

ORIGINAL

BEFORE THE SUPREME COURT
STATE OF FLORIDA

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NuVox Communications, Inc., *et al.*,)
)
 Appellants,)
)
 v.)
)
 The Florida Public Service Commission,)
 AT&T Inc., BellSouth Corporation,)
 BellSouth Telecommunications, Inc.,)
 and BellSouth Long Distance, Inc.,)
)
 Appellees.)
)

COMMISSION
CLERK

Case No.: SC06-
Lower Case No.: Docket No. 060308-TP

SUBMISSION OF ORIGINAL AFFIDAVITS

Attached hereto are the original affidavits of Marshall M. Criser III and Rick L. Moore in connection with Appellees' Joint Opposition to Emergency Motion for Stay ("Joint Opposition") that was filed in this case on September 18, 2006. Facsimile copies of these affidavits were originally attached to the Joint Opposition in order to expedite the response.

Respectfully submitted, this the 19th day of September 2006.

D. Bruce May, Jr.

Stephen H. Grimes
Florida Bar No. 032005
D. Bruce May, Jr.
Florida Bar No. 0354473
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Counsel for Appellee, AT&T, Inc.

CMP _____
COM _____
CTR _____
ECR _____
GCL _____
OPC _____
RCA _____
SCR _____
SGA _____
SEC 1
OTH Marguerite

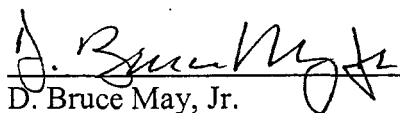
DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via hand-delivery to: Vicki Gordon Kaufman, Esquire, and Jon C. Moyle, Jr., Esquire, Moyle, Flanigan, Katz, Raymond, White & Krasker, P.A., The Perkins House, 118 North Gadsden Street, Tallahassee, Florida; the Florida Public Service Commission, c/o Blanca Bayo, Director, Division of Commission Clerk & Administrative Services, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850; and, Major B. Harding and John Beranek, Ausley & McMullen, PA, 227 South Calhoun Street, Tallahassee, FL 32301 this 19th day of September, 2006.


D. Bruce May, Jr.

**BEFORE THE SUPREME COURT
STATE OF FLORIDA**

NuVox Communications, Inc., *et al.*,

Appellants,

v.

The Florida Public Service Commission,
AT&T Inc, BellSouth Corp., BellSouth
Telecommunications, Inc., and BellSouth
Long Distance, Inc.,

Appellees.

Case No. SC06-
PSC Docket No. 060308-TP

AFFIDAVIT OF MARSHALL M. CRISER III

I, Marshall M. Criser III, do hereby declare as follows:

1. I am the State President – Florida for BellSouth Telecommunications, Inc.
2. The purpose of this affidavit is to describe the harm that BellSouth, its shareholders, and the public would suffer from a stay of the Florida Public Service Commission's ("Commission's") Order No. PSC-06-0711-FOF-TP, Order Denying Protests (Fla. P.S.C. Aug. 24, 2006) ("Order").

I. BACKGROUND

3. I was named State President in 2005 and remain in that position today. In this job, I have overall responsibility for BellSouth Telecommunications, Inc.'s regulatory and external affairs operations in Florida. In addition, I oversee the operations

of BellSouth Telecommunications, Inc. in Florida as they relate to employment, communications, economic development, community, and government issues.

4. I have 26 years of experience in the telecommunications industry. I began work for Southern Bell Telephone and Telegraph Company in 1980, first working in the regulatory, internal audits, and comptrollers organizations. I later held various other positions with BellSouth, including Director of State and Agency Relations for BellSouth Corporation in Washington, D.C., Vice President-Regulatory and Strategic Planning for BellSouth International, and Regulatory & External Affairs Vice President for BellSouth Telecommunications in Florida. I earned a bachelors degree in business administration from the University of Florida, and I also completed the Advanced Management Programme at INSEAD in Fountainebleau, France.

II. **STAYING THE FLORIDA COMMISSION'S ORDER WILL IMPOSE SIGNIFICANT COSTS ON BELLSOUTH AND PREVENT THE REALIZATION OF SUBSTANTIAL MERGER BENEFITS**

5. I have reviewed the Affidavit of Rick L. Moore submitted in opposition to the Emergency Motion to Stay the Order, and I agree with its contents. I add the paragraphs that follow to explain further harms that delay of our merger with AT&T Inc. would cause.

6. The harm that staying the Order would impose on each company's shareholders, as well as to the public interest, is substantial. As Mr. Moore explains, AT&T and BellSouth have estimated that approximately \$18 billion in synergies will be achieved as a result of this merger. But a decision to stay the Order, thereby delaying the closing of this merger, will prevent the parties from realizing these synergies for at least

the duration of the stay. I agree that the loss to the combined companies of preventing the merger close will be approximately \$129 million per month in lost savings.

