

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Application of)	
Verizon North Inc. for Approval of an)	
Alternative Form of Regulation of)	
Basic Local Exchange Service and)	Case No. 08-989-TP-BLS
Other Tier 1 Services Pursuant to)	
Chapter 4901:1-4, Ohio Administrative)	
Code.)	

Affidavit

Of

Karen J. Hardie

On behalf of

The Office of the Ohio Consumers' Counsel

October 17, 2008

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In the Matter of the Application of)
Verizon North Inc. for Approval of an)
Alternative Form of Regulation of) Case No. 08-989-TP-BLS
Basic Local Exchange Service and)
Other Tier 1 Services Pursuant to)
Chapter 4901:1-4, Ohio Administrative)
Code.)

I. INTRODUCTION

- ¹ *In the Matter Of the Implementation of H.B. 218 Concerning Alternative Regulation of Basic Local Exchange Service of Incumbent Local Exchange Companies*, Case No. 05-1305-TP-ORD (“05-1305”).

2 *In the Matter of the Application of The Ohio Bell Telephone Company d/b/a AT&T Ohio for Approval of an Alternative Form of Regulation of Basic Local Exchange Service and Other Tier 1 Services Pursuant to Chapter 4901:1-4, Ohio Administrative Code, Case No. 06-1013-TP-BLS ("06-1013"). In the Matter of the Application of The Ohio Bell Telephone Company d/b/a AT&T Ohio for Approval of an Alternative Form of Regulation of Basic Local Exchange Service and Other Tier 1 Services Pursuant to Chapter 4901:1-4, Ohio Administrative Code, Case No. 07-259-TP-BLS ("07-259"). In the Matter of the Application of The Ohio Bell Telephone Company d/b/a AT&T Ohio for Approval of an Alternative Form of Regulation of Basic Local Exchange Service and Other Tier 1 Services Pursuant to Chapter 4901:1-4, Ohio Administrative Code, Case No. 07-1312-TP-BLS ("07-1312"). In the Matter of the Application of The Ohio Bell Telephone Company d/b/a AT&T Ohio for Approval of an Alternative Form of Regulation of Basic Local Exchange Service and Other Tier 1 Services Pursuant to Chapter 4901:1-4, Ohio Administrative Code, Case No. 08-107-TP-BLS ("08-107").*

3. The policy positions in my affidavits in the previous BLES alt. reg. cases have not changed. The Commission's BLES alt. reg. rules do not sufficiently address market power or line losses. The rules are inadequate to show that barriers to entry are not present. The deficiencies in the rules combined with the Commission's decisions in the previous BLES alt. reg. cases result in residential stand-alone BLES customers being subjected to the potential for rate increases despite not having – and likely not ever having – functionally equivalent or substitute services readily available at competitive rates, terms, and conditions which are required in the law as a precondition to rate increases.
4. This affidavit addresses Verizon's ("Company") Application for BLES alt. reg. for the wireless carriers which I have excluded due to lack of ported numbers; due to there being affiliated carriers serving the same exchange and/or due to carriers not being facilities-based.³
5. Verizon has asked the Commission to analyze the Application in this docket under 4901:1-4-10(C)(4), O.A.C. ("Test 4") for all exchanges included in the Application. The Commission's BLES alt. reg. rule for Test 4 reads as follows:

An applicant must demonstrate in each requested telephone exchange area that at least fifteen per cent of total residential access lines have been lost since 2002 as reflected in the applicant's annual report filed with the commission for 2002; and the presence of at least five unaffiliated facilities-based alternative providers serving the residential market. (Emphasis added)

³ See Attachment KJH-1 for a chart showing, by exchange, the carriers nominated by Verizon and the carriers that I recommend excluding.

6. The focus of my affidavit is my analysis of the wireless carriers that Verizon has identified as unaffiliated facilities-based alternative providers.⁴ The results of my analysis are set forth in this affidavit.
7. Verizon has identified Sprint Wireless, T-Mobile Wireless, AT&T Wireless, OPEX Communications, Revol Wireless, TracFone Wireless, Boost Mobile Wireless, Jump Mobile Wireless ("Jump"), Cricket Wireless, Cincinnati Bell Wireless, nTelos Wireless and Cleveland Unlimited Wireless as alternative providers under Test 4. Under a reasonable interpretation of the statute, none of Verizon's nominated wireless providers would count as competition for or alternatives to Verizon's stand-alone BLES.

II. VERIZON'S CANDIDATE WIRELESS ALTERNATIVE PROVIDERS

A. OPEX Communications and TracFone Wireless Are Not Facilities-Based.

8. OPEX Communications and TracFone Wireless are not facilities-based carriers and cannot, according to the Commission's rules, be counted as alternative providers.
9. The OPEX Communications web site shows that its wireless service is provided by Total Call Mobile. Clicking on that box opens the Total Call Mobile web page. The "Our Company" section states that "Total Call Mobile provides wireless voice and data communication using the Nationwide Sprint PCS®

⁴ OCC affiant Ms. Hagans will discuss her recommendations regarding the relevance of wireline carriers in Verizon's application.

Network.”⁵ Thus, OPEX Communications resells Total Call Mobile service, which means that OPEX Communications is not facilities-based. Further, Total Call Mobile is not facilities-based since it uses Sprint’s PCS network and not its own network.

10. TracFone is also not a facilities-based provider. In a FCC proceeding the FCC states that “TracFone is a non-facilities-based commercial mobile radio service (CMRS) provider that offers prepaid wireless telecommunications services.” (Emphasis added).⁶ Thus, TracFone does not qualify as an alternative provider for Test 4 purposes.

B. Several Wireless Carriers Do Not Have Ported Numbers in Numerous Exchanges.

11. As shown in Exhibit 3D to the Application, Verizon asserts that wireless carriers have ported numbers in the exchanges that are included in the Application.
12. However, in response to OCC discovery⁷ Verizon states that it “has not been able to confirm” that some carriers have ported numbers in certain exchanges.
13. Attachment KJH-1 provides a chart showing, by exchange, which carriers Verizon has not been able to confirm have actually ported numbers.⁸
14. These carriers should not be counted in these exchanges. Thus, for example, T-

⁵ See Attachment KJH-2.

⁶ Case 96-45 (DA 07-4982, 07-4983); http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-08-100A1.pdf (accessed October 3, 2008); see Attachment KJH-3 at ¶ 7.

⁷ See Attachment KJH-4.

⁸ See Attachment KJH-1.

Mobile would not be counted in the Ashland, Cambridge, Englewood and Port Clinton exchanges.

C. Boost Mobile, Which is a Division of Sprint Wireless, Should Not Be Counted as an Alternative Provider.

15. Verizon nominates both Sprint Wireless and Boost Mobile as alternative providers in the Circleville and New Philadelphia exchanges. As shown in Attachment KJH-1, however, Verizon cannot confirm that Boost Mobile has ported numbers in either of these two exchanges. Thus, Boost Mobile should not be counted as an alternative provider in the Circleville and New Philadelphia exchanges.
16. If the Commission concludes that Boost Mobile does qualify as an alternative provider in these exchanges, it should be combined with Sprint Nextel as a single alternative provider.
17. Boost Mobile is a division of Sprint Nextel and as such should not be counted as a separate alternative provider. Boost Mobile's web site states that "Boost Mobile is a division of Sprint Corporation."⁹
18. Sprint Nextel Corporation's 2007 SEC Form 10-K includes these statements: "We also offer wireless services ... including our Boost Mobile prepaid wireless service on our iDEN network and Boost Unlimited, a local calling prepaid service

⁹ <http://www.boostmobile.com/about/mediacenter/index.html> (accessed October 9, 2008). See Attachment KJH-5.

on our CDMA network”; “We provide our Sprint-branded post-paid, Boost Mobile branded prepaid ... services over our CDMA network”; and “We provide our Nextel-branded post-paid and Boost Mobile-branded prepaid wireless services over our iDEN network.”¹⁰

19. Since Sprint Wireless and Boost Mobile are affiliates of each other, they should be considered as one provider in the Circleville and New Philadelphia exchanges.

