and Broadwing's approximately \$150 million of net cash as of June 30, 2006."

As of June 30, 2006, Level 3 had approximately \$1.4 billion of cash and marketable securities on hand as adjusted for the acquisitions of TelCove and Looking Glass, the sale of Software Spectrum and the redemption of its outstanding 9.125% Senior Notes due 2008 and 10.50% Senior Discount Notes due 2008.

Closing is subject to customary conditions, including receipt of applicable state and federal regulatory approvals, and is also subject to the approval of the stockholders of Broadwing. Closing is expected to occur in the first quarter of 2007.

Level 3 will hold an investor and media conference call today to discuss the announcement at 10 a.m. EDT. To join the call, please dial (612) 332-1025. A live broadcast of the call can also be heard on Level 3's Web site at [www.Level3.com](http://www.Level3.com). An audio replay of the call will be available within 24 hours after the call through the Web site or by dialing (320) 365-3844 - Access code 845296.

Level 3 was advised on the transaction by Evercore Partners, JPMorgan and Merrill Lynch & Co. Level 3 received legal representation from Willkie Farr & Gallagher LLP.

#### **About Level 3 Communications**

Level 3 Communications, Inc. (Nasdaq: LVLT), an international communications company, operates one of the largest Internet backbones in the world. Through its customers, Level 3 is the primary provider of Internet connectivity for millions of broadband subscribers. The company provides a comprehensive suite of services over its broadband fiber optic network including Internet Protocol (IP) services, broadband transport and infrastructure services, colocation services, voice services and voice over IP services. These services provide building blocks that enable

About Us

Our Networks

General Network Map

IP Backbone Map

Peering Gateways Map

Careers

Our Networks

Our Management Team

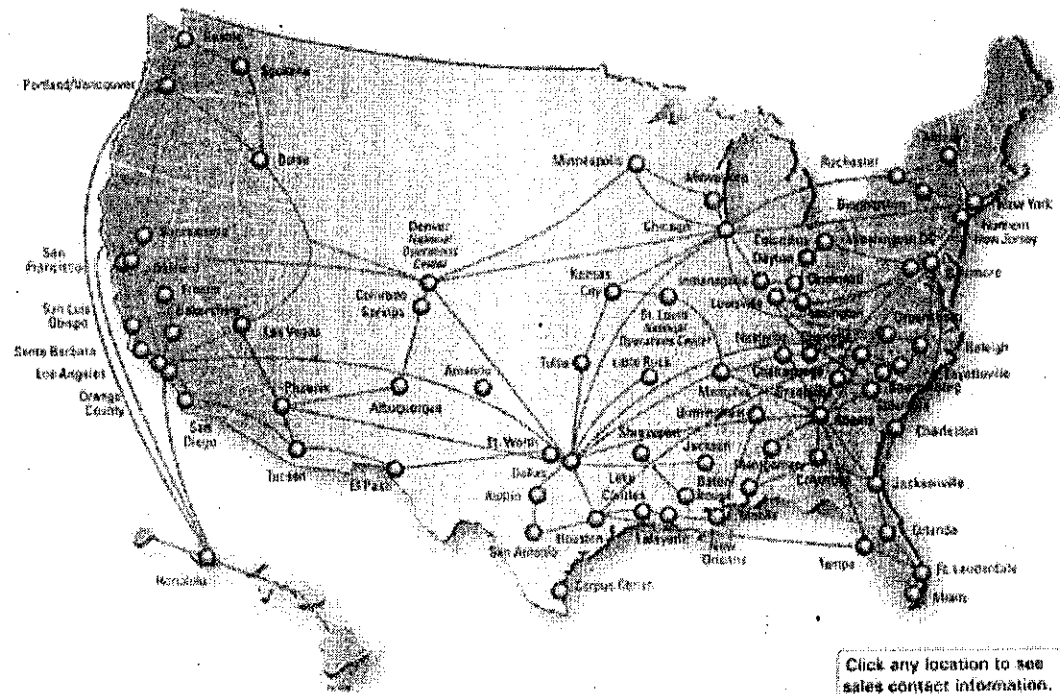
Connecting Your Business-to More Business begins by delivering high speed, secure, and reliable communications over our more than 24,000 miles of fiber networks, to business in 75 markets spanning 30 states and D.C. We connect to more than 7,400 buildings and pass thousands more, providing us a unique opportunity to meet the growing demand for new data services and to capture increased market share. Our optical networks are fast, powerful, flexible, secure and highly reliable to deliver a comprehensive suite of voice, data, dedicated Internet and integrated communications services to our customers.

