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December 15, 1999

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 Twelfth Street, SW, Room TWB-204
Washington, D.C. 20554

RE: Notice of Oral Ex Parte
In the Matter of Applications for Transfer of Control to AT&T Corp.
("AT&T") of Licenses and Authorizations Held by MediaOne Group, Inc.
("MediaOne") CS Docket No. 99-251

Dear Ms. Salas:

On December 14, 1999, Douglas Brandon, Stephen Garavito, Karl Korsmo, and the undersigned met with Imani Ellis-Cheek, Sunil Daluvoy, Royce Dickens, John Norton, To-Quyen Truong, and Andy Wise of the Commission's Cable Services Bureau, Jennifer Fabian and Quindi Franco of the Office of Plans and Policy, and Peter van Leeuwen of the Wireless Bureau. The purpose of the meeting was to discuss AT&T's Fixed Wireless architecture and strategy. The details of the discussion were consistent with the information contained in the attached presentation.

Two copies of this Notice are being submitted to the Secretary of the FCC in accordance with Section 1.1206 of the Commission's rules.

Sincerely,



Joan Marsh

Attachments

No. of Copies rec'd 041
List ABCDE



AT&T Fixed Wireless

Lew Chakrin

AT&T VP, Consumer Product Mgmt.

Fixed Wireless Evolution

- ◆ **Program Roots in 1995 (PCS Auctions)**

- ◆ **Transformation From:**
 - **Voice Bypass Technology**
 - to
 - **Broadband Telecommunication System**

