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December 9, 1998

NOTICE OF EX PARTE PRESENTATION

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: *In the Matter of Applications for Transfer of Control to SBC Communications Inc. of Licenses and Authorizations Held by Ameritech Corporation, CC Docket No. 98-141*

Dear Ms. Salas:

Please be advised that yesterday, Stephen M. Carter, President-Strategic Markets, SBC Operations, Inc. and the undersigned met with Chairman Kennard's legal adviser, Thomas C. Power, in connection with the above-referenced pending applications. The purpose of the meeting was to introduce Mr. Carter and describe his new position as president of strategic markets. At the conclusion of the meeting, we provided the attached document for background and additional detail.

In accordance with the Commission's rules governing ex parte presentations, an original and one copy of this notification are provided herewith. Please call me directly should you have any questions.

Respectfully submitted,

Todd F. Silbergeld

Attachment

cc: Thomas C. Power, Esq.

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The SBC National-Local Strategy

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Ameritech is a key part of SBC's 3-Part Strategy

- Get in the **long distance** business
- Become a world leader in **data** communications
- Expand **footprint** to become a national & global provider
  - Ameritech makes possible an expansion into 30 markets

    "The National Local strategy is not a means to the merger. The merger is a means to the National Local strategy."

SBC-Ameritech Merger Creates

- A coast-to-coast and global provider competing aggressively with ...

AT&T/TCI	MCI/WorldCom	Sprint	Bell Atlantic/GTE
Bell South	US West	Dozens of CLECS	

- In contrast to others, we plan to serve residential as well as business customers
  - New alternative for 70 million Americans in the 30 out-of-region markets wanting integrated mix of ...
    - Local, long-distance, Internet and high-speed data services

SBC-Ameritech Merger Creates

- A new American company that can compete globally with
  - AT&T
  - MCI/WorldCom
  - NTT
  - Sprint
  - Deutsche Telekom
  - France Telecom
- Jumpstarts intense competition in local and long distance markets like nothing has before

Why doesn't SBC do this alone?

- Scale and scope
- Customer base
- Employee talent pool
- Size
  - SBC/Ameritech CLEC will be bigger "at birth" ($1.3 billion) than MFS after 9 years ($1.1billion) when it was bought by WorldCom

Why doesn't SBC do this alone?

