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January 16, 1998

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Re: Ex Parte Notice, CS Docket No. 97-80 (Navigation Devices)

Dear Ms. Salas:

This letter provides notice that on January 16, 1998, Chris Crafton, Director, Industry Affairs for NextLevel Systems, Inc. ("NextLevel");¹ Faye Morrison, Government Affairs Representative for NextLevel; Jeff Krauss, a consultant for NextLevel; and the undersigned, met with the following Commission officials in connection with the above-captioned proceeding:

- Jonathan Levy, Economist, OPP
- Michael Nelson, Director, Technology Policy, OPP
- Stagg Newman, Director, Technology Analysis, OPP
- Robert Pepper, Chief, OPP
- Michael Riordan, Chief Economist, OPP

We discussed various technology aspects of the recently announced deals between GI and nine cable operators, and GI and Sony Corp. regarding the manufacture and supply of advanced digital terminals. We also discussed GI's retail launch of its SURFboard™ high-speed cable modems through CompUSA in select markets.

The attached press releases, which describe these deals in detail, were handed out at the meeting. Please place a copy of them in the docket in the above-captioned proceeding.

¹ Effective February 2, 1998, the core cable, satellite, and wireless businesses will revert to the company's former name of General Instrument Corporation.

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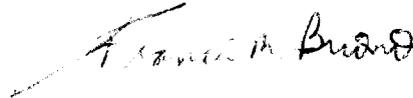
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Ms. Magalie Roman Salas
January 16, 1998
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Kindly direct any questions about this matter to the undersigned.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Francis M. Buono". The signature is written in a cursive style with a long horizontal stroke at the beginning.

Francis M. Buono

Attachment

cc: Jonathan Levy
Michael Nelson
Stagg Newman
Robert Pepper
Michael Riordan

**Recent Announcements by
NextLevel Systems, Inc. / General Instrument Corporation***
Meeting with Jonathan Levy & FCC Staff
January 15, 1998

Attached Press Releases:

- NextLevel Systems to Supply At Least 15 Million Advanced Digital Set-Top Devices to Cable Operators
- Sony and NextLevel Plan Strategic Alliance to Develop Digital TV Technologies
- NextLevel Announces Retail Launch of SURFboard™ High-Speed Cable Modems

NextLevel / GI Washington Office:

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Vice President, Government Affairs
Christine G. Crafton,
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NEXTLEVEL

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**NEXTLEVEL SYSTEMS TO SUPPLY AT LEAST 15 MILLION
ADVANCED DIGITAL SET-TOP DEVICES TO CABLE OPERATORS**

**MSOs To Become Shareholders In NextLevel,
Which Will Change Name Back To General Instrument**

Breen Named Chairman and CEO Of General Instrument; Other Executives Named

CHICAGO, December 17, 1997 – NextLevel Systems, Inc. (NYSE: NLV) today announced that it has entered into long-term understandings worth a total of at least \$4.5 billion over the next 3-5 years to supply at least 15 million advanced digital set-top devices to nine leading cable system operators (MSOs) under the industry's Open Cable specifications.

The understandings reached by NextLevel, which is changing its name back to General Instrument Corporation, include commitments from MSOs representing about half of the entire cable industry. As part of these understandings, the MSOs will receive warrants to purchase approximately 16% of General Instrument equity at a price of approximately \$15.00 per share. These warrants will vest only as set-top orders are actually shipped in the years 1998-2000.

General Instrument will also acquire from Tele-Communications, Inc., in exchange for approximately 10% of General Instrument equity, the digital transport and authorization functions of TCI's Head End In

The Sky (HITS) organization, providing the industry a secure platform to support widespread digital deployment.

These transactions are subject to completion of definitive documentation.

In addition, GI intends to establish strategic partnerships with consumer electronics companies to pursue future digital technology development and retail distribution.

Edward D. Breen, who was named the Company's President and Acting Chief Executive Officer on October 16, has been named Chairman and CEO of the new General Instrument Corporation and will become a member of the Board's Executive Committee. The Company also named three new officers: Eric M. Pillmore, Vice President, Finance and Acting Chief Financial Officer; Scott A. Crum, Vice President of Administration and Employee Resources; and Robert A. Scott, Vice President Legal and Secretary.

