

~~STAMP & RETURN~~

COLE, RAYWID & BRAVERMAN, L.L.P.

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BURT A. BRAVERMAN  
ROBERT L. JAMES  
JOHN D. SEIVER  
WESLEY R. HEPLER  
PAUL GLIST  
DAVID M. SILVERMAN  
JAMES F. IRELAND, III  
STEVEN J. HORVITZ  
CHRISTOPHER W. SAVAGE  
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ROBERT G. SCOTT, JR.  
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THERESA A. ZETERBERG  
KARLYN D. STANLEY  
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FREDERICK W. GIROUX  
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THOMAS SCOTT THOMPSON  
ADAM S. CALDWELL  
SANDRA GREINER  
JAMES W. TOMLINSON  
MARK S. KRISTIANSEN\*

\*ADMITTED IN MASSACHUSETTS ONLY  
\*ADMITTED IN MARYLAND ONLY

ATTORNEYS AT LAW  
SECOND FLOOR  
1919 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20006-3458  
(202) 659-9750

ALAN RAYWID  
(1930-1991)  
OF COUNSEL  
FRANCES J. CHETWYND

FACSIMILE  
(202) 452-0067  
INTERNET  
WWW.CRBLAW.COM

September 23, 1998

98-178

FCC/MELLON

SEP 23 1998

*BY HAND DELIVERY*

Federal Communications Commission  
Cable Services Bureau  
PO Box 358205  
Pittsburgh, PA 15251-5205

**Re: Transfer to AT&T Corp. of Tele-Communications, Inc.'s  
Interest in FCC Licensees  
CARS Service**

Ladies and Gentlemen:

Enclosed please find FCC Form 327 requesting authority for the transfer from Tele-Communications, Inc. ("TCI") to AT&T Corp. of TCI's interest in Texas Cable Partners, L.P., the licensee of the facilities on the attached list. We are also enclosing FCC Form 159 and a check in the amount of \$5,400.00 to cover the required filing fee.

Should you have any questions regarding this matter, please contact the undersigned.

Sincerely,

*Wesley R. Hepler by mgp*  
Wesley R. Hepler

enclosures

**Call Sign**

**Station Location**

KOD31	Pharr, TX
KOD35	Weslaco, TX
KOD36	Harlingen, TX
KYX61	Pearsall, TX
KYX62	Loma Vista, TX
KYZ22	Bandera, TX
WAF861	Port Isabel, TX
WBH846	Port Neches, TX
WGI755	Winter Haven, TX
WGI756	Farias, TX
WGI757	Moore, TX
WGI758	Eagle Pass, TX
WGX450	Zapata, TX
WGZ451	Zapata, TX
WGZ452	Benavides, TX
WGZ464	Hebronville, TX
WHZ275	Brownsville, TX
WHZ339	Fredericksburg, TX
WHZ504	Alton, TX
WHZ869	One North, TX
WMC696	Beaumont, TX
KA80625	Houston, TX
WHZ677	Commerce, TX
WJI36	El Paso, TX
WJI780	El Paso, TX
WLY785	Ft. Bliss, TX
KB60155	Mobile (El Paso), TX

READ INSTRUCTIONS CAREFULLY  
BEFORE PROCEEDING

FEDERAL COMMUNICATIONS COMMISSION

APPROVED BY OMB 3060-0589

# REMITTANCE ADVICE

SPECIAL USE

FCC USE ONLY

(1) LOCKBOX # 358205

PAGE NO. 1 OF 1

## SECTION A - PAYER INFORMATION

(2) PAYER NAME (if paying by credit card, enter name exactly as it appears on your card)

Cole, Raywid & Braverman, L.L.P.

(3) TOTAL AMOUNT PAID (dollars and cents)

\$

(4) STREET ADDRESS LINE NO. 1

1919 Pennsylvania Avenue, N.W.

(5) STREET ADDRESS LINE NO. 2

Suite 200

(6) CITY

Washington

(7) STATE

D.C.

(8) ZIP CODE

20006

(9) DAYTIME TELEPHONE NUMBER (include area code)

(202) 659-9760

(10) COUNTRY CODE (if not in U.S.A.)

IF PAYER NAME AND THE APPLICANT NAME ARE DIFFERENT, COMPLETE SECTION B  
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C)

## SECTION B - APPLICANT INFORMATION

(11) APPLICANT NAME (if paying by credit card, enter name exactly as it appears on your card)

AT&T Corp.

(12) STREET ADDRESS LINE NO. 1

32 Avenue of the Americas

(13) STREET ADDRESS LINE NO. 2

(14) CITY

New York

(15) STATE

NY

(16) ZIP CODE

10013

(17) DAYTIME TELEPHONE NUMBER (include area code)

(212) 387-4000

(18) COUNTRY CODE (if not in U.S.A.)

COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEETS (FORM 159-C)

## SECTION C - PAYMENT INFORMATION

(19A) FCC CALL SIGN/OTHER ID

See Exhibit

(20A) PAYMENT TYPE CODE (PTC)

(21A) QUANTITY

1

(22A) FEE DUE FOR (PTC) IN BLOCK 20A

\$

FCC USE ONLY

(23A) FCC CODE 1

(24A) FCC CODE 2

(19B) FCC CALL SIGN/OTHER ID

(20B) PAYMENT TYPE CODE (PTC)

(21B) QUANTITY

(22B) FEE DUE FOR (PTC) IN BLOCK 20B

\$

FCC USE ONLY

(23B) FCC CODE 1

(24B) FCC CODE 2

(19C) FCC CALL SIGN/OTHER ID

(20C) PAYMENT TYPE CODE (PTC)

(21C) QUANTITY

(22C) FEE DUE FOR (PTC) IN BLOCK 20C

\$

FCC USE ONLY

(23C) FCC CODE 1

(24C) FCC CODE 2

(19D) FCC CALL SIGN/OTHER ID

(20D) PAYMENT TYPE CODE (PTC)