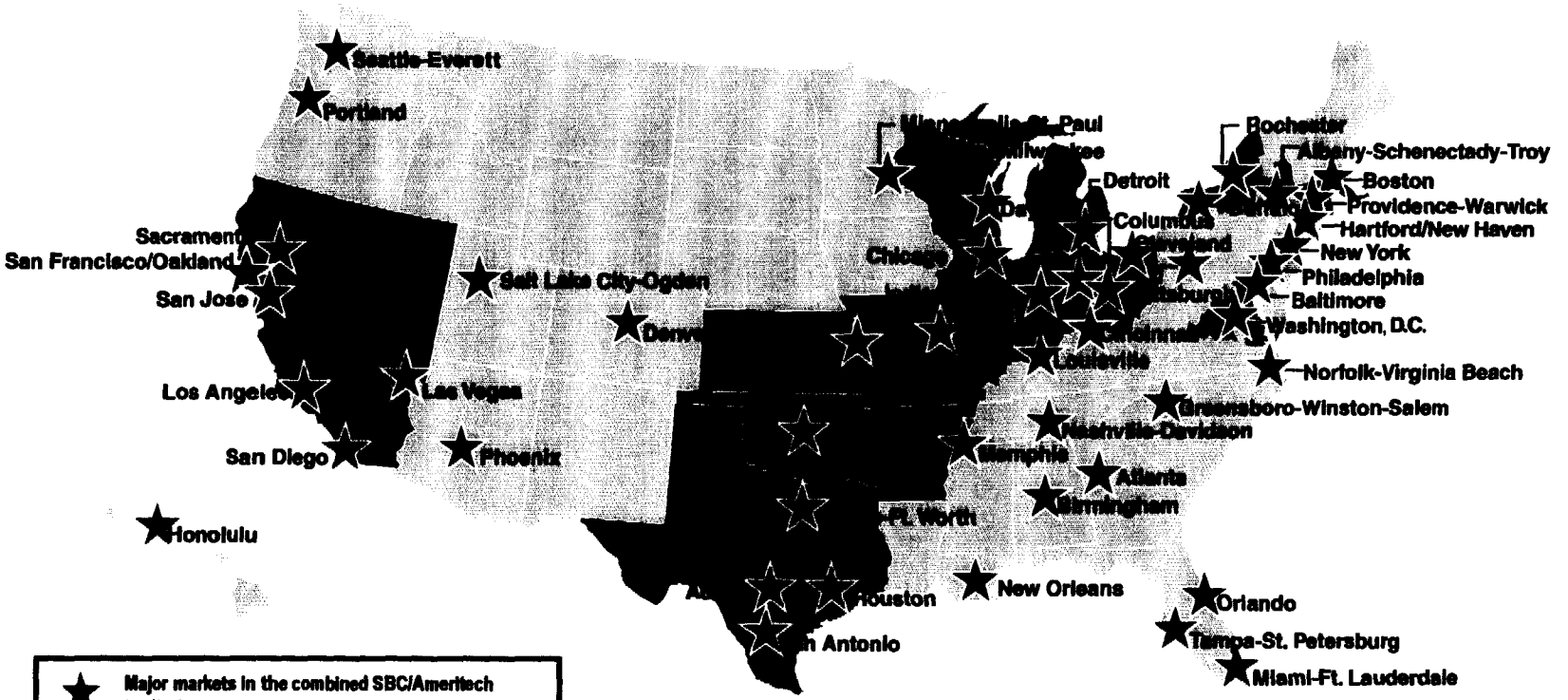
Need combined company human resources

- Severe industrywide shortage of skilled employees and managers
  - 2,500 unfilled SBC management openings today
- National local will require 8,000 employees
- SBC alone … would have to devote 16% of all managers. 36% of Ameritech managers
- Together, SBC/AIT devote only 8% of all managers

Why doesn't SBC do this alone?

- Spreading Shareowner risk
  - Investors throw money at new CLECs on the promise of future cash flow growth -- *not earnings* -- and prospect they will be acquired
  - Different standard for Large, established companies
    - We must deliver earnings from new CLEC operations with very little dilution
    - Combined SBC/AIT customer base that we can follow to 30 markets …
      - Gets us off to a good start in those markets
      - Able meet our shareowners' earnings expectations

National Local Strategy
Top 50 U.S. markets



★ Major markets in the combined SBC/Ameritech territories

★ Major markets* where the combined SBC/Ameritech plans to compete as a result of the merger

Bringing Real Local/Long-Distance Competition to:

AT&T	Frontier	Sprint
Bell Atlantic	GTE	U S West
BellSouth	MCI	WorldCom

New Services Provided:

