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December 2, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY
Ex Parte

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W., TW-B204
Washington, DC 20554

Re: **FOR PUBLIC INSPECTION AND REDACTED**
Applications for Consent to the Transfer
of Control of Licenses from MediaOne
Group, Inc. to AT&T Corp.

CS Docket No. 99-251

Dear Ms. Salas:

Transmitted herewith on behalf of AT&T Corp. are document Bates Nos. AT&T 000943 through 001000 and AT&T 002000 through AT&T 002045. Document Nos. AT&T 000943 through AT&T 001000 and AT&T 002000 through AT&T 002018 are confidential documents, filed under seal and subject to the Protective Order adopted by the Cable Services Bureau on August 6, 1999.¹ They have been redacted in whole. Accordingly, their titles have been submitted in place of the actual redacted documents. In accordance with the Protective Order, all confidential documents bear a legend identifying them as confidential and subject to the Protective Order entered in these proceedings. Documents AT&T 000943 through AT&T 000994 also are marked "Copying Prohibited"

¹ *In re Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from MediaOne Group to AT&T Corp.*, CS Docket No. 99-251, Order Adopting Protective Order, DA 99-1568 (CSB August 6, 1999).

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in accordance with the Protective Order. In addition, certain limited redactions of the most highly sensitive business information have been made.

The documents are being provided in response to the November 3, 1999 letter from To-Quyen Truong, Associate Chief of the Cable Services Bureau. Specifically, they are responsive to Question 11 of that letter.

Respectfully submitted,



Lorrie M. Marcil

cc: w/Attachment: To-Quyen Truong
Sunil Daluvoy
Royce Dickens

**AT&T Broadband & Internet Services
Strategic Implications of Recent Transactions**

**Officers' and Directors' Meeting
May 12, 1999**

**AT&T Presentation to
Moody's Investors Service**

**Project Millennium
April 22, 1999**

**AT&T Presentation to the
Board of Directors**

**Project Millennium
April 22, 1999**

AT&T Proposal for the Acquisition of MediaOne

Investment Community Briefing
April 23, 1999



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“Safe Harbor” Disclosure

The following contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, possibly including but not limited to statements concerning future operating performance, AT&T's share of new and existing markets, AT&T's short- and long-term revenue and earnings growth rates, and general industry growth rates and AT&T's performance relative thereto. The forward-looking statements are based on management's beliefs as well as on a number of assumptions concerning future events. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside AT&T's control, that could cause actual results to differ materially from such statements. Among other things, such uncertainties and other factors include competitive pressures, including the timing and level of RBOC entry into long-distance; and the ability to offer, and the success and market acceptance of, new products and services, including local service. For a more detailed description of the factors that could cause such a difference, please see AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Overview of Announcement

- AT&T is Submitting an Offer to the MediaOne Board of Directors to Acquire the Company for \$87.375 Per Share in Cash and Stock
- Total Transaction Value of \$62 Billion
- Each MediaOne Share Will Receive 0.95 AT&T Common Shares and \$30.85 in Cash, Subject to the Following Upward Adjustment
 - Cash Portion Will Increase to Offset Any Decline of up to 10 Percent from AT&T's Closing Price of \$57 per Share on April 21st, to Maintain \$85 per Share in Value to MediaOne Shareholders
- MediaOne Shareholders Will Enjoy the Full Upside Appreciation Potential of AT&T Common Shares
- Stock Portion is Tax Free to MediaOne Investors
- AT&T Shares Will Offer Full Voting Rights and Pay a Cash Dividend
- Not Subject to AT&T Shareholder Vote
- Expected to Close by Year-End 1999 or Early 2000

