

SECTION 1 - APPLICATION AND USE

1.01 SCOPE OF SCHEDULE

Subject to such policies and limitations as the Board of Directors may from time to time establish, the President & CEO shall have general charge and direction of Southwestern Bell Communications Services, Inc. (the "Company") with authority to carry on its ordinary business. Within such limitations as are established by the Board, the President, Southwestern Bell Communications Services, Inc. (collectively herein referred to as "President") & CEO shall have the authority to determine the scope of operations and relationships within the Company. Pursuant to this authority, the President & CEO delegates to the Officers and employees authority to act for the Company as set forth in this Schedule.

1.02 RESERVED AUTHORITIES

This Schedule includes certain authorities which are reserved to the Board of Directors. The authority reserved to the Board of Directors may be exercised by the delegated authority as provided herein or, if applicable, the Executive Committee subject, however, to any applicable legal limitations.

1.03 AUTHORITY FOR ADMINISTRATION OF PLANS

This Schedule shall in no way affect delegations of authority made by the Board of Directors for the administration of the Management Plans, Pension Plans and Sickness and Accident Disability Benefit Plans or any other plans in which Company participates. For matters relating to the administration of such plans, reference should be made to the plan texts and the authorities concerning such plans established from time to time by the Board of Directors.

1.04 USE OF AUTHORITY HEREIN DELEGATED

The authority herein delegated to the Officers and employees shall be exercised only in connection with the operations and activities of their respective organizations and where indicated, geographic operations. The authority herein delegated is permissive and not mandatory and any Officer or employee may restrict or limit the authority of any subordinate in the Officer's or employee's organization. It is expected that employees to whom authority is delegated will, before taking action pursuant to such authority, discuss with higher supervision any unusual or especially important matter. Employees in one department are expected to confer with those in other departments on matters affecting their joint responsibilities or activities. Additionally, authorizations provided herein are issued in conjunction with the respective geographic operations' budget.

1.05 DESIGNATION OF TITLES

The designation of a title opposite any item in this Schedule shall have the effect of including the titles of all supervisors in direct line of organization above the title so designated, and shall also apply to the position so identified carrying the same responsibilities under an acting or changed title.

1.06 DELEGATION OF AUTHORITY

(a) **DURING TEMPORARY ABSENCES** - The President & CEO may, during his/her temporary absence, delegate authority reserved to the President & CEO under this Schedule to any other employee by specific written delegation. Where no specific written delegation has been made, the President & CEO hereby delegates authority during his/her temporary absence as follows:

- (i) To the Executive Vice President and Chief Financial Officer (CFO);
- (ii) To the Vice President-Operations or Marketing;
- (iii) To the Treasurer, and
- (iv) To the Secretary, if (i) is absent.

Execution of approval of a document, transaction or item by any of the above acting for the President & CEO will be conclusive evidence that such an execution or approval was pursuant to delegation.

- (b) Other department managers may also delegate all or any part of their authority to employees in their organization, except where otherwise provided for in this Schedule. Execution or approval of a document, transaction or item by any approved subordinate in the name of a supervisor shall be conclusive evidence that such execution or approval was pursuant to delegation.
- (c) Any manager delegating authority shall inform the Disbursing Agent and Treasurer of the subordinates who are authorized to act for him/her in his/her absence. Exhibits A and B are examples of such notice.

1.07 TEMPORARY DELEGATION OF AUTHORITY

Any employee acting under a temporary delegation of authority shall not have authority:

- (a) To approve his/her own expense voucher.
- (b) To employ, layoff or dismiss employees or authorize other changes affecting employees.

1.08 EXECUTION OF CONTRACTS/INSTRUMENTS

The financial obligation of any contract must not be greater than the bill-paying authority of the person who authorizes the contract. Only the President & CEO may enter into or authorize a contract or instrument that obligates the Company for a period longer than twelve (12) months. The advice of the Legal Department should be sought prior to executing any contract.