7. I also agree with Mr. Moore that preventing the merger from going forward will delay and potentially eliminate altogether the retail and wholesale customer benefits that AT&T and BellSouth described in the Joint Application filed with the Florida Commission in March 31, 2006.

8. In addition, BellSouth shareholders would be separately harmed if a stay were granted. At the time the merger agreement was signed by the two companies, the transaction created a premium of approximately \$10 billion for BellSouth shareholders, as measured by the pre-agreement closing price of BellSouth stock and the price that reflected the deal's terms.¹ Since the signing of the agreement, the stock market has recognized the public interest value of the deal and has gradually reflected that value in BellSouth's stock price. Over time, as the benefits of the transaction were explained and as many regulatory agencies approved it, the gap between the trading price of BellSouth stock and the price reflecting the agreement's terms has shrunk. Because the transaction has not closed, however, BellSouth stock still trades at a discount off the price reflecting the agreement's terms. At the market's close on Friday, September 15, 2006, the gap between the two prices represents an approximate value of \$550 million that BellSouth

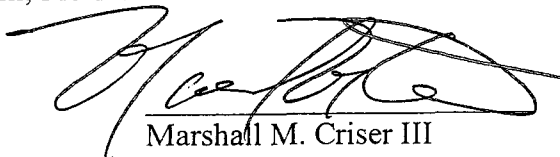
¹ The premium is estimated by the difference in the closing price (\$31.46) of BellSouth stock on the day before the merger agreement was signed and the stock price (\$37.09) computed in accordance with the merger agreement's exchange ratio of 1.325 shares of AT&T stock for each share of BellSouth stock (AT&T closed at \$27.99, and that price multiplied by 1.325 equals \$37.09). The difference of \$5.63 (\$37.09-\$31.46) multiplied by the approximately 1.8 billion outstanding BellSouth shares equals approximately \$10.1 billion.

shareholders are waiting to receive.² As long as the closing of the transaction is delayed, BellSouth shareholders are, at a minimum, denied the benefits of this value. If it became clear that the closing of the transaction were going to be delayed further, the trading gap described above would almost certainly widen, and the value to BellSouth's shareholders would accordingly be delayed.

9. Finally, I want to discuss one additional benefit that is especially important to Florida: recovery from natural disasters. Florida's unique geography regularly subjects it to hurricanes and their aftermath, and BellSouth has developed and implemented recovery mechanisms more efficiently with each hurricane experience. As good as BellSouth's response mechanisms are today, they will improve when BellSouth combines with AT&T. AT&T has invested in 350 mobile infrastructure (power and cooling) units and has a fleet of mobile network hubs that can be deployed when an existing hub is overcome by a disaster. When these resources and the wireless resources of Cingular are combined with BellSouth's experience under unified management, our company will be a better responder when future disasters occur. These enhanced capabilities benefit both our retail and wholesale customers, and the customers they serve in turn.

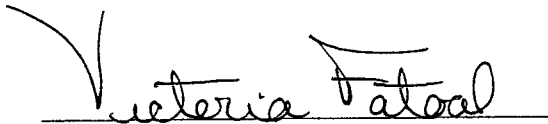
² At the market's close on Friday, September 15, 2006, AT&T's share price was \$31.86, which multiplied by the deal's exchange ratio of 1.325 equals \$42.21. BellSouth's share price closed at \$41.90, meaning there is a trading gap of 31 cents (\$42.21-\$41.90). Multiplying the 1.8 billion BellSouth shares by 31 cents equals \$558 million.

I affirm under the penalties of perjury that the contents of the foregoing Affidavit are true to the best of my knowledge, information, and belief and that this Affidavit was executed on September 18, 2006, in Miami, Florida.


Marshall M. Criser III

Sworn to and signed before me

this 18th day of September, 2006.


Notary Public
personally known to me.
My commission expires:



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Appellants,

v.

The Florida Public Service Commission,
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Telecommunications, Inc., and BellSouth Long
Distance, Inc.,

Appellees.

Case No. SC06-
PSC Docket No. 060308-TP

AFFIDAVIT OF RICK L. MOORE

I, Rick L. Moore, do hereby declare as follows:

1. I am Managing Director-Corporate Development for AT&T Inc. ("AT&T").
2. The purpose of this affidavit is to describe the harm that AT&T, its shareholders, and the public would suffer from a stay of the Florida Public Service Commission's ("Commission's") Order No. PSC-06-0711-FOF-TP, Order Denying Protests (Fla. P.S.C. Aug. 24, 2006) ("Order"). As I explain in more detail below, for every month that the merger close is delayed, it will cost AT&T and its shareholders approximately \$129 million in lost savings.

