

Wayne Watts  
General Attorney &  
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FX PARTE OR LATE FILED



March 18, 1999

EX PARTE PRESENTATION

Magalie Roman Salas, Esq.  
Secretary  
Federal Communications Commission  
Portals II Building  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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:

On Thursday, February 18, 1999, representatives of SBC Communications Inc. met with Commission staff to discuss the referenced applications. A copy of SBC's ex parte notification letter with attachments is enclosed for your reference.

At the February 18th meeting, representatives of SBC discussed the Company's current segment reporting and operating results for calendar years 1995 through 1998, inclusive. SBC advised the Commission that SBC now reports its financial operations in four "segments" which are: Wireline, Wireless, Directory and Other (which consists primarily of international operations). Each of the segments have been net income positive in each of the years discussed.

SBC also advised staff that the National-Local Strategy, which will be implemented once the merger of SBC and Ameritech is completed, will be highly dilutive for an extended period of time.

In fact, SBC has never undertaken a transaction or project that is as dilutive for as long a period of time as currently contemplated for the National-Local Strategy. SBC's capacity to assume an unprecedented level of business risk and dilution is enhanced by the combination of SBC and Ameritech and, indeed, SBC would be unwilling to undertake the National-Local Strategy as currently contemplated on a stand-alone basis. The substantial and lengthy dilutive effects of the National-Local Strategy are one of the key reasons why SBC and Ameritech must merge in order to undertake this highly pro-competitive strategy.

At Dr. Rogerson's request, SBC has reviewed its prior operations to verify whether it has undertaken any operations or investments which were or could be as dilutive for as long a period of time as contemplated in the National-Local Strategy. We have reviewed our actual expenditures for the past five years and

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our business plans for calendar years 1999 through 2001. Based on our review of our operations and investments for that period of time, SBC has confirmed that we have not undertaken a merger, acquisition or investment activity for any particular project nor does it have any approved plans for a project as dilutive for as long a period of time as is currently contemplated to result from the National-Local Strategy.

In accordance with the Commission's rules governing the ex parte communications, an original and two copies of this letter are provided. Please call me or Todd Silbergeld ((202) 326-8888) if you have any questions.

Respectfully submitted,

Handwritten signature of Wayne Watts in cursive script, with the initials 'TW' written below the signature.

WAYNE WATTS  
General Attorney and  
Assistant General Counsel

Enclosure

cc: Mr. Krattenmaker  
Dr. Rogerson  
Dr. DeGraba  
Mr. Dever  
Ms. Wright  
Mr. Garrett  
Ms. Fabian  
Ms. Nightingale