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NEW YORK  
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CC98-141

July 24, 1998

**ORIGINAL**

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

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AUG - 4 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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

Dear Sir/Madam:

Enclosed for filing please find an original and five copies of the joint application of SBC Communications Inc., Ameritech Corporation, Ameritech Communications, Inc. and Ameritech Mobile Communications, 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 and Assistant General Counsel  
SBC Communications Inc.  
175 E. Houston  
San Antonio, TX 78205  
210-351-3476 (voice)  
210-351-3488 (facsimile)

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

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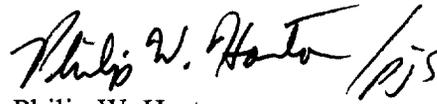
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Federal Communications Commission  
July 24, 1998  
Page 2

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)

Thank you for your assistance.

Sincerely,

  
Philip W. Horton

Enclosures

07-27-98 0358115 8115156 2 001 19



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202-942-5787		

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	(16) ZIP CODE	
TX	78205	
(17) DAYTIME TELEPHONE NUMBER (include area code)	(18) COUNTRY CODE (if not in U.S.A.)	
210-351-3476		

SECTION C - PAYMENT INFORMATION

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(19B) FCC CALL SIGN/OTHER ID	(22B) PAYMENT TYPE CODE (PTC)	(21B) QUANTITY	(22C) FEE DUE FOR (PTC) IN BLOCK 22B	FEE DUE ONLY
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SECTION D - PAYER INFORMATION (REMOVED)

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

\_\_\_\_\_  
In the Matter of )  
 )  
 )  
AMERITECH 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 Ameritech Corporation, a Company )  
Controlling International Section 214 )  
Authorizations )  
\_\_\_\_\_ )

**ORIGINAL**

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

**RECEIVED**

AUG - 4 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**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 AMERITECH COMMUNICATIONS, INC. AND  
AMERITECH MOBILE COMMUNICATIONS, INC.**

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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, Ameritech Communications, Inc. ("ACI"),  
Ameritech Mobile Communications, Inc. ("Ameritech Mobile"), Ameritech Corporation  
("Ameritech") 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 ACI and Ameritech Mobile, both of which  
are wholly owned subsidiaries of Ameritech.

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

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

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 Ameritech subsidiaries, ACI and Ameritech Mobile, which will result from the proposed merger of SBC and Ameritech. 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**

Ameritech's businesses consist primarily of the provision of local exchange and wireless service through its operating subsidiaries. Ameritech also is engaged in the provision of cable television service and security monitoring. In addition, Ameritech provides facilities-based and resold international communications services through two of its subsidiaries, ACI and Ameritech Mobile. ACI presently holds three international section 214 authorizations which allow it to resell international switched, private line and non-interconnected private line communications services and to provide international facilities-based switched, private line and data services originating outside the states in which Ameritech provides local exchange service. Ameritech Mobile holds one international section 214 authorization, which grants it the authority to resell international switched service. Ameritech also has a number of international interests, including investments in telecommunications companies in Belgium, Denmark and Hungary.

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 Ameritech have entered into an Agreement and Plan of Merger (the "Plan") under which Ameritech would become a wholly-owned subsidiary of SBC. Following the merger, Ameritech will continue to own the stock of its subsidiaries, including ACI and Ameritech Mobile, which will continue to hold all of the Commission authorizations they currently hold. The proposed merger 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 ACI and Ameritech Mobile 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 Commission'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:

Ameritech Communications, Inc.  
1401 H St., N.W., Suite 1020  
Washington, DC 20005  
202-326-3800

Ameritech Mobile Communications, Inc.  
1401 H St., N.W., Suite 1020  
Washington, DC 20005  
202-326-3800

Ameritech Corporation  
1401 H St., N.W., Suite 1020  
Washington, DC 20005  
202-326-3800

SBC Communications Inc.  
175 E. Houston  
San Antonio, TX 78205  
210-351-3476

(b) Ameritech, ACI, Ameritech Mobile and SBC are all corporations 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 Ameritech, ACI and Ameritech Mobile**

Lynn Starr  
Executive Director, Federal Relations  
Ameritech Corporation  
1401 H Street, N.W., Suite 1020  
Washington, DC 20005

202-326-3800 (voice)  
202-326-3826 (facsimile)

*with a copy to*

Antoinette Cook Bush  
Skadden, Arps, Slate, Meagher & Flom  
1440 New York Avenue, N.W.  
Washington, DC 20005

202-371-7230 (voice)  
202-371-7996 (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, DC 20004

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

(d) ACI has previously received authority under Section 214 of the Communications Act, as amended, to: (i) resell the international switched services of authorized facilities-based international common carriers originating in the contiguous United States (excluding Illinois, Indiana, Michigan, Ohio and Wisconsin), Hawaii, Puerto Rico and the U.S. Virgin Islands and terminating at all international points; (ii) resell international private lines between the United States (excluding Illinois, Indiana, Michigan, Ohio and Wisconsin) and Canada (and other countries providing equivalent resale opportunities) in order to engage in switched hubbing to various international points;<sup>1</sup> (iii) to resell non-interconnected private line service for the provision of international private line service between the United States (excluding Illinois, Indiana, Michigan, Ohio and Wisconsin) and various international points (excluding Hungary); and to provide international facilities-based switched, private line and data services between all points in the United States (excluding Illinois, Indiana, Michigan, Ohio and Wisconsin) and all international points except Hungary and those countries listed on the Commission's exclusion list. This authority was granted to both ACI and its subsidiaries. The Commission's approvals are stated in FCC File Nos. ITC-96-272

