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July 24, 1998

98-141

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JUL 24 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Federal Communications Commission  
Washington, DC 20554  
Attention: Broadband PCS Processing Section

Re: Application of Ameritech Corporation and SBC Communications Inc.  
for Authority, Pursuant to Part 24 of the Commission's Rules, to  
Transfer Control of Licenses Controlled by Ameritech Corporation

Dear Sir/Madam:

Enclosed for filing please find an original, four paper copies, and microfiche copies (including originals) of the application of SBC Communications Inc. and Ameritech Corporation for authority pursuant to Part 24 of the Commission's Rules to transfer control of certain licenses under Part 24 held by Ameritech Wireless Communications, Inc. (Call Signs KNLF231, et al.).

Please direct questions or correspondence concerning SBC Communications Inc.'s portion of this application to:

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

Please direct questions or correspondence concerning the portion of this application dealing with Ameritech Corporation (and its subsidiaries) to:

Lynn Starr  
Executive Director, Federal Relations  
Ameritech Corporation  
1401 H Street, N.W., Suite 1020  
Washington, D.C. 20005  
202-326-3800 (voice)  
202-326-3826 (facsimile)

**ORIGINAL**

ARNOLD & PORTER

Federal Communications Commission  
July 24, 1998  
Page 2

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink that reads "Philip Horton" followed by a stylized flourish.

Philip Horton

Enclosures

FCC 490

FEDERAL COMMUNICATIONS COMMISSION

Approved by OMB  
3060-0319  
Est. Avg. Burden Hours  
Per Response: 3 Hrs.

FCC Use Only  
(File Number)

Application for Assignment of Authorization  
or Consent to Transfer of Control of Licensee

**ORIGINAL** Commercial Mobile Radio Services  
Rural Radiotelephone Service

FCC Use Only

FILING FEE

(a) Fee Type Code	(b) Fee Multiple	(c) Fee Due for Fee Type Code in (a)	(d) Total Amount Due	FCC Use Only
		NO FEE REQUIRED	\$	

ASSIGNOR OR TRANSFEROR

T1. Name of Assignor or Transferor <b>AMERITECH CORPORATION</b>		T2. Voice Telephone Number ( 202 ) 326-3800 (LYNN STARR)	
T3. Assumed Name Used for Doing Business (if any)		T4. Fax Telephone Number ( 202 ) 326-3826	
T5. Mailing Street Address or P.O. Box 1401 H STREET, N.W., SUITE 1020			
T6. City WASHINGTON		T7. State DC	20005
T9. Name of Contact Representative (if other than Assignor or Transferor) LYNN STARR		T10. Voice Telephone Number ( 202 ) 326-3800 FEDERAL COMMUNICATIONS COMMISSION OFFICE OF THE SECRETARY	
T11. Firm or Company Name AMERITECH CORPORATION		T12. Fax Telephone Number ( 202 ) 326-3826	
T13. Mailing Street Address or P.O. Box 1401 H STREET, N.W., SUITE 1020			
T14. City WASHINGTON		T15. State DC	T16. Zip Code 20005

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TYPE OF TRANSACTION

T17. This application requests ( T ) <u>Assignment of authorization</u> Consent to <u>Transfer of Control of Licensee</u>
T18. How will assignment or transfer of control be accomplished? ( S ) <u>Sale or other transfer or assignment of stock</u> Other
T19. This assignment of authorization or transfer of control of licensee is ( V ) <u>Voluntary</u> Involuntary
T20. Will this be a <u>pro forma</u> assignment or transfer of control? ( N ) Yes No
T21. Is local or state authorization required for this assignment or transfer of control? ( * ) Yes No

\*THE NECESSARY APPROVALS ARE BEING SOUGHT AND WILL BE PROVIDED TO THE COMMISSION UPON REQUEST.



## ASSIGNMENT OF STOCK

Stock	Number of Shares	Classification
Shares to be transferred	T27. SEE EXHIBIT 2	T28.
Shares issued and outstanding	T29.	T30.
Shares authorized	T31.	T32.