Click here to see our monthly network averages for our IP backbone

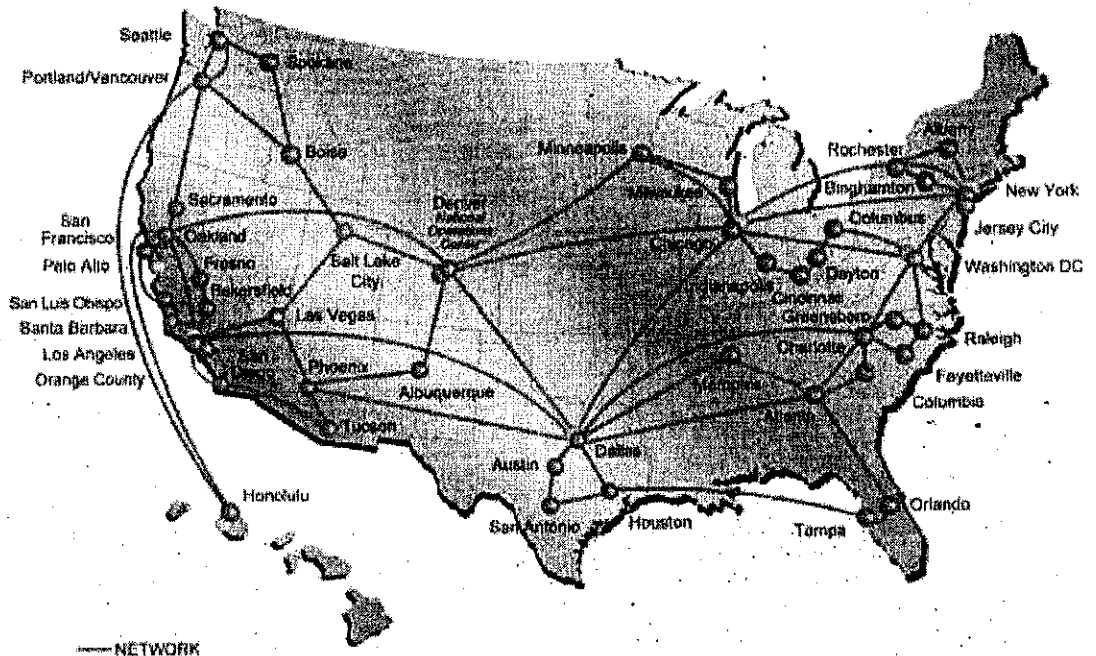
Our General Network Map

# TIME WARNER TELECOM

CONNECTING YOUR BUSINESS TO MORE BUSINESS™



Our IP Backbone Map



**IP NETWORK**  
**TIME WARNER TELECOM**  
 CONNECTING YOUR BUSINESS TO MORE BUSINESS  
BASED ON DATA PROVIDED BY OUR CUSTOMERS. THIS MAP IS SUBJECT TO CHANGE.

