

DOCKET FILE COPY ORIGINAL

PART 63

Application for Transfer of Control  
of Section 214 International Authorizations

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CC 98-25  
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ARNOLD & PORTER

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(202) 942-5787

NEW YORK  
DENVER  
LOS ANGELES  
LONDON

February 20, 1998

Federal Communications Commission  
International Bureau  
Telecommunications Division  
P.O. Box 358115  
Pittsburgh, PA 15251-5115

Re: Application of Southern New England  
Telecommunications Corporation and  
SBC Communications Inc., for Authority, Pursuant  
to Section 214 of the Communications Act of 1934,  
as Amended, to Transfer Control of Southern New  
England Telecommunications Corporation, a Company  
Controlling International Section 214  
International Authorizations

Dear Sir/Madam:

Enclosed for filing please find an original and five copies of the joint application of SBC Communications Inc., Southern New England Telecommunications Corporation, SNET America, Inc., and SNET Diversified Group, Inc., for authority pursuant to Section 214 of the Communications Act, 47 U.S.C. § 214, and Section 63.18 of the Commission's Rules, 47 C.F.R. § 63.18, to transfer control of certain international section 214 authorizations. Also enclosed is a check payable to the Federal Communications Commission in the amount of \$745.00 for the prescribed filing fee.

As indicated in the application, please direct questions or correspondence concerning SBC Communications Inc.'s portion of this application to:

Wayne Watts  
General Attorney  
SBC Communications Inc.  
175 E. Houston  
San Antonio, TX 78205  
210-351-3476 (voice)  
210-351-3488 (facsimile)

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Federal Communications Commission  
February 20, 1998  
Page 2

Also as indicated in the application, please direct questions or correspondence concerning the portion of this application dealing with Southern New England Telecommunications Corporation (and its subsidiaries) to:

Alfred J. Brunetti  
Assistant General Counsel  
Southern New England Telecommunications  
Corporation  
227 Church Street  
New Haven, CT 06510  
203-771-5507 (voice)  
203-771-6577 (facsimile)

Thank you for your assistance.

Sincerely,



Philip Horton

Enclosures

READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION  
REMITTANCE ADVICE

APPROVED BY OMB 3000-0680

(1) LOCKBOX # 358115

PAGE NO. 1 OF 1

SPECIAL USE

FCC USE ONLY

SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Arnold & Porter

(3) TOTAL AMOUNT PAID (dollars and cents)

\$ 745.00

(4) STREET ADDRESS LINE NO. 1

555 12th Street, NW

(5) STREET ADDRESS LINE NO. 2

(6) CITY

Washington

(7) STATE

DC

(8) ZIP CODE

20004

(9) DAYTIME TELEPHONE NUMBER (include area code)

202-942-5787

(10) COUNTRY CODE (if not in U.S.A.)

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B  
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

SECTION B - APPLICANT INFORMATION

(11) APPLICANT NAME (if paying by credit card, enter name exactly as it appears on your card)

SBC Communications Inc.

(12) STREET ADDRESS LINE NO. 1

175 E. Houston

(13) STREET ADDRESS LINE NO. 2

(14) CITY

San Antonio

(15) STATE

TX

(16) ZIP CODE

78205

(17) DAYTIME TELEPHONE NUMBER (include area code)

210-351-3476

(18) COUNTRY CODE (if not in U.S.A.)

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEETS (FORM 159-C)

SECTION C - PAYMENT INFORMATION

(18A) FCC CALL SIGN/OTHER ID

(20A) PAYMENT TYPE CODE (PTC)

(21A) QUANTITY

(22A) FEE DUE FOR (PTC) IN BLOCK 20A

FCC USE ONLY

C U T

1

\$ 745.00

(23A) FCC CODE 1

(24A) FCC CODE 2

(19B) FCC CALL SIGN/OTHER ID

(20B) PAYMENT TYPE CODE (PTC)

(21B) QUANTITY

(22B) FEE DUE FOR (PTC) IN BLOCK 20B

FCC USE ONLY

(23B) FCC CODE 1

(24B) FCC CODE 2

(19C) FCC CALL SIGN/OTHER ID

(20C) PAYMENT TYPE CODE (PTC)