## ASSIGNEE OR TRANSFEREE

T33. Name of Assignee or Transferee SBC COMMUNICATIONS INC.		T34. Voice Telephone Number ( 210 ) 351-3476 ( WAYNE WATTS )	
T35. Assumed Name Used for Doing Business (if any)		T36. Fax Telephone Number ( 210 ) 351-3488	
T37. Mailing Street Address or P.O. Box ATTENTION: WAYNE WATTS 175 EAST HOUSTON			
T38. City SAN ANTONIO		T39. State TX	T40. Zip Code 78205

## NEW LICENSEE INFORMATION

T41. Legal Name of Licensee AMERITECH WIRELESS COMMUNICATIONS, INC.		T42. Voice Telephone Number ( 202 ) 326-3800 ( LYNN STARR )	
T43. Assumed Name Used for Doing Business (if any) AMERITECH CELLULAR SERVICES (INDIANA, OHIO, PENNSYLVANIA, ILLINOIS)		T44. Fax Telephone Number ( 202 ) 326-3826	
T45. Mailing Street Address or P.O. Box ATTENTION: LYNN STARR 1401 H STREET, N.W., SUITE 1020			
T46. City WASHINGTON		T47. State DC	T48. Zip Code 20005
T49. Taxpayer Identification Number 36-3982954		T50. Internet or e-mail address	

## ALIEN OWNERSHIP

T51. Is the assignee or transferee a foreign government or the representative of any foreign government?	( N )    Yes    No
T52. Is the assignee or transferee an alien or the representative of an alien?	( N )    Yes    No
T53. Is the assignee or transferee a corporation organized under the laws of any foreign government?	( N )    Yes    No
T54. Is the assignee or transferee a corporation of which any officer or director is an alien or of which more than one-fifth of the capital stock is owned of record or voted by aliens or their representatives or by a foreign government or representative thereof or by any corporation organized under the laws of a foreign country?	( Y )    Yes    No ( SEE EXHIBIT 3 )
T55. Is the assignee or transferee a corporation directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens, or of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country? <small>* If "yes", attach exhibit explaining nature and extent of alien or foreign ownership or control.</small>	( N )    Yes    No

## BASIC QUALIFICATIONS

T56. Has the assignor or transferor, assignee or transferee, or any party to this application had any FCC station authorization, license or construction permit revoked or had any application for an initial, modification or renewal of FCC station authorization, license, construction permit denied by the Commission?	( N )    Yes    No
T57. Has the assignor or transferor, assignee or transferee, or any party to this application, or any party directly or indirectly controlling the assignor or transferor, assignee or transferee, or any party to this application ever been convicted of a felony by any state or federal court?	( N )    Yes    No
T58. Has any court finally adjudged the assignor or transferor, assignee or transferee, or any party to this application, or any person directly or indirectly controlling the assignor or transferor, assignee or transferee, or any party to this application, guilty of unlawfully monopolizing or attempting unlawfully to monopolize radio communication, directly or indirectly, through control of manufacture or sale of radio apparatus, exclusive traffic arrangement or any other means or unfair methods of competition?	( N )    Yes    No
T59. Is the assignor or transferor, assignee or transferee, or any party to this application, or any person directly or indirectly controlling the assignor or transferor, assignee or transferee, or any party to this application, currently a party in any pending matter referred to in the preceding two items?	( Y )    Yes    No ( SEE EXHIBIT 4 )

## ASSIGNOR OR TRANSFEROR CERTIFICATION

The ASSIGNOR or TRANSFEROR represents that the authorization will not be assigned or that control of the licensee will not be transferred unless and until the consent of the Federal Communications Commission has been given; that all exhibits attached or referenced herein are a material part hereof and are incorporated herein as if set out in full in this application; that neither the assignor or transferor is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance and that all statements made in this application are true, complete and correct to the best of his or her knowledge and belief.	
T60. Typed Name of Person Signing  LYNN STARR	T61. Title EXECUTIVE DIRECTOR, FEDERAL RELATIONS
T62. Signature 	T63. Date JULY 23, 1998

