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AT&T

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Federal Government Affairs
Vice President

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May 26, 2000

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

Re: 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. Roman Salas:

Please include a copy of the attached in the record of the above-referenced proceeding. 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,

Betsy J. Brady

No. of Copies rec'd 0+2
List A B C D E

May 25, 2000

AT&T SIGNS CONSENT DECREE WITH DEPARTMENT OF JUSTICE GIVING ANTITRUST CLEARANCE TO MERGER WITH MEDIAONE

(AT&T today entered into a consent decree with the U.S. Department of Justice that represents the antitrust clearance needed for the company to close its merger with MediaOne. The decree requires AT&T to divest MediaOne's minority interest in Road Runner no later than December 31, 2001. In the interim, AT&T must keep its management of Road Runner separate from the rest of the company. The decree also allows AT&T customers to continue to receive service from Road Runner on a transitional basis until June 2002, to avoid disruptions. After divestiture, AT&T may retain or acquire dedicated Road Runner assets or regional data centers used primarily for providing service to MediaOne's customers. AT&T may also, after divestiture, move MediaOne's customers to Excite@Home *service.*

Also, until two years after the divestiture, AT&T must obtain Justice Department approval prior to entering into certain agreements with AOL-Time Warner regarding cable modem or residential broadband service. Generally, prior consent would be required any time AT&T and AOL-Time Warner: wanted to jointly provide a residential broadband service anywhere in the U.S.; agreed not to provide such service in a particular region; agreed to prevent either side from including a particular feature in cable modem offerings; or, wanted to prevent either side from offering preferences to another provider of features or services included in our cable modem offering . Under this provision, the Justice Department will approve such agreements unless it determines that the agreement will lessen competition between AT&T and AOL-Time Warner in any market.

The following statement may be attributed to Jim Cicconi, AT&T General Counsel.)

We're very pleased to have reached this major milestone in the MediaOne merger approval process and we look forward to closing the deal as soon as possible.

The Road Runner divestiture is an obligation we always assumed we would face, and the decree proposes both a schedule and process that are fair and feasible. Before and after that divestiture, we will remain fully able to roll out new broadband capabilities – including high-speed Internet access -- to our subscribers. We are likewise very confident that the provisions requiring the Justice Department's prior consent for certain agreements between AT&T and AOL-Time Warner will not impair our business strategy in any way.

We expect to gain FCC approval of the merger shortly. After that, our intention is to close the merger as quickly as we can. Customers are clamoring for broadband, digital cable television, and choice in local phone service. Our acquisition of MediaOne will greatly increase our ability to deliver all of those highly-sought consumer services. We can't wait to get started.

Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, MAY 25, 2000
WWW.USDOJ.GOV

AT
(202) 202-514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT REQUIRES AT&T TO DIVEST MEDIA ONE'S INTEREST IN ROAD RUNNER BROADBAND INTERNET ACCESS SERVICE

WASHINGTON, D.C. - The Department of Justice today announced that AT&T Corp. has agreed to divest its interest in Road Runner, the second largest provider of broadband Internet access, in order to resolve the Department's antitrust concerns about AT&T Corp.'s proposed merger with Media One Group Inc. Broadband Internet access permits users to transmit and receive data at much greater speeds than are possible through "narrowband" access over ordinary telephone lines.

In its complaint, filed today in U.S. District Court in Washington, D.C., the Department said the combination of AT&T's interests in Excite@Home and Media One's interests in Road Runner would substantially lessen competition in the aggregation, promotion, and distribution of broadband content. At the same time, the Department filed a proposed consent decree that, if approved by the court, would address the Department's competitive concerns and resolve the lawsuit.

AT&T owns a controlling interest in Excite@Home, the largest provider of broadband Internet access which is also owned in part by Comcast Corp. and Cox. Road Runner is principally owned by Media One, Time Warner Inc., Microsoft, and Compaq. Most residential Internet users who have broadband Internet access today use either a cable modem service, provided by their cable company, or a digital subscriber line (DSL) service provided by their local telephone company. Excite@Home currently has exclusive contract rights to provide broadband cable modem service over the cable facilities of AT&T, Comcast, Cox, and other cable system operators, while Road Runner has exclusive contract rights to provide broadband cable modem service over the cable facilities of Media One and Time Warner. Together, Excite@Home and Road Runner serve approximately 75 percent of the country's cable modem subscribers, and a majority of all residential broadband subscribers.