(21D) QUANTITY

(22D) FEE DUE FOR (PTC) IN BLOCK 20D

\$

FCC USE ONLY

(23D) FCC CODE 1

(24D) FCC CODE 2

## SECTION D - TAXPAYER INFORMATION (REQUIRED)

(25)

PAYER TIN

0 5 2 0 8 2 0 0 7 1

(26) COMPLETE THIS BLOCK ONLY IF APPLICANT NAME IN 8-11 IS DIFFERENT FROM PAYER NAME IN A-2

APPLICANT TIN

0 1 3 4 9 2 4 7 1 0

## SECTION E - CERTIFICATION

(27) CERTIFICATION STATEMENT

I, Marlene E. Presley

(PRINT NAME)

, Certify under penalty of perjury that the foregoing and supporting information are true and correct to the best of my knowledge, information and belief. SIGNATURE \_\_\_\_\_

## SECTION F - CREDIT CARD PAYMENT INFORMATION

(28)

MASTERCARD/VISA ACCOUNT NUMBER:

EXPIRATION DATE:

MASTERCARD

\_\_\_\_\_

\_\_\_\_/\_\_\_\_

MONTH YEAR

VISA

I hereby authorize the FCC to charge my VISA or MASTERCARD for the service(s)/authorization(s) herein described.

AUTHORIZED SIGNATURE

DATE

**COLE, RAYWID & BRAVERMAN, L.L.P.**  
VENDOR

CHECK NO.

OUR REF. NO.	YOUR INV. NO.	INVOICE DATE	INVOICE AMOUNT	AMOUNT PAID	DISCOUNT TAKEN
17985	0923981	09/23/98	FILING FEE/2080.15 5,400.00	5,400.00 Check total	.00 5,400.00

**COLE, RAYWID & BRAVERMAN, L.L.P.**  
1919 PENNSYLVANIA AVENUE N.W.  
WASHINGTON, DC 20006-3458

NATIONSBANK, N.A.  
WASHINGTON, D.C.  
15-120-540

55905

CHECK NO. CHECK DATE VENDOR NO.

055905 09/23/98 FCC

CHECK AMOUNT

PAY

FIVE THOUSAND FOUR HUNDRED AND 00/100 DOLLARS\*\*\*\*\*

,\*\*\*\*\*5,400.00

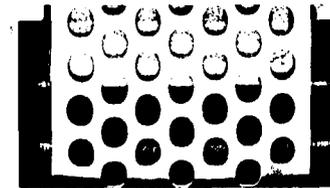
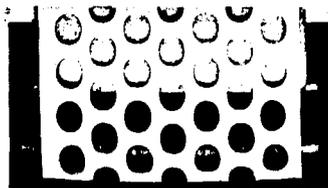
09/01/98 7:35

TO THE  
ORDER  
OF

FEDERAL COMMUNICATIONS  
COMMISSION



⑈055905⑈ ⑆054001204⑆ 2086050069⑈



Security features included. Details on back.

## Exhibit

Call Sign	Fee Type Code	Quantity	Fee Due
KOD31	TIC	1	\$200.00
KOD35	TIC	1	\$200.00
KOD36	TIC	1	\$200.00
KYX61	TIC	1	\$200.00
KYX62	TIC	1	\$200.00
KYZ22	TIC	1	\$200.00
WAF861	TIC	1	\$200.00
WBH846	TIC	1	\$200.00
WGI755	TIC	1	\$200.00
WGI756	TIC	1	\$200.00
WGI757	TIC	1	\$200.00
WGI758	TIC	1	\$200.00
WGZ450	TIC	1	\$200.00
WGZ451	TIC	1	\$200.00
WGZ452	TIC	1	\$200.00
WGZ464	TIC	1	\$200.00
WHZ275	TIC	1	\$200.00
WHZ339	TIC	1	\$200.00
WHZ504	TIC	1	\$200.00
WHZ869	TIC	1	\$200.00
WMC696	TIC	1	\$200.00
KA80625	TIC	1	\$200.00
WHZ677	TIC	1	\$200.00
WJI36	TIC	1	\$200.00
WHZ780	TIC	1	\$200.00
WLY785	TIC	1	\$200.00
KB60155	TIC	1	<u>\$200.00</u>

Total Amount Due \$5400.00

**APPLICATION FOR CABLE TELEVISION RELAY SERVICE STATION AUTHORIZATION**

SCHEDULE A

Page 1 of \_\_\_\_\_

1.(a) Application for:  License  Renewal  Assignment of License  
 (Check only one box)  Modification  Reinstatement  Transfer of Control  
 Amendment of Application

(b) Does this application refer to an existing station?  YES  NO If "YES," give call sign **See Ex A-1**

(c) If this application is for a modification of a licensed station, check the box(es) for the appropriate description(s). Attach as Exhibit A-1 a complete explanation of the modification or proposed construction.

Add Channel(s)  Change Transmit Site  Add Receive Site(s)  Change Antenna System  
 Delete Channel(s)  Change Operating Power  Delete Receive Site(s)  Change Height of Antenna Structure  
 Change Transmitter  Change Receive Site(s)  Change Height of Antenna  
 Other (Specify)

2.(a) Indicate the name, mailing address, and telephone number of the applicant.

LEGAL NAME OF APPLICANT (If person, list last name first) <b>AT&amp;T Corp.</b>				
CONTINUE NAME HERE IF NEEDED				
ASSUMED NAME USED FOR DOING BUSINESS (If any)				
MAILING STREET ADDRESS OR P.O. BOX <b>32 Avenue of the Americas</b>				
CITY <b>New York</b>	STATE <b>NY</b>	ZIP CODE <b>10013</b>	AREA CODE <b>212</b>	TELEPHONE NO. <b>387-4000</b>

(b) Indicate Internal Revenue Service Employer Identification (E.I.) Number used by the applicant. If the applicant has no E.I. Number, use Social Security Number.

