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May 4, 2000

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

c/o Wholesale Lockbox Shift Supervisor
Mellon Bank, Three Mellon Bank Center
525 William Penn Way, 27th Floor, Rm. 153-2713
Pittsburgh, PA 15259-0001

Re: BellSouth Corporation, Transferor
BellSouth Cellular Corp., Assignor
Alloy LLC, Transferee/Assignee
Application to Transfer/Assign International Section 214 Authorizations
Pursuant to Section 63.18(e)(3) of the Commission's Rules

Dear Sir/Madam:

Enclosed please find for filing an original paper and five copies of the above referenced application, which is part of a group of applications, seeking Commission consent to transfer control and/or assign authorizations which are ultimately held by BellSouth Corporation ("BellSouth") and SBC Communications Inc. to Alloy LLC.

The application is accompanied by an FCC Form 159 and a check made payable to the Federal Communications Commission for \$ 780.00 for the prescribed filing fee (Fee Code CUT).

May 4, 2000

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Any questions regarding this application may be addressed to the undersigned.

Sincerely,

WILKINSON BARKER KNAUER, LLP

A handwritten signature in black ink, appearing to read "L. Andrew Tollin". The signature is written in a cursive style with a prominent initial "L".

By: L. Andrew Tollin
Robert G. Morse

Enclosures

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
BELLSOUTH CORPORATION, Transferor,) ITC- _____
BELLSOUTH CELLULAR CORP. Assignor,)
)
and)
)
ALLOY LLC, Transferee/Assignee,)
)
Application for Authority to Transfer Control)
International Section 214 Authorizations)
BellSouth Carolinas PCS, L.P., BellSouth)
Personal Communications, Inc., and BellSouth)
Wireless Data L.P. and Assignment of)
International Section 214 Authorization held by)
BellSouth Cellular Corp.)

**APPLICATION OF BELLSOUTH CORPORATION, BELLSOUTH CELLULAR
CORP., AND ALLOY LLC, FOR TRANSFER OF CONTROL AND
ASSIGNMENT OF INTERNATIONAL SECTION 214 AUTHORIZATIONS**

Pursuant to Section 214 of the Communications Act of 1934, as amended (47 U.S.C. § 214), and Section 63.18(e)(3) of the Commission's Rules (47 C.F.R. § 63.18(e)(3)), BellSouth Corporation ("BSC"), BellSouth Cellular Corp. ("BSCC"), and Alloy LLC ("Newco") (collectively "Applicants"), hereby apply for authority to transfer control and/or assign the international Section 214 authorizations currently held by BSCC, BellSouth Carolinas PCS, L.P., BellSouth Personal Communications, Inc., and BellSouth Wireless Data L.P., to Newco.¹

¹File Nos. ITC-214-19960426-00172, ITC-214-19960516-00196, ITC-214-19960516-00197, and ITC-214-19990608-00327, respectively.

INTRODUCTION, DESCRIPTION OF THE TRANSACTION AND PUBLIC INTEREST STATEMENT

SBC Communications Inc. ("SBC") and BSC are concurrently seeking Commission approval for the transfer of control/assignment of multiple cellular, PCS, 900 MHz SMR, microwave and experimental licenses, in addition to the authorizations specified herein, that are currently controlled by subsidiaries and affiliates of both SBC and BSC. These licenses and authorizations will be transferred/assigned to an entity jointly owned and controlled by SBC and BSC, Newco. The transfer/assignment of these authorizations is part of a transaction in which SBC and BSC will merge most of their domestic mobile wireless properties into Newco. In the instant request, BSC seeks approval from the Commission to transfer control of the international Section 214 authorizations held by BellSouth Carolinas PCS, L.P., BellSouth Personal Communications, Inc., and BellSouth Wireless Data L.P. to Newco. Further, BellSouth Cellular Corp. requests the Commission's consent to assign its international Section 214 authorization to Newco.² All of these carriers are authorized to resell the international switched services of unaffiliated facilities-based carriers, and BellSouth Wireless Data L.P. is also authorized to provide facilities-based services between the United States and Canada.

