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Lynn Shapiro Starr
Vice President
Regulatory Affairs

December 21, 1998

Ms. Magalie Roman Salas, Secretary
Federal Communications Commission
The Portals
445 12th Street, SW
Washington, DC 20554

Re: **Ex Parte Statement**
CC Docket 98-141

Dear Ms. Salas:

Please include the attached information in the above referenced proceeding. If you have any questions, please contact the undersigned.

Sincerely,

Lynn S. Starr

Lynn S. Starr

Attachments

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News Release

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FOR IMMEDIATE RELEASE: Monday, Dec. 14, 1998

Notebaert Rallies Support For Ameritech-SBC Merger; CEO Says Merger Will Offer Consumers More Choices, Is Vital To Midwest Growth

Business, Labor, Consumer and Community Groups Say 'Yes' to Ameritech-SBC Merger

CHICAGO - Saying the proposed merger between Ameritech and SBC is "pro-consumer, pro-competition and will be an engine for growth for the Midwest," Richard C. Notebaert, chairman and chief executive officer of Ameritech, today announced that he will travel throughout the Midwest over the next several days with Ameritech state presidents to let consumers know about the benefits of the proposed merger between Ameritech (NYSE: AIT) and SBC Communications Inc. (NYSE: SBC).

"Now that Ameritech and SBC shareholders have voted to approve the merger, and the SEC-imposed quiet period is over," said Notebaert, "Ameritech is free to present its case on why this merger will offer consumers more choices, why it is vital to the Midwest, and why long distance companies that oppose this merger are playing hypocritical games that would hurt consumers in the Midwest and in America.

"America's prosperity has been built on growth. In an increasingly competitive communications industry, only through growth can we have the scale, scope, and resources that fuel prosperity and give consumers the choices and innovation they want. AT&T and MCI/WorldCom, which control 80 percent of the long distance market, don't want consumers to have that choice from someone new; but consumers do and they'll benefit by it," said Notebaert.

At today's news conference in Chicago, the proposed merger received support from the former chairman of the Illinois Commerce Commission, and leaders from the National Council on Aging, the National Black Chamber of Commerce and the Hispanic Association for Corporate Responsibility. The proposed merger has previously received the support from the Communications Workers of America and the Rainbow Coalition, led by the Rev. Jesse Jackson.

-more-

"This merger creates the kind of financial power, marketing savvy and telecommunications expertise that is needed to compete today," said Dan Miller, senior vice president of the Heartland Institute of Chicago. Miller previously was the longest serving chairman of the Illinois Commerce Commission and the former founder and long-time editor of Crain's Chicago Business News.

"Consumers win from competition. Competition creates the conditions for the development and deployment of new technology. It's only this new technology that can reduce the cost of making calls and allow for global competition. The irony is that Ameritech cannot compete in its own hometown because of the command and control mentality of some regulators," added Miller.

A combined Ameritech/SBC means growth and enhances the new company's ability to deliver value to consumers through the scale, scope and resources to develop and invest in new technologies. The combined company will be even better able to: quickly develop new products and services; ensure the best customer service and one-stop shopping for telecommunications needs; and compete globally and create home-grown jobs.

"We would welcome an SBC-Ameritech alliance. Our experience shows that we can trust SBC when it says the merger is about growth, not downsizing. SBC has added approximately 7,000 CWA-represented jobs in the past year and a half," said Morton Bahr, president of the Communications Workers of America.

The combination of the two companies already has received broad-based support from the European regulators and 22 legislative representatives in five Midwestern states. In addition, customers such as Compaq Computer Corp., Levi-Strauss & Co., Amoco, Bank One Corp. and others have endorsed the merger as good for business customers.

"Everyone is stepping up to the plate to say this merger is a home run deal for consumers -- regulators ought to do the same," said Notebaert. "It's just not right that the long-distance giants can be so disingenuous as to amass these so-called consumer groups, which are front groups to oppose this deal. AT&T and MCI WorldCom want to keep their cozy duopoly and keep consumers from having another competitive choice."

Millions of shareowners overwhelmingly said yes to this merger last week. Even Federal Communications Commissioner (FCC) Michael Powell said in an address to a telecom conference in Washington, D.C., last week, "Like parents teaching a child to ride a bicycle, regulators must be willing to let go of the handlebars as the public good tries to ride competition down free market hill." Powell offered his bicycle metaphor as a lesson for the FCC to consider as it reviews proposed telecom industry mergers.

The merger is expected to be finalized by mid-1999.

Ameritech (NYSE: AIT) serves millions of customers in 50 states and 40 countries. Ameritech provides a full range of communications services including local and long-distance telephone and data, cellular, paging, security, cable TV, Internet and more. One of the world's 100 largest companies, Ameritech (www. ameritech.com) has 71,000 employees, 1 million shareowners and more than $29 billion in assets.

The following third-party supporters were present at the Ameritech press briefing today:

- Dan Miller, former ICC Chairman, now with the Heartland Institute
- Juan R. Rangel, president and executive director of the United Neighborhood Organization (UNO)
- Harry Alford, National Black Chamber of Commerce
- Jim Firman, National Council on Aging
- Bruce Jacobs, ABN-Amro, a global banking firm with operations here in Chicago, in Europe and around the world

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Ameritech.

Ameritech and SBC

An Engine for Growth in the Midwest and America

<u>Growth That Benefits the Consumer</u>

The merger of Ameritech and SBC will create a company with the scale, scope, and resources necessary to give consumers the services, choice, and innovation they want and need.

Ameritech and SBC will pool their resources – and their best practices – to offer customers expanded product choices, new and improved services, more competitive prices, and the convenience of one-stop-shopping for all of their telecommunications needs.

Ameritech and SBC have each been recognized for their superior commitment to quality and customer service. Together, Ameritech and SBC will combine their best practices to innovate and improve customer service. And the merged companies will achieve savings in purchasing and network deployment, savings which will allow Ameritech-SBC to offer consumers the best possible deal for their telecommunications dollar.

SBC has a proven track record of pursuing growth to benefit consumers. Since SBC merged with California's Pacific Telesis, more than 2,200 new jobs have been added. Performance was maintained or improved in key service categories, including a 60 percent improvement in repair times and 80 percent improvement in installation times. Local competition flourished.

Most of all, Ameritech will remain the local phone company to customers in the Ameritech region – Illinois, Ohio, Michigan, Wisconsin, and Indiana. Ameritech will maintain its trusted brand name, and Ameritech's historic levels of charitable giving and community improvement will go on. In fact, SBC has pledged to maintain Ameritech's current level of contributions and support to economic development efforts, civic initiatives, and cultural activities.

A National-Local Strategy to Enhance Competition

By offering both local and long-distance service in 30 new, additional markets, Ameritech-SBC will serve customers throughout the top 50 U.S. markets nationwide. That means new head-to-head competition with a host of other communications operators.

Nearly 59 million residential and business customers not currently served by either company will enjoy new telecommunications choices they could not experience but for the Ameritech-SBC merger.

Growth That Fuels Prosperity

The Ameritech-SBC merger benefits consumers and enhances the region's prosperity as well. SBC has pledged no net decrease in employment levels as a result of the merger with Ameritech. Further, the proposed national-local strategy will create 8,000 new jobs.

Following SBC's 1997 merger with California's Pacific Telesis, SBC added 3,000 jobs. That's why the telecommunications industry's largest employee union, the Communications Workers of America, has endorsed the Ameritech-SBC merger. CWA President Morton Bahr has said the merger "contrasts vividly with so many others that focus on firing workers, cutting costs, and shipping jobs overseas."

A Global Player Serving Consumers at Home and Worldwide

The international telecommunications market is exploding – valued at $1.1 trillion in 1997, the global telecom industry is expected to grow by $700 billion, or 60 percent, by the year 2002. Only by merger will Ameritech and SBC have the scale, scope, and resources to both serve its domestic customers and compete and win in the global marketplace.

Competitor telecommunications companies – both foreign and domestic – are rapidly expanding, offering one-stop communications shopping and integrated service to customers with diverse needs and worldwide business interests. Foreign telecommunications carriers like NTT, France Telecom, and Deutsche Telekom are aggressively pursuing alignments with American carriers to establish a beach head in the U.S. Similarly, U.S.-based telecom giants AT&T and MCI-Worldcom are experiencing rapid growth and expansion.

Ameritech-SBC and the Midwest can either fall behind, or pool their resources and ensure our place in the global telecommunications market. The fact is, economies of scale really matter in the international marketplace. Ameritech-SBC would have roughly $41 billion in revenues, compared to Deutsche Telekom with $40 billion, AT&T-TCI-Teleport with $60 billion, Bell Atlantic-GTE with $54 billion, or Nippon Telephone with revenues of $75 billion. Further, Deutsche Telekom has partnered with France Telecom and Sprint to form Global One, a $78 billion venture to provide international telecommunications services.