E.I. NO. (OR SOC. SEC. NO.) <b>13-4924710</b>
--

(c) Indicate the name, mailing address, and telephone number of person to contact, if other than applicant.

NAME OF CONTACT PERSON (Last name first.) <b>Schneider, Mark D.</b>				
CONTINUE NAME HERE IF NEEDED				
FIRM OR COMPANY NAME <b>Sidley &amp; Austin</b>				
MAILING STREET ADDRESS OR P.O. BOX <b>1722 Eye Street, N.W.</b>				
CITY <b>Washington</b>	STATE <b>DC</b>	ZIP CODE <b>20006</b>	AREA CODE <b>202</b>	TELEPHONE NO. <b>736-8058</b>

Attach as Exhibit A-2 the name, mailing address, and telephone number of each additional person who should be contacted, if any.

(d) Indicate the address where the station's records will be maintained.

STREET ADDRESS <b>ON FILE - ON CHANGE</b>				
CITY	STATE	ZIP CODE		

	YES	NO
3.(a) Will the applicant provide program material to cable television systems other than those which the applicant owns or operates? <b>N/A</b> If "YES," attach as Exhibit A-3 a copy of a written contract specifying that service will be provided on a non-profit, cost-sharing basis; or a copy of a written statement specifying that service will be provided without charge.		
(b) Will the applicant control the station equipment?	X	
(c) Will the applicant have unlimited access to the equipment?	X	
(d) Will effective measures be taken to prevent use of the equipment by unauthorized persons?	X	
(e) Has the applicant or any controlling party to this application had any FCC station license, permit, or authorization revoked?  If "YES," attach as Exhibit A-4 a statement identifying the license, permit, or authorization revoked and the circumstances relevant to the revocation.		X
4. Attach as Exhibit A-5 a statement showing that the applicant is eligible, pursuant to Part 78 of the Rules, to be a licensee.		
5. Attach as Exhibit A-6 a map or drawing of appropriate detail showing the complete proposed relay system including points of interconnection, if any, with other cable television relay stations, common carrier stations, and/or other stations. The map or drawing should show the following: (a) Direction of true north; (b) Location of transmitting site(s), the location of any intermediate relay station(s), passive repeater(s), and terminal receiving point(s); (c) Call sign(s) and licensee(s) of any station(s) to which applicant's proposed station will be interconnected; (d) Every path number for the station for which this application is filed.		
6. For a new station, new receive site, or change in azimuth, transmit antenna, power (increase only), or frequency of an existing station, attach as Exhibit A-7 a statement or showing detailing the results of a frequency coordination study performed pursuant to Section 78.36 of the FCC Rules by a technically qualified person or entity (e.g. local coordinating committees, frequency engineering firms, etc.).		
7. Is the applicant, or any of its partners, members, or owners, a foreign government or the representative thereof?		

**CERTIFICATION**

All the statements made in the application and attached exhibits are considered material representations, and all the exhibits are a material part hereof and are incorporated herein as if set out in full in the application.

The applicant certifies that he has a current copy of the Commission's Rules governing the Cable Television Relay Service (CARS).

The applicant waives any claim to the use of any particular frequency as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and requests an authorization in accordance with this application.

I CERTIFY that the statements in this application are true, complete, and correct to the best of my knowledge and belief and are made in good faith.	SIGNATURE	DATE
--	-----------	------

WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE AND IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	PRINT FULL NAME <b>Rick D. Bailey</b>
--	--

(Check appropriate classification)

- INDIVIDUAL APPLICANT     
  MEMBER OF APPLICANT PARTNERSHIP     
  OFFICER OF APPLICANT CORPORATION     
  OFFICER OF APPLICANT ASSOCIATION     
  OFFICIAL OF APPLICANT GOVERNMENTAL ENTITY

**EXHIBIT A-1**

Applicant seeks authorization for transfer of control of the following licenses\*:

<b><u>Call Sign</u></b>	<b><u>Station Location</u></b>
KOD31	Pharr, TX
KOD35	Weslaco, TX
KOD36	Harlingen, TX
KYX61	Pearsall, TX
KYX62	Loma Vista, TX
KYZ22	Bandera, TX
WAF861	Port Isabel, TX
WBH846	Port Neches, TX
WGI755	Winter Haven, TX
WGI756	Farias, TX
WGI757	Moore, TX
WGI758	Eagle Pass, TX
WGX450	Zapata, TX
WGZ451	Zapata, TX
WGZ452	Benavides, TX
WGZ464	Hebronville, TX
WHZ275	Brownsville, TX
WHZ339	Fredericksburg, TX
WHZ504	Alton, TX
WHZ869	One North, TX
WMC696	Beaumont, TX
KA80625	Houston, TX
WHZ677	Commerce, TX
WJI36	El Paso, TX
WJI780	El Paso, TX
WLY785	Ft. Bliss, TX
KB60155	Mobile (El Paso), TX

\* Assignment applications, filed 9/23/98, are currently pending before the FCC.

**EXHIBIT A-2**  
**FCC FORM 327**  
**SCHEDULE A, ITEM 2(c)**

In addition to the contact person shown in response to item 2(c) on the face of the form, copies of correspondence and records relating to the CARS facilities on Exhibit A-1 should be directed to:

Rick D. Bailey  
Vice President, Federal Government Affairs  
AT&T Corp.  
1120 20th Street, NW, Suite 1000  
Washington, DC 20036

Betsy J. Brady  
AT&T Corp.  
1120 20th Street, NW, Suite 1000  
Washington, DC 20036

Robert L. James, Esquire  
Cole, Raywid & Braverman, L.L.P.  
Suite 200  
Washington, DC 20006  
Telephone: 202/659-9750

Stephen J. Flessner  
Director of FCC Compliance  
Tele-Communications, Inc.  
P.O. Box 5630  
Denver, CO 80217  
Telephone: 303/267-4860

**EXHIBIT A-5**

**Schedule A, Item 4**

**APPLICANT ELIGIBILITY:**

Section 78.13(a) of the Commission's rules states that an owner or operator of a cable television system is eligible to hold a Cable Television Relay Station ("CARS") license. The current licensee uses the subject CARS facilities in connection with its cable television operations. Since control of the licensee is being transferred to AT&T Corp., that company will be eligible in the CARS service. In addition, the consummation of this transaction will not create any cross-ownership interests prohibited under Part 76 of the Commission's rules.