Transformation of AT&T

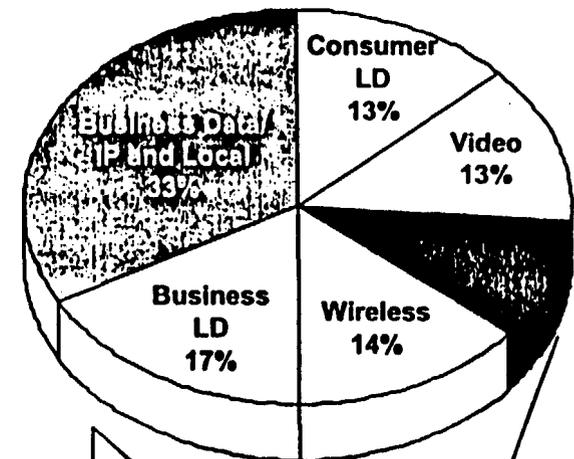
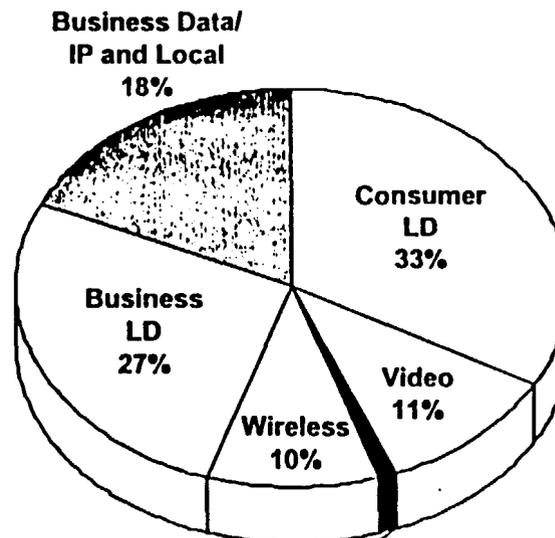
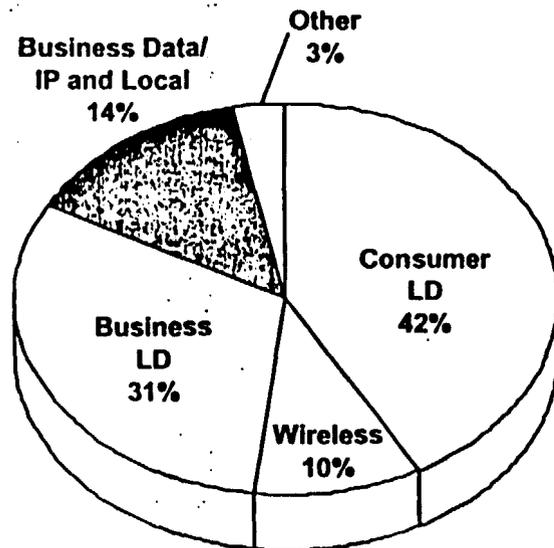


Repositioning for Revenue Growth

1998 (a)

1999 (b)

2004 (b)



10-12% CAGR

(a) Pre-TCI Acquisition.

(b) Pro forma for TCI and MediaOne and excluding the BT Global Venture.

Transformation of AT&T

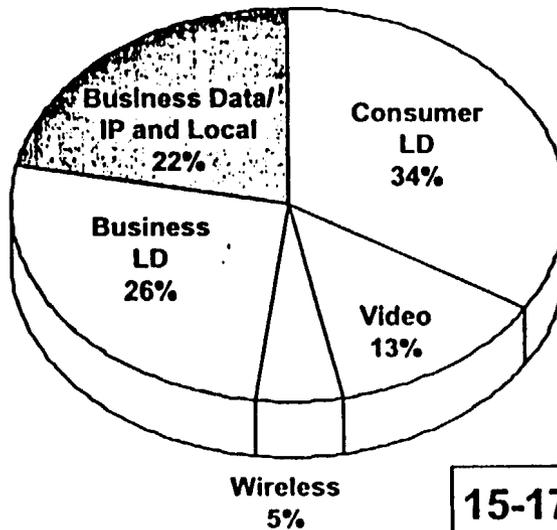
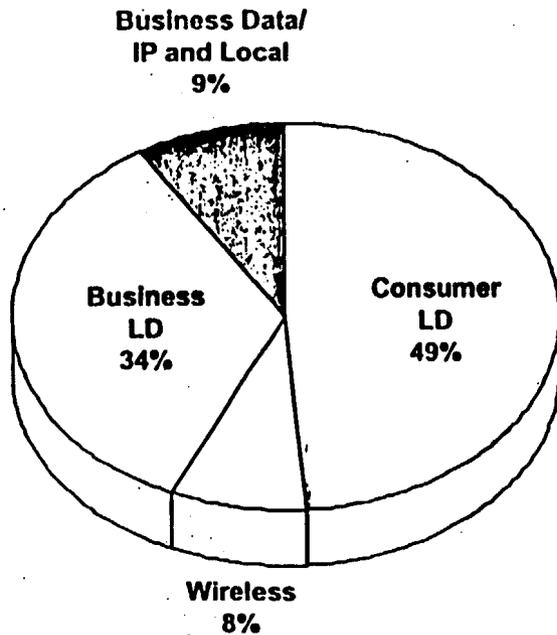


Repositioning for EBITDA Growth

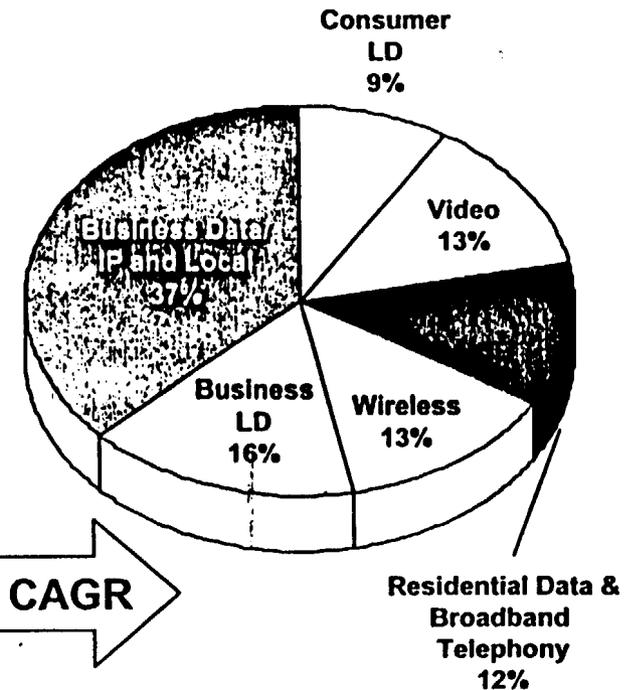
1998 (a)