## ASSIGNEE OR TRANSFEREE CERTIFICATION

The ASSIGNEE or TRANSFEREE waives any claim to the use of any particular frequency or of the electromagnetic spectrum as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise. The assignee or transferee certifies that grant of this assignment or transfer of control would not cause the assignee or transferee to be in violation of the spectrum aggregation limit in 47 CFR Part 20. The assignee or transferee agrees to assume all obligations and abide by all conditions imposed upon the assignor or transferor under the subject authorization(s), unless the Federal Communications Commission pursuant to a request made herein otherwise allows, except for liability for any act done by, or any right accrued by, or any suit or proceeding had or commenced against, the assignor or transferor prior to this assignment or transfer of control. Neither the assignee or transferee is subject to a denial of Federal benefits that includes FCC benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862, because of a conviction for possession or distribution of a controlled substance. The undersigned, individually and for the assignee or transferee, hereby certifies that the statement made herein are true, complete and correct to the best of his or her knowledge and belief, and are made in good faith.	
T64. The assignee or transferee is a (an) ( C )    Individual <u>Unincorporated Association</u> Partnership    Corporation	
T65. Typed Name of Person Signing  JAMES S. KAHAN	T66. Title SENIOR V.P. - CORPORATE DEVELOPMENT
T67. Signature 	T68. Date JULY 22, 1998

**WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. Code, Title 18, Section 1001), AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. Code, Title 47, Section 312(a)(1)), AND/OR FORFEITURE (U.S. Code, Title 47, Section 503).**



**Part 24**

Ameritech Wireless Communications, Inc.

T22. Call Sign	T23. Radio Service	T24. Date of Grant	T25. How Obtained	T26. Name of Licensee (as appearing in FCC Records)
KNLF231	CW	06/23/95	CB	Ameritech Wireless Communications, Inc.
KNLF262	CW	06/23/95	CB	Ameritech Wireless Communications, Inc.



Merger of  
SBC Communications Inc.  
and  
Ameritech Corporation

***Description of the Transaction, Public Interest Showing  
And Related Demonstrations***

Filed with the Federal Communications Commission  
July 24, 1998

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ATTACHMENTS:\*

- Description of the Transaction
- Agreement and Plan of Merger
- Categories of Ameritech’s FCC Authorizations
- Description of the Applicants and Their Existing Businesses
- Affidavit of James S. Kahan (*SBC Senior Vice President describes the National-Local Strategy and the effects of the SBC/Telesis merger*)
- Affidavit of Martin A. Kaplan (*SBC Executive Vice President describes the expected synergies from the SBC/Ameritech merger*)
- Affidavit of Stanley T. Sigman (*President and CEO of SBC Wireless describes SBC’s “Rochester experiment” and explains that SBC had no plans to use its wireless platform to provide local exchange service in Ameritech’s service territory*)
- Affidavit of Stephen M. Carter (*President of SBC’s Special Markets Group describes SBC’s efforts to open its local markets to competition*)
- Affidavit of Dennis W. Carlton (*Economist evaluates the competitive consequences of the National-Local Strategy*)
- Affidavit of Richard Schmalensee and William Taylor (*Economists assess the likely effects of the SBC/Ameritech merger on competition*)
- Affidavit of Terry D. Appenzeller (*Ameritech Vice President – Open Market Strategy and Director – Local Competition describes Ameritech’s efforts to open its local markets to competition*)

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\* For ease of reference, each of the attachments is separately labeled and they appear behind the narrative in this Exhibit, in the order listed above. All maps and tables referred to in this narrative appear at, respectively, the tabs labeled “Maps” and “Tables,” which are at the end of the attachments.

- Affidavit of Robert Jason Weller (*Ameritech Director of Corporate Strategy discusses how the SBC/Ameritech merger advances Ameritech's strategic objectives and improves its ability to serve its customers*)
- Affidavit of Paul G. Osland (*Ameritech Director of Corporate Strategy explains the background and current status of Ameritech's test involving the resale of local service to residential cellular customers in St. Louis*)
- Affidavit of Francis X. Pampush (*Ameritech Director of Economic and Policy Studies describes the nature and extent of local service competition in Ameritech's region*)
- Affidavit of Wharton B. Rivers (*President of Ameritech Network Services discusses customer service quality objectives*)
- Affidavit of Richard J. Gilbert and Robert G. Harris (*Economists address the consumer effects of the SBC/Ameritech merger*)
- SBC Communications Inc. 1997 Audited Financial Statements
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**DESCRIPTION OF TRANSACTION,  
PUBLIC INTEREST SHOWING  
AND RELATED DEMONSTRATIONS**