"The merger as proposed, would have had an anticompetitive impact on the emerging broadband market," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "The divestiture assures that AT&T will not acquire undue leverage in its dealings with broadband content providers, and American consumers will be the ultimate beneficiaries."

Under the terms of the proposed consent decree, AT&T is required to exit the Road Runner joint venture no later than December 31, 2001. The agreement requires AT&T to exit the joint venture prior to that date if other relevant owners of Road Runner agree to an earlier departure. AT&T will be permitted to retain Road Runner assets used exclusively to provide cable modem service and broadband service to Media One customers.

In addition, AT&T is required to obtain prior approval from the Department of Justice before entering into certain types of agreements with Time Warner or with AOL, which has a pending merger agreement with Time Warner. That requirement, which would remain in place for two years after AT&T exits Road Runner, would apply to any agreement that jointly proposes to provide a residential broadband service or, any agreement that would prevent either party from offering a residential broadband service to customers in any geographic region. It would also apply to agreements that would prevent the inclusion of any content in a cable modem service offered by either party, or that would prevent either party from providing preferential treatment to content provided by others.

AT&T Corporation is headquartered in New York City. In 1999, it had revenues of approximately $61.5 billion.

MediaOne is headquartered in Engelwood, Colorado. In 1999, it had total revenues of approximately $2.7 billion.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement, which will be filed with the Court shortly. Any person may comment on the proposed decree by submitting comments to the Department. After a 60-day comment period, the United States will reply to any public comments and seek entry of the decree by the Court.

At the conclusion of the 60-day comment period, the court may enter the consent decree upon its finding that it serves the public interest.

00-297

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

United States of America Antitrust Division Department of Justice 1401 H Street Washington, D.C. 20530, Plaintiff, v. AT&T Corp and MediaOne Group, Inc., Defendants.	)	CASE NUMBER 1:00CV01176 JUDGE: Royce C. Lamberth DECK TYPE: Antitrust DATE STAMP: 05/25/2000

COMPLAINT

The United States of America, acting under the direction of the Attorney General of the United States, brings this civil action pursuant to Section 15 of the Clayton Act, as amended, 15 U.S.C. § 25, to enjoin defendant AT&T Corp. ("AT&T") from acquiring defendant MediaOne Group, Inc ("MediaOne"), in order to prevent and restrain a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

Unless blocked, AT&T's acquisition of MediaOne's interest is likely to lessen competition substantially in the market for the aggregation, promotion, and distribution of broadband content. Road Runner is an Internet service provider that offers high-speed access to content through cable lines nationwide. Broadband service is technology that allows users to used telephone dial-up services. Road Runner competes with Excite@Home, in which AT&T owns a substantial equity interest and voting control, in aggregating, promoting and distributing broadband content. MediaOne holds a significant equity and management interest in Road Runner. Excite@Home and Road Runner serve a significant majority of the nation's residential broadband Internet users.

Through the proposed merger, concentration in the market for aggregation, promotion, and distribution of residential broadband content would be substantially increased. Competition between Excite@Home and Road Runner in the provision of these services may be substantially lessened or even eliminated. Through its control of Excite@Home and its substantial influence or control of Road Runner, AT&T would substantially increase its leverage in dealing with broadband content providers, enabling it to extract more favorable terms for such services. AT&T's ability to affect the success of individual content providers also could be used to confer market power on individual content providers favored by AT&T.

By exploiting its "gatekeeper" position in the residential broadband content market to extract anticompetitive terms and to disfavor certain content providers, AT&T could make it less attractive for content providers to invest in the creation of attractive broadband content thereby reducing the quality and quantity of broadband content in the future.

