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March 15, 2006

VIA ELECTRONIC SUBMISSION

Marlene H. Dortch
Secretary
Federal Communications Commission
445 Twelfth Street, N.W.
Suite 1100
Washington, D.C. 20554

Re: In the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from Ameritech Corporation, Transferor to SBC Communications, Inc. Transferee (CC Docket No. 98-141)

Dear Ms. Dortch:

In accordance with Paragraph 65(c) of the *SBC/Ameritech Merger Order*,¹ AT&T Inc.² (or “the Company”) submits the attached “Annual Compliance Report” for the calendar year 2005.

If you have any questions regarding this report, please contact me at (202) 326-8919.

Sincerely,

A handwritten signature in purple ink that reads "mthomas".

Attachment

cc: Mr. Trent Harkrader
Mr. Hugh Boyle
Mr. Pete Young

¹ *Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, DF90, 95 and 101 of the Commission’s Rules (“Merger Order”).* Included in Appendix C of the Merger Order were Merger Conditions that affected the combined entities post-merger business operations of SBC Communications Inc. (“SBC” or “Company”) and Ameritech Corporation (“Ameritech”).

² SBC Communications Inc. adopted AT&T Inc. as the company’s new name following the close of the SBC/AT&T Merger on November 18, 2005.

AT&T Inc.

**SBC/Ameritech Merger Conditions
2005 Compliance Report to the FCC**

Priscilla Hill-Ardoin
Senior Vice President-Regulatory
Compliance
AT&T Inc.

March 15, 2006

Merger Compliance Report – March 15, 2006
AT&T Inc.

Table of Contents

	<u>Page</u>
Introduction	3
I. Summary of Compliance Activities and Merger Efficiencies	4
II. Discussion of Compliance by Condition	
<u>Promoting Equitable and Efficient Advanced Services Deployment</u>	
3 Advanced Services OSS	6
6 Non-discriminatory Rollout of xDSL Services	6
<u>Ensuring Open Local Markets</u>	
8 Uniform and Enhanced OSS.....	7
14 Carrier-to-Carrier Promotions: Unbundled Loop Discount	7
15 Carrier-to-Carrier Promotions: Resale Discount	8
16 Carrier-to-Carrier Promotions: UNE Platform	9
<u>Ensuring Compliance with and Enforcement of These Conditions</u>	
26 Compliance Program	9
27 Independent Auditor	10
28 Enforcement	10
29 Sunset	11
30 Effect of Conditions	11
Appendix 1	13
Appendix 2	14

Merger Compliance Report – March 15, 2006
AT&T Inc.

Introduction

On October 8, 1999,¹ the Federal Communications Commission (“FCC” or “Commission”) released its Report and Order (“Order”) in CC Docket No. 98-141, regarding the *Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, DF90, 95 and 101 of the Commission’s Rules* (“Merger Order”). Included in Appendix C of the Merger Order were Merger Conditions that affected the combined entities post-merger business operations of SBC Communications Inc. (“SBC” or “Company”) and Ameritech Corporation (“Ameritech”). Pursuant to the Merger Conditions, Paragraph 65c requires that an annual compliance report be submitted no later than March 15 of the calendar year following the year covered by the report.

SBC merged with AT&T Corp. effective November 18, 2005 and adopted AT&T Inc. as the name for the combined entity. For references prior to that date, SBC is used to describe the Company. AT&T Inc. (AT&T) is used to describe the Company in references to events or requirements that occurred after November 21, 2005.

AT&T provides this Annual Compliance Report for the Calendar Year 2005 (“Report Period”) in compliance with Paragraph 65c. The Merger Conditions were entered into in 1999 and the majority of the merger conditions sunset 36 months after October 8, 1999 (the closing date of the merger), 36 months after the requirement was first implemented, or as otherwise specified. By 2005, all but six of the 25 operative Merger Conditions had sunset, and for each of the six remaining conditions, the only requirement was to continue to provide the benefit of the condition for the remainder of the prescribed 36 month period. Only two conditions remained at year-end 2005, both of which will sunset in 2006, at which time the Merger Conditions will have been satisfied in their entirety.

