

No Supplement to this
tariff will be issued
except for the purpose
of canceling this tariff.

General Exchange Tariff
Section 17
8th Revised Sheet 12.01
Replacing 7th Revised Sheet 12.01

RULES AND REGULATIONS APPLYING TO ALL CUSTOMERS' CONTRACTS

17.6 PAYMENTS FOR SERVICE

17.6.1 Payment for Service

A. Residence Service

The customer is responsible for payment of all charges for services furnished the customer, authorized users, and any other charges for which the customer has agreed to be responsible, including but not limited to charges for services originated or charges accepted at the customer's telephone for exchange service; intrastate or interstate long distance service charges billed by the Telephone Company; any FCC-approved end user charge; any charges transferred to the customer's account from terminated accounts billed to the same customer; and any charges pursuant to Paragraph 17.4, preceding, where the customer has executed a Contract of Guaranty. A customer shall have at least 21 days from the rendition of a bill to pay the charges stated.

A Late Payment Charge of \$1.60 will be applied to accounts which have charges greater than \$5.00 carried over to the next monthly bill. When the balance carried over is in dispute, the Late Payment Charge may be applied and adjusted later, if appropriate, based on the resolution of the claim.

(AT)

Effective October 25, 2004, residential customers in the Harvester and St. Charles exchanges will have a Late Payment Charge of \$5.00 applied to accounts which have charges greater than \$5.00 carried over to the next monthly bill. When the balance carried over is in dispute, the Late Payment Charge may be applied and adjusted later, if appropriate, based on the resolution of the claim.

(AT)

If the customer notifies the Company before the next bill is generated, the Company will exempt the disputed portion of the bill from the Late Payment Charge until the claim is resolved. If the claim is resolved in favor of the Company, the Late Payment Charge will be applied if appropriate.

(MT)

(MT)

Issued: September 2, 2004

Effective: September 12, 2004

By CINDY BRINKLEY, President-SBC Missouri
Southwestern Bell Telephone, L.P., d/b/a SBC Missouri
St. Louis, Missouri

Schedule 1

FILED
MO PSC

**SCHEDULE 2 IS DEEMED
HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

**SCHEDULE 3 IS DEEMED
HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

**SCHEDULE 4 IS DEEMED
HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

Q. PLEASE PROVIDE THE SOURCE DATA USED TO GENERATE THE VISUAL REPRESENTATIONS IN CRAIG UNRUH SCHEDULES 15, 16, AND 17 FROM HIS DIRECT TESTIMONY.

A. The data sources used to generate Unruh Schedule 15 are publicly available Internet websites searched by zip code for service plan comparisons for multiple wireless providers; and, Internet websites for service plan areas for individual wireless providers. Service Plan Comparisons by Zip Codes were identified at: www.letstalk.com for: T-Mobile, Verizon Wireless, Nextel, Cellular-One, U.S. Cellular. This website also identified Cingular and AT&T Wireless, which were excluded from Unruh Schedule 15. Verification for service coverage information for some exchanges and/or zip codes, was performed at www.foncentral.com, and www.wirelessadvisor.com.

Distinct websites searches by service plan area with and without zip code identification were performed for:

Alltel Wireless – www.alltel.com/news_information/maps

Chariton Valley Wireless – www.cvalley.net

U.S. Cellular – www.uscc.com

Sprint PCS – www.sprintpcs.com

Western Wireless – www.wireless.com and www.cellularonewest.com

Cellular One – www.celloneusa.com

Mid-Missouri Cellular – www.mydigital.com

T-Mobile – www.t-mobile.com

Verizon Wireless – www.verizonwireless.com

Nextel – www.nextel.com

For the following SBC Missouri Exchanges, a search for “Cell Phone Service Providers” was performed at the Yellow Pages listing by city: East Prairie, Paynesville, Meta and Armstrong. These cell phone providers were then contacted by telephone and asked if they provided service to these locations. At least one provider was identified for each of these exchanges. However, as noted on Unruh Schedule 15, no wireless providers were found for Stanberry.

For Unruh Schedules 16 and 17 the source data is a combination of public information such as press releases, advertising, etc., information purchased from Nielson Communications and Geographic Data Technologies and some internal

SBC data. This information resides in a data base that interfaces graphically with mapping software to produce the maps. Spreadsheets and other typical types of source data are not created in this process. Generally the information purchased from outside sources contains data for the United States, not just Missouri.