February, 2006

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## Customer Solutions:

## By Application

Internet and Data  
Switched & TransportBundled Solutions  
TW Telecom ONE  
SOLUTION (VoIP)National Operations Center  
News & Views► By Application  
By Business Type  
By Industry

## Integrated

Our metropolitan **fiber networks** enable us to deploy new service platforms efficiently and cost effectively, which allows us to rapidly meet our customers' needs. Our innovative National Operations Center (NOC) monitors all our networks for reliability and performance, 24-hours-a-day, seven-days-a-week. The flexible infrastructure provided by these networks allows us to offer almost any technology, product, service, or solution to benefit our customers. Read our capabilities brochure.

**Our Solutions Include:**

- **Internet & Data Products** that allow customers to create their own internal computer networks and to access the Internet and other external networks.
- **Switched & Transport Services** which include local and long distance calling solutions that use a carrier class switch to connect one calling party to the other, and private line connections for broadband services at transmission speeds from 1.5 megabits to 10 gigabits per second.
- **Bundled Solutions** that bundle products and services to meet unique customer needs for voice, data and dedicated Internet access
- **TW Telecom ONE SOLUTION - VoIP** is a technology allowing voice telephone service to be delivered over high speed Internet connections. While VoIP provides many new ways to manage and use your voice services, the revolutionary aspect of VoIP allows both voice and Internet data to be delivered from one connection. This is called "Convergence." With fewer communications interfaces and vendors to manage, costs and time associated with maintaining core business communications are diminished.

### Internet & Data

Co-location Service  
Dedicated Internet Access  
Ethernet Internet Service  
Storage Transport Services  
Native LAN  
Shared Web Hosting

Switched Native LAN  
IP VPN  
Managed Security Services  
Extended Native LAN  
Metro Ethernet

### Switched & Transport

Business Voice Services  
Dedicated High Capacity Services  
Digital Trunks  
ISDN PRI  
Line Features

Long Distance Services  
Regional Networks  
Voice Messaging  
Voice Services: Multi-Location Solutions

### Bundled Solutions

VersiPak

#### TW Telecom ONE SOLUTION VoIP

TW Telecom ONE SOLUTION *Connect*

TW Telecom ONE SOLUTION *Forum*

TW Telecom ONE SOLUTION *Reach*

### By Industry

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News Release

TIME WARNER TELECOM

For Information:  
SBC Communications Inc.  
Steve Lee  
210.351.2105  
[steve.lee@sbccom.com](mailto:steve.lee@sbccom.com)

AT&T Corp.  
Joyce Van Duzer  
908-234-6846  
[jvanduzer@att.com](mailto:jvanduzer@att.com)

Time Warner Telecom  
Carole Curtin  
303-566-1000  
[ir@twtelecom.com](mailto:ir@twtelecom.com)

## Time Warner Telecom, AT&T, SBC Extend Long-Term Service Agreement

*Time Warner Telecom to deliver "last-mile" network services to merged companies;  
agreement provides businesses the benefits of alternative communications choices*

**San Antonio, Bedminster, N.J., and Littleton, Colo., June 18** — Time Warner Telecom (Nasdaq: TWTC), SBC Communications Inc. (NYSE: SBC) and AT&T Corp. (NYSE: T) today announced the extension of a long-term service agreement under which Time Warner Telecom would provide special access and other "last-mile" network services to the companies nationwide through 2010. The deal, effective upon completion of the SBC and AT&T merger, demonstrates the parties' commitment to promoting viable competition in the telecommunications industry and to delivering businesses the benefits of alternative communications choices.

"This agreement enables SBC, post-merger, to become a more effective out-of-region provider, thereby enhancing competition in the industry nationwide," said Mark Keiffer, senior vice president-business marketing for SBC. "SBC is pleased to build upon the long-term business relationship AT&T has had with Time Warner Telecom."

This new commercial agreement would extend a current contract between Time Warner Telecom and AT&T through Dec. 31, 2010, for the combined AT&T and SBC once the merger is completed. AT&T entered into a long-term commercial agreement with Time Warner Telecom on Jan. 1, 2001, buying local network access primarily to provide private-line and special-access services to businesses nationwide, and for local termination of long-distance and international calls.