SBC is simultaneously requesting authorization to transfer control of or consent to assign the international Section 214 authorizations held by CCPR Services, Inc., Ameritech Mobile Communications, Inc. and USVI Cellular Telephone Corporation to Newco. As demonstrated herein and in SBC's concurrently-filed application, the transfer of control/assignment of those authorizations to Newco is consistent with the public interest, convenience and necessity.

²The cellular licensees providing service pursuant to this authorization are set forth in Exhibit 2.

Upon completion of the transaction, SBC and BSC will each hold, respectively, an approximately 60% and 40% equity ownership interest in Newco. They will jointly control Newco through a corporation established to manage Newco. A more detailed description of the transaction and the public interest statement in support of the Commission's approval of this transaction are provided in Exhibit 1 attached hereto.

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. As set out in Exhibit 1, it is clear that Newco 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.

SECTION 63.18 INFORMATION

BSC hereby submits the information required under Section 63.18(e)(3) of the Commission's rules. The information set forth below is labeled according to the corresponding rule section to which it is responsive.

I. Transferor/Transferee and Assignor/Assignee Information

Section 63.18(a)-(b) – Transferor/Transferee and Assignor/Assignee Name and Other Information.

Transferor:

BellSouth Corporation
1155 Peachtree Street, N.E., Suite 1700
Atlanta, GA 30309-3610
Phone: (404) 249-3855
Georgia Corporation

Assignor:

BellSouth Cellular Corp., Suite 900
1100 Peachtree Street, N.E.
Atlanta, GA 30309-4599
Phone: (404) 249-0917
Georgia Corporation

Transferee/Assignee:

Alloy LLC
c/o BellSouth
1155 Peachtree Street, N.E., Suite 1700
Atlanta, GA 30309-3610
Phone: (404) 249-3855
Delaware Limited Liability Company

Section 63.18(c) Contact Information. All correspondence concerning this application should be addressed to:

Transferor:

Charles P. Featherstun
BellSouth Corporation
1155 Peachtree Street, N.E., Suite 1700
Atlanta, GA 30309-3610
Phone: (404) 249-3855
Facsimile: (404) 249-5664

with a copy to:

Robert G. Kirk, Esq.
Wilkinson Barker Knauer, LLP
2300 N Street, N.W., Suite 700
Washington, DC 20037
Phone: (202) 383-3363
Facsimile: (202) 783-5851

Assignor:

C. Claiborne Barksdale
BellSouth Cellular Corp.
1100 Peachtree Street, N.E., Suite 900
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Phone: (404) 249-0917
Facsimile: (404) 249-0922

with a copy to:

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Charles P. Featherstun
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with a copy to:

Robert G. Kirk, Esq.
Wilkinson Barker Knauer, LLP
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Washington, DC 20037
(202) 383-3363

Section 63.18(d) – Existing Authorizations. BSC currently holds indirect controlling interests in the international Section 214 authorizations subject to the instant application -- FCC File

Nos. ITC-214-19960426-00172 (BellSouth Cellular Corp.), ITC-214-19960516-00196 (BellSouth Carolinas PCS, L.P.), ITC-214-19960516-00197 (BellSouth Personal Communications, Inc.), which authorize resale of international switched service, and ITC-214-19990608-00327 (BellSouth Wireless Data L.P. ("BSWD")), which authorizes global or limited global facilities-based and resale service between the U.S. and Canada solely in connection with the provision of commercial mobile radio service ("CMRS"). Any agreements with foreign carriers to route U.S. in-bound switched traffic to BellSouth's region where it is an incumbent local exchange access provider via BSWD's authorized private lines are subject to the requirements of Section 43.51(e).

SBC will contribute authorizations ITC-93-128 (USVI Cellular Telephone Corporation), ITC-94-100 (CCPR Services, Inc.), and ITC-214-19960418-00152 (Ameritech Mobile Communications, Inc.), which provide for resale of international switched services, to Newco. Newco currently holds no international Section 214 authorizations.

Additional authorizations that are indirectly held by BSC, but will not be included in the transaction, are: ITC-214-19970122-00039 (BellSouth Long Distance Inc. ("BSLD")), ITC-214-19971017-00637 (BSLD), ITC-214-19971017-00638 (BellSouth International Inc.), ITC-214-19980728-00520 (BellSouth International Access, Inc.), and ITC-214-19990219-00144 (Global Leasing Company). These authorizations generally provide for limited global facilities-based and limited global resale service for international communications originating outside of BellSouth's region where it is an incumbent local exchange access provider. In-bound switched traffic to BellSouth's in-region states via these authorized private lines is subject to the requirements of Section 43.51(e).

