

Justice to any corporation described above shall be made only upon agreement by such corporation, containing the terms prescribed in the Stipulation entered into by BT, defendant MCI and the United States on July 2, 1997, not to disclose any non-public information to any other person, apart from governmental authorities in the United States or United Kingdom and not to use such information for any purpose other than to obtain relief from said governmental authorities. Where Concert or MCI is required to disclose, in Section II.A, particular telecommunications services provided, this shall include disclosure of the identity of each of the services, and reasonable detail about each of the services to the extent not already published elsewhere, but shall not require disclosure of underlying facilities used to provide a particular service that is offered on a unitary basis, except to the extent necessary to identify the service and the means of interconnection with the service.

F. "Enhanced telecommunications service" means any telecommunications service that involves as an integral part of the service the provision of features or capabilities that are additional to the conveyance (including switching) of the information transmitted. Although enhanced telecommunications services use telecommunications services for conveyance, their additional features or capabilities do not lose their enhanced status as a result.

G. "Facility" means: (i) any line, trunk, wire, cable, tube, pipe, satellite, earth station, antenna or other means that is directly used or designed or adapted for use in the conveyance, transmission, origination or reception of a telecommunications or enhanced telecommunications service; (ii) any switch,

multiplexer, or other equipment or apparatus that is directly used or designed or adapted for use in connection with the conveyance, transmission, origination, reception, switching, signaling, modulation, amplification, routing, collection, storage, forwarding, transformation, translation, conversion, delivery or other provision of any telecommunications or enhanced telecommunications service, and (iii) any structure, conduit, pole, or other thing in, on, by, or from which any facility as described in (i) or (ii) is or may be installed, supported, carried or suspended.

H. "MCI", prior to the consummation of the Merger Agreement, means MCI Communications Corporation, and any subsidiary, affiliate, predecessor, successor, or assign of MCI Communications Corporation, and following the consummation of the Merger Agreement, MCI means any other entity or entities partially (20% or more) or wholly owned or controlled by Concert and providing telecommunications services within the United States or from the United States to the United Kingdom, but does not include BT or NewCo.

I. "Merger Agreement" means the Agreement and Plan of Merger, dated November 3, 1996 (including any subsequent modifications or amendments to such agreement), entered into by and among British Telecommunications plc, MCI Communications Corporation and Tadworth Corporation.

J. "NewCo" means Concert Communications Company, the joint venture of MCI and BT created pursuant to the terms of the Joint Venture Agreement entered into by MCI and BT as of August 4, 1993 (including any subsequent modifications or amendments to such agreement), and any subsidiary,

affiliate, predecessor (whether the predecessor is jointly owned by MCI and BT or separately owned by either of them), successor, or assign of such joint venture, or any other entity or entities partially (20% or more) or wholly owned or controlled by Concert and having among its purposes substantially the same purposes as described for NewCo in the Joint Venture Agreement, but does not include MCI or BT.

K. "Telecommunications service" means the conveyance, by electrical, magnetic, electromagnetic, electromechanical or electrochemical means (including fiber-optics, as well as satellite, microwave and other wireless transmission), of information consisting of:

- speech, music and other sounds;
- visual images;
- signals serving for the impartation (whether as between persons and persons, things and things or persons and things) of any matter, including but not limited to data, otherwise than in the form of sounds or visual images;
- signals serving for the actuation or control of machinery or apparatus; or
- translation or conversion that does not alter the form or content of information as received from that which is originally sent.

"Convey" and "conveyance" include transmission, switching, and receiving, and cognate expressions shall be construed accordingly. A telecommunications service

includes all facilities used in providing such service, and the installation, maintenance, repair, adjustment, replacement and removal of any such facilities. A service that is considered a "telecommunications service" under this definition retains that status when it is used to provide an enhanced telecommunications service, or when used in combination with equipment, facilities or other services.