"This agreement ensures that we will continue our valued business relationship with AT&T post-merger, and that we will be able to include SBC in that relationship, allowing us to be a viable competitor of and supplier to the merged entity," said John Blount, executive vice president-field operations for Time Warner Telecom. "We are excited about the opportunity to be a key provider for the combined entity."

"Time Warner Telecom has been a valuable supplier of 'last-mile' network services used to connect our corporate customers to the AT&T network in many markets around the country," said Regina Egea, AT&T vice president of global access strategy and bandwidth product management. "We're very pleased this relationship will continue once our merger with SBC is completed."

Completion of the SBC-AT&T merger is expected by the end of this year or in early 2006, following all necessary regulatory and governmental approvals.

-more-



### **Time Warner Telecom, AT&T, SBC agreement/add one**

In a separate agreement, SBC will provide Time Warner Telecom with special access and other "last-mile" network services in SBC's traditional in-region territory for five years. The deal, which will take effect June 2, 2005, strengthens Time Warner Telecom's ability to compete effectively for the nationwide business market.

**SBC Communications Inc. is a Fortune 50 company whose subsidiaries, operating under the SBC brand, provide a full range of voice, data, networking, e-business, directory publishing and advertising, and related services to businesses, consumers and other telecommunications providers. SBC holds a 60 percent ownership interest in Cingular Wireless, which serves more than 50 million wireless customers. SBC companies provide high-speed DSL Internet access lines to more American consumers than any other provider and are among the nation's leading providers of Internet services. SBC companies also now offer satellite TV service. Additional information about SBC and SBC products and services is available at [www.sbc.com](http://www.sbc.com).**

**For more than 125 years, AT&T (NYSE "T") has been known for unparalleled quality and reliability in communications. Backed by the research and development capabilities of AT&T Labs, the company is a global leader in local, long distance, Internet and transaction-based voice and data services.**

**Time Warner Telecom, headquartered in Littleton, Colo., provides managed network services, specializing in Ethernet and transport data networking, Internet access, local and long distance voice, VoIP and security, to enterprise organizations and communications services companies throughout the U.S. As a leading provider of integrated and converged network solutions, Time Warner Telecom delivers customers overall economic value, quality, service, and improved business productivity. With nearly 20,000 route miles of its own local and regional fiber networks, a national IP backbone with 10 Gbps capacity, and nearly 5,300 buildings connected directly to its fiber networks, Time Warner Telecom provides the local "last mile" of reliable communications services to customers. Please visit [www.twtelecom.com](http://www.twtelecom.com) for more information.**

#### **Abu t th Pr oposed SBCAT&T M erger:**

**In connection with the proposed transaction, SBC Communications Inc. ("SBC") filed a registration statement, including a proxy statement of AT&T Corp., with the Securities and Exchange Commission (the "SEC") on March 11, 2005 (File No. 333-123283). Investors are urged to read the registration and proxy statement (including all amendments and supplements to it) because it contains important information. Investors may obtain free copies of the registration and proxy statement, as well as other filings containing information about SBC and AT&T Corp., without charge, at the SEC's Internet site ([www.sec.gov](http://www.sec.gov)). These documents may also be obtained for free from SBC's Investor Relations web site ([www.sbc.com/investor_relations](http://www.sbc.com/investor_relations)) or by directing a request to SBC Communications Inc., Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of AT&T Corp.'s filings may be accessed and downloaded for free at the AT&T Investor Relations Web Site ([www.att.com/ir/sec](http://www.att.com/ir/sec)) or by directing a request to AT&T Corp., Investor Relations, One AT&T Way, Bedminster, New Jersey 07921.**

