

SHORT FORM CONSOLIDATION APPLICATION

1. List the names and headquarter addresses of the Applicants subject to the Consolidation (*i.e.*, the Licensee in which the Ownership Interest is being acquired or whose business is being acquired as a going concern). Indicate the names of the Applicants' primary contacts in connection with this Consolidation Application, designations and contact information (mailing address, telephone number, fax number, email address etc.).

*Name: AT&T Worldwide Telecommunication Services Singapore Pte Ltd
(referred to in this application as "AT&T Singapore")*

*Registered Address: 20 Raffles Place
#09-01 Ocean Towers
Singapore 048620*

*Contact: Mr Ma Wing Hong, Vincent
Senior Regulatory Affairs Manager
30/F, Shell Tower, Times Square
1 Matheson Street
Causeway Bay
Hong Kong*

Tel: +852 2506 5544

Fax: +852 2506 0308

Email: Vincent.ma@ap.att.com

2. List each entity that constitutes an Affiliate of the Applicant identified in response to Question 1 based on the Applicant holding an attributable interest of 5 percent or more (Subsidiary). For each Affiliate, indicate the Affiliate's principal line of business and the Applicant's percentage ownership interest.

AT&T Singapore does not have any Subsidiaries (as defined by this Question 2).

3. List each entity that constitutes an Affiliate of the Applicant identified in response to Question 1 based on the Affiliates holding an attributable interest of 5 percent or more in the Applicant (Parent). For each Affiliate, indicate the Affiliate's principal line of business and the entity's percentage Ownership Interest in the Licensee. Also indicate any entity in which that Affiliate holds an attributable interest of 5 percent or more (Sibling). Indicate any situation in which any Affiliate has special or preferential rights in the Licensee.

The following entities are Parents (as defined by this Question 3) of AT&T Singapore:*

- (1) *Name:* AT&T Corp
Address: One AT&T Way
Bedminster, New Jersey
07921, USA
Citizenship: New York, USA
Principal Business: Telecommunications Services
% attributable interest in AT&T Singapore: 100%
- (2) *Name:* AT&T Global Network Services
Group LLC
Address: Corporation Trust Center, 1209
Orange Street, Wilmington
County of New Castle
Delaware 19801, USA
Citizenship: Delaware, USA
Principal Business: Telecommunication services
% attributable interest in AT&T Singapore: 100%
- (3) *Name:* AT&T Global Network
Enterprises LLC
Address: Corporation Trust Center, 1209
Orange Street, Wilmington
County of New Castle
Delaware 19801, USA
Citizenship: Delaware, USA
Principal Business: Telecommunication services
% attributable interest in AT&T Singapore: 50.5%
- (4) *Name:* AT&T Global Network Holdings
LLC
Address: Corporation Trust Center, 1209
Orange Street, Wilmington
County of New Castle
Delaware 19801, USA
Citizenship: Delaware, USA
Principal Business: Holding Company
% attributable interest in AT&T Singapore: 50%

The following entities are Siblings (as defined by this Question 3) of AT&T Singapore*:

- (1) **Name:** AT&T Communications Services International Inc
Address: Corporation Trust Center, 1209 Orange Street, Wilmington County of New Castle Delaware 19801, USA
Citizenship: Delaware, USA
Principal Business: Telecommunication services
AT&T Corp's % attributable interest: 100%
- (2) **Name:** AT&T Singapore Pte Ltd
Address: 20 Raffles Place #09-01 Ocean Towers Singapore 048620
Citizenship: Singapore
Principal Business: Telecommunication network management
AT&T Corp's % attributable interest: 100%
- (3) **Name:** AT&T Communications Services of Jamaica LLC
Address: Corporation Trust Center, 1209 Orange Street, Wilmington County of New Castle Delaware 19801, USA
Citizenship: Delaware, USA
Principal Business: Telecommunication services
AT&T Corp's % attributable interest: 100%
- (4) **Name:** VLT US Holdco LLC
Address: Corporation Trust Center, 1209 Orange Street, Wilmington County of New Castle Delaware 19801, USA
Citizenship: Delaware, USA
Principal Business: Telecommunication services
AT&T Corp's % attributable interest: 100%
- (5) **Name:** Rewolf Holding N.V.
Address: Berg Arrarat Curacao Netherlands Antilles
Citizenship: Netherlands Antilles
Principal Business: Telecommunications
AT&T Corp's % attributable interest: 100%

(6) **Name:** *AT&T Telecommunications Services (Singapore) Pte Ltd*
Address: *20 Raffles Place
#09-01 Ocean Towers
Singapore 048620*
Citizenship: *Singapore*
Principal Business: *Telecommunication network and systems*
AT&T Corp's % attributable interest: *100%*

**Please refer to the attached organisation chart of AT&T Corp*

4. List the name and address of the Applicant (whether or not a current Licensee) that seeks to obtain an Ownership Interest in the Licensee or acquire the business of the Licensee as a going concern. Indicate the name of the Applicant's primary contact in connection with this Consolidation Application and his or her designation and contact information (mailing address, telephone number, fax number, email address etc.).

Name: *SBC Communications Inc (referred to in this application as "SBC")*

Address: *175 E. Houston
P.O. Box 2933
San Antonio, Texas 78299-2933
USA*

Contact: *D. Wayne Watts, Esq.
Senior Vice President and Assistant General Counsel
175 E. Houston
San Antonio, Texas
78205
USA
1.210.351.3476
1.210.351.3257
DW4808@txmail.sbc.com*

5. List each entity that constitutes an Affiliate of the Applicant identified in response to Question 4 based on the Applicant holding an attributable interest of 5 percent or more (Subsidiary). For each Affiliate, indicate the Affiliate's principal line of business and the Applicant's percentage ownership interest.