D. If Jump Wireless and Cricket Wireless Are Deemed to Be Alternative Providers, They Should Be Counted as One Carrier.

20. Verizon nominates both Jump and Cricket Wireless as alternative providers in the Englewood exchange. As shown in Attachment KJH-1, since Verizon cannot confirm that either company has ported numbers in that exchange neither should be counted as an alternative provider.
21. In the event that the Commission decides to accept Jump and Cricket Wireless as alternative providers in the Englewood exchange, they should be counted as the same alternative provider in this exchange. Jump and Cricket are affiliates of the same company – Leap Wireless – and as such should not be counted as separate alternative providers.
22. Leap Wireless’ web page states that it pioneered both the Cricket and Jump Mobile services. It also references its “joint ventures.”¹¹
23. Cricket’s web page confirms what is found on Leap Wireless’ web page by

¹⁰ See Attachment KJH-6.

¹¹ http://www.leapwireless.com/11_about_leap.htm (accessed October 9, 2008). See Attachment KJH-7.

stating that "Cricket is the operating subsidiary of Leap Wireless."¹²

24. Jump's web page also confirms the information found on Leap Wireless' web page by stating that it is a brand of Leap Wireless.¹³
25. If the Commission ignores the fact that neither Jump nor Cricket have ported numbers in the Englewood exchange and concludes that both carriers are indeed alternative providers, then only one should be counted in the Englewood exchange since Jump and Cricket are affiliates of each other.

E. If AT&T and AT&T Wireless Are Deemed to Be Alternative Providers, They Should Be Counted as One Carrier.

26. Verizon nominates both AT&T and AT&T Wireless as alternative providers in the Cambridge, Chesapeake, Jackson, Montrose, and Norwalk exchanges. As discussed in Ms. Hagans affidavit, since Verizon has not provided sufficient evidence regarding AT&T's qualifications as an alternative provider, the Commission should not accept AT&T as an alternative provider.
27. In the event the Commission accepts AT&T as an alternative provider, in the five exchanges listed above, AT&T and AT&T Wireless should be counted as one alternative provider.
28. AT&T's web page under Investor Relations states that under the AT&T brand AT&T is "the nation's premier wireless carrier" and "the leading U.S. provider of

¹² <http://www.mycricket.com/aboutcricket/> (accessed October 9, 2008). See Attachment KJH-8.

¹³ <http://www.jumpmobile.com/about/> (accessed October 9, 2008). See Attachment KJH-9.

local and long distance voice services.”¹⁴ This shows that AT&T and AT&T Wireless are affiliated and if the Commission allows AT&T and AT&T Wireless to qualify as alternative providers, they should be counted as one alternative provider.

F. If CBT and CBT Wireless Are Deemed to Be Alternative Providers, They Should Be Counted as One Carrier.

29. Verizon nominates both CBT and CBT Wireless as alternative providers in the Trotwood exchange. As shown in Attachment KJH-1 and in Ms. Hagans affidavit, since Verizon cannot confirm that either company has ported numbers in that exchange neither should be counted as an alternative provider.
30. In the event the Commission accepts CBT and CBT Wireless as alternative providers in the Trotwood exchange, they should be counted as one alternative provider.
31. Cincinnati Bell's 2007 Annual Report to Stockholders discusses the results of their wireless and wireline operations.¹⁵ This shows that CBT and CBT Wireless are affiliated and if the Commission allows CBT and CBT Wireless to qualify as alternative providers, they should be counted as one alternative provider.

¹⁴ <http://www.att.com/gen/investor-relations?pid=5711> (accessed October 9, 2008). See Attachment KJH-10.

¹⁵ <http://library.corporate-ir.net/library/11/111/111332/items/294111/CincinnatiBellNPS10KWrap1.pdf> (accessed October 3, 2008). See Attachment KJH-11.

III. CONCLUSION

32. The deficiencies in the Commission's rules combined with the Commission's decisions in the previous BLES alt. reg. cases result in residential stand-alone BLES customers being subjected to the potential for rate increases despite not having -- and likely not ever having -- functionally equivalent or substitute services readily available at competitive rates, terms, and conditions which are contemplated in the law as a precondition to rate increases.
33. Regarding its candidate wireless alternative providers, the information that Verizon provides does not address the critical issues of whether alternative providers offer competing services to Verizon's BLES or make functionally equivalent or substitute services readily available at competitive rates, terms, and conditions.
34. The Commission should reject, as described above, certain of Verizon's claims regarding the wireless carriers in the exchanges shown on Attachment KJH-1 since Verizon has not been able to confirm that those carriers have ported numbers in those exchanges. Additionally, as described above, other carriers should be rejected because they are either not facilities-based or are affiliated.

STATE OF OHIO

COUNTY OF FRANKLIN

The undersigned, being of lawful age and duly sworn on oath, hereby certifies, deposes and stated the following:

I have caused to be prepared the attached written affidavit in support of the Office of the Ohio Consumers' Counsel in the above referenced docket. This affidavit is true and correct to the best of my knowledge, information, and belief.

Further Affiant sayeth not.



Karen J. Hardie, Affiant

Subscribed and sworn to before me this 17th day of October 2008.



NANCY C. BERNARD, ATTORNEY AT LAW
Notary Public, State of Ohio
My Commission Expires 10/31/2011

Verizon BLES Alt. Reg.

Case No. 08-989-TP-BLS

WIRELESS CARRIERS – PORTED NUMBERS

NC = Verizon cannot confirm that carrier has ported numbers

Exchange	Sprint	T-Mobile	AT&T	Opex	Revol	TRACFONE	Boost	Jump	Cricket	Cincinnati Bell	nTelos	Cleveland Unlimited
Ashland	Y	NC	Y									
Athens	Y	Y	Y	NC								
Bowling Green	Y	Y	Y		NC							
Brunswick	Y	Y	Y		Y							
Cambridge	Y	NC	Y									
Chesapeake	Y		Y			NC						
Circleville	Y	Y	Y				NC					
Delaware	Y	Y	Y		NC							
Englewood	Y	NC	Y					NC	NC	Y		
Jackson	Y		Y									
Marion	Y	Y	Y									
Medina	Y	Y	Y		Y							
Montrose	Y	Y	Y									
New Philadelphia	Y	Y	Y				NC					
Norwalk	Y	Y	Y		Y							
Plain City	Y	Y	Y		NC					NC		
Port Clinton	Y	NC	Y		NC							
Portsmouth	Y		Y								NC	
Sylvania	Y	Y	Y		Y							
Tipp City	Y	Y	Y						NC	Y		NC
Trotwood	Y	Y	Y						NC	NC		NC
Troy	Y	Y	Y		NC				NC	Y		
Wadsworth	Y	Y	Y		Y							
Wilmington	Y		Y						NC	Y		NC

Source: Verizon responses to OCC discovery. See Attachment KJH-4.

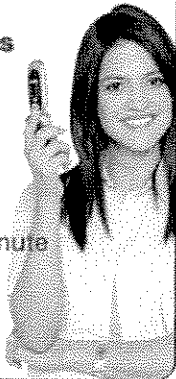
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About Total Call Mobile, Inc.

Total Call Mobile, Inc. is a newly formed mobile wireless services provider that offers prepaid and postpaid wireless voice and data communications services targeted to the expanding multi-cultural ethnic groups in the U.S. Total Call Mobile provides wireless voice and data communications using the Nationwide Sprint PCS ® Network.

The service includes International Direct Dial with the touch of a button, and offers native language Customer Service, including the following languages: Spanish, Vietnamese, Chinese, Korean, and Tagalog. As the nation's first multi-ethnic MVNO, Total Call Mobile offers a suite of reliable high-value, low-cost international voice and data services on prepaid or month to month plans. Total Call Mobile branded phones will be available in select retail stores across the nation, as well as wireless agents and dealers. Total Call Mobile is directly affiliated with Total Call International (totalcallusa.com).

