

February 21, 2005

Federal Communications Commission
International Bureau - Policy
c/o Mellon Bank Client Service Center
500 Ross Street, Room 670
Pittsburgh, PA 15262-0001
Attn: FCC Module Supervisor
Lockbox Number 358115

Re: Application of AT&T Corp. and SBC Communications Inc. Under Cable
Landing License Act and Section 1.767 of the Commission's Rules
Pertaining to Authority Under Cable Landing Licenses Granted to AT&T
Corp.

Dear Sir or Madam:

Enclosed for filing please find an original and four copies of the Application of AT&T Corp. and SBC Communications Inc. Under Cable Landing License Act and Section 1.767 of the Commission's Rules Pertaining to Authority Under Cable Landing Licenses Granted to AT&T Corp. Also enclosed is a check payable to the Federal Communications Commission in the amount of \$895 for the prescribed filing fee.

As indicated in the application, please direct questions or correspondence concerning SBC Communications Inc.'s portion of this application to:

Wayne Watts
Senior Vice President and Assistant General Counsel
SBC Communications Inc.
175 East Houston
San Antonio, TX 78205
(210) 351-3476
dw4808@sbc.com

with a copy to:

ARNOLD & PORTER LLP

Federal Communications Commission
February 21, 2005
Page 2

Peter J. Schildkraut
Arnold & Porter LLP
555 12th Street, N.W.
Washington, DC 20004
(202) 942-5634
peter_schildkraut@aporter.com

Also as indicated in the application, please direct questions or correspondence concerning the portion of this application dealing with AT&T Corp. to:

Lawrence J. Lafaro
Federal Regulatory Vice President
AT&T Corp.
Room 3A214
One AT&T Way
Bedminster, NJ 07921
(908) 532-1850
llafaro@att.com

with a copy to

David Lawson
Sidley Austin Brown & Wood LLP
1501 K Street, N.W.
Washington, DC 20005
(202) 736-8088
dlawson@sidley.com

Thank you very much for your assistance.

Sincerely,



Peter J. Schildkraut
Counsel for SBC Communications Inc.

Enclosures

STAMP AND RETURN

FCC/MELLON

FEB 2 22005

COPY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

| | | |
|---|---|---------------------|
| In the Matter of |) | |
| |) | |
| AT&T CORP. |) | WC Docket No. 05-65 |
| |) | |
| and |) | |
| |) | |
| SBC COMMUNICATIONS INC. |) | File No. |
| |) | |
| |) | |
| Application Under Cable Landing License Act and |) | |
| Section 1.767 of the Commission's Rules Pertaining to |) | |
| Authority Under Cable Landing Licenses Granted to |) | |
| AT&T Corp. |) | |

APPLICATION UNDER THE CABLE LANDING LICENSE ACT

Pursuant to the provisions of the Act Relating to the Landing and Operation of Submarine Cables in the United States, 47 U.S.C. §§ 34-39, and Section 1.767 of the rules of the Federal Communications Commission ("FCC" or "Commission"), 47 C.F.R. § 1.767, AT&T Corp. ("AT&T" or "Transferor") (FRN 0005-9379-74), and SBC Communications Inc. ("SBC" or "Transferee") (FRN 0005-1937-01) (collectively, "the Parties"), hereby request consent to the Transferee's acquisition of the stock of AT&T, a licensee of cable landing licenses identified in this application.

The Proposed Transaction. AT&T holds interests in a number of cable landing authorizations issued by the FCC. By the instant application, the Parties seek consent to the acquisition by Transferee of the stock of AT&T. After such acquisition, Transferee will hold all of AT&T's voting stock. A narrative description of the transaction is included as part of the public interest statement included as Attachment 1 to this Application.

The Public Interest. The grant of the instant application will serve the public interest. The public interest statement supporting the grant of FCC consent to this transaction is included as Attachment 1 to this Application.