And when Ameritech and SBC compete internationally, domestic consumers benefit. For instance, the Internet was created to facilitate international learning and communication without borders or boundaries. A Chicago customer, for example, expects to be able to access a web page on a San Francisco-based server, then a page in Paris, and then a page in Hong Kong, all by a simple point and click at ever-increasing speeds. This remarkable series of connections is only made possible through sophisticated international telecommunications facilities and coordination.

Ameritech and SBC
Frequently Asked Questions

Why is Ameritech merging with SBC?

The merger between Ameritech and SBC will create a company with the scale, scope, and resources to give consumers the services, choice, and innovation they want and need. The merged companies will truly be an engine for growth – and increased competition – in the Midwest and America.

How will the Ameritech-SBC merger benefit consumers?

Consumers want many things from their telecommunications provider: expanded choices, reliable service, competitive prices, and new innovations. When Ameritech and SBC pool their resources and share their technological expertise, customers get more of the new products, enhanced services, and competitive prices they want and need. Through the merger, Ameritech and SBC will share their best practices – and customers will reap the rewards.

How will the Ameritech-SBC merger increase innovation and technological advances?

By combining resources and sharing technologies, Ameritech-SBC will be better equipped to offer consumers new products and services. One needs only to look at Ameritech's recent history to appreciate the relationship between enhanced resources and a company's ability to provide consumers with more and better services.

Between 1994 and 1998, Ameritech increased its capital expenditures by more than $1 billion, and Ameritech's customers were the beneficiaries of that growth. During those five years, Ameritech installed digital switches and high-speed data lines, created new cell sites for wireless services, expanded Internet services, and built a cable system. Without its increased capital expenditures, many of Ameritech's new services simply would not have been brought to market.

SBC has its own impressive record of investing in technology to serve its customers. Since its merger with California's Pacific Telesis, capital expenditures have increased by 20 percent, helping to deploy high-speed ADSL data lines and reduce the company's product development time.

Together, Ameritech and SBC will have the scale, scope, and resources to expand existing customer services like Ameritech's Privacy Manager and Internet capabilities, and offer new innovations. The combined companies will also have the ability to spread costs of developing new products over a larger customer base. This will lower unit costs and bring innovation to the market faster.

How will the Ameritech-SBC merger result in better service for Ameritech customers?

Through the sharing of each company's best practices, Ameritech-SBC will improve and enhance customer service – both companies are already telecommunications industry leaders in best practices and customer service.

Ameritech has been honored with a prestigious J.D. Powers Award for its wireless services and is ranked as the phone company with the highest productivity. SBC has been nationally recognized as the industry's most respected telecommunications provider. Since its merger with California's Pacific Telesis, its service measurements, as reported to the California State Commission, have improved significantly. J.D. Powers has also ranked Pacific Telesis the nation's second-best local communications company.

By combining best practices, Ameritech-SBC will be able to increase their investments in augmented customer services, expanded deployment of new technologies, and fresh innovations.

How will the Ameritech-SBC merger impact competition?

The Ameritech-SBC merger will increase telecommunications competition domestically and globally, and increased competition will work in consumers' interest and stimulate overall market growth.

The proposed Ameritech-SBC national-local strategy will provide local, long distance, and data services to customers in 30 cities not currently served by Ameritech or SBC, resulting in increased competition and expanded consumer choice in those new markets. Ameritech-SBC will invest $2 billion in capital improvements, and plans have already been made to deploy new switches and fiber in those 30 cities.

This aggressive investment will force competitors to reciprocate, to work and compete harder to earn customers' business in the Ameritech-SBC region. In fact, the mere development of the proposed national-local strategy has already begun to spur more competition. Since the unveiling of national-local, mergers or alliances have been announced between Bell Atlantic and GTE, Worldcom and MCI, and among AT&T, TCI, and British Telecom (BT). In addition, AT&T is actively pursuing alliances with cable television companies, including Time Warner, to expand its reach and diversify its offerings. The Ameritech-SBC national-local strategy will also expand competition by providing new and existing CLECs with the resources of a new facilities-based competitor.

In the international marketplace, Ameritech-SBC will have the scale, scope, and resources to compete in foreign markets and enhanced strength to take on foreign telecommunications competitors in the American market.

How will the Ameritech-SBC merger impact rates?

The Ameritech-SBC merger will have no effect whatsoever on how rates are regulated. Both the Federal Communications Commission and state utilities commissions will continue to regulate rates and monitor and enforce service quality standards as they always have.

How will the Ameritech-SBC merger impact jobs and employment in the Ameritech region?

SBC has pledged no net job loss in the Ameritech region due to the merger. In fact, Communications Workers of America President Morton Bahr has endorsed the merger, saying, "Our experience shows that we can trust SBC when it says the merger is about growth, not downsizing."

In California, SBC has added more than 2,200 new jobs since its merger with Pacific Telesis, and the proposed national-local strategy will create 8,000 new jobs.

Will the Ameritech-SBC merger change Ameritech's presence in the local community?

Ameritech will remain Ameritech, period. Ameritech will still be this region's local communications company and a partner in the local communities it serves.

The level and scope of Ameritech's considerable charitable giving and community involvement will continue, and SBC both understands and appreciates Ameritech's proud commitment to community service. SBC Chairman and CEO Ed Whitacre wrote a personal letter to Ameritech Chairman and CEO Richard Notebaert assuring SBC's full support for Ameritech's continued service to the local community after the merger is completed. And when it comes to community service, SBC's actions speak even more loudly than its words – after SBC's merger with California's Pacific Telesis, contributions to non-profit organizations doubled in just one year.

Finally, customers will continue to enjoy the Ameritech brand, as the company's corporate and state headquarters will remain in place.

Critics like the long distance companies argue that the Ameritech-SBC merger is helping to recreate "Ma' Bell" or a "Bell East" and "Bell West." Is this true?

No. Some telecommunications giants are opposed to the Ameritech-SBC merger because they fear tougher competition – they don't want Ameritech-SBC offering their customers better services, new innovations, and more competitive prices.

Additionally, major competitors like AT&T, MCI-Worldcom, and Bell South already prevent any one company from dominating the telecommunications market. And Bell Atlantic-GTE will compete in the thirteen states where Ameritech and SBC currently operate, creating even more competition in consumers' interest. Customers and regulators shouldn't be fooled by opponents' scary rhetoric or "consumer" front groups – the Ameritech-SBC merger can't and won't resurrect companies of a bygone era.

When will the Ameritech-SBC merger be approved?

Ameritech and SBC announced their plans to merge on May 11, 1998. The two companies officially filed with federal and state regulatory bodies for approval shortly after the merger was announced. The merger is expected to be approved in mid-1999.

Ameritech Special Shareowners Meeting
December 11, 1998
Richard C. Notebaert

For several years now, as we have had the privilege to host annual meetings of Ameritech's shareowners, we've done so from a broad perspective. Each April, we welcome you to a large, multifaceted gathering. There, we demonstrate new products and services, update you on the success of each of Ameritech's three time-tested strategies and introduce you to employees who exemplify our company's single-minded focus on customers.

Today, though, we are gathered for a very specific purpose: to vote on Ameritech's proposed merger with SBC Communications. That will be our sole item of business this morning, and, as such, the only appropriate topic for our comments and discussion.

As you may have heard on the news or read in the morning paper, SBC Communication's shareowners followed similar procedures when they met yesterday. They, too, gathered to vote on issues relating to our merger. And when all votes were counted, a strong majority of those cast by SBC shareowners favored the combination of our two companies, through the issuance of SBC shares to our shareowners.

Ameritech's Board of Directors, which represents you in the oversight of the company's strategies, and Ameritech's Management Committee, which directs the implementation of our strategic initiatives, both recommend that you also vote to approve this merger. Their recommendation is based on a thorough understanding of the global telecommunications marketplace and what it will take to be successful in that environment.

These leaders of our business are focused on facts. They are not influenced by the rhetoric of detractors who disguise their motives behind front groups with names that sound pro-consumer. Neither are they swayed by false and misleading scare tactics concocted by competitors desperate to protect their own bottom lines.

Rather than being pulled into a public squabble with these factions, Ameritech's Board and Management Committee remain dedicated to growth. That's what's important. Because growth means value creation for shareowners ... innovation and choice for customers ... jobs and benefits for employees ... and American prominence in an increasingly global economy.

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If you are a long-time Ameritech investor, you know that this pursuit of growth is hardly a new concept for us. You recall that early on, we put a stake in the ground and vowed that Ameritech would outperform not only our industry peers, but also the marketplace as a whole.

For several years, that objective has influenced everything we've done. We restructured our organization around customer needs and recruited exceptional management talent from a broad spectrum of world-class companies. We astonished the industry with successful ventures into fields like security monitoring and cable television. We made judicious investments in overseas markets, then exported the management expertise required to ensure their success. And we built the Ameritech brand, not only increasing our name recognition, but also solidifying our customers' preference for our products and services.