The Company also announced other elements of its plan to improve financial performance and achieve the full strategic potential of its world-class communications technologies and market leadership positions. The plan, which was announced on October 16, 1997, includes:

- Cutting costs at its cable/satellite TV operations, including substantial job reductions at its San Diego and Puerto Rico satellite TV facilities and consolidation of its Chicago corporate headquarters into its Horsham, PA, cable TV facility, which will become the headquarters for General Instrument Corporation. The cost-cutting initiatives will result in annual earnings improvement of \$0.05 to \$0.07 per share beginning in 1998 for the new GI.
- Continuing to explore the establishment of the Company's advanced telephony operations, Next Level Communications, as an independent entity. The telephony unit will continue to do business as NextLevel Communications (NLC). The GI Board believes that NLC, which is deploying its NLevel³ Switched Digital Access (SDA) system under contracts with Bell Atlantic and U S West, has created significant value that has not been recognized in the Company's stock price. The Board believes an eventual spin-off of NLC as a public company may be the best way to grow this business and increase shareholder value.

The Company now expects 1998 earnings of \$0.65 to \$0.75 per share if after-tax losses in the NLC telephony unit can be excluded, compared to its October 16, 1997 announced range of \$0.45 to \$0.50 before corrective actions. The difference in expectations is the combination of the \$0.05 to \$0.07 per share in savings in the cable/satellite TV operations and exclusion of NLC after-tax losses of \$23-28

million (\$0.15 to \$0.18 per share) in 1998. This unit is expected to record an after-tax loss of over \$30 million (\$0.20 per share) in 1997.

General Instrument expects to record after-tax charges of \$65-100 million (\$0.42 to \$0.64 per share). These charges, related principally to the restructuring, will be incurred and recorded by the Company during the fourth quarter of 1997 and first quarter of 1998.

“We have accomplished a great deal in the past 60 days to increase shareholder value and put our business on a growth track for the future,” said Chairman and CEO Edward D. Breen. “We expect these transactions with the leading cable MSOs as both customers and shareholders to provide a strong foundation for our business, accelerate deployment of new consumer services, make Open Cable a reality and reinforce our market leadership position in the next generation of technology. We are deeply honored to become partners with so many fine companies.”

General Instrument’s cable/satellite TV business is the world leader in both analog and digital systems that provide video, audio and high-speed Internet/data services over cable television and satellite networks. The cable/satellite TV operations have approximately 7,000 employees and annual sales of approximately \$1.8 billion. The telephony business is a start-up with 300 employees that reported its first \$3 million of revenues in the most recent quarter.

To improve the cost structure of cable/satellite TV operations, GI since October 16, 1997 has announced a 16% reduction in headcount through the elimination of 225 positions in its San Diego-based satellite operations (completed); the closing of its Puerto Rican satellite receiver manufacturing facility and the elimination of its 1,100 positions (to be completed by the end of 1997); and the elimination of 20 positions as a result of moving its corporate headquarters from Chicago to Horsham, PA (to be completed in the first quarter of 1998).

The General Instrument name was chosen for the cable/satellite TV business based on its strong brand equity in these businesses. Next Level Communications will retain its name, which is associated in the market as a leader in next-generation digital telephone access systems. As a result of the name change, it is expected that the Company’s ticker symbol on the New York Stock Exchange will be changed from NLV to GIC on or about February 2, 1998.

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The information set forth above includes "forward-looking" information and, accordingly, the cautionary statements contained in Exhibit 99, under the caption "Forward-Looking Information" in NextLevel System's quarterly report on Form 10-Q, for the three months ended September 30, 1997, are incorporated herein by reference. NextLevel Systems' actual results could differ materially from the "forward-looking" information in this press release.

NEXTLEVEL

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**SONY AND NEXTLEVEL PLAN STRATEGIC ALLIANCE
TO DEVELOP DIGITAL TV TECHNOLOGIES**

PARK RIDGE, N.J., and CHICAGO, (January 5, 1998)—NextLevel Systems Inc. (NYSE: NLV) and Sony today announced that they plan to form a strategic alliance, subject to definitive agreements, to jointly develop digital TV technologies.

The companies are discussing future generations of digital cable TV devices and high definition television (HDTV) products, as well as incorporating new features like Sony's Home Network architecture into NextLevel's advanced digital set-top boxes.

Both companies are exploring a broader business relationship and Sony, when definitive agreements are reached, will purchase 7.5 million new shares of NextLevel common stock (approximately five percent of the current outstanding) at a price of \$25.00 per share.

Two weeks ago, NextLevel announced that most of the leading cable system operators intend to purchase at least 15 million set-top boxes, valued at more than \$4.5 billion over the next three to five years.

At that time, NextLevel Systems announced that it is changing its name back to General Instrument Corporation. It is expected that the company's ticker symbol on the New York Stock Exchange will be changed to GIC on or about February 2, 1998.

"General Instrument has long enjoyed a leading position in analog cable equipment, and we are the only equipment supplier with a complete digital cable solution in the marketplace today," said GI Chairman and CEO Edward D. Breen. "We believe that Sony's expertise in digital consumer electronics and its strong retail brand complement General Instrument's strengths, and will certainly be significant assets for the development of the next-generation digital set-top based on GI's platform."