**SBC, AT&T Corp. and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from AT&T shareholders in respect of the proposed transaction. Information regarding SBC's directors and executive officers is available in SBC's proxy statement for its 2005 annual meeting of stockholders, dated March 11, 2005, and information regarding AT&T Corp.'s directors and executive officers is available in the registration and proxy statement. Additional information regarding the interests of such potential participants is included in the registration and proxy statement and other relevant documents filed with the SEC.**

**Time Warner Telecom, AT&T, SBC agreement/add two**

**Cautionary Language Concerning Forward-Looking Statements:**

*This document contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act. Forward-looking statements are statements that are not historical facts and are generally identified by the words "expects", "anticipates", "believes", "intends", "estimates" and similar expressions.*

*AT&T-SBC: These statements include, but are not limited to, financial projections and estimates and their underlying assumptions, statements regarding the benefits of the business combination transaction involving AT&T and SBC, including future financial and operating results and the plans, objectives, expectations and intentions of the combined. Such statements are based upon the current beliefs and expectations of the managements of AT&T and SBC and are subject to significant risks and uncertainties (many of which are difficult to predict and are generally beyond the control of AT&T and SBC) that may cause actual results to differ materially from those set forth in, or implied by, the forward-looking statements.*

*The following factors, among others, could cause actual results to differ materially from those set forth in the forward-looking statements: the ability to obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of AT&T shareholders to approve the transaction; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues. Additional factors that may affect future results are contained in SBC's and AT&T's filings with SEC, which are available at the SEC's Web site <http://www.sec.gov>. Other than as required by applicable law, AT&T and SBC disclaim any obligation to update and revise statements contained in this news release based on new information or otherwise.*

*Time Warner Telecom: These statements include, but are not limited to, the benefits and impacts of the agreements described in this release and Time Warner Telecom's continued relationship with AT&T/SBC. Such statements are based upon the current beliefs and expectations of the management Time Warner Telecom and are subject to significant risks and uncertainties (many of which are difficult to predict and are generally beyond the control of Time Warner Telecom) that may cause actual results to differ materially from those set forth in, or implied by, the forward-looking statements. Important factors that could cause actual results to vary materially from those set forth in the forward-looking statements include the failure of AT&T/SBC to consummate the planned merger, unforeseen technological changes in the industry, future consolidation in the industry and economic downturns, as well as the Risk Factors set for the in Time Warner Telecom's Annual Report on Form 10-K for the fiscal year ended December 31, 2004. Time Warner Telecom undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

###

**DECLARATION OF ROBERT H. BRIGHAM AND DAVID L. TEITZEL  
REGARDING THE STATUS OF COMPETITION IN THE SEATTLE,  
WASHINGTON METROPOLITAN STATISTICAL AREA**

**EXHIBIT 8**



We Build and Manage Networks for Businesses and Communications Providers.

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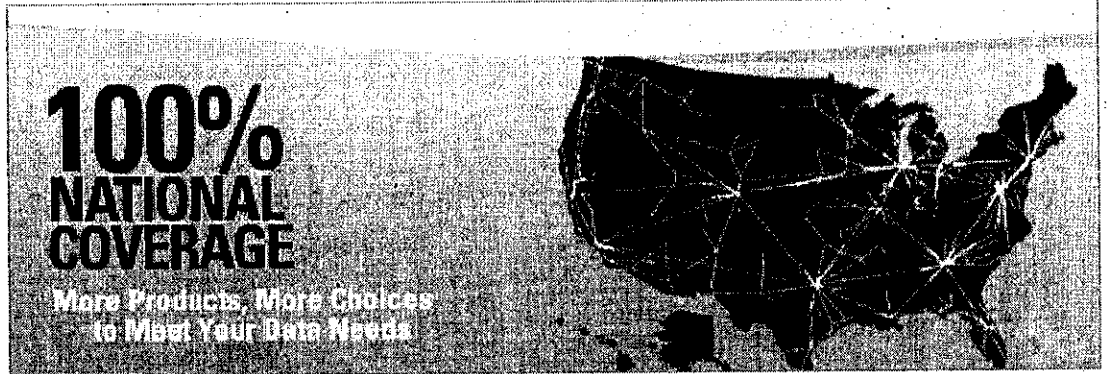


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New Edge Networks is a single-source national provider of secure multi-site managed data networks and dedicated Internet access for businesses and communications carriers.