1.09 DEFINITIONS

- Officer means: Chairman of the Board, and President & CEO
- Group A means: Executive Vice Presidents, Vice Presidents and Chief Financial Officers
- Group B means: Non-Board Employee, Directors, Corporate Secretary, and General Managers
- Group C means: Corporate Managers
- Group D means: Managers and Secretaries
- Group E means: Below Secretaries
- Disbursing Agent means: Chief Financial Officer - or such other person as the President & CEO may designate.
- Employees' Benefit Committee (EBC) means: The SBC Communications Inc. General Employees' Benefit Committee (GEBC) appointed pursuant to the Pension Plans and Disability Benefit Plan and employees of the Company delegated by the GEBC to assist in the administration of the Pension Plans and the Disability Benefit Plan. Final authority for the EBC matters rests with the GEBC. Approval under the title "Secretary EBC" will be conclusive evidence of committee approval.
- Pension Plans means: The "SBC Communications Inc. Pension Benefit Program Plan" and/or "SBC Communications Inc. Pension Benefit Plan -

Nonbargained Program" adopted by the Company with all amendments thereof adopted by the Company.

Executive

Committee means: A committee of the Board of Directors comprised of the Chairman of the Board and the President & CEO.

Employee means: Individuals employed by SBCS.

References to the Board are to the Board of Directors of the Company unless otherwise noted. References to specific titles or to Supervisory Groups are to Officers or employees of the Company unless otherwise noted.

EXHIBIT A

SCHEDULE OF SUBORDINATES FOR DELEGATION

(City), (Date)

Chief Financial Officer - Southwestern Bell Communications Services, Inc.

During periods of my temporary absence, the following supervisor(s) will be delegated to act for me to the extent that authority may be delegated, in accordance with Company practices currently in effect.

NAME - TITLE

NAME - TITLE

Etc.

You will be notified of the specific period of each absence and the name of the individual delegated to act for me during that period of absence.

(Signature)

(Title)

APPROVED:

(Signature)

(Supervisor's Title)

Send original and one copy to:

Chief Financial Officer
Southwestern Bell Communications Services, Inc.
175 E. Houston
San Antonio, Texas 75205

EXHIBIT B

**NOTICE OF DELEGATION OF AUTHORITY
DURING TEMPORARY ABSENCE**

(City), (Date)

Chief Financial Officer - Southwestern Bell Communications Services, Inc.

I hereby delegate (name) _____ (Title) _____, whose name appears in my Schedule of Delegation of Authority dated _____, 19__ which was duly approved, to exercise my authority to the extent indicated in that Schedule, during my temporary absence from _____, 19__ to _____, 19__ inclusive, in accordance with the provisions of the Schedule of Authorizations.

(Signature)

(Title)

Send original and one copy to:

Chief Financial Officer
Southwestern Bell Communications Services, Inc.
175 E. Houston
San Antonio, Texas 75205

SECTION 2 - AUTHORITIES RESERVED TO BOARD

This section lists matters to be submitted for Board approval.

Note: Each item is denoted by a number code which refers to the rationale for requiring Board approval. (See code explanations below.)

2.01 HUMAN RESOURCES MATTERS

- (a) To elect Officers of the Corporation. (Code 1)
- (b) To fix compensation of directors of the Board of the Corporation. (Code 2)
- (c) To fill vacancies on the Board. (Code 1)
- (d) To authorize salary rate structure for Officers of the Company and to approve the salary rate structure for management employees (management earnings plan). (Code 3)
- (e) To elect to participate in, withdraw from participation in or to participate in less than all of the provisions of any qualified employee benefit plan, senior management plan, or stock-based benefit plan. (Code 3)

Code 1 - Legal requirements.

Code 2 - Generally accepted principles of corporate governance.

Code 3 - Other matters of sufficient importance to merit Board attention.

2.02 FINANCE MATTERS

- (a) To declare dividends and set record date. (Code 1)
- (b) To approve the issuance of stock. (Code 1)
- (c) To authorize an equity investment in (or sale of) or acquisition of (or disposition of) another company or another company's assets or the entry (or termination of) a partnership.