L. "United Kingdom" and "UK" mean England, Wales, Scotland, Northern Ireland and all territories, dependencies, or possessions of the United Kingdom (excluding the Isle of Man) for which international telecommunications traffic is not normally separately reported to the United States Federal Communications Commission by United States telecommunications carriers.

M. "United States" and "US" mean the fifty states, the District of Columbia, and all territories, dependencies, or possessions of the United States.

N. "United States international telecommunications provider" means any person or entity actually providing international telecommunications services or enhanced telecommunications services to users in the United States, and that is incorporated in the United States, or that is ultimately controlled by United States persons within the meaning of 16 C.F.R. § 801.1.

V

Visitorial and Compliance Provisions

A. Concert agrees to maintain sufficient records and documents to demonstrate compliance with the requirements of this Modified Final Judgment.

B. For the purposes of determining or securing compliance of defendants with this Modified Final Judgment, duly authorized representatives of the plaintiff, upon written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to the relevant defendant, shall have access without restraint or interference to Concert and MCI in the United States:

1. during their office hours to inspect and copy all records and documents in their possession or control relating to matters contained in this Modified Final Judgment; and

2. to interview or take sworn testimony from their officers, directors, employees, trustees, or agents, who may have counsel present, relating to any matter contained in this Modified Final Judgment./

C. Concert consents to make available to duly authorized representatives of the plaintiff, for the purposes of determining whether defendants have complied with the requirements of this Final Judgment and to secure their compliance:

1. at the premises of the Antitrust Division in Washington, D.C., within sixty days of receipt of written request by the Attorney General or Assistant Attorney General in charge of the Antitrust Division, records and documents in the possession or control of Concert, wherever located; and

2. for interviews or sworn testimony, in the United States if requested by plaintiff but subject to their reasonable convenience, officers, directors, employees, trustees or agents, who may have counsel present.

D. Upon written request of the Attorney General or the Assistant Attorney General in charge of the Antitrust Division, a defendant shall submit written reports, under oath if requested, relating to any of the matters contained in this decree.

E. No information or documents obtained by the means provided in this Section V shall be divulged by the plaintiff to any person other than the United States Department of Justice, the Federal Communications Commission ("FCC"), and their employees, agents and contractors, except in the course of legal proceedings to which the United States is a party, or for the purpose of securing compliance with this decree, or for identifying to the United Kingdom Office of Telecommunications ("OFTEL"), the European Commission ("EC"), or other appropriate United Kingdom or EC regulatory agencies, conduct by defendants that may violate United Kingdom or EC law or regulations or Concert's license to operate its United Kingdom public telecommunications system (but no documents received from defendants pursuant to this Section V shall be disclosed to United Kingdom or EC authorities by the Department of Justice), or as otherwise required by law. Prior to divulging any documents, interviews or sworn testimony obtained

pursuant to this Section V to the Federal Communications Commission or prior to divulging any interviews or sworn testimony obtained pursuant to this Section V to the EC, plaintiff will obtain assurances that such materials are protected from disclosure to third parties to the extent permitted by law.

F. If at the time information or documents are furnished by a defendant to plaintiff pursuant to this Section V, such defendant represents and identifies in writing the material in any such information or documents to which a claim of protection may be asserted under Rule 26(c)(7) of the Federal Rules of Civil Procedure, and said defendant marks each pertinent page of such material, "Subject to a claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then 10 days notice shall be given by plaintiff to such defendant prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which that defendant is not a party.

VI

Retention of Jurisdiction

Jurisdiction is retained by this Court for the purposes of enabling any of the parties to this Modified Final Judgment to apply to this Court at any time for such further orders or directions as may be necessary or appropriate to carry out or construe this decree, to modify or terminate any of its provisions, to enforce compliance, and to punish any violations of its provisions.