## APPLICATION FOR CABLE TELEVISION RELAY SERVICE STATION AUTHORIZATION

**SCHEDULE B. Control and Ownership Information** *(The information submitted in this schedule should enable the Commission to identify all entities which either directly or indirectly control the applicant.)*

**SECTION I. Control and Ownership**

1. The following information must be provided for the applicant; for each member or partner, if the applicant is an unincorporated association or partnership; and for each cable television owner or operator, if the applicant is a cooperative enterprise wholly owned by cable television owners or operators. Indicate the legal name; the type of entity (1 = Individual, 2 = Partnership, 3 = Corporation, 4 = Unincorporated Association, or 5 = Governmental Entity); and the Internal Revenue Service Employer Identification (E.I.) Number used by the entity (if the entity has no E.I. Number, use Social Security Number). If the entity is a nongovernmental corporation, indicate the state under whose laws the corporation is organized.

LEGAL NAME <i>(if person, list last name first)</i> <b>AT&amp;T Corp.</b>				
CONTINUE NAME HERE IF NEEDED	ENTITY CODE ▶	<b>3</b>	E.I. NO. <i>(or Soc. Sec. No.)</i> <b>13-4924710</b>	STATE OF INCORPORATION ▶ <b>NY</b>

Indicate applicant's members; partners; or owners (if a cooperative enterprise).

LEGAL NAME <i>(if person, list last name first)</i>				
CONTINUE NAME HERE IF NEEDED	ENTITY CODE ▶		E.I. NO. <i>(or Soc. Sec. No.)</i>	STATE OF INCORPORATION ▶

LEGAL NAME <i>(if person, list last name first)</i>				
CONTINUE NAME HERE IF NEEDED	ENTITY CODE ▶		E.I. NO. <i>(or Soc. Sec. No.)</i>	STATE OF INCORPORATION ▶

LEGAL NAME <i>(if person, list last name first)</i>				
CONTINUE NAME HERE IF NEEDED	ENTITY CODE ▶		E.I. NO. <i>(or Soc. Sec. No.)</i>	STATE OF INCORPORATION ▶

*(If additional space is needed, attach as Exhibit B-1 the requested information in the same format as above.)*

	YES	NO
2. Is the applicant a cooperative enterprise wholly owned by cable television owners or operators?		<b>X</b>
3. Has the above-named applicant filed FCC Form 325 indicating all entities which either directly or indirectly control the applicant?  If "YES," no further items in this section need be answered.		
4. If the applicant is an unincorporated association or partnership, have the applicant's controlling members or partners filed FCC Form(s) 325 indicating all entities which either directly or indirectly control such controlling members or partners?  <p style="text-align: center; font-size: 1.2em;">N/A</p>		
If "YES," attach as Exhibit B-2 a statement explaining which members or partners control the applicant; no further items in this section need be answered.		

YES	NO

5. If the answer to item 2 is "YES," have the controlling owners or operators of the cooperative enterprise filed FCC Form(s) 325 indicating all entities which either directly or indirectly control such controlling owners or operators?  
 N/A

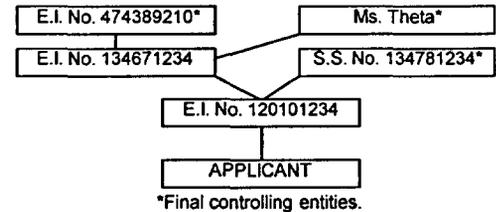
If "YES," attach as Exhibit B-3 a statement explaining which owners or operators control the applicant; no further items in this section need be answered.

6. If the applicant does not answer "YES" to item 3, 4, or 5:

Attach as Exhibit B-4 the information requested of the applicant in item one for each entity which either directly or indirectly controls the applicant. In addition, attach as Exhibit B-5 a detailed diagram of the "family tree" showing the direct or indirect control of the applicant, to and including the final controlling entity or entities. The final controlling entity or entities should be specifically identified.

EXAMPLE

If the applicant is controlled by Partnership Alpha (E.I. No. 120101234) which in turn is controlled by Corporation Beta (E.I. No. 134671234) and by Mr. Dee (who has no E.I. No., but Social Security No. 134781234); and finally Mr. Cay (E.I. No. 474389210) and Ms. Theta (who has no E.I. No. and has elected not to provide her Social Security No.) control Corporation Beta, the diagram would be depicted as shown on the right:



NOTE: Use the word "applicant," not the applicant's name. For controlling entities, use the E.I. No. If they have no E.I. No., use Social Security No. Use controlling entities name only if no E.I. No. or Social Security No. is given. Also, indicate the final controlling entities.

SECTION II. Assignment of Authorization or Transfer of Control

Indicate the name, mailing address, and telephone number of the licensee.

LEGAL NAME OF APPLICANT (If person, list name first.) Texas Cable Partners, L.P.				
CONTINUE NAME HERE IF NEEDED				
ASSUMED NAME USED FOR DOING BUSINESS (If any)				
MAILING STREET ADDRESS OR P.O. BOX P.O. Box 5630				
CITY Denver	STATE CO	ZIP CODE 80217	AREA CODE 303	TELEPHONE NO. 267-5500

Commission authorization is hereby requested for: (Check only one box)

- Assignment of CARS license.       Transfer of control of CARS license.