1999 (b)

2004 (b)



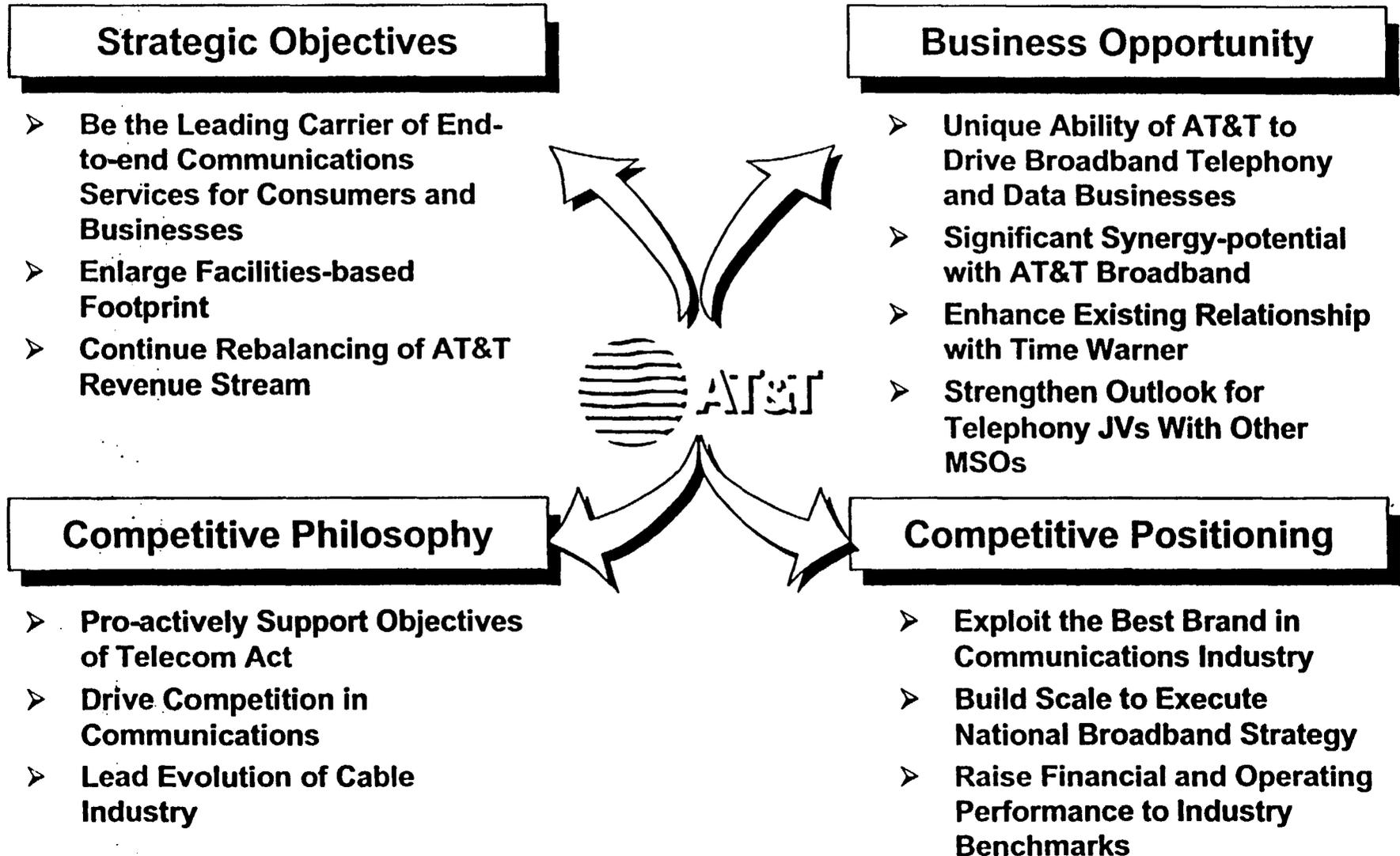
15-17% CAGR



(a) Pre-TCI acquisition.

(b) Pro forma for TCI and MediaOne and excluding the BT Global Venture.