New Edge Networks seamlessly integrates a wide variety of last-mile broadband access services available through multiple carriers, technologies, and geographic regions worldwide. Its customers include telecom carriers, small to midsize businesses, large corporations, and their telecommuters anywhere. New Edge Networks owns a nationwide multi-services network with more than 850 carrier-class switches and Internet routers. It has one of the country's largest coverage footprints with a strong presence in small and midsize markets. Top-tier private venture firms, global financial institutions and worldwide technology firms provide financial backing to New Edge Networks.



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## Converged communications services

### IP telephony

[Intro](#) | [Literature](#)

IBM Converged Communications Services – IP telephony provides the design, deployment and management services necessary to prepare your network to handle voice, data and video over one, high-speed platform, helping to enhance efficiency and business value.

#### Highlights

- Consulting and planning services designed to align IP telephony strategies with business objectives
- Network integration services for preparing networks for IP telephony
- Deployment services for integrating IP telephony into a production environment
- Managed services for helping to maintain optimal performance and reduce management costs

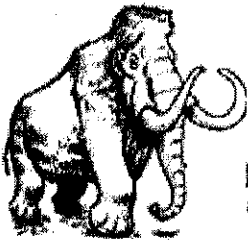
IBM Converged Communications Services – IP telephony offers a comprehensive range of consulting, integration, deployment and run services designed to help you build an IP telephony solution. IBM can help you design, deploy and manage an IP telephony infrastructure that can help reduce the costs associated with managing and maintaining separate voice and data equipment and networks, and increase the productivity of your employees. IBM Converged Communications Services – IP telephony focuses on network preparation and design and the deployment of desktop IP phones, PC softphones, voice over wireless local-area-network (LAN) phones, and person-to-person video telephony — all of which form the foundation for innovative converged communications environments.

Delivered by trained and experienced network consultants, architects and specialists, IP telephony services can provide end-to-end lifecycle services for IP telephony solutions. We can assess your needs, help you identify the available alternatives, and create an IP telephony solution architecture and design, as well as develop a proposal for implementation.

When you're ready to implement your design, our experienced network integration and deployment services team can draw on our extensive project management and subject matter expertise to put your solution into a production environment. And our managed services for IP telephony can help keep your production environment up and running.

#### For more information

- [Data sheet and additional information](#)



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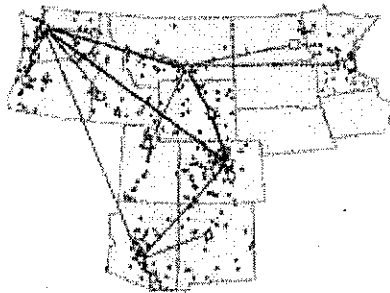
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## why mammoth? ▶

Mammoth Networks is a DSL and ATM aggregator, allowing you to connect to a community network, across multiple LATAs. We have built out a nine-state, 14-LATA network for the benefit of ISPs, CLECs, DLECs, integrators, and virtual ISPs. No contracts, no terms, no hassle.



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## our solution ▶

## news ▶

### **mammoth sponsor of the norman choo golf classic**

Mammoth Networks is a Gold Sponsor of the Norman Choo Golf Classic, scheduled for September 15th, 2006 in Seattle Washington.

[more info ▶](#)

### **mammoth supports cross-lata transport**

Mammoth now supports cross-LATA transport via its private ATM network, allowing its Partners to use the network to aggregate data circuits without NNI charges.

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### **mammoth support aggregation without facilities**

Mammoth Networks now supports aggregation of DSL, Frame Relay, and ATM services without requiring its Partners to provision a physical loop.