*SBC has the following Affiliate operating in Singapore**:*

(1) **Name:** *Sterling Commerce (Singapore) Pte Ltd ("Sterling Singapore")*
Address: *6 Temasek Boulevard
#32-01/05 Suntec Tower 4
Singapore 038985*
Citizenship: *Singapore*

Principal Business: *E-Business integration/ software solutions (not a telecommunication service provider)*
SBC Communications Inc % attributable interest: 95%

*The following entities are the Parents of Sterling Singapore**:*

(1) *Name:* *SBC Communications Inc*
Address: *175 E. Houston*
P.O. Box 2933
San Antonio, Texas 78299-2933
USA
Citizenship: *Delaware, USA*
Principal Business: *Telecommunications Services*
% attributable interest in Sterling Singapore: 100%

(2) *Name:* *SBC International Inc*
Address: *#2 Read's Way*
Suite 228
Corporate Commons
New Castle, Delaware 19720
Delaware, USA
Citizenship: *Delaware, USA*
Principal Business: *Holding Company for International Investments*
% attributable interest in Sterling Singapore: 95%

(3) *Name:* *SBC Portfolio Holdings Ltd*
Address: *175 East Houston Street*
San Antonio, Texas 78205
Delaware, USA
Citizenship: *Delaware, USA*
Principal Business: *Holding Company*
% attributable interest in Sterling Singapore: 5%

(4) *Name:* *SBC Investment Portfolio LLC*
Address: *175 East Houston Street*
San Antonio, Texas 78205
Delaware, USA
Citizenship: *Delaware, USA*
Principal Business: *Holding Company*
% attributable interest in Sterling Singapore: 100%

(5) *Name:* *SBC Commerce Inc*
Address: *4600 Lakehurst Court*
Dublin, Ohio 43016
USA
Citizenship: *Delaware, USA*
Principal Business: *E-Business integration/ software solutions*
% attributable interest in Sterling Singapore: 100%

***Please refer to the attached organisation chart of SBC Communications Inc*

6. List each entity that constitutes an Affiliate of the Applicant identified in response to Question 4 based on the Affiliates holding an attributable interest of 5 percent or more in the Applicant (Parent). For each Affiliate, indicate the Affiliate's principal line of business and the entity's percentage ownership interest in the Licensee. Also indicate any entity in which that Affiliate holds an attributable interest of 5 percent or more (Sibling). Indicate any situation in which any Affiliate has special or preferential rights in the Licensee.

***Please refer to the attached organisation chart of SBC Communications Inc*

7. Description of the Consolidation

Check each of the following that correctly describes the Consolidation:

Yes The Applicant identified in response to Question 4 is seeking to acquire a Direct or Indirect Ownership Interest that would result in the Applicant holding an Ownership Interest of at least 12 percent in the Licensee identified in Response to Question 1.

Specify the percentage of Ownership Interest sought to be acquired:

100% Indirect Ownership Interest in AT&T Singapore.

No The Applicant identified in response to Question 4 is seeking to acquire the business of the Licensee as a going concern.

In answering Questions 8 through 10, please also aggregate the market share of the Applicant and any entity that has Effective Control over the Applicant, or over which the Applicant has Effective Control, or which is subject to Effective Control by an entity that has Effective Control over the Applicant.

8. Using the methodology described in Sub-sections 6.2.1 to 6.2.1.3 of the Telecom Consolidation Guidelines, identify each telecommunication market (including value-added services and equipment) within Singapore in which, based on your best estimate, any of the Applicants has a market share of 5 percent or more. For each such telecommunication market, indicate, based on your best available information, the estimated market share of the 5 largest telecommunication market participants (based on revenue, customers, or other appropriate measurement).

The proposed non-horizontal consolidation does not raise any competition concern in any telecommunication market in Singapore. Please refer to the Abbreviated Statement.

9. Does the Consolidation satisfy either of the following criteria? (Y/N)

No The Consolidation is a Horizontal Consolidation that will result in a Post-Consolidation Entity with more than a 15 percent market share in any telecommunication market within Singapore. If yes, please use the Long Form Consolidation Application.

See Covering letter The Consolidation is a Non-horizontal Consolidation in which at least one Applicant has more than a 25 percent market share in at least one telecommunication market, whether or not located in Singapore. If yes, please use the Long Form Consolidation Application.

10. Minimum Required Information

Check if you have attached each item listed below:

Yes Abbreviated Statement

Yes Consolidation Application Processing Fee (Applicants should make payment to IDA of the sum of S\$2,500 by way of money orders, postal orders, banker's orders, Interbank GIRO, cheques or telegraphic transfer. All bank charges associated with such payment shall be borne by the Applicants.

Note: IDA will not process this Consolidation Application unless the Applicants have either provided all required information or have obtained an exemption from IDA in respect of the provision of certain information. (Applicants that have obtained an exemption should attach a copy of the exemption to this Consolidation Application.) IDA reserves the right to request the Applicants to provide additional information, where necessary to assess adequately the competitive impact of the Consolidation.

11. Confidentiality

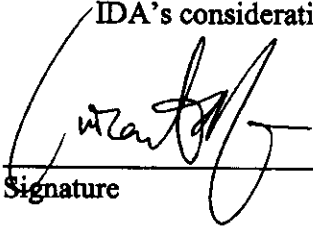
Have you indicated all material submitted as part of this Consolidation Application that contains information for which you are requesting confidential treatment and the basis on which such treatment is requested?

Yes – Please note we have supplied two versions of the Abbreviated Statement –the marked confidential version contains information relating to the Applicants' business and particularly their market shares that is not publicly available and is commercially sensitive and we request that this version be granted confidential treatment.

Note: Requests to treat all information as confidential are not acceptable.

12. Certification

The undersigned hereby certify that they have made a diligent effort to fully complete this Consolidation Application and that, to the best of their knowledge, all information contained in this Consolidation Application form and the attachments thereto are current, accurate and complete. The undersigned further certify that they will promptly, fully and accurately respond to any IDA request for supplemental information and that, even in the absence of a request, they will promptly notify IDA of any new or different fact that is reasonably likely to have a material impact on IDA's consideration of this Consolidation Application.