Strategic Rationale

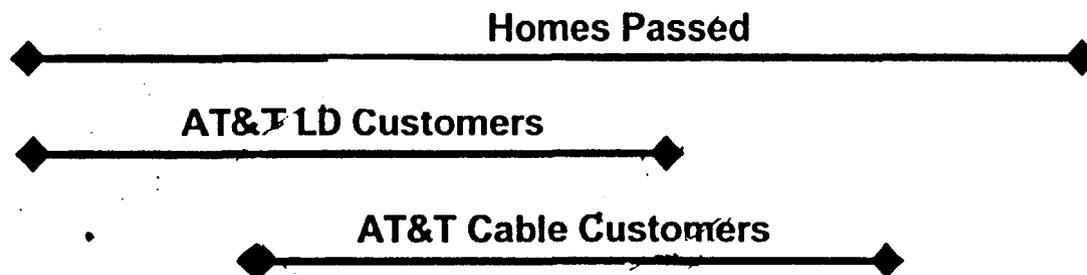


Broadband Telephony



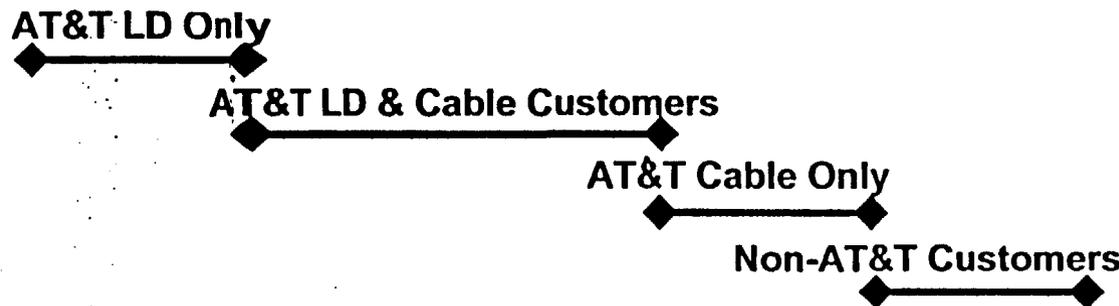
Illustrative Overview of Customer Penetration Possibilities

- AT&T has the Unique Opportunity to Integrate an All Distance Telephony Offer with its Existing Long Distance and Cable Subscribers
- For Example, Presume a Neighborhood with 100 Homes Segmented as Follows:



<u>Homes</u>	
100	
60	
60	
<u>Homes</u>	<u>Penetration</u>
20	20-25%
40	50-60%
20	25-30%
20	15-20%
100	30-40%

- The Cable Telephony Penetration Opportunity :





Transaction Value

Price / Share	\$87.375
Number of Shares (a)	<u>660</u> M
Equity Value	\$ 57.7 B
Assumed Debt	<u>4.5</u>
Enterprise Value	\$ 62.2 B

Multiple of:

2000E EBITDA (b)	19.5x
Proportional Subs (c)	\$4,600

Premium to:

Current Price (d)	26%
Comcast Offer (d)	17%

(a) Fully diluted.

(b) Adjusted to include pro forma estimated synergies (\$200 M) and to exclude startup investment related to data and telephony initiatives (\$130 M).

(c) Includes proportional subs from TWE.

(d) As of April 22, 1999.

Summary of Financing

- AT&T Proposal Includes \$30.85 per Share in Cash
 - Subject to Upward Adjustment of up to \$5.70 per Share

- Company Has Asked Goldman Sachs and Chase to Arrange a \$30 Billion Credit Facility

- Goldman Sachs and Chase Have Each Committed to Provide \$5 Billion in the Credit Facility

- Financing To Be Fully Committed by April 30



Key Transaction Dates

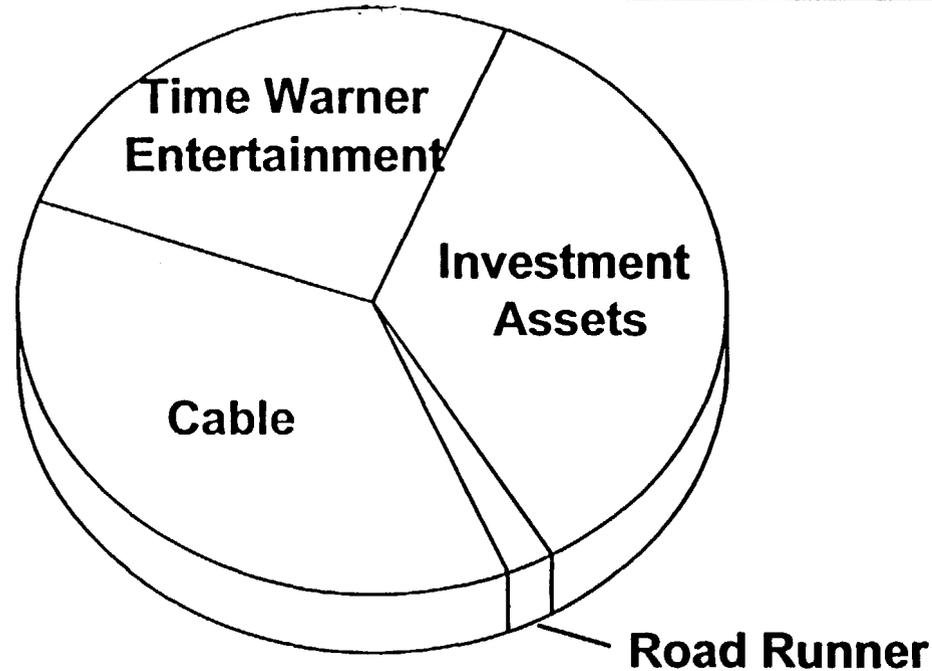
- April 22: AT&T Announces its Offer to Acquire MediaOne
- May 6: Final Day for MediaOne to Accept a Superior Offer and Reject the Comcast Agreement
 - Comcast has Five Days to Match a Superior Offer
 - MediaOne Can Exercise a 21-Day Extension at This Point
- May 26: Final Day for MediaOne to Terminate the Comcast Agreement and Enter into a Definitive Agreement with AT&T
 - Assumes Exercise of 21-Day Extension