The first section of the report provides a summary of the actions taken to ensure continued compliance. The second section describes the objectives and compliance activities associated with the remaining Merger Conditions during the Report Period and is presented in a format substantially similar to the independent auditor’s report on compliance with the Merger Conditions.

¹ October 8, 1999 is referred to as the Merger Close Date or “Merger Closing Date” throughout this report.

Merger Compliance Report – March 15, 2006
AT&T Inc.

I. Summary of Compliance Activities and Merger Efficiencies

1. Assignment of Compliance Responsibilities

1.1 Corporate Compliance Officer

On September 27, 2002, the Audit Committee of the Board of Directors appointed Priscilla Hill-Ardoin, Senior Vice President – Regulatory Compliance, as FCC Corporate Compliance Officer and this appointment remained in effect during 2005. During the period covered by this report, the FCC Corporate Compliance Officer's responsibilities included the following:

- Monitoring AT&T's compliance program and status regarding the remaining deadlines specified in the Merger Conditions
- Providing periodic reports to the Commission regarding AT&T's compliance as required by the Merger Conditions and consulting with the Commission as needed regarding AT&T's compliance with the Merger Conditions

1.2 Audit Committee

The FCC Corporate Compliance Officer reported periodically to the Audit Committee of AT&T's Board of Directors in 2005 to monitor AT&T's status regarding completing the Merger Conditions.

1.4 Executive Compliance Group

For each of the remaining Merger Conditions, a corporate officer continued to have primary responsibility for achieving and maintaining compliance. A list of the responsible officers and their respective Merger Conditions is provided in Appendix 1 of this Compliance Report.

2. Audit and Documentation Requirements

2.1 Annual FCC Compliance Report

The Annual Compliance Report ("Report") as submitted herein is required by Paragraph 65c of the Merger Conditions. This Report addresses AT&T's compliance with the Merger Conditions and documents the activities AT&T has undertaken to maintain compliance. Each Business Unit has maintained sufficient documentation to enable the Corporate Compliance Officer to file this Report.

2.2 Independent Compliance Audit

On September 7, 1999, SBC engaged Ernst & Young LLP ("E&Y") as the independent auditor to perform the examination and agreed-upon procedures engagements required

Merger Compliance Report – March 15, 2006
AT&T Inc.

by the Merger Conditions and this engagement included the 2005 report year. The Commission's letter of August 24, 1999 to the Company indicated the Commission's acceptance of the auditor.

3. Internal Controls and Training

The Company recognizes that maintenance of an effective internal control structure is an essential element to ensure continued compliance with the Merger Conditions. AT&T's Wholesale organization (Industry Markets) was the only business unit with Merger Obligations to be adhered to in 2005. Controls and training in 2005 were focused on maintaining compliance with previously implemented methods and procedures as the deployment requirements of the Merger Conditions were completed prior to 2005. Industry Markets assigned each functional area such as residential Unbundled Network Elements ("UNE") and resale discounts, and Operations Support Systems ("OSS") availability to a product manager or subject matter expert. Methods and Procedures used by the Industry Markets organization included instructions and references to merger-related discounts where appropriate.

4. Merger Efficiencies

The Company completed recognition of merger efficiencies prior to 2005.

II. Discussion of Compliance by remaining 2005 Merger Conditions

3. Advanced Services Operations Support Systems (OSS)

Description and Objectives: Condition 3 required SBC to provide options for pre-ordering and ordering components used to provide digital subscriber line and other Advanced Services. This Condition also required SBC to provide unaffiliated carriers with access to the OSS enhancements on a specified schedule and made provisions for voluntary payments if dates were missed.

The following addresses SBC's compliance with the requirements of this condition:

SBC continued to make available the enhanced Datagate² or Electronic Data Interchange ("EDI") interfaces for pre-ordering and ordering xDSL and other Advanced Services implemented by SBC according to the Future Mode of Operation Timeline – Release Schedule in the Plan of Record filed April 3, 2000, and Phase 2 of the collaborative sessions ended on December 22, 2000. SBC completed the enhancements to Advanced Services OSS on October 22, 2001, except in Connecticut, where the enhancements were completed on August 6, 2002.