Local	Internet
Long Distance	Data

*Cities subject to change

SBC Ameritech®

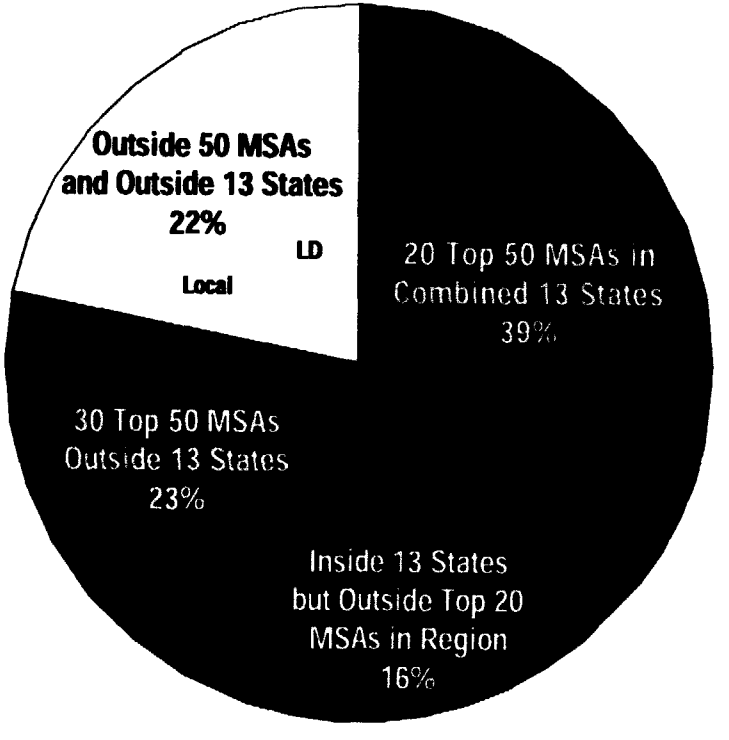
5/98

National - Local: Marketing

"Follow" large corporate customers based in 13 state region served by SBC/Ameritech/SNET

- 224 Fortune 500 companies are headquartered in these 13 states
  - They have **173,761** locations across the U.S.
  - They spent about $4.8 billion for local and long distance services in 1997
  - We need coverage of 70% to 80% of these companies' expenditures to have an opportunity to compete

Total LD and Local Spending for 224 of Fortune 500 with Headquarters in SBC/Ameritech/SNET Territory



National - Local: Marketing

- Quickly follow our customers to the 30 markets
- Go after other business customers
- Go after residential customers

National - Local: Marketing

- We can compete for local service
  - A century of providing local service
  - Customer service
  - Best marketing of vertical services
  - Attractive packages to high-volume users: local, long-distance, Internet, high-speed access
  - Not limited to high-income residential areas
    - High volume residential users are equally distributed across all income levels

National - Local: Network

Latest and greatest

- Facilities based
- Build, Buy, Partner or Rent
  - Use unbundled loops -- particularly for residential customers
  - Limited use of Resale
- Starting now allows us to select only the latest state-of-the-art voice, Internet and data technologies
  - Built on an Internet Protocol, ATM and Frame Relay platform