I. INFORMATION REQUIRED UNDER SECTION 1.767.

Pursuant to Section 1.767 of the Commission's rules, 47 C.F.R. § 1.767, the parties submit the following information:

(1-3) The names, addresses, and telephone numbers of the applicants, the Government, State, or Territory under the laws of which each corporate or partnership applicant is organized, and contact points for correspondence:

(1) The transferor and carrier to be transferred are AT&T Corp. Its address and telephone number are:

AT&T Corp.
c/o Lawrence J. Lafaro
AT&T Corp.
Room 3A214
One AT&T Way
Bedminster, NJ 07921
(908) 532-1850
llafaro@att.com

with a copy to

David Lawson
Sidley Austin Brown & Wood LLP
1501 K Street, N.W.
Washington, DC 20005
(202) 736-8088
dlawson@sidley.com

The transferee is SBC Communications Inc. Its address and telephone number are:

SBC Communications Inc.
c/o Wayne Watts
SBC Communications Inc.
175 East Houston
San Antonio, TX 78205
(210) 351-3476
dw4808@sbc.com

with a copy to:

Peter J. Schildkraut
Arnold & Porter LLP
555 12th Street, N.W.
Washington, DC 20004
(202) 942-5634
peter_schildkraut@aporter.com

(2) AT&T Corp. is a corporation organized and existing under the laws of the state of New York. SBC is a corporation organized and existing under the laws of the state of Delaware.

(3) Correspondence concerning this application should be addressed to the following:

For AT&T:

AT&T Corp.
c/o Lawrence J. Lafaro
AT&T Corp.
Room 3A214
One AT&T Way
Bedminster, NJ 07921
(908) 532-1850
llafaro@att.com

with a copy to

David Lawson
Sidley Austin Brown & Wood LLP
1501 K Street, N.W.
Washington, DC 20005
(202) 736-8088
dlawson@sidley.com

For SBC:

SBC Communications Inc.
c/o Wayne Watts
SBC Communications Inc.
175 East Houston
San Antonio, TX 78205
(210) 351-3476
dw4808@sbc.com

with a copy to:

Peter J. Schildkraut
Arnold & Porter LLP
555 12th Street, N.W.
Washington, DC 20004
(202) 942-5634
peter_schildkraut@aporter.com

(4-5) The Licensee holds the authority for the following submarine cable landing

licenses:

| Entity Name | Authorization Number | Description of Activity Authorized |
|-------------|----------------------|--|
| AT&T | SCL-87-004 | License to land and operate a submarine cable between West Palm Beach, U.S. and Guanabo, Cuba with rigid two-way repeaters and equipped to provide up to 138 two-way voice-grade circuits, each having a bandwidth of approximately 3 kilohertz. |
| AT&T | SCL-90-003 | License to land and operate one high capacity digital submarine cable having a nominal capacity of 565 Mbit/s between Hawaii and New Zealand. |
| AT&T | SCL-92-002 | License to land and operate the above described TAINO-CARIB cable system with six fiber pairs between Puerto Rico and St. Thomas and six fiber pairs between St. Thomas and Tortola, with each pair operating at a speed of 560 Mbps. The TAINO-CARIB cable will have a design capacity equivalent to 45,360 64-Kbps circuits. |
| AT&T | SCL-92-005 | License to land and operate one high capacity digital submarine cable, having a capacity of 4.8 Gbit/s per fiber pair, extending between Coos Bay, Oregon, San Luis Obispo, California, Keawaula, Hawaii, Tumon Bay, Guam, Miyazaki, Japan and Ninomiya, Japan. |

| Entity Name | Authorization Number | Description of Activity Authorized |
|-------------|----------------------|--|
| AT&T | SCL-93-001 | License to land and operate one high capacity digital submarine cable system, having a capacity of: (a) 2.4 Gbps on each of two fiber pairs, extending between West Palm Beach, Florida and St. Thomas, U.S. Virgin Islands, (b) 560 Mbps on two fiber pairs between Cancun, Mexico and West Palm Beach, Florida, (c) 560 Mbps on three fiber pairs between Magens Bay, St. Thomas and the First Branching Unit (BU1), (d) 560 Mbps on four fiber pairs between BU1 and Sardina, Spain, (e) 560 Mbps on two fiber pairs between BU1 and the Second Branching Unit (BU2), (f) 560 Mbps on each single fiber pair between BU2 and Funchal, Portugal, and BU2 and Palermo, Italy. |
| AT&T | SCL-93-002 | License to land and operate one high capacity digital submarine cable system, having a capacity of: (a) 2.4 Gbps on each of two fiber pairs, extending between Vero Beach, Florida and St. Thomas, U.S. Virgin Islands, (b) 560 Mbps on each of three fiber pairs between St. Thomas and the Branching Unit (BU), and the BU and Macqueripe, Trinidad, and (c) 560 Mbps on each of two fiber pairs between Macqueripe, Trinidad and Camuri, Venezuela, and the BU and Fortaleza, Brazil. |
| AT&T | SCL-93-004 | License to land and operate one high capacity digital submarine cable network, having a capacity of 4.8 Gbits/s on each of two fiber pairs, extending between Green Hill, Rhode Island, to Lands End, United Kingdom and then to Penmarch, France, and then to Mastic Beach, New York. |
| AT&T | SCL-94-006 | License to land and operate a high-capacity fiber optic digital submarine cable (622 Mbps on each of 12 fiber pairs), associated regenerators and supervisory circuits extending between the island of St. Thomas and the island of St. Croix in the Caribbean. |