Signature

Signature

Name: VINCENT MA

Name:

Title: SENIOR REGULATORY AFFAIRS MANAGER

Title:

Company: AT&T WORLDWIDE TELECOMMUNICATIONS SERVICES SINGAPORE PTE. LTD.

Company:

Date Submitted: 10 JUNE 2005

Note: All terms used but not otherwise defined in this application form shall bear the same meanings as defined in the Telecom Consolidation Guidelines.

12. Certification

The undersigned hereby certify that they have made a diligent effort to fully complete this Consolidation Application and that, to the best of their knowledge, all information contained in this Consolidation Application form and the attachments thereto are current, accurate and complete. The undersigned further certify that they will promptly, fully and accurately respond to any IDA request for supplemental information and that, even in the absence of a request, they will promptly notify IDA of any new or different fact that is reasonably likely to have a material impact on IDA's consideration of this Consolidation Application.

By: Wayne Watts
Signature

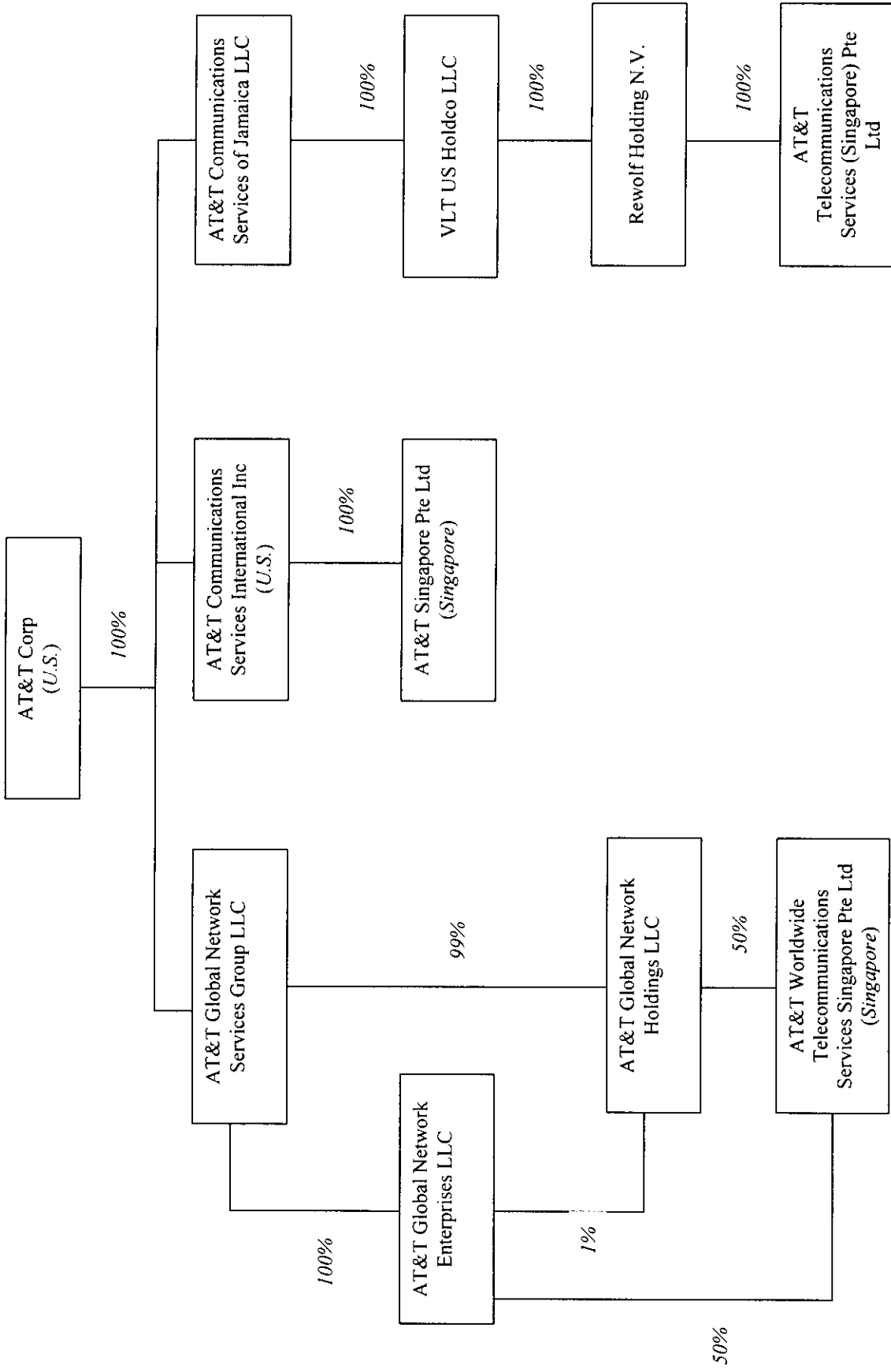
Signature

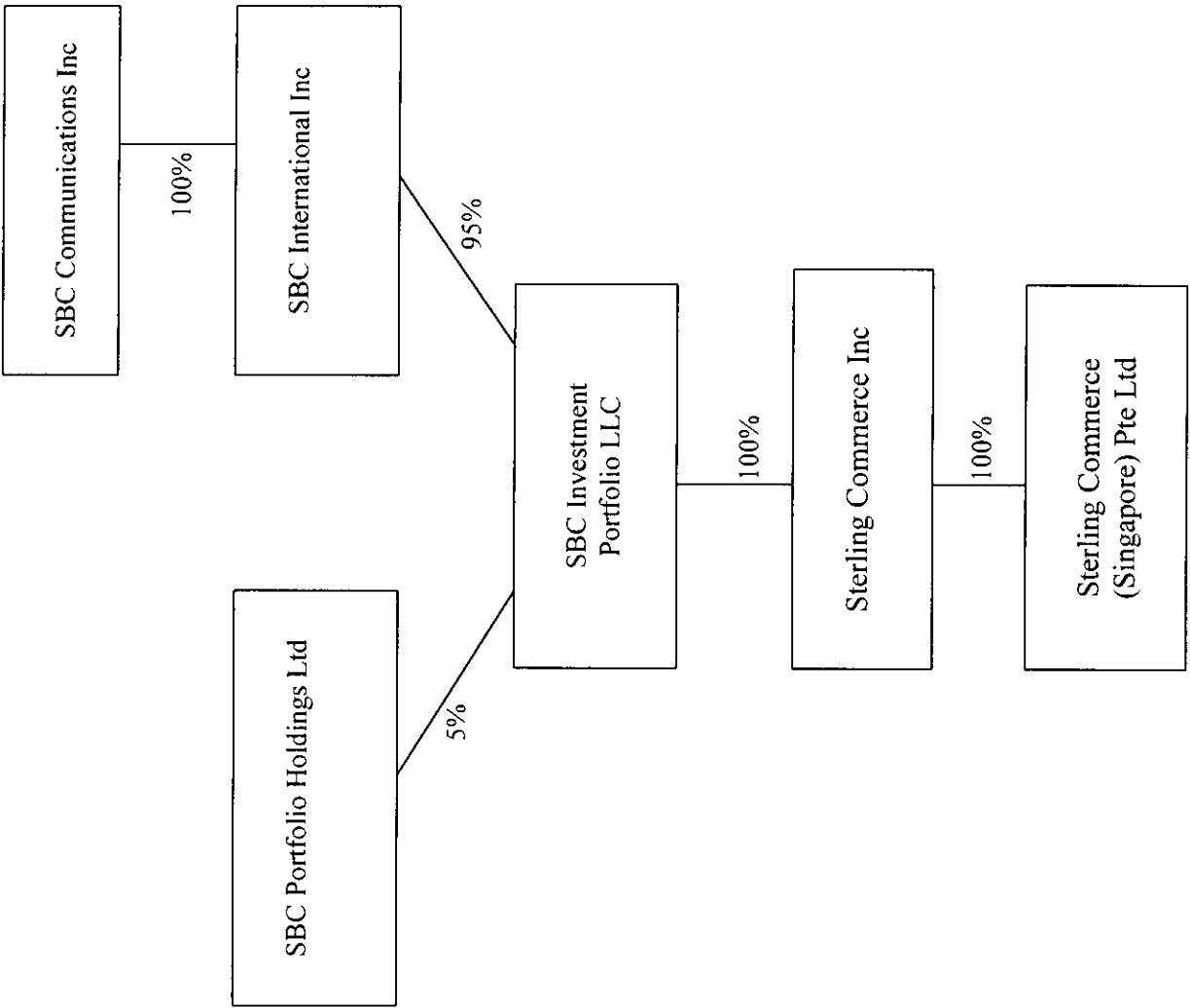
Name: Wayne Watts
Title: Senior VP & Assistant General Counsel
Company: SBC Communications Inc.

Name:
Title:
Company:

Date Submitted: 10 JUNE 2005

Note: All terms used but not otherwise defined in this application form shall bear the same meanings as defined in the Telecom Consolidation Guidelines.





ABBREVIATED STATEMENT
FILED PURSUANT TO SUB-SECTION 10.5.2.3 OF THE TELECOM
COMPETITION CODE 2005

1. DESCRIPTION OF CONSOLIDATION

Parties involved

- 1.1 SBC Communications Inc. ("SBC") is a public-listed telecommunications service provider incorporated under the laws of the State of Delaware, USA. SBC is a provider of voice and data telecommunication products and services for consumers and businesses including local, long-distance, DSL, wireless, data networks and satellite television primarily within its 13-state region in the USA. SBC also holds a 60% economic and 50% voting interest in Cingular Wireless, which owns a mobile telephone network in the United States. Neither SBC nor any of its affiliates hold any licence issued by IDA in Singapore.
