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provide a cost-effective means of extending the reach of AT&T's services to customer locations over its own network.

While AT&T is a vigorous and effective non-dominant competitor in the long distance marketplace, it has thus far been highly dependent on Incumbent Local Exchange Carrier ("ILEC") systems and facilities in its efforts to enter the market for local exchange services and bring the benefits of vigorous competition to that market. Unfortunately, since the passage of the 1996 Telecommunications Act, AT&T has experienced a number of technical, economic and practical difficulties in entering the market for competitive local exchange services because it was heavily reliant on the use of ILEC systems and facilities. Accordingly, AT&T's ability to provide robust competitive local exchange services will be significantly enhanced if AT&T has alternative local infrastructure available to it and within its control and management.

Although it is the nation's largest competitive local exchange carrier, TCG is today dwarfed -- in revenues and available capital -- by the formidable ILEC competitors that it faces in its local markets. Those carriers today continue to control the market for local exchange services, nearly two years

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after the passage of the 1996 Telecommunications Act, and over ten years since TCG entered the local telecommunications market.

AT&T's acquisition of TCG holds great promise for the development of facilities-based local competition by taking full advantage of the complementary aspects of AT&T's long distance and wireless networks and marketing expertise and TCG's local fiber optic and broadband wireless capabilities and rights-of-way. The merger signifies AT&T's commitment to investment in local facilities, and thus facilitates AT&T's goal of bringing competition and choice to local markets.

In the near term, AT&T expects that the acquisition of TCG will accelerate and expand AT&T's provision of facilities-based local exchange service, primarily to business customers and to multiple dwelling units in high density markets currently served by TCG. AT&T also expects that the acquisition of TCG will enhance AT&T's ability to provide end-to-end service to broader classes of customers by enabling AT&T to tap the experience and expertise of TCG's management team to lead AT&T's overall local entry strategy for business and residence customers. Accordingly, the proposed transfer of control of TCG and ACC will serve the public interest, convenience and necessity.

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