MediaOne Business and Financial Overview



(\$ Billions - 1998)

Total Value of MediaOne Bid: \$62 Billion (a)



	<u>1998</u>	<u>1999E (c)</u>		<u>1998</u>
Revenue:	\$2.9	\$2.7	Cash:	\$ 0.4
EBITDA:	0.9	0.9	Total Debt:	4.5 (b)
Cap Ex:	1.7	1.8	Total Equity:	13.1

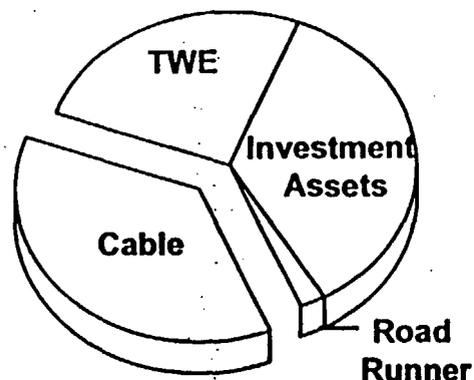
(a) Based on bid price of \$87.375 / share.

(b) Assumes conversion of \$1.7B exchangeable notes; conversion of 927 M Series D preferred and excludes minority interest in Centaur funding of \$1.1B.

(c) Based on Street estimates; reflects sale of domestic wireless operations.

MediaOne

Cable Operations

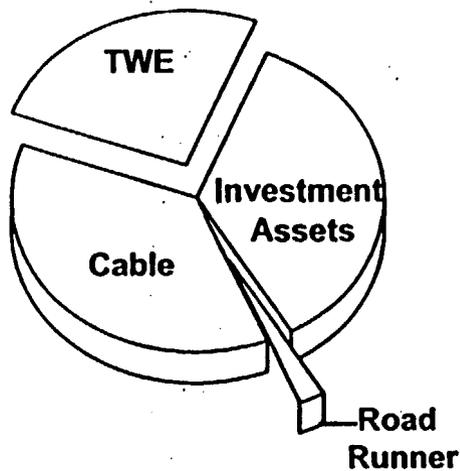


Homes Passed - 1998	8.5 M
Subscribers - 1998	5.0 M
2-way Upgrades / % Plant > 750 MHz - EOY99	70%
Telephony Subs	
– 1998	10,500
– 1999E (a)	24,000
High-Speed Data Subs	
– 1998	84,000
– 1999E (a)	200,000

(a) Based on Street Estimates.
Source: 10-K

MediaOne

Cable Affiliations



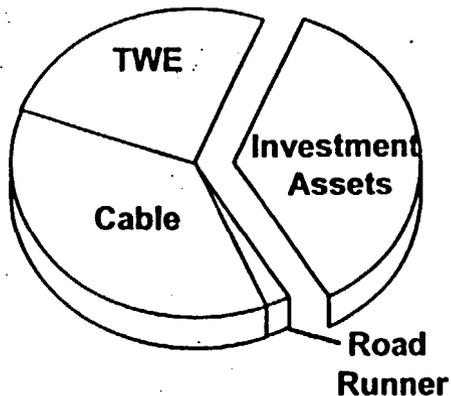
- Time Warner Entertainment (TWE)
 - Further Expand Relationship with the Nation's Leading Entertainment Company
 - 10 Million Total Cable Subs, HBO and Warner Brothers
 - 25.5% Effective Economic Interest

- Road Runner
 - Broadband Internet Access
 - 35% Total Ownership Interest (includes MediaOne's Portion of TWE's stake)