- joint venture, or similar investment. (Code 2)
- (d) To authorize entry into a new line of business. (Code 2)
- (e) To appropriate funds for the acquisition of capital assets through the approval of the capital or through the approval of any specific capital acquisition. (Code 3)
- (f) To authorize the sale of all or substantially all of the assets of the Company or any line of business of the Company. (Code 2)

2.03 OTHER MATTERS

- (a) To increase or decrease the number of directors on the Board. (Code 1)
 - (b) To establish regular meeting dates of the Board. (Code 1)
 - (c) To establish committees of the Board. (Code 1)
 - (d) To amend the Bylaws. (Code 1)
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Code 1 - Legal requirements.

Code 2 - Generally accepted principles of corporate governance.

Code 3 - Other matters of sufficient importance to merit Board attention.

SECTION 3 -- HUMAN RESOURCES MATTERS

Final authorizations for management payroll change reports (Section 3.02) may not be delegated; other authority authorized by Section 3 may not be further delegated except during temporary absence.

3.01 WAGE SCHEDULE AND WORKING PRACTICES RELATING TO EMPLOYEE COMPENSATION AND EMPLOYEE BENEFIT AND INCOME PROTECTION PROGRAMS.

To establish and revise management earnings plan and nonmanagement wage schedule, to make general changes in wage and salary levels, to establish and revise benefit and income protection programs excluding changes in the Pension Plans or the Sickness and Accident Disability Benefit Plan, to establish general practices covering such compensation and programs applicable to all employees and not otherwise reserved to the Board President & CEO

3.02 EMPLOYMENT AND PAYROLL CHANGES

To employ persons and fix rates of pay, change rates of pay, title or location, make upgrades and promotions, demotions and transfers, and make other payroll changes where treatment on initial employment, promotion, change in salary, or movement between groups or within groups is in conformity with the approved management earnings plan and/or the nonmanagement wage schedule.

For all employees in:

- (a) Group E Group B
- (b) Group D Group A
- (c) Group C President & CEO
- (d) Group B President & CEO
- (e) Group A President & CEO

3.03 SUSPENSIONS, LAYOFFS AND DISMISSALS

- (a) To suspend any employee, or group of employees pending further investigation concerning possible disciplinary action Immediate Supervisor
- (b) To layoff or dismiss any nonmanagement employees Immediate Supervisor
- (c) To layoff or dismiss any management employees Group A

3.04 SUPPLEMENTAL COMPENSATION

- (a) Cash Compensation - Excess Work Time

To authorize Supplemental Compensation in accordance with practices established by the President & CEO for time worked in excess of a regular work day or work week by:

- (i) Group E employees who are exempt under Fair Labor Standards Act Group D
- (ii) Group D employees who are exempt under Fair Labor Standards Act Group C
- (iii) Group C employees who are exempt under Fair Labor Standards Act Group B
- (iv) Group B employees who are exempt under Fair Labor Standards Act Group A
- (v) All other employees who are exempt under the Fair Labor Standards Act President & CEO

(b) Incentive Awards and Promotional Items

To make awards involving incentive awards, recognition awards, or promotional "give away" items to employees for sales, service, attendance or other purposes, where the amount of an individual award:

- (i) Does not exceed \$100 Group D
- (ii) Does not exceed \$150 Group C
- (iii) Does not exceed \$500 Group B
- (iv) Does not exceed \$1,000 Group A
- (v) Does not exceed \$5,000 President & CEO
- (vi) Exceeds \$5,000 Chairman of the Board

3.05 WORKING FUNDS AND SALARY ADVANCES

NOTE: Employees that authorize advances are responsible for timely repayment of the advances or for initiating write off of past due or uncollectible advances.

Vice Presidents can authorize their own working fund advances for company business, up to \$1,000.