"As a world leader in digital consumer electronics and the technological convergence of audio, video, computing and communications, we are particularly enthusiastic about the impact that digital television will have on our convergence strategy," said Yukio Kubota, deputy president of Sony Corporation's newly formed Digital Network Solutions Company, which oversees digital network related businesses including hardware and software technologies and services for digital distribution platforms.

"In the U.S., cable television will play an important role in bringing digital television to the consumer," added Gary Myer, president of Digital Network Solutions of America, a unit of Sony Electronics in the U.S. "Sony and General Instrument will play key roles in the future digital cable and satellite TV business, and in bringing to market exciting, new digital products that are both cable and satellite consumer friendly."

General Instrument is a world leader in the cable/satellite TV business, providing both analog and digital systems that offer video, audio and high-speed Internet/data services over cable television and satellite networks. It is the only company mass-deploying digital cable set-tops in the North American market. To date, some 700,000 have been shipped, and more than 500 headends have been deployed, passing more than 24 million households.

Sony is a global leader of audio, video, television and information technology products and electronic components. With its music, film and video game businesses, Sony is also one of the world's top entertainment companies. The company has 163,000 employees worldwide and its consolidated annual sales for fiscal 1996 exceeded \$45 billion.

Visit the NextLevel web site at nlvl.com

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**NEXTLEVEL ANNOUNCES RETAIL LAUNCH OF
SURFBOARD HIGH-SPEED CABLE MODEMS**

*CompUSA to Offer Modems in Select Markets Served by MediaOne, Adelphia, and Daniels
Cablevision*

SAN DIEGO, Calif. (January 12, 1998) — NextLevel Systems, Inc. (NYSE:NLV) which is changing its name back to General Instrument Corporation, announced today the retail launch of its SURFboard™ high-speed cable modems. CompUSA (NYSE:CPU), America's Largest Computer Superstore®, is the first retailer to offer GI's cable modems, which provide Internet access at speeds up to 50 times faster than a traditional 28.8 modem.

GI is working with several cable television operators to offer its SURFboard cable modems through CompUSA Computer Superstores in those service areas equipped to offer cable-delivered, high-speed Internet service.

Now subscribers can test drive and purchase SURFboard cable modems directly from CompUSA locations. The participating locations feature live high-speed Internet demonstrations using the SURFboard cable modem. On Saturday, January 10, CompUSA's Jacksonville, Fla. location became the first to offer SURFboard cable modems. By mid-February, CompUSA stores in Miami, Florida and Encinitas, California will also offer the SURFboard cable modem.

MediaOne, the nation's largest broadband services provider, is the first to support the retail launch, with its MediaOne Express high-speed Internet service in Jacksonville, Fla. The Jacksonville CompUSA sells GI's SURFboard cable modems and uses MediaOne Express and the modems in its Superstore Training Center. MediaOne's Jacksonville service area, with 400,000 homes passed, has been offering its MediaOne Express high-speed Internet service using SURFboard cable modems for over one year. CompUSA locations in other MediaOne service areas will be added to this retail program.

"Now customers can choose between leasing their cable modem from MediaOne or buying their modem from CompUSA. The benefit of buying your modem is saving 20 percent on high-speed Internet charges," said Mark Kelly, Southeast Director, MediaOne Express.

Adelphia Communications Corporation, the seventh largest cable company in the U.S., and an aggressive provider of communications services including high-speed Internet access, long distance telephone, paging, and security services, supports the January retail launch of GI's SURFboard cable modems with CompUSA in Miami, where Adelphia passes 140,000 homes. Adelphia will provide modem purchasers with its Power Link high-speed Internet access service. Power Link subscribers have been using SURFboard cable modems since February 1997. Adelphia currently offers high-speed Internet access to nearly half of the approximate 2 million homes it serves, in 6 of the 12 states in which it offers cable TV service. Adelphia, in 1998, plans to continue to actively launch its Power Link service in the remaining states in which it offers cable TV service.

"We are pleased to support GI/CompUSA's retail launch of the SURFboard cable modem through our Power Link product. At Adelphia, we fully recognize in a competitive communication's environment the necessity to explore new distribution channels for all our products and services – Power Link, long distance telephone, paging, and security services. Retail is clearly one of the more effective channels," said John Wattick, Director of Product Development at Adelphia Communications.

(more)

The Encinitas CompUSA Computer Superstore will offer modems served by Daniels Cablevision and its I-Net Express high-speed Internet service. The Daniels Cablevision system passes 68,000 homes. Launched in December 1997, I-Net Express will have an early advantage in attracting additional subscribers through the availability of GI's SURFboard cable modems at retail.