| Entity Name | Authorization Number | Description of Activity Authorized |
|-------------|----------------------|--|
| AT&T | SCL-95-012 | License to land and operate submarine cable system between and among Miramar, Puerto Rico; Isla Verde, Puerto Rico; and Cacique, Dominican Republic, comprised of six optical fiber pairs, each having a capacity of four 155 Mbps Basic System Modules (BSM) with each BSM containing sixty-three MIUs for a total capacity, on each fiber pair, of 252 MIUs. |
| AT&T | SCL-96-003 | License to land and operate submarine cable system between and among Vero Beach, Florida and Nassau, the Bahamas, comprised of five optical fiber pairs, each having a capacity of sixteen 155 Mbps BSM with each BSM containing sixty-three MIUs for a total capacity, on each fiber pair, of 1008 MIUs. |
| AT&T | SCL-97-001 | License to land and operate an optical fiber submarine cable system (two working fiber pairs operating at 2.5 Gbps per pair) extending between St. Thomas, U.S. Virgin Islands; St. Croix, U.S. Virgin Islands; Baby Beach, Aruba; Punto Fijo, Venezuela; Barranquilla, Colombia; Colon, Panama; Panama City, Panama; Punta Carnero, Ecuador; Lurin, Peru; and Arica, Chile. |
| AT&T | SCL-98-002 | License to land and operate the China-U.S. Cable Network, a non-common carrier fiber optic submarine cable system consisting of four fiber pairs operating at 20 gigabits per second (Gbps) per fiber pair in a self-healing ring configuration between the United States; People's Republic of China; Japan; South Korea; Taiwan; and Guam. |
| AT&T | SCL-98-003 | License to land and operate an optical fiber submarine cable system (consisting of two or four fiber pairs depending on subsegment, operating at 2.5 Gbps per wavelength) between Hollywood, Florida; St. Croix, U.S. Virgin Islands; Miramar, Puerto Rico; Le Lamentin, Martinique; Willemstad, Curacao; Camuri, Venezuela; Chaguaramas, Trinidad; Cayenne, French Guiana; and Fortaleza, Brazil. |
| AT&T | SCL-98-004 | License to land and operate a non-common carrier fiber optic cable system (two fiber pairs, initially operating at 5 Gbps per pair, upgradeable to 20 Gbps) extending from Guam to the Philippines. |

| Entity Name | Authorization Number | Description of Activity Authorized |
|-------------|------------------------|---|
| AT&T | SCL-98-005 | License to land and operate an optical fiber submarine cable system (consisting of two working fiber pairs operating at 2.5 Gbps per wavelength) extending between Hollywood, Florida; Mazara de Vallo, Italy; Conil, Spain; and Lisboa, Portugal. |
| AT&T | SCL-LIC-19981117-00025 | License to land and operate an optical fiber submarine cable system (consisting of four working fiber pairs initially operating at 40 Gbps per fiber pair in a self-healing ring configuration, expandable to 160 Gbps per fiber pair, for a total design capacity of 640 Gbps) extending between landing points at cable stations in San Luis Obispo and Point Arena, California; Makaha, Hawaii; Shima, Japan; Maruyama, Japan; and Kitaibaraki, Japan, |
| AT&T | SCL-LIC-19990303-00004 | License to land and operate a non-common carrier submarine cable system (consisting of four fiber pairs, each pair to operate at 160 Gbps with an initial capacity for each pair equivalent to 1024-155 Mbps BSMs, with each BSM containing 63 MIUs) between Manasquan and Tuckerton, New Jersey, Blaabjerg, Denmark, Norden, Germany, Katwijk, the Netherlands, St. Valery, France and Widemouth, United Kingdom. |
| AT&T | SCL-LIC-19990325-00006 | License to land and operate an optical fiber submarine cable system (consisting of two fiber pairs operating at 2.5 Gbps per wavelength) extending between Hollywood, Florida; Cancun, Mexico; Half Moon Bay, Cayman Islands; Puerto Cortes, Honduras; Puerto Limon, Costa Rica; Colon, Panama; and Tolu, Colombia. |

