Affidavit of
Robert Jason Weller

AFFIDAVIT OF
ROBERT JASON WELLER

WASHINGTON)
) SS:
DISTRICT OF COLUMBIA)

ROBERT JASON WELLER hereby states and affirms as follows:

I. Introduction

1. I am Director, Corporate Strategy, Ameritech Corporation. My business address is 30 S. Wacker Drive, 37th Floor, Chicago, IL 60606.

2. I received Bachelor of Science Degrees from the Massachusetts Institute of Technology (MIT) in Materials Science and Engineering in 1982 and in Humanities and Engineering in 1984. From 1982 to 1984, I was a junior member on the consulting staff of the Boston Consulting Group, an international strategic management consulting firm for clients ranging from a telephone equipment manufacturer to a diversified conglomerate. I also received a Masters in Business Administration Degree from the Graduate School in Business Administration at Harvard University in 1986.

3. I joined Ameritech in August 1986, and have held a series of marketing, business development, and strategy positions of increasing responsibility in our directory advertising, local telephone, and corporate strategy organizations. In May 1994, I was promoted to Director, Corporate Strategy. My responsibilities include development of Corporate Strategies and growth initiatives, and support of both our domestic and

international telecommunications units. I have also represented the company on the boards of various companies in which Ameritech has invested. I have spoken to various trade groups, university classes, and industry conferences in the U.S. and Canada on telecommunications issues.

4. Since 1989, I have worked on cross-company issues addressing various corporate issues and business development activities. In the past four years, I have directed and conducted industry opportunity assessments in over a dozen different arenas and over 100 different companies. I participated extensively in the SBC/Ameritech transaction, preparing financial and strategic recommendations for our senior management, conducting reviews of our respective businesses, and working closely with our outside advisors.

5. The purpose of this affidavit is to address several subjects. First, the affidavit discusses the importance of the merger for creation of an effective, competitive U.S. telecommunications carrier in the global marketplace. Second, it sets forth how the merger with SBC will advance our strategic objectives, including national and global expansion, will improve Ameritech's ability to serve its customers, and will benefit our shareholders. Third, it discusses the reasons Ameritech did not and could not pursue a national-local CLEC strategy prior to the merger, and why the merger makes that strategy possible.

II. Background

6. Many of the recent changes in the telecommunications industry were set in motion by the Telecommunications Act of 1996 ("the Act"). The Act held the promise of full long distance relief and the removal of a number of the barriers which had limited our ability to serve customers. It also created a new regime for facilitating local competition. Marketplace and technological developments have also contributed to fundamental industry changes.

7. As a result of these regulatory, market, and technology developments, local and intraLATA toll competitors have grown substantially, operating with huge financial backing from the capital markets. And it is not just new entrants that are pursuing the local telecommunications business and taking advantage of the Act. AT&T's recent Teleport and TCI merger announcements represent investments by AT&T (totaling approximately $60 billion) comparable to the market value of Ameritech. The WorldCom investments in MFS, UUNET, Brooks Fiber, and MCI are also comparable to the market value of Ameritech. Like AT&T, WorldCom sees a huge strategic opportunity in the local and long distance telecom businesses. These powerful combinations have emerged as the primary strategic competitors to most LECs, with (a) substantial financial strength, (b) leadership in various business segments, e.g., Internet, wireless, long distance, cable (with AT&T/TCI), etc., (c) robust networks in- and out-of-region, (d) strong brands, and (e) broad customer bases.

8. Wireless services continue to grow rapidly, and new digital technologies are leading to increased capacity and lower costs. The development of PCS networks is intensifying competition, and many PCS providers are able to offer a broad wireless footprint. The largest of these competitors, especially AT&T, Nextel, and Sprint PCS, are aggressively promoting their national footprints. AT&T and other wireless providers also clearly have designs on the local phone business, whether via straight wireless service or a fixed-wireless offering.