Responsible Person: Donna T. Halwe
Area Manager-Regulatory
One SBC Center, Room 3506
St. Louis, MO 63101

Jessica Willis
Associate Director- GIS Infrastructure
105 Auditorium Cr., Room 11-M-06
San Antonio, TX 78205

- Q. PLEASE PROVIDE ANY DOCUMENTATION, INCLUDING BUSINESS PLANS, PRESENTATIONS AND INTERNAL MEMOS, THAT DISCUSS AND/OR DETAIL ANY PRICE AND/OR SERVICE CHANGES (I.E. COMPETITIVE RESPONSE PLANS) THAT SBC MISSOURI CONTEMPLATES IT WOULD IMPLEMENT IF IT WERE TO HAVE COMPETITIVE CLASSIFICATION FOR ANY OR ALL OF ITS SERVICES IN ANY OF OR ALL OF ITS MISSOURI EXCHANGES.
- A. SBC Missouri has not determined what marketing programs it would initiate as a result of an expansion of competitive classification. Analysis needs to be performed to determine how customers desires can be better served with new flexibility.

Responsible Person: Sylvia Acosta Fernandez
Director-Voice Package Simplification
530 McCullough, Room 6-M-06
San Antonio, TX 78215

Elizabeth Stoia
Director-Core Services
530 McCullough, Room 09-K-06
San Antonio, TX 78215



News Release

FOR RELEASE THURSDAY, JULY 22, 2004

AT&T Announces Second-Quarter 2004 Earnings, Company to Stop Investing in Traditional Consumer Services; Concentrate Efforts on Business Markets

- Second-quarter earnings per diluted share of \$0.14
- Consolidated revenue of \$7.6 billion
- Operating income of \$348 million
- Second-quarter cash from operating activities of \$1.1 billion

BEDMINSTER, N.J. -- AT&T (NYSE: T) today reported net income of \$108 million, or earnings per diluted share of \$0.14, for the second quarter of 2004. This compares to net income of \$536 million, or earnings per diluted share of \$0.68, in the second quarter of 2003.

The company also announced that it is shifting its focus away from traditional consumer services such as wireline residential telephone services, and concentrating its growth efforts going forward on business markets and emerging technologies, such as Voice over Internet Protocol (VoIP), that can serve businesses as well as consumers. The shift plays to AT&T's strength as an innovator in communications and a leader in serving the complex networking and technology needs of businesses.

"AT&T is the leading provider of communications services to business customers, offering a full range of leading-edge networking and communications solutions on a global basis," said David W. Dorman, AT&T's Chairman and CEO, who noted that nearly 75% of AT&T's revenue is now generated by AT&T Business. "We intend to widen the gap between AT&T and our competitors in the business market, while also improving our industry-leading cost structure and financial strength."

As a result of recent changes in regulatory policy governing local telephone service, AT&T will no longer be competing for residential local and standalone long distance (LD) customers. The company stressed that existing residential customers will continue to receive the quality service they expect from AT&T; however, the company will no longer be investing to acquire new customers in this segment.

"This decision means that AT&T will focus on lines of business where we are a clear leader, where we control our own destiny and where we have distinct competitive advantages," said Dorman. "Despite the near-term challenges associated with a difficult industry environment, we are confident that AT&T's cost structure, customer base, strong balance sheet and cash flow give us the flexibility to continue investing for success in the long run."

AT&T reported second-quarter 2004 consolidated revenue of \$7.6 billion, which included \$5.6 billion from AT&T Business and \$2.0 billion from AT&T Consumer. Consolidated revenue declined 13.2 percent versus the second quarter of 2003, primarily due to continued declines in LD voice revenue.

AT&T's second-quarter 2004 operating income totaled \$348 million, resulting in a consolidated operating margin of 4.6 percent. Operating income included \$54 million of net restructuring and other charges taken during the quarter primarily related to employee separations. This quarter the company also reported that it generated \$1.1 billion in cash from operations while spending \$0.5 billion on capital expenditures.

AT&T UNIT HIGHLIGHTS

AT&T Business

- Revenue was \$5.6 billion, a decline of 12.7 percent from the prior-year second quarter. Pricing pressure and mix shift from retail to wholesale negatively affected the unit's revenue performance.
- Long distance voice revenue decreased 17.6 percent from the prior-year second quarter, driven by continued pricing pressure as well as a continued mix shift in volume from retail to wholesale. Volumes were flat on a quarter-over-quarter basis, with growth in wholesale volumes offset by a decline in retail volumes.
- Local voice revenue grew 5.0 percent from the prior-year second quarter. Local access lines totaled more than 4.6 million at the end of the current period, representing an increase of over 85,000 lines from the end of the first quarter of 2004.
- Data revenue declined 10.4 percent from the prior-year second quarter. Revenue was negatively affected by pricing pressure, weak demand and technology migration.