The architecture and capacity of these cable systems are a matter of record and will not change as a result of the proposed transaction.

(6) This application does not seek to change the regulatory classification of the cable systems.

(7) This application does not seek to change the voting or ownership interests of the cable systems or landing stations or the allocation of capacity on the cable systems.

(8) As required by Section 1.767(a)(8) of the Commission's rules, 47 C.F.R.

§ 1.767(a)(8), the Transferee submits the following relevant certifications required by Section 63.18(h) through (k) of the Commission's rules, 47 C.F.R. § 63.18(h)–(k):

- (h) The Transferee has no shareholders owning ten percent or more of its stock. The Transferee does have interlocking directorates with Teléfonos de México, S.A. de C.V. ("Telmex"), which is a carrier or controls carriers in Argentina, Brazil, Chile, Colombia, Mexico, Peru, and the United States, and with América Móvil, S.A. de C.V. ("América Móvil"), which is a carrier or controls carriers in Argentina, Brazil, Colombia, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, the United States, and Uruguay. James W. Callaway, Group President of SBC Communications Inc., is a director of both companies while Jonathan P. Klug, Vice President-Treasurer of SBC Communications Inc. is a director of América Móvil. In addition, Richard P. Resnick, President-SBCI Mexico for SBC International, Inc. (a wholly owned subsidiary of the Transferee), also is a director of Telmex.
- (i) The Transferee hereby certifies that it has no affiliations with foreign carriers, other than as stated below:

SBC is affiliated with the following foreign carrier, which is classified as non-dominant:

Southwestern Bell Communications Services, Inc.
("SBCS") (Canada). SBCS is an indirect wholly owned subsidiary of SBC. As a consequence, SBC holds a controlling interest in SBCS. SBCS is authorized to provide international telecommunications services in Canada but does not provide any such services as of the filing of this application.

Additionally, through various wholly owned subsidiaries, SBC indirectly holds approximately 60 percent of the equity of Cingular Wireless LLC ("Cingular"). Control of Cingular is shared equally by SBC and BellSouth Corporation through their ownership of Cingular Wireless Corporation, which holds less than one percent of the equity of Cingular. Through its ownership of Cingular, SBC has interests in the following foreign carriers, which are non-dominant:

1. Wireless Ventures (Anguilla) Limited (“WVAL”) (Anguilla). Cingular indirectly owns 75 percent of the equity of WVAL, an authorized operator of a domestic and international fixed and mobile wireless network in Anguilla pursuant to a license granted on November 5, 2004. As a mobile carrier that has not yet constructed facilities or commenced operations, WVAL holds less than a 50 percent share of either the Anguillan international transport or the Anguillan local access market.
2. Antigua Wireless Ventures Limited (“AWVL”) (Antigua and Barbuda). Cingular indirectly owns 94.9 percent of the equity of AWVL, an authorized provider of mobile services in Antigua and Barbuda. As a mobile carrier, AWVL holds less than a 50 percent share of either the Antiguan international transport or the Antiguan local access market.
3. Cellular Communications (Barbados) SRL (“CCB”) (Barbados). Cingular indirectly owns 100 percent of the equity of CCB, an authorized operator of a mobile telecommunications network in Barbados. As a mobile carrier, CCB holds less than a 50 percent share of either the Barbadian international transport market or the Barbadian local access market.
4. Telecommunications (Bermuda & West Indies) Limited (“Telecom Bermuda”) (Bermuda). Cingular indirectly owns 60 percent of the equity of Telecom Bermuda, an authorized provider of mobile services in Bermuda. As a mobile carrier, Telecom Bermuda holds less than a 50 percent share of either the Bermudan international transport market or the Bermudan local access market.
5. Wireless Ventures (Cayman Islands) Ltd. (“WVCIL”) (Cayman Islands). Cingular indirectly owns 100 percent of the equity of WVCIL, an authorized provider of mobile telephony in the Cayman Islands. As a mobile carrier, WVCIL holds less than a 50 percent market share of either the Caymanian international transport market or the Caymanian local access market.
6. Communications Systems Curaçao N.V. (“CSC”) (Curaçao, Netherlands Antilles). Cingular indirectly owns 100 percent of the equity of CSC, an authorized operator of a mobile telecommunications network in Curaçao, Netherlands Antilles. As a mobile carrier, CSC holds less