- ◆ **Substantial Improvements in Capital Cost Efficiency**

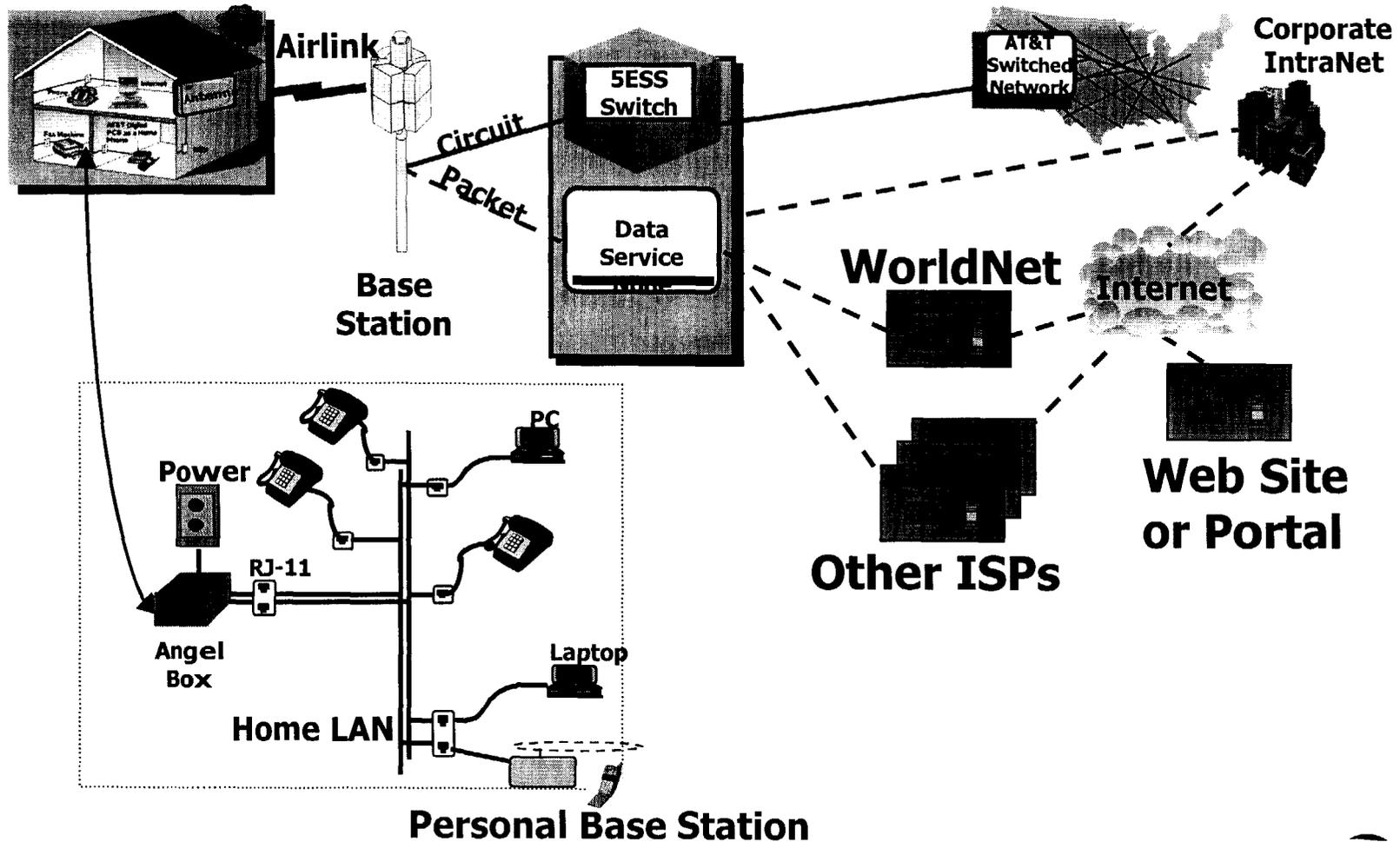


Key Takeaways

- ◆ **Fixed Wireless is "Ready to Roll"**
- ◆ **Synergies with our Mobile Wireless Business:**
 - Common Infrastructures (Towers, Base Station Sites, Backhaul)
 - Fixed/Mobile Service Integration (Personal Base Station)
- ◆ **Unique Combination of Features for the High Value Communications Customer:**
 - Multiple Lines of High Quality Voice
 - High Speed, Always-on Internet Access
 - Home Local Area Network Using Existing Inside Wire
 - **One Trusted Company to Sell, Install and Service**



Fixed Wireless Architecture

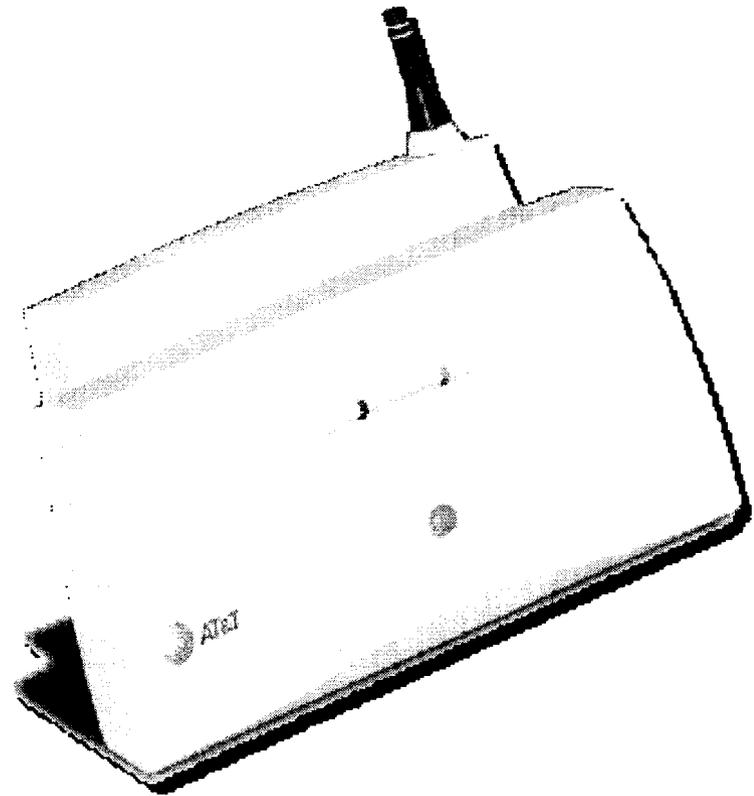


Personal Base Station

- ◆ **AT&T Mobile Phone Behaves Like Cordless Phone When in Range of PBS**
 - **Excellent In-building Reception**
 - **No Airtime Charges for Outgoing or Incoming Calls**

- ◆ **Incoming Calls to an AT&T Mobile Phone can be Answered on Any Wired Telephone in the Home**

- ◆ **Register up to 10 AT&T Mobile Phones on a Single PBS Through a Personal Web Site**



Customer Value Proposition

- ◆ Wireline Quality Voice with Additional Lines at 50% Discount
- ◆ High Speed Data - 4X Standard ADSL Speed at 40% Discount

Typical Two-Line Customer with High-Speed Data (Dallas/Ft. Worth)