- 1.2 AT&T Corp. ("AT&T") is a public-listed company incorporated under the laws of New York, USA. AT&T is a global provider of telecommunication services. AT&T's operating company in Singapore is AT&T Worldwide Telecommunications Services Singapore Pte Ltd ("AT&T Singapore"). AT&T Singapore holds a Facilities-Based Operator Licence ("FBO Licence") issued by IDA. AT&T indirectly owns 100% of AT&T Singapore through its two subsidiaries, AT&T Global Network Enterprises LLC and AT&T Global Network Holdings LLC.
- 1.3 The Applicants are SBC, as Acquiring Party, and AT&T Singapore, as Licensee.

The Consolidation

- 1.4 Under the terms of an agreement concluded between SBC and AT&T on 30 January 2005, SBC proposes to acquire the entire share capital of AT&T. As a result of the transaction, AT&T will become a wholly-owned affiliate of SBC.
- 1.5 Upon the completion of the acquisition by SBC of AT&T, SBC will hold 100% Indirect Ownership Interest in AT&T Singapore. As such, in relation to Singapore, the transaction would constitute a Consolidation under Sub-section 10.4.3(b)(i) of the Code of Practice for Competition in the Provision of Telecommunications Services 2005.
- 1.6 As noted above, neither the Acquiring Party nor its affiliates are licensed by IDA to provide telecommunication services in Singapore. From the Licensee's perspective, the Consolidation only represents an Indirect Ownership change in its ultimate holding company. The Consolidation will not result in any inter-entity horizontal or vertical integration of telecommunication services in Singapore. To the extent there is any indirect competitive impact that results from this transaction, it is only positive, in that the non-dominant Licensee will be in a financially stronger position to compete actively in the Singapore market.
- 1.7 Please refer to the Confidential Version of this Abbreviated Statement for market share information.

2. **COMPETITIVE ASSESSMENT**

- 2.1 The Applicants believe in good faith that the Consolidation will not raise any competition concerns in Singapore. The Consolidation will *not* create or strengthen a dominant position, and will *not* substantially lessen competition, in any telecommunication market in Singapore. Both of the undertakings concerned are active primarily in the US, with limited activities in Singapore as described below. There is no horizontal or vertical overlap between their respective activities in Singapore.