(a) To authorize a working fund advance to an employee for temporary relief pending location of lost salary checks or pending correction of salary checks:

- (i) Does not exceed \$2,000 Director-Executive Support
- (ii) Does not exceed \$5,000 President & CEO
- (iii) Exceeds \$5,000 Chairman of the Board

(b) To authorize salary advances or loans to employees:

- (i) Does not exceed \$1,000 Group A
- (ii) Does not exceed \$5,000 President & CEO
- (iii) Exceeds \$5,000 Chairman of the Board

3.06 DISPOSITION OF UNPAID OR UNCOLLECTIBLE BALANCES FOR ADVANCES OR LOANS TO EMPLOYEE

To write off claims by the Company against employees involving unpaid working fund advances, salary advances or loan balances at the time of the write off:

- (a) Does not exceed \$500 Chief Financial Officer
- (b) Does not exceed \$1,000 Group A
- (c) Does not exceed \$5,000 President & CEO
- (d) Exceeds \$5,000 Chairman of Board

3.07 LEAVES OF ABSENCE

- (a) To authorize leaves of absence without pay to employees, subject to conditions shown under "Notes" and where the absence:
 - (i) Does not exceed thirty calendar days - Director-Executive Support
 - (ii) Exceeds thirty days Employees' Benefit Committee (EBC)
- (b) All other leaves of absence EBC

NOTES:

- (i) Authorization for an extension of a leave of absence is controlled by the total period of a leave.
- (ii) The following types of leave may only be authorized by the EBC:
 - (1) leave of absence immediately following the expiration of disability benefits under the Disability Benefit Plan;
 - (2) leave of absence immediately following the expiration of a committee leave of absence;
 - (3) leave of absence for anticipated disability;
 - (4) leave of absence for care of newborn children;
 - (5) leave of absence for active duty military service;

- (6) educational leave of absence;
- (7) family care leave of absence; and
- (8) trailing spouse leave of absence.

3.08 EMPLOYEE BENEFITS AND RELATED MATTERS

(a) **Workers' Compensation - Other than provided for by insurance coverage To authorize payments applicable to employee claims under Workers' Compensation laws:**

(i) **Claim Not Contested -**

Where claim is not contested and payment is required by law Director-Executive Support

(ii) **Claim Contested -**

Where payment is in the nature of a compromise settlement of a contested claim and total settlement (including any amounts previously paid for which the Company is entitled to credit) Director-Executive Support

(b) **"No-Fault" Insurance Claims -**

To authorize payments applicable to employee claims under no-fault insurance laws Director-Executive Support

(c) **Other Benefits -**

Relief payments not covered by, or in excess of, amounts payable under the provisions of the Pension Plans or the Disability Benefit Plan:

(i) **Active Employees**

(1) To authorize payments to active employees upon return to work for less than their normal full schedule following a period of sickness disability EBC

(2) To authorize payments to or on behalf of an active employee in case of sickness or accident EBC

(3) To authorize payments as relief measures in case of death of an active employee where a need exists in excess of amounts payable under the Pension Plans . President & CEO or EBC

(ii) Retired Employees

To authorize payments as relief measures in case of sickness, accident, death or personal catastrophe of a retired employee President & CEO or EBC

(d) Annual Physical -

To authorize expense vouchers for annual examinations for Group A and above management employees EBC

(e) Supplementary Payments to Pensioners -

To authorize supplementary payments to pensioners where a need exists in excess of amounts payable under the Pension Plans and where the amount:

(i) Does not exceed \$150 per month . EBC

(ii) Exceeds \$150 per month President & CEO and EBC

(f) Supplemental and Management Income Protection Plan -

(i) To approve employees as eligible and to authorize the offering of payments to employees under the Supplemental and/or Management Income Protection Plan President & CEO

(ii) To authorize Management Income Protection Payments to employees authorized in (i) above President & CEO

(g) Other welfare programs unilaterally adopted by the Company -

(i) To authorize payments to former employees who, as a result of disability, have been determined by the insurance company which administers the Salaried Long Term Disability Plan, to be entitled to Long Term Disability payments or payments of a similar nature EBC

3.09 SPECIAL PAYMENTS TO EMPLOYEES IN MILITARY SERVICE

To authorize military payment allowances and payments, if any, on behalf of the dependents of employees in the military service in accordance with practices established by the Board where the period for which payments are to be made:

- (a) Does not exceed eleven working days . . . President & CEO
- (b) Exceeds eleven working days EBC

3.10 CONTRACT AND TEMPORARY EMPLOYEES

NOTE: Managers may approve payments for these services in accordance with Section 5.01.