	<u>SBC/GTE</u>	<u>AT&T Fixed Wireless</u>
Voice		
Primary Line	\$12.00	\$12.00
Second Line	\$12.00	\$ 6.00
Calling Features	\$ 8.00	\$ 8.00
Subscriber Line Charge (SLC)	\$ 8.50	\$ 7.00
Inside Wire Maintenance	\$ 3.00	\$ 3.00
Fees (PICC, USF)	\$ 2.90	\$ 2.90
Total Before LD	\$46.40	\$38.90
Data		
Access Line	\$39.00 (256Kb)	\$29.95 (1Mb)
Modem Rental	\$12.00	---
	\$51.00	\$29.95
ISP	Purchased Separately	Purchased Separately

Open Data Access for Fixed Wireless Service

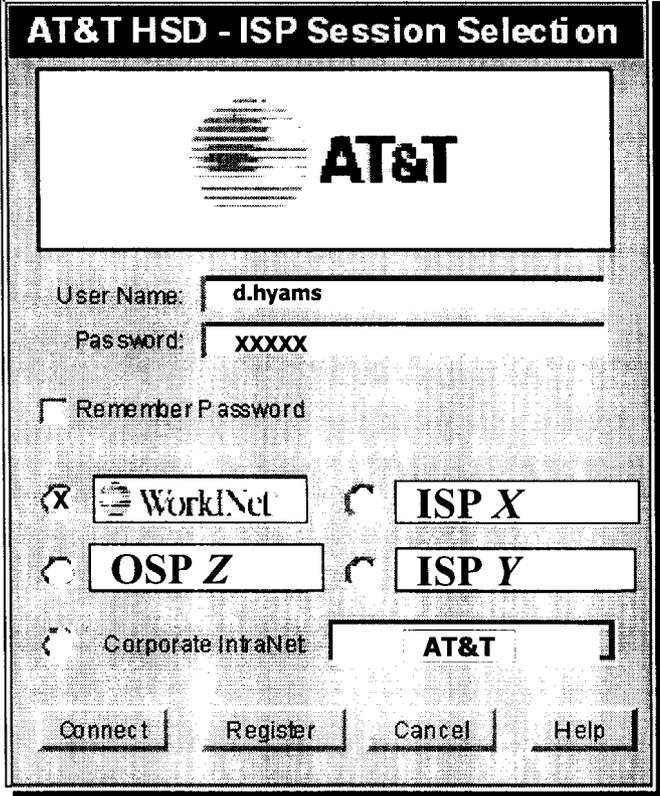
Goals:

- ◆ **Give Customers a Choice Among ISPs/OSPs**
- ◆ **Regardless of ISP/OSP Choice, Maintain Persistent Presence for AT&T:**
 - Account Maintenance
 - Customer Service
 - IP Comm.
 - Etc.
- ◆ **Insure End-to-End, High Quality Customer Experience for Entire Fixed Wireless Service**
- ◆ **Encourage Participating ISPs/OSPs to Help Market Overall Fixed Wireless Service (Voice and Data)**