(21C) QUANTITY

(22C) FEE DUE FOR (PTC) IN BLOCK 20C

FCC USE ONLY

(23C) FCC CODE 1

(24C) FCC CODE 2

(19D) FCC CALL SIGN/OTHER ID

(20D) PAYMENT TYPE CODE (PTC)

(21D) QUANTITY

(22D) FEE DUE FOR (PTC) IN BLOCK 20D

FCC USE ONLY

(23D) FCC CODE 1

(24D) FCC CODE 2

SECTION D - TAXPAYER INFORMATION (REQUIRED)

(25)

PAYER TIN

53-0208605

APPLICANT TIN

43-1301883

SECTION E - CERTIFICATION

(27) CERTIFICATION STATEMENT

I, Philip M. Ham, Certify under penalty of perjury that the foregoing and supporting information are true and correct to the best of my knowledge, information and belief. SIGNATURE [Signature]

SECTION F - CREDIT CARD PAYMENT INFORMATION

(28)

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION DATE:

MASTERCARD

[Account Number]

[Expiration Date]

VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the services (mastercard.com) herein described.

AUTHORIZED SIGNATURE

DATE

COPY

Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

COPY

\_\_\_\_\_) )  
In the Matter of ) )  
 ) )  
SOUTHERN NEW ENGLAND ) )  
TELECOMMUNICATIONS ) )  
CORPORATION, ) )  
Transferor, ) )  
 ) )  
and ) )  
 ) )  
SBC COMMUNICATIONS INC., ) )  
Transferee. ) )  
 ) )  
Application for Authority, ) )  
Pursuant to Section 214 of ) )  
the Communications Act of ) )  
1934, as Amended, to ) )  
Transfer Control of ) )  
Southern New England ) )  
Telecommunications ) )  
Corporation, a Company ) )  
Controlling International ) )  
Section 214 Authorizations ) )  
\_\_\_\_\_ ) )

File No. ITC-\_\_\_\_\_

**JOINT APPLICATION FOR AUTHORITY, PURSUANT TO SECTION 214  
OF THE COMMUNICATIONS ACT OF 1934, AS AMENDED, TO  
TRANSFER CONTROL OF THE INTERNATIONAL SECTION 214  
AUTHORIZATIONS HELD BY SNET AMERICA, INC.  
AND SNET DIVERSIFIED GROUP, INC.**

Pursuant to Section 214 of the Communications Act  
of 1934, as amended, 47 U.S.C. § 214, and Section 63.18  
of the Rules of the Federal Communications Commission  
("Commission"), 47 C.F.R. § 63.18, SNET America, Inc.  
("SAI"), SNET Diversified Group, Inc. ("Diversified  
Group"), Southern New England Telecommunications

Corporation ("SNET"), and SBC Communications Inc. ("SBC" or "Transferee") (collectively, "Applicants"), hereby apply for approval of the transfer of control to SBC of the international section 214 authorizations held by SAI and Diversified Group, both of which are wholly owned subsidiaries of SNET.

In support of this application, the Applicants submit the following information.

I. **INTRODUCTION AND DESCRIPTION OF PARTIES AND TRANSACTION**

The transfer of control sought by this application is incidental to a proposed merger between SBC and SNET. The Applicants are filing this Application to request the Commission to approve the transfer of control of the international section 214 authorizations held by two SNET subsidiaries, SAI and Diversified Group, which will result from the merger.

The Applicants, the transaction into which they propose to enter, and the international section 214 authorizations that are the subject of this application are summarized below. The parties are also submitting herewith as Exhibit 1 a detailed narrative describing the parties, the transaction and the reasons why the merger serves the public interest, convenience and necessity.

**A. The Parties**

SNET's businesses consist primarily of the provision of local exchange and long distance service in Connecticut, as well as cellular service in Connecticut, Massachusetts and Rhode Island. SNET also provides resale-based international communications services through two of its subsidiaries, SAI and Diversified Group. SAI presently holds three international section 214 authorizations which allow it to resell international switched and non-interconnected private line communications services. Diversified Group holds an international section 214 global resale authorization, which includes authority to resell private line service interconnected at one or both ends of the public switched network. Neither SNET, SAI, nor Diversified Group has any foreign affiliations, as that term is defined by the Commission's international section 214 rules. See 47 C.F.R. § 63.18(h)(1)(i) (1998).