To establish practices for engaging services of contract and temporary employees Group B

SECTION 4 - RATES AND CUSTOMER SERVICE MATTERS

4.01 RATES AND PRICES

To establish rates and prices for the Company's products and services President & CEO

4.02 CREDIT, BILLING, AND COLLECTION PRACTICES

- (a) To establish practices with respect to billing procedures, the investigation of customer credit, and the collection of customer accounts receivable, including deposit and refund policies President & CEO
- (b) To establish percentage rates for late payment charges President & CEO
- (c) To establish percentage rates for interest charges on account balances President & CEO

4.03 COLLECTION AGENCIES

To enter into arrangements with collection agencies for collection of unpaid final amounts President & CEO

4.04 REFUNDS AND ADJUSTMENTS

- (a) To refund overpayments on a customer account resulting from a canceled contract or which has resulted in credit balance on a customer bill, to adjust a customer account and to correct charges for products and services (except claims in litigation as provided for in Section 6) when the amount, with tax:
 - (i) Does not exceed \$50 Group E
 - (ii) Does not exceed \$100 Group D
 - (iii) Does not exceed \$150 Group C
 - (iv) Does not exceed \$500 Group B
 - (v) Does not exceed \$1,000 Group A
 - (vi) Does not exceed \$5,000 President & CEO
 - (vii) Exceeds \$5,000 Chairman of the Board

- (b) To refund a customer payment received and deposited in error:
 - (i) Does not exceed \$50 Group E
 - (i) Does not exceed \$100 Group D
 - (iii) Does not exceed \$150 Group C
 - (iv) Does not exceed \$500 Group B
 - (v) Does not exceed \$1,000 Group A
 - (vi) Does not exceed \$5,000 President & CEO
 - (vii) Exceeds \$5,000 Chairman of the Board

4.05 UNCOLLECTIBLE ACCOUNTS

- (a) To write off uncollectible charges for products and services in accordance with Company's collection policy where the amount:
 - (i) Does not exceed \$5,000 President & CEO
 - (ii) Exceeds \$5,000 Chairman of the Board
- (b) To assign written off accounts to collection agencies or attorneys for collection President & CEO

SECTION 5 - ASSET AND PROCUREMENT MATTERS

5.01 BILLS AND VOUCHERS

- (a) To authorize payment of a bill or voucher, or to make periodic payments of expenses, where payment relates to the purchase of goods or services by the Company and the amount involved:
 - (i) Does not exceed \$1,000 Group C
 - (ii) Does not exceed \$5,000 Group B
 - (iii) Does not exceed \$25,000 Group A
 - (iv) Does not exceed \$250,000 *So (million)* President & CEO
 - (v) Equals or exceeds \$250,000* Chairman of the Board

* For capital expenditures, the limit for the President & CEO is \$500,000. For purchases of goods and services from an affiliated company, the limit for the President & CEO is \$1,000,000.

Note: Only the President & CEO may authorize any expense voucher of a subordinate for a conference activity in which the President & CEO participated (e.g., for the expenses for a business luncheon or refreshments for a conference which the President & CEO attended). Otherwise each bill, voucher, or request must be authorized for payment by two levels of management.

- (b) Authority to authorize a payment carries with it the authority to execute a contract or other instrument obligating the Company to a total amount no greater than that payment. Except for the Chairman of the Board, an employee incurring an expense may not also authorize payment of that expense.