SBC was obligated to make the OSS enhancements and additional interfaces required by this Condition available for not less than 36 months after they were deployed. As such, this Condition sunset in 2004, except for SBC East ("Connecticut") where the condition sunset on August 7, 2005.

6. Non-discriminatory Rollout of xDSL Services

Description and Objectives: In an effort to ensure that xDSL services are available to low-income consumers, this Condition provides that at least 10 percent of all rural and 10 percent of all urban wire centers be designated as low-income wire centers. Once xDSL is deployed in 20 wire centers in a given category (i.e. rural or urban) in a given state, at least 10 percent of the wire centers must be from the low-income pool. The Company is required to file a quarterly report with the Commission describing the status of its xDSL roll-out.

The following addresses SBC's compliance with the requirements of this condition:

- For 36 months after SBC had deployed xDSL in at least 20 urban or 20 rural wire centers in a particular state, at least 10 percent of the urban or rural wire centers in which xDSL had been deployed were wire centers identified from the Low-Income Pool.

² In the Second Quarter of 2005 (after the obligations under Merger Condition #3 had expired in the West and Southwest regions in 2004), the Datagate interface which was made available in the West and Southwest regions was retired in accordance with the Change Management Processes required under Merger Condition #8.

Merger Compliance Report – March 15, 2006
AT&T Inc.

- This Condition sunset on a state-by-state and urban/rural category basis in accordance with the timeframes set forth in the Merger Conditions. The final state and wire center category sunset on January 11, 2005, and the Condition was fully satisfied when SBC filed the last quarterly report with the FCC on March 4, 2005. E&Y included compliance with Condition 6 through the 2005 sunset date in their audit report for 2004.

8. *Uniform and Enhanced OSS*

Description and Objectives: Condition 8 generally provided for the development and deployment of uniform, electronic OSS throughout the 13-state SBC Service Area. In particular, this condition required SBC to develop and deploy uniform application-to-application and graphical user interfaces that supported pre-ordering, ordering, provisioning, maintenance/repair, and billing. It also required SBC to develop and deploy uniform business rules for completing CLEC local service requests, or a software solution that ensures that CLEC-submitted local service requests were consistent with SBC's business rules. Condition 8 further required SBC to develop and offer to state commissions a uniform change management process. In addition, it required SBC to offer to develop both direct access to SBC's service order systems and enhancements to the existing Electronic Bonding Interface ("EBI") interface for OSS that support maintenance and repair services for a period of 30 months following the Merger Closing Date.

This Condition sunset in 2003, except with respect to the obligation to provide access to the OSS enhancements and any additional interfaces required by Paragraphs 26, 27, 29, and 30 of this Condition for not less than 36 months after they were deployed.³

The following addresses SBC's compliance with the requirements of this Condition:

- Pursuant to Paragraph 27, SBC continued to make available the OSS enhancements and interfaces deployed in 2002 pursuant to Uniform and Enhanced Plan of Record ("POR") as directed by the FCC on September 22, 2000. The obligation sunset on April 24, 2005, except in Connecticut, where the obligation sunset on August 7, 2005.
- Pursuant to Paragraph 31, on April 10, 2003, the Company notified the Commission that it had completed Phase III of the Uniform Business Rules Plan of Record within the 18-month deadline following the conclusion of Phase II.

14. *Carrier-to-Carrier Promotions: Unbundled Loop Discount*

Description and Objectives: Condition 14 required that SBC offer a Promotional Discount program whereby a CLEC can purchase at a discount, a basic unbundled

³ In the Second Quarter of 2005 (after the obligations under Merger Condition #3 had expired in the West and Southwest regions in 2004), the Datagate interface which was made available in the West and Southwest regions was retired in accordance with the Change Management Processes required under Merger Condition #8.