Further, SBC's subsidiaries have previously received the following 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.

- a. Southwestern Bell Communications Services-Massachusetts, Inc., FCC File No. ITC-96-496 (Oct. 25, 1996) (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- b. Southwestern Bell Communications Services-Maryland, Inc., FCC File No. ITC-96-498 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- c. Southwestern Bell Communications Services-New York, Inc., FCC File No. ITC-96-499 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- d. Southwestern Bell Communications Services-Illinois, Inc., FCC File No. ITC-96-500 (Oct. 25, 1996) (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- e. Southwestern Bell Communications Services, Inc., FCC File No. ITC-96-497 (public notice of approval, DA 96-1796, Oct. 31, 1996; effective Oct. 25, 1996).
- f. Southwestern Bell Communications Services, Inc., FCC File No. ITC-214-19971108-00689 (public notice, DA 99-1613, released August 13, 1999).
- g. Pacific Bell Communications, FCC File No. ITC-96-689 (public notice of approval, DA 97-327, Feb. 13, 1997; effective Feb. 7, 1997).
- h. SBC Global Communications, Inc., FCC File No. ITC-96-692 (order, authorization and certificate, DA 97-1928, Sept. 9, 1997; effective Sept. 5, 1997).
- i. SNET America, Inc., FCC File Nos. ITC-93-256 (public notice of approval, Report No. I-6858, Sept. 15, 1993), ITC-95-145 (public notice of approval, Report No. I-8030, Mar. 22, 1995; effective Mar. 17, 1995) and ITC-96-172 (public notice of approval, Report No. I-8171, DA 96-668, May 2, 1996; effective Apr. 26, 1996).
- j. SNET Diversified Group, Inc., FCC File No. ITC-96-538 (public notice of approval, Report No. I-8218, DA 96-1988, Nov. 27, 1996; effective Nov. 22, 1996).
- k. Ameritech Communications, Inc., FCC File No. ITC-96-272 (order, authorization and certificate, DA 96-1169, 11 FCC Rcd. 8685, July 24, 1996; effective July 19, 1996; memorandum, opinion and order removing interim separation safeguards, DA 97-1662, 12 FCC Rcd. 11654, August 4, 1997).

- l. Ameritech Communications, Inc., FCC File No. ITC-96-441 (public notice of approval, Report No. I-8202, DA 96-1551, Sept. 19, 1996; effective Sept. 13, 1996).
- m. Ameritech Communications, Inc., FCC File No. ITC-97-289 (public notice of approval, Report No. I-8251, DA 97-1442, July 10, 1997; effective July 9, 1997).
- n. Southwestern Bell Communications Services, Inc., FCC file No. ITC-214-20000301-00125 (public notice of approval, Report No. TEL-00212, DA 00-768, April 6, 2000; effective March 31, 2000).
- o. Southwestern Bell Communications Services, Inc. has an application pending before the Commission requesting authority to provide international facilities-based and resale services between all points in Texas and all international points except countries listed on the Commission's exclusion list. The approval of this application is contingent on SBC receiving Section 271 approval. This application was filed on January 25, 2000.

II. Transferee/Assignee Information

Section 63.18(h). At the time of the transfer of control, Newco, a limited liability company, will be owned approximately 60% by SBC and 40% by BSC and their direct and indirect subsidiaries, reflecting the value of the assets they will contribute to Newco. Newco currently has no board of directors and there are no relevant interlocking directorates.

Section 63.18(i) – Foreign Carrier Affiliations. Newco certifies that it is not a foreign carrier. Newco certifies that as a result of BSC's contribution to Newco, it will acquire affiliations with foreign carriers in Argentina, Brazil, Chile, Denmark, Ecuador, Guatemala, Israel, Nicaragua, Panama, Peru, Uruguay, and Venezuela; and by virtue of SBC's contribution, it will acquire affiliations with foreign carriers in South Africa, Switzerland, Hungary, Norway, the Netherlands, Denmark, Germany, Canada and Lithuania. The identity of the specific foreign carriers, the country in which each operates, the services provided by each, and the indirect equity interest BSC or SBC hold in each (if applicable) are set forth below:

1. 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.