than a 50 percent share of either the Curaçao international transport market or the Curaçao local access market.

7. Wireless Ventures (Dominica) Ltd. (“WVDL”) (Dominica). Cingular indirectly owns 100 percent of the equity of WVDL, an authorized operator of a public cellular mobile telecommunications network and a provider of public cellular mobile telecommunications services in the Commonwealth of Dominica. As a mobile carrier, WVDL holds less than a 50 percent share of either the Dominican international transport market or the Dominican local access market.
8. Oceanic Digital FWI S.A.S. (“ODFWI”) (French West Indies islands of Guadeloupe, Martinique, Saint-Barthélemy, and Saint-Martin). Cingular indirectly owns 100 percent of the equity of ODFWI, an authorized operator of a public cellular mobile telecommunications network and a provider of public cellular mobile telecommunications services in the French West Indies islands of Guadeloupe, Martinique, Saint-Barthélemy, and Saint-Martin. As a mobile carrier, ODFWI holds less than a 50 percent share in either the international transport market or the local access market of Guadeloupe, Martinique, Saint-Barthélemy, and Saint-Martin.
9. Grenada Wireless Holdings Ltd. (“GWHL”) (Grenada). Cingular indirectly owns 100 percent of the equity of GWHL, an authorized operator of a public cellular mobile telecommunications network and provider of public cellular mobile telecommunications services in Grenada. As a mobile carrier, GWHL holds less than a 50 percent share of the Grenadan international transport market or the Grenadan local access market.
10. IDEA Cellular Limited (“IDEA”) (India). Cingular indirectly owns 32.91 percent of the equity of IDEA, an authorized provider of mobile services in certain geographic regions of India. As a mobile carrier, IDEA holds less than a 50 percent share of the Indian international transport market or the Indian local access market.¹

¹ Cingular has reached a definitive agreement to sell this interest, which is expected to close in the first quarter of 2005. Press Release, Cingular Wireless, *Cingular Wireless to Sell Stake in IDEA Cellular* (Dec. 11, 2004), <http://www.prnewswire.com/micro/cingull>.

11. Wireless Ventures (Jamaica) Limited (“WVJL”) (Jamaica). Cingular indirectly owns 100 percent of the equity of WVJL, an authorized provider of limited mobile services in Jamaica. As a mobile carrier, WVJL holds less than a 50 percent share of the Jamaican international transport market or the Jamaican local access market.
12. Wireless Ventures (St. Kitts-Nevis) Limited (“WVSTK”) (Saint Kitts and Nevis). WVSTK is an indirect wholly owned subsidiary of Cingular and is an authorized mobile services provider in Saint Kitts and Nevis. As a mobile carrier, WVSTK holds less than a 50 percent share of the international transport and local access markets in Saint Kitts and Nevis.
13. Wireless Ventures (St. Lucia) Limited (“WVSTL”) (Saint Lucia). Cingular indirectly owns 69 percent of the equity in WVSTL, an authorized provider of mobile services in Saint Lucia. As a mobile carrier, WVSTL holds less than a 50 percent share of the St. Lucian international transport market or the St. Lucian local access market.
14. Wireless Ventures (St. Vincent) Ltd. (“WVSVG”) (Saint Vincent and the Grenadines). Cingular indirectly owns 70 percent of the equity of WVSVG, an authorized provider of mobile services in Saint Vincent and the Grenadines. As a mobile carrier, WVSVG holds less than a 50 percent share of the Vincentian international transport market or the Vincentian local access market.