SBC's principal businesses consist of local exchange, wireless and directory publishing services provided by operating subsidiaries of SBC. SBC also has a number of international interests, including investments in companies that offer telecommunications services in Mexico, France, the United Kingdom, Chile,

South Africa, Israel, South Korea, Taiwan and Switzerland. Only those investments in Chile, South Africa and Switzerland, however, rise to the level of a foreign affiliation under the Commission's international section 214 regulations. See 47 C.F.R. § 63.18(h)(1)(i) (1998). SBC's subsidiaries hold a number of international section 214 authorizations, which are described more fully below.

**B. The Transaction**

SBC and SNET have entered into an Agreement and Plan of Merger (the "Plan") under which SNET would become a wholly-owned subsidiary of SBC. Following the merger, SNET will continue to own the stock of its subsidiaries, including SAI and Diversified Group, which will continue to hold all of the FCC authorizations they currently hold. The transaction is described in detail in Exhibit 1.

**II. PUBLIC INTEREST CONSIDERATIONS**

For the reasons set forth in Exhibit 1, the Applicants believe that the proposed transfer of control will serve the public interest, convenience and necessity. The transfer of control of the international section 214 authorizations held by SAI and Diversified Group is incidental to the merger. As set out in

Exhibit 1, however, it is clear that SBC is highly qualified to be in ultimate control of these authorizations and that there will be no anticompetitive effects stemming from the transfer of control of the international section 214 authorizations.

Because the proposed transfer of control is in the public interest, convenience and necessity and otherwise complies with applicable law and regulations, the Applicants respectfully request the Commission to grant this Application.

**III. OTHER INFORMATION PROVIDED PURSUANT TO SECTION 63.18 OF THE COMMISSION'S RULES**

The Applicants provide the following information in compliance with subsections (a) through (k) of Section 63.18 of the Commissions's Rules, 47 C.F.R. §§ 63.18(a)-(k) (1998), and in support of the Applicants' request.

(a) The names, addresses and telephone numbers of the parties to this application are:

SNET America, Inc.  
127 Washington Avenue  
Fifth Floor  
North Haven, CT 06473  
  
203-771-5200

SNET Diversified Group, Inc.  
227 Church Street  
New Haven, CT 06510

203-771-5200

Southern New England Telecommunications  
Corporation  
227 Church Street  
New Haven, CT 06510

203-771-5200

SBC Communications Inc.  
175 E. Houston  
San Antonio, TX 78205

210-351-3476

(b) SNET is a corporation organized under the laws of the State of Connecticut. SAI is a corporation organized under the laws of the State of Connecticut. Diversified Group is a corporation organized under the laws of the State of Connecticut. SBC is a corporation organized under the laws of the State of Delaware.

(c) The name, title, address and telephone number of each officer and other contact person to whom correspondence concerning this application is to be addressed is as follows:

For SNET, SAI, and Diversified Group

Alfred J. Brunetti  
Assistant General Counsel  
Southern New England Telecommunications  
Corporation  
227 Church Street  
New Haven, CT 06510

203-771-5507 (voice)  
203-771-6577 (facsimile)

with a copy to:

Peter W. Huber  
Kellogg, Huber, Hansen, Todd & Evans, P.L.L.C.  
1300 I Street, N.W.  
Suite 500 East  
Washington, D.C. 20005

202-326-7900 (voice)  
202-326-7999 (facsimile)

For SBC

Wayne Watts  
General Attorney  
SBC Communications Inc.  
Legal Department, Suite 1146  
175 E. Houston  
San Antonio, TX 78205

210-351-3476 (voice)  
210-351-3488 (facsimile)

with a copy to:

Patrick J. Grant  
Arnold & Porter  
555 12th Street, N.W.  
Washington, D.C. 20004

(202) 942-6060 (voice)  
(202) 942-5999 (facsimile)

(d) SAI has previously received authority under  
Section 214 of the Communications Act, as amended, to:

resell the services of international carriers for the purpose of providing switched communications services from the contiguous United States to multiple international points; resell the services of international carriers for the purpose of providing prepaid phone card services between the United States and multiple international points; and resell private lines for services not interconnected with the public switched network between the United States and various international points and to expand its international resale authority to resell the switched services of additional international common carriers. The Commission's approvals are stated in File Nos. ITC-93-256 (Sept. 15, 1993), ITC-95-145 (May 22, 1995) and ITC-96-172 (May 2, 1996).