The United States therefore seeks equitable relief against the Defendants named herein and complains and alleges as follows:

I. JURISDICTION AND VENUE

1. This Complaint is filed under Section 15 of the Clayton Act, as amended, 15 U.S.C.

§ 25, to prevent and restrain the violation by the Defendants, as hereinafter alleged, of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

2. AT&T and MediaOne are engaged in interstate commerce and in activities substantially affecting interstate commerce. The Court has jurisdiction over this action and over the parties hereto pursuant to 15 U.S.C. §§ 22, 25 and 28 U.S.C. §§ 1331, 1337.

3. AT&T and MediaOne each transact business and are found in the District of Columbia. Venue is proper under 15 U.S.C. § 22 and 28 U.S.C. § 1391(c).

II. DEFENDANTS AND THE PROPOSED ACQUISITION

4. AT&T is a corporation organized and existing under the laws of New York, with its principal office at 32 Avenue of the Americas, New York, New York. It is the nation's largest long-distance telephone company, one of the nation's largest wireless telephony providers, a growing local telephony provider with nationwide ambitions, one of the top ten narrowband Internet service providers, and the nation's second-largest cable multiple system operator ("MSO"). AT&T's 1999 revenues totaled approximately $62.4 billion.

5. AT&T controls @Home Corp. a.k.a. Excite@Home ("Excite@Home"), the largest provider of residential broadband service. Excite@Home provided residential broadband service over cable systems to approximately 1.5 million end user subscribers as of the first quarter of 2000, and its subscriber base is growing rapidly. AT&T currently holds approximately a 26% equity interest in Excite@Home and over 50% of the voting stock through AT&T's ownership of TCI related companies. AT&T recently entered into an agreement which, if implemented, will significantly increase its voting control over Excite@Home.

6. Excite@Home has exclusive contract rights to provide residential broadband Internet service over the cable facilities of its three principal equity holders, AT&T, Comcast Corporation, and Cox Communications, Inc. These cable MSOs account for over 35% of the nation's approximately 63 million cable subscribers. Excite@Home also provides residential broadband service over the cable facilities of a number of other cable system operators nationwide.

7. MediaOne Group, formerly US WEST/MediaOne, is a corporation organized and existing under the laws of the State of Delaware, with its principal place of business in Englewood, Colorado. It owns numerous cable systems and is the nation's seventh largest cable MSO. MediaOne also holds a 25.51% equity interest in Time Warner Entertainment Company, L.P. ("TWE"). TWE owns and operates numerous cable systems, and holds interests in cable programming networks, including Home Box Office ("HBO") and CourtTV, and production companies such as Warner Brothers. MediaOne's 1999 revenues totaled approximately $2.7 billion.

8. ServiceCo LLC, a limited liability company owned by several Time Warner related entities, MediaOne, and subsidiaries of Microsoft Corporation and Compaq Computer Corporation, is the second largest provider of residential broadband service in the United States, using the trade name "Road Runner." As of the first quarter of 2000, Road Runner provided residential broadband service over cable systems to more than 730,000 end user subscribers, and its subscriber base is growing rapidly. MediaOne owns approximately 34% of Road Runner: approximately 25% of Road Runner through a direct ownership interest in the holding company that owns Road Runner and additional indirect ownership through MediaOne's interest in TWE.

Certain Road Runner decisions require the consent of all of the Road Runner owners, but many important decisions require only the concurrence of MediaOne and Time Warner.

9. Road Runner has exclusive contract rights through December, 2001 to provide residential broadband service over the cable facilities of its two cable parents, MediaOne and Time Warner. Time Warner is the nation's largest cable MSO. MediaOne and Time Warner combined account for more than 25% of the nation's 63 million cable subscribers. Road Runner also provides residential broadband Internet service over the cable facilities of several other cable system operators.

10. Together Excite@Home and Road Runner serve a significant majority of the nation's residential broadband Internet users.

11. On May 6, 1999, AT&T entered into an Agreement and Plan of Merger with MediaOne pursuant to which AT&T agreed to purchase the stock and assets of MediaOne for approximately $56 billion. Following the consummation of this transaction, AT&T will own an effective 34% equity stake in Road Runner and will have substantial management rights.