(j) The Transferee hereby certifies that it does not control any foreign carriers, other than as stated below:

Country with SBC-Controlled Affiliate: Canada (SBCS).

Countries with Cingular-Controlled Affiliates: Anguilla (WVAL); Antigua and Barbuda (AWVL); Barbados (CCB); Bermuda (Telecom Bermuda); Cayman Islands (WVCIL); Curaçao, Netherlands Antilles (CSC); Dominica (WVDL); French West Indies islands of Guadeloupe, Martinique, Saint-Barthélemy, and Saint-Martin (ODFWD); Grenada (GWHL); Jamaica (WVJL); Saint Kitts and Nevis (WVSTK); Saint Lucia (WVSTL); and Saint Vincent and the Grenadines (WVSVG).

(k) The Transferee hereby certifies that all of the countries listed in its response to Section 63.18(i) are WTO Member countries.²

(9) The Transferee certifies that it accepts and abides by the routine conditions specified in Section 1.767(g), 47 C.F.R. § 1.767(g).

II. REQUIRED ANTI-DRUG ABUSE ACT CERTIFICATION

The Parties hereby certify that no party to this Application, as defined in 47 C.F.R. § 1.2002(b), is subject to denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. § 862.

² See WTO Members and Observers List, at http://wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm (last visited Dec. 21, 2004); *In re Application of Cable & Wireless USA, Inc.*, Order, Authorization and Certificate, 15 FCC Rcd. 3050, 3052 ¶ 7 (Telecomms. Div., IB 2000) (finding that U.K. WTO commitments extend to British overseas territories such as Bermuda and the Cayman Islands); *see also* The Kingdom of the Netherlands with Respect to the Netherlands Antilles, Schedule of Specific Commitments, GATS/SC/3, WTO Doc. 94-1002 (Apr. 15, 1994) (only WTO members may file such schedules of specific commitments); France in Respect of New Caledonia, Schedule of Specific Commitments, GATS/SC/61, WTO Doc. 94-1058 (Apr. 15, 1994) (same).

CONCLUSION

Accordingly, the Parties respectfully request that the Commission grant authority for consummation of the transaction described herein.

Respectfully submitted,

AT&T Corp.

By: _____
Lawrence J. Lafaro
AT&T Corp.
One AT&T Way
Bedminster, New Jersey 07921
(908) 532-1850 (phone)
(908) 532-1281 (facsimile)

SBC Communications Inc.

By: 
Wayne Watts
SBC Communications Inc.
175 East Houston
San Antonio, Texas 78205
(210) 351-3476 (phone)
(210) 351-3257 (facsimile)

CONCLUSION

Accordingly, the Parties respectfully request that the Commission grant authority for consummation of the transaction described herein.

Respectfully submitted,

AT&T Corp.

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SBC Communications Inc.

By: _____

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175 East Houston
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Merger of
SBC Communications Inc.
and
AT&T Corp.

***Description of the Transaction, Public Interest Showing,
and Related Demonstrations***

Filed with the Federal Communications Commission
February 21, 2005

In connection with the proposed transaction, SBC intends to file a registration statement, including a proxy statement of AT&T Corp., and other materials with the Securities and Exchange Commission (the "SEC"). Investors are urged to read the registration statement and other materials when they are available because they contain important information. Investors will be able to obtain free copies of the registration statement and proxy statement, when they become available, as well as other filings containing information about SBC and AT&T Corp., without charge, at the SEC's Internet site (www.sec.gov). These documents may also be obtained for free from SBC's Investor Relations web site (www.sbc.com/investor_relations) or by directing a request to SBC Communications Inc., Stockholder Services, 175 E. Houston, San Antonio, Texas 78258. Free copies of AT&T Corp.'s filings may be accessed and downloaded for free at the AT&T Relations Web Site (www.att.com/ir/sec) or by directing a request to AT&T Corp., Investor Relations, One AT&T Way, Bedminster, New Jersey 07921.

SBC, AT&T Corp. and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from AT&T shareholders in respect of the proposed transaction. Information regarding SBC's directors and executive officers is available in SBC's proxy statement for its 2004 annual meeting of stockholders, dated March 11, 2004, and information regarding AT&T Corp.'s directors and executive officers is available in AT&T Corp.'s proxy statement for its 2004 annual meeting of shareholders, dated March 25, 2004. Additional information regarding the interests of such potential participants will be included in the registration and proxy statement and the other relevant documents filed with the SEC when they become available.