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Federal Communications Commission

FCC 08-100

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Federal-State Joint Board on Universal Service)	CC Docket No. 96-45
)	
TracFone Wireless, Inc.)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of New)	
York)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of Florida)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the)	
Commonwealth of Virginia)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of)	
Connecticut)	
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Petition for Designation as an Eligible)	
Telecommunications Carrier in the)	
Commonwealth of Massachusetts)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of)	
Alabama)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of North)	
Carolina)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of)	
Tennessee)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of)	
Delaware for the Limited Purpose of Offering)	
Lifeline Service to Qualified Households)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the State of New)	
Hampshire for the Limited Purpose of Offering)	
Lifeline Service to Qualified Households)	
)	
Petition for Designation as an Eligible)	
Telecommunications Carrier in the)	
Commonwealth of Pennsylvania for the Limited)	

Purpose of Offering Lifeline Service to Qualified)
 Households)
)
 Petition for Designation as an Eligible)
 Telecommunications Carrier in the District of)
 Columbia for the Limited Purpose of Offering)
 Lifeline Service to Qualified Households)

ORDER

Adopted: April 9, 2008

Released: April 11, 2008

By the Commission: Commissioners Copps, Adelstein and Tate issuing separate statements.

I. INTRODUCTION

1. In this Order, we conditionally grant the petitions of TracFone Wireless, Inc. (TracFone) to be designated as an eligible telecommunications carrier (ETC), eligible only to receive universal service Lifeline support, in its licensed service areas in New York, Virginia, Connecticut, Massachusetts, Alabama, North Carolina, Tennessee, Delaware, New Hampshire, Pennsylvania, and the District of Columbia, pursuant to section 214(e)(6) of the Communications Act of 1934, as amended (the Act).¹ Due

¹ TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New York, CC Docket No. 96-45 (filed June 8, 2004) (New York Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia, CC Docket No. 96-45 (filed July 21, 2004) (Virginia Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of Connecticut, CC Docket No. 96-45 (filed Nov. 9, 2004) (Connecticut Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Massachusetts, CC Docket No. 96-45 (filed Nov. 9, 2004) (Massachusetts Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of Alabama, CC Docket No. 96-45 (filed Nov. 9, 2004) (Alabama Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of North Carolina, CC Docket No. 96-45 (filed Nov. 9, 2004) (North Carolina Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of Tennessee, CC Docket No. 96-45 (filed Nov. 9, 2004) (Tennessee Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of Delaware for the Limited Purpose of Offering Lifeline Service to Qualified Households, CC Docket No. 96-45 (filed Nov. 28, 2007) (Delaware Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New Hampshire for the Limited Purpose of Offering Lifeline Service to Qualified Households, CC Docket No. 96-45 (filed Nov. 28, 2007) (New Hampshire Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Pennsylvania for the Limited Purpose of Offering Lifeline Service to Qualified Households, CC Docket No. 96-45 (filed Dec. 11, 2007) (Pennsylvania Petition); TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the District of Columbia for the Limited Purpose of Offering Lifeline Service to Qualified Households, CC Docket No. 96-45 (filed Jan. 18, 2008) (District of Columbia Petition). TracFone filed an erratum to its New York Petition correcting, from four to five, the number of underlying carriers it uses to serve subscribers in that state. Erratum to TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New York, CC Docket No. 96-45 (filed June 14, 2004). TracFone later amended its request for ETC designation in New York and Virginia to limit its eligibility for federal universal service support to the Lifeline program only. Amendment to TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the State of New York, CC Docket No. 96-45, 2 (filed Aug. 16, 2004); Amendment to TracFone Wireless, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia, CC Docket No. 96-45, 2 (filed Aug. 16, 2004). TracFone's petitions for ETC designation in the remaining states, other than Florida, as discussed below, were limited to eligibility for Lifeline support as originally filed. TracFone does not seek eligibility for high-cost support.

6. In addition, prior to designating an ETC pursuant to section 214(e)(6) of the Act, the Commission determines whether such designation is in the public interest.¹⁷ In the *ETC Designation Order*, the Commission adopted one set of criteria for evaluating the public interest for ETC designations for both rural and non-rural areas.¹⁸ Specifically, in determining the public interest, the benefits of increased consumer choice and the unique advantages and disadvantages of the applicant's service offering are considered.¹⁹ As the Commission noted in the *ETC Designation Order*, however, the same factors may be analyzed differently or may warrant a different outcome depending on the specifics of the proposed service area and whether it is rural or non-rural.²⁰

C. TracFone's Petitions

7. TracFone is a non-facilities-based commercial mobile radio service (CMRS) provider that offers prepaid wireless telecommunications services.²¹ On June 8, 2004, TracFone filed a petition seeking forbearance from section 214(e)(1) of the Act, which requires that an ETC be facilities-based, at least in part.²² Beginning on that date, TracFone filed with the Commission petitions seeking designation as an ETC only for the purpose of being eligible to receive universal service Lifeline support in its licensed service areas in New York, Virginia, Florida, Connecticut, Massachusetts, Alabama, North Carolina, Tennessee, Delaware, New Hampshire, Pennsylvania, and the District of Columbia.²³

8. In the *Forbearance Order*, the Commission conditionally granted TracFone's request for forbearance from the facilities-based requirements of section 214(e)(1)(A) of the Act and section 54.201(i) of its rules for the purpose of considering TracFone's petitions for limited ETC designation.²⁴ The *Forbearance Order* required that TracFone file a compliance plan with the Commission explaining how TracFone will implement the conditions imposed by the *Forbearance Order*.²⁵ TracFone filed its compliance plan on October 11, 2005.²⁶

¹⁷ 47 U.S.C. § 214(e)(6); 47 C.F.R. § 54.202(c). See also *ETC Designation Order*, 20 FCC Rcd at 6388-96, paras. 40-57; *Virginia Cellular Order*, 19 FCC Rcd at 1573, para. 27; *Highland Cellular Order*, 19 FCC Rcd at 6431-32, para. 21. The Commission places the burden on the ETC applicant to demonstrate that the public interest is served. *ETC Designation Order*, 20 FCC Rcd at 6390, para. 44.

¹⁸ *ETC Designation Order*, 20 FCC Rcd at 6389-90, paras. 42-43.

¹⁹ 47 C.F.R. § 54.202(c).

²⁰ *ETC Designation Order*, 20 FCC Rcd at 6390, para. 43. In analyzing the public interest factors in this instance, there is no rural/non-rural distinction because Lifeline support, unlike high-cost support, is not determined based on whether the service area is rural or non-rural. See 47 C.F.R. § 54.403.

²¹ See, e.g., Massachusetts Petition at 2, 3.

²² 47 U.S.C. § 214(e)(1).

²³ See *supra* notes 1 and 2.

²⁴ *Forbearance Order*, 20 FCC Rcd at 15098-99, para. 6. Additionally, on its own motion, the Commission forbore from section 54.201(d)(1) of its rules, which mirrors section 214(e) of the Act, requiring that ETCs be facilities-based, at least in part. *Id.* at 15098, n.23.

²⁵ *Id.* at 15105, para. 25.

²⁶ See generally TracFone Compliance Plan; Erratum to Compliance Plan.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

25. Has Boost Mobile ported numbers in the Circleville exchange?

RESPONSE:

Verizon has not been able to confirm that Boost Mobile has ported numbers in the Circleville exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

27. Has Boost Mobile ported numbers in the New Philadelphia exchange?

RESPONSE:

Verizon has not been able to confirm that Boost Mobile has ported numbers in the New Philadelphia exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

45. Has Cincinnati Bell Wireless ported numbers in the Plain City exchange?

RESPONSE:

Verizon has not been able to confirm that Cincinnati Bell Wireless has ported numbers in the Plain City exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

49. Has Cincinnati Bell Wireless ported numbers in the Trotwood exchange?

RESPONSE:

Verizon has not been able to confirm that Cincinnati Bell Wireless has ported numbers in the Trotwood exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

61. Has Cleveland Unlimited Wireless ported numbers in the Tipp City exchange?

RESPONSE:

Verizon has not been able to confirm that Cleveland Unlimited Wireless has ported numbers in the Tipp City exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

63. Has Cleveland Unlimited Wireless ported numbers in the Trotwood exchange?

RESPONSE:

Verizon has not been able to confirm that Cleveland Unlimited Wireless has ported numbers in the Trotwood exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

65. Has Cleveland Unlimited Wireless ported numbers in the Wilmington exchange?

RESPONSE:

Verizon has not been able to confirm that Cleveland Unlimited Wireless has ported numbers in the Wilmington exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