SECTION 6 - CLAIMS, LIABILITIES, TAX AND GOVERNMENTAL RELATIONS

6.01 CLAIMS AGAINST THE COMPANY

To settle or otherwise dispose of claims against the Company where the Legal Department concurrence has been obtained:

- (a) All Amounts President & CEO

6.02 CLAIMS BY THE COMPANY AGAINST OTHERS

To institute, defend, settle or otherwise dispose of claims by the Company against others where the Legal Department concurrence has been obtained:

- (a) All Amounts President & CEO

6.03 INDEMNITY BONDS

To execute or arrange for, on behalf of the Company, bonds and agreements of indemnity for incidental indemnity arrangements where the Legal Department concurrence has been obtained President & CEO

6.04 FIDELITY BONDS

To arrange for blanket fidelity bond covering all employees President & CEO

6.05 TAXES

To negotiate with taxing authorities with respect to municipal taxes, ad valorem taxes, federal and state income taxes, and sales and use of taxes, and accept levies and assessments with respect thereto where Legal Department concurrence has been obtained President & CEO

6.06 TAX PAYMENTS

- (a) To authorize the disposition of any tax withheld from employees or collected from customers by law, and where disposition of such tax is in accordance therewith Chief Financial Officer
- (b) To file municipality, city, state and federal tax returns and declarations of tax and to authorize the payment of municipality, city, state and federal taxes Chief Financial Officer

SECTION 7 - FINANCE AND RELATED MATTERS

7.01 GENERAL CASH MANAGEMENT

- (a) To open and close banking accounts, to approve the issuance of corporate credit cards to Company employees, to invest idle Company funds in interest bearing commercial paper or accounts of no more than 30 days maturity, to arrange for mechanical signing devices, to arrange for the transfer of Company funds among the Company's banks, among the Company's subsidiary accounts, to SBC Communications Inc., or to subsidiaries of SBC Communications Inc., to arrange for the printing of Company drafts and checks and to provide for the security thereof, to pay bank service charges and to make all other necessary banking arrangements on the Company's behalf, if previously approved by the
 - President & CEO
 - Chief Financial Officer
 - Treasurer

- (b) To authorize the purchase of drafts and checks presented by the Company banks
 - Chief Financial Officer
 - Treasurer

- (c) To authorize the disposition of payroll allotments withheld from employees to Insurance Companies, Savings Institutions, Credit Unions, Charity Agencies, Banks, Courts, Political Action Committees, and Unions
 - Director - Executive Support

7.02 APPROVAL OF CONTRIBUTIONS

To authorize the individual charitable contributions within approved contribution levels, including donation of surplus and general equipment:

- (a) Does not exceed \$5,000 President & CEO
- (b) Does not exceed \$10,000 Chairman of the Board
- (c) Exceeds \$10,000 Board

7.03 APPROVAL OF CONTRIBUTIONS TO INDUSTRIAL FUNDS AND COMMUNITY INTEREST ORGANIZATIONS

- (a) To authorize contributions to industrial funds for the purpose of developing commercial and business interests of the community:
 - (i) Where payment is properly chargeable as operating expense and:

1. Does not exceed \$5,000 . . . President & CEO
 2. Does not exceed \$10,000 . . . Chairman of the Board
 3. Exceeds \$10,000 Board
- (ii) Where purchase of stocks, bonds and other securities of value is involved and the payment is not chargeable to operating expense:
- All amounts Board
- (b) To authorize contributions to community interest organizations where stimulation of business occurs, where payment is properly chargeable as operating expense and:
- (i) Does not exceed \$5,000 President & CEO
 - (ii) Does not exceed \$10,000 Chairman of the Board
 - (iii) Exceeds \$10,000 Board

7.04 VOTING STOCK OWNED IN OTHER CORPORATIONS

To vote stock owned by this Company in other Corporations at any meeting of stockholders, or otherwise exercise rights and powers incident to stock ownership, or to designate a subordinate to exercise such powers President & CEO

7.05 SALE OR TRANSFER OF STOCKS, BONDS OR OTHER SECURITIES

To sell, assign, transfer, and deliver, any stocks, bonds, or any other securities registered in the name of the Company or owned by it or to which it may be entitled, where the value of the securities:

