

February 21, 2005

Federal Communications Commission
Wireline Competition Bureau-CPD-214 Appls.
c/o Mellon Bank Client Service Center
Attn: FCC Module Supervisor
500 Ross Street, Room 670
Pittsburgh, PA 15262-0001
Lockbox Number 358145

Re: Application of AT&T Corp. and SBC Communications Inc. Pursuant to Section 214 of the Communications Act of 1934 and Section 63.04 of the Commission's Rules for Consent to Transfer Control of AT&T Corp., a Company Controlling Domestic Section 214 Authority

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. Pursuant to Section 214 of the Communications Act of 1934 and Section 63.04 of the Commission's Rules for Consent to Transfer Control of AT&T Corp., a company controlling domestic section 214 authority. 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

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FEB 22 2005

COPY

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
AT&T CORP.)	WC Docket No. 05-65
)	
and)	
)	
SBC COMMUNICATIONS INC.)	File No.
)	
Application Pursuant to Section 214 of the)	
Communications Act of 1934 and Section 63.04 of)	
the Commission's Rules for Consent to the Transfer)	
of Control of AT&T Corp. to SBC Communications Inc.)	

Attention: Wireline Competition Bureau

APPLICATION FOR CONSENT TO TRANSFER OF CONTROL

Pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and Section 63.04 of the Commission's rules, 47 C.F.R. § 63.04, AT&T Corp. ("AT&T") (FRN 0005-9379-74) and SBC Communications Inc. ("SBC") (FRN 0005-1937-01) seek consent to the transfer of control of AT&T and its subsidiaries to SBC.¹ AT&T holds blanket authority pursuant to Section 214 to provide domestic telecommunications services.²

By itself and through wholly-owned operating subsidiaries, AT&T operates and manages a technologically advanced, fully operational network that spans approximately 76,000 route-miles and serves nearly 60 million customers worldwide. Grant of FCC consent to the transfer of control of AT&T and its subsidiaries will permit consummation of an exchange offer

¹ SBC and AT&T are collectively referred to herein as the "Parties" or the "Applicants."

² AT&T had previously been issued numerous separate specific grants of domestic Section 214 authority under prior Commission regulatory regimes. These legacy domestic Section 214 authorizations are now subsumed under the blanket domestic Section 214 authority held by AT&T. AT&T also holds international Section 214 authority, cable landing licenses, satellite earth station licenses, an international public fixed radio license, experimental licenses, microwave licenses, private radio licenses, and other wireless FCC authorizations. The Parties concurrently are filing applications for consent to the transfer of control of these authorizations.

of stock that has been approved by the Boards of Directors of AT&T and SBC, and thus permit the transfer of control of AT&T and its domestic telecommunications network to SBC.

A more detailed description of the Parties and the transaction are provided below, along with the information required pursuant to Section 63.04 of the Commission's rules.

I. Description of the Applicants

A. AT&T Corp. ("AT&T"). AT&T provides domestic common carrier services pursuant to the blanket Section 214 authority granted in Section 63.01(a) of the Commission's rules.³

AT&T is a publicly traded New York corporation, the stock of which is widely held by members of the public. There are no 10% or greater shareholders of AT&T.

B. SBC Communications Inc. ("SBC"). SBC is a publicly traded Delaware corporation, the stock of which is widely held by members of the public. There are no 10% or greater shareholders of SBC.

II. Description of the Transaction

SBC and AT&T have entered into an agreement that contemplates the initiation and consummation of an exchange offer through which SBC will acquire all of the issued and outstanding shares of AT&T's stock. A description of the transaction is included with the Public

³ AT&T has the following wholly-owned subsidiaries that also have been authorized under Section 214: AT&T Interstate Division; AT&T Communications of Illinois, Inc.; AT&T Communications of Indiana, Inc. (now AT&T Communications of Indiana, GP); AT&T Communications of Michigan, Inc.; AT&T Communications of Ohio, Inc.; AT&T Communications of Wisconsin, Inc. (now AT&T Communications of Wisconsin I, LP); AT&T Communications of New England, Inc.; AT&T Communications of New York, Inc.; AT&T Communications of Washington D.C., Inc. (now AT&T Communications of Washington D.C., LLC); AT&T Communications of Delaware, Inc. (now AT&T Communications of Delaware, LLC); AT&T Communications of Maryland, Inc. (now AT&T Communications of Maryland, LLC); AT&T Communications of New Jersey, Inc. (now AT&T Communications of NJ, LP); AT&T Communications of Pennsylvania, Inc. (now AT&T Communications of Pennsylvania, LLC); AT&T Communications of Virginia, Inc. (now AT&T Communications of Virginia, LLC); AT&T Communications of West Virginia, Inc.; AT&T Communications of The Midwest, Inc.; AT&T Communications of The Southwest, Inc.; AT&T Communications of The Southern States, Inc. (now AT&T Communications of The Southern States, LLC); AT&T Communications of The South Central States, Inc. (now AT&T Communications of The South Central States, LLC); AT&T Communications of California, Inc.; AT&T Communications of The Mountain States, Inc.; AT&T Communications of Nevada, Inc.; AT&T Communications of Pacific Northwest, Inc.; AT&T Communications of Puerto Rico, Inc.; and AT&T Communications of The Virgin Islands, Inc.

