

STATE OF NEW YORK

Public Service Commission

William M. Flynn, Chairman

Three Empire State Plaza, Albany, NY 12223

Further Details: (518) 474-7080

<http://www.dps.state.ny.us>

FOR RELEASE: IMMEDIATELY

05062/05C0242

Commission Votes to Approve SBC, AT&T Merger - Combined Entity Will Produce Stronger Competitor in NYS -

Albany, NY—9/21/05—The New York State Public Service Commission today voted unanimously to approve the proposed merger of SBC Communications Inc. (SBC) and AT&T Corporation (AT&T) and its subsidiaries that are certified to provide telecommunications services in New York State. The merger will not change the rates, terms or conditions of services currently provided in New York by either of the merging companies.

"This merger between SBC and AT&T marks the convergence of two telecommunications companies with complementary strengths, product offerings, and customer bases," said Commission Chairman William M. Flynn. "More importantly, the merger represents a substantial investment in New York's dynamic, competitive market by a major telecommunications company with approximately \$80 billion in market capitalization. This merger will enhance the ability of SBC and AT&T to compete in New York, and it should spur continued growth and technological innovation in an increasingly competitive telecommunications environment in New York."

On February 28, 2005, a joint petition was filed by SBC and AT&T with the Commission requesting approval of a merger. On April 1, 2005, the Commission issued a Notice Soliciting Comments on the issues raised in the merger, including but not limited to, impacts on competition in all in New York State markets segments, service quality and consumer interests, infrastructure issues, financial and operational matters, and the relationship, if any, of the proposed merger to a separate, proposed merger between Verizon New York and MCI, Inc. Department of Public Service staff reviewed the petition and comments filed by five parties, and summarized its analysis in a detailed White Paper that was issued for comment on July 6, 2005. Also released on July 6, 2005, was a notice announcing three educational forums and public statement hearings seeking additional public comment on the proposed merger.

Based on the thorough review conducted by the Department of Public Service staff and the record compiled in this case, the Commission concluded that the merger will enhance the ability of SBC and AT&T to compete by better meeting customer needs in New York's increasingly competitive telecommunications market. AT&T and its subsidiaries currently serve approximately 375,000 facilities-based access lines in New York State. Given that subsidiaries of SBC provide service to approximately 3,700 access lines in New York State, the Commission concluded that the merger will not result in the loss of a significant competitor in New York. Instead, the Commission took the position that SBC's financial strength and experience in the local exchange business will strengthen one of the primary competitors in the New York market, and that the combined entity will be better positioned to deliver infrastructure investment, new services, and technologies that will benefit residential and business customers. Further, with access to AT&T's customers, facilities, research capabilities, and national network, the combined entity will be a significant competitor on the national level.

SBC Communications Inc. is a Delaware holding company headquartered in San Antonio, Texas, with four wholly-owned subsidiaries that are certified to provide voice, data, and Internet services for residential, business and government customers in New York. SBC's subsidiaries include: SBC Long Distance, SBC Telecom Inc., SNET America, Inc. and SNET Diversified Group.

AT&T is a New York holding company with headquarters in Bedminster, New Jersey. AT&T, through its subsidiaries, is authorized to provide domestic and international telecommunications services throughout the United States. As a result of the merger, AT&T will become a subsidiary of SBC and shareholders of AT&T will exchange their stock for SBC stock.

The merger is still under review at both the Federal Communications Commission and the United States Department of Justice.

The Commission will issue a written decision detailing today's vote. The decision in Commission Case 05-C-0242, when available, can be obtained from the Commission's Web site at <http://www.dps.state.ny.us> by accessing the Commission Documents section of the homepage. Many libraries offer free Internet access. Commission orders can also be obtained from the Files Office, 14th floor, 3 Empire State Plaza, Albany, New York 12223 (518-474-2500).