Schedule 7-1

- IP&E-services revenue grew 2.3 percent over the prior-year second quarter. The quarter-over-quarter growth was primarily driven by strength in advanced services, including Enhanced Virtual Private Network and IP-enabled frame.
- Outsourcing, professional services and other revenue declined 18.9 percent from the prior-year second quarter, due to customers reducing scope and terminating outsourcing contracts.
- Operating income totaled \$152 million in the period, yielding an operating margin of 2.7 percent. Second-quarter 2004 operating income included net restructuring and other charges of \$52 million related to employee separations. The operating margin declined from the prior-year second quarter, reflecting the ongoing mix shift from retail LD products toward advanced and wholesale services.
- The sequential increase in second-quarter operating margin was primarily driven by favorable access settlements. In the second half of 2004, we expect the operating margin to be eroded by continuing pricing pressure in the enterprise segment, RBOC share gains in the small and medium business markets and the customary impact of seasonality.
- Capital expenditures were \$463 million as AT&T Business continued to invest in its network and systems to drive continued cost efficiencies and expand its customer-focused networking capabilities.
- AT&T Business showed an improvement in market share trends at the high end of the market, consistent with its strategy of keeping and building its enterprise customer base.
- During the second quarter, a number of sizable customer wins and contract extensions were signed with companies including Lockheed Martin, Deutsche Bank and Providea, as well as The United States Army and The Internal Revenue Service, among many others.

AT&T Consumer

- Revenue was \$2.0 billion, a decline of 14.6 percent versus the prior-year second quarter, driven by lower standalone LD voice revenue as a result of the continued impact of competition, wireless and Internet substitution and customer migration to lower-priced products and calling plans, partially offset by targeted price increases.
- Operating income totaled \$240 million, yielding an operating margin of 11.9 percent. The margin decline from the prior-year second quarter was largely due to ongoing substitution and competition. In addition, increased spending for marketing and new initiatives such as VoIP contributed to the margin decline. Such declines were partially offset by the effects of pricing actions.
- According to industry estimates, more than 40% of American households have now migrated to some combination of bundled communications services. Recent regulatory decisions make it financially infeasible for AT&T to offer a competitive bundle of services to consumers. AT&T has determined that it cannot effectively compete against bundled competition by selling only standalone LD.
- As of June 30, 2004 AT&T Consumer offered its residential VoIP AT&T CallVantageSM Service in 72 major markets throughout the U.S. Recently, the company expanded the availability of its offer to 100 major markets in 32 states and Washington D.C.

OTHER CONSOLIDATED FINANCIAL HIGHLIGHTS

- Free cash flow was \$0.6 billion for the quarter. Free cash flow is defined as cash flow provided by operating activities of \$1.1 billion less cash used for capital expenditures and other additions of \$0.5 billion.
- AT&T ended the quarter with net debt of \$7.9 billion, a \$0.5 billion decrease from the end of the first quarter of 2004. Net debt is defined as total debt of \$11.2 billion less cash of \$2.5 billion, restricted cash of \$0.5 billion and net foreign debt fluctuations of \$0.3 billion.

DEFINITIONS and NOTES

AT&T Business

LD Voice - includes all of AT&T's domestic and international LD revenue, including Intralata toll when purchased as part of an LD calling plan.

Local Voice - includes all local calling and feature revenue, Intralata toll when purchased as part of a local calling plan, as well as Inter-carrier local revenue.

Data Services - includes bandwidth services (dedicated private line services through high-capacity optical transport), frame relay and asynchronous transfer mode (ATM) revenue for LD and local, as well as revenue for managed data services.

Internet Protocol & Enhanced Services (IP&E-services) - includes all services that ride on the IP common backbone or that use IP technology, including managed IP services, as well as application services (e.g., hosting, security).

Outsourcing, Professional Services & Other - includes complex bundled solutions primarily in the wide area/local area network space, AT&T's professional services revenue associated with the company's federal government customers, as well as all other Business revenue (and eliminations) not previously defined.

Data, IP&E-Services - Percent Managed - managed services refers to AT&T's management of a client's network or network and applications including applications that extend to the customer premise equipment.

Data, IP&E-Services - Percent International - a data service that either originates or terminates outside of the United States, or an IP&E-service installed or wholly delivered outside the United States.

AT&T Consumer

Schedule 7-2

Bundled Services - includes any customer with a local relationship as a starting point, and all other AT&T subscription-based voice products provided to that customer.

Standalone LD, Transactional & Other Services - includes any customer with solely a long distance relationship, non-voice products, or a non subscription-based relationship.

Local Customers - residential customers that subscribe to AT&T local service.

Other Definitions and Notes

Restricted cash - \$0.5 billion of cash that collateralizes a portion of private debt and is included in "other current assets" on the balance sheet.