Attached as Exhibit B-6 is a statement describing the proposed assignment or transfer of control. The assignment or transfer of control shall not be completed or become effective until authorization has been issued by the Commission.

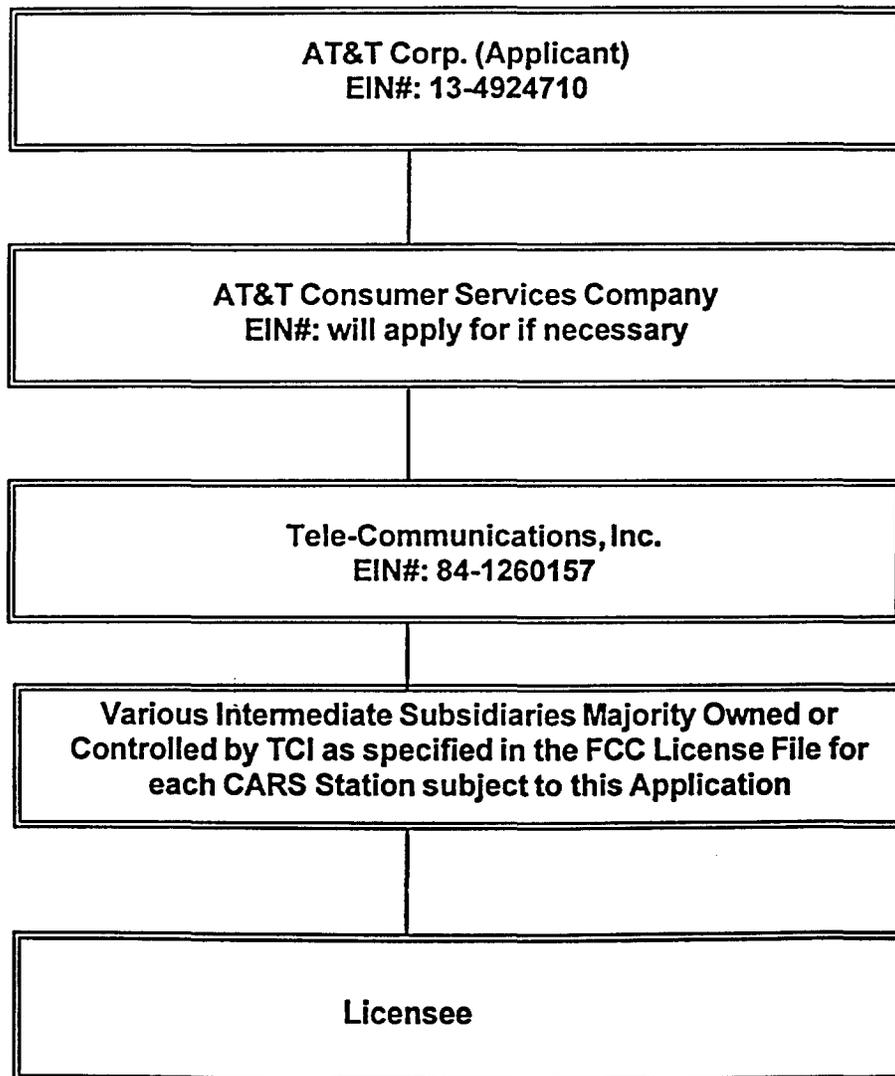
WILLFUL FALSE STATEMENTS MADE ON THIS FORM ARE PUNISHABLE BY FINE & IMPRISONMENT. U.S. CODE, TITLE 18, SECTION 1001.	Signature 	Date 09/22/98
	PRINT FULL NAME by TCI Texas Cable, Inc., a General Partner Stephen M. Brett, Vice President	

(Check appropriate classification.)

- Individual Applicant       Member of Applicant Partnership       Officer of Applicant Corporation       Officer of Applicant Association       Official of Applicant Governmental Entity

**EXHIBIT B-4 & B-5**

**Ownership Structure After Transfer Of Control**



**EXHIBIT B-6**  
**Schedule B, Section II**

ATTACHED

**DESCRIPTION OF TRANSACTION,  
PUBLIC INTEREST SHOWING,  
AND RELATED DEMONSTRATIONS**

This Exhibit is being filed in connection with a series of applications seeking the approval of the Federal Communications Commission ("FCC" or "Commission") to the transfer of control of FCC authorizations held by subsidiaries of Tele-Communications, Inc. ("TCI"), and entities controlled by TCI to AT&T Corp. ("AT&T").<sup>1</sup> The applications are being filed pursuant to an Agreement and Plan of Restructuring and Merger, dated as of June 23, 1998 (the "Agreement").<sup>2</sup> Through the use of facilities that are the subject of its FCC authorizations and licenses, TCI owns, operates, controls and has interests in various cable television systems throughout the United States. Although specific applications seeking FCC consent to the transfer of control of these authorizations are being filed on the appropriate FCC forms for each service, the proposed transactions and public interest considerations supporting the FCC's approval of the applications are constant throughout each application. As the public interest showing below clearly demonstrates, the Merger will foster new facilities-based competition in the provision of local telephone service and result in the provision of new and enhanced services to the public without reducing competition in any service or market.

---

<sup>1</sup> The FCC authorizations controlled by TCI for which FCC consent is currently being sought include licenses in the cable television relay service, satellite transmit and receive earth station service, microwave service, private radio service and international common carrier service.

<sup>2</sup> The Agreement is among AT&T, Italy Merger Corp., a direct wholly-owned subsidiary of AT&T ("Merger Sub"), and TCI, with respect to the merger of TCI with and into AT&T's Merger Sub (the "Merger"). AT&T and TCI will file a copy of the Agreement in the docket for this proceeding established by the FCC.