9. There are also dramatic increases in the amount of data traffic and in the role of the Internet, including Internet telephony. While data and Internet services offer enormous opportunities, local carriers such as Ameritech face significant challenges in successfully creating, integrating, operating, supporting, monitoring and upgrading full customer offerings that incorporate these services on a broad scale. Increasingly, businesses are looking for national and global reach to link their own computers together as well as with those of their suppliers and customers.

10. Significant recent mergers and joint ventures have been and are taking place in the industry, creating a collection of super carriers. These super carriers seek to serve large business customers, including multinationals, to build world class services and scale efficiencies, and to establish a significant presence in the United States, Europe and elsewhere. The competitors include the Global One partnership of Sprint, Deutsche Telekom, and France Telecom; the WorldCom/MCI/Brooks/MFS/UUNet/Telefonica partnership; the AT&T/TCI/Teleport - Worldpartners (Telstra of Australia, KPN of the

Netherlands, Telia of Sweden, Swisscom, etc.) partnership; Bell Atlantic/NYNEX; and the British Telecom/ Concert Venture.

11. In light of these industry developments, Ameritech has concluded that becoming a national and global company will create critical strategic opportunities that would not be available to a regional company. It would position Ameritech for higher sustained growth and to take advantage of the opening of the national and global telecommunications markets. The SBC merger, by providing additional resources, allows Ameritech to participate in creating a company with true national/global status.

III. The SBC/Ameritech Merger

12. Ameritech will benefit from the merger in four principal ways. First, Ameritech will increase its global activities. Both Ameritech and SBC recognize the opportunities in the international marketplace, and are eager to combine to create a leader in the international telecommunications arena. The new SBC will have greater human and financial resources, and the overall skills required to participate in this marketplace, on a greater scale than Ameritech would as a stand-alone company. It will have the resources and commitment to project U.S. telecommunications services and marketing expertise throughout the world.

13. Second, the merger makes it possible for Ameritech to be part of a national/local strategy. Ameritech alone does not have the ability to expand its domestic footprint at the same time that it is financing new services and expanding internationally. Together, however, these companies can pursue domestic expansion strategies with the

human resources, earnings and cash flow from the combination, while continuing to manage the basic business successfully. The national/local strategy could not be achieved—and would not have been pursued—by Ameritech alone.

14. Third, the new SBC will improve and expand Ameritech's services and operations by combining the "best practices" of both companies. The skills of SBC and Ameritech are highly complementary, not simply overlapping. This builds on the consolidation efficiencies from the merger to create a world class company. There is a tremendous opportunity to integrate and apply each company's best practices in such areas as revenue growth, asset management, capital allocation, cost control, operational and engineering practices, marketing programs, and product offerings. Taking advantage of best practices, domestically and internationally, will drive growth, add services, create value for customers, and enhance value for shareowners. This opportunity would not be available to Ameritech alone.

15. Fourth, shareowners of our company likely will benefit financially from becoming part of the larger company. For our owners, regardless of their investment horizon, the initial premium is attractive and results in Ameritech shareowners owning 44% of the combined SBC/Ameritech (excluding SNET). For our owners with long term horizons, the accelerated long term growth prospects for the business are attractive. In addition, the combination also allows Ameritech's employees to be part of one of the most respected carriers in the industry, and provides these employees more opportunity than they would have as part of Ameritech alone.

IV. The Merger Provides Considerable Benefits for U.S. Telecommunications Suppliers, Businesses, and Consumers

A. Geographic Expansion

16. The SBC/Ameritech merger provides considerable public interest benefits through expansion to new geographic markets. Both Ameritech and SBC have built significant international holdings, collectively valued at $14 to $15 billion worldwide, significantly larger than any other U.S.-based telecommunications carrier. Through major investments in Belgium, Denmark, Hungary, and Norway, worth approximately $8 billion, Ameritech has become the largest U.S. investor in Europe. All except Norway involve the incumbent domestic carrier. In addition, through its control position in TeleDanmark, Ameritech effectively has additional investments in 8 - 10 other European countries. SBC's international assets complement Ameritech's by adding holdings in South Africa, the Americas (Mexico, Chile), Asia (Korea, Taiwan, and SBC's Undersea Cable), and Europe (France, Switzerland, and the UK). SBC's investments include a mix of wireline and wireless, incumbent (South Africa and Mexico) and new entrant (France, Switzerland, Chile, UK) assets.