72. Has Cricket Wireless ported numbers in the Englewood exchange?

RESPONSE:

Verizon has not been able to confirm that Cricket Wireless has ported numbers in the Englewood exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
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CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

74. Has Cricket Wireless ported numbers in the Tipp City exchange?

RESPONSE:

Verizon has not been able to confirm that Cricket Wireless has ported numbers in the Tipp City exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

76. Has Cricket Wireless ported numbers in the Trotwood exchange?

RESPONSE:

Verizon has not been able to confirm that Cricket Wireless has ported numbers in the Trotwood exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
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CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

78. Has Cricket Wireless ported numbers in the Troy exchange?

RESPONSE:

Verizon has not been able to confirm that Cricket Wireless has ported numbers in the Troy exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
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CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

80. Has Cricket Wireless ported numbers in the Wilmington exchange?

RESPONSE:

Verizon has not been able to confirm that Cricket Wireless has ported numbers in the Wilmington exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

105. Has Jump Mobile ported numbers in the Englewood exchange?

RESPONSE:

Verizon has not been able to confirm that Jump Mobile Wireless has ported numbers in the Englewood exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
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CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

117. Has nTelos ported numbers in the Portsmouth exchange?

RESPONSE:

Verizon has not been able to confirm that nTelos Wireless has ported numbers in the Portsmouth exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

129. Has OPEX Communications ported numbers in the Athens exchange?

RESPONSE:

Verizon has not been able to confirm that OPEX Communications has ported numbers in the Athens exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

136. Has Revol ported numbers in the Bowling Green exchange?

RESPONSE:

Verizon has not been able to confirm that Revol Wireless has ported numbers in the Bowling Green exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

140. Has Revol ported numbers in the Delaware exchange?

RESPONSE:

Verizon has not been able to confirm that Revol Wireless has ported numbers in the Delaware exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

146. Has Revol ported numbers in the Plain City exchange?

RESPONSE:

Verizon has not been able to confirm that Revol Wireless has ported numbers in the Plain City exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

148. Has Revol ported numbers in the Port Clinton exchange?

RESPONSE:

Verizon has not been able to confirm that Revol Wireless has ported numbers in the Port Clinton exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

152. Has Revol ported numbers in the Troy exchange?

RESPONSE:

Verizon has not been able to confirm that Revol Wireless has ported numbers in the Troy exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

180. Has T-Mobile ported numbers in the Ashland exchange?

RESPONSE:

Verizon has not been able to confirm that T-Mobile Wireless has ported numbers in the Ashland exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

182. Has T-Mobile ported numbers in the Cambridge exchange?

RESPONSE:

Verizon has not been able to confirm that T-Mobile Wireless has ported numbers in the Cambridge exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

184. Has T-Mobile ported numbers in the Englewood exchange?

RESPONSE:

Verizon has not been able to confirm that T-Mobile Wireless has ported numbers in the Englewood exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
COUNSEL INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS – FIRST SET
CASE NO. 08-0989-TP-BLS
(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

186. Has T-Mobile ported numbers in the Port Clinton exchange?

RESPONSE:

Verizon has not been able to confirm that T-Mobile Wireless has ported numbers in the Port Clinton exchange.

**VERIZON'S RESPONSE TO THE OFFICE OF THE OHIO CONSUMERS'
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(DATED SEPTEMBER 12, 2008 – RESPONSE SEPTEMBER 22, 2008)**

193. Has TRACFONE ported numbers in the Chesapeake exchange?

RESPONSE:

Verizon has not been able to confirm that TRACFONE Wireless has ported numbers in the Chesapeake exchange.



Store Locator:

Boost Mobile: About: Media Center: Company Overview

Navigate

- [Media Center](#)
- [Company Overview](#)
- [News Center](#)
- [Contact Info](#)
- [Multimedia Gallery](#)
- [Charitable Programs](#)
- [Management Team](#)
- [Careers](#)
- [Advertising](#)

Boost Mobile is a division of Sprint Corporation (NYSE: S) that offers wireless phones and services with no contracts, credit checks or activation fees. Boost is among the most popular prepaid wireless brands in the U.S. and has approximately four million customers - the majority of which are 18 to 34 years old. Boost-branded wireless phones with its exclusive Boost® Walkie-Talkie service are available nationwide at approximately 17,500 major retail and independent wireless dealer locations; with Re-Boost® available at approximately 100,000 locations throughout the U.S. Purchase and experience Boost on the web at MySpace, Facebook and www.boostmobile.com

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2007

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 1-04721

SPRINT NEXTEL CORPORATION

(Exact name of registrant as specified in its charter)

KANSAS

(State or other jurisdiction of incorporation or organization)

48-0457967

(I.R.S. Employer Identification No.)

6200 Sprint Parkway, Overland Park, Kansas

(Address of principal executive offices)

66251

(Zip Code)

Registrant's telephone number, including area code:

(800) 829-0965

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Series 1 common stock, \$2.00 par value	New York Stock Exchange
Guarantees of Sprint Capital Corporation	
6.875% Notes due 2028	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes ☐ No ☒

Aggregate market value of voting and non-voting common stock equity held by non-affiliates at June 30, 2007, was \$59,118,357,225

COMMON SHARES OUTSTANDING AT FEBRUARY 21, 2008:

VOTING COMMON STOCK

Series 1	2,774,113,035
Series 2	74,831,333

Documents incorporated by reference

Portions of the registrant's definitive proxy statement filed under Regulation 14A promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, which definitive proxy statement is to be filed within 120 days after the end of registrant's fiscal year ended December 31, 2007, are incorporated by reference in Part III hereof.

SPRINT NEXTEL CORPORATION
SECURITIES AND EXCHANGE COMMISSION
ANNUAL REPORT ON FORM 10-K
PART I

Item 1. Business

Overview

The Corporation

Sprint Nextel Corporation, incorporated in 1938 under the laws of Kansas, is mainly a holding company, with its operations primarily conducted by its subsidiaries. Unless the context otherwise requires, references to "Sprint Nextel," "we," "us" and "our" mean Sprint Nextel Corporation and its subsidiaries.

We are a global communications company offering a comprehensive range of wireless and wireline communications products and services that are designed to meet the needs of individual consumers, businesses and government customers. We have organized our operations to meet the needs of our targeted customer groups through focused communications solutions that incorporate the capabilities of our wireless and wireline services to meet their specific needs. We are one of the three largest wireless companies in the United States based on the number of wireless subscribers. We own extensive wireless networks and a global long distance, Tier 1 Internet backbone.

We, together with three third party affiliates, or PCS Affiliates, offer digital wireless service in all 50 states, Puerto Rico and the U.S. Virgin Islands under the Sprint® brand name utilizing wireless code division multiple access, or CDMA, technology. The PCS Affiliates, through commercial arrangements with us, provide wireless services mainly in and around smaller U.S. metropolitan areas on CDMA-based wireless networks built and operated at their expense, in most instances using spectrum licensed to and controlled by us. We offer digital wireless services under our Nextel® brand name using integrated Digital Enhanced Network, or iDEN®, technology. We also offer wireless services that focus on the youth market, including our Boost Mobile® prepaid wireless service on our iDEN network and Boost Unlimited, a local calling prepaid service on our CDMA network. We are one of the largest providers of long distance services and one of the largest carriers of Internet traffic in the nation.

On December 17, 2007, Daniel R. Hesse joined our company as President and Chief Executive Officer. Senior management is currently reviewing our operations and assessing our strategies and future business plans. This process is still ongoing and, depending on the outcome our operations, future capital requirements and future valuation of our long-lived assets could be affected.

Our Series I voting common stock trades on the New York Stock Exchange, or NYSE, under the symbol "S."

Business Combinations & Spin-off

We merged with Nextel Communications, Inc. and acquired Nextel Partners, Inc. in 2005 and 2006, respectively. We also have acquired seven former PCS Affiliates. We paid a premium over the fair value of the net tangible and intangible assets that we acquired in each of these business combinations. As a result, in connection with these business combinations, we recorded \$26.3 billion of goodwill in addition to the \$4.4 billion of goodwill previously recorded on our balance sheet. All of the goodwill was allocated to our Wireless segment. In the fourth quarter 2007, we conducted our annual assessment of goodwill for impairment. As a result, we recorded a \$29.7 billion non-cash goodwill impairment charge in the fourth quarter 2007 in accordance with Statement of Financial Accounting Standards, or SFAS, No. 142 *Goodwill and Other Intangible Assets*. Refer to note 3 of the Notes to Consolidated Financial Statements for additional information.