Interest Statement in Attachment 1 to this application.

III. Public Interest Showing

A demonstration that a grant of this application will serve the public interest, convenience, and necessity is included in Attachment 1 to this application.

IV. Information Required by Section 63.04

The Parties seek authority for the transfer of control of AT&T to SBC. Therefore, pursuant to Section 63.04(a) of the Commission's rules, the Parties submit the following information in support of this application:

(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) As stated above, there are no 10% or greater shareholders of either AT&T or SBC.

(5) AT&T and SBC hereby certify pursuant to Sections 1.2001 through 1.2003 of the Commission's rules that no party to the application is subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(6) As set forth above, this application seeks Commission consent to the transfer of control of AT&T and its subsidiaries to SBC.

(7) AT&T provides a variety of telecommunications services to domestic and multi-national businesses and government agencies. These services include retail and wholesale domestic and international voice services. AT&T is one of the most important providers of communications services to the U.S. government, and provides services that include capabilities for the highest levels of security, reliability, recoverability, and global coverage. Based on these capabilities, AT&T is also an established provider to many of the largest businesses and wholesale customers, including those with requirements in multiple, widely dispersed locations in this country and around the globe. AT&T's residential services include traditional long distance voice services such as domestic and international dial and toll-free services, as well as operator-assisted services. In addition, AT&T Consumer Services provides dial-up Internet services and all-distance services, which bundle AT&T's facilities-based long distance services with local services provided through "UNE-P" arrangements with incumbent local exchange carriers. Although AT&T announced last year that it no longer would actively compete for new mass-market customers, AT&T provided long distance service (including both stand-alone and

bundled) to approximately 24.6 million residential customers at the end of 2004, compared to 34.4 million customers at the end of 2003. AT&T provided local service (through UNE-P arrangements) to approximately 4.2 million customers at the end of 2004 and 4.0 million at the end of 2003.

SBC, its subsidiaries, and its affiliates offer voice and data telecommunications services to approximately one third of the U.S. population across thirteen states, including Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin. SBC also provides services in 30 MSAs outside its region. It serves 52.4 million access lines and is the nation's leading provider of DSL transport services, with 5.1 million DSL lines in service.

(8) The parties do not request streamlined treatment for the instant application.

(9) As noted above, AT&T holds international Section 214 authority, cable landing licenses, satellite earth station licenses, experimental licenses, microwave licenses, private radio licenses and other wireless FCC authorizations. The Parties are concurrently filing applications seeking Commission consent to the transfer of control of these authorizations.

(10) The Parties do not request special consideration as the business in question is not facing imminent failure.

(11) No waiver requests are being filed in conjunction with the transaction.

(12) As stated above, a statement showing how grant of this application will serve the public interest, convenience, and necessity is included in Attachment 1 to this application.

V. Conclusion

For the foregoing reasons, the Parties respectfully request that the Commission consent to the transfer of control of AT&T and its domestic telecommunications operations to SBC Communications Inc.

Respectfully submitted,

AT&T Corp.

SBC Communications Inc.

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

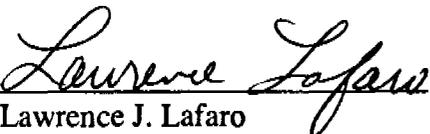
By: 
Wayne Watts
SBC Communications Inc.
175 East Houston
San Antonio, Texas 78205
(210) 351-3476 (phone)
(210) 351-3257 (facsimile)

V. Conclusion

For the foregoing reasons, the Parties respectfully request that the Commission consent to the transfer of control of AT&T and its domestic telecommunications operations to SBC Communications Inc.

Respectfully submitted,

AT&T Corp.

By: 
Lawrence J. Lafaro
AT&T Corp.
One AT&T Way
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(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)

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.

* * *

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.

* * *

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.