17. The new SBC will immediately be unique. No other U.S.-based company serves as many customers (via affiliates) internationally nor has as broad a reach of customers within the countries in which it operates. No other U.S.-based company holds as many telecommunications assets internationally, and none has made as large or as broad an investment in developing countries, including Mexico, Africa and countries in Central Europe. The new SBC's commitment to the resources and customers associated

with achieving economic development internationally is unrivaled. The combined company will further strengthen its leadership position by becoming a competitive carrier in over a dozen major metropolitan areas around the globe.

18. The new SBC's geographic expansion will provide several public interest benefits. First, the merger strengthens the ability of Ameritech and SBC to improve the operations and offerings of affiliates in several important ways.

(i) The resulting consolidation will free up additional SBC and Ameritech employees with marketing, technical, customer service, systems, and business process knowledge who can improve the operations and offerings of our affiliates and can jump start the competitive international activities. Experience demonstrates that such benefits are real and substantial. For example, prior to Ameritech's 1993 investment in MATÁV (the largest Hungarian telephone company), the waiting time for a residential phone was approximately 15 years; today, there is no backlog. MATÁV has increased the number of customer lines from 1.5 million in late 1993 to 2.4 million lines this year, an increase of 60%. MATÁV became the first Central European telephone company on the New York Stock Exchange in 1997, and has the highest market capitalization of any Hungarian corporation. Between 1996 and 1998, Belgacom greatly improved customer care (e.g., over 60% increase in number of customer calls answered, customer satisfaction more than doubled), and operator services (e.g., speed of answer improved by 70%, customer handling time decreased 18%, calls handled per month increased by over 50%). While Ameritech's ability to work with its affiliates has resulted in dramatic improvements in service levels and productivity, these levels remain below those achieved in the United States. Many of the services that our customers take for granted, from Centrex to calling cards to voice mail services, are not widely available internationally.

(ii) The merger provides enhanced domestic operating and marketing practices that can be exported from the United States and shared among international affiliates. The opportunity now exists to share technology and offerings not only from the new SBC but also across a broader set of affiliates, even on different continents. Ameritech's affiliate in Denmark, for example, has sold billing system software to our affiliates in Hungary and Belgium to the mutual benefit of the companies, and has exposed them to new product offerings they may choose to sell in the future.

(iii) The merger provides additional purchasing economies across suppliers, which should allow our international affiliates to expand their investments and services in their home markets. The merger will allow the benefits of purchasing scale and knowledge to improve the affiliates' operations and to expand the areas where new offerings and technology can be deployed.

19. Second, the merger provides the resources for increased global expansion, not only through investments in incumbents or established carriers, but through investments in new facilities and in new competitive services. Ameritech has been trying to grow its business internationally over the past several years, but it has been reluctant to make a major, significantly dilutive international investment. The result is that Ameritech has considered existing privatizations, usually in small to medium-sized countries, as the principal means of expansion, rather than start-ups or competitive initiatives. The merger allows the new SBC to take a bold leap into offering competitive international facilities and services in multiple countries on three continents.

20. Third, the broader scope of the combined company will enable U.S. companies to conduct international business more efficiently. In addition, the new SBC will contribute to economic development in a broad range of countries, thereby improving the economic climate and telecommunications infrastructure for U.S. companies doing business or considering doing business in these countries. Finally, the new SBC will contribute, through both its competitive activities and its participation in privatization, to the overall reduction in retail and wholesale international long distance rates (wholesale would include transit, termination, and settlement rates).