[more info ▶](#)

### **mammoth supports 7mbps dsl**

Mammoth has opted in to sell Qwest's Premier DSL that runs at speeds of 3-7Mbps.

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## press releases ▶

Mammoth Networks provides flexibility by allowing you to connect your DS1s and DSL customers to our network, while having those circuits invoiced to you. This allows you to pay a PVC/VPI/VCI charge for access to our network, and retain control over your customers.

The Mammoth network allows you to sell in other LATAs and in larger coverage areas outside your network. Expand your coverage area without having to justify the cost of a host circuit. Pull an agg circuit back to Mammoth, and we'll cross-connect your customers back to your internet feed. Use the Mammoth network to feed wireless towers, modem pools, or to create bridging groups between customers. The network is as flexible as you need it to be.

[more info ►](#)

**mammoth networks completes ip core upgrade** Feb 20th, 2007

Mammoth Networks has announced completion of an Internet Protocol upgrade within their network core. The new equipment, provided by Redback Networks, expands the company's ability to service its Service Provider Partners, and enables the company to deliver data solutions centered around the newest IP technologies.

[more info ►](#)

**mammoth networks fills middle-mile need** Dec 26th, 2006

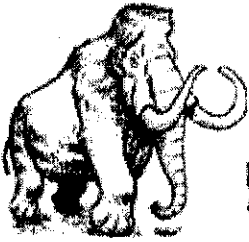
Mammoth Networks continues to develop their network to support data products in the middle-mile, a niche the company has carved that fills the gap between rural and Metro telecommunications. The company has embraced the market for data transport to remote locations within their coverage area from dense telecom markets such as Denver and Seattle.

[more info ►](#)

**mammoth networks expands into minnesota, north dakota** Oct 18th, 2006

Mammoth Networks has completed installation of fiber and equipment in North Dakota, expanding the company's DSL and private-line coverage to the Eastern half of the state. Mammoth will also complete installation in Central and Northwestern Minnesota by month's end. As a result of the expansion, Mammoth's wholesale Partners gain coverage in 91 additional communities.

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## fiber hotels

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### fiber hotels ▶

Mammoth Networks offers collocation of routers and servers in our fiber hotels. These locations are built with collocation in mind, with existing racks (19" and 23"), overhead ladder racks, and meet-point facilities.

Each fiber hotel includes:

- AC power
- DC power
- Battery bank backup
- Generator backup (check for availability)
- Access to wholesale IP
- Access to Tier 1 providers
- Access to redundant paths (fiber and microwave)

#### Pricing:

Pricing for 19" rack:  
1/4 rack (MRC) - \$150  
1/2 rack (MRC) - \$300  
full rack (MRC) - \$600  
install (NRC) - \$100  
DC Power (MRC) - \$100/10 amps  
AC Power (MRC) - \$115/10 amps

Pricing for 23" rack:  
1/4 rack (MRC) - \$175  
1/2 rack (MRC) - \$350  
full rack (MRC) - \$700  
install (NRC) - \$100  
DC Power (MRC) - \$100/10 amps  
AC Power (MRC) - \$115/10 amps

Location	Address
Denver, CO	1660 Lincoln St
Grand Junction, CO	100 29 Rd
Boise, ID	1020 Main St. Ste 310
Pocatello, ID	151 Center Street Ste 304
Couer D'alene, ID	2310 N. Fourth Ste B
Helena, MT	1078 Helena Ave
Missoula, MT	110 E. Broadway Ste 500
Billings, MT	222 N. 32nd St
Bozeman, MT	511 W. Mendenhall
Omaha, NE	11027 "I" St
Alliance, NE	814 E. 3rd St
Gering, NE	1140 10th St
Grand Island, NE	2025 West Third
Scottsbluff, NE	315 West 27th St
Reno, NV	401 S Virginia
Eugene, OR	76 E. Centennial Loop
Medford, OR	201 W. Main Street Ste 400
Portland, OR	511 SW 10th Ave. Ste 1406 & 1407
Salem, OR	700 Pringle Pkwy Ste 760
Salt Lake City, UT	1160 West 10 North
Bellingham, WA	103 E. Holly St., Suite #507
Seattle, WA	2001 Sixth Ave., Ste. 2911
Spokane, WA	W 422 Riverside Ave., Ste. 1501
Yakima, WA	6 South Street, Ste. 100
Casper, WY	123 W 1st St
Gillette, WY	319 S Gillette Ave
Jackson, WY	1725 High School Rd