2.2 **Relevant markets**

Product markets

- 2.2.1 Global Telecommunications Services: In Singapore, AT&T, through its subsidiary, AT&T Singapore, supplies global telecommunications services, primarily to multinational corporate customers. These services include data connectivity services, IP-enabled managed network services, and network security services.
- 2.2.2 Global telecommunication services have been defined by the European Commission¹ as including: domestic and international voice communications, domestic and international data communications, enhanced voice and data services, international free-phone numbers, messaging services, call centres, video and audio-conferencing services, intra/extranets, VPNs (Virtual Private Networks), dedicated Internet access and corporate calling cards.
- 2.2.3 International Communications Services: In addition, AT&T has correspondent relationships with Singapore international carriers such as SingTel, Starhub and MobilOne for the delivery in the US of bilateral voice and data service between the US and Singapore. SBC does not provide these services to any customers in Singapore and therefore the transaction would not raise any competition concern in relation to this activity. To be clear, the international communications services are the bilateral services provided by AT&T Corp. in the US. AT&T Singapore does not provide such bilateral services in Singapore.

Geographic markets

- 2.2.4 The nature of the global telecommunication services and the customers to whom they are provided has led the European Commission to conclude that the relevant geographic market is worldwide.² This worldwide geographic market definition is well established and appropriate for evaluation of global telecommunication

¹ Commission, decision of 28 June 2000, Case No. Comp/M.1741 –*MCI WorldCom/Sprint* at 86, Commission decision of 30 March 1999, Case No. Comp/JV.15 – *BT/AT&T* at 7.

services. Even if the geographic market were not well-established, there will be no overlaps with respect to the activities of AT&T on the one hand and the activities of the SBC on the other hand so far as they relate to Singapore.

2.2.5 Consistent with the caselaw of the European Commission, and due to the increasing availability of a variety of alternative routing arrangements, the market for international communications services should be considered to be global.³

2.3 **Effects of the Consolidation**

2.3.1 In view of the absence of any horizontal or vertical overlaps among the parties' activities in Singapore, the transaction will *not* create or strengthen any dominant position, and will *not* substantially lessen competition, in any telecommunication market within Singapore. The market position of neither AT&T nor SBC will be altered as a result of the transaction as SBC does not supply global telecommunications services to customers in Singapore.

2.3.2 AT&T does not have 25% or greater share in any market in which it participates, whether within Singapore or outside Singapore.

2.3.3 Depending on the geographic and product market definition, SBC may have a greater than 25% market share in certain telecommunication markets outside of Singapore; however, for the reasons discussed below, it will have neither the ability nor the incentive to use its market position in the US to advantage itself or AT&T in any market in Singapore.

2.3.4 Global Telecommunications Services: There are numerous suppliers of global telecommunication services to multi-national corporations, and within the global market, none has a market share above 15%, and likely not even above 10%. Competitors include SingTel, StarHub, BT-Infonet, FT-Equant, T-Systems, Cable

² Case No. Comp/M.1741 – *MCI WorldCom/Sprint* at 98, Case No. Comp/JV.15 – *BT/AT&T* at 89.
³ Case No. JV/JV.15 – *BT/AT&T* at 90.

& Wireless, MCI, Sprint, Global Crossing, Qwest, Colt, Telstra, Telecom Italia and NTT.

2.3.5 As discussed above, AT&T provides global telecommunication services primarily to multinational corporate customers, including customers located in Singapore. AT&T's 2004 revenues from customers in Singapore for the provision of these services was [Confidential Information]. Although it is difficult to provide a figure for AT&T's share of global telecommunications services (see discussion above), the transaction will not strengthen AT&T's position in relation to this activity, as SBC has no activities in relation to global telecommunications services in Singapore. In addition, there is strong competition from large companies operating on a global basis, as discussed above.

2.4 **The Post-Consolidation Entity Will not Be Able to Leverage SBC's Position in Its Thirteen-State Region in the US To Affect Competition in Singapore For GTS**

2.4.1 *First*, the global GTS market is "very competitive, with operators competing hard on prices as well as improving their service offers."⁴ GTS "go beyond the provision of simple services" such as international voice and data transport, and typically include high-valued "managed" services.⁵ The multi-national corporations that purchase GTS are the most sophisticated of buyers and typically award contracts through rigorous "international tendering processes."⁶

2.4.2 Numerous carriers with substantial resources and established reputations – including SingTel, BT-Infonet, FT-Equant, T-Systems, Cable & Wireless, MCI, Sprint, Global Crossing, Qwest, Colt, StarHub, Telecom Italia, Telstra and NTT –

⁴ BRC Consultancy, *World Data Networks*, at 16 (Feb. 2004).

⁵ *Id.*; see also *France Telecom/Equant*, Case No. Comp/M.2257 (Mar 21, 2001), ¶ 21 ("*France Telecom-Equant Decision*").

⁶ *France Telecom-Equant Decision*, ¶ 19.

compete for the business of these sophisticated multi-national corporations.⁷ Each of these competitors can lay claim to certain advantages (and disadvantages) relative to the others, but no GTS provider is in a position to provide its services on the basis of just its own infrastructure. Although many competitors (including BT, Cable & Wireless, France Telecom-Equant, NTT, SingTel and T-Systems) are vertically integrated incumbent local access providers in their home markets, none owns local access facilities in all or even a significant minority of the locations needed to provide GTS. Such vertical integration has never in the past been thought to disable GTS suppliers that are not vertically integrated in a particular country from competing effectively for GTS business, and the merger of SBC and AT&T will not change that. Indeed, some successful competitors own *no* significant local access facilities in any country, and instead purchase all or virtually all local access from other carriers (including their GTS rivals).⁸

2.4.3 In this environment, regulators have consistently recognised that mergers of the type proposed by SBC and AT&T in no way threaten the breadth, vigour and durability of GTS competition. Thus, for example, the European Commission approved the mergers of France Telecom-Equant and BT-Infonet, rejecting claims that these firms would “leverage [their] alleged dominant position in [their] incumbent markets to engage in discriminatory behaviour when providing transatlantic connectivity services to competing suppliers.”⁹ Likewise, the FCC held that the AT&T-BT Concert Joint Venture was in the public interest and would not lessen competition for GTS despite BT’s alleged dominance in the UK.¹⁰

⁷ See *France Telecom-Equant Decision*, ¶ 37; *BT/Infonet*, Case No. Comp/M.3641 (25 January 2005), ¶¶ 12-13 (“*BT-Infonet Decision*”).