21. Fourth, large business customers have multiple locations across multiple states, regions, and continents. These firms (the largest 1%) represented approximately $1.7 billion in 1997 Ameritech revenues, 11% of total revenues. This is an important target market for many CLECs, and as a result Ameritech has experienced significant losses in this segment. The new SBC provides the scope and scale to serve these customers as they wish to be served, via a single point of contact. The single point of contact benefits these customers in multiple ways: (a) it enables them to purchase equipment, systems, local, long distance, and other telecommunications services in bulk, thereby reducing their costs; (b) it enables them to have similar systems across sites over time; (c) because of the new SBC's scale, it will be able to devote more resources to meeting the needs of its large customers; and (d) the new SBC will have a single sales team focused on customers at the places of their choice, eliminating duplicate sales efforts across different regions. For example, an automaker with offices and plants in Michigan, Ohio, multiple other states, and overseas will be able to use a single point-of-contact for telecommunications services throughout its operation and, over time, receive consolidated billing.

22. Fifth, as a result of the advanced telecommunications investments of the new SBC, U.S. consumers will benefit from lower international long distance rates, as well as from improved access to goods and services internationally. For example, two of Ameritech's three largest European affiliates are already within the FCC's target pricing guidelines for inter-council national settlement rates and the third -- MATÁV -- has

among the lowest average settlement rates of Central European telephone companies. For U.S.-based companies and consumers, this means lower international long distance rates, lower overall telephone bills, and reduced barriers to conducting export businesses and other activities in these countries. In addition, U.S. business and consumers will benefit from the enhanced reliability of international terminations to many important countries.

23. Sixth, U.S.-based suppliers of telecommunications products and services will benefit from this expanded global presence. They already have benefited from Ameritech's presence in Europe. Ameritech has worked with these suppliers, and knows what they are capable of delivering. These suppliers often can improve business processes, productivity, and information flows. They can enable new services, including services required to implement interconnection and other pro-competitive capabilities. For example, Ameritech personnel brought selected U.S. suppliers to the attention of MATÁV and U.S. companies. MATÁV clearly benefited from the functionality these suppliers deliver. The capabilities brought to Hungary include: Data warehousing systems (HP), testing equipment (Teradyne), automated directory assistance platforms (IBM), network monitoring systems (Digital), wireless local loop technology (Motorola), work force management software (Silicon Graphics), and fault tolerant computers (Tandem/Compaq). Collective sales from these companies to MATÁV total approximately $200 million. In Belgium, where process improvements are crucial to improving service, Ameritech personnel identified U.S.-based information technology

and networking consulting firms to improve Belgacom's processes and encourage the company to work with these firms. SBC and Ameritech expect to continue working with the strongest possible telecommunications suppliers internationally. Many of these suppliers are American companies. Thus, the merger will benefit U.S. suppliers as the footprint of the new SBC grows.

B. Efficiencies and an Expanded Range of Products

24. The new SBC will derive substantial efficiencies both from consolidation activities and from the sharing of best practices. It will also be able to offer an expanded range of products. The efficiencies will result from a dramatic improvement in the cost structure of the business, strengthening our long term low unit cost position. Ameritech's expectations for synergies are fully consistent with its experience between 1992 and 1995, when it consolidated from five local telephone companies into one. For example, significant duplicate corporate overhead, as well as other redundant functions, can be eliminated. By unifying purchasing across the companies, the new SBC should receive increased volume discounts. The savings can be used to upgrade systems and networks, and to invest in new research and development as well as in new services. This is consistent with Ameritech's experience in using savings from in-region consolidation to support customer service improvements and to expand our product offerings. This is the result both of increased efficiencies and of the use of combined best practices. The improved efficiencies will ultimately benefit customers and provide additional resources to finance future investments. Through expanded scale, Ameritech will be able to

strengthen its services and relationships. With larger volumes, the new SBC should be able to work with its suppliers to develop special products, meeting customer needs that those suppliers would be unable to meet on their own.