We also offer wireless services that focus on the youth market, including our Boost Mobile prepaid wireless service on our iDEN network and Boost Unlimited®, a local calling prepaid service on our CDMA network.

Our services are provided using a wide variety of handsets and personal computer wireless data cards manufactured by various suppliers for use with our voice and data services. We generally sell these devices at prices below our cost in response to competition, to attract new customers and as retention inducements for existing customers.

We sell accessories, such as carrying cases, hands-free devices, batteries, battery chargers and other items to customers, and we sell handsets and accessories to agents and other third-party distributors for resale.

We offer wholesale CDMA-based wireless services to resellers, commonly known as mobile virtual network operators, or MVNOs. MVNOs purchase wireless services from us at wholesale rates and resell the services to their customers under their own brand names. Under these MVNO arrangements, the operators bear the costs of subscriber acquisition, billing and customer service. We currently provide wholesale services, through multi-year, wholesale agreements, to a number of MVNOs, including Virgin Mobile USA, Qwest Communications International, Inc., Movida Communications, Inc., Helio Inc. and Embarq. Virgin Mobile USA offers prepaid wireless service targeted to the youth and prepaid markets and was originally formed as a joint venture between us and Virgin Group.

We offer customized design, development, implementation and support services for wireless services provided to large companies and government agencies.

Sales, Marketing and Customer Care

We focus the marketing and sales of wireless services on targeted groups of customers: individual consumers, businesses and government customers. We offer a variety of pricing options and plans, including plans designed specifically for business customers, individuals and families. We use a variety of sales channels to attract new subscribers of wireless services, including:

- direct sales representatives whose efforts are focused on marketing and selling CDMA- and iDEN-based wireless services primarily to mid-sized to large businesses and government agencies that value our industry and technical expertise and extensive product and service portfolio, as well as our ability to develop custom communications capabilities that meet the specific needs of these larger customers;
- retail outlets that focus on sales to the consumer market, including Sprint Nextel retail stores owned and operated by us, as well as third-party retailers such as Radio Shack, Best Buy, Target and Wal-Mart;
- indirect sales agents that primarily consist of local and national non-affiliated dealers and independent contractors that market and sell services to small businesses and the consumer market, and are generally paid through commissions; and
- customer-convenient channels, including web sales and telesales.

We market our post-paid services under the Sprint and Nextel brands. We offer these services on a contract basis typically for one or two year periods, with services billed on a monthly basis according to the applicable pricing plan. We market our prepaid services under the Boost Mobile brand, as a means to directly target the youth and prepaid wireless service markets.

Although we market our services using traditional print and television advertising, we also provide exposure to our brand names and wireless services through various sponsorships. We are the title sponsor of the NASCAR Sprint Cup Series™, the premier national championship series of the National Association for Stock Car Auto Racing, or NASCAR®. We are NASCAR's official telecommunications sponsor, which entitles us to a variety of

branding, advertising, merchandising and technology-related opportunities, many of which are exclusive with NASCAR, its drivers and teams, and the racetrack facilities. We also are the official telecommunications service provider of the National Football League, or NFL, and the provider of exclusive and original NFL-related content as part of our Sprint-branded wireless service. The goal of these initiatives, together with our other marketing initiatives, which include affiliations with most major sports leagues, is to increase brand awareness in our targeted customer base and expand the use of our customer-convenient distribution channels: web sales, telesales and retail stores.

We added about 1.6 million net post-paid subscribers on the CDMA network in 2007; however, we have experienced a continued decline in the number of new CDMA post-paid subscribers in the fourth quarter 2007. Competitive marketing conditions including increased advertising and promotions among our competitors have contributed to the decline in the number of new customers. Churn of CDMA customers improved slightly in 2007 as compared to 2006; however, our post-paid churn remains high relative to our competitors.

We have experienced declines in the number of new iDEN post-paid subscribers in recent quarters and we lost about 2.8 million net post-paid subscribers of iDEN-based services during 2007. Consumer sentiment regarding the iDEN network, reduced marketing programs and limited new handset offerings at higher than market prices have all contributed to the decline in new iDEN customers. Capacity constraints in certain markets on the iDEN network have improved in recent quarters due to fewer subscribers and investments we have made to improve the network.

Our customer management organization works to improve our customer's experience, with the goal of retaining subscribers of our wireless services. Customer service call centers, some of which are operated by us and some of which are operated by independent contractors, receive and respond to inquiries from customers. We have implemented initiatives that are designed to improve call center processes and procedures, including those related to customer satisfaction ratings with respect to customer care and first call resolution. As of December 31, 2007, about 72% of our direct post-paid subscriber base is managed on a single billing platform, which we believe has increased functionality for our customer care representatives and has the potential to enhance the customer experience. We expect to convert our remaining post-paid subscribers in the first half 2008.

Wireless Network Technologies

CDMA Network

We provide our Sprint-branded post-paid, ~~Boost Mobile branded prepaid~~ and wholesale wireless services over our CDMA network, an all-digital wireless network with spectrum licenses that allow us to provide service in all 50 states, Puerto Rico and the U.S. Virgin Islands. The CDMA network uses a single frequency band and a digital spread-spectrum wireless technology that allows a large number of users to access the band by assigning a code to all voice and data bits, sending a scrambled transmission of the encoded bits over the air and reassembling the voice and data into its original format.

We, together with the PCS Affiliates, operate CDMA networks in 360 metropolitan markets, including 341 of the 349 largest U.S. metropolitan areas, where more than 271 million people live or work. We provide nationwide service through a combination of:

- operating our own digital network in both major and smaller U.S. metropolitan areas and rural connecting routes using CDMA technology;
- affiliations under commercial arrangements with the PCS Affiliates; and
- roaming on other providers' networks.

Under the terms of the commercial arrangements with the PCS Affiliates, our wireless services are offered under the Sprint brand on CDMA networks built and operated at the expense of the PCS Affiliates. In most instances, the PCS Affiliates use spectrum licensed to, and controlled by, us. The PCS Affiliates operate mainly in and around smaller U.S. metropolitan areas.

CDMA subscribers can use their phones through roaming agreements in countries other than the United States, including areas of Asia Pacific, Central and South America, North America and most major Caribbean islands. Our digital quad band devices can utilize global system for mobile communications, or GSM, technology, the network technology utilized by many wireless providers throughout Europe and other parts of the world, which enables subscribers to roam in numerous countries outside the U.S., including countries in Europe.

We are deploying the high-speed EV-DO technology across our CDMA network. EV-DO increases average mobile-device data speeds up to ten times faster when compared to the prior generation technology. In addition, this technology delivers applications and services available only on EV-DO-capable handsets and laptops equipped with EV-DO-capable Sprint PCS Connection Cards™. The services supported by this technology, marketed as Power Vision, give consumer and business customers access to numerous sophisticated applications using EV-DO-capable devices, including mobile desktop, data messaging, photo and video offerings, entertainment and location-based applications. Currently, EV-DO technology covers nearly 234 million people and serves customers in over 236 communities with populations of at least 100,000, which represents the majority of the footprint of our CDMA network. EV-DO data roaming is available in selected markets in Canada and Mexico.

We have incorporated EV-DO Rev. A, the most recent version of EV-DO technology, into over 82% of our CDMA network. We anticipate incorporating EV-DO Rev. A into all new cell sites added to our CDMA network in 2008. EV-DO Rev. A is designed to support a variety of IP, video and high performance walkie-talkie applications on our CDMA network.