Under the terms of the Agreement, and following a reorganization of certain of TCI's assets, AT&T will become the parent company of TCI. TCI will continue to exist as a wholly-owned subsidiary corporation of AT&T, and all the common stockholders of TCI will exchange their shares of TCI common stock for shares of AT&T common stock. Specifically, AT&T will create Merger Sub, a wholly-owned subsidiary which does not hold any FCC authorizations, and will merge that company with and into TCI, with TCI being the surviving company of its merger with the subsidiary. Following the Merger, each issued and outstanding share of TCI common stock will be converted into a right to receive shares of AT&T, including, in particular, shares of certain tracking stocks. The authorizations and licenses held by TCI subsidiaries will continue to be held by those subsidiaries, as controlled by AT&T.

**I. DESCRIPTION OF THE TRANSACTION.**

**A. The Merger Parties.**

*AT&T.* AT&T is the largest provider of domestic and international long distance telephone service in the United States and operates in more than 250 countries and territories around the world. AT&T provides these long distance communications services to residential, business and government customers. In addition to its long distance services, AT&T's other

communications services include local telephone, wireless and Internet access services. AT&T's total revenues from its communications services amounted to \$51.3 billion in 1997.<sup>3</sup>

AT&T primarily provides domestic and international long distance service to residential and business customers nationwide. In 1997, AT&T earned \$46.2 billion in revenue from its long distance services, including \$22.2 billion from business long distance service and \$24 billion from residential long distance service. Its combined revenues from these long distance services represented approximately 90% of its total of \$51.3 billion in revenues from communications services.

Prior to its acquisition of Teleport, AT&T provided local telephone service -- local exchange and exchange access services -- on a very limited basis. As the FCC concluded in Teleport, AT&T provides local telephone service to a "relatively small" number of business and residential customers.<sup>4</sup> In 1997, for example, AT&T's total revenues for its local telephone services were only approximately \$68 million, notwithstanding expending in excess of \$3 billion in its attempt to provide local service. AT&T currently provides residential local telephone service

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<sup>3</sup> The following description of AT&T's communications services will be supplemented by AT&T's 1997 Annual Report and 1997 Form 10-K filed with the Securities and Exchange Commission on March 27, 1998, copies of which will be filed in the docket for this proceeding established by the FCC. AT&T's provision of communications services and qualifications to be an FCC licensee also are a matter of record before the FCC, having been addressed within the last several months at the time AT&T sought approval for its acquisition of Teleport Communications Group, Inc. ("Teleport"). See Teleport Communications Group Inc., and AT&T Corp., FCC 98-169, released July 23, 1998 ("Teleport"), at ¶¶ 3-7.

<sup>4</sup> Teleport, FCC 98-169, at ¶ 4.

by purchasing and reselling service from other facilities-based local exchange companies, including primarily incumbent local exchange carriers ("ILECs"). AT&T currently provides such resale service to approximately 325,000 residential customers in 8 states.<sup>5</sup> AT&T has curtailed its active marketing of resold local residential exchange services, and has an attrition rate among its local residential customers of approximately three percent (3%) per month.

Prior to its merger with Teleport, AT&T also provided or planned to deploy facilities-based local calling services directed primarily to large and medium-sized businesses. AT&T provides one such local telephone service directed toward large business customers called "AT&T Digital Link" ("ADL"). As of August of 1998, through its ADL service, AT&T provides limited outbound and inbound service to its business customers in 10 states.<sup>6</sup> AT&T's revenues from its ADL service were approximately \$26 million for the first half of 1998. Additionally, AT&T initially had planned to deploy synchronous optical equipment-based facilities ("SONET Rings") in a limited number of areas to provide local exchange and exchange access service to its business customers. After two years and \$150 million in expenditures on its first market, Chicago, AT&T recognized only a limited footprint in Chicago, with four customers and a projected 1998 revenue of less than \$1 million.

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<sup>5</sup> In the Continental United States, these states are California, Connecticut, Georgia, Illinois, Michigan, New York and Texas. AT&T does not provide residential service to more than 100,000 customers in any state; in Illinois, AT&T serves less than 65,000 customers. In 1997, AT&T's revenue from its residential local service did not exceed \$10 million in any state; in Illinois it was approximately \$8.7 million. AT&T also provides limited local service in Alaska.

<sup>6</sup> These ten states are California, Connecticut, Florida, Georgia, New Jersey, New York, North Carolina, Pennsylvania, Tennessee and Texas. AT&T provides outbound local calling service, with no service offering regarding inbound traffic, in an additional 32 states.

On July 23, 1998, pursuant to prior Commission consent, AT&T acquired Teleport, the nation's largest competitive local exchange carrier ("CLEC"), primarily to address entry into the local exchange and exchange access market for business customers. At the time of its acquisition, Teleport had initiated the development of local telephone networks in 83 metropolitan areas in approximately 28 states throughout the United States.<sup>7</sup> From these operations, Teleport had earned revenues of \$494.3 million in 1997.<sup>8</sup> At the time of the merger of Teleport and AT&T, Teleport served approximately 16,500 buildings nationwide. Less than 100 of these buildings, however, were multiple dwelling units, and, at the time of its acquisition, Teleport provided residential local telephone service to only 12,000 customers nationwide.<sup>9</sup>

AT&T also provides wireless mobile telephone services in the United States, through its ownership and operation of AT&T Wireless Services, Inc. ("AT&T Wireless"). Currently, through its cellular and personal communications service offerings, AT&T Wireless serves approximately 6.6 million customers with revenue in 1997 of approximately \$4.4 billion.

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<sup>7</sup> These states include Alabama, Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New York, New Jersey, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Washington and Wisconsin. The following description of Teleport's services will be supplemented by its 1997 Annual Report and 1997 Form 10-K filed with the Securities and Exchange Commission on March 9, 1998, copies of which will be filed in the docket for this proceeding established by the FCC.

<sup>8</sup> Teleport earned approximately \$163 million in revenue in New York, \$55 million in revenue in California and \$29 million in revenue in Illinois.