VII

Modification

A. Any party to this Modified Final Judgment may seek modification of its substantive terms and obligations, and other parties to the Modified Final Judgment shall have an opportunity to respond to such a motion. If the motion is contested by another party, it shall only be granted if the movant makes a clear showing that (i) a significant change in circumstances or significant new event subsequent to the entry of the Modified Final Judgment requires modification of the Modified Final Judgment to avoid substantial harm to competition or consumers in the United States, or to avoid substantial hardship to defendants, and (ii) the proposed modification is (a) in the public interest, (b) suitably tailored to the changed circumstances or new events and would not result in serious hardship to any defendant, and (c) consistent with the purposes of the antitrust laws of the United States and with the telecommunications regulatory regime of the United Kingdom. Neither the absence of specific reference to a particular event in the Modified Final Judgment nor the foreseeability of such an event at the time this Modified Final Judgment was entered, shall preclude this Court's consideration of any modification request. This standard for obtaining contested modifications shall not require the United States to initiate a separate antitrust action before seeking modifications. The same standard shall apply to any party seeking modification of this Modified Final Judgment. If a motion to modify this Modified Final Judgment is not contested by any party, it shall be granted if the proposed

modification is within the reaches of the public interest. Where modifications of the Modified Final Judgment are sought, the provisions of Section V of this Modified Final Judgment may be invoked to obtain any information or documents needed to evaluate the proposed modification prior to decision by the Court.

B. Concert agrees to notify the plaintiff in writing if MCI or Concert hereafter files with the FCC or OFTEL an application to assign (or transfer control of) any license or authorization held by MCI or BT relating to telecommunications services between the United States and the United Kingdom, or if Concert seeks to reorganize its corporate structure so as to combine NewCo and BT in the same corporate entity. Within five (5) days of receipt by plaintiff of such notice, plaintiff may request from defendants additional information concerning the proposed assignment, transfer or reorganization. Defendants shall furnish any additional information requested within ten (10) days of receipt of the request. Such assignment, transfer or reorganization shall not take effect until thirty (30) days after receipt of the notice or, if additional information is requested by plaintiff, until twenty (20) days after receipt of the additional information. If the plaintiff determines, in its sole discretion, that such an assignment, transfer or reorganization would impair the effectiveness of any of the provisions of this Modified Final Judgment, then the plaintiff, in the exercise of its discretion and without waiving its right to obtain any other remedy, may seek further modification of this Modified Final Judgment, which modification will be reviewed as set forth in Section VII.A hereinabove. Concert and MCI agree that they will not oppose any

request by the plaintiff for expedited consideration by the Court of any such request for further modification.

VIII

Sanctions

Nothing in this Modified Final Judgment shall prevent the United States from seeking, or this Court from imposing, against defendants or any other person, any relief available under any applicable provision of law.

IX

Further Provisions

- A. The entry of this Modified Final Judgment is in the public interest.
- B. The substantive restrictions and obligations of this Modified Final Judgment shall be removed after ten years have passed from September 29, 1994, the date of entry of the Final Judgment, unless this Modified Final Judgment has been previously terminated.

United States District Judge

DATED: _____

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

MCI COMMUNICATIONS
CORPORATION and
BT FORTY-EIGHT COMPANY
("NewCo"),

Defendants.

Civil Action No. 94-1317 (TFH)

Filed:

UNITED STATES' EXPLANATION OF PROCEDURES

The United States submits this short memorandum summarizing the procedures regarding the Court's entry of the proposed Modified Final Judgment. Although the United States does not believe that this Modified Final Judgment is subject to the Antitrust Procedures and Penalties Act, 15 U.S.C. §§ 16(b)-(h), it intends to follow procedures similar to those set out in this Act in order to allow for interested parties to submit comments to the Court prior to the Court's determination of whether the entry of the Modified Judgment is in the public interest.

