

Consumer Market*

RADIUS	POPULATION	HOUSEHOLDS	AVG. HOUSEHOLD INCOME	TOTAL INCOME (000s)
100 miles	1,948,933	726,417	\$47,212	\$34,295,599
200 miles	9,809,357	3,600,424	\$53,502	\$192,629,880
300 miles	22,707,120	8,347,492	\$59,992	\$500,782,740
400 miles	36,064,705	13,406,500	\$58,816	\$788,516,700
500 miles	48,244,609	17,976,484	\$57,256	\$1,029,261,500

Market Demographics*

RADIUS	MEDIAN AGE	0-17	18-24	25-34	35-54	55+
100 miles	34.33	505,270	230,687	255,587	527,603	429,786
200 miles	34.45	2,603,219	1,060,398	1,312,799	2,726,710	2,106,231
300 miles	34.02	6,100,940	2,366,537	3,200,109	6,454,256	4,585,278
400 miles	34.40	9,526,309	3,753,642	5,054,685	10,210,763	7,519,306
500 miles	34.54	12,652,433	5,060,906	6,715,858	13,572,709	10,242,703

Growth Potential

RADIUS	GROWTH 2000-2005	PROJECTED GROWTH 2005-2010
100 miles	1.78%	1.54%
200 miles	3.64%	3.57%
300 miles	6.14%	6.01%
400 miles	6.15%	5.99%
500 miles	6.02%	5.83%

Source: Claritas

A natural marketplace

The state of Louisiana is a resource-rich region located on the Gulf of Mexico. It is a major source of U.S. petroleum and refined petroleum products, natural gas, petrochemicals, forest products, agricultural crops, salt, sulphur and seafood.

Louisiana is strategically located astride the mouth of the Mississippi River. Its location makes it the natural gateway into the heavily industrialized Mississippi River

Valley, as well as the logical point of export for much of the goods and produce of the American Midwest.

Nearly 50 million people reside within a 500-mile radius of central Louisiana, a market area that is expected to grow by more than 5.8% between 2005 and 2010. Distribution to this growing consumer market is economical via Louisiana's extensive highway, rail, water and air transportation infrastructure.

*Note: The numbers above do not reflect population shifts along the Gulf Coast related to hurricanes Katrina and Rita. Louisiana parishes such as Orleans and St. Bernard saw major decreases in population, but other parishes in Louisiana and other states shown on this map absorbed much of the shifted population. Consult the report "Special Population Estimates for Impacted Counties in the Gulf Coast Area" from the U.S. Census Bureau to assess these changes. www.census.gov/Press-Release/www/2005/katrina.htm

Map source: U.S. Census Bureau 2005 map of Metropolitan and Micropolitan Statistical Areas.

Ethernet is latest frontier for business technology pioneer BellSouth



Communications technology continues to evolve at a rapid pace. In order to benefit from enhanced capabilities, business customers align themselves with forward-looking providers that are setting the pace of the evolution.

With hundreds of Network VPN customers supported by a secure and reliable MPLS-based IP backbone, 3.4 million DSL subscribers, several hundred enterprise voice over IP customers and an infrastructure of 6.4 million miles of fiber in the Southeast, BellSouth understands the technology evolution and continues to deliver innovative solutions to end users based on new developments.

Diversifying Ethernet

In 2006, BellSouth has continued to lead the way with the development of diverse Ethernet data services for businesses. The company's product line now includes the delivery of 2Mbps, 4Mbps and 8Mbps Ethernet services, known as Mid-Band Ethernet, to medium-sized businesses and enterprise branch locations within its region. BellSouth Mid-Band Metro Ethernet complements the provider's existing 10Mbps, 100Mbps and 1000Mbps offers and enables a greater number of customers to integrate a higher level of networking into their businesses. The new speeds can be offered over existing copper or fiber infrastructure, which helps drive broadband business applications deeper into corporate networks and reduces customer implementation costs.

BellSouth's leadership in developing more diverse Ethernet data services for business helped earn the company the 2006 Frost & Sullivan Award for Product Line Strategy. Frost & Sullivan is a global growth consulting firm that has been helping companies develop innovative market strategies for 40 years.

In addition to launching Mid-Band Metro Ethernet, BellSouth has launched the following enhancements to its Ethernet portfolio in 2006:

- Virtual BellSouth® Metro Ethernet Service, which provides four classes of service (best effort, business critical, interactive and real-time) for efficient bandwidth allocation to support multiple IP applications over a single port.

- Extended access to BellSouth® Managed Network VPN throughout the Southeast, which allows Ethernet connectivity to BellSouth's MPLS-based networking solution, seamlessly linking locations supported by DSL, Private Line, Frame Relay, ATM and Metro Ethernet onto a single corporate network.

"BellSouth planted a stake in the ground with Metro Ethernet more than a decade ago and continues to lead the industry," notes Martin Chandler, vice president – product management, BellSouth Business Markets. "Ethernet has emerged to become the preferred transport method for corporate data networks, and BellSouth continues to evolve its portfolio to support advanced customer applications."

