

Delay Of Capital Expenditures Due To Deferred NANP Exhaust

Projected NANP Exhaust	Estimated Cost of Expanding NANP A (See Note 1)	Years from Present to Capital Expenditure B	Cost of Capital C	PV D=Excel Present Value function formula	BellSouth Portion of Industry E=D*14.02% (See Note 2)	Qwest Portion of Industry F=D*8.97% (See Note 2)	BellSouth Interstate Portion @ 25% G=E*25%	Qwest Interstate Portion @ 25% H=F*25%
20 Year Saving from Most Aggressive Estimated NANP Replacement Schedule								
2005	\$ 100,000,000,000	3	11.25%	\$ (72,627,307,016)	\$ (10,182,793,779)	\$ (6,512,254,707)	\$ (2,545,698,445)	\$ (1,628,063,677)
2025	\$ 100,000,000,000	23	11.25%	\$ (8,611,911,298)	\$ (1,207,442,770)	\$ (772,202,112)	\$ (301,860,693)	\$ (193,050,528)
Total Saving From Delays				\$ (64,015,395,718)	\$ (8,975,351,008)	\$ (5,740,052,595)	\$ (2,243,837,752)	\$ (1,435,013,149)
18 Year Saving from Most Conservative Estimated NANP Replacement Schedule								
2016	\$ 100,000,000,000	14	11.25%	\$ (22,480,176,922)	\$ (3,151,858,648)	\$ (2,015,724,443)	\$ (787,964,662)	\$ (503,931,111)
2034	\$ 100,000,000,000	32	11.25%	\$ (3,299,129,560)	\$ (462,558,194)	\$ (295,822,231)	\$ (115,639,548)	\$ (73,955,558)
Total Saving From Delays				\$ (19,181,047,361)	\$ (2,689,300,454)	\$ (1,719,902,212)	\$ (672,325,114)	\$ (429,975,553)

Note 1: AT&T chose the mid point between the \$50 billion to \$150 billion estimated cost of expanding the NANP by one or more digits

Note 2: Source: FCC Monitoring Report, October 2001, Table 3.30

Line	A 1999 USF Loops	B Percent of Total Industry Loops	C Calculation
1	BellSouth 25,936,039	14.02%	Line 1A/Line 3A
2	Qwest 16,587,009	8.97%	Line 2A/Line 3A
3	Total Industry 184,985,055		