Customer Selection of ISP/OSP

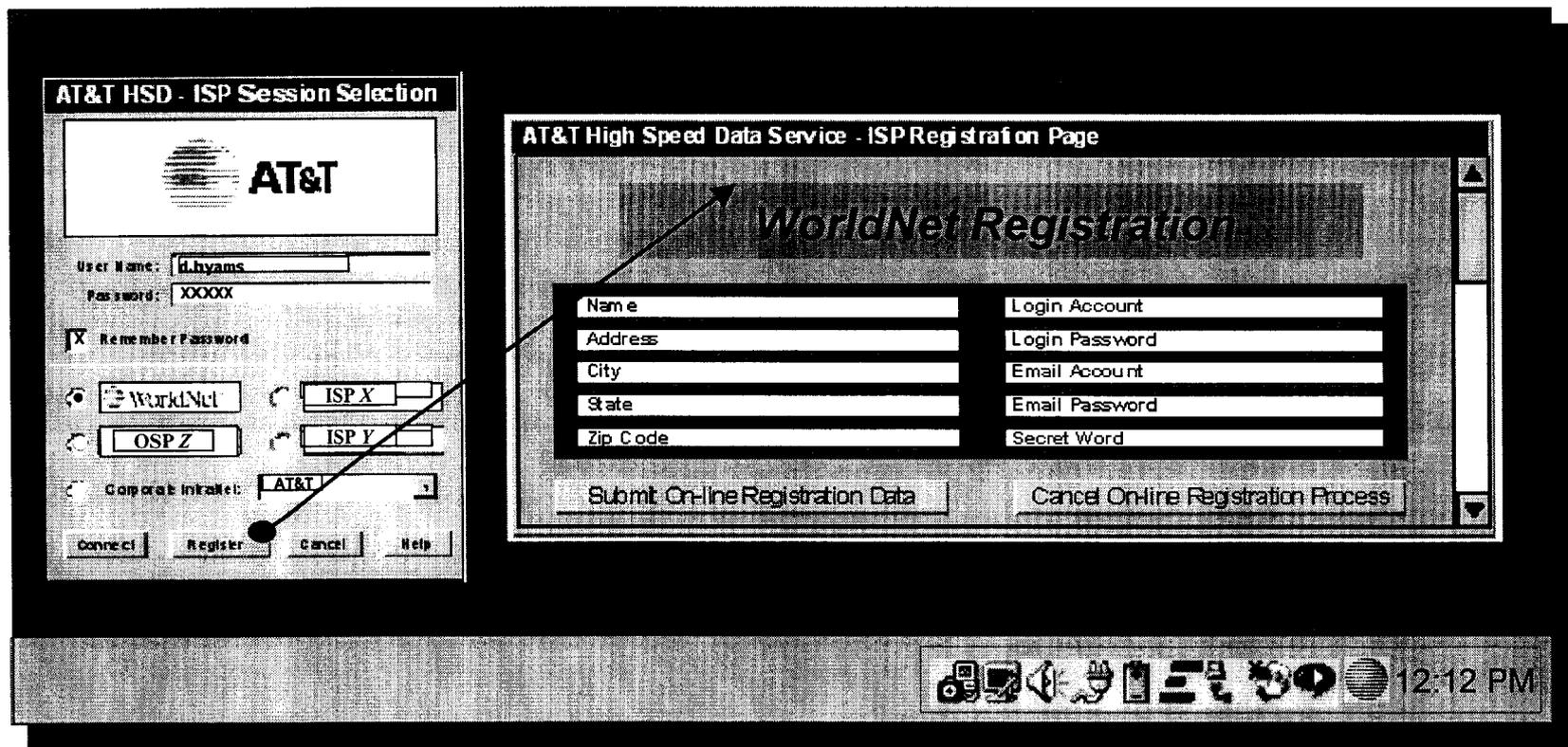
- ◆ **Session-by-Session Choice of ISP (Multiple, Simultaneous Sessions per Household)**
- ◆ **"Participating ISP" List Updated Dynamically Over the Network**
- ◆ **Corporations Can Participate Like an ISP to Give Their Employees Intranet Access**
- ◆ **Link to ISP Sign-up Page**



The screenshot shows a dialog box titled "AT&T HSD - ISP Session Selection". At the top center is the AT&T logo. Below the logo are two input fields: "User Name:" with the text "d.hyams" and "Password:" with the text "XXXX". Below these fields is a checkbox labeled "Remember Password" which is currently unchecked. Underneath are four radio button options for selecting an ISP/OSP: "WorldNet" (checked), "ISP X", "OSP Z", and "ISP Y". Below these is a "Corporate IntraNet" option with a radio button and a text box containing "AT&T". At the bottom of the dialog are four buttons: "Connect", "Register", "Cancel", and "Help".



ISP/OSP Customer Registration



Model Market Economics

1. Market Penetration

	Residential	Small Business
Market Size	1M Households	100K Locations
Voice Penetration	30% / 5 Years	30% / 5 Years
Lines/Subscriber	1.7 → 2.4	2.75
Data Penetration	1/2 → 2/3 of Voice Subs	3/4 of Voice Subs

2. Capital Per Subscriber

- ◆ \$750 → \$500/Sub Within 5 Years
- ◆ ~70% Premises ("Success") Capital



Model Market Economics

◆ Revenue (Year 5)	\$325-\$350M
◆ Cumulative Capital (Year 5)	\$275-\$300M
◆ EBITDA Positive	Year 3
◆ EBIT Positive	Year 3
◆ IRR with Terminal Value	35-40%

Positive NPV at Only 12-15% Voice Penetration



Fixed Wireless Deployment Plans

- ◆ **Highly Flexible Deployment Capability for All Market Tiers**

- ◆ **Build Toward Scale in 2000:**
 - **200 Homes Operating in Dallas Today**
 - **Ft. Worth Launch 1Q'00 (~300K Households)**
 - **At Least 2 Additional Markets to be Announced Soon**
 - **1.5M Total Households Covered**

- ◆ **Full Scale Rollout in 2001**