Merger Compliance Report – March 15, 2006
AT&T Inc.

network element loop facility for use in providing residential telephone service to its end user customers. Each loop sold during the promotional period is allowed the promotional discount for a period of three years. This Condition provided an offering window that was the latest of the following: 1) 24 months after commencement of the offering window period (November 7, 1999); 2) the first day on which SBC is authorized to provide in-region, interLATA services in the relevant state; or 3) the first date on which SBC provides facilities-based telephone exchange service to at least one customer in each of the 15 out-of-territory markets pursuant to paragraph 59 of the Merger Conditions (April 8, 2001).

The requirement to offer the discount sunset on a state-by state basis as 271 approval was obtained. SBC remains obligated to discount loops ordered pursuant to this offering for 36 months after a qualifying loop is installed and operational, or the period during which the loop remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

The following addresses SBC's compliance with the requirements of this Condition:

- The Company requirement to offer the unbundled loop discount sunset in 2003 or before.
- The Company continued to provide the unbundled loop discount for eligible loops ordered prior to sunset of the offer until 36 months after the qualifying loops were installed and operational, or the period during which the loops remained in service at the same location and for the same telecommunications carrier, whichever was shorter. Loops in the 5-state Midwest region remained eligible for discounts in 2005 due to the October 2003 offer sunset in those states. In the other SBC states where eligible loops had been ordered, all loops receiving the discount had reached the 36th month in service prior to 2005.

15. Carrier-to-Carrier Promotions: Resale Discount

Description and Objectives: Condition 15 required SBC to offer CLECs promotional resale discounts on telecommunications services that SBC provides at retail to subscribers who are not telecommunications carriers, where such services are resold to residential end user customers. The offering window for Promotional Resale Discounts was either 36 months after commencement of the offering, or the month following the date when the sum of resold lines in service in a state at the Promotional Resale Discounts plus the quantity of Promotional End-to-End UNE Combinations in service in the state reached a maximum state-specific quantity.

The following addresses SBC's compliance with the requirements of this Condition:

- The Company continued to provide the promotional resale discount for 36 months after the initial service date as required by this Condition for lines ordered prior to the sunset of the offer. However, a small number of eligible lines did not receive the discount when ordered. The Company has been unable to identify the exact cause

Merger Compliance Report – March 15, 2006
AT&T Inc.

for these isolated cases where the discount was not provided or identify the impacted orders as the system programming to provide the discount on new orders was overwritten when the offering window closed in October 2002. The Company determined that the vast majority of orders were processed correctly and that the overall number of lines potentially eligible for the promotional discount were low; as such, the number of lines that potentially may not have received the promotional discount was minimal and the total dollar value difference between the potential promotional discount and standard resale discount was nominal.

This Condition sunset on November 7, 2002, 36 months after commencement of the Offering Window for the promotion. However, the Company remained obligated to provide the promotional resale discount for 36 months from the date a qualifying resold service is installed and operational, or the period during which the resold service remains in service at the same location and for the same telecommunications carrier, whichever is shorter. The condition sunset entirely in November 2005 when the last lines ordered under this conditions reached the 36th month of service.

16. Carrier-to-Carrier Promotions: UNE Platform

Description and Objectives: Condition 16 required SBC to offer CLECs Promotional End-to-End UNE Combinations for the provisioning of residential POTS service and residential Basic Rate Interface (“BRI”) Integrated Services Digital Network (“ISDN”). This condition provides for the combination of unbundled network elements into an integrated service for use by CLECs in providing service to residential end user customers. The offering window for Promotional End-to-End UNE Combinations in each state shall be either 36 months after commencement of the offering, or the month following the date when the sum of resold lines in service in a state at the Promotional Resale Discounts plus the quantity of Promotional End-to-End UNE Combinations in service in the state reaches a maximum state-specific quantity.

The following addresses SBC’s compliance with the requirements of this Condition:

This Condition sunset on November 7, 2002, 36 months after commencement of the Offering Window for the promotion. However, the Company continued to provide the promotional UNE platform for 36 months from the date a promotional UNE platform was installed and operational, or the period during which the promotional UNE platform remained in service at the same location and for the same telecommunications carrier, whichever was shorter. The condition sunset entirely in November 2005 when the last lines ordered under this conditions reached the 36th month of service.