Diversified Group has previously received authority under Section 214 to provide global international resale services, including authority to resell private lines interconnected at one or both ends to the public switched network from the contiguous United States, Hawaii, Puerto Rico, and the U.S. Virgin Islands. The Commission's approval is stated in File No. ITC-96-538 (Nov. 27, 1996).

SNET itself holds no international section 214 authorizations.

SBC, through its subsidiaries, has previously received authority under Section 214 of the Communications Act, as amended, to provide switched and private line international services both through resale and through its own facilities. The Commission's approvals are stated in FCC File Nos. ITC-96-496 (Oct. 25, 1996), ITC-96-497 (Oct. 25, 1996), ITC-96-498 (Oct. 25, 1996), ITC-96-499 (Oct. 25, 1996), ITC-96-500 (Oct. 25, 1996), ITC-96-689 (Feb. 13, 1997), ITC-96-692 (Sept. 9, 1997). SBC's subsidiaries also have applications pending before the Commission requesting authority for resale and facilities-based provision of international switched and private line services. These applications are contained in FCC File Nos. ITC-97-161 (filed March 3, 1997), ITC-97-162 (filed March 3, 1997), ITC-97-770 (filed Dec. 5, 1997), ITC-97-776 (filed Dec. 5, 1997) and ITC-97-777 (filed Dec. 8, 1997), and in an application for temporary authority (filed Feb. 12, 1998).

(e) SBC is applying for authority under Section 63.18(e)(5) of the Commission's Rules to acquire facilities through the transfer of control of common carriers (SAI and Diversified Group) holding international section 214 authorizations. SBC, however, does not seek to obtain the authority, through this

application, to provide international service to South Africa, except through the resale of international switched services of unaffiliated U.S. carriers. Specifically, SBC does not seek the authority, currently held by SAI and Diversified Group, to resell private line international service to South Africa.

(f) No response required.

(g) The Applicants are not seeking facilities-based authority under Section 63.18(e)(6) of the Commission's Rules. Therefore, and in accord with Section 63.18(e)(5), Section 63.18(g) requires no response from the Applicants.

(h) (1) SBC Communications Inc. hereby certifies that it is affiliated, as that term is defined in Section 63.18(h)(1)(i) of the Commission's Rules, with the following foreign carriers:

1. VTR Inversiones ("VTRI") (Chile). SBC International Inc. ("SBCI"), a wholly owned subsidiary of SBC, owns 44.1 percent of VTRI, a privately owned telecommunications holding company in Chile. Through its subsidiaries, VTRI provides local, long distance, and cable television services in Chile.
2. Telkom South Africa Ltd. ("Telkom S.A.") (South Africa). A consortium formed between Telekom Malaysia Berhad and SBC owns 30 percent of Telkom S.A. Before the acquisition by the

consortium, Telkom S.A. was a completely state-owned company. The government of South Africa owns the remaining 70 percent of Telkom S.A. Telkom S.A. is the incumbent telecommunications carrier in South Africa.

3. Diax Holding AG ("Diax") (Switzerland). SBC, through a joint venture, owns a 40 percent interest in Diax, a new full-service Swiss telecommunications carrier.

SBC further certifies that, except as set forth above, neither SBC nor any entity it directly or indirectly controls or is controlled by, or that is under direct or indirect common control with it, owns 25 percent or more of the capital stock, or holds a controlling interest at any level, of any other foreign carrier or in any entity that directly or indirectly controls another foreign carrier.

SBC hereby certifies that is not a foreign carrier in any country.

(h) (2) No shareholder or other equity holder controls 10 percent or more of SBC.

(h) (3) SBC has no affiliation, as that term is defined in Section 63.18(h) (1) (i) and (h) (3) of the Commission's Rules, with the U.S. carriers whose facilities-based services are resold pursuant to the international section 214 authorizations held by SAI and Diversified Group.