Those and other initiatives delivered the results you were looking for. Since 1983, when Ameritech's shares began trading, our industry peers, on average, have created a total return of 1,473%. That was better than the S&P 500's return of 1,032%. But it doesn't come close to Ameritech, which more than doubled the S&P results with a total return of 2,146%!

We're gratified by those results. We're proud of our 20 consecutive quarters of double-digit earnings growth. But it is our vision of a growth-filled future that excites us most.

That's why we're eager to align with a company whose financial performance so closely mirrors our own. It's a matter of record that Ameritech and SBC Communications have consistently produced the highest shareowner returns in our industry over time. And we're confident that our growth will be accelerated and enhanced when our two world-class organizations join forces.

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In the seven months since we announced our merger plans, shareowners and other stakeholders have often asked for further explanation. Their inquiries typically included one or more of the following questions: "Why a merger?" "Why SBC?" and "What can you do with them that you couldn't have done on your own?"

In case those same questions have occurred to you, let me offer a brief response to each of them.

In seeking an answer to the question, "Why a merger?", we have only to look at the increasingly global economy.

We've been talking about the concept of a global economy for many years. But now that concept has become a reality. The competitive global marketplace is here – delivered to us by sweeping political changes, the elimination of trade barriers, increased international exchange among individuals and institutions and – significantly – by enhanced communications capabilities.

The worldwide business community's response to this paradigm shift is perfectly predictable. Visionary companies within industries from pharmaceuticals to auto manufacturing to petroleum products are consolidating. They increasingly recognize that success in a competitive global environment will necessitate larger, more diverse footprints than they currently possess.

Business economists frequently make the case that such mergers are perfectly logical. In testimony before the Senate Judiciary Committee, for instance, Federal Reserve Chairman Alan Greenspan explained that the United States is experiencing not its first or second, but its fifth period of major consolidation in this century. He counseled senators to view today's mergers in this broader context, saying (quote) "When trying to understand ... how to react to this development, I would hope that we appropriately account for the complexity and dynamism of modern free markets." (unquote)

Ameritech's customers reside and do business in those modern free markets. And our merger with SBC Communications will foster our success in serving them by enhancing our scope and scale, expanding our reach and reinforcing our talents, best practices and financial resources.

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That leads us directly to the second question: "Why SBC?"

As you can imagine, Ameritech's strong reputation and financial success have long made us a valued potential partner. In the last two or three years, we have looked at any number of possible combinations – some in which we initiated discussions, and some that were suggested by others.

When asked about our intentions, we offered a consistent response. We explained that although we investigated every possibility, we would never do a deal for the sake of the deal – we would only consider a combination where one plus one equaled at least three or four on behalf of our shareowners, our customers and our employees.

With SBC, we believe we can achieve that equation – and create a unique opportunity to increase value and accelerate growth.

By now you are well aware of the proposed merger's financial implications – 1.316 SBC shares for each Ameritech share, or an implied premium of 27.1% based on announcement-day prices. In addition, Ameritech shareowners will own more than 42% of the combined company and will, therefore, reap 42% of the benefits generated by this transaction.

Once again, the excitement lies in the future – an excitement generated by our two companies' remarkably similar strategic vision.

SBC and Ameritech have very few areas of service overlap, yet we complement one another in dozens of ways. For one thing, each of us possesses industry-leading strengths that we will exchange once we have merged. As an example, Ameritech is best in class in network field management and SBC excels in its penetration rates for call management services. The merger will enable us to portage these and many other best practices throughout the combined organization.

The international strategies of our two companies are also very complementary, with Ameritech focused on Europe and SBC at work in Central and South America and the Middle and Far East. Post merger, the combined organization will be the largest U.S. investor in the international telecommunications arena, with a combined international portfolio worth approximately $14 billion.

This merger will leverage both companies' financial, technological, management and operational resources, and immediately expand our scope and scale. That is critical in achieving our common vision of becoming an international industry leader that will eventually serve the global telecommunications marketplace.

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I have already touched on the synergies and complementary attributes that will enable Ameritech and SBC to do together what would be far more difficult or even impossible for us to do separately. In closing, let me mention just two additional examples of that dynamic.

The first I will mention is the "national-local" strategy that the SBC-Ameritech merger proposal describes – an initiative through which we will become an alternative local service provider to customers in 30 markets outside our combined service area.

As we work together, such an undertaking will create the competitive choices customers and legislators seek. But such deployment will require financial and, especially, human resources beyond what either of our companies could contribute on our own.

The second area has to do with innovation and new products. Certainly, both Ameritech and SBC can and do introduce new services today. But in many cases, we are forced to pass on good ideas because our projected market for the new service in our region is just not large enough to cover development and roll-out costs.

By dramatically increasing the size of that market, we will significantly increase the likelihood of success for such ventures. And the more likely our success, the more incented we will be to innovate. Nowhere is this truer than in the data services market, an area with projected growth rates upwards of 40%. An SBC-Ameritech merger will accelerate our ability to build a national data network by creating scale economies that spread the cost of infrastructure deployment across more customers. This will expedite the process – and that will represent a win-win for customers and the company.

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Time is short, so I've been able to mention only some top-line evidence that Ameritech has found the "one plus one that equals three or four" in our agreement with SBC. We have, of course, provided volumes of additional information relevant to our merger to each of the regulatory agencies with jurisdiction over the transaction. We believe the benefits described in those documents are compelling. And we are confident we will receive regulatory approval to proceed in mid-1999.

In the meantime, I trust that I've answered many of the questions you brought with you today. And I appreciate your commitment to the best interests of your company's future.

Thank you.

CUI BONO, *n* [L, to whose advantage] 1: a principle that probable responsibility for an act lies with one having something to gain.

–Merriam Webster's Collegiate Dictionary, 10th Ed.

On Nov. 17, 1998 television advertisements attacking the proposed SBC-Ameritech merger began airing in several major media markets in the Midwest.

Viewers are led to believe the commercials are sponsored by pro-consumer organizations with names like "The Illinois Partnership for Fair Telecommunications Policy," "Michigan Competitive Telecommunications Providers," and the "Indiana Alliance for Telephone Choice."

Far from being legitimate pro-consumer organizations, these are actually telecommunications industry front groups, created and funded in part by long-distance giants AT&T, MCI WorldCom, and Sprint Corp., who among them control more than 80 percent of the long-distance telephone market.

But the real question isn't who is behind the opposition – it's *why*. Why are the long-distance companies anxious to kill the Ameritech-SBC merger? If Ameritech and SBC fail to merge, *cui bono* – who benefits?

The big three long-distance carriers are strongly opposed to the SBC-Ameritech merger because they don't want to face real competition or expanded consumer choice in the telecommunications industry. It's that simple. They've had their mergers, enhanced their own abilities to invest, compete, and grow, and now they're hoping to slam the door on competitors like Ameritech and SBC.

Look at the evidence:

- "[The Illinois Partnership for Fair Telecommunications Policy] is backed by long-distance phone companies like AT&T Corp…" *–Chicago Tribune, 10-30-98*
- "A leading opponent of the [Ameritech-SBC merger]…is Ohioans for Phone Policy Reform, a group that also has the backing from long-distance firms..." *–Chicago Tribune*, 10-30-98
- "A confidential memo from the public relations firm Burson-Marstellar spelled it out for Sprint Corp. executives: For $1.5 million, the agency could launch a nationwide 'grass-roots' lobbying campaign that would convey the impression of strong citizen opposition to rival SBC Communications Corp.'s pending acquisition of Bell phone company cousin Ameritech Inc.…Sprint already was helping to finance grass-roots

'coalitions' against the merger in Indiana, Illinois, Ohio and Wisconsin." -- *Washington Post, 12-6-98.*

- The Indiana Alliance for Telephone Choice has only two members: AT&T and the Telecommunications Resellers Association. *--www.telephonechoice.org*

- The Indiana Alliance for Telephone Choice and the Illinois Partnership for Telephone Choice have nearly identical web sites and a phone number answered by a Chicago-based PR agency representing the long-distance companies. - *www.telephonechoice.org and www.fairpolicy.org*

Leaders Speak Out on SBC/Ameritech Merger

Members of Congress

"...SBC has added more than 2,000 net new jobs in California. The company promises similar job growth in the Midwest with the purchase of Ameritech."

Cong. Jesse L. Jackson, Jr. (D-IL)

"...customers – especially major business customers in my state – have international markets that require a communications company that can serve them on a worldwide basis. A combined SBC-Ameritech would have the capability to fill this need and be a significant competitor in the vast and growing international communications marketplace."

Cong. Lee H. Hamilton (D-IN)

"Both Ameritech and SBC have demonstrated a commitment to entering new markets and offering the services that the American public desires. I understand that other SBC mergers have been successful ...and that new products and services, and urgently needed new jobs, have resulted."