**I. INTRODUCTION**

This application seeks the Commission's consent to the transfer of control of FCC authorizations held by subsidiaries of Ameritech Corporation ("Ameritech") to SBC Communications Inc. ("SBC"), which would enable SBC and Ameritech to consummate their proposed merger.

This proposed merger of two of America's leading telecommunications companies is both a logical and a necessary next step in the rapidly evolving telecommunications market. The Telecommunications Act of 1996 (the "1996 Act") has completely reshaped the telecommunications landscape and unleashed powerful forces that have irrevocably altered both the demand and the supply sides of the market, particularly in the major sector dominated by large and mid-size business customers. In response to these changes, SBC and Ameritech concluded they could no longer remain as regionally-based providers, but rather, had to pursue a new direction in order to meet the current and future needs of their customers, shareholders and employees. This merger, and the implementation of the bold new strategy that is made possible by the merger, will produce numerous synergies, result in unprecedented pro-competitive effects, and lead to substantial benefits for the combined company's current and future customers, both

inside and outside of the companies' traditional service areas. While SBC and Ameritech believe that there is an important and profitable role that will continue to be served by regionally-based and "niche" companies in the future, particularly by start-up companies and others that do not bear the costs and obligations of large-scale ILECs, they do not believe that such a course is in the best interests of their customers, shareholders and employees.

There are several fundamental market forces driving this merger. First, we are seeing an unprecedented move toward globalization of the marketplace. By marketplace, we mean both the telecommunications market and virtually all other types of markets. In recent months, there have been numerous announcements of mergers aimed at creating companies with global presence and capabilities, including Daimler Benz/Chrysler, Alcatel/DCS Communications, Northern Telecom/Bay Networks and Teleglobe/Excel. Each of these mergers involved the acquisition by a foreign company of a U.S. company, and each merger involved two companies seeking geographic expansion to provide them access to global markets. These mergers demonstrate the risks faced by incumbent telephone companies which confine themselves to their current markets or regions, as purchasing decisions regarding telecommunications services move from U.S. to foreign cities. In the case of each of these mergers, the acquired U.S. company was headquartered in a state served by either SBC or Ameritech. We need to be able to follow these customers and to have the facilities, employees and other capabilities to serve them everywhere they are located. While SBC and Ameritech individually do not currently have those assets, other companies and alliances – including those involving

AT&T/TCG/TCI/World Partners, Sprint/Deutsche Telekom/France Telecom and MCI/WorldCom/MFS/Brooks/UUNet – currently have them or are acquiring them.

Second, what is happening on a global scale is a mirror of what is happening in the U.S. itself. Just three or four years ago, local telephone companies in the U.S. were generally not focused on the need to be able to serve, in particular, their large and mid-size customers on a nationwide (not to mention global) basis. The local exchange monopolies then still existed and companies generally were confined to individual market segments. The 1996 Act has eliminated the historical franchises and removed the barriers to entry at all levels of the market, just as such barriers are now coming down overseas. Along with these changes, there has come a dramatic shift in the ability of certain carriers, particularly the large interexchange carriers and international companies, to respond to the demands of the major telecommunications customers who desire to obtain all or substantially all of their national and international telecommunications services from a single source. The nature of these service demands has also changed, as a result of the convergence of voice and data services.

These developments have naturally forced companies like SBC and Ameritech to completely rethink their businesses and to determine how to respond in a manner which best serves their customers, preserves value for their shareholders, and protects the interests of their many employees. SBC and Ameritech faced a choice. As our customers expand, both domestically and internationally, and begin to focus on securing all or substantially all of their telecommunications services from a single source, we could either stand pat and run the risk of losing our large and mid-size customers, who though small in number represent a very large portion of our revenues, or we could

expand and compete for the opportunity to follow and serve our customers wherever they might be. We have chosen to compete – as the 1996 Act seeks all companies to do. We have decided that we need to be everywhere our customers are, and be able to provide them with the latest technologies, features and common suites of services at all of their locations.