1. Today, the United States has filed a Modified Final Judgment, a Stipulation pursuant to which the parties have consented to entry of the Modified Final Judgment and a Memorandum In Support Of Modification explaining the proposed modifications and the reasons therefor.
2. The United States intends to publish the proposed Modified Final Judgment and its

Memorandum In Support Of Modification in the Federal Register and in certain newspapers at least 60 days prior to the time that the United States files a motion for the entry of the proposed Modified Final Judgment. The notice will inform members of the public that they may submit comments concerning the Modified Final Judgment to the United States Department of Justice, Antitrust Division.

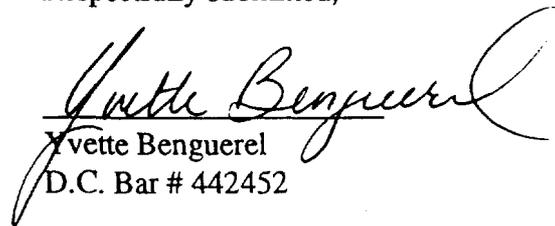
3. During the sixty-day period, the United States will consider, and at the close of that period respond to, any comments received.

4. After the expiration of the sixty-day period, the United States will file with the Court the comments, the United States' response and a Motion for Entry of the Modified Final Judgment (unless the United States has decided to withdraw its consent to entry of the Modified Final Judgment, as permitted by Paragraph 2 of the Stipulation).

5. At that time, or any time thereafter, the Court may enter the Modified Final Judgment without a hearing, if it finds that the Modified Final Judgment is in the public interest.

DATED: July 7, 1997

Respectfully submitted,


Yvette Benguerel
D.C. Bar # 442452

U.S. Department of Justice
Antitrust Division
Telecommunications Task Force
555 4th Street, N.W.
Washington, D.C. 20001
(202) 514-5808

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 94-1317 (TFH)
MCI COMMUNICATIONS)	
CORPORATION and)	
BT FORTY-EIGHT COMPANY)	
("NewCo"),)	Filed:
)	
Defendants.)	
)	

STIPULATION

It is stipulated and agreed by and between the undersigned parties by their respective attorneys, that:

1. The Court has jurisdiction over the defendants and, for the limited purpose of enforcing this Stipulation, over British Telecommunications plc ("BT").
2. The parties to this Stipulation consent to the modification of the Final Judgment entered by this Court on September 29, 1994, as shown in the attached Modified Final Judgment filed with this Stipulation. The parties further consent that the Modified Final Judgment in the form attached may be entered by the Court, upon any party's motion, at any time after the completion of the procedures specified in the United States' Explanation of Procedures, attached to this Stipulation, without further notice to any party or other proceedings, provided that

plaintiff has not withdrawn its consent, which it may do at any time before entry of the Modified Final Judgment by serving notice on the defendants and BT and by filing that notice with the Court.

3. BT and defendant MCI have entered into a Merger Agreement and Plan of Merger dated November 3, 1996 ("Merger Agreement"), whereby MCI shall be merged into a wholly-owned subsidiary of BT. Upon completion of the merger, the parent company, BT, will be renamed Concert plc ("Concert"). The parties have agreed that this Court shall have jurisdiction over the parent company following the consummation of the proposed transaction, and that the parent company will be bound by the provisions of the Final Judgment and the Modified Final Judgment when it is entered. The parties are hereby estopped from arguing that this Court lacks venue or jurisdiction over the subject matter of this action or over Concert. The parties further agree that following its formation, Concert will become a party to the Modified Final Judgment.

4. The parties to this Stipulation agree that as of the date of this Stipulation and pending entry of the Modified Final Judgment, MCI shall abide by the terms and conditions of Section II.A.3.ii of the Modified Final Judgment as though the same were in full force and effect as an order of the Court.

5. The parties to this Stipulation agree that if the Merger Agreement is consummated before the Modified Final Judgment is entered, they shall abide by all of the terms and conditions of the Modified Final Judgment as though the same were in full force and effect as an order of the Court.