⁸ See *BT-Infonet Merger Decision*, ¶ 15 (noting that with increased emphasis on “managed” services, system integrators and other “virtual” operators have become increasingly active).

⁹ *BT-Infonet Decision*, ¶ 18; see also *France Telecom-Equant Decision*, ¶¶ 41-49.

¹⁰ *In re AT&T Corp., British Telecomm, et al.*, 14 FCC Rcd. 19140 ¶ 63 (FCC 1999) (“*AT&T-BT JV Order*”) (“Market conditions make it highly unlikely that AT&T and BT could successfully engage in a strategy to raise rivals’ costs.”).

2.4.4 *Second*, AT&T has only a small share of the GTS market. As described below, AT&T estimates that its share is below [**Confidential Information**], and likely below [**Confidential Information**]. There are few third-party sources that attempt to estimate shares in the GTS market, and although the European Commission recently referred to a 2004 report issued by Ovum, the Commission noted that numerous competitors questioned the data and offered far lower estimates of market share.¹¹ An awareness of the Report's limitations can help provide an understanding of AT&T's estimate of its share of the GTS market.

2.4.5 The Ovum Report acknowledges that, because of data limitations, it cannot be used as a reliable indicator of AT&T's GTS market share.¹² Ovum reports as "GTS" revenues for AT&T *all* of AT&T's business services revenues (*i.e.*, approximately US \$25 billion), including entirely domestic US services that are not provided to multi-national customers and that account for the vast majority of AT&T's business services revenues.¹³ Because of this acknowledged over-inclusiveness, the Ovum report included the revenues that AT&T earns from its wholesale segments, government segments, and home market small business segments. AT&T estimates that its true GTS revenues (based upon EU and FCC GTS market definitions) are less than [**Confidential Information**] of the figure used in the Ovum report. In addition to grossly overstating AT&T's GTS revenues, the Ovum report acknowledges that it understates total industry GTS revenues, because it expressly considered only a regional European view of GTS revenues and did not include the GTS revenues of such prominent providers as Sprint, NTT, SingTel, China Netcom, Telefonica, and Telstra. Taking these

¹¹ *BT-Infonet Decision*, ¶ 14.

¹² *See, e.g., Ovum, MNC Providers in Europe – 2004*, at 22 (Oct. 2004) ("the Ovum Report") ("The [revenue] figure for Cable & Wireless includes significant amounts of non-MNC business, as does the figure for AT&T; consequently these are not directly comparable with the others.").

¹³ *See also id.* at 18 ("because not all of the providers analyzed in this report are 'pure MNC' providers, we have attempted to use the numbers which most closely reflect the MNC business of these providers. However, in some cases [including AT&T], such a breakdown is not available and so the figures shown here do not fully reflect the MNC business of these providers").

factors into account, a realistic assessment of AT&T's share of GTS would be substantially under [Confidential Information], which accords with AT&T's own estimate of its presence on the market.

- 2.4.6 Moreover, in Asia, local GTS providers such as SingTel have a competitive advantage as a result of cultural and linguistic differences, as well as an increasing regional preference for IP-VPN services in which SingTel is advanced.¹⁴
- 2.4.7 *Third*, the costs of obtaining access in SBC's 13-state region in the US constitutes only a small fraction of the overall costs of providing GTS. Only a small fraction of the global costs of local access for GTS are associated with the 13 SBC states, and the FCC actively regulates SBC's local access services. Indeed, the regulatory regime in place in the US provides an additional effective check on use of market position by US operators which would prevent SBC from advantaging AT&T at the expense of other global operators.
- 2.4.8 GTS involve customer locations "in at least two different continents and across a larger number of different countries."¹⁵ In many instances, the customer seeking to purchase GTS – including US-based multi-nationals and non-US-based multi-nationals with US locations – has *no* need for connectivity in SBC's 13-state local access service areas. Unlike other GTS providers with nationwide home market local access facilities, including BT, Deutsche Telecom, France Telecom, and NTT, SBC is the incumbent local access provider in a minority of the locations in the United States (namely, parts of 13 states).
- 2.4.9 From a vertical integration perspective, the merger of SBC and AT&T presents no threat to competition and is, indeed, very similar to previously approved mergers such as BT-Infonet and FT-Equant, which not only involved incumbent local carriers but also combined actual GTS competitors. The facts bear this out. By one estimate, there are at least 6,600 companies worldwide that fit even a

¹⁴ http://www.telecomtv.com/news.asp?cd_id=5389

¹⁵ *BT-Infonet Decision*, ¶ 8.

conservative GTS customer profile.¹⁶ Overall, these 6,600 companies have approximately 1.55 million office locations that potentially need to be connected to a global network. Of these 1.55 million office locations, only about 295,000 are in SBC states.¹⁷ This amounts to less than 19% of GTS-eligible locations, a statistic that is not materially different from percentage of GTS-eligible locations in the home markets of other vertically integrated GTS suppliers. For example, about 232,000 (or 15%) of GTS-eligible locations are in the UK, where BT is the incumbent local access provider, and about 173,000 (or 11%) are in France, where France Telecom-Equant is the incumbent provider.