25. The opportunities for improving service and operating results by incorporating best practices are substantial and involve virtually all parts of the business. Ameritech has higher productivity (access lines per employee) than SBC's local telephone business, achieved through consolidating its in-region activities. For example, Ameritech has already improved its service on high-cap facilities by employing SBC's best practices at the urging of AT&T (see Rivers Affidavit). The new entity will be able to pull the best practices from four predecessor companies—PacTel, Ameritech, SBC, and SNET. Ameritech can bring the knowledge it gained when it centralized its carrier operations by combining five centers into one. Ameritech was able to take the best process management practices from each of the five centers and apply them to the new entity. Ameritech has seen a dramatic increase in customer service response times and improved network reliability, because of the consolidated operations and the application of best practice.

26. SBC employs best practices in developing new vertical features and services. Currently SBC is industry leading with 2.3 vertical features per phone line. In combination, Ameritech's customers can benefit by increasing their vertical features and having more efficient telecommunications services at home or in their offices. This would benefit both residential and business customers.

27. Even basic services may be enhanced by the merger. For example, bilingual skills have enabled SBC to publish directories in Spanish, while Ameritech does not yet publish any Spanish speaking directories anywhere in region. Ameritech has considered producing Spanish language directories in Chicago, and SBC's skills could be quite useful. These skills could also improve the quality of customer service Ameritech provides to its Spanish speaking customers, while Ameritech's experience in such languages as Polish could be of use to SBC.

28. The new SBC will be able to support a virtual customer service center. By having customers and local sites in four U.S. time zones, and across the globe, the new entity will be able to service customers' needs on a 24 hour a day basis, regardless of where they are located. For example, a customer in England can call with a billing question at 2:00 a.m. English time, which is 8:00 p.m. Chicago time, to talk to a customer service representative. Ameritech has not, as a stand alone company, had the base of customers or geographic scope to warrant these investments. In addition, over time, the new SBC will have uniform best practices customer care techniques across the globe, ensuring quality and availability of service.

29. The merger will enhance Ameritech's cellular roaming service capability by expanding our wireless reach to major markets in the Southwestern United States and on the East and West coasts. The expanded geography and consolidated mobile service support systems will allow for enhanced mobile security without the need for "PIN"

numbers and other unpopular security measures. The expanded geography will also improve Internet access, which will now be available on a more national basis.

30. Many new products that SBC and Ameritech have in test or in development today, such as ADSL, could be brought to market faster and less expensively if they were developed by a single team. Ameritech began testing its DSL service in October 1996. It launched its DSL service in Ann Arbor, Michigan in late 1997, has since expanded the service to Wheaton, Illinois and Royal Oak, Michigan, and has stated broad expansion goals for the service (i.e., 70 percent of homes passed). Other examples include long-distance and internet services. SBC is currently developing an IP/Virtual Private Network product, which Ameritech can utilize in the new organization. These cost savings can be used to fund other new service developments and other strategic opportunities. Services that currently go undeveloped because of high start-up costs will roll out to customers because the larger number of potential users for such services will support additional initial development activities. Services can be more extensively deployed to a broader base of customers more rapidly than as a stand alone company. The companies can also avoid duplicating many of the same steps -- hardware and software testing, market trials, and rollout development -- associated with deploying the same product offering. The new services will expand the range of different packages of services for customers of the new SBC. For example, once we receive interLATA relief we will be able to provide seamless mailbox-to-mailbox messaging between cities,

states and regions. Furthermore, as customers become more mobile and move their homes and offices, they will enjoy the same high level of customer service and quality products, regardless of their location.

V. Ameritech has previously considered a significant CLEC strategy out-of-region, but had concluded it could not do that as a stand-alone company

31. Ameritech has no plans to become an out-of-region CLEC and, absent the merger, would not do so. Four to five years ago, Ameritech considered a variety of options, the most serious of which was a launch of a Competitive Access Provider (CAP, the precursor to a CLEC), in St. Louis. At the time, the primary market for CAP services was local wholesale transport purchased by long distance carriers. None of the IXCs were willing to commit to buy our transport services prior to launching the service, although they often did this for MFS, Teleport, and others. Our reasons for electing not to pursue CAP opportunities at that time included such factors as the initial operating losses, significant investment requirements, high valuations for buying existing properties relative to how Ameritech was valued, difficulties in persuading long distance carriers to buy services from Ameritech out-of-region, and lack of materiality.