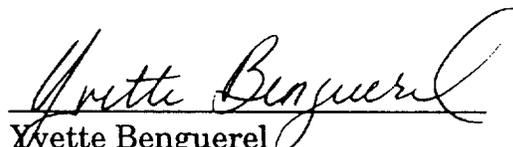
6. The parties agree to notify the plaintiff in writing if MCI or Concert hereafter files with the Federal Communications Commission ("FCC") or the United Kingdom's Office of Telecommunications ("OFTEL") an application to assign (or transfer control of) any license or authorization held by MCI or BT relating to telecommunications services between the United States and the United Kingdom, or if Concert seeks to reorganize its corporate structure so as to combine NewCo and BT in the same corporate entity as set forth in Section VII.B of the Modified Final Judgment.

7. The agreements governing disclosure to United States corporations that are referenced in Section IV.E of the Modified Final Judgment, shall provide that: (1) non-public information received from the Department of Justice shall be used solely in connection with the filing of a complaint with or providing information to governmental authorities in the United States or the United Kingdom, and not for any other purpose; (2) such information shall not be disclosed to any persons other than those officers, directors, employees, agents or contractors of the corporation who need such information in order to file a complaint, to determine whether a complaint should be filed or to provide information to any governmental authority in the United States or the United Kingdom, and to those government authorities (including, but not limited to, the FCC and OFTEL); (3) all persons to whom any non-public information is disclosed will be advised of the limitations on the use and disclosure of such information; and (4) if unauthorized use or disclosure occurs, the Department of Justice may revoke or otherwise limit

further access to such information by the corporation or any person unless the Department of Justice decides, in its sole discretion, that such revocation is unnecessary under the circumstances. The Department of Justice may add further conditions to any agreements referenced in Section IV.E of the Modified Final Judgment if it determines that such conditions are necessary for the protection of any non-public information. Any actions taken by the Department of Justice to redress the unauthorized use or disclosure of any non-public information shall neither preclude nor give rise to defendants' right to pursue a separate action against any person for the unauthorized use or disclosure of such information.

8. In the event plaintiff withdraws its consent, as provided in paragraph 2 above, or if the proposed Modified Final Judgment is not entered pursuant to this Stipulation, this Stipulation shall be of no effect whatever, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

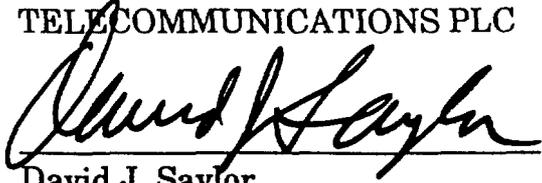
FOR PLAINTIFF
UNITED STATES OF AMERICA


Yvette Benguerel
D.C. Bar # 442452
David Myers

United States Department of Justice
Antitrust Division
555 4th Street, N.W.
Washington, D.C. 20001
(202) 514-5808

Dated: July 2, 1997

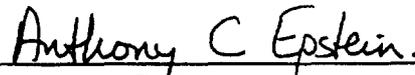
FOR BRITISH
TELECOMMUNICATIONS PLC



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(202) 637-8679

Dated: July 2, 1997

FOR MCI COMMUNICATIONS
CORPORATION



Anthony C. Epstein
D.C. Bar # 250829
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601 Thirteenth Street, N.W.
Suite 1200
Washington, DC 20005
(202) 639-6080

Dated: July 2, 1997

Certificate of Service

I, Tracy Varghese, hereby certify under penalty of perjury that I am not a party to this action, that I am not less than 18 years of age, and that I have on this day caused the Motion to Modify, Memorandum In Support of Modification, Stipulation, and Modified Final Judgment, to be served on the defendants by mailing a copy, postage paid, to each of the defendants on the attached service list.



Tracy Varghese

July 7, 1997

Service List

BT FORTY-EIGHT COMPANY

David J. Saylor
Hogan & Hartson
Columbia Square
555 Thirteenth Street, N.W.
Washington, D.C. 20004-1109

MCI COMMUNICATIONS CORPORATION

Anthony C. Epstein
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