The cell site equipment used in the CDMA network often resides on buildings or communications towers, most of which are leased from third parties. The acquisition of Nextel has given us access to cell site communications towers erected for use in connection with the Nextel iDEN network, which in some cases enables us to co-locate CDMA cell site equipment on these towers. Similarly, in certain circumstances, we are able to co-locate iDEN cell site equipment on the CDMA communications towers. We also locate cell site equipment on buildings and deploy in-building systems and outdoor distributed antenna systems where cell site solutions are not feasible.

iDEN Network

We provide our Nextel-branded post-paid and ~~Boost Mobile-branded~~ prepaid wireless services over our iDEN network. Our iDEN network is an all-digital packet data network based on iDEN wireless technology provided by Motorola, Inc. We are the only national wireless service provider in the United States that utilizes iDEN technology, and, generally, the iDEN handsets that we currently offer are not enabled to roam onto wireless networks that do not utilize iDEN technology. We operate iDEN networks in 355 metropolitan markets, including 336 of the top 349 U.S. markets, where about 266 million people live or work.

We have roaming or interoperability agreements with iDEN-based wireless service providers that operate in selected areas of Canada, Mexico, Argentina, Brazil, Chile and Peru, which gives subscribers of iDEN-based services the ability to utilize our walkie-talkie services to communicate to and from these markets. Subscribers can also get voice only services when roaming on iDEN-based wireless service providers in areas of Singapore, the Philippines, South Korea, Israel, Jordan and Guam. With an i930 or i920 iDEN handset, subscribers are able to roam in numerous countries outside the U.S., including countries in Europe. These handsets utilize GSM technology. In addition, any iDEN subscriber can remove the subscriber identity module, or SIM, card found in each iDEN handset and place it in any unlocked device that utilizes GSM technology when traveling outside of the U.S.

Below is a table showing (a) net additions (losses) for the past twelve quarters of direct subscribers for our iDEN and CDMA networks, excluding subscribers obtained through business combinations, existing subscribers who have migrated between networks and indirect subscribers of MVNOs and PCS Affiliates, (b) our total iDEN and CDMA post-paid subscribers as of each of the quarters in 2005, 2006 and 2007, and (c) our average rates of monthly post-paid and prepaid customer churn for the past twelve quarters.

	Quarter Ended											
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005	March 31, 2006	June 30, 2006	September 30, 2006	December 31, 2006	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007
Net additions (losses)												
<i>(in thousands)</i>												
Post-paid:												
iDEN	—	—	136	188	72	108	1379	(643)	(744)	(662)	(700)	(686)
CDMA ⁽²⁾	518	400	394	558	491	278	191	337	524	678	363	3
Total	518	400	530	746	563	210	(188)	(306)	(220)	16	(337)	(683)
Boost Mobile-branded services:												
iDEN-based prepaid	—	—	230	638	502	498	216	171	272	70	(57)	(202)
CDMA-based unlimited local calling plan	—	—	—	—	—	—	—	—	3	99	124	257
Total	—	—	230	638	502	498	216	171	275	169	67	55
End of period subscribers												
<i>(in thousands)</i>												
iDEN post-paid	—	—	16,367	16,555	16,616	18,624	18,204	17,601 ⁽¹⁾	16,535	15,472	14,355	13,246
CDMA post-paid ⁽²⁾	18,283	18,683	19,600	20,422	22,487	22,781	23,471	24,204 ⁽¹⁾	25,050	26,129	27,079	27,505
Total post-paid	18,283	18,683	35,967	36,977	39,103	41,405	41,675	41,805	41,585	41,601	41,434	40,751
Boost Mobile prepaid	—	—	1,987	2,625	3,127	3,625	3,841	4,012	4,284	4,354	4,297	4,095
Boost Mobile unlimited local calling plan	—	—	—	—	—	—	—	—	3	102	226	483
Total prepaid	—	—	1,987	2,625	3,127	3,625	3,841	4,012	4,287	4,456	4,523	4,578
Monthly customer churn rate	—	—	—	—	—	—	—	—	—	—	—	—
Direct post-paid ⁽³⁾	2.5%	2.2%	2.2%	2.1%	2.1%	2.1%	2.4%	2.3%	2.3%	2.0%	2.3%	2.3%
Direct prepaid	—	—	3.5%	4.6%	5.4%	6.0%	6.8%	6.5%	7.0%	6.8%	6.2%	7.5%

(1) In the fourth quarter 2006, we changed our subscriber deactivation policy for post-paid subscribers to provide us additional time to retain subscribers who were subject to deactivation due to late payment. To effect this change, the subscriber base as of October 1, 2006 was increased by 436,000 subscribers. We adjusted our subscriber beginning balance so as to not increase our direct net subscriber additions or decrease the customer churn rates for the fourth quarter 2006 due to this policy change.

(2) Includes subscribers with PowerSource devices, introduced in the fourth quarter 2006.

(3) During the third quarter 2007, we implemented an additional churn rule to remove the impact of activations and deactivations occurring within 30 days in the same account. The new rule, which we believe presents a more precise churn calculation, reduced churn by 10 basis points to 2.3% in the third quarter 2007. The additional churn rate did not impact reported net additions or results of operations. Prior period churn figures have not been adjusted for this additional churn rule.



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About Leap

Leap provides innovative, high-value wireless services to a fast-growing, young and ethnically diverse customer base. With the value of unlimited wireless services as the foundation of its business, Leap pioneered both the Cricket® and Jump® Mobile services. The Company and its joint ventures now operate in 29 states and hold licenses in 35 of the top 50 U.S. markets. Through its affordable, flat-rate service plans, Cricket offers customers a choice of unlimited voice, text, data and mobile Web services. Jump Mobile is a unique prepaid wireless service designed for the mobile-dependent, urban youth market. Headquartered in San Diego, Calif., Leap is traded on the NASDAQ Global Select Market under the ticker symbol "LEAP."

Company History

Leap Wireless, Inc. began as a spin-off of QUALCOMM. The company was incorporated in June 1998, and in September of the same year began trading on NASDAQ under the trading symbol LWIN. Leap launched its Cricket wireless service in March of 1999 in Chattanooga, Tennessee. The company grew steadily for several years, launching service in primarily smaller, rural markets. Leap filed for Chapter 11 protection on April 13, 2003. The company was restructured and emerged from bankruptcy on August 16, 2004.

Since then the company has strategically grown, celebrating milestones like the launch of a new pre-paid wireless brand, Jump® Mobile, reaching 3 million subscribers in February of 2008, successfully building 14 new markets obtained through the FCC Auction 58, and winning over 100 new licenses in FCC Auction 66 in 2006. The company now owns licenses for 35 of the top 50 markets, including Chicago, Milwaukee, Minneapolis, Philadelphia, Washington D.C., and Seattle. The company is optimizing and executing its business, preparing to double the size of the business over the next two years through the launch of new markets, enhancing current markets and introducing new products and services.

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ABOUT CRICKET

[What's up in My Community?](#)

About Cricket

Cricket is the operating subsidiary of Leap Wireless International, a customer-focused company providing innovative mobile wireless services targeted to meet the needs of customers who are under-served by traditional communications companies. With a commitment to predictability, simplicity and value as the foundation of its business, Leap pioneered Cricket® service, a simple and affordable wireless alternative to traditional landline service. Cricket® service offers customers unlimited anytime minutes within the Cricket® calling area over a high-quality, all-digital CDMA network. For more information, please visit www.leapwireless.com.