MediaOne



Non-Cable Investment Assets



**Total Estimated Value of
Non-Cable Investment Assets ^(b):
\$18-20 Billion**

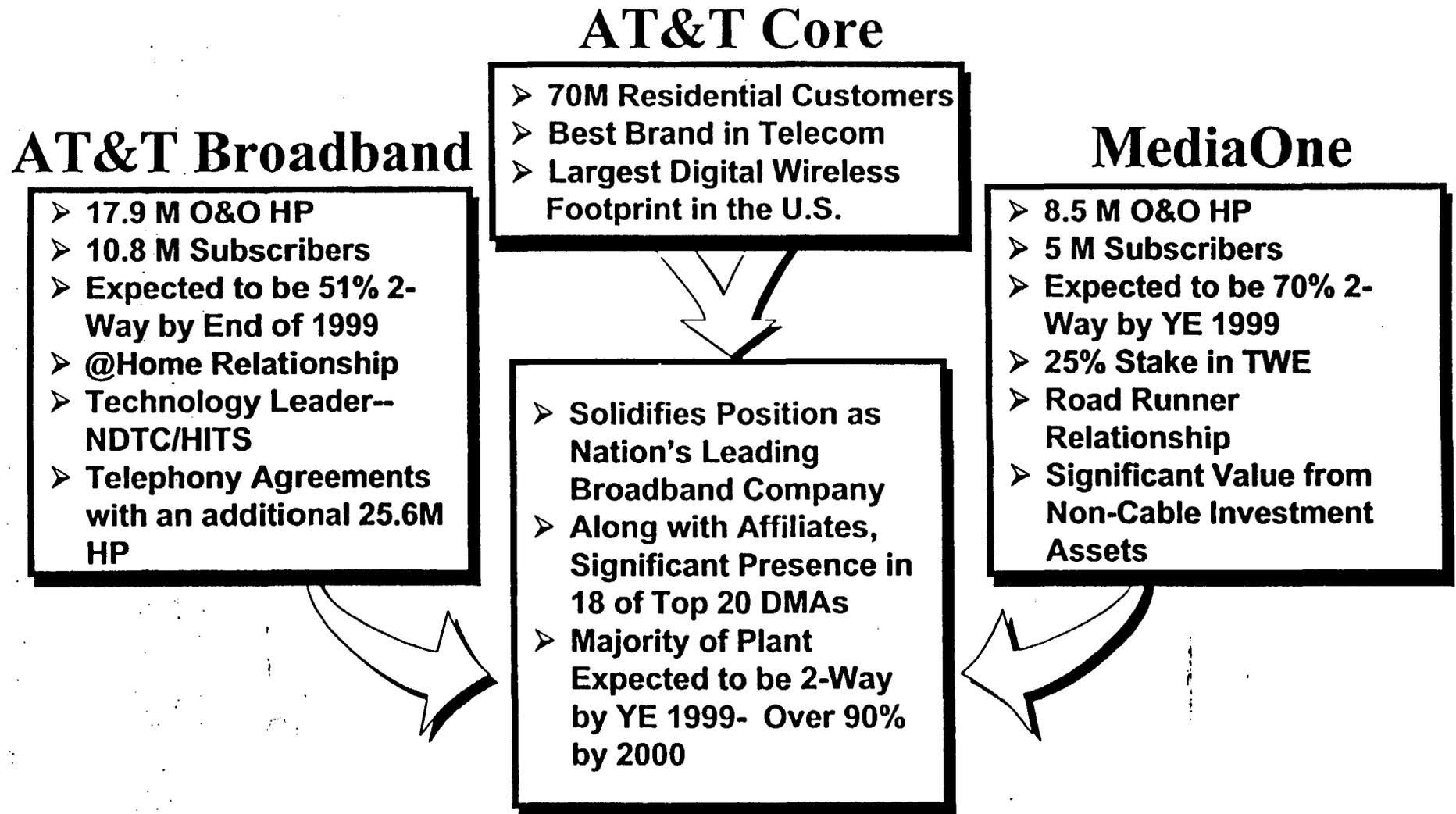
<u>Asset</u>	<u>Ownership</u>	<u>Description</u>
One-2-One	50% / Private	➤ National U.K. Wireless Operator
Telewest	30% / Public	➤ Second Largest U.K. Cable Operator
AirTouch / Vodafone ^(a)	6% / Public	➤ Worldwide Wireless Provider
International Wireless	Private	➤ Minority Interests in Eastern European Operators
International Cable	Private	➤ Minority Interests in Eastern European and Asian Operators
Programming	Private	➤ E! Entertainment, Outdoor Life, Music Choice & Others

(a) Giving effect to pending Vodafone acquisition of AirTouch.
(b) Excludes interest in TWE.

AT&T / MediaOne:



The Nation's Leading Broadband Company



AT&T / MediaOne



Top 15 Owned & Operated Markets ^(a)

Subscribers

Chicago	1,555
San Francisco	1,541
<i>Boston / New England*</i>	1,308
Seattle/Tacoma	906
<i>Atlanta*</i>	624
<i>Miami*</i>	609
Portland/Eugene/Salem	597
Denver	592
Dallas	541
<i>Los Angeles*</i>	511
Pittsburgh	469
<i>Northern California*</i>	435
<i>Detroit*</i>	424
Grand Rapids/Lansing	344
<i>Minneapolis*</i>	311

**72% of Subs in the
Top 15 Markets**

**Top 15 Markets Have
Over 300 K Subs Each**

**Top 10 Markets Have
Over 500 K Subs Each**

(a) Does Not Include Pro Rata Subscribers from TWE or AT&T affiliates.

