

13 October 2005

BT Singapore Pte Ltd
Fax: 6293 1419

Attention: Mr Gordon Moir
Vice President & Chief Counsel
Commercial, Legal & Regulatory
BT Global Services

Ms Valerie Tan HP
Senior Regulatory Advisor
Commercial, Legal & Regulatory
BT Global Services

Dear Sir/Mdm

**BT SINGAPORE PTE LTD'S REQUEST FOR RECONSIDERATION OF IDA'S
DECISION TO EXEMPT AT&T-SBC FROM LONG FORM CONSOLIDATION
APPLICATION AND TO APPROVE THE PROPOSED CHANGE IN AT&T-
SINGAPORE'S OWNERSHIP**

1. We refer to your request dated 1 September 2005 ("Reconsideration Request") to IDA to reconsider its 18 August 2005 decision ("Decision") to exempt AT&T, AT&T-Singapore and SBC ("the Applicants") from filing the Long Form Consolidation Application with respect to AT&T-Singapore's ownership change arising from the AT&T-SBC merger in the US, and to approve the Consolidation.
2. IDA has carefully reviewed BT's arguments and has concluded that they do not provide any basis for IDA to reverse or modify the Decision for the reasons summarised below. Details of IDA's assessment and decision on BT's Reconsideration Request are set out in the **Annex** attached to this letter.
3. IDA recognises that a merger outside of Singapore that reduces competition in a foreign market may have an adverse effect on Customers within Singapore. However, IDA may only deny a Consolidation Application where the evidence demonstrates that "the Consolidation is likely to *substantially restrict competition* in any telecommunication market *in Singapore* or harm the public interest".
4. In the present case, IDA has carefully considered whether the merged AT&T-SBC would be able to use its Significant Market Power in the US special access services market to foreclose or distort competition in several Singapore telecommunication markets. IDA has concluded that the proposed transaction is not likely to substantially reduce competition in any Singapore telecommunication market.

5. IDA has considered BT's arguments on the effect of the proposed AT&T-SBC merger on competition in the global Internet backbone market. IDA maintains that the proposed merger will not alter the competitive conditions in the Singapore IP Transit market, and in the provision of Internet access and related services. Today, Singapore-based Internet providers are not able to peer with any Tier 1 Internet backbone providers in the US. The proposed Consolidation will not change this situation.
6. As for BT's arguments made on the effect of the AT&T-SBC merger on competition in the GTS market, IDA has previously explained that the relevant market, for purposes of this review, is the Singapore IMDS market. IDA maintains that there is little risk that the proposed merger will substantially restrict competition in the IMDS market.
7. From the perspective of the Singapore telecommunication market, the proposed Consolidation is purely a Non-Horizontal one. SBC does not provide any telecommunication service in Singapore and does not intend to do so absent the Consolidation.
8. IDA has correctly assessed AT&T-Singapore's participation and market share in the relevant Singapore telecommunication markets and the cost of local connectivity in the US. IDA has also given proper consideration to the FCC's special access regulatory regime, and the actions the FCC and the US Department of Justice may take to reduce the ability of the post-merger AT&T-SBC to act anti-competitively.
9. The AT&T-SBC and MCI-Verizon transactions will not increase market concentration in any of the telecommunication markets in Singapore. Even if IDA were to consider the two mergers together, there is no basis for IDA to conclude that they will foster collusion between AT&T and MCI's Affiliates in any Singapore telecommunication market.
10. As the proposed Consolidation is not likely to significantly restrict competition in any Singapore telecommunication market, there is no reason for IDA to impose Conditions. Requiring the Applicants to submit the Long Form Consolidation Application also will be unreasonably burdensome.
11. IDA therefore maintains its Decision issued on 18 August 2005. IDA will publish BT's Reconsideration Request (excluding confidential information), IDA's reply to BT and the attached Annex on the IDA website.

Yours sincerely,



Andrew Haire
Assistant Director-General (Telecoms)

Encl.