Ensuring Compliance with and Enforcement of These Conditions

26. Compliance Program

Merger Compliance Report – March 15, 2006
AT&T Inc.

Description and Objectives: Condition 26 requires AT&T to have a corporate compliance officer and to file an annual report that summarizes compliance with these Merger Conditions.

This Condition sunsets when AT&T has no obligations remaining under the Conditions.

The following addresses AT&T's compliance with the requirements of this Condition:

- A senior corporate officer served as Compliance Officer throughout 2005.
- On March 15, 2005, the Company filed its annual compliance report accurate to the best of its knowledge and belief at the time it was filed, which detailed its compliance with the Merger Conditions for Report Year 2004.

27. Independent Auditor

Description and Objectives: Condition 27 requires AT&T to engage an independent auditor to annually review its compliance with these Merger Conditions. The audit is to provide a thorough and systematic evaluation of SBC's compliance with the Merger Conditions and determine the adequacy of internal controls.

This Condition sunsets when the audits discussed in this condition are no longer required.

The following addresses AT&T's compliance with the requirements of this Condition:

- AT&T engaged E&Y to review its compliance with the Merger Conditions for 2005.
- AT&T granted the independent auditor access to all books, records, operations, and personnel for the audits.
- On August 29, 2005, SBC filed with the FCC E&Y's Report of Independent Accountants on SBC's Report of Management on Compliance with the Merger Conditions regarding the Company's compliance during the year ended December 31, 2004.

28. Enforcement

Description and Objectives: Condition 28 states that the enforcement and compliance programs established by these Conditions do not abrogate, supersede, limit or otherwise replace the Commission's powers under the Communications Act. The Condition also provides for voluntary payment procedures.

This Condition sunsets when AT&T has no obligations remaining under the Conditions.

The following addresses AT&T's compliance with the requirements of this Condition:

- On March 20, 2003, the Company and the FCC entered into a Consent Decree (DA 03-825) regarding the accuracy of performance measure data reported to the FCC

Merger Compliance Report – March 15, 2006
AT&T Inc.

pursuant to Merger Condition 7. In the Consent Decree, SBC agreed to make a voluntary contribution of \$250,000 to the United States Treasury, which SBC paid within the required 30 days of the effective date of the order adopting the Consent Decree. In the Consent Decree, SBC committed a Compliance Plan containing the following remedial actions:

1. Implementation of a Control Process
2. Enhanced Regulatory Compliance Group Oversight
3. Development and Application of a True-Up Process
4. Submission of Reports to the Enforcement Bureau
5. Inclusion of the Consent Decree in the Merger Compliance audit

Consent Decree obligations were satisfied in 2004 with completion of the true up payment process. The final true up to voluntary payments performed in September 2004 indicated a credit was due to the SBC for restatements to previous reports. EY audit procedures for the 2004 audit report filed on August 29, 2005 included an assessment of the accuracy of the true-up payment calculation.

29. Sunset

Description and Objectives: Condition 29 generally provides that all Conditions shall cease to be effective, and shall no longer bind AT&T in any respect, after the effective date of the Merger Conditions (October 23, 1999). Condition 29 recognizes four principal exceptions to the “Merger Closing Date plus 36 months” rule: (a) instances where other termination dates are specifically established; (b) Conditions requiring AT&T to provide Advanced Services through one or more separate affiliates for a period beyond the Merger Closing Date plus 36 months; (c) Conditions which become effective or operational after the Merger Closing Date; and (d) Conditions whose duration is extended for non-compliance in accordance with Paragraph 69 of the Conditions.

The sunset dates for all Conditions are detailed in Appendix 2 to this Report.

30. Effect of Conditions

Description and Objectives: Condition 30 imposes no additional requirements on AT&T but states the relationship between state law requirements and the Commission’s Merger Conditions. The Condition recognizes that various offerings and initiatives contained within these Merger Conditions may substantially duplicate requirements imposed in connection with the merger under various state laws. Pursuant to Condition 30, the Merger Conditions shall supplement but shall not be cumulative of substantially related Conditions imposed under state law. Where both these Merger Conditions and state-imposed Conditions grant parties similar rights, parties shall not have the right to invoke the relevant terms of the Merger Conditions in a given state if they have already invoked a substantially related Condition imposed on the merger under applicable state law.