(h) (4) SBC acknowledges its continuing responsibility for the accuracy of the certifications required by Sections 63.18(h) (1), 63.18(h) (2) and 63.18(h) (3).

(h) (5) Authority is not sought through this application to operate facilities pursuant to Section 63.18(h) (5) of the Commission's Rules.

(h) (6) Through its acquisition of SNET and the transfer of control of the international section 214 authorizations held by SAI and Diversified Group, SBC proposes to resell the international switched or non-interconnected private line services of other U.S. carriers for the purpose of providing international communications services to those foreign countries allowed by the international section 214 authorizations held by SAI and Diversified Group. In three of those countries -- Chile, South Africa and Switzerland -- SBC has a foreign affiliation as that term is defined in Section 63.18(h) (1) (i) (B) of the Commission's Rules. As stated above, with respect to South Africa SBC seeks authority only to resell switched service and does not seek authority to resell private line service.

Therefore, pursuant to Section 63.18(h)(6) of those Rules, SBC provides the following information:

1. Chile is a Member of the World Trade Organization.
2. South Africa is a Member of the World Trade Organization.
3. Switzerland is a Member of the World Trade Organization.

(h)(7) Through its acquisition of SNET and the transfer of control of the international section 214 authorizations held by SAI and Diversified Group, SBC proposes to resell the international switched services of unaffiliated U.S. carriers for the purpose of providing international communications services to those foreign countries allowed by those international section 214 authorizations. In three of those countries -- Chile, South Africa and Switzerland -- SBC has a foreign affiliation as that term is defined by Section 63.18(h)(1)(i)(B) of the Commission's Rules. As stated above, with respect to South Africa SBC seeks authority only to resell switched service and does not seek authority to resell private line service. Pursuant to Section 63.18(h)(7) of those Rules, SBC provides the following information in order to demonstrate either that it satisfies Section 63.10(a)(3) of the Commission's Rules or that it will file the quarterly

traffic reports required by Section 43.61(c) of the Commission's Rules:

1. Chile: VTRI lacks 50 percent market share in the international transport and local access markets in Chile and thus satisfies the conditions of Section 63.10(a)(3) of the Commission's Rules.

2. South Africa: SBC will file the quarterly traffic reports required by Section 43.61(c) of the Commission's Rules for its switched resale traffic between the United States and South Africa.

2. Switzerland: Diac lacks 50 percent market share in the international transport and local access markets in Switzerland and thus satisfies the conditions of Section 63.10(a)(3) of the Commission's Rules.

(h) (8) Pursuant to Section 63.18(h)(8) of the Commission's Rules, and in accord with the standards set forth in Section 63.10 of those Rules, SBC requests that it be treated as non-dominant for the provision of its international communications services to Chile, South Africa and Switzerland for the following reasons:

1. VTRI lacks 50 percent market share in the international transport and the local access markets in Chile and thus would satisfy Section 63.10(a)(3) of the Commission's Rules.

2. The authority to provide international communications service to South Africa which would be granted to SBC through approval of this application would be solely for the resale of unaffiliated U.S facilities-based carriers' switched services, and thus Section 63.10(a)(4) of the Commission's Rules is satisfied.

3. Diav lacks 50 percent market share in the international transport and local access markets in Switzerland and thus SBC satisfies Section 63.10(a)(3) of the Commission's Rules.

(i) SBC hereby certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses sufficient market power on the foreign end of the route to affect competition adversely in the U.S. market and will not enter into such agreements in the future.

(j) SBC is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988. Attached hereto is the certification, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules (implementing the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862), of SBC.

(k) The Applicants do not request streamlined processing of this application.

VI. CONCLUSION

In view of the foregoing, the Applicants respectfully request the Commission to grant this application.

Respectfully submitted,

SNET AMERICA, INC.

By: [Signature]

SNET DIVERSIFIED GROUP, INC.

By: [Signature]

SOUTHERN NEW ENGLAND  
TELECOMMUNICATIONS  
CORPORATION

By: [Signature]

SBC COMMUNICATIONS INC.