Certain matters discussed in this statement, including the appendices attached, are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, without limitation, the information concerning possible or assumed future revenues and results of operations of SBC and AT&T, projected benefits of the proposed SBC/AT&T merger and possible or assumed developments in the telecommunications industry. Readers are cautioned that the following important factors, in addition to those discussed in this statement and elsewhere in the proxy statement/prospectus to be filed by SBC with the Securities and Exchange Commission, and in the documents incorporated by reference in such proxy statement/prospectus, could affect the future results of SBC and AT&T or the prospects for the merger: (1) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (2) the failure of AT&T shareholders to approve the merger; (3) the risks that the businesses of SBC and AT&T will not be integrated successfully; (4) the risks that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected; (5) disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; (6) competition and its effect on pricing, costs, spending, third-party relationships and

revenues; (7) the risk that Cingular Wireless LLC could fail to achieve, in the amount and within the timeframe expected, the synergies and other benefits expected from its acquisition of AT&T Wireless; (8) final outcomes of various state and federal regulatory proceedings and changes in existing state, federal or foreign laws and regulations and/or enactment of additional regulatory laws and regulations; (9) risks inherent in international operations, including exposure to fluctuations in foreign currency exchange rates and political risk; (10) the impact of new technologies; (11) changes in general economic and market conditions; and (12) changes in the regulatory environment in which SBC and AT&T operate.

The cites to webpages in this document are for information only and are not intended to be active links or to incorporate herein any information on the websites, except the specific information for which the webpages have been cited.

EXECUTIVE SUMMARY

For more than a century, the telecommunications networks and services in this country were the envy of the world. We had the fastest, cheapest, most advanced technology and an infrastructure that reached into just about every home and business in the nation. No other country could boast comparable levels of service and technology.

As a result, our telecom industry has long been a critical engine for domestic economic growth. The telecom sector standing alone accounts for nearly three percent of the U.S. GDP -- more than any other high-tech industry. The existing infrastructure reflects literally trillions of dollars in capital investment. At its peak in the year 2000, the sector as a whole was investing about \$110 billion per year, and thus accounted for about 10 percent of all annual capital spending in the United States. Through its impact on productivity, moreover, the telecom sector's capital investment boosts economic output across the board. The Bureau of Economic Analysis estimates that each dollar invested in U.S. telecom infrastructure results in nearly three dollars of economic output. That multiplier is likely to get larger as ubiquitous, low-cost broadband service becomes more widely available.

The telecom sector has had a commensurately large impact on employment. In the year 2000, it employed almost 1.2 million workers. Employment in the telecom sector as a whole grew more than twice as fast as the national average between 1998 and 2000, and, by the year 2000, the telecom sector was paying nearly twice the average U.S. salary.

As we all know, that situation has changed dramatically. We are currently in a period of “creative destruction” that is transforming the industry. New technologies have advanced at a rapid pace to compete with and displace traditional telecommunications services.

Cable television operators are expected to offer telephony – either VoIP or circuit-switched – to two-thirds of American homes by the end of 2005. At the same time, wireline traffic is increasingly moving to wireless networks, as the already ubiquitous wireless carriers overtake wireline carriers in terms of total “lines” served. And the proliferation of broadband networks – while offering a host of new, IP-based services to consumers – likewise is draining traffic off wireline networks at an astonishing clip.

These competitive developments – though of obvious benefit to consumers – pose a direct threat to the nation’s traditional wireline infrastructure. Over the long term, technological transformations cannot be sustained and expanded without extraordinary further investments of capital. Yet just the opposite is happening today. Since 2000, telecommunications service providers, and the equipment manufacturers that supply them, have lost over 700,000 jobs and over \$2 trillion in market capitalization, while annual investment declined by more than \$70 billion, and the United States fell to 11th in the world in deployment of advanced broadband networks. The capital markets have recognized the increased business risks inherent in traditional telecommunications firms – resulting in constrained access to capital and increasing costs.

This is the environment in which SBC and AT&T find themselves today. Both have endured dramatic declines in market capital, revenues, and jobs. Yet both have

significant strengths and resources that are critical to the future of U.S.

telecommunications.