In analyzing how best to accomplish this objective, both companies have independently considered several options and strategies. Ultimately, as described in detail in this Exhibit and the accompanying affidavits of several officials of both SBC and Ameritech, we concluded that a new strategy was necessary – a strategy that would create a national and global company capable of meeting the full range of our customers' telecommunications needs, wherever those customers are located and whatever their needs may be. This comprehensive new strategy includes in-region, out-of-region and international elements.

In the in-region markets where SBC and Ameritech are the incumbent carriers, we must continue to provide our customers with the first-rate products and services they expect and demand. In that regard, it is particularly important for us to be able to compete to retain our large and mid-size customers – who are the most attractive customers for all competitors – in order to sustain our revenues and to secure the resources needed to maintain, enhance and expand our networks for all of our customers. To accomplish this, and to generate revenues needed to expand out-of-region, we must combine our companies. This combination is absolutely necessary to achieve the scale and scope efficiencies that the merger will produce, and that will enable us simultaneously to: (a) continue to bring to each of our in-region states the innovative

products and services our customers expect, the high quality jobs our employees desire, and our participation in the economic development of the communities we serve; (b) continue and complete the opening of our local markets to competition; and (c) effectively compete with the myriad highly-visible, technically-proficient and well-financed competitors who are in our markets today.

Out-of-region, the new strategy – called the “National-Local Strategy” – involves the essentially-simultaneous, facilities-based entry of the combined company into each of the Top 30 major U.S. markets outside of the area in which it would be the incumbent carrier. This element of the new strategy is designed to follow large and mid-size, in-region customers wherever they may be and to provide them with a full range of local, long distance, data and other services. At the same time, these customers will be the foundation or “anchor tenants” for the provision of service to small business and residential customers out-of-region, whom SBC and Ameritech are equally committed to serve. Indeed, in addition to installing over 60 switches and 2,900 fiber miles to serve large and mid-size customers, we plan to install approximately 80 more switches to serve small business and residential customers out-of-region. The strategy contemplates that the combined company will begin serving all of these various types of customers within the first year following consummation of the merger.

In addition to installing new facilities in these 30 out-of-region markets, SBC will also connect these markets and those in which the combined company is the incumbent, by leasing or otherwise acquiring transport from third parties. This will enable the new SBC to create a nationwide network capable of providing high quality service to all of its customers wherever they may be throughout the country.

The final component of this new strategy involves combining the existing international activities of both SBC and Ameritech and entering into 14 individual cities around the world – on a facilities basis – to complete the transformation of SBC and Ameritech from regional companies to a global competitor providing the full range of telecommunications services. With this transformation, the new SBC will be positioned to compete with other global competitors to serve large and mid-size national and international customers based in our territory and to follow these customers around the globe.

SBC and Ameritech believe that, absent such a widespread, simultaneous, facilities-based, out-of-region and global entry, they will not be able to compete effectively with the other major companies that can now provide a full range of telecommunications services to the large and mid-size business customers located within SBC's and Ameritech's in-region areas. Frankly, SBC and Ameritech have found that, if they remain confined to their regions and engage in only incremental out-of-region expansion, they will be able to compete less effectively for the large and mid-size business customers that are looking to have all (or substantially all) of their service needs met by a single carrier.

This merger will enable the combined company to accomplish these critical objectives, which could not be accomplished but for the merger. Similarly, but for the ability to accomplish these objectives and to implement this new strategy, this merger would not be taking place.

As described in detail in this Exhibit and its attachments, this merger will result in significant synergies, in the form of revenue enhancements and cost savings. It will

provide the volume of revenues necessary both to address the needs of the combined company's in-region customers and to launch the out-of-region and global elements of this new strategy. At the same time, it will greatly expand the number of in-region customers that the combined company can "follow" out-of-region, and it will spread the costs and risks of that expansion over a larger base of customers and shareholders. Equally important, the merger will provide the resources, particularly human resources, that are needed to implement this new strategy. That, in turn, significantly increases the likelihood of success of the entire undertaking.