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About Jump

About Jump Mobile

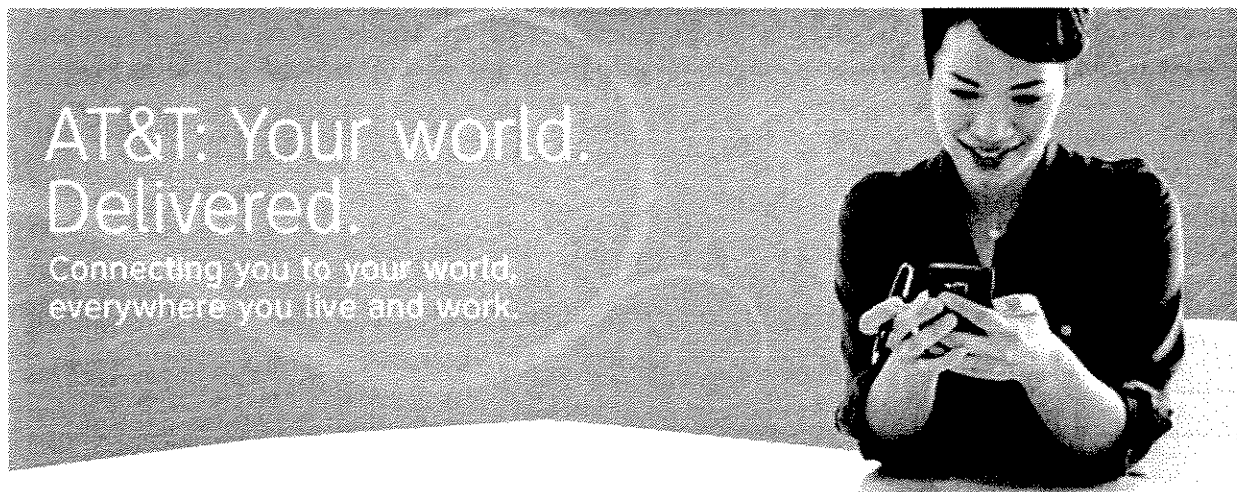
Jump™ Mobile is defining low-cost prepaid wireless service with unlimited inbound and outbound text messaging, unlimited incoming calls from anywhere and only 10 cents per minute for local and domestic long distance outgoing calls. Jump Mobile is the service of choice for those who don't want hidden charges or connection fees. Jump gives customers access to a high-quality, all-digital wireless network, plus a variety of the latest phones, accessories, ringtones, wallpaper, and games.

Jump Mobile is a brand of Leap Wireless International, Inc. [NASDAQ: LEAP], headquartered in San Diego, California. For more information on Leap, visit www.leapwireless.com.





Corporate Profile



AT&T is bringing it all together for our customers, from the revolutionary iPhone to next-generation TV services and sophisticated solutions for multi-national businesses.

For more than a century, we have consistently provided innovative, reliable, high-quality products and services and excellent customer care. Today, our mission is to connect people with their world, everywhere they live and work, and do it better than anyone else. We're fulfilling this vision by creating new solutions for consumers and businesses and by driving innovation in the communications and entertainment industry.

We're recognized as the leading worldwide provider of IP-based communications services to businesses. We're also the top U.S. provider of wireless, high speed Internet access, Wi-Fi, local and long distance voice, and directory publishing and advertising services.

And we're making huge advances in the entertainment and communications industry. For example, we've expanded our video offerings to include next-generation television services such as AT&T U-verseSM TV. It's part of our "three-screen" integration strategy to deliver services across the three screens people rely on most — the mobile device, the PC and the TV.

As we continue to break new ground and deliver new solutions, we're focused on delivering the high-quality customer service that is our heritage.

Company Overview

Key Facts About AT&T

U.S. Presence

Global Reach

Consumer Services

Small Business Services

Global, National, Midsize Business and
Government: Enterprise Portfolio

Wholesale Offerings

Networks

Meaningful Innovation

Community Support

Recognition

Corporate History

We are the largest communications holding company in the world by revenue. Operating globally under the AT&T brand, we are:

- » Proud to offer one of the world's most advanced and powerful global backbone networks, carrying 15.6 petabytes of data traffic on an average business day to nearly every continent and country, with up to 99.999 percent reliability.
- » The nation's premier wireless carrier based on subscribers, serving 72.9 million customers and enabling them to travel and communicate seamlessly in more than 200 countries worldwide.
- » The exclusive U.S. wireless carrier for the new iPhone 3G and the iPhone, which launched in June 2007 and revolutionized the industry.
- » The nation's largest provider of broadband — 14.7 million high speed Internet subscribers (as of 2Q08).
- » The nation's largest Wi-Fi provider, now offering customers access at more than 71,000 hot spots spanning countries around the world (including company-owned and third-party roaming locations) — with the addition of approximately 7,000 Starbucks locations.
- » One of the world's largest providers of IP-based communications services for businesses, with an extensive portfolio of Virtual Private Network (VPN), Voice over IP (VoIP) and other offerings — all backed by innovative security and customer support capabilities.
- » The nation's largest directory publisher, delivering print directories to more than 175 million.
- » A world leader in the transport and termination of wholesale traffic — widely recognized for our industry-leading wholesale services portfolio.
- » The parent of YELLOWPAGES.COM, a leading Internet Yellow Pages network that received more than 1.5 billion local searches in 2007.
- » The leading U.S. provider of local and long distance voice services.

Read all segments of the Company Overview.

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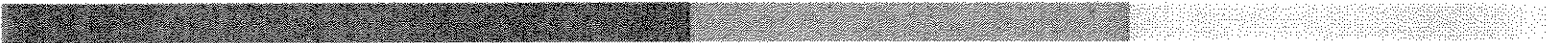
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Cincinnati Bell[™]

2007 Annual Report

Letter to Shareholders	Notice of 2008 Annual Meeting and Proxy Statement	Report on Form 10-K
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the President & Chief Executive Officer and
the Chief Financial Officer

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Board of Directors and Company Officers

Notice of Annual Meeting of Shareholders

Proxy Statement

Report on Form 10-K

Not many corporations can boast of a 134-year history; however, at Cincinnati Bell we can. The residents and enterprises located in the tri-state area of Ohio, Kentucky and Indiana long ago came to depend upon our award-winning communication services. That's not to say the Cincinnati Bell of 2007 is the same company as was the City and Suburban Telegraph Company in 1873. What we can say is that we have built upon this strong foundation of outstanding customer service and reliability to continue to deliver leading performance and innovative products in an industry that changes with lightning speed. Because we both innovate and execute, we continue to outperform most of our peers. 2007 was no exception!

Cincinnati Bell Wireless was named "Best Network" within our service area based on an independent study for the third year in a row. In its February 2008 issue, a nationally recognized publication that evaluates consumer products and services rated Zoomtown, Cincinnati Bell's high-speed internet service, in the top three and Cincinnati Bell Any Distance, our long distance service, in the top four of all service providers nationwide. No other company was rated higher that offers service in our operating area. Our customers continue to re-affirm that we deliver the products and services they desire at an outstanding value.

This level of performance is only possible through consistent execution of our strategy. The fourth quarter of 2007 marked the ninth consecutive quarter of year over year revenue growth and sixth consecutive quarter of year over year Adjusted EBITDA¹ growth in our three operating segments. We increased data center capacity and utilization by over 50 percent while wireless subscribers grew 8 percent. Wireless, Technology Solutions, and expansion market revenues each grew at double digit rates. As a result, 2007

top-line revenue improved by 6 percent and Adjusted EBITDA by 3 percent. Earnings per share excluding special items² increased by 2 cents per share or 7 percent, and we either met or exceeded all of our 2007 financial goals with full-year revenue of \$1.3 billion, Adjusted EBITDA of \$473 million and free cash flow³ of \$59 million.

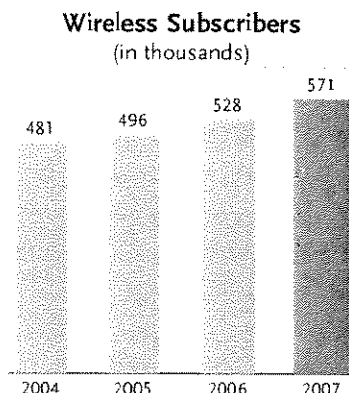
As we like to say at Cincinnati Bell, "there is no checkered flag." Not only are we dedicated each and every day to develop new and better ways to serve our customers, we are also dedicated to the communities we serve. Our commitment to our customers and communities is unparalleled. We have a caring and talented workforce that devotes its time and talent to over 50 organizations throughout our service region. Our partnership with Cincinnati's Taft High School has become a model of urban high school renewal, which other corporations have begun to emulate. It is just one example of how we are giving back to the community and why we are the corporate partner with whom our customers want to associate and in whom they can take pride.

Wireless and Technology Solutions Segments Drive Revenue and Operating Income Growth

Wireless revenue totaled \$295 million for the year, up 12 percent from 2006. Wireless operating income was \$34 million with Adjusted EBITDA of \$74 million, an increase in Adjusted EBITDA of 39 percent from 2006.