Cong. Jim Barcia (D-MI)

"We believe this merger will promote competition within the telecommunications industry...SBC/Ameritech have indicated they intend to enter 30 new markets outside their traditional territories and will compete for business and residential customers. This type of competition should be encouraged and promoted as was intended by the passage of the Telecommunications Act of 1996."

Cong. John Boehner (R-OH)
Cong. Paul Gillmor (R-OH)
Cong. Steven LaTourette (R-OH)
Cong. Bob Ney (R-OH)
Cong. Michael Oxley (R-OH)
Cong. Tom Sawyer (D-OH)
Cong. Ted Strickland (D-OH)

CWA

"We would welcome an SBC-Ameritech alliance. Our experience shows that we can trust SBC when it says the merger is about growth, not downsizing. SBC has added approximately 7,000 CWA-represented jobs in the past year and a half."

Morton Bahr
President

NAACP Ohio Conference

"Hiring, employment, purchasing activities, and contributions to community programs have the potential to be even stronger when Ameritech and SBC combine and become a formidable competitor throughout the country and in overseas markets."

James H. Daniel
President

The Hudson Institute, Inc.

"...I believe this merger provides the [FCC] an opportunity to...take some of the nonsensical complexity out of the consumer's life by breaking down the artificial, regulatory boundaries that give us separate Internet Service Providers, separate beeper companies, separate local providers, separate long-distance providers, separate cable providers, separate satellite dish providers, separate (in some cases) cellular providers, and the like."

Curt Smith
Vice President

. . . over

Forward Wisconsin

"Ameritech has long been an active supporter of economic development activities in this state. For many years, Ameritech has performed business expansion and retention studies and has invested in local and statewide economic development activities. The CEO of SBC has put in writing that the combined corporation will continue these vigorous economic development efforts."

Brenda J. Blanchard
President

The National Council on the Aging

"...global competitiveness and international service would likely improve [with this merger]. In addition, shareholders, a significant proportion of whom are older Americans, could benefit."

James P. Firman
President & CEO

University of Illinois

"Our institution will benefit from the creation of a global telecommunications company with the scope, capacity and financial resources necessary to follow the telecommunications needs of customers like the University of Illinois anywhere in the world."

James J. Stukel
President

Inter@ctive Week

"The process of consolidation is only beginning. And what seems likely to result is not a reconstitution of the old Bell system as posited by most critics, but a series of Bell systems that will provide local, long distance and international services. That, actually, would be a good thing."

Inter@ctive Week Editorial
August 7, 1998

Milwaukee Urban League

"...Chairman Ed Whitacre, Jr. of SBC, has committed in writing to continuing the high level of contributions to non-profit organizations and participation in local economic development activities that Ameritech has traditionally provided. This combined company will certainly solidify Ameritech's standing as one of Milwaukee's most prominent employers, tax payers and corporate citizens."

Kenneth F. Little
President & CEO

BANK ONE

"We have learned from experience that mergers help an enterprise serve customers better. The SBC/Ameritech merger will give the combined company the size and strength it needs to compete against larger national players."

Marvin W. Adams
Chief Information and Technology Officer

Illinois State Chamber of Commerce

"The increasing number of Illinois companies with national and international scope want to deal with suppliers who can and will serve them anywhere. This merger will create such an option."

Dennis R. Whetstone
President and CEO

Citizens for a Sound Economy Foundation

"...the proposed merger of SBC and Ameritech appears to be based on a plausible understanding of the way telecommunications markets are changing. There is no risk that the merger will harm consumers through monopolistic exploitation, and there is credible evidence that it will produce benefits for consumers."

Matt Kibbe
Executive Vice President

The Columbus Dispatch

Tuesday, December 15, 1998

An Independent Newspaper Serving Ohio Since July 1, 1871.

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EDITORIALS

PUCO out of line

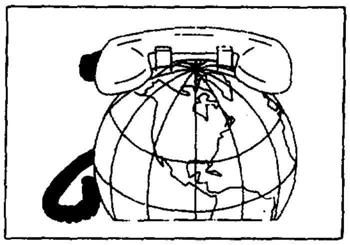
Criticism of merger proposal rings untrue

A pile of mostly unfounded speculations lies beneath a Public Utilities Commission of Ohio report that says an Ameritech-SBC Communications merger could hurt Ohio telephone customers.

If, indeed, this dismal forecast came true — an *unlikely* scenario — the PUCO itself would be to blame.

Why? Because the proposed merger in no way affects this agency's ability to go right on regulating the resulting company's actions in this state the way it has overseen the operations of Ameritech Ohio and other utilities.

Of course, PUCO watchers will recall that this agency isn't necessarily as concerned about consumers as it pretends to be. Under Chairman Craig A. Glazer, political pressures often have taken precedence over the public's best interests.



The best example of this was the forcing of American Electric Power to "decide" that smokestack scrubbers would be the "least-cost" route to making its Gavin power plant comply with federal clean-air regulations. An earlier analysis, unencumbered by the opinions of politicians and coal miners' advocates, had shown that switching to low-sulfur coal would have been less expensive for electric ratepayers.

And who can forget the long-delayed introduction of Caller ID services? The PUCO took more than two years to rule that Ameritech Ohio could not offer Caller ID without also providing a free call-blocking system to protect the privacy of those who want to barge in on you any time of the day without revealing their phone numbers. A service appreciated by most consumers came compounded by protections for special interests.

And the PUCO, which now professes to be concerned that the Ameritech-SBC merger might hinder competition, took way too long to issue the decisions and rules aimed at bringing such competition to the local-telephone-service market.

Given this background, then, why should Ohioans put any stock in state regulators' views of the Ameritech-SBC merger?

Instead of looking too closely at that PUCO report, released last month, take a close look at SBC's track record after its April 1997 merger with Pacific Telesis, parent company of Pacific Bell.

A host of critics raised similar questions about the proposal for that pairing. But the new company has created a net 2,200 jobs in California and more than 2,300 outside the state. Many customers have reported dramatic improvements in service, basic local phone rates have remained the same and more products and services have entered the marketplace. Further, SBC's competition has increased, *not decreased*.

Some of the very companies that have complained about the Ameritech-SBC union, AT&T and Sprint, have rated Pacific Bell's record as tops among local-phone-service providers nationally.

Long-distance carriers have protested the Ameritech-SBC plan as "anti-competitive." Ohioans should keep in mind that these companies want to enter the local-phone market while keeping the Baby Bells and other local utilities out of their long-distance business as long as possible. So the charges and countercharges among the phone warriors are just salvos in the ongoing battle for pieces of each other's territory in the wake of deregulation.

The Ameritech-SBC merger holds much promise for both companies, their stockholders, employees and their customers in Ohio and other states. SBC and Ameritech make a credible case that larger is better in the rapidly growing and changing telecommunications business — a business that government regulators are hard-pressed to gauge, let alone micromanage. Both SBC and Ameritech have designs on global competition, which they have decided can be accomplished more efficiently together.

The merger plan promises no change in the relationship between Columbus-area residents and their "phone company," which will retain its name and local and corporate offices. The SBC-Pacific Telesis hookup shows that economies of scale allow a streamlining of certain administrative functions while expanding jobs in product development and other areas.

No one should be surprised, then, that the largest union in the industry, the Communications Workers of America, supports the merger proposal. Also enthusiastic is the Ohio Conference of the National Association for the Advancement of Colored People.

In June, Federal Reserve Board Chairman Alan Greenspan gave his sound advice that Americans should not worry excessively about the chain of mergers in the utility, banking and other industries. He noted that such consolidation is essential for U.S. companies to compete globally.

Illinois regulators — Ameritech is based in Chicago — as well as the PUCO are weighing in on the Ameritech-SBC merger, which must be approved by the Justice Department and the Federal Communications Commission.

The stockholders of SBC and Ameritech last week gave their nod to getting together. Government overseers at all levels should resist the temptation to meddle and let deregulation and the free market work to bring consumers the widest array of telephone, Internet, cable-TV and other related services.

The PUCO can continue its job of ensuring fair local phone rates without concerning itself in the dynamics of worldwide enterprise.

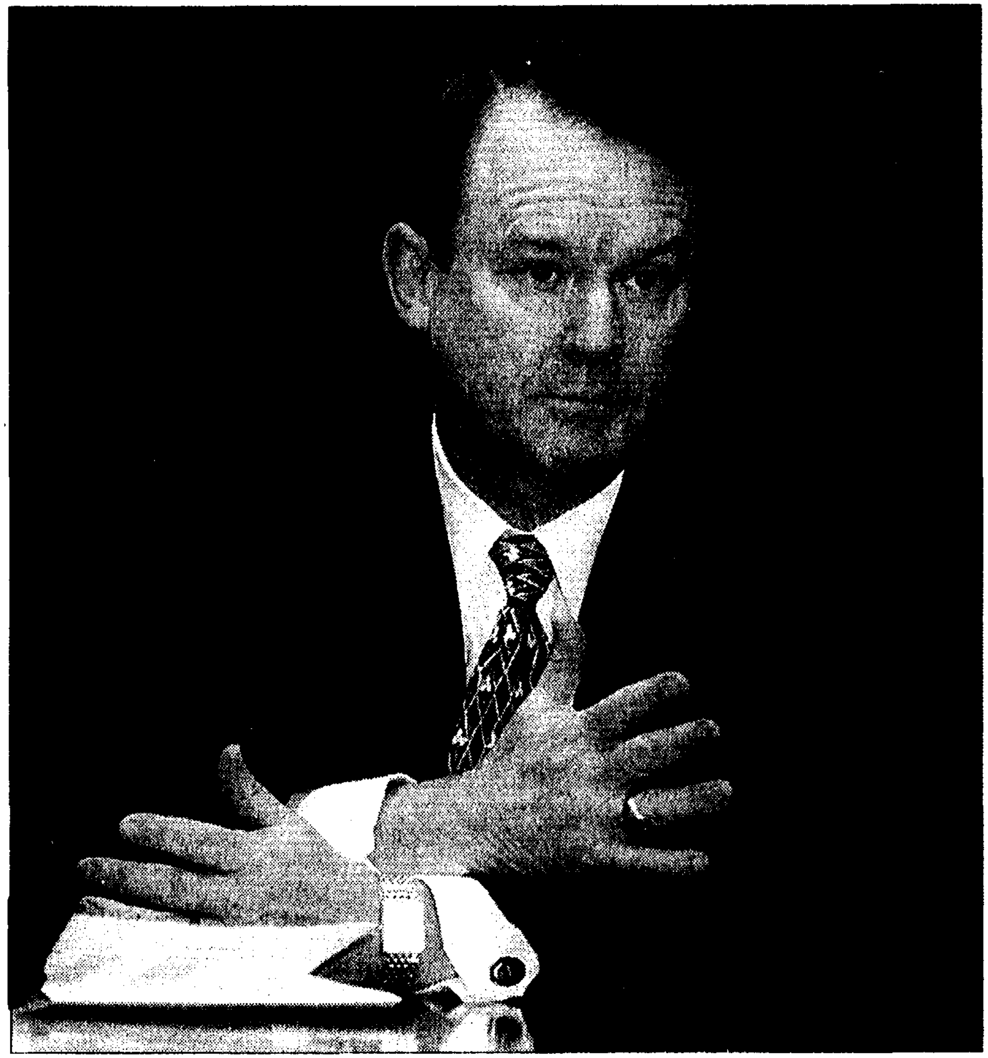
Chicago Tribune 12/15/98 Sec 3-1 1of2

Phone debate rages on

Ameritech CEO launches effort to drum up support for his company's takeover by SBC Communications and to prevent a grass-roots movement against the deal.

Arguments for the merger

1. SBC will gain the scale and scope to become a national competitor that will enter 30 markets outside the current Ameritech/SBC territory.
2. It will create more jobs.
3. New services and products will be delivered faster.
4. It will create another American-based international competitor.
5. Shareholders will see a better bottom line.



Tribune photo by Chuck Berman

Ameritech Chief Executive Richard Notebaert criticized AT&T Corp. and MCI World-

Arguments against merger

1. Loss of Midwest-based control of local phone service.
2. Deterioration of local service once SBC takes control.
3. Higher rates for consumers.
4. Stifling competition through reassembling of the Bell monopoly.
5. Less innovation because of fewer major players.

Chicago Tribune

Chicago Tribune 12/15/98 2 of 2
Cont Sec 3-1

FROM THE COMPANY

Notebaert hits campaign trail

By Jon Van
TRIBUNE STAFF WRITER

Ameritech Corp. Chairman Richard C. Notebaert hit the hustings Monday, drumming up support for his firm's takeover by SBC Communications Inc. almost as if he were launching a political campaign.

At a morning news conference, Notebaert stayed on point with his message that the SBC-Ameritech merger will create new products, jobs, growth and competition. It's a theme the companies believe should play well with federal and state regulators who will be scrutinizing the merger for the next several months.

Notebaert's job is to prevent merger opponents from stirring up people into a grass-roots movement that could gain the attention of elected officials and cause them to put pressure on regulators to quash the merger.

"They want to neutralize engagement by the public," said Craig Clausen, a senior vice president of the Chicago-based New Paradigm Resources Group. "If people get irritated enough to pick up their phones and call state and federal representatives, the merger faces trouble. SBC and Ameritech have pretty solid relationships with regulators, and they're more comfortable handling that part.

"They don't want the public engaged, because if that happens, things can spin out of their control pretty quickly."

At his news conference, Notebaert introduced representatives of African-American and Hispanic groups who favor the merger, as well as Dan Miller, former chairman of the Illinois Commerce Commission, who said that industry consolidation will lead to larger companies that are more competitive.

SEE AMERITECH, PAGE 4

Ameritech

CONTINUED FROM PAGE 1

Ameritech's timing was gauged at least in part to counteract negative publicity generated at a hearing before the Federal Communications Commission in Washington that featured merger opponents.

As he did last Friday, when Ameritech shareholders voted by nearly 95 percent to support the merger, Notebaert lashed out at AT&T Corp. and MCI WorldCom, the two largest long-distance companies, for sponsoring anti-merger television advertisements in Chicago, calling the firms "schoolyard bullies."

Notebaert said that a merged Ameritech-SBC will bring competitive local service to 30 markets outside their home territories and create 8,000 new jobs in the process. Under questioning later, he acknowledged that some of those 8,000 jobs will be filled by people who already work for Ameritech and SBC, but some will be new hires.

Analysts praised Notebaert's strategy.

"He's lining up the right people to say the merger is a good deal so that it appears the only ones left opposing it are competitors of Ameritech and SBC," said Jeffrey Kagan, an Atlanta-based analyst.

Because Ameritech's shareholders endorsed the merger with such enthusiasm, Notebaert is right to do everything he can to assure that it gains regulatory approval, said Andrew Lubetkin, a Winnetka-based telecommunications consultant.

"His task is easier than the opposition's," Lubetkin said, "because he can take the high road and decry negativism in his opponents. He doesn't need to delve too much into details, but need only reassure us that everything will be OK, that we should just trust Ameritech, that it's a wonderful company and things will either be better or unchanged once SBC takes over."

In a visit to the Tribune editorial board Monday afternoon, Notebaert continued his campaign to garner support for the merger, saying that if approved, it will break the logjam and bring a cascade of local phone service competition to benefit consumers.

For nearly five years, Ameritech has been seeking federal approval to offer long-distance service to its customers. Notebaert said that even if Ameritech had been successful, it would still have embraced the merger with SBC because it needs the scale and scope the merger brings.

He also agreed that if the merger is approved by summer, as he hopes, it may well be followed by more consolidation.

"It's inevitable," Notebaert said of phone company mergers. "It's the nature of the business. We need greater resources to compete effectively."

ON THE INTERNET:
Find detailed information on Ameritech and Chicago's other Top 100 companies at **chicagotribune.com/go/topcompanies**

BUSINESS

Richard Notebaert, CEO of Ameritech, defended the communication giant's proposed merger with SBC. Notebaert is seen shaking hands with SBC CEO Edward E. Whitacre (inset).

SUN-TIMES PHOTO ILLUSTRATION

Ameritech chief rips critics of SBC merger

BY ROBERT MANOR
BUSINESS REPORTER

Breaking a forced silence, Ameritech's top executive blasted critics of his company's pending merger with SBC Communications, saying Monday they are trying to stifle competition in the telecommunications industry.

AT&T, MCI and Sprint are paying for television ads claiming that consumers will be charged more for phone service if Ameritech is acquired by SBC. They are asking state and local government to block the $76.6 billion deal.

"Their goal is to limit competition," said Richard Notebaert, chairman of Ameritech. "AT&T and MCI are funding ads for a front group."

AT&T, MCI and Sprint back the Illinois Partnership for Fair Telecommunications Policy. The partnership has been running TV ads showing a sinister Texan—SBC is based in San Antonio—holding a menacing branding iron and threatening to raise the cost of information calls and Yellow Pages directories.

"That is just one huge scare tactic," Notebaert said. He said the companies are misleading the public by using an organization that sounds like, but is not, a consumer advocacy group.

The partnership ads do not mention AT&T or the other telecommunications companies, although they are listed as supporters on the group's Web site.

Eric Sedler, a spokesman for the partnership, acknowledged that AT&T, Sprint and MCI are paying much of the cost of the advertising, although he said the organization has 500 Illinois residents as members.

The advertising is based on fact, Sedler said.

He said that when SBC acquired Pacific Bell, the company tried to raise the price of an information call from 25 cents to $1.10 and wanted to charge $40 for some Yellow Pages directories formerly provided free.

Under Securities and Exchange Commission regulations, Ameritech was prohibited from publicly commenting on the merger or its critics until its stockholders voted on the offer by SBC. On Friday the stockholders approved the deal.

On Monday, Ameritech said AT&T and the other companies are hypocritical in trying to block the merger when they have binged on acquisitions.

AT&T has spent $80 billion in recent years buying cellular provider McCaw, cable company TCI and others. WorldCom is merging with MCI, bringing together the nation's second- and fourth-largest long-distance phone companies.

Ameritech held a press conference at which representatives from the National Council on Aging, the National Black Chamber of Commerce and the Hispanic Association for Corporate Responsibility said they endorsed the merger.

Others backing the merger are Gov.-elect George Ryan, nine Illinois congressmen and others such as David Livingston, president of the Illinois Chapter of the NAACP, and James Stukel, president of the University of Illinois.

The merger requires the approval of the Federal Communications Commission and other regulators before it can take place.

On Monday, the FCC held a hearing on the issue, at which critics said there would be few benefits for consumers.

"This country has spent many years and many billions of dollars to break up telecom monopolies and create competition," said Richard Devlin, general counsel for Sprint.

"We simply cannot afford to go backward, to recreate Ma Bell, where prices were high and customer choice was virtually non-existent," he said.

The FCC is expected to continue deliberations well into next year.

FCC Regulations Aren't in the Public Interest

By Harold W. Furchtgott-Roth

Today, the Federal Communications Commission holds a hearing on three high-profile mergers: SBC-Ameritech, Bell Atlantic-GTE, and AT&T-TCI. Much of the discussion will focus on what form of the amorphous "public interest" standard the commission should apply in reviewing these mergers. A more relevant question may be why that standard should be applied at all.

Every year, millions of Americans purchase a car. Buyers and sellers transfer title and state-government registration of the car. The seller returns his license tag for the vehicle to the state government, and the government issues the buyer a new one.

The administrative process for the transfer of title and licensing of automobiles is predictable and equitable. During the transfer, people may wait for hours in a long line. Government clerks may reasonably ascertain that the parties to the transaction have no complaints pending against them that would subject the automobile or licenses to legal claims. But to evaluate such a license transfer, the government does not need to know why a car was purchased, or where it will be driven.

No one buying a car expects a government official to pull him out of the line, sequester him and subject him to months of interrogation about his business conduct to make sure that his ownership of a particular car is in the "public interest." Yet this surreal scenario takes place all the time before the FCC.

Last year, the FCC processed more than 14,000 license transfers for various services. Most of these transfers were handled in a simple manner, akin to the transfer of licenses for a car. Even large mergers entailing the transfer of thousands of licenses were not examined very closely. But radio license transfers involved in the merger of major telecommunications firms are subject to a months-long investigation under the "public interest" standard that is hardly ever applied elsewhere.

Many people would no doubt be aghast if the FCC were to subject each and every license transfer to a public-interest review. Yet the commission has no greater authority to apply a public-interest review to one transfer of license than to another. Nothing in the commission's statutory authority to review license transfers permits it to distinguish among different classes of licensees. Nonetheless, the FCC's public-interest review delayed the consummation of several mergers that other antitrust authorities had approved. FCC review has also led to the imposition of conditions on some of these mergers.

The FCC does have authority to review mergers and acquisitions under the antitrust standards of the Clayton Act. These standards are narrow and rigorous, and they are constantly and consistently applied by the Department of Justice and the Federal Trade Commission, the federal agencies dealing with antitrust.

The FCC, however, eschews its Clayton Act authority, in part because the public-interest standard gives it much greater leverage to block mergers. The commission must take a deliberate step to approve the transfers, and so the default position is that license transfers are effectively denied. By contrast, the default position under the Clayton Act is to allow a merger to proceed.

The commission should consider adopting transparent rules for the public-interest review of license transfers that do not discriminate among applicants. FCC license transfers under the public-interest standard should be as predictable and fair as transferring titles and licenses for automobiles, and not, as they are today, intrusive, inefficient and fundamentally discriminatory.

Mr. Furchtgott-Roth is a commissioner of the Federal Communications Commission.

BUSINESS

Ameritech pushes merger

BY CLIFF EDWARDS
ASSOCIATED PRESS

Ameritech Corp. executives on Friday launched a public relations battle to get state and federal regulators to approve its merger with regional phone rival SBC Communications, even as shareholders gave the deal their support.

Nearly 95 percent of Chicago-based Ameritech's shareholders voted to approve the $56 billion merger, a day after shareholders of San Antonio-based SBC approved issuing additional stock for the deal.

Ameritech would become a subsidiary of SBC if the buyout receives regulatory approval next year, with shareholders owning about 42 percent of SBC stock.

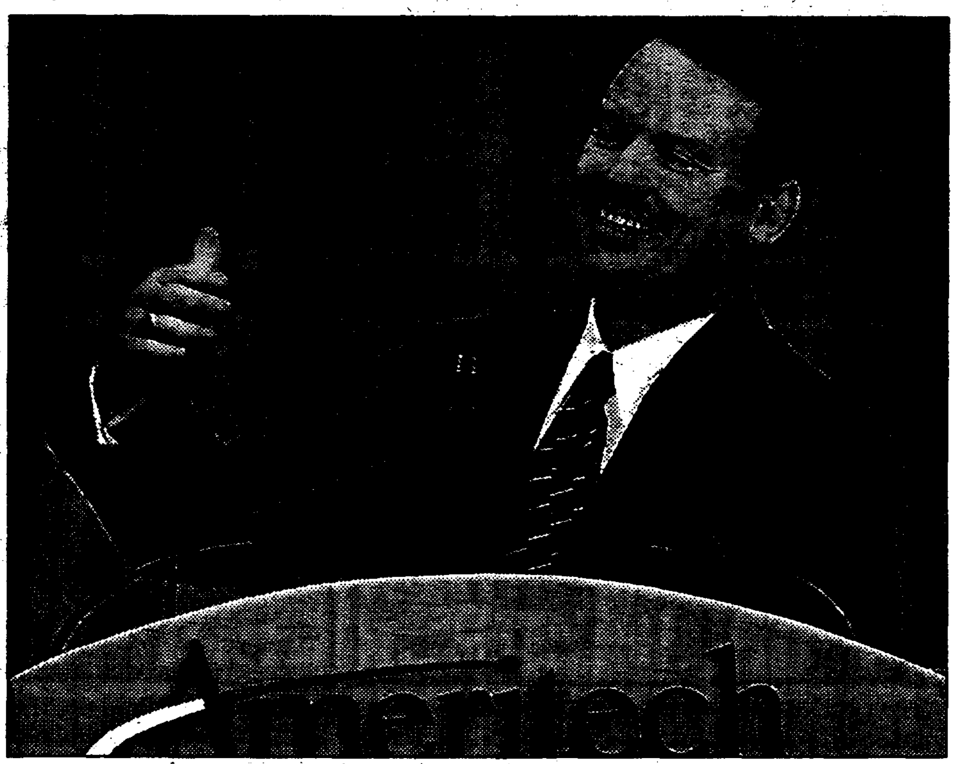
Ameritech Chairman Richard Notebaert applauded the overwhelming shareholder support for what he says would be the creation of a national carrier able to compete on a global scale. But much of his time at the special meeting was devoted to deriding those seeking to derail the deal.

"This idea of regionalization is something that is in the past," he said after the meeting. "It doesn't fit into the future. What customers need today is the ability to choose from four, five or six national providers, not just two."

The merger faces opposition from an unusual coalition of businesses and consumer groups that have been partly financed by long-distance companies. They have run anti-merger television advertisements in several Midwestern states and intensely lobbied regulators.

Notebaert called the ads an attempt to deceive consumers with "false and misleading scare tactics concocted by competitors dedicated to protecting their own bottom line."

Consumer groups strongly oppose the spate of telecommunications mergers that has been sweeping the industry since Congress relaxed restrictions in the industry in 1996. They argue service and costs have gotten worse.



CHARLES BENNETT/ASSOCIATED PRESS

Ameritech Chairman Richard Notebaert speaks about merging with SBC Communications during a shareholder meeting Friday in Chicago.

Long-distance companies oppose the mergers of regional phone companies until those companies make it easier for competitors to offer local phone service.

Federal regulators say they're taking a hard look at whether the merger—and a $52 billion deal that would combine Bell Atlantic Corp. and GTE—would be in consumers' interests. If both combinations are approved, nearly two-thirds of local phone lines would be controlled by just two companies.

The Ameritech-SBC combination must be approved by the Federal Communications Commission, the Justice Department and regulators in Illinois and Ohio.

The outcome could determine how much consumers pay for everything from local and cellular phone service to cable television and high-speed Internet connections.

Notebaert, as he has in the past, contended Ameritech has opened its five-state territory to competition. But large long-distance companies contend the terms are too stiff to make money.