<sup>9</sup> AT&T also provides Internet access service to approximately 1.25 million customers through AT&T WorldNet Service, a service introduced by AT&T, and CERFNet, a service acquired with Teleport. AT&T WorldNet and CERFNet provide access to the Internet to residential and business customers through dial-up and dedicated connections.

AT&T Wireless serves numerous metropolitan markets, and its top ten markets in terms of customers served are New York City, Miami, Dallas, Seattle, Pittsburgh, Minneapolis, Portland, Tampa, Denver and Sacramento.

*TCI.* TCI, through its subsidiary TCI Communications, Inc. ("TCI-C"), is one of the largest providers of cable television service in the United States, and delivers a wide range of video products, including local broadcast stations; national, regional, and local cable programming services; premium movie and pay-per-view channels and sports programming services to homes and businesses nationwide.<sup>10</sup> In addition, TCI, through its Liberty Media Group and the TCI Ventures group, holds interests in companies that produce video programming services and that provide content-enriched high-speed Internet data services. TCI's total revenues for 1997 amount to approximately \$7.6 billion.

Through subsidiaries under its control, TCI-C provides cable television service to approximately 12.7 million customers, passing approximately 20.9 million homes.<sup>11</sup> TCI-C also holds minority interests in, or is a party to joint ventures with, other cable television operators. These non-controlled entities provide cable television service to approximately 7.5 million

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<sup>10</sup> The following description of TCI's services and investments will be supplemented by its 1997 Annual Report and 1997 Form 10-K filed with the Securities and Exchange Commission on March 27, 1998, copies of which will be filed in the docket for this proceeding established by the FCC.

<sup>11</sup> TCI's reports regarding the number of customers it serves and the number of homes passed by its cable television systems is based upon the most conservative interpretation of the FCC's ownership attribution rules.

additional customers, and pass approximately 13.2 million additional homes. TCI-C's revenues from its cable television operations totaled approximately \$5.8 billion in 1997, approximately 76% of TCI's total revenue for that year.

TCI provides virtually no long distance telephone service<sup>12</sup> and is engaged in limited tests of local exchange service. TCI's local exchange operations are offered only on a trial basis. TCI currently provides such local exchange service to approximately 4,724 residential customers in the communities of San Jose, California; Dallas, Texas; Hartford, Connecticut and Arlington Heights, Illinois, with the majority of those customers located in Hartford. TCI has proposed to dispose of its interest in its cable operations and ancillary local telephone operations in Hartford, Connecticut, in a transaction with Cablevision Systems Corp.,<sup>13</sup> and had no current plans to expand its telephony operations prior to the proposed Merger. In 1997, TCI's total revenues for local exchange services were less than \$1 million. TCI also operates common carrier microwave services, which are used primarily to provide for carrier-to-carrier services and video backhaul transport in 18 states. These operations include service to 275 customers and generated approximately \$36 million in revenue in 1997.

TCI, through the Liberty Media Group, also holds interests in various companies that provide video programming. These companies include: Discovery Communications, Inc.;

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<sup>12</sup> One of TCI's subsidiaries, WTCI, provides a limited amount of business long distance service in Wyoming on a resale basis.

<sup>13</sup> The parties have entered into a letter of intent and are currently negotiating definitive documents regarding this proposed transaction.

USA Networks; BET Holdings, Inc.; Fox/Liberty Networks, LLC; QVC, Inc.; MacNeil/Lehrer Productions and Encore Media Group. TCI, through the TCI Ventures Group, also indirectly holds an approximately 39% equity interest and approximately 71% voting interest in @Home, which provides content enriched Internet cable services over cable television infrastructure. Having begun commercial operation in September 1996, @Home's primary offering allows residential subscribers to connect their personal computers via cable modems to a new high-speed broadband network that uses a hybrid fiber-coaxial cable ("HFC") plant to transmit data at higher speeds than typical dial-up services. The @Home service is an "always on" connection and provides unique local and national multimedia programming content and data services. By mid-1998, approximately 8 million homes had access to the HFC plant required for the delivery of @Home's service.<sup>14</sup> As of August 1998, @Home had launched its service in portions of 35 cities and communities in the United States and Canada and had approximately 147,000 subscribers. During this same period, @Home's accumulated deficit had risen to approximately \$94 million.

Finally, TCI, through the TCI Ventures Group, currently holds minority interests in certain partnerships (collectively, "Sprint Spectrum") which provide personal communications services ("PCS") under the Sprint brand of Sprint Corp. ("Sprint").<sup>15</sup> TCI, Sprint, and the other

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<sup>14</sup> @Home currently has entered into distribution arrangements with 15 cable companies that serve approximately 58.5 million homes in the United States and Canada. These cable companies are TCI, Cox, Cablevision Systems Corp., Comcast, Rogers, Shaw, InterMedia Partners, Jones Intercable, Garden State Cable, Century Communications, Marcus Cable, Bresnan Communications, Insight Communications, Cogeco Cable and Lenfest Communications.

<sup>15</sup> At present, TCI, through its subsidiary TCI Spectrum, holds a 30% interest in the limited partnership Sprint Spectrum Holding Co. L.P. ("Sprint Holdings"). Sprint, through its

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parties in Sprint Spectrum, have agreed upon a restructuring of Sprint Spectrum pursuant to which Sprint Spectrum would be contributed to Sprint in exchange for a new class of Sprint common stock to be designated as "Sprint PCS Tracking Stock."<sup>16</sup> Sprint currently intends to sell Sprint PCS Tracking Stock in a public offering. In connection with the restructuring, TCI will receive registration rights for its Sprint PCS Tracking Stock. As a result, following the expiration of any "standstill" or "lock-up" period, TCI would be in a position to sell its Sprint PCS Tracking Stock into the public markets.<sup>17</sup>