The 1984 divestiture of the Bell System and the ensuing 20 years of regulation have segregated the telecommunications industry along artificial local and long distance faults. Companies on both sides of the divide were long precluded from taking advantage of the enormous efficiencies associated with operating an end-to-end network. But the broadband future of our country critically depends on the ability of companies to assemble these separate networks. The maximum potential of broadband can only be achieved where broadband capabilities are implemented at all levels of the network.

That is why the merger of SBC and AT&T provides such an ideal opportunity at this juncture, when intermodal competitors (wireless and cable in particular) are challenging the traditional networks. The existence of separate local and long distance companies no longer benefits consumers. But neither SBC nor AT&T standing alone has the assets and expertise necessary to assemble a true nationwide end-to-end broadband network. Their union will allow beneficial vertical integration without diminishing vigorous horizontal competition. The merger of these two legacy carriers is the most logical and natural outcome to ensure a strong and vibrant industry.

SBC and AT&T have complementary strengths and product sets, and have focused on sales to different groups of customers. SBC is a financially strong provider of voice, data, broadband, and related services to consumers, businesses – especially small and mid-sized businesses – and wholesale customers, primarily on a local and regional basis in its 13-state region. SBC holds a 60% ownership interest in the largest U.S. wireless company, Cingular Wireless, and is one of the leading providers of residential

broadband DSL services. At present, SBC is making a \$4 billion investment to implement its initial roll-out of next-generation video and other IP-based voice and data services to 18 million households within three years.

AT&T has a different focus. It provides a broad array of voice, data, and IP-based services to customers on its global and national IP-based networks. It has a presence in more than 50 countries, allowing it to compete for the business of the largest global enterprises. AT&T has been a leader in the development of innovative products through its AT&T Labs.

The combined SBC and AT&T will be a stronger and more enduring U.S.-based global competitor than either company could be alone, capable of delivering the advanced network technologies necessary to offer integrated, innovative high quality and competitively priced telecommunications services to meet the national and global needs of all classes of customers worldwide. The combined company will have the resources, expertise, and incentive to adapt the sophisticated products that AT&T has developed for its enterprise customers to the needs of small and medium businesses and consumers, and the marketing expertise and infrastructure to reach those customers. The merger will ensure that AT&T, on which the government heavily depends for national security and other needs, remains a strong American company.

Indeed, the merger will produce a flagship U.S. carrier that will offer the most efficient, highest quality capabilities to government, business, and residential customers nationwide. Combining the two companies' core strengths will result in more investment in, and faster deployment, of innovative new technologies and services, and those services will benefit all customers, not just those now served by the legacy companies.

As described above and as demonstrated further in this application, the merger will produce numerous tangible public interest benefits, and it will enhance, not harm, competition in any sector. In the mass market, AT&T's independent, irreversible decision to stop pursuing such customers for either local or long distance wireline telephony means that it is no longer a substantial competitor in that market, and the elimination of AT&T as an independent corporate entity could not harm mass market competition. Moreover, even before AT&T's decision, the Commission had already concluded in the section 271 process that all local markets in SBC's states are open to competition. Far from harming competition, the merger will *enhance* competition outside of SBC's region and will certainly not *reduce* such competition within that region. The enterprise segment is exceptionally competitive. Suppliers include interexchange carriers, systems integrators, equipment vendors and value-added service providers, other network providers, foreign carriers, CLECs, cable operators, and other ILECs. Moreover, because enterprise customers are highly sophisticated, have widely heterogeneous needs, and rely on complicated and detailed bidding procedures, providers cannot successfully engage in anticompetitive conduct. Finally, as explained in the application, the merger raises no concern about diminished competition in the markets for Internet backbone, wireless, or international services.

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For all of these reasons, this merger will decisively advance the public interest, it will not harm competition, and the transfer applications should be approved expeditiously.

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The full "Description of the Transaction, Public Interest Showing, and Related Demonstrations" may be found in the Commission's Electronic Comment Filing System at <http://www.fcc.gov/cgb/ecfs/> under WC Docket Number 05-65 and is incorporated herein by reference.

CERTIFICATE OF SERVICE

The undersigned does hereby certify that a complete copy of the foregoing application was delivered by hand or by first-class United States Mail, postage pre-paid, to the following, on this 22nd day of February, 2005:

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