2. diAx Holding AG ("diAx") (Switzerland). SBC, through a joint venture, owns an indirect 40 percent interest in diAx, a new, full-service Swiss telecommunications carrier, with far less than 50 percent market share in the international transport and local access markets in Switzerland. In the SBC/Ameritech Order,³ the Commission determined that diAx lacks market power in Switzerland, and that SBC and its subsidiaries are entitled to non-dominant carrier treatment on the U.S.-Switzerland route.⁴

3. MATAV Rt (Hungary). MagyarCom, a consortium formed indirectly between Ameritech Corporation, a wholly-owned subsidiary of SBC ("Ameritech"), and Deutsche Telekom owns approximately 60 percent of MATAV Rt., the incumbent telecommunications operator in Hungary. Through its interest in MagyarCom, Ameritech, and therefore SBC, holds a non-controlling, 29.8 percent interest in MATAV.

4. BEN Netherlands B.V. ("BEN Netherland") (the Netherlands). Through its interests in Tele Danmark and Belgacom S.A., Ameritech owns an indirect, non-controlling interest in BEN Netherland. (Ameritech's interest in Belgacom S.A. does not constitute an affiliation as defined in Section 63.09 of the Commission's rules.) BEN Netherland provides GSM 1800 wireless services in the Netherlands, and has far less than a 50 percent market share in the international transport and local access markets in the Netherlands. In the SBC/Ameritech Order, the Commission held that BEN Netherland does not possess market power in the Netherlands, and that SBC subsidiaries are entitled to non-dominant regulation on the U.S.-Netherlands route.⁵

5. Tele Danmark A/S ("Tele Danmark") (Denmark). Through an indirect subsidiary, Ameritech indirectly holds a 41.6 percent, *de facto* controlling interest in Tele Danmark. Tele Danmark is a full service telecommunications carrier in Denmark authorized to provide, among other services, local exchange and international telecommunications services to the public.

6. NetCom GSM ("NetCom") (Norway). Ameritech owns an 19.6 percent interest in NetCom. Tele Danmark owns 20.4 percent of NetCom. Therefore, Ameritech has an

³ *In re Ameritech Corp. and SBC Communications Inc.*, 14 FCC Rcd. 14,712 (Oct. 8, 1999) ("SBC/Ameritech Order").

⁴ *Id.* at ¶ 533.

⁵ *Id.* at ¶ 537.

effective interest of approximately 28.1 percent in NetCom. NetCom is a wireless carrier with less than 50 percent market share of the local access and transport markets in Norway.

7. Talkline GmbH (“Talkline”) (Germany and the Netherlands). Talkline is wholly owned by Tele Danmark. Consequently, Ameritech holds an indirect controlling interest in Talkline. Talkline is authorized to provide mobile communications services in Germany and resold cellular service in the Netherlands. Talkline has far less than a 50 percent market share of the international transport and local access markets in Germany and the Netherlands. In the SBC/Ameritech Order, the Commission held that Talkline lacks market power in Germany and the Netherlands, and that SBC subsidiaries are entitled to regulation as non-dominant carriers along the U.S.-Germany and U.S.-Netherlands routes.⁶

8. UAB Mobilios Telekomunikacijos (“Bite”) (Lithuania). Bite is a wholly-owned subsidiary of Tele Danmark. Consequently, Ameritech holds an indirect, controlling interest in Bite. Bite is authorized to provide wireless services in Lithuania, and has far less than a 50 percent market share in the international transport and local access markets in Lithuania. In the SBC/Ameritech Order, the Commission held that Bite lacks market power in Lithuania, and that SBC subsidiaries are entitled to regulation as non-dominant carriers on the U.S.-Lithuania route.⁷

9. Ameritech Communications International, Inc. (“ACII”) (Canada). ACII is an indirect, wholly owned subsidiary of Ameritech. As a consequence, SBC holds a controlling interest in ACII. Last year, ACII received authorization to provide international telecommunications services in Canada, and therefore became a foreign carrier, as that term is defined in Section 63.09(d). ACII has a minuscule share of the international transport and local access market in Canada. On June 30, 1999, Ameritech Communications, Inc. and Ameritech Mobile Communications, Inc. (subsidiaries of SBC) notified the Commission that: (1) ACII (a wholly-owned subsidiary of Ameritech Communications, Inc.) had become a foreign carrier in Canada, (2) ACII lacks market power in Canada, and (3) ACI and AMCI therefore are entitled to non-dominant treatment along the U.S.-Canada route.⁸ The Commission apparently agrees that ACII lacks market power in Canada because the Commission has not imposed dominant carrier status on ACI and AMCI along the U.S.-Canada route.⁹

⁶ *Id.*

⁷ *Id.* at ¶ 538.