Wireless subscribers reached 571,000 at the end of 2007, an 8 percent increase from 2006. In addition to this growth, we also focused on high value smart data plans, such as a blackberry plan, which helped to grow wireless data subscribers, overall data usage and Average Revenue Per User (ARPU). We maintained postpaid churn at 1.55 percent in 2007. Our i-wireless product continues to be the brand of choice for prepaid

customers in the Cincinnati and Dayton region. Subscribers grew 5 percent in 2007 while ARPU grew by 16 percent.



Technology Solutions grew revenue by 19 percent, operating income by 15 percent and Adjusted EBITDA by 36 percent in 2007. This success is the result of double digit revenue growth in all business lines, including a 43 percent increase in data center and managed services. In addition to rapid revenue growth, gross profit percent margins also expanded across the business. Our data center investments continue to be both a driving force behind this segment's profitability growth as well as providing the basis for the ultimate business bundle, which drives profitable growth across our Wireline and Wireless segments as well.

We are Executing Our Core Strategy of "Defend, Delever and Grow"

Revenue grew 10 percent across all three segments for our business customers in 2007. At the end of 2007, business customers represented 57 percent of total revenue, a 2-point expansion from 2006. Expanding our relationship with our business customers is a key driver of our growth strategy. Although we are expanding our relationships by providing wireless and wireline services, we believe that data center co-location services will be an increasingly important and vital service for most businesses over the next few years. By

the end of 2007, we increased our data center capacity by 58 percent to 144,000 square feet with a utilization rate of 93 percent. We also expanded our geographic reach and service capability with the acquisition of GramTel USA, Inc. ("GramTel"), a regional provider of data center, disaster recovery and business continuity services, located in South Bend, Indiana. GramTel gives us immediate access to Chicago and its surrounding markets as well as a focused offering for small and medium-sized businesses.

In addition to the acquisition of GramTel, Cincinnati Bell completed in the first quarter of 2008 the acquisition of eGIX Inc. ("eGIX"), a privately-held competitive-service provider headquartered in Carmel, Indiana. This transaction is a natural extension of our success with business customers in our existing expansion markets, such as in Dayton, and gives us an immediate relationship with small and medium-sized business customers throughout Indiana and part of Illinois. With their focus on innovation and exceptional customer service, eGIX's service offerings complement our capabilities and will also lead to an expanded service offering to our existing customers.

In 2007, we also expanded our product capability for residential customers with the purchase of a telecommunications company ("Lebanon"), which provides local phone and cable to a small community just outside of our traditional local operating area, and is located in Lebanon, Ohio. This acquisition provides a learning environment and possibly the platform to offer the most extensive bundle of consumer services: home phone, high speed internet, home security monitoring, cable television and wireless services.

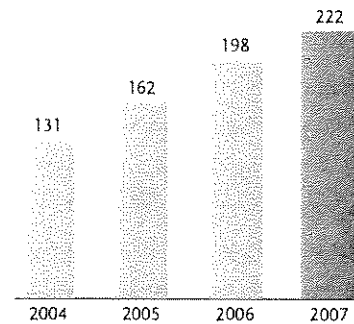
Our wireless customers experienced top-quality network performance and were introduced to new integrated products, such as Spinvox and CB Home Run. Cincinnati Bell was the first North American carrier to commercially launch these services. Spinvox converts a voice mail message to a text message while CB Home Run marries mobile phone service with traditional wireline service by providing network access via a wireless internet (WiFi) access point. This provides better reception in problematic areas and unlimited calling minutes when originating mobile phone calls via a WiFi access point. In addition to these innovative new services, we began construction of our third generation (3G) wireless network, which in addition to yielding network capital efficiencies will provide the platform for our next generation of wireless products for years to come.

Continued Progress in a Challenging Environment

Despite the evolution and rapid change in the telecommunications industry, our wireline services remain important to our customers. Strong promotions and bundling success led to net additions of 24,000 DSL subscribers, up 12 percent from 2006. The growth in DSL subscribers helped to offset the impact of lower local voice revenue, which is a continuing challenge for us as well as others in the industry. 42 percent of our in-territory consumer primary lines subscribe to DSL.

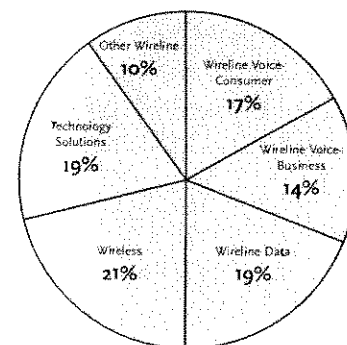
In a highly competitive environment, DSL churn continued to be below 2 percent. This low churn rate is our best evidence that our high-speed internet service continues to provide a superior price/value relationship to our customers.

DSL Subscribers
(in thousands)



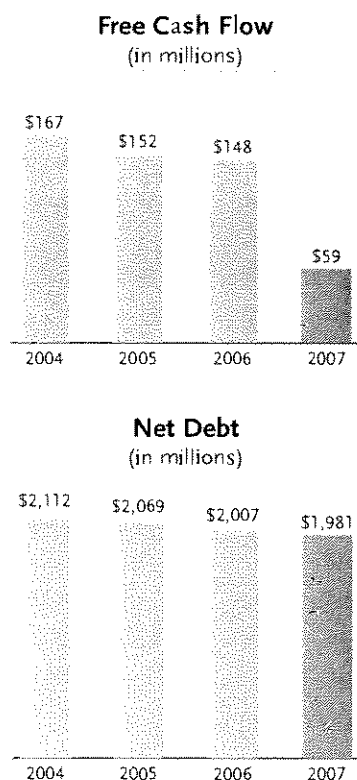
We, along with the entire industry, continue to experience access line loss in our core wireline business. Growth in expansion markets and stability in business access lines partially offset this decline in 2007. Although the traditional consumer voice services provided over the wireline network remain important to our customers and the profitability of our business, our future success depends upon diversification beyond this traditional service offering. In 2007, we achieved significant progress as only 17 percent of total revenue came from traditional consumer wireline voice services. In other words, wireless, wireline data and Technology Solutions revenue growth has lessened the financial impact of declining consumer voice revenues.

% of 2007 Revenue



Solid Financial Planning Leads to Stable Free Cash Flow

In 2007, we produced over \$300 million of operating cash flow, which provided the financial resources to increase data center investments by over \$80 million, to begin construction of a new 3G wireless network and still deliver \$59 million in free cash flow. We invested this free cash flow in the two acquisitions closed in 2007, the \$5 million purchase in Lebanon and the \$19 million paid for GranTel, and deployed the balance to repay outstanding debt. After a \$9 million increase in capital lease obligations, we decreased net debt⁴ by \$26 million in 2007 to just below \$2 billion. Reducing our debt in conjunction with investing in our growth businesses continues to be a strategic imperative.



Preparing for the Future

Our data center and wireless investments position Cincinnati Bell as a full service provider of the communications services that our customers demand.

These services will provide the engine for both future revenue and earnings growth.

As consumers rely less on traditional wireline voice services, continuing to realign our cost structure with this lower demand is also a key to profitability growth in 2008 and beyond. We have prepared for this in several ways. In the fourth quarter of 2007, we incurred a \$38 million pre-tax restructuring charge related to initiatives to reduce future labor costs. The Company has reduced \$74 million of pension and post retirement liabilities by capping retiree medical and reducing retiree life insurance benefits. In connection with these initiatives, we have offered a voluntary early retirement incentive to retirement-eligible management employees. In addition, on February 27, 2008 the 1,300 employees represented by the Communications Workers of America (CWA) ratified the labor agreement reached by the Company and union officials. The three-year agreement renews the labor contract for current bargaining unit employees, which was set to expire May 10, 2008, establishes a new compensation and benefit structure for future bargaining unit employees, and offers a retirement incentive for eligible bargaining unit employees. The Company will continue to explore cost-saving opportunities and is committed to sustaining the momentum achieved in 2007.

As a result of the strength of our financial position, our return on investments, and commitment to continue to deliver value to our shareholders, the Board of Directors authorized a \$150 million share repurchase plan over a two-year period commencing in 2008. Cincinnati Bell's financial condition has improved considerably since the 2003 sale of its national broadband business. Revenue and earnings are growing, we have reduced net debt, invested in our growth areas, refinanced high interest debt, and all the while our cash flows have remained strong and stable.