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<sup>1</sup> ACI's application did not request authority to resell the private line service of any affiliated carrier that was dominant on the route over which the private line service would be carried,  
Footnote continued on next page

(effective July 19, 1996; order released, 11 FCC Rcd. 8685, July 24, 1996); ITC-96-441 (effective September 13, 1996; public notice, 11 FCC Rcd. 11306, issued September 19, 1996); and ITC-97-289 (effective July 9, 1997; public notice, DA 97-1442, issued July 10, 1997).

Ameritech Mobile has previously received authority under Section 214 to resell the international switched services of authorized unaffiliated United States facilities-based international carriers for the provision of international switched services (in association with the provision of international CMRS) originating in the contiguous United States, Hawaii, Puerto Rico and the U.S. Virgin Islands and terminating at all international points. The Commission's approval is stated in FCC File No. ITC-96-243 (effective June 7, 1996; public notice, DA 96-933, issued June 13, 1996).

Ameritech itself holds no international section 214 authorizations.

SBC's subsidiaries have previously received authority under Section 214 of the Communications Act, as amended, to provide both resold and facilities-based switched (voice and data) and private line international services. 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), ITC-98-423 (June 11, 1998) and in TAO-2623 (granted Feb. 26, 1998; expires Aug. 25, 1998). SBC's subsidiaries also have applications pending before the Commission requesting additional authority for resale and facilities-based provision of international switched and private line services. These applications are

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Footnote continued from previous page  
nor did it request authorization for the provision of private line service to any country where ACI was affiliated with a foreign carrier which had market power in that country.

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).

Upon approval of the transfer of control of the international section 214 authorizations attendant to the merger of SBC and SNET (and subsequent consummation of that merger), SBC will also obtain control of the international section 214 authorizations of its new SNET subsidiaries.

SNET America, Inc., 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).

SNET Diversified Group, Inc. 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).

**(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 (ACI and Ameritech Mobile) holding international section 214 authorizations

**(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 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 49.3 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 (of which SBC owns 60 percent) owns 30 percent of Telkom S.A. Before the acquisition by this consortium, Telkom S.A. was a completely state-owned company. 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 Sections 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 ACI and Ameritech Mobile.

**(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) of the Commission's Rules.

**(h)(5)** Through its acquisition of Ameritech and the transfer of control of the international section 214 authorizations held by ACI and Ameritech Mobile, SBC seeks to operate as a U.S. facilities-based international carrier to those foreign countries allowed by the international section 214 authorizations held by ACI and Ameritech Mobile. 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. Therefore, pursuant to Section 63.18(h)(5) of the Commission's 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)(6)** Through its acquisition of Ameritech and the transfer of control of the international section 214 authorizations held by ACI and Ameritech Mobile, 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 ACI and Ameritech Mobile. 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. Therefore, pursuant to Section 63.18(h)(6) of the Commission 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 Ameritech and the transfer of control of the international section 214 authorizations held by ACI and Ameritech Mobile, 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 the international section 214 authorizations held by ACI and Ameritech Mobile. 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. 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: Diax 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 the international communications services to Chile, South Africa and Switzerland listed below for the following reasons:

1. VTRI lacks 50 percent market share in the international transport and the local access markets in Chile and thus SBC would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.
2. SBC would satisfy Section 63.10(a)(4) for the provision of international communications service to South Africa through the resale of unaffiliated U.S facilities-based carriers' switched services.
3. Diax lacks 50 percent market share in the international transport and local access markets in Switzerland and thus SBC would satisfy Section 63.10(a)(3) of the Commission's Rules for all international communications services which are covered by this application.

**(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 a 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.

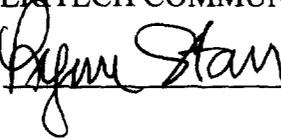
*(k)* The Applicants do not request streamlined processing of this application.

**IV. CONCLUSION**

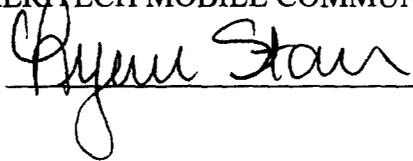
In view of the foregoing, the Applicants respectfully request the Commission to grant this application.

Respectfully submitted,

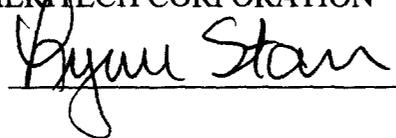
AMERITECH COMMUNICATIONS, INC.

By: 

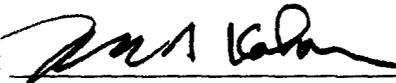
AMERITECH MOBILE COMMUNICATIONS, INC.

By: 

AMERITECH CORPORATION

By: 

SBC COMMUNICATIONS INC.

By: 

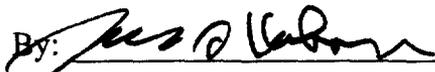
DATE: JULY 23, 1998

**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.

By: 

DATE: JULY 23, 1998



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.