- (a) Does not exceed \$1,000,000 Chairman of the Board
- (b) Exceeds \$1,000,000 Board

7.06 PROMISSORY NOTES

- (a) To accept promissory notes in lieu of cash or accounts receivables of \$5,000 or less President & CEO
- (b) To accept promissory notes in lieu of cash or accounts receivables of more than \$5,000 Chairman of the Board

- (c) To set interest rates for promissory notes . President & CEO
- (d) To sell promissory notes to a third party or to buy back promissory notes President & CEO

7.07 DISPOSITION OF COMPANY OWNED SECURITIES DETERMINED TO BE WORTHLESS

To authorize the charging off of Company owned securities determined to be worthless where the unrecovered cost at time of charge off:

- (a) Does not exceed \$100,000 Chairman of the Board
- (b) Exceeds \$100,000 Board

SECTION 8 - REAL ESTATE MATTERS

8.01 PURCHASE OR SALE OF REAL ESTATE

To authorize and execute contracts or other written agreements for the purchase, sale or disposition of real estate, where the purchase or sale price, or in the case of a disposition, the greater of the sale price or net plant investment:

- (a) Does not exceed \$1,000,000 Chairman of the Board
- (b) Equals or exceeds \$1,000,000 Board

8.02 LEASE OF REAL ESTATE

To authorize and execute the lease of real estate by the Company as lessor or lessee, where the total lease amount:

- (a) Does not exceed \$500,000 President & CEO
- (b) Does not exceed \$1,000,000 Chairman of the Board
- (c) Equals or exceeds \$1,000,000 Board

**SOUTHWESTERN BELL COMMUNICATIONS SERVICES, Inc..
BOARD OF DIRECTORS' MEETING**

AUGUST 1, 1995

The first regular meeting of the Board of Directors of Southwestern Bell Communications Services, Inc. (the "Company" or "SBCS"), was duly convened at 175 E. Houston Street, San Antonio, Texas on Tuesday, August 1, 1995, pursuant to written notice, beginning at 8:00 a.m.

The following Directors were present constituting a quorum for the transaction of business:

John Stupka, Chairman of the Board
James D. Ellis
Charles Foster
James Kahan
Donald Kiernan

Also attending were Royce Caldwell by invitation and Paul K. Mancini, Company Secretary and Attorney.

The Chairman of the Board, Mr. Stupka, acted as Chairman of the meeting.

The Chairman called the meeting to order and asked the President, Ms. Vann, to present the President's Report. Ms. Vann discussed planning for the long range long-distance project, the wireless interexchange (Generic Wireless) project and the Branding Iron Project. Ms. Vann noted that Company staff will be located in the IBC Building in San Antonio. Ms. Vann indicated that marketing and Chief Financial Officer candidates were being interviewed. The President presented the Company's financial projections for 1995. The Board expressed their approval of the Company's financial projections.

D. Requesting Equity or Debt Infusions

The Chairman asked the Board to approve a proposal authorizing SBCS to request equity or debt infusions from the Shareholder of the Company.

WHEREUPON, on motion duly made and seconded, it was unanimously

RESOLVED, that the Chairman, President, Chief Financial Officer or Treasurer of the Company is authorized to request Southwestern Bell Corporation, the sole stockholder of the Company, to make incremental debt and equity investments in the Company during 1995, on a monthly basis, or otherwise as needed for the operation of the Company so as to maintain the 1995 debt ratio target for the Company of 0%, with an acceptable debt ratio range of 0%, but the aggregate amount of such requests shall not exceed \$6,000,000.00 in 1995; and,

RESOLVED FURTHER, that the Chairman, President, Chief Financial Officer and Treasurer of the Company are authorized to do or cause to be done such acts and things and execute and deliver any and all documents, and agreements as they may deem necessary and appropriate to effectuate such investments in the Company.

E. Schedule of Authorizations

The Chairman asked the Board to approve a proposed Schedule of Authorizations.