12. The activities of the Defendants are within the flow of, and substantially affect, interstate commerce.

III. RELEVANT MARKET

13. Internet access is an important service demanded by ever-increasing numbers of Americans. The vast majority of residential users of the Internet today access it via "dial-up" modems: their computer uses a standard telephone line to connect to an Internet Service Provider ("ISP") which in turn connects the user to the Internet and any proprietary or exclusive content

offered by the ISP as a part of its service. This service generally allows users to send and receive data at rates of 56 kilobits per second or less and is referred to as "narrowband" access.

14. A rapidly growing number of residential users are accessing the Internet through "broadband" networks and technologies. "Broadband" service allows users to send and receive data at rates substantially greater than are possible using narrowband service. Broadband users may receive data at rates up to 25 times faster than are currently provided by narrowband access using standard dial-up modems.

15. In order to provide residential broadband service, an ISP must have access to transmission facilities that are capable of carrying data at a high rate between the facilities of the ISP and the homes of individual subscribers. The two principal types of transmission facilities used today to provide this access to residential customers are the networks owned by cable companies and local telephone companies.

16. Cable companies originally designed their networks to provide one-way transmission of information (i.e., video programming) to customers' homes, but in recent years many cable companies have upgraded their networks to provide the capability of two-way data transmission needed for residential broadband service. Subscribers access the Internet over computers connected to a cable modem or, in some cases, over their televisions connected to a cable set-top box containing a cable modem. The cable modem sends and receives data over the cable company's transmission facilities to the facilities of the residential broadband service provider. Cable modem service generally offers downstream transmission (i.e., from the ISP to the residence) at rates of up to 1.5 Mbps-2 Mbps, 25 times faster than the fastest dial-up connections now available

17. Digital subscriber line ("DSL") technology is used to enhance the transmission capabilities of the existing copper wires ("loops") which telephone companies have connected to homes to provide telephone service. DSL, which requires users to have a DSL modem attached to their personal computer, typically delivers downstream data transmission at rates between 256 Kbps and 1.5 Mbps. DSL service may be provided by local telephone companies or by other firms which contract with the local telephone company for the use of its loops. Because of technical limitations, and because upgrades of telephone networks which are needed to provide DSL service have not been completed in many areas, DSL service is available only to a portion of residences which have local telephone service.

18. Broadband transmission to residences is also provided through satellite technology, which uses a radio relay station in orbit above the earth to receive, amplify, and redirect signals. Satellite broadband services are provided by direct broadcast satellite ("DBS") providers such as DIRECTV and may be provided within the next several years by low earth orbit ("LEO") satellites deployed by firms such as Teledesic. At present, this technology provides only one-way broadband transmission; the satellite provider transmits data downstream to the consumer's home, but the consumer must use telephone lines for the upstream transmission of data from the home. Although satellite providers are working to address this deficiency, two-way satellite broadband service to the home may not be available for several years.

19. Broadband transmission may also be provided through "fixed wireless" technologies, including local multipoint distribution systems ("LMDS") and multichannel multipoint distribution systems ("MMDS"). Fixed wireless technology typically uses microwave transmission facilities to transmit data to and from residential consumers. Although firms are

investing significant sums of money to develop fixed wireless technology, residential broadband service using such technology is not yet available on a large scale to consumers, and likely will not be commercially deployed on a large scale in the immediate future.

20. As of early 2000, approximately 70% of the subscribers to residential broadband service use a cable modem service in which data is transmitted over the facilities of a cable company. DSL services are the second most frequently used, but though the number of DSL users is growing rapidly, DSL still lags substantially behind cable modem service in market penetration and acceptance. Satellite and fixed wireless services have only a very small portion of residential broadband subscribers.

21. Of the seven largest cable MSOs, five have contracted with Excite@Home or Road Runner to provide residential broadband service over their cable facilities. Excite@Home and Road Runner together serve a significant majority of the subscribers who receive residential broadband service over cable facilities, and a significant majority of all residential broadband subscribers.