⁸ *Ameritech Communications, Inc. Certification of Status of its Affiliate, Ameritech Communications International, Inc. as a Foreign Carrier in Canada*, FCC File Nos. ITC-96-441, ITC-96-272, ITC-97-298 (filed June 30, 1999); *Ameritech Mobile Communications, Inc. Certification of Status of its Affiliate, Ameritech Communications International, Inc. as a Foreign Carrier in Canada*, FCC File No. ITC-96-243 (filed June 30, 1999).

⁹ *Foreign Participation Order*, 12 FCC Rcd. 23891, ¶¶ 161-162 (1997).

10. EITele Ost ("ETO") (Norway). Tele Danmark owns a 51 percent interest of ETO, which provides competitive fixed network, broadband and Internet services in Norway. ETO currently serves a minuscule share of the Norwegian market. SBC only recently notified the Commission of its affiliation with ETO.¹⁰ Consequently, the Commission has not yet considered whether ETO possesses market power in Norway. Nevertheless, as SBC pointed out in its notification, due to its low share of the Norwegian market, ETO does not have market power and SBC is entitled to a presumption of non-dominance along the U.S.-Norway route.¹¹

Through BSC:

1. Abiatar, S.A. (Uruguay). BSC indirectly holds a 46 percent interest in Abiatar, which provides mobile wireless services in the capital of Montevideo and the coastal region. Abiatar has far less than a 50 percent market share in the international transport and local access markets.

2. BCP, S.A. and BSE, S.A. (Brazil). BSC indirectly holds a 44.5 percent interest in BCP, which provides mobile wireless service in Sao Paolo. BSC holds a 46 percent interest in BSE, S.A., which provides mobile wireless services in a six-state region in northeastern Brazil. BCP and BSE, S.A. each have far less than a 50 percent market share in the international transport and local access markets.

3. BellSouth Chile S.A. and BellSouth Comunicaciones S.A. (Chile). BSC holds a 100 percent interest in each of these entities which provide long distance and mobile wireless services, respectively. Each has far less than a 50 percent market share in the international transport and local access markets.

4. BSC de Panama, S.A. (Panama). BSC indirectly holds a 42 percent interest in BSC de Panama, which provides mobile wireless services. BSC de Panama has far less than a 50 percent market share in the international transport and local access markets.

5. CellCom Israel Ltd. (Israel). BSC indirectly holds a 34.75 percent interest in CellCom Israel, which provides mobile wireless services. CellCom Israel has far less than a 50 percent market share in the international transport and local access markets.

6. Compania de Radiocomunicaciones Moviles S.A. ("Movicom.") (Argentina). BSC indirectly holds a 65.0 ownership interest in Movicom, which provides primarily mobile wireless services in Argentina, but in 1999 received authority to provide local and long

¹⁰ *Southwestern Bell Communications Services, Inc., et. al, Notification of Foreign Affiliation*, FCC File No. FCN-NEW-20000120-00002 (Public Notice, Report No. FCN-00014, Feb. 11, 2000).

¹¹ *Id.* at 4-5.

distance services. Movicom, nevertheless, has far less than a 50 percent market share in the international transport and local access markets.

7. Dansk MobilTelefon I/S d/b/a SONOFON (Denmark). BSC holds a 46.5 percent ownership interest in SONOFON, which provides mobile wireless services. SONOFON has far less than a 50 percent market share in the international transport and local access markets.

8. Otecel S.A. (Ecuador). BSC holds an 89.4 percent indirect ownership interest in Otecel, which provides mobile wireless services. Otecel has far less than a 50 percent market share in the international transport and local access markets.