2.4.10 In addition to the vertical integration impacts of this merger being indistinguishable from prior approved mergers, it also has a strikingly limited impact on GTS customers headquartered in Singapore. Singapore headquartered GTS customers have a greater number of sites within the AsiaPac region, and fewer sites within the US. Indeed, less than 4% of GTS eligible locations of Singapore-headquartered companies are in SBC states.¹⁸ This reflects a minor component of a contract to meet the needs of a Singapore-headquartered GTS customer.

¹⁶ AT&T obtained these figures from Dun & Bradstreet's Worldbase Database (March 2004). For US-headquartered companies, AT&T extracted from the database the companies that operate in at least *two* different countries and have more than 20 sites. For non-US-headquartered companies, AT&T extracted from the database the companies that operate in at least *three* different countries and that have at least 20 sites. If anything, this lower qualifying threshold over-weights the amount of US-headquartered companies on the list, and US-headquartered companies tend to have more sites in the US than outside the US. As such, this analysis is highly conservative as a proxy for global MNC site distribution because it does not include many non-US-headquartered companies that purchase GTS services to connect multiple locations in only two countries, and non-US headquartered companies tend to have more sites outside the US than in the US.

¹⁷ This overstates the number of locations actually in SBC's incumbent local service territories, because a number of large cities in states otherwise served by SBC are not within SBC's service territories but instead are served by other incumbent carriers. This is particularly significant with respect to California, where Verizon serves much of Los Angeles, for example. Similarly, in Nevada, SBC services only a minority of access lines and is not the incumbent local carrier in Las Vegas, the major metropolitan area of the state.

2.4.11 Further, of course, SBC is not the sole provider of local access even in the areas where it is the incumbent provider of local access. SBC faces substantial competition for special access service in the densest business districts where large multi-national GTS customers are most commonly located and for the types of very high bandwidth services typically purchased by GTS customers to serve their major facilities. There are literally scores of competing local exchange carriers operating in SBC's territories that together have deployed fibre connections to thousands of the most significant commercial buildings in SBC's service areas. And even where bypass facilities do not exist today, that does not mean that rival GTS providers have no economic choice but to purchase local access from SBC. Rather, the FCC has found that it is economically feasible for competitive carriers to bypass SBC and deploy facilities to serve high-demand locations.¹⁹ Thus, where a GTS provider is seeking to obtain access to high demand locations – and the customers that purchase GTS typically have the highest demand of any users – the GTS provider can “terminate traffic with many facilities-based carriers in the US; it may terminate traffic via ISR at very low rates; and it may build its own facilities in the US and self-correspond.”²⁰

2.5 International Communications Services:

2.5.1 AT&T's international communication services revenues include payments made by Singapore international carriers to AT&T in the US, for AT&T's wholesale bilateral correspondent services to terminate international traffic in the US, or to refile such traffic through the US to a third terminating country. AT&T's 2004 revenues for international communications services provided and billed in the U.S., received from bilateral correspondents in Singapore was [**Confidential Information**].

¹⁸ AT&T obtained these figures from the Dun & Bradstreet Worldbase Database, applying the methodology described *supra* at note 16.

¹⁹ *In re Unbundled Access to Network Elements*, Order on Remand, WC Dkt. No. 04-313, CC Dkt. No. 01-338, 2005 WL 289015, ¶¶ 166-81 (“*Triennial Review Remand Order*”).

²⁰ *AT&T-BT JV Order*, ¶ 63.

2.5.2 It is difficult to provide a figure for AT&T's share of international communication services between Singapore and the US, given the highly competitive status of the route at the US end, the ease of market entry, and the global availability of alternate routing options. However, SBC has no revenues for international communication services from bilateral correspondents in Singapore. Given that there is no horizontal overlap in relation to international communications services in Singapore, the Consolidation would not strengthen AT&T's position in relation to this activity. In any case, this market is clearly competitive at both the US end of the route and at the Singapore end²¹, evident from the fact that AT&T has several major competitors in this market, including notably MCI, Sprint, and IDT among others.

2.6 The Post-Consolidation Entity Will Not Be Able to Leverage SBC's Position in Its Thirteen-State Region in the US To Affect Competition in Singapore For ICS

2.6.1 ICS are the wholesale bilateral services provided by AT&T Corp. in the US to carriers on a global basis, including to bilateral correspondents in Singapore such as SingTel, StarHub and Mobile One. As stated above at paragraph 2.2.3, AT&T Singapore does not provide any wholesale bilateral services.²²

2.6.2 By contrast, AT&T Corp. does provide ICS through correspondent relationships with Singapore international carriers for the delivery of wholesale voice and data service between the US and Singapore, and countries beyond in either direction. The European Commission has recognized that due to the increasing importance of switched transit, dedicated transit, re-origination services, least-cost routing,

²¹ IDA in the ITS Decision dated 12 November 2003, concluded that the wholesale International Telephone Services market is effectively competitive and that the retail International Telephone Services market is substantially competitive.

²² AT&T Singapore does not terminate ICS traffic from the US. AT&T Singapore does not originate ICS traffic to the US. AT&T Singapore has no plans to provide ICS services. Thus, there is no immediate or foreseeable manner in which the merger of SBC and AT&T could be leveraged to impact the non-existent and unplanned ICS activity of AT&T Singapore.

VoIP and hubbing arrangements, ICS is properly analyzed without reference to a distinct origin and destination pair.²³ This is because it is often difficult to discern whether traffic is originating or terminating in a particular country, or merely routing through that country as a means of economic efficiency or quality optimization. In reflection of the vast array of alternative routing arrangements available for carrying traffic between two countries and often beyond, the EC has concluded that the proper geographic dimension of the ICS market is global.²⁴

2.6.3 This range of competitive routing options is particularly apparent in the US and Singapore, both fully liberalized countries where there is intense competition for ICS at both ends. Singapore correspondents of AT&T can and do select from many substitutes when seeking to terminate traffic to any part of the US. First, there are the multiple US-based bilateral correspondents, the most established of which include MCI, Sprint, IDT, Teleglobe and Primus. Second, there are several carriers with well established ICS business that can hub traffic through their core network to the US, which include without limitation Telstra, Optus, KDDI, PCCW, BT and FT. Third, the Singapore carrier can utilize a spot-market rate to terminate traffic in the US from the many online traffic commodity traders, including Arbinet, Band-X or Omniface. Finally, given the low regulatory barriers to market entry in the US and the low cost of international bandwidth to the US, Singapore carriers can self-terminate international traffic in the US and establish interconnection arrangements for domestic US termination. SingTel USA, for example, holds a Section 214 license from the FCC authorizing it to do just that, should it so choose. With all these competitive choices, any Singapore carrier's routing decisions will be based on multiple factors, including network reliability, price and quality metrics.