I. BACKGROUND

3. I am responsible for certain of AT&T's mergers and acquisitions activities. For more than 20 years, I have been involved in strategy development and responsible for the analysis, negotiation, and execution of dozens of transactions on behalf of AT&T and its

affiliates. I was directly involved in the evaluation of SBC Communications Inc.'s strategic options and the analysis in connection with its decision to acquire AT&T Corp. in 2005. I joined Southwestern Bell in 1976 and held various sales, product marketing, and product management positions prior to divestiture in 1984. I hold a B.S. degree in Economics from Southwestern Missouri State University.

4. This affidavit is organized as follows: First, I will briefly describe the merger and the various regulatory proceedings in which the merger has been reviewed. Second, I will discuss why the merger of AT&T and BellSouth will benefit the public interest. Third, I will discuss the harm that will result if this merger is prevented from closing on schedule.

II. THIS IS A HOLDING COMPANY MERGER THAT HAS BEEN SUBJECT TO EXTENSIVE REGULATORY REVIEW

5. The proposed merger will occur at the holding-company level; it will not involve the transfer of property for any utility certificated in Florida. According to the Merger Agreement, all of the issued and outstanding shares of BellSouth will be purchased by AT&T. BellSouth shareholders will receive AT&T stock. After the merger, BellSouth will become a wholly owned, first-tier subsidiary of AT&T.

6. From the perspective of the Florida Commission, there will be no change in the ownership structure of any BellSouth-affiliated entity subject to the Commission's regulatory authority. Likewise, the transaction will not result in any change in the ownership of any of the AT&T subsidiaries certificated in Florida. The merger will not impede the Florida Commission's ability to regulate and effectively audit the intrastate operations of any BellSouth or AT&T entities certificated by the Florida Commission that are under the direct or indirect control of AT&T or BellSouth. Upon consummation of the merger, all of those entities will

continue to hold all of the state certificates that they currently hold. There will be no transfer of assets of those certificated entities in connection with the merger.

7. Including the Florida Commission, 19 state public service commissions have now reviewed and approved this merger. In addition to these state proceedings, the merger has been the subject of extensive review by both the U.S. Department of Justice and the Federal Communications Commission ("FCC"). *See AT&T Inc. and BellSouth Corp. Applications for Approval of Transfer of Control*, WC Docket No. 06-74 (FCC filed Mar. 31, 2006). The FCC's review is nearly complete, and we expect to be in a position to close the merger by the end of October 2006.

III. STAYING THE FLORIDA COMMISSION'S ORDER WILL IMPOSE SIGNIFICANT COSTS ON AT&T AND BELL SOUTH

8. If this Court were to enter a stay, the merger will not be able to close while any such stay is pending.

9. The harm that such a decision would impose on AT&T and BellSouth shareholders, as well as to the public interest, is substantial. AT&T and BellSouth have estimated that the net present value of the synergies resulting from this merger, after costs to achieve, will be approximately \$18 billion. The annual run rate of cost savings will exceed \$2 billion by 2008, increasing to an annual run rate of greater than \$3 billion in 2010. We expect that cost reductions will make up more than 90 percent of the total synergies.

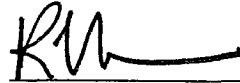
10. A decision to stay the Order, thereby delaying the closing of this merger, will prevent AT&T and BellSouth from realizing these synergies. Based on the net present value of the synergies anticipated from the merger and the weighted average cost of capital, AT&T has

estimated that, for every month that merger close is delayed, it will cost it and its shareholders approximately \$129 million in lost savings. This comes to about \$4 million per day.

IV. STAYING THE MERGER WILL ALSO POSTPONE SUBSTANTIAL BENEFITS TO CONSUMERS AND HARM THE PUBLIC INTEREST

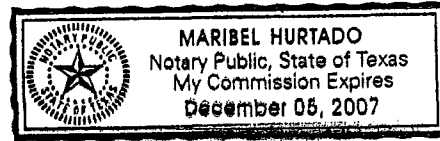
11. Finally, postponing the merger will forestall the significant consumer benefits that AT&T and BellSouth described in their Joint Application filed with the Florida Commission on March 31, 2006. AT&T and BellSouth described how the merger not only will allow the combined company to become a more effective and efficient competitor (which itself is a public benefit), but also will have a number of other specific public benefits, including: allowing the integration of the internet protocol ("IP") networks of AT&T, BellSouth, and Cingular; providing the combined company enhanced economies of scale to support research and development opportunities; and offering consumers the benefits of enhanced competition for video services. These benefits will accrue to mass-market and business consumers and will be highly beneficial to government customers.

I affirm under the penalties of perjury that the contents of the foregoing Affidavit are true to the best of my knowledge, information, and belief. This Affidavit was executed on September 18, 2006, in San Antonio, Texas.



Rick L. Moore

Sworn to and signed before me
this 18 day of September, 2006.



Notary Public

My commission expires: