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**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

EX PARTE

March 3, 1999

Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
Portals II Building
445 Twelfth Street, S.W.
Washington, DC 20554

Re: Ex Parte Presentation in Application of SBC Communications, Inc. and Ameritech Corporation for Consent to Transfer Control of Certain Licenses and Authorizations, CC Docket No. 98-141, and Application of GTE Corporation and Bell Atlantic Corporation for Consent to Transfer Control of Certain Licenses and Authorizations, CC Docket No. 98-184

Dear Ms. Salas:

On March 2, 1999, representatives of Sprint Communications Company, L.P. met with several members of the Common Carrier Bureau and the Office of Plans and Policy, each of whom is identified below, in connection with the above-referenced applications. Representing Sprint were Leon Kestenbaum, Rich Morris, Craig Dingwall, Stan Besen, Sue Blumenfeld, and Renée Callahan.

The purpose of the meeting was to review the incentives and abilities of the parties to the proposed mergers to forestall competition and to raise rivals' costs. Sprint explained how these incentives and abilities will increase with the proposed mergers, as each of the merged entities becomes able to internalize previously out-of-region spillover effects. The subject matter of the discussion is reflected in the attached presentation.

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Ms. Magalie Roman Salas
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We are filing the original and one copy of this letter, in accordance with the Commission's rules. Please let me know if you have any questions.

Sincerely,



A. Renée Callahan

cc: **BY HAND:**

Patrick DeGraba
Bill Dever
Jennifer Fabian
Johnson Garrett
Michael Kende
Tom Krattenmaker
Johanna Mikes
Liz Nightingale
Bill Rogerson
Marilyn Simon
To-Quyen Truong

SPRINT PRESENTATION TO THE
FEDERAL COMMUNICATIONS
COMMISSION

March 2, 1999

AREAS TO COVER TODAY

- Industry Context for “Big Footprint” Concerns
- Brief Review of ION
 - What it is
 - Access needs
- Drivers of Inter-Region Competitive Spillovers
 - Network effects
 - Economies of density and scope effects

THE BIG FOOTPRINT THEORY

- Potential for Significant Exclusion
- Significant Competitive Spillovers Across ILEC Regions
 - Network effects
 - Economies of scope

WHAT IS SPRINT ION?

- Extends Sprint Network to Customer Premises, Sprint Manages Network and CPE
- Integrates Local and Long Distance Voice, Video, Data Networks Over ATM (not merely packaging)
- Gateways and Internetworking With PSTN, Other Networks and Existing Time Division Multiplexing CPE
- Reliability Via Sonet Ring-Based Network
- Broadband Services to Multiple Customer Locations

SPRINT ION VALUE PROPOSITION

- Simplification for Customers
- Better Utilization of New Technology and Control of Telecommunications Costs
- Sprint ION Reduces Access Costs
- New Capabilities

CRITICAL MARKETING SUCCESS FACTORS

- Timing
- Widespread Geographic Coverage
 - National marketing
 - On-net to on-net benefits
- Clear and Differentiated Positioning
- Partners

SPRINT'S LAST MILE DEPENDENCE ON ILECS

- BMAN
- XDSL

KEY BENEFITS FOR BUSINESS CUSTOMERS

- More Efficient and Flexible Integrated Communications Solution
 - Dynamic bandwidth flexibility
 - Cost reduction
 - Ease of migration
- Enabling More Powerful Business Applications
 - Collaboration and E-commerce
 - Value to small trading partners

ON-NET TO ON-NET BENEFITS (BUSINESS)

- Improved Service Uniformity
- Improved Physical Interconnection
- Cost Savings
- More Powerful Business Applications

KEY BENEFITS FOR CONSUMERS

- High-Speed, “Always On” Internet Access
- Calling Plan
- Connects All Phones and PC in the Home
- Customization of Services On Demand
- Customer Can Purchase/Use Value-Added Applications
- Flexibility and Expandability

ON-NET TO ON-NET BENEFITS (Consumers)

- On-Net Pricing
- Enhanced Functionality for On-Net to On-Net Users

AFFINITY MARKETING APPROACH

- Regional and National Affinities
- This Strategy is Dependent Upon:
 - Widespread, national availability of Sprint ION in the consumer market
 - Initial and continual on-net product/value benefit

ADDITIONAL SPILLOVERS FLOW FROM APPLICATIONS ASPECTS

- Need for Differentiated Offerings
- Applications Providers

IMPLICATIONS OF SCALE/SCOPE ECONOMIES THAT CHARACTERIZE NATIONAL CLECS

- A Significant Portion of National CLECs' Costs Are Fixed

CONCLUSION

- ILECs Can Forestall CLECs and CSCs
- Anticompetitive Ability (and Incentives) Increase with the Mergers
- Consumers Will Suffer Through Reduced Choice and Delayed Availability of New Services