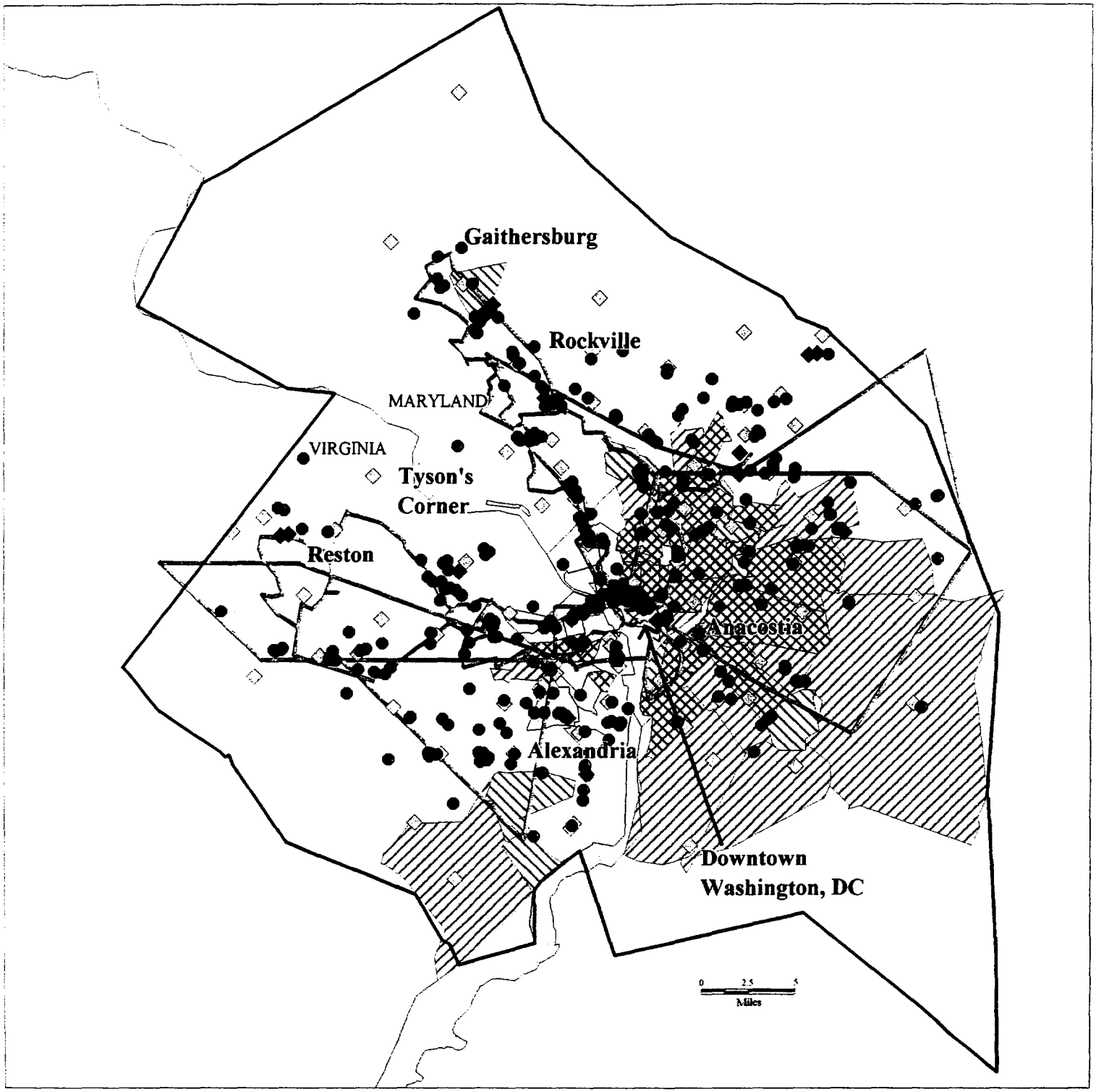
National - Local: Poised to Enter

Representative Market Entry

Washington, D.C.

- Existing fiber facilities are close to our targeted business customers
- With limited expansion can be extended to residential customers including a significant number of low income/minority customers

SBC National Local Strategy Representative Entry
Washington, DC



TOP 25% OF AREA ZIP CODES IN TOTAL POPULATION DENSITY

BOTTOM 25% OF AREA ZIP CODES IN HOUSEHOLD INCOME

TOP 25% OF AREA ZIP CODES IN PERCENT NON-WHITE

ILEC SWITCH

CLEC SWITCH

REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED IN SBC/AMERITECH'S REGION

REGIONAL OFFICE OF FORTUNE 500 COMPANY HEADQUARTERED OUTSIDE SBC/AMERITECH'S REGION

CLEC FIBER ROUTES (MFS/WORLDCOM, AT&T/TCG)

WASHINGTON, DC METRO AREA (Includes the District of Columbia; Arlington, Fairfax, Montgomery, and Price George's Counties; Cities of Fairfax, Alexandria, and Falls Church)

Where We Stand Now

- Key executives are in place
  - Stephen Carter, President Strategic Markets
    - VP & General Manager - Operations
    - VP & General Manager - Strategic Markets
    - VP & CFO
    - VP Regulatory
  - Building implementation teams
- Talking to in-region, Fortune 500 customers
- Talking to existing CLECs with capacity, other suppliers

Where We Stand Now

- Countdown to Entry -- "Critical Path" Developed
  - Refining comprehensive business plans & specific entry strategies
  - Regulatory filings
- Expect to close merger and begin implementing national-local strategy 2nd half 1999