9. Telcel Celular, C.A. (Venezuela). BSC holds a 78 percent indirect ownership interest in Telcel, which provides mobile wireless services. Telcel has far less than a 50 percent market share in the international transport and local access markets.

10. Telefonia Celular de Nicaragua, S.A. (Nicaragua). BSC holds a 49.0 percent indirect ownership interest in Telefonía CN, which provides mobile wireless services. Telefonía CN has far less than a 50 percent market share in the international transport and local access markets.

11. Tele 2000, S.A. (Peru). BSC holds a 97 percent indirect ownership interest in Tele 2000, which provides mobile wireless services. Tele 2000 has far less than a 50 percent market share in the international transport and local access markets.

12. BellSouth Guatemala y CIA S.C.A. (Guatemala). BSC holds a 60% indirect interest in BellSouth Guatemala y CIA, S.C.A., which will provide mobile wireless service when it begins operations later this year. It is authorized to provide other domestic and international services, but will initially provide only mobile wireless services. BellSouth Guatemala y CIA, S.C.A. has no market share in the international transport and local access markets.

Section 63.18(j) – Destination Markets. Newco certifies that it seeks to provide international telecommunications services to the following destination markets identified in Section 63.18(i) above in which BSC and SBC currently hold controlling ownership interests in their foreign carrier affiliates:

Through BSC:

Chile (BellSouth Chile S.A. and BellSouth Comunicaciones S.A.); Argentina (Compania de Radiocomunicaciones Moviles S.A.); Ecuador (Otecel S.A.); Venezuela (Telcel Celular, C.A.); Nicaragua (Telefonia Celular de Nicaragua, S.A.); and Peru (Tele 2000, S.A.).

Through SBC:

Denmark (TeleDanmark); Germany (Talkline); Netherlands (Talkline); Lithuania (Bite);
Canada (Ameritech Communications International, Inc.); Norway (EITeleOst).

Section 63.18(k) – WTO Membership/Market Power.

Through BSC:

All of the destination markets identified in response to Section 63.18(j) above where Newco will acquire foreign carrier affiliations through BSC are WTO Member countries. Canada, moreover, is an ISR-approved country. Finally, each foreign carrier affiliate which Newco will acquire through BellSouth holds significantly less than 50 percent of the market share in the international transport and local access markets and lacks market power in its respective country.

Through SBC:

1. Tele Danmark (Denmark). Denmark is a member of the World Trade Organization.
2. Talkline (Germany and the Netherlands). Both Germany and the Netherlands are members of the World Trade Organization. Talkline has far less than 50 percent market share of the international transport and local access markets in Germany and the Netherlands, and therefore is presumed not to have market power in Germany and the Netherlands.¹² Additionally, as noted above, the Commission has already concluded that Talkline lacks market power in Germany and the Netherlands.¹³
3. Bite (Lithuania). Lithuania is not a member of the World Trade Organization. However, Bite has far less than a 50 percent market share in the international transport and local access markets in Lithuania, and therefore is presumed not to possess market power in any relevant market on the U.S.-Lithuania route.¹⁴ For this reason, the Commission has already concluded that Bite lacks sufficient market power to affect competition adversely in the United States.¹⁵

¹² *Foreign Participation Order*, at ¶¶ 150-70.

¹³ *SBC/Ameritech Order*, at ¶ 537.

¹⁴ *Foreign Participation Order*, at ¶¶ 150-70.

¹⁵ *SBC/Ameritech Order*, at ¶¶ 534-538.

4. ACII (Canada). Canada is a member of the World Trade Organization. ACII is a nascent carrier with far less than 50 percent of the international transport and local access markets in Canada, and therefore is presumed not to possess market power in any relevant market on the U.S.-Canada route.¹⁶ In addition, as noted in Section (i)(8) of this application, the Commission apparently already has concluded that ACII lacks market power in Canada.
5. ETO (Norway). Norway is a member of the World Trade Organization. ETO is a nascent carrier with a minuscule share of the international transport and local access markets in Norway, and therefore is presumed not to possess market power in any relevant market on the U.S.-Norway route.¹⁷

Section 63.18(l) – International Switched Resale Condition. Through the transfer of control of the international Section 214 authorizations held by Ameritech Mobile, CCPR Services and USVI Cellular, Newco 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 Ameritech Mobile, CCPR Services and USVI Cellular.