32. In addition to Ameritech Cellular's planned bundled offering to wireless customers in St. Louis (see Osland Affidavit), Ameritech unsuccessfully undertook a resold business service offering out-of-region to its large business customers. It successfully sold the service to only one customer, and it is no longer actively pursuing additional customers. The resale offering was launched in the fourth quarter of 1997 with

United Airlines (UAL). Ameritech resells 398 lines in California, 86 lines in Texas, and 118 lines in New York to UAL. As of June 25, 1998, the resold local service business for large customers has been capped at the existing customer base (UAL). The project rollout was halted because it was not achieving the desired numbers of customers and because the gross margins on reselling local access to large customers (which often had already negotiated volume contracts with local carriers) were too small to continue the effort.

33. Several factors have prevented Ameritech from pursuing CLEC opportunities on a large scale. First, Ameritech does not have the human resources necessary to pursue all of its other growth initiatives and material CLEC acquisitions. Ameritech is staffing new business units, providing employees for our international affiliates, supporting our Internet service launch, and constantly managing and upgrading our core business activities.

34. Second, such acquisitions would unfairly and negatively penalize Ameritech shareowners. Wall Street values the company largely on an earnings model, in which it measures how rapidly Ameritech is growing earnings and whether or not we are meeting analysts' earnings estimates. This differs from the asset valuation models used to value WorldCom, many of the CLECs, and most Internet Services and on-line businesses. The earnings-based valuation model generally penalizes Ameritech for investing in opportunities that dilute earnings in the short term, regardless of their long term outlook. All of the large CLEC options Ameritech might pursue would result in

substantial dilution in earnings for many years. That dilution—potentially as much as 10-25% of our earnings—would have a significant negative impact on our stock price. We are not alone in this concern. Two other RBOCs that have pursued aggressive dilutive investments have already spun off those businesses—AirTouch and Media One—out of concern that their stock prices did not reflect the value of the growth initiatives, since the business as a whole was largely valued on an earnings multiple.

35. Third, Ameritech recognized that there were many capabilities and services we were not yet providing to our customer base. Ameritech had the choice of investing in developing these capabilities to pursue in-region opportunities, or investing in expanding our footprint. Our senior management concluded we could create more value and advance our strategies by expanding our investments to serve our base, rather than by geographic expansion as a CLEC. Ameritech instead decided to develop our PCS footprint; implement Digital Cellular (CDMA); market additional investments in our local exchange business; and invest in our cable, security, long distance, and Internet businesses, as well as expanding our international footprint.

36. Ameritech was not prepared to pursue a national or global CLEC strategy on its own. Ameritech recognized that others were pursuing competitive strategies in the marketplace, but our business units were focused on different, less dilutive avenues for growth and value creation. Even in partnership with others, Ameritech concluded that it could not accept the dilution of a "national/local strategy". Only through this merger is it possible for Ameritech to pursue this opportunity, with stronger cash flow, earnings

momentum from the merger, and the combined resources—people, business processes, and customers—of the combined company. The merger provides the efficiencies which can fund the short and medium term dilution, until the competitive launch becomes a contributor to earnings.

I declare under penalty of perjury that the foregoing statements are true and correct.

Robert Jason Weller

Robert Jason Weller

Sworn and subscribed before me

this 21 of July, 1998

NOTARY PUBLIC

My commission expires Novmber 31, 2002

My Commission Expires: _____

Pursuant to 47 C.F.R. §§ 1.743(c), 1.913(c), 5.54(c), the preceding document is a copy of the original signed affidavit, which was filed as an attachment to Exhibit 2 to the Form 490 applying for the Commission's consent to transfer control of Part 22 licenses held by Detroit SMSA Limited Partnership from Ameritech Corporation to SBC Communications Inc. That Form 490 was filed concurrently with this application.