22. Because of the rapid growth in the number of residential broadband subscribers, and the expectation that there will soon be very large numbers of such subscribers, many firms are developing content that will be particularly attractive to residential broadband consumers. The transmission capacity of residential broadband service allows customers to access content that contains much larger quantities of data, such as high quality "streaming" video and various forms of interactive entertainment. Much of this broadband content will not be readily accessible or attractive to narrowband users, because of the much longer times that are needed to transmit the data through narrowband facilities.

23. A large portion of the costs of producing residential broadband content are fixed costs, which do not vary whether the content is provided to a very small or very large number of consumers. Once this content has been produced, the incremental cost of making it available to additional consumers is very low. The revenue that can be earned by a content provider, on the other hand, is very much dependent on the number of consumers who use that content. Content providers may earn revenue in a variety of ways -- from the sale of advertising, from charging end users for access to the content, from the sale of products or services marketed through the Internet -- and most of the revenue opportunities are substantially enhanced in proportion to increased numbers of consumers who access the content or services. Content providers produce most broadband content with national distribution in mind, largely in order to maximize the potential number of consumers they will reach, thereby maximizing advertising and other revenues.

24. AT&T and Time Warner (a co-owner of Road Runner) are substantial providers of content and services which are or could be delivered to end users through residential broadband facilities.

25. A relevant product market affected by this transaction is the market for aggregation, promotion, and distribution of broadband content and services. The success or failure of content providers depends greatly on their ability to attract large numbers of consumers. Excite@Home, Road Runner, and other residential broadband service providers and "portals" can substantially enhance or detract from a content provider's ability to reach large numbers of customers. A portal generally is an Internet site containing a "first page" as well as several subsequent pages, that users see with a high degree of frequency. These pages aggregate links

to a variety of types of content and services, and facilitate users' efforts to find content and services by providing search engines, "tree and branch" indexes, and prominent links to Internet content and services, as well as proprietary content and services. Most ISPs, including Excite@Home and Road Runner, include the first page of their portal as the default "start page" (i.e., the first screen a user sees upon access). There are also portals independent of major ISPs such as Yahoo and Lycos. A large number of customers access content providers through portals and therefore content providers seek prominent links by which to promote their content and draw users to their sites. The more favorable the placement of a link (e.g.,"first page" rather than subsequent pages, a link that includes a larger share of the screen, etc.), the greater the content provider's likely audience, advertising revenues, and profitability.

26. For providers of broadband content, i.e., content that either requires broadband speeds or is much superior when viewed at broadband speeds, links that will attract more broadband customers, and only broadband customers, are more valuable than links that will be seen predominantly by narrowband users who will not access broadband content. Therefore, links that will be viewed by the general mass of Internet users--a substantial majority of which today are narrowband users--are not a good substitute for links that will be widely and exclusively viewed by broadband users.

27. In addition, content providers seek network services such as caching that will facilitate the distribution of their data so as to enhance the quality and accessibility of their content. Caching stores a content provider's content at various locations throughout the country, closer to end users, thereby improving speed and performance. This is a particularly important service for broadband content providers who must rely on the rapid delivery of large quantities of data

in order to provide the most attractive content. Broadband content providers therefore seek favorable caching and data distribution arrangements, as well as favorable terms for aggregation and promotion of their content, in order to attract more customers.

28. The aggregation and promotion of content, and the efficient physical distribution of content, are valuable services to content providers that heavily influence their success or failure in the content market. Content providers typically contract on a nationwide basis with firms that provide such services. The relevant geographic market for the aggregation, promotion, and distribution of broadband content is the United States.

29. Excite@Home and Road Runner are positioned to become two of the most important providers of aggregation, promotion, and distribution of residential broadband content. By virtue of the large number of subscribers to their residential broadband services, both firms will be able to significantly assist or retard the competitive efforts of broadband content providers, by granting or withholding aggregation, promotion, and distribution services, or through the prices, terms, and conditions by which such services are provided. Moreover, because of their ownership affiliations and exclusive contracts with many of the largest cable MSOs, it is unlikely that other providers of residential broadband services will be able to enter and attract comparable numbers of subscribers in the near term.