"The availability of the SURFboard cable modems at CompUSA is a great convenience for our customers and dramatically increases the visibility of Cablevision I-Net Express with our target market," said Joni Odum, president and general manager of Daniels Cablevision. "It enhances the credibility of our service to be working with CompUSA and sets the stage for the standardization of the retail offering of cable modems throughout the industry, a key factor in increasing the availability of cable modems nationally."

"The launch of GI's SURFboard cable modems into CompUSA is an important milestone for cable modems as a product category," said Tom Lynch, Vice President and General Manager of the Satellite Data Networks unit of General Instrument. "There has been much talk about the consumer's demand for high-speed Internet access. With cable modems in the retail channel, the cable industry will now have an opportunity to deliver on the promise of the broadband pipe into the home, and its digital, interactive, and multimedia capabilities."

Since September 1996, General Instrument has sold its SURFboard cable modem to cable TV operators, who in turn make the modems available to subscribers through a bundled high-speed Internet service/hardware lease program, much like set-top boxes and cable-delivered video services. General Instrument has now moved to a retail distribution program in anticipation of selling standardized cable modems based on the Multimedia Cable Network System (MCNS) specification by year end. Developed by cable industry leaders, the MCNS specification is intended to ensure availability of low-cost, interoperable cable modems that are ready for mass market distribution.

CompUSA will initially carry General Instrument's SURFboard cable modem model SB1000. A half-size ISA card, the SB1000 fits into a personal computer to deliver high-speed Internet access over a standard cable channel at speeds up to 1.5 Mbps. This is 50 times faster than a conventional 28.8 telephone modem. This telco-return modem has been available since September 1996 through cable TV operators. Telco-return refers to the upstream communications via a telephone modem.

(more)

The downstream communications travel over the cable network to the cable modem-equipped PC. Last fall, @Home announced that it had selected GI as a preferred vendor for telco-return modems, including the SB1000. GI plans to offer its first two-way MCNS-compliant SURFboard cable modem, model SB2000, in the retail channel by year end. With this state-of-the-art cable modem, the cable network handles both upstream and downstream communications.

CompUSA Inc. is one of the nation's leading retailers and resellers of personal computers and related products and services. The company currently operates 148 CompUSA Computer Superstores in 67 major metropolitan markets across the United States, which serve retail, corporate, government and education customers and include technical service departments and classroom training facilities.

MediaOne is the nation's leading broadband services company, providing entertainment, information, and communications services to more than 5.1 million customers in 19 states. MediaOne Group (NYSE:UMG), formerly U S WEST Media Group, one of America's largest broadband communications companies, is involved in domestic and international cable and telephony, wireless communications, and directory and information services. For 1996, MediaOne Group had proportionate pro forma revenue of \$8.1 billion. MediaOne Group is one of two major groups owned by parent company U S WEST, Inc. The other major group is U S WEST Communications, which provides telecommunications services in 14 Western and Midwestern states. U S WEST has proposed splitting the two groups into separate public companies sometime after mid-1998, pending shareowner and other approvals.

Adelphia Communications Corporation, founded in 1952, has grown to become the seventh largest cable television company in the U.S., serving nearly 2 million customers in 12 states. In the last eighteen months, Adelphia has made a concerted effort to expand into a full-service communications and technology provider, becoming '*Adelphia – Your Link. For Everything.*' Adelphia's current business operation included cable entertainment; high-speed Internet access; long distance telephone service; paging and security.

Daniels Cablevision provides cable television service to seven communities in north San Diego County. It is owned by Bill Daniels, an industry leader and pioneer who is widely recognized as the "Father of Cable Television."

(more)

General Instrument Corporation is the world leader in analog and digital systems that provide video, audio and high-speed Internet/data services over cable and satellite television networks. Last month, GI announced that major cable operators expect to purchase at least 15 million of GI's advanced digital set-top devices over the next 3-5 years at an estimated value of \$4.5 billion. Last week, GI announced a strategic alliance with Sony which would include the purchase by Sony of 7.5 million new GI common shares at a price of \$25 per share.

GI's cable and satellite TV operations have approximately 7,000 employees and annual sales of approximately \$1.8 billion. With the name change to General Instrument Corporation, the Company's ticker symbol on the New York Stock Exchange will be changed to GIC from NLV on or about February 2, 1998.

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Visit NextLevel Systems, Inc. at www.nlv.com, CompUSA at www.compusa.com, MediaOne Express at www.florida.mediaone.net, Adelphia at www.adelphia.net, and Daniels Cablevision at www.dciexpress.com.