Newco provides the following information with respect to the foreign carriers with which it has an affiliation and as to which it either satisfies Section 63.10(a)(3) of the Commission's Rules, 47 C.F.R. § 63.10(a)(3), or files the quarterly traffic reports required by Section 43.61(c) of the Commission's Rules, 47 C.F.R. § 43.61(c):

On all international routes except the U.S.-Canada route, Newco will provide service solely via resale of the international switched services of an unaffiliated U.S. carrier. On the U.S.-Canada route, moreover, only BSWD will be authorized to provide facilities-based services. Since all of Newco's foreign affiliated carriers, except Telkom S.A., Tele Danmark, and MATAV Rt, lack 50 percent market share in the international transport and the local access markets on the foreign end

¹⁶ *Foreign Participation Order*, at ¶¶ 150-70.

¹⁷ *Id.*

of the route, Newco will satisfy Section 63.10(a)(3) of the rules for all international communications services covered by this application, other than those to South Africa, Denmark and Hungary. With respect to those three countries, Newco will file the quarterly traffic reports required by Section 43.61(c) of the rules.

Section 63.18(m) – Non-Dominant Treatment. Newco hereby seeks regulation as non-dominant on all U.S. international routes, including those in which BSC or SBC is affiliated with a foreign carrier. For all routes and all of Newco's mobile wireless affiliates, except for BSWD on the U.S.-Canada route, Newco will provide service solely through resale of unaffiliated facilities-based carriers' switched services. Thus, Newco and its wireless affiliates, except BSWD on U.S.-Canada, are presumptively nondominant on all routes pursuant to Section 63.10(a)(4). BSWD, moreover, has already been deemed nondominant on the U.S.-Canada route for the provision of facilities-based and resold international services -- a finding which should apply to Newco as well.

Moreover, as SBC demonstrates in its application, none of the foreign carrier affiliations Newco will acquire through SBC warrant dominant regulation on the affiliated routes, and Newco is presumptively nondominant on such routes pursuant to Section 63.10(a)(3) and (a)(4) of the Commission's rules.

Section 63.18(n) – Special Concessions Certification. Newco hereby certifies that it has not agreed to accept any special concessions directly or indirectly from any foreign carrier or foreign administration with respect to traffic or revenue flows between the United States and any foreign country which Newco may serve under the authority granted pursuant to this Application and will not enter into any such agreements in the future.

Section 63.18(o) – Anti-Drug Abuse Act Certification. Newco 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 Newco.

Section 63.18(p) – Streamlined Processing. Not applicable.

BELL OPERATING COMPANY AFFILIATE ISSUES

As to services provided by BSWD, Newco will further comply with the following condition, as originally imposed upon grant of the authorization to BSWD:

IT IS ORDERED that any agreements Newco negotiates with foreign carriers to route U.S. inbound switched traffic to the BellSouth Telecommunications, Inc. and SBC Communications, Inc. in-region states via BellSouth Wireless Data, L.P.'s authorized private lines are subject to our section 43.51(e) requirements.

CONCLUSION

Accordingly, Applicants respectfully submit that the public interest, convenience and necessity will be served by grant of the instant application.

Respectfully submitted;

BELLSOUTH CORPORATION



Charles Featherstun

BELLSOUTH CELLULAR CORP.



C. Claiborne Barksdale

ALLOY LLC

Wayne Watts, Secretary

May 4, 2000

CONCLUSION

Accordingly, Applicants respectfully submit that the public interest, convenience and necessity will be served by grant of the instant application.

Respectfully submitted,

BELLSOUTH CORPORATION

Charles Featherstun

BELLSOUTH CELLULAR CORP.

C. Claiborne Barksdale

ALLOY LLC


Wayne Watts, Secretary

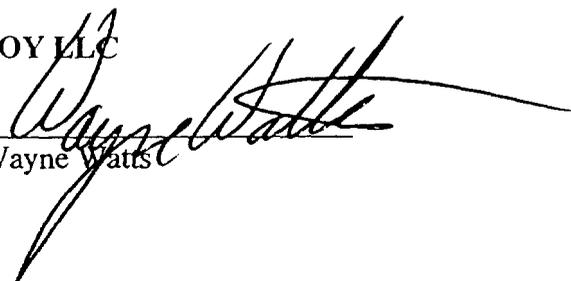
May 4, 2000

**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, Alloy LLC 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 Alloy LLC 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.