Neither SBC nor Ameritech could or would undertake the implementation of such a significant out-of-region and global expansion as a stand-alone company, notwithstanding their belief that such an undertaking is essential and that it will produce demonstrable synergies and pro-competitive benefits. Neither company, standing alone, has the breadth of experienced management and skilled technical personnel that such an undertaking requires, and it is simply not possible or feasible for either company alone to rapidly secure such personnel. Moreover, neither company individually could bear the financial risk and earnings dilution that the implementation of this strategy entails. Together, however, they can and will implement it.

In addition to providing distinct benefits for the combined company's existing customers, shareholders and employees, this merger and the corresponding implementation of this new out-of-region and global strategy will jump start competition for business and residential customers throughout the country. Unquestionably, this is a distinct, merger-specific benefit. Of equal significance, however, SBC and Ameritech believe that the implementation of this new strategy will impel other carriers, including

the IXCs, other ILECs and CLECs, to compete vigorously in their own regions and in the new SBC's in-region areas – for both business and residential customers – in order to protect their customer base. This is a further, and equally clear, merger-specific benefit. These clearly pro-competitive effects, and the other synergies the merger will produce, have been recognized by several leading economists whose affidavits accompany this Exhibit.

Together, these initiatives – which neither SBC nor Ameritech could undertake but for the merger – will transform competition within the telecommunications market in the U.S. and be a significant catalyst to realizing many of the key policy objectives of the 1996 Act for the benefit of all U.S. customers, including those within and outside of the combined company's traditional regions. The merger will also enable the new company to be a major international competitor, further promoting U.S. participation in the increasingly global telecommunications marketplace. Thus, applying the standards the Commission has articulated in its review of similar mergers, this merger should be approved.

Under Sections 214 and 310 of the Communications Act of 1934, as amended, the Commission is to approve proposed license transfers under a public interest test. In its decision approving the merger of Bell Atlantic and NYNEX, the Commission declared that, in applying the public interest standard, it examines whether the transfer “is consistent with the policies of the Communications Act, including, among other things, the transfer's effect on Commission policies encouraging competition and the benefits that would flow from the transfer.”<sup>1</sup> This analysis is informed, but not constrained, by

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<sup>1</sup> In re Applications of NYNEX Corp. and Bell Atlantic Corp., Memorandum Opinion and Order, 12 FCC Rcd. 19985 at ¶ 32 (1997) (“BA/NYNEX”).

the antitrust laws. Id. The Commission may consider "trends within and needs of the industry, the factors that influenced Congress to enact specific provisions for a particular industry, and the complexity and rapidity of change in the industry."<sup>2</sup> The Commission's public interest authority "encompasses the goals of promoting competition and deregulation." BA/NYNEX ¶ 31.

In assessing whether a merger is in the public interest, the Commission balances the benefits of the merger, including both the increases in competition and the efficiencies to be derived from the transaction, against any potential reduction in competition. The framework for competitive analysis focuses on potential horizontal market power concerns. Id. ¶ 37.<sup>3</sup> If the pro-competitive benefits of the merger outweigh any harm to competition, the merger will be found to serve the public interest, convenience and necessity. Id. ¶¶ 48, 157.

As summarized above and discussed in detail in Section II, below, the merger of SBC and Ameritech will substantially advance the goals of the Telecommunications Act by enabling the most significant increase in local competition that the industry has seen. It will stimulate competition locally, nationally and globally, advance the competitiveness of the U.S. in international telecommunications markets and permit the more efficient delivery of a wider variety of services to existing and future consumers.

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<sup>2</sup> Id.; see also, e.g., FCC v. RCA Communications, Inc., 346 U.S. 86, 94-95, 98 (1953); United States v. FCC, 652 F.2d 72, 88 (D.C. Cir. 1980).

<sup>3</sup> "In the appropriate case," the Commission may examine whether the proposed merger has vertical effects that enhance market power. BA/NYNEX at ¶ 37. This merger does not present such a case. As in BA/NYNEX, the only arguable competitive issues here are horizontal in nature.