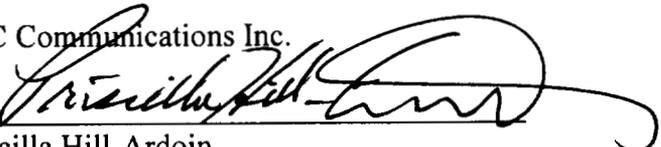
The following addresses AT&T’s compliance with the requirements of this Condition:

Merger Compliance Report – March 15, 2006
AT&T Inc.

- This Condition does not impose affirmative obligations on AT&T. Rather, it states the relationship of the Merger Conditions to state law, and vice versa. AT&T followed this guidance in interpreting and applying the Merger Conditions.

**Merger Compliance Report – March 15, 2006
AT&T Inc.**

Date: 3-15-06

SBC Communications Inc.
By: 
Priscilla Hill-Ardoin
Senior Vice President-Regulatory Compliance
AT&T Inc.

Active 2005 FCC Merger Conditions - Responsible Officers

Condition---

Officer

3	Advanced Services OSS	K. Morrissey
6	Non-discriminatory Rollout of xDSL Services	B. Casali
8	Uniform and Enhanced OSS	K. Morrissey
14	Carrier-to-Carrier Promotions: Unbundled Loop Discount	K. Morrissey
15	Carrier-to-Carrier Promotions: Resale Discount	K. Morrissey
16	Carrier-to-Carrier Promotions: UNE Platform	K. Morrissey

Ensuring Compliance with and Enforcement of These Conditions

26	Compliance Program	P. Hill-Ardoin
27	Independent Auditor	P. Hill-Ardoin
28	Enforcement	P. Hill-Ardoin
29	Sunset	P. Mancini
30	Effect of Conditions	P. Mancini

Merger Condition 29 – Sunset Dates

The following table contains the sunset dates for each condition.

Number	Condition Name	Sunset Date
1	Separate Affiliate For Advanced Services	10/08/03
2	Surrogate Line Sharing	05/29/00
3	Advanced Services OSS	10/22/04 - 12 States 08/07/05 - Connecticut
4	Access to Loop Information for Advanced Services	10/08/03
5	Loop Conditioning Charges and Cost Studies	10/08/02
6	Low Income Rollout of xDSL Services	Indiana Rural – January 2005 All other states – prior to 2004
7	Carrier to Carrier Performance Measurements	05/20/04 - Connecticut
8	Uniform and Enhanced OSS	04/24/05 - 12 States. 08/07/05 - Connecticut
9	Restructuring OSS Charges	10/08/02
10	OSS Assistance to CLECs	11/07/02
11	Collocation Compliance	10/08/02
12	MFN for In/Out Region ICA Arrangements	10/08/02
13	Multistate ICA and Resale Agreements	12/07/02
14	Residential UNE Discount	Varies by state: Last offering window closed in the 5 Midwest states on 10/15/03. 36-months benefit expires 10/15/06.
15	Residential Resale Discount	Offering window closed in all states on 11/07/02
16	UNE Platform Offering	Offering Window closed in all states on 11/07/02
17	Offering of UNEs	03/24/03
18	Alternative Dispute Resolution	10/08/02
19	Shared Transport in Ameritech States	03/24/03
20	Access to Cabling in MDUs	10/08/02
21	Out-of-Territory Competitive Entry	08/21/02
22	InterLATA Services Pricing	04/08/04
23	Enhanced Lifeline	08/22/04
24	Additional Service Quality Reporting	11/20/02
25	NRIC: Network Services	10/08/02
The following conditions sunset when SBC has no obligations remaining under the Merger Conditions and any required audits have been completed.		
26	Compliance Program	
27	Independent Auditor	
28	Enforcement	
29	Sunset	
30	Effect of Conditions	