IV. ANTICOMPETITIVE EFFECT

30. Upon consummation, the proposed acquisition would give AT&T complete ownership and control of the assets and holdings of MediaOne, including MediaOne's direct and indirect holdings in Road Runner and significant influence over Road Runner's operations and

management.

31. AT&T's post-merger ownership interest in Road Runner will entitle it to participate in the governance of Road Runner, to have effective veto power over many Road Runner management decisions, to be present at meetings of Road Runner's Members' Committee, and to obtain all information available to members of the Board of Directors, including competitively sensitive information.

32. AT&T's control over Road Runner and access to competitively sensitive information combined with its control over Excite@Home and access to competitively sensitive information could facilitate collusion and coordination between Excite@Home and Road Runner and substantially lessen competition in the market for aggregation, promotion, and distribution of residential broadband content. Financial benefits derived from this reduction in competition would accrue in part to AT&T through its equity interests in Excite@Home and Road Runner.

33. If the proposed merger were consummated, concentration in the market for aggregation, promotion, and distribution of residential broadband content and services would be substantially increased, and competition between Excite@Home and Road Runner in the provision of such services may be substantially lessened or even eliminated. Through its control of Excite@Home and substantial influence or control of Road Runner, AT&T would have substantially increased leverage in dealing with broadband content providers, which it could use to extract more favorable terms for such services.

34. The increased leverage that AT&T would acquire in this market could also be used to promote or retard the success of individual content providers and thereby confer market power on individual content providers favored by AT&T. AT&T could profit from the creation and

exercise of such market power either through direct ownership of a favored content provider, or by obtaining payments from favored content providers in exchange for favorable treatment by Excite@Home and Road Runner. By exploiting its "gatekeeper" position in the residential broadband content market AT&T could make it less profitable for unaffiliated or disfavored content providers to invest in the creation of attractive broadband content, and thereby reduce the quantity and quality of content available.

V. VIOLATION ALLEGED

35. Pursuant to a merger agreement dated May 6, 1999, AT&T and MediaOne intend to consolidate or merge their businesses.

36. The effect of the combination of AT&T and MediaOne may be substantially to lessen competition in interstate trade and commerce in violation of Section 7 of the Clayton Act, 15 U.S.C. § 18, in the following ways, among others:

a. actual and potential competition between Excite@Home and Road Runner in the aggregation, promotion, and distribution of broadband content will be eliminated;

b. competition in the market for the aggregation, promotion, and distribution of broadband content will be lessened substantially;

c. prices for the aggregation, promotion, and distribution of broadband content are likely to increase, and the quality and/or quantity of such services are likely to decrease.

VI. REQUEST FOR RELIEF

WHEREFORE, Plaintiff prays:

37. That AT&T's proposed consolidation and merger with MediaOne be adjudged a violation of Section 7 of the Clayton Act.

38. That a permanent injunction be issued preventing and restraining the Defendants and all persons acting on their behalf from consummating the merger agreement described in Paragraph 11 or from going forward with any other plan or agreement by which AT&T would merge with or acquire MediaOne, its capital stock, or any of its assets.

39. That the Court impose such additional equitable relief it deems necessary and proper.

Dated: May 25, 2000

Joel I. Klein
Assistant Attorney General

Donna E. Patterson
Deputy Assistant Attorney General

Constance K. Robinson
Director of Operations

Donald J. Russell
Chief, Telecommunications Task Force

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(202) 514-5621

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

United States of America,	)	
	)	
Plaintiff,	)	Civil No.: 00 1176
	)	
v.	)	
	)	Filed:
AT&T Corp. and	)	
MediaOne Group, Inc.,	)	
	)	
Defendants.	)	

STIPULATED ORDER

The Court hereby enters this Stipulated Order, ordering and adjudging as follows:

(1) The Court has jurisdiction over the subject matter of this action and over each of the parties hereto, and venue of this action is proper in this Court.