Foreign currency fluctuations - represents mark-to-market adjustments, net of cash collateral collected, that increased the debt balance by approximately \$0.3 billion at June 30, 2004, on non-U.S. denominated debt of about \$1.8 billion. AT&T has entered into foreign exchange hedges that substantially offset the fluctuations in the debt balance. The offsetting mark-to-market adjustments of the hedges are included in "other current assets" and "other assets" on the balance sheet.

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- [2Q04 Income Statement \(PDF\)](#)
 - [2Q04 Quarterly Income Statements \(PDF\)](#)
 - [2Q04 Historical Segment Data \(PDF\)](#)
 - [2Q04 Balance Sheet \(PDF\)](#)
 - [2Q04 Cash Flow \(PDF\)](#)
 - [2Q04 Reconciliation of Non-GAAP Measures \(PDF\)](#)

The foregoing contains "forward-looking statements" which are based on management's beliefs as well as on a number of assumptions concerning future events made by and information currently available to management. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside AT&T's control, that could cause actual results to differ materially from such statements. These risk factors include the impact of increasing competition, continued capacity oversupply, regulatory uncertainty and the effects of technological substitution, among other risks. For a more detailed description of the factors that could cause such a difference, please see AT&T's 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission. AT&T disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This information is presented solely to provide additional information to further understand the results of AT&T.

About AT&T

For more than 125 years, AT&T (NYSE 'T') has been known for unparalleled quality and reliability in communications. Backed by the research and development capabilities of AT&T Labs, the company is a global leader in local, long distance, Internet and transaction-based voice and data services.

AT&T 'Safe Harbor'

The foregoing contains 'forward-looking statements' which are based on management's beliefs as well as on a number of assumptions concerning future events made by and information currently available to management. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside AT&T's control, that could cause actual results to differ materially from such statements. These risk factors include the impact of increasing competition, continued capacity oversupply, regulatory uncertainty and the effects of technological substitution, among other risks. For a more detailed description of the factors that could cause such a difference, please see AT&T's 10-K, 10-Q, 8-K and other filings with the Securities and Exchange Commission. AT&T disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This information is presented solely to provide additional information to further understand the results of AT&T.

For more information, reporters may contact:

For media inquiries please contact:

Paul Kranhold
908-234-5105

Andy Backover
908 234-8632

For investor inquiries please contact:

Investor Relations
908-532-1680

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MCI Reacts To Triennial Review Ruling

BACKGROUND: The U.S. Court of Appeals for the District of Columbia Circuit today released its ruling on the Federal Communications Commission's (FCC) "Triennial Review" local telephone competition order. This order established the framework under which competitors can access the Bell-controlled public phone network. MCI and other competitive local exchange carriers joined with the FCC in defending portions of the order that ensure consumer choice in the local telephone market.

The court sharply restricted the ability of MCI and other companies to offer local phone service to residential customers by denying competitors the right to lease the facilities still controlled by local Bell monopolies. Without access to those facilities, MCI and others simply cannot continue to offer lower prices and better residential services. The D.C. Circuit also denied competitors the ability to provide innovative broadband services on fiber facilities. If the Court's opinion is not stayed, consumers will be impacted in as few as 60 days.

The following statement should be attributed to Stasia Kelly, MCI general counsel:

"Congress had envisioned that the Telecom Act would open local markets to competition and ensure that consumers have freedom of choice when it comes to local residential service. Yet, eight years later, local phone competition is still under attack.

"Eliminating the FCC's local competition rules scraps the significant progress we have made to deliver consumers lower rates and innovative service. Three and a half million consumers have chosen MCI for local service over the Bells, and more than 19 million households now use a local phone provider other than the Bells. Additionally, local competition has spurred network investment and created tens of thousands of jobs.

"The D.C. Circuit's decision leaves us with little choice but to seek an emergency stay and full review from the U.S. Supreme Court.

"It is imperative that the FCC continue the fight to preserve competition, by taking this case to the Supreme Court for a definitive decision. Millions of Americans will pay the price if the FCC does not act to protect their interests."

- 2 March, 2004

PR Contact:

Name: Peter Lucht

Tel: (800) 644-NEWS

PR Contact:

Name: Sudie Nolan

Tel: 703-886-7311

Source:

<http://global.mci.com/about/news/news2.xml?newsid=9910&mode=long&lang=en&width=530&root=/about/&langlinks=off>

**SCHEDULE 9 IS DEEMED
HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

**SCHEDULE 10 IS DEEMED
HIGHLY CONFIDENTIAL IN ITS ENTIRETY**

**SCHEDULE 11 IS DEEMED
HIGHLY CONFIDENTIAL IN ITS ENTIRETY**