Note: *Italicized (*) Markets Denote Major MediaOne Markets*

MediaOne Financial Summary



AT&T Ownership Drives Accelerated Growth by Increasing Video & Telephony Penetration

(\$ in billions)	2000E	2004E	CAGR (00-04)
Revenue			
Video			
AT&T Estimate for MediaOne	\$2.8	\$4.5	12%
Street Consensus - MediaOne Standalone	2.8	3.7	7
Data			
AT&T Estimate for MediaOne	\$0.1	\$0.6	56%
Street Consensus - MediaOne Standalone	0.1	0.6	56
Telephony			
AT&T Estimate for MediaOne	\$0.1	\$1.9	109%
Street Consensus - MediaOne Standalone	<u>0.1</u>	<u>0.6</u>	56
Total			
AT&T Estimate for MediaOne	\$3.0	\$7.1	24%
Street Consensus - MediaOne Standalone	3.0	4.8	12
<u>% Penetration -- Homes Marketed</u>			
Video			
AT&T Estimate for MediaOne	59%	64%	
Street Consensus - MediaOne Standalone	59	58	
Telephony			
AT&T Estimate for MediaOne	13%	30%	
Street Consensus - MediaOne Standalone	4	16	

AT&T Broadband - Pro Forma

The Premier Broadband Growth Vehicle

<i>(\$ in billions)</i>	2000E	2004E	CAGR (00-04)
Revenue			
AT&T Broadband	\$6.3	\$14.6	23%
MediaOne	<u>2.9</u>	<u>7.1</u>	<u>25</u>
Total	\$9.2	\$21.6	24%
EBITDA			
AT&T Broadband	\$2.4	\$ 6.5	28%
MediaOne	<u>1.1</u>	<u>3.0</u>	<u>29</u>
Total	\$3.5	\$ 9.5	28%

AT&T Broadband - Pro Forma

The Premier Broadband Growth Vehicle

<i>(\$ in billions)</i>	2000E	2004E	CAGR (00-04)
O & O Homes Passed	26.9	28.2	1%
Ending O & O Subscribers			
Video	16.0	17.9	3%
Data	1.2	5.6	47
Telephony	0.8	7.6	76
% Penetration (a)			
Video	60%	64%	
Data	8	22	
Telephony	13	30	

(a) Data and telephony penetration based on marketed homes passed.

AT&T Broadband - Pro Forma

The Premier Broadband Growth Vehicle

<i>(\$ in billions)</i>	2000E	2004E	CAGR
Revenue			
Video	\$8.5	\$13.8	13%
Data	0.3	1.9	59
Telephony	<u>0.3</u>	<u>6.0</u>	111
Total	\$9.2	\$21.6	24%
EBITDA Margin			
Video	44%	46%	
Data	24	38	
Telephony	<u>NM</u>	<u>41</u>	
Total	38%	44%	

AT&T Broadband - Pro Forma

Capital Expenditure Plan

<i>(\$ in billions)</i>	2000E	2004E
Fixed		
Plant Capital (a)		
AT&T Broadband	\$1.6	\$0.5
MediaOne	<u>0.4</u>	<u>0.3</u>
Total	\$2.0	\$0.8
Demand Driven		
Digital Set Top Boxes		
AT&T Broadband	\$0.5	\$0.1
MediaOne	<u>0.2</u>	<u>0.1</u>
Total	\$0.7	\$0.2
Cable Modems		
AT&T Broadband	\$0.1	--
MediaOne	<u>0.1</u>	<u>--</u>
Total	\$0.2	--
Telephony		
AT&T Broadband	\$0.7	\$0.3
MediaOne	<u>0.2</u>	<u>0.1</u>
Total	\$0.9	\$0.4
Total		
AT&T Broadband	\$2.9	\$0.9
MediaOne	<u>1.0</u>	<u>0.5</u>
Total	\$3.9	\$1.4

(a) Basic upgrade and maintenance capital.

AT&T Continues Its Focus on Cost Reductions



(\$ in millions)

Access & Interconnection	\$ 400
Network & Other	850
SG&A	500
Corporate & Systems Overhead	<u>250</u>

Total Annual Cost Reductions	\$2,000
<i>(Beginning in the Year 2000)</i>	

Potential AT&T / MediaOne Synergies (a)



(\$ in millions)

Corporate Overhead	\$110-120
SG&A	50- 60
Ad Revenue Enhancements	15- 20

Total Annual Synergies <i>(Beginning in the Year 2000)</i>	\$175-200
--	------------------

(a) AT&T management estimates for near-term synergies prior to due diligence on MediaOne operations. Does not include significant revenue enhancements from AT&T data and telephony initiatives.