(2) A Final Judgment in the form hereto attached may be filed and entered by the Court, upon the motion of any party or upon the Court's own motion, at any time after compliance with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. § 16, and without further notice to any party or other proceedings, provided that plaintiff has not withdrawn its consent, which it may do at any time before entry of the proposed Final Judgment by serving notice thereof on defendants and by filing that notice with the Court and provided that Defendants have not abandoned their proposed merger and withdrawn their filing under the

Hart-Scott-Rodino Antitrust Improvements Act, 15 U.S.C. § 18a.

(3) Defendants shall abide by and comply with the provisions of the proposed Final Judgment pending entry of the Final Judgment by the Court, or until expiration of time for all appeals of any Court ruling declining entry of the proposed Final Judgment, and shall, from the date of the signing of this Stipulation, comply with all the terms and provisions of the proposed Final Judgment as though the same were in full force and effect as an order of the Court.

(4) This Stipulated Order shall apply with equal force and effect to any amended proposed Final Judgment agreed upon in writing by the parties and submitted to the Court.

(5) In the event plaintiff withdraws its consent or Defendants abandon their proposed merger and withdraw their filing under the Antitrust Procedures and Penalties Act, as provided in paragraph (2) above, or in the event that the Court declines to enter the proposed Final Judgment pursuant to this Stipulation, the time has expired for all appeals of any Court ruling declining entry of the proposed Final Judgment, and the Court has not otherwise ordered continued compliance with the terms and provisions of the proposed Final Judgment, then the parties are released from all further obligations under this Stipulation, and the making of this Stipulation shall be without prejudice to any party in this or any other proceeding.

(6) Defendants, having represented that the divestiture ordered in the proposed Final Judgment can and will be made, will not raise claims of hardship or difficulty as

grounds for asking the Court to modify any of the divestiture provisions contained therein.

The undersigned parties hereby stipulate to the entry of this Stipulated Order.

FOR PLAINTIFF UNITED STATES OF AMERICA:

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Assistant Attorney General

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Principal Deputy Assistant Attorney General

Constance K. Robinson
Director of Operations and Merger Enforcement

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STIPULATED ORDER APPROVED FOR FILING

Done this ____ day of May, 2000

____
United States District Judge

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

United States of America Plaintiff, v. AT&T Corp., and MediaOne Group, Inc. Defendants.	)	Civil Action No. Filed:

FINAL JUDGMENT

WHEREAS, plaintiff, United States of America, filed its Complaint on May 25, 2000;

AND WHEREAS, plaintiff and defendants, AT&T Corp. ("AT&T") and MediaOne Group, Inc. ("MediaOne"), by their respective attorneys, have consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by any party regarding any issue of fact or law;

AND WHEREAS, AT&T and MediaOne agree to be bound by the provisions of this Final Judgment pending its approval by the Court;

AND WHEREAS, the essence of this Final Judgment is the reorganization of certain business relationships of AT&T and MediaOne to assure that competition is not substantially lessened, AND WHEREAS, plaintiff requires AT&T and MediaOne to restructure certain of their business relationships for the purpose of remedying the loss of competition alleged in the Complaint;

AND WHEREAS, AT&T and MediaOne have represented that the restructuring required below can and will be made, that AT&T and MediaOne can assure compliance with the requirements of this Final Judgment, and that AT&T and MediaOne will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the provisions relating to the required restructuring or the limitations on subsequent agreements contained below;

NOW THEREFORE, before any testimony is taken, without trial or adjudication of any issue of fact or law, and upon consent of the parties, it is ORDERED, ADJUDGED AND DECREED:

I. Jurisdiction

This Court has jurisdiction over the subject matter of and each of the parties to this action. The Complaint states a claim upon which relief may be granted against defendants under Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

II. Definitions

As used in this Final Judgment:

A. "Affiliate" means any person, corporation, partnership, or joint venture that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person, corporation, partnership, or joint venture. For purposes of this definition, the term "own" means to own an equity interest (or the equivalent thereof) of 50 percent or more.