ALLOY LLC

By: 

Wayne Watts

DATE: May 3, 2000

**DESCRIPTION OF TRANSACTION, PUBLIC INTEREST
SHOWING AND RELATED DEMONSTRATIONS**

I. INTRODUCTION

These applications seek Commission approval for the transfer of control of certain FCC authorizations held by subsidiaries and affiliates of SBC Communications Inc. (“SBC”) and BellSouth Corporation (“BellSouth”). By this transaction, SBC and BellSouth will transfer virtually all of their current interests in domestic mobile wireless operations to a newly created limited liability company (“Newco”) which will thereby become the foundation for the creation of the sixth national wireless carrier.¹ Newco will be controlled equally by SBC and BellSouth. A total of 126 applications are being filed in connection with this transaction. Attached hereto, as Attachments A and B, are the Affidavits of Stan Sigman, Group President-National Operations of SBC National Operations (“Sigman Aff.”), and Mark Feidler, President of BellSouth Mobility Inc (“Feidler Aff.”) in support of these applications.

This transaction – like other similar major wireless consolidations that the Commission has recently approved – is driven by customer demands that are fundamentally changing the market for wireless services. Meeting customer demands for both nationwide pricing and nationwide service requires a national footprint.² In

¹ SBC, BellSouth and Newco are jointly referred to herein as “Applicants.”

² See Sigman Aff. ¶¶ 4-6; Feidler Aff. ¶¶ 2-5.

particular, the demand for single rate, nationwide pricing plans is unmistakable. For example, AT&T's single rate plan attracted a million new customers in 1999,³ and all of the other national carriers are offering like plans. Customers are also insisting on consistent service features on a nationwide basis for both voice and data services. Five major carriers now have the near national, facilities-based footprint needed to meet these demands. For example, both Nextel and Verizon Wireless serve 96 of the top 100 markets, and Verizon's footprint covers 232 million people. Sprint PCS's authorizations cover approximately 270 million people in all 50 states, while AT&T and its partners have licenses covering 94% of the U.S. population. VoiceStream now possesses licenses that cover a population greater than 220 million people.

The Commission has recently found, in approving the transactions involving Bell Atlantic/Vodafone/AirTouch and VoiceStream/Omnipoint/Aerial, that the creation of a CMRS competitor with a national footprint substantially benefits consumers and is procompetitive. That is exactly what this transaction will do, and, thus, the same conclusion holds.

Moreover, in contrast to previous transactions, there will be only one cellular/PCS overlap here requiring a brief divestiture waiver.

Finally, the qualifications of SBC and BellSouth to control these authorizations through Newco are beyond dispute.

³ See AT&T Corp., SEC Form S-3, Amendment 1 at 39 (filed Mar. 28, 2000) ("AT&T S-3").

Based on the foregoing, and because Newco's competition is already up and operating, Applicants respectfully request expeditious action on these applications.

II. DESCRIPTION OF THE APPLICANTS AND THEIR EXISTING BUSINESSES

A. SBC

SBC is a holding company whose affiliates provide wireline and wireless voice and data communications, paging, high-speed Internet access and messaging, cable and satellite television, security services and telecommunications equipment, as well as directory advertising and publishing services. In the United States, SBC's affiliates currently serve over 90 million voice grade equivalent lines, and SBC's CMRS affiliates provide cellular and PCS service to a population of 120 million persons, both within the 13 states where SBC's affiliates are incumbent local exchange carriers and elsewhere. SBC's CMRS affiliates currently serve approximately 11.2 million cellular and PCS customers.

B. BellSouth

BellSouth is a holding company whose affiliates provide telecommunications services, Internet, data and e-commerce applications, wireless communications (including long distance), entertainment services, and online and directory advertising to more than 39 million customers in 19 countries. BellSouth provides domestic cellular and PCS operations to a population of approximately 57 million in twelve states. Its domestic wireless customers exceeded 5.3 million at year-end 1999. BellSouth's nationwide wireless data service – BellSouth Mobile Data, Inc. ("BSMD") – reaches 93 percent of the urban business population in the U.S.