He also said the proposed "national-local" strategy of the combined SBC would foster competition and lead to lower prices for consumers. The companies hope to offer bundled packages of local, long-distance, cellular, Internet and cable services in 30 metropolitan areas outside of their combined territories.

Ameritech® News Clips

The Detroit News November 16, 1998, Page 8A

Dial-a-Merger

Shareholders of Ameritech, Michigan's dominant telephone company, will vote next month on a $62-billion merger with Texas-based SBC Communications Inc. Consolidation is roiling the telecommunications industry, raising concerns that a few giants will crush what little competition exists. But the stunning pace of technological change makes any such prospect unlikely.

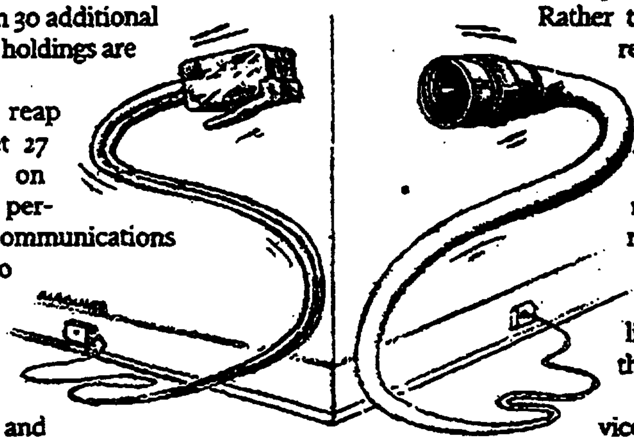
Ameritech and SBC combined would control a third of all local exchange lines nationwide. Together the companies plan to introduce competitive local service in 30 additional markets. Their foreign holdings are likewise compatible.

The deal would reap shareholders a sweet 27 percent premium on Ameritech stock. But persuading the Federal Communications Commission (FCC) to approve another megamerger will be tough. As it is, SBC represents the union of Southwestern Bell and Pacific Telesis. Bell Atlantic combined with Nynex last year and now is pursuing GTE.

The rush to consolidation appears to defy legislative efforts to increase competition in the telephone business. But in fact, consolidation is the predictable result of decades of regulatory overload. For 14 years the Baby Bells grew fat and sassy with local service monopolies crafted by government mandate.

What new services the Baby Bells introduced were largely built upon their existing networks. Now, the prospect of full deregulation is forcing them to band together to fend off leaner, more innovative competitors.

With government help, the Bells are still holding their own — for the time being. Rather than simply lift artificial barriers between local and long-distance service, or voice and data transmission, Congress and the FCC erected a new regulatory maze. Consequently, three years after federal law was rewritten, only 1 percent of residential customers have a choice in local providers.



Barrie Maguire

But competitors will not be denied. Rather than cede control to the reigning players, they are starting to navigate new routes made possible by stunning advances in communications technology. AT&T, for example, recently acquired Telecommunications Inc. — and with it, millions of cable lines with which to bypass the Bells' systems.

Satellite and wireless services are exploding. Six cellular phone companies offer service in Metro Detroit. And, as millions more households acquire personal computers by the year, Americans increasingly will turn to Internet service providers to carry data and voice transmissions.

In such a dynamic a market, a merger between SBC and Ameritech poses little threat. Indeed, their proposed alliance is itself evidence that competition is intensifying at last. Consumers need not fear the future. They have more to fear from turf-protecting bureaucrats and politicians in Washington.

Crain's Detroit Business, May 18-24, 1998, Page 34

Communication Workers union welcomes SBC's approach

BY ROBERT SHEREFKIN
CRAIN'S DETROIT BUSINESS

If the planned SBC Communications Inc. acquisition of Ameritech Corp. results in a typical post-merger squeezing of costs and job slashing, it will be a surprise to the companies' union.

The Communication Workers of America is anticipating the contrary: job growth, sweetened wages and benefits and strengthened job security.

Relations between SBC and the union have been excellent, said CWA official Jeff Rechenbach. "The experience of my (union) colleagues in SBC's home town have been very positive, characterized by mutual respect."

The deal for Ameritech would create the biggest telephone monopoly in the country, encompassing three of the former Baby Bells. SBC's treatment of CWA members in the two previous acquisitions has buoyed union officials.

Edward Whitacre Jr., SBC's chairman and CEO, set the tone in early 1996 when he promised no cutbacks after SBC acquired Pacific Telesis Group, parent of Pacific Bell. The deal closed early last year.

In fact, San Antonio-based SBC created more than 1,000 jobs at Pacific Telesis, said Rechenbach, CWA's vice president at the union's District 4 headquarters in Cleveland. The district represents 28,000 CWA members employed by Ameritech in five states, including 6,000 in Southeast Michigan.

More recently, SBC's tentative early settlements at Southwestern Bell and Pacific Telesis called for substantial wage and pension gains and strengthened employment security for the 76,000 CWA-represented workers at SBC, the union's Washington office reported.

SBC agreed earlier this year to substantial pension improvement. At Pacific Telesis, pension increases averaged 11.4 percent and at Southwestern Bell 9.2 percent. Both settlements included a range of improvements in the medical, dental and vision care plans, the union reported.

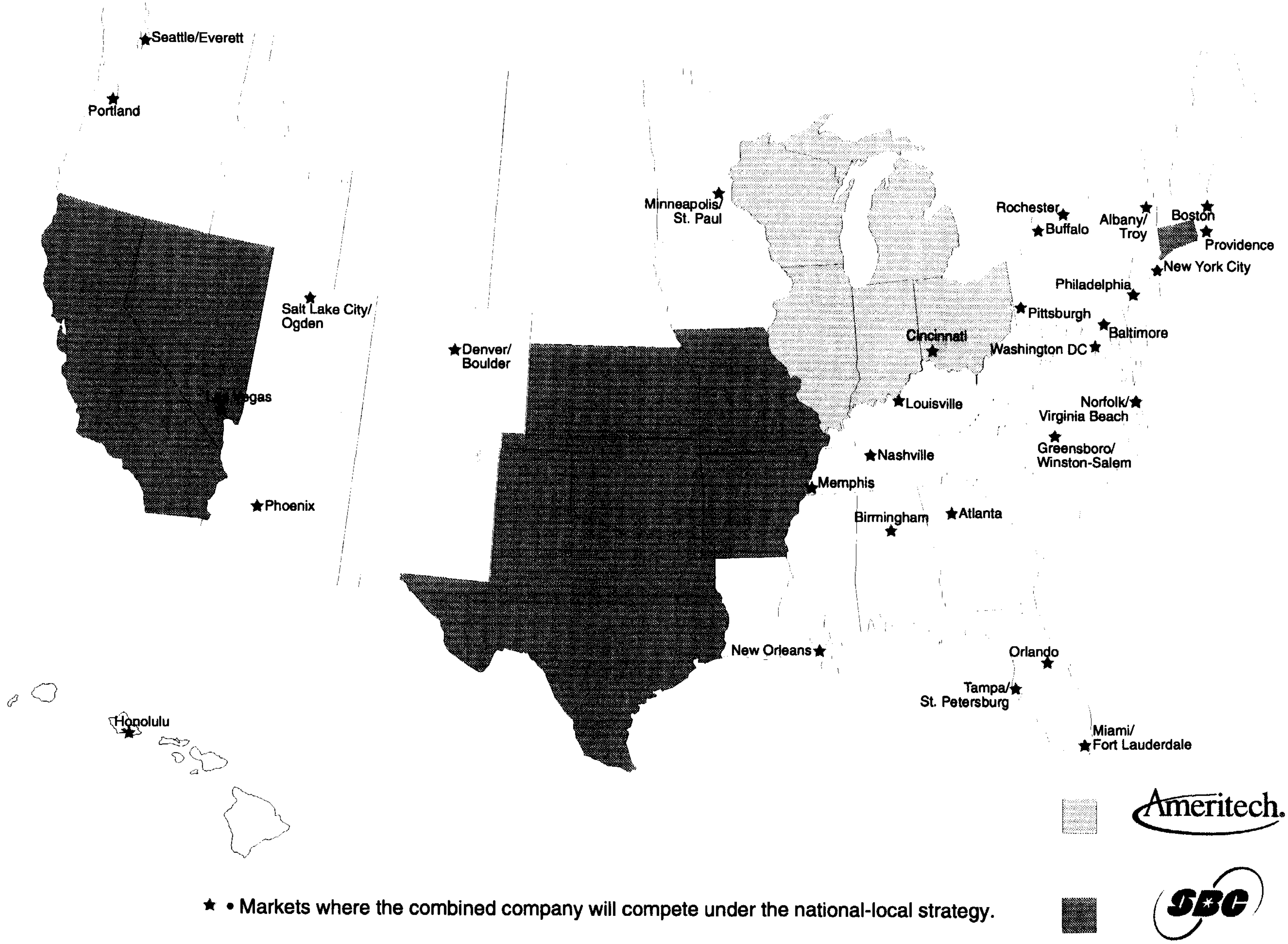
Settlements at SBC's earlier acquisitions earned CWA members new limits on forced overtime and additional restrictions on subcontracting work. The union also gained assurances of increased hiring to help ease pressure on workers who have been squeezed because of heavy job cuts in past years, the union reported.