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<sup>15</sup> (...continued)

subsidiary, Sprint Enterprises, holds a 40% interest in Sprint Holdings. The remaining 30% interest in Sprint Holdings is split equally between Cox Telephony Partnership (a Cox subsidiary) and Comcast Telephony Services (a Comcast subsidiary). The same partners hold identical interests in MinorCo, L.P. ("MinorCo") which holds the remaining 1% interest in Sprint PCS. Sprint Holdings and MinorCo in turn own 99% and 1% interests respectively, directly and indirectly. Sprint Holdings also owns a 99% interest in a series of operating subsidiaries, through which the PCS network known as "Sprint PCS" operates. In a separate venture, TCI, through its subsidiary TCI Philadelphia Holdings, Inc., owns a 35.3% interest in two partnerships, PhillieCo I and PhillieCo II (together "PhillieCo," and together with Sprint Holdings, the "Sprint Ventures"). Sprint Enterprises, in turn, owns a 47.1% interest in PhillieCo. The remaining interest (17.6%) is owned by Cox, through its subsidiary, Cox Communications Wireless, Inc.

<sup>16</sup> In 1995, Sprint, TCI and other cable partners considered building a national wireless and wireline telephone network, utilizing PCS technology and cable network infrastructure to offer local telephone and specialized data transmission services. In early 1996, however, Sprint Spectrum decided to focus solely on providing wireless telephony services. As a result, the existing cable local loop facilities were no longer integral to the venture's business plan. In May 1998, Sprint and the cable partners, including TCI, therefore agreed to the restructuring plan.

<sup>17</sup> In addition to reducing TCI's interest in Sprint's PCS ventures and ensuring that TCI will not be actively involved in those ventures, the restructuring increases the liquidity of TCI's investment while giving Sprint access to the equity markets as an alternate source of funds for the considerable capital investment that is still needed to buildout its PCS network. Requiring Sprint to redeem TCI's interests for cash or other considerations immediately necessarily would have reduced the investment that Sprint could commit to developing its PCS service. Similarly, TCI's sale of its PCS stock in a short period following the restructuring would greatly increase the amount of stock being offered in the marketplace and could create an amount of available stock in

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Sprint already has sought and obtained FCC consent to the initial phases of this restructuring.<sup>18</sup> Assuming the restructuring is consummated prior to the Merger, TCI's interest will have been restructured such that it would own approximately 23.8% of the outstanding shares of Sprint PCS Tracking Stock, which shares would have only approximately 2.38% of the voting power of Sprint PCS Tracking Stock. TCI's shares of the Sprint PCS Tracking Stock would constitute less than a 1% voting interest in Sprint's outstanding capital stock.

**B. Description of the Merger.**

Pursuant to the Agreement, TCI will merge with AT&T's Merger Sub. In connection with the Merger, the assets and businesses of AT&T and TCI (the "Merger Parties") will be attributed to either of two groups: the Liberty Media Group or the Common Stock Group. The Liberty Media Group will continue to hold, among other things, its video programming businesses and TCI's minority interest in Sprint's PCS ventures.<sup>19</sup>

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<sup>17</sup> (...continued)

the public market that would impair Sprint's own ability to issue new PCS stock as a source of capital. Either requirement would have an adverse effect on Sprint's ability to raise the capital necessary to build out the PCS network, and thus necessarily would undermine the public policy objective of promoting competition in the mobile telecommunications marketplace.

<sup>18</sup> See Public Notice, Report No. LB-98-54, released July 17, 1998; Public Notice, Report No. LB-98-65, released August 31, 1998.

<sup>19</sup> Prior to the Merger, and subject to shareholder approval, TCI plans to combine its Liberty Media Group with its TCI Ventures Group, whereby each outstanding share of Ventures will be exchanged for .52 shares of Liberty. Subsequently, TCI will combine the business operations of the two groups, and the new combined group will be called Liberty Media Group. Immediately prior to the merger, the new Liberty Media Group (reflecting the combined businesses of Liberty  
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The Common Stock Group initially will consist of what is now AT&T and TCI's cable television, telephone and Internet businesses. Subsequent to the Merger, AT&T plans to create a third group, the "AT&T Consumer Services Company" ("AT&T Consumer Co"), that will include the cable television, local residential telephone, domestic long-distance residential telephone, international residential telephone and residential Internet businesses, along with AT&T's consumer residential wireless mobile communications business. The Common Stock Group will continue to reflect the remainder of AT&T's current network and business services.<sup>20</sup>

In structuring this transaction, one of the intentions of the Merger Parties was to separate the performance of the Liberty Media Group's businesses from those of AT&T's other businesses. This will be reflected in the composition and structure of the management and the

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<sup>19</sup> (...continued)

Media and TCI Ventures) will transfer its investment in @Home, the National Digital Television Center and its ownership of Western Tele-Communications, Inc., to the TCI Group. Although AT&T will be the legal owner of the assets and the businesses of the Liberty Media Group, the businesses of the Liberty Media Group will continue to be managed by the managements of Liberty and Ventures that are in office prior to the Merger. Such management will have substantial control of the business and affairs of the Liberty Media Group following the merger as a result of agreements negotiated in connection with the Merger.

<sup>20</sup> AT&T stockholders will be asked to approve amendments to the AT&T Charter to authorize new "tracking stocks" in connection with the Merger; one of which is intended to reflect the performance of the assets and businesses of the Liberty Media Group. Subsequent to the Merger, AT&T plans to create another "tracking stock" to reflect the performance of AT&T Consumer Co. "Tracking stock," a device which has been used for approximately 15 years, is typically issued by diversified corporations. Although it is common stock of the parent issuer, it is intended to reflect the businesses and assets of a distinct business segment or group of assets of the issuer. The underlying business or asset tracked by the stock is commonly referred to as a "group," as in the "Liberty Media Group." AT&T's use of tracking stock will allow the public to invest selectively, and to evaluate separately, the discrete businesses of the Liberty Media Group, AT&T Consumer Co and the Common Stock Group.