Metro Ethernet is the telecommunications industry designation for Ethernet transport service that moves data traffic between two or more customer Ethernet local area networks (LANs). BellSouth began offering Metro Ethernet services in 1994 and has aggressively enhanced the portfolio to support the evolving needs of its business customers. The company's recent product enhancements further demonstrate BellSouth's focus on expanding the reach and utility of Ethernet for its customers.

BellSouth is one of only seven service providers in the world to receive Metro Ethernet Forum Service Provider Certification for its Metro Ethernet Service. The company has 469 Ethernet switches and 6.4 million miles of fiber in its regional network and is currently one of the top four Ethernet service providers in the U.S., based on market share data.

Voice over IP solutions

Ethernet is just one of the business technologies in which BellSouth is leading the way. For five years, it has been

delivering voice over IP solutions to businesses, and in October the company announced an agreement with Avaya to resell Avaya IP telephony solutions to businesses. This complements BellSouth's existing portfolio of voice over IP solutions from Cisco Systems and Nortel. Customers can now work with BellSouth as a single point of contact to address telephony, messaging and contact center requirements using Avaya's broad portfolio of IP-based solutions.

BellSouth will market and sell the following product suites and services:

- Avaya MultiVantage® Communications Applications. Includes Avaya Communication Manager IP telephony software and contact center, messaging, mobility and business continuity applications.
- Avaya MultiVantage® Express. Designed specifically for mid-sized businesses, this single-server solution provides the power of Avaya Communication Manager with built-in communications, messaging, mobility and management applications.
- Avaya IP Office. Flexible, converged voice and data system designed for small and mid-sized businesses. IP Office enables businesses to deploy an infrastructure that supports full-featured traditional voice functionality today with the option to migrate to IP telephony in the future.
- Avaya Professional and IP Support Services.

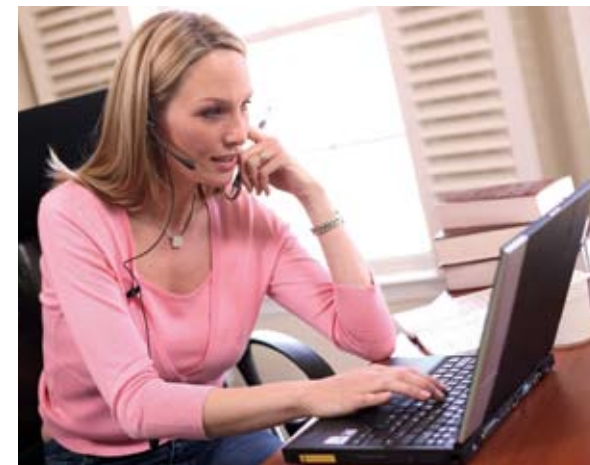
BellSouth also expanded its comprehensive IP services portfolio this year to include managed security services. The security solutions are delivered through a teaming arrangement with SecureWorks, a leading managed IT security services provider.

BellSouth Managed Security Services include network intrusion prevention, managed firewall, host intrusion prevention, vulnerability assessments and email encryption. In addition to these managed services, BellSouth offers a penetration test that simulates a network attack to determine the impact of potential security threats.

Wireless solutions

BellSouth owns 40 percent of Cingular Wireless, and the two companies are able to work closely together to create integrated wireless and wireline solutions for businesses seeking simplified, converged environments.

"Wireless and broadband



are becoming more critical components of business communications infrastructure every day, and providers that address these growing needs will differentiate themselves in the marketplace," said William A. Oliver, President—Louisiana Operations for BellSouth. "BellSouth's technology allows customers to harness the power of wireless and broadband for both voice and data environments."

BellSouth was the first major telecommunications provider to offer wireless broadband service

in many of its markets. BellSouth's experience with wireless broadband began in 2000 with the company's first-generation trial in Houma, La. The service was rapidly delivered to New Orleans residents following Hurricane Katrina and has also been deployed in select cities in Georgia, Florida and Kentucky.

Wireless broadband technology is designed to serve as an alternative means of high-speed connectivity in areas such as rural communities, where traditional wireline broadband cannot be efficiently deployed. BellSouth's wireless broadband service will also fill in urban/suburban areas where ADSL may not be available.

About BellSouth

BellSouth Corporation is a Fortune 500 communications company headquartered in Atlanta, Georgia. BellSouth has joint control and 40 percent ownership of Cingular Wireless, the nation's largest wireless voice and data provider with 58.7 million customers.

SERVICE EXCELLENCE

BellSouth Communication Systems recently attained ISO 9001:2000 certification. As the customer premise equipment arm for BellSouth Business Markets, BellSouth Communication Systems provides equipment installation, maintenance, upgrades and managed services to BellSouth business customers. For BellSouth business customers, achieving ISO 9001:2000 certification is unbiased proof of the team's unyielding commitment to quality and service excellence.



Backed by award-winning customer service, BellSouth offers the most comprehensive and innovative package of voice and data services available in the market. Through BellSouth Answers®, residential and small business customers can bundle their local and long distance service with dial-up and high-speed DSL Internet access, satellite television and Cingular® Wireless service. For businesses, BellSouth provides secure, reliable local and long distance voice and data networking solutions. BellSouth also offers print and online directory advertising through The Real Yellow Pages® and YELLOWPAGES.COM™ from BellSouth.