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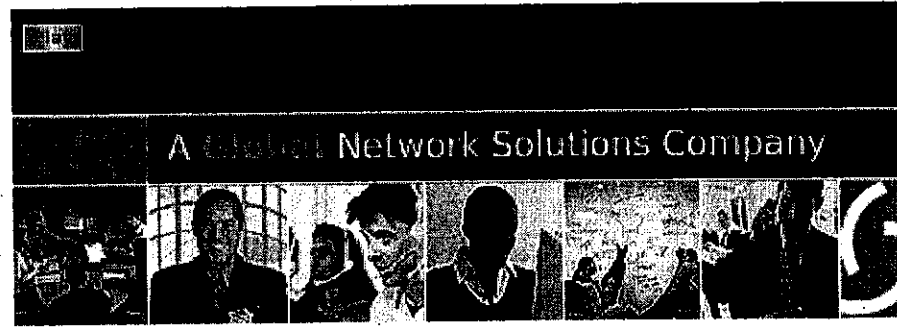


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**Virtela's Unfair Advantage: The "Super-Integrator" Model**

By industry pundit definitions, Virtela falls into the service provider category of a "Virtual Network Operator" (VNO). Typically this definition includes the concept that a VNO is a service provider who "owns nothing", but instead leverages the existing physical infrastructures of facilities based carriers. As it pertains to Virtela, this definition is only half correct! Virtela would best be described as a hybrid-a hybrid in that it combines the best characteristics of both the VNO and a facilities based carrier, as well as those of an MSSP (Managed Security Services Provider).

Virtela is a VNO in the sense that it does not own the commodity fiber and copper infrastructures in the ground for backbone and access connectivity. It is not a VNO from the perspective that Virtela does own the most critical physical infrastructure asset-the edge of the network-where all network intelligence and services layers reside. This asset, and its unique functionality, takes the form of what Virtela calls Regional Policy CentersSM (RPC). These RPCs in turn form the foundation of Virtela's multi-carrier Global Service Fabric of more than 250 network providers worldwide.

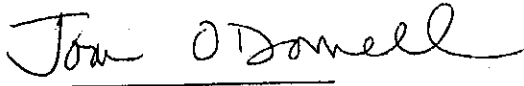
This unique framework is what allows Virtela to provide unparalleled consulting and managed services to many of the world's largest multinational companies. Virtela's service portfolio includes enterprise VPN services, remote access services, Managed Security Services and remote monitoring and management services for WANs and LANs....Read More

CERTIFICATE OF SERVICE

I, Joan O'Donnell, do hereby certify that I have caused the foregoing **PETITION (Not For Public Inspection version) OF QWEST CORPORATION FOR FORBEARANCE PURSUANT TO 47 U.S.C. § 160(c)** to be 1) filed, via courier, with the Office of the Secretary of the FCC (original and copy for stamping and returning); and 2) served, via hand delivery, on Ms. Christi Shewman of the FCC's Wireline Competition Bureau (three copies), at the following addresses:

Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
Room TW-A325  
445 12th Street, S.W.  
Washington, DC 20554

Ms. Christi Shewman  
Wireline Competition Bureau  
445 12th Street, S.W.  
Washington, DC 20554

  
_____  
Joan O'Donnell

April 27, 2007