AFFIDAVIT OF PAUL G. OSLAND

STATE OF ILLINOIS)
) SS:
COUNTY OF COOK)

PAUL G. OSLAND, being duly sworn, deposes and says:

1. My name is Paul G. Osland and I am Director of Corporate Strategy at Ameritech. The purpose of this affidavit is to explain the background and the current status of Project Gateway. Project Gateway was a defensive strategy initiated to test the viability of offering local service (on a resale basis), together with a variety of other features and services on a bundled basis, to existing residential cellular customers of Ameritech in St. Louis, Missouri.

2. I have been employed by Ameritech or its predecessors for nineteen years. From 1979-1985, I worked at Indiana Bell in a number of operational assignments. From 1985-1992, I worked at Ameritech Services in various marketing and planning assignments. In 1993, as a part of Ameritech's transformation into a business organized around customer segments, I was named Vice President of Strategic Marketing for Ameritech Long Distance Industry Services (ALDIS). In 1995, I was named Vice President of Marketing for the same unit. ALDIS' responsibility is to serve the approximately 150 long distance carriers that purchase products from Ameritech. In 1997, I was named Director of Corporate Strategy within

Ameritech's Corporate Strategy and Development group. I am a graduate of DePauw University in Greencastle, Indiana with a degree in Economics.

3. In my current assignment as a Corporate Strategy Director, I provide support for the planning efforts of several business units including Ameritech Cellular, the unit responsible for our St. Louis wireless business and the Project Gateway proposal. During Ameritech Cellular's formulation of that proposal, I met with the project leaders on numerous occasions to provide support and advice.

4. Project Gateway was developed by Ameritech Cellular primarily as a defensive strategy in response to a perception in early 1997 that other wireless competitors in St. Louis—such as AT&T, MCI, Sprint PCS and Nextel—were planning to offer local service to cellular subscribers as part of a bundling strategy which would add local and long distance, and perhaps other services, to their wireless offerings. In essence, Project Gateway proposed a marketing initiative whereby Ameritech Cellular would seek to bundle resold services with its wireless product to protect its cellular customer base in the face of substantial emerging competition. The business plan supporting the proposal was built on resale and did not assume the use of any Ameritech network facilities. At its core, Project Gateway was a discrete and limited initiative designed to protect the value of Ameritech's cellular business in St. Louis against erosion caused by the anticipated introduction of bundled services offerings by wireless competitors in that market.

5. The Telecommunications Act of 1996 and other regulatory developments (including the FCC's PCS auctions) fostered an increasingly competitive environment in the St. Louis cellular market. That environment manifested itself with the introduction of the AT&T, Sprint PCS and Nextel wireless services in 1997. That new competitive entry, along with the contemporaneous filings by AT&T, Sprint and MCI (which was reselling SBC's cellular service) for CLEC certification in Missouri, caused Ameritech Cellular to review its marketing strategy in St. Louis. Project Gateway emerged from that review and recommended a bundled cellular/local exchange offering in St. Louis as part of an effort to minimize losses to the new wireless providers, who seemed prepared to offer similar service packages.

6. Project Gateway was initially intended as a proposed offering to Ameritech Cellular's existing residential and small business wireless customers in St. Louis. In July 1997, issues with system interfaces and development were identified in the small business segment. As a result, the scope of the proposed offering was reduced to targeting only Ameritech's existing residential cellular subscribers in St. Louis, who represented less than 50% of its cellular customer base in that market.

7. Project Gateway did not assume any facilities-based wireline local service as part of its bundled services proposal and required no use of existing Ameritech wireline facilities. Its business plan and financial projections were based exclusively on the resale of Southwestern Bell's local exchange service. In addition, Project Gateway's proposed service packages were priced to attract cellular custom-