2.6.4 It is difficult to provide an estimate of AT&T's share of the Global ICS market given the various traditional and non-traditional market participants, but one

²³ *BT/AT&T*, Case No. IV/JV.15 (March 1999), ¶ 74.

²⁴ *BT/Concert*, Case No. Comp/M.2642 (December 2001), ¶ 10.

appropriate estimate is [Confidential Information], based on AT&T's portion of total global traffic.²⁵ Similarly, given the range of market participants and routing options in the global ICS market, it is very difficult to provide a meaningful measurement for AT&T's provision of ICS solely between the US and Singapore. For example, any measurement will over-include ASEAN-country traffic that hubs through a Singapore correspondent en route to termination the US, and will under-include Singapore correspondent traffic that uses one of the many alternative routing options described above to reach the US.

2.6.5 The vertical integration of SBC's in-region switched access lines with AT&T's ICS service will have no harmful competitive impact on Singapore consumers or Singapore carriers that seek to terminate traffic in the US. Presently, when a Singapore correspondent of AT&T seeks to terminate traffic in the US, AT&T negotiates a nationwide averaged rate for the settlement of any imbalanced traffic coming to the US, effectively averaging termination in low cost and high cost regions. AT&T does not offer region-specific termination rates to its correspondents, neither to the regions where SBC operates nor to any other region. For many correspondents, the availability of a nationwide average rate is satisfactory and convenient for managing unit costs and customer billing systems. For correspondents who do seek de-averaged rates on a regional basis, other ICS competitors of AT&T do offer this option. Strikingly, route termination clearinghouses such as Arbinet or Omniface offer an ability to terminate traffic in major SBC-served cities such as Los Angeles, Chicago and Houston at rates as low as \$.005/minute.²⁶

2.6.6 Additionally the regulatory regime applicable to SBC in its 13-state region is effective to prevent discrimination in relation to call termination services.

²⁵ This is derived by dividing the [Confidential Information] minutes of traffic AT&T sent worldwide to correspondents in 2003, by the 198.3 billion minutes of traffic that Telegeography reports to have been sent worldwide in FY2003/4. *Telegeography 2005, Global Telecommunications Traffic Statistics and Commentary* at p. 12 (November 2004)

²⁶ See, e.g., www.omniface.com/telecom.html; www.arbinet.com/voice.

2.6.7 With current ICS traffic termination supply options in SBC-region offering termination rates at a fraction of one cent per minute, and with robust competition at every segment of the communications path between the US and Singapore, there is no question that market forces will continue to ensure that Singapore carriers can terminate traffic in the US at a very favorable price and level of quality. There is no evidence of concern that the integration of SBC and AT&T will have a harmful impact on competition for ICS services in Singapore.

2.7 Enterprise Application Software Services.

2.7.1 As referred to above, SBC does not provide telecommunications services including either global telecommunications services or international telecommunication services in Singapore. However, it is active in Singapore in the provision of business application software, or more precisely enterprise application software. Enterprise application software can be defined as software that supports the business functions needed to manage a business effectively such as supply chain management, business integration and trading in an e-commerce environment. Through its subsidiary Sterling Commerce, SBC provides companies with software that supports supply chain management, business integration and trading in an e-commerce environment. It also provides supporting services such as system management services and consulting services. In 2004, SBC received revenues of approximately [**Confidential Information**] in relation to the provision of these services. However, there is no overlap with these services and the telecommunications services provided by AT&T.

2.8 **Roaming Services**

2.8.1 Through its wireless joint venture, Cingular Wireless, SBC has arrangements with Singaporean mobile phone operators which allow the customers of those companies to roam on Cingular mobile phone networks in the US. The roaming agreements are negotiated with these operators on a global basis. AT&T does not provide roaming services.

2.8.2 SBC does not have data which would allow it to provide an accurate estimate of its share of the total number of domestic wireless subscribers in the United States in 2004. SBC estimates that there were approximately 175 million domestic wireless subscribers in the US in 2004, of which Cingular served 49 million, or approximately 28%. This estimate, and by extension SBC's share of this market, is by necessity only a rough approximation of what SBC's share of roaming services provided to Singaporean mobile phone operators might be, and should therefore be treated with some caution. In any event, given that there is no overlap between the Applicants' activities in this respect, there is, as a practical matter, no reason for concern about an impact on competition.

2.8.3 Additionally, the transaction will not give rise to any vertical issues in Singapore as neither of the parties is active in markets that are upstream or downstream of a market in which the other party is active. There is in particular no vertical relationship between Cingular Wireless and AT&T with respect to connecting Singapore and US mobile telephone networks. This is because AT&T does not operate a mobile telephone network in the US or elsewhere.

3. **PROMOTION OF PUBLIC INTEREST**

The Consolidation will result in a combined entity that has greater financial and technical resources to innovate and create new products and services for consumers (see <http://sbc.merger-news.com>). The Consolidation will not have any negative impact on public interest in Singapore.

4. **CONCLUSION**

- 4.1 In light of the above information, it is apparent that there is no horizontal or vertical overlap between the parties on any product or service markets in Singapore and therefore, that there are no markets in Singapore wherein any competition concern may arise as a result of the Consolidation.
- 4.2 The Consolidation will *not* create or strengthen a dominant position, and will *not* substantially lessen competition, in any telecommunication market in Singapore.