Pro Forma Earnings Impact (a)



	2000E	2003E
Pre-Split	\$3.30 - \$3.55	\$5.03 - \$5.48
Post-Split	\$2.20 - \$2.37	\$3.35 - \$3.65
GAAP EPS (b)		
(Dilution) / Share	\$(0.30)	\$(0.16)
Pro Forma EPS	\$1.90 - \$2.07	\$3.20 - \$3.49
% (Dilution) / Share	(13.6)% - (12.7)%	(4.8)% - (4.3)%
Cash EPS (b)(c)		
(Dilution) / Share	\$(0.06)	\$0.07
Pro Forma EPS	\$2.37 - \$2.52	\$3.64 - \$3.94
% (Dilution) / Share	(2.5)% - (2.3)%	2.0% - 1.8%

- (a) Does not reflect earnings impact from non-closed transactions.
 (b) Includes cost reductions and synergies.
 (c) Pro forma EPS excludes goodwill associated with all acquisitions.

AT&T Balance Sheet Impact

Total Debt and Leverage



<i>(\$ in billions)</i>	2000	2001	2002	2003
Pre-Transaction				
Year-End Net Debt	\$33.7	\$31.7	\$25.7	\$16.3
Net Debt / EBITDA ^(c)	1.5x	1.2x	0.9x	0.5x
Pro Forma for MediaOne Acquisition and Asset Divestitures ^{(a)(b)}				
Year-End Net Debt	\$43.7	\$39.1	\$29.9	\$18.6
Net Debt / EBITDA ^(c)	1.7x	1.4x	0.9x	0.5x

(a) Assumes AT&T acquires MediaOne for \$87.375 per share in cash and stock; assumes \$30.85 cash paid per share.

(b) Assumes \$18-20 billion divestiture proceeds over three years; assumes no taxes.

(c) Assumes incremental \$2.0 billion EBITDA from reduced SG&A, Network, and Access expenses.

AT&T Sum-of-the-Parts Valuation



(\$ in billions)

Segment	Valuation Methodology	Valuation Midpoint	% of Total Enterprise Value
Business and Consumer ^(a)	9.9x 2000E EBITDA for Business LD and Local; 6.0x 2000E EBITDA for Consumer LD and Local	\$168	49.4%
Int'l / IGN / Solutions	3.5x 2000E Revenue	24	7.1
Wireless	10.0x 2000E EBITDA for Cellular; \$140 per 1999E POP for PCS plus \$4.8bn in wireless partnerships	38	11.2
Broadband ^(b)	Cable valued at 14.0x 2000E EBITDA	92	26.9
MediaOne Non-cable ^(c)		18	5.4
Total Enterprise Value		\$340	100.0%
Less: Net Debt pro forma acquisition ^(d)		(59)	
Equity Value		\$281	
Shares Outstanding (in bn) ^(d)		3.9	
Estimated Value per Share -- Adjusted for Split		\$ 73	
Estimated Value per Share -- Pre Split		\$110	

(a) Assumes \$2.0bn in cost reductions, equally split among business and consumer segment.

(b) In addition to cable includes MediaOne's stake in Titan Entertainment partnership, @Home, Road Runner, WorldNet, Cablevision, and cable and telephony partnerships.

(c) Includes MediaOne stake in AirTouch, One-2-One, Telewest, international wireless and cable assets, and programming assets.

(d) Assumes AT&T acquires MediaOne for \$87.375 per share in cash and stock; assumes \$30.85 cash paid per share.

AT&T's End-to-End Facilities-Based Strategy Taking Shape



Global / Data

- BT Global Venture
- IBM Global Network
- MetroNet

Business Local

- TCG

Wireless Network

- Expanding Digital Footprint
- 1900 MHz Markets
- Vanguard, L.A. Cellular, Honolulu

Residential

Owned & Operated

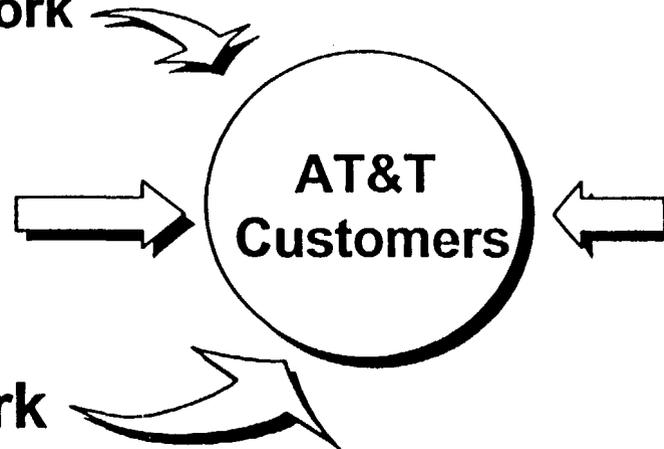
- AT&T Broadband
- MediaOne

Telephony JVs

- Time Warner
- Announced TCI Affiliates

High Speed Data

- @Home
- Road Runner



AT&T's Goal Is To Be The Leading Carrier of End-to-End Communications Services for Consumers and Businesses