Of key importance to the CWA is its ability to seek new members at the companies' nonregulated ventures, something SBC has allowed in the past. At every current and future business, SBC recognizes the CWA when more than 50 percent of the workers in a unit sign cards showing they want union representation, the CWA reported.

The union's Rechenbach said this is an issue with Ameritech, which operates a nonunion cellular-telephone business and its SecurityLink unit, a home and business security and monitoring business. SecurityLink has 8,000 nonunion employees nationwide and is expected to post sales this year of $600 million, said Rich Maganini, the unit's manager of public relations.

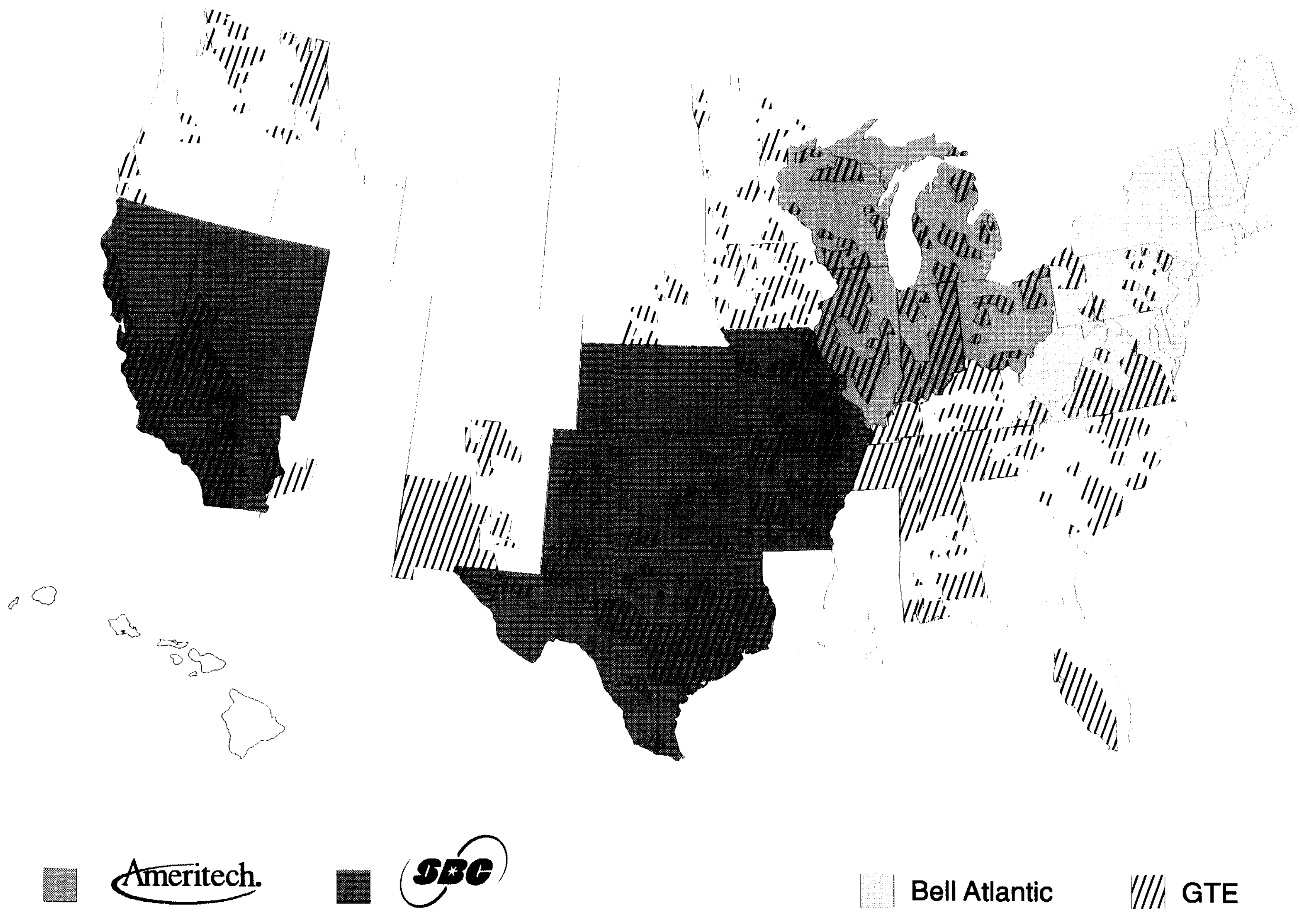
The CWA still has another round of contract negotiations left with Ameritech. The union's three-year contract expires Aug. 9. CDB

Ameritech and SBC: Local Telephone Service Operations



★ • Markets where the combined company will compete under the national-local strategy.

Local Telephone Service Operations



SBC Communications Inc.

News Release

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Senior Executive Named to Direct SBC's Entry into Nation's Top 50 Markets

San Antonio (October 21, 1998)—SBC Communications' (NYSE: SBC) plan to compete for business and residential telecommunications customers coast-to-coast took a major step forward as Stephen M. Carter was named President Strategic Markets in charge of directing the company's "national local" strategy.

"National local" is the strategy that SBC and Ameritech will pursue once the companies' merger is completed. Under this plan, the combined companies will begin competing in the nation's top 50 markets, jumpstarting nationwide competition in local and long distance service for business as well as residential customers.

"We are working hard to shed our position as a regional company and become a national and global competitor," said Edward E. Whitacre Jr., chairman and CEO of SBC. "I can think of no person better qualified than Stephen to help lead us into competition in markets around the country."

"I'm honored and excited by this unique opportunity," said Carter. "We are now intensifying our program to fully develop the 'national local' strategy. Initially, we expect to have 2,900 miles of fiber and 60 switches to serve large and mid-sized business nationally. We also anticipate having 80 switches in thirty markets outside our region to serve residential and small business customers."

More

"Of course, I can't say right now how we will approach a given market, but I can promise that we will compete vigorously for business and residential customers across all lines of service. That's something we have not seen competitors try in our territory so far," said Carter.

Implementation of the "national local" strategy is contingent upon the completion of the SBC-Ameritech merger, which provides both companies the size, scale, scope, customer base and employee talent pool needed to expand successfully and efficiently into the nation's top 50 markets. Neither company can successfully execute the strategy without the merger.

Tim Harden, vice president and general manager-operations, and Terry Bailey, vice president and general manager-strategic markets, will report to Carter.

In his previous position as president of SBC's special markets, Carter was responsible for opening SBC's networks and markets to companies that compete against SBC in its territory. Today, nearly 250 competitors have obtained approximately 1.8 million resold and facilities-based access lines in SBC's seven states. SBC was the first regional Bell operating company to lose more than one million lines to competitors.

Since the two companies announced plans to merge in May, the merger has received clearances from European regulators, and is now being reviewed by the Department of Justice and the Federal Communications Commission. Illinois, Ohio and Indiana have announced plans to review the merger as well. The companies hope to complete the transaction by mid-1999.

SBC Communications Inc. is a global leader in the telecommunications industry, with more than 34.5 million access lines and over 5.9 million wireless customers across the United States, as well as investments in telecommunications businesses in 11 countries. Under the Southwestern Bell, Pacific Bell, Nevada Bell and Cellular One brands, SBC, through its subsidiaries, offers a wide range of innovative services, including local and long-distance telephone service, wireless communications, paging, Internet access, and messaging, as well as telecommunications equipment, and directory advertising and publishing. SBC (www.sbc.com) has more than 118,000 employees and reported 1997 revenues of nearly $25 billion. SBC's equity market value of $81 billion as of September 30, 1998, ranks it as one of the largest telecommunications companies in the world.

###

New Markets for the New SBC

Below are the markets where the new SBC plans to compete under the "National-Local" strategy, ranked by size.

1. New York
2. Philadelphia
3. Boston
4. Washington
5. Miami-Ft. Lauderdale
6. Atlanta
7. Minneapolis/St. Paul
8. Phoenix
9. Baltimore
10. Seattle-Everett
11. Denver/Boulder
12. Pittsburgh
13. Tampa/St. Petersburg
14. Portland
15. Cincinnati
16. Salt Lake City/Ogden
17. Orlando
18. Buffalo
19. New Orleans
20. Nashville/Davidson
21. Memphis
22. Las Vegas
23. Norfolk/Virginia Beach
24. Rochester
25. Greensboro/Winston – Salem
26. Louisville
27. Birmingham
28. Honolulu
29. Providence/Warwick
30. Albany/Schenectady/Troy