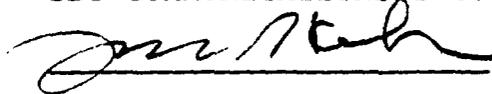
By: [Signature]

DATE: 19 February 1998

**CERTIFICATION PURSUANT TO  
SECTIONS 1.2001-1.2003 OF THE COMMISSION'S RULES**

Pursuant to Sections 1.2001-1.2003 of the Commission's Rules, 47 C.F.R. §§ 1.2001-1.2003, SBC Communications Inc. hereby certifies that neither it, nor any of its officers or directors, nor any of the shareholders holding 5 percent or more of the outstanding stock or shares (voting and/or non-voting) of SBC Communications Inc. is subject to a denial of federal benefits that include FCC benefits pursuant to Section 5301 of the Federal Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

SBC COMMUNICATIONS, INC.



SBC Communications Inc.

DATE: 2/18/98



*DESCRIPTION OF TRANSACTION,  
PUBLIC INTEREST SHOWING  
AND RELATED DEMONSTRATIONS*

I. Introduction

These applications seek Commission approval for the transfer of control of certain FCC authorizations held by subsidiaries of Southern New England Telecommunications Corporation ("SNET") from SNET, as the parent of the licensees, to SBC Communications Inc. ("SBC"), as the proposed new parent of SNET.<sup>1</sup> A list of the categories of FCC authorizations controlled by SNET appears at Attachment A to this Exhibit. Separate applications are being filed for each class of authorizations.

II. The Proposed Transaction

On January 4, 1998, SBC and SNET entered into an Agreement and Plan of Merger (the "Plan"), under which SNET would become a first tier, wholly-owned subsidiary of SBC. A copy of the Plan appears at Attachment B to this Exhibit. The Applicants plan to consummate the merger by the end of 1998, after the

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<sup>1</sup> SBC and SNET are jointly referred to as the "Applicants."

necessary federal and state regulatory approvals have been received<sup>2</sup> and certain other preconditions have been met.

Under the Plan, SBC (CT) Inc., a wholly-owned SBC subsidiary formed to accomplish the merger, will merge into SNET, and the stockholders of SNET will receive, on a tax-free basis, newly-issued shares of SBC. The Plan provided for an exchange ratio of 0.8784 shares of SBC common stock for each share of SNET common stock. However, on January 30, 1998, SBC announced a 2 for 1 stock split which will modify the exchange ratio to allow each SNET stockholder to receive 1.7568 shares of SBC stock for each share of SNET stock.<sup>3</sup> No previously outstanding SBC stock will be sold in connection with this transaction.

Following the merger, SBC will own all of the stock of SNET. SBC itself will be owned approximately 94% by the pre-merger shareholders of SBC and 6% by the pre-merger shareholders of SNET.<sup>4</sup> SNET will continue to

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<sup>2</sup> A description of these regulatory approvals, in addition to this Commission's review, is set forth in Section VI, below.

<sup>3</sup> On January 2, 1998, before the merger announcement, SBC common stock was trading at \$74.94 and SNET common stock was trading at \$49.63.

<sup>4</sup> At this time, SBC has approximately 920 million  
[Footnote continued on next page]

own the stock of The Southern New England Telephone Company ("the SNET Telco"), The Woodbury Telephone Company ("Woodbury") and SNET's other subsidiaries. Those entities will continue to hold all of the FCC authorizations they currently hold. While SBC will become the new parent of SNET, there will be no transfer of direct control of the FCC authorizations since the current licensees will continue to hold their authorizations. SNET's operating headquarters will remain in Connecticut, its businesses will continue to operate under the SNET name in Connecticut, and an additional SBC Board seat will be created for a current member of the SNET Board.

III. Description of the Applicants

A. SBC

SBC's principal businesses consist of the local exchange, wireless and directory publishing services provided by operating subsidiaries of SBC. Since

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[Footnote continued from previous page]  
common shares outstanding and, after the stock split, it will have approximately 1.84 billion shares outstanding. SNET has approximately 300 million authorized common shares, of which approximately 69 million are issued and 66 million are outstanding. At the post-split exchange ratio of 1.7568, approximately 116 million new shares of SBC stock would be issued to SNET stockholders, representing approximately 6% of the new total of SBC shares.