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June 1, 2000

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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, DC 20554

RE: Notice of Oral Ex Parte
In the Matter of GTE Corp. ("GTE") Transferor,
and Bell Atlantic Corp. ("Bell Atlantic") Transferee,
For Consent to Transfer Control
CC Docket No. 98-184 /

Dear Ms. Roman Salas:

On June 1, 2000, I had a phone conversation with Johanna Mikes regarding AT&T's May 30, 2000 ex parte response to the ex parte Declaration of Mark E. Gaumond. In addition, I discussed with Johanna aspects of the Genuity Inc. Amended Form S-1, filed on May 24, 2000, including limitations on the rights of Class A shareholders as to voting, dividends and distribution upon liquidation and the rights reserved to the Class B shareholders in the event of a merger. I also presented to Johanna the document attached to this submission, which compares the value of Genuity using the numbers reported in Genuity's Amended Form S-1 to GTE's historic investment in the asset as identified in Mr. Gaumond's Declaration.

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

cc: w/attachments
Johanna Mikes

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Genuity: The Numbers

Genuity IPO:

192.2 Million shares offered per the IPO

173.9 M Class A common shares for between \$12 and \$15
at \$13.50, Class A shares worth \$2.3 Billion

18.3 M Class B common shares
(if sold for \$13.50, Class B shares worth \$246.5 Million)

Risk Related to the Offering:

"Investors should recognize that the Class B common stock may well be converted into approximately 82% of our outstanding common stock, leaving the Class A common stock as representing approximately 18% of our outstanding common stock."

If Class A shares sold for \$2.3 Billion represent approximately 18% of the market value of Genuity:

- Genuity is currently worth \$12.7 Billion
- the 18.3 M Class B shares
can be valued at \$10.4 Billion

Par Value of Class A & B shares: \$0.01
Total stockholders' equity: \$4.4 Billion

Source: Genuity, Inc. S-1, May 24, 2000

Gaumond Declaration:

BA/GTE's "investment" in Genuity booked only as a "historic" investment of \$1.7 Billion -- less than the \$2.3 Billion paid for the Class A shares, which represent only an 18% stake in the company.

Class A common stock to be sold for \$4.5 Billion
GTE's historic book costs: \$1.7 Billion
Par Value of Class A & B shares: \$10.00
Book Value of 9,050,000 Class A shares: \$90.5 Million
Book Value of 950,000 Class B shares: \$9.5 Million

Total stockholders' equity: \$6.2 Billion (Gaumond Exhibit B)

What is GTE's investment in Genuity:

- \$12.7 Billion (market value of Genuity per S-1);
- \$10.4 Billion (market value of 18.3 M Class B shares);
- \$1.7 Billion (historic costs on GTE's books);

Even assuming its investment equals only GTE's "historic" cost of prior investments in Genuity of \$1.7 Billion, those investments represent an equity interest in Genuity.

That historic investment, when compared to booked stockholder equity, itself exceeds the 10% Section 271 threshold:

$$\begin{aligned} & \$1.7 \text{ Billion} / \$6.2 \text{ Billion} = 27\% \text{ (Gaumont example)} \\ & \text{or} \\ & \$1.7 \text{ Billion} / \$4.4 \text{ Billion} = 39\% \text{ (using S-1 numbers)} \end{aligned}$$

eliminating applicable Section 271 restrictions as to 100% of Bell Atlantic in-region lines or, in connection with a disposition of Verizon's shares of our common stock, after eliminating applicable Section 271 restrictions as to at least 50% of Bell Atlantic in-region lines. In either event, Verizon can transfer shares of our Class C common stock to one or more persons, provided that any shares of our Class C common stock so transferred will automatically convert into shares of our Class A common stock on the earlier to occur of (1) any subsequent transfer of ownership of such shares or (2) the first anniversary of the transfer of such shares by Verizon. As a result of the foregoing, one or more third parties could own shares of our Class C common stock.

Limitation on Receipt of Sale Proceeds. Under the proposal to the FCC, if Verizon sells its shares of our Class B common stock, or the shares of our common stock received by it on conversion of its shares of our Class B common stock, after eliminating Section 271 restrictions applicable to its operation of our business as to at least 50% but less than 95% of Bell Atlantic in-region lines, Verizon will be required to pay to the U.S. Treasury the portion of its after tax proceeds that exceeds the proceeds it would have received for the shares it is not permitted to hold from a comparable investment in the Standard & Poors 500 Index. This payment may be reduced in the discretion of the FCC.

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Right to Purchase Additional Shares Upon Conversion. If at any time during the one year following the conversion by Verizon or its affiliates of any shares of Class B common stock Verizon and its affiliates control shares of Class A common stock and Class C common stock that together equal or exceed 70% of the total number of shares of common stock then outstanding, Verizon will have the right to acquire from us a number of shares of Class A common stock so that, immediately after the acquisition, Verizon and its affiliates' combined ownership of Class A and Class C common stock will be equal to 80% of the total number of shares of common stock then outstanding. This right to purchase additional shares may be exercised only one time. The price payable per share in this purchase would consist of cash or other property with a fair market value equal to the average of the closing prices for the Class A common stock for the 30 trading days immediately preceding the date of the purchase. In the event Verizon elects to pay the purchase price in property, the fair market value of such property will be established by an appraisal conducted by a nationally recognized appraiser chosen by our independent directors. Verizon shall not be permitted to pay the purchase price in property if our independent directors determine that:

- . our ownership of such property will violate the law including without limitation any federal or state regulations applicable to us; or
- . the property is not reasonably useful to us in light of our then existing business plan.

Liquidation. In the event of any dissolution, liquidation, or winding up of our affairs, whether voluntary or involuntary, the holders of the Class A common stock, the Class B common stock and the Class C common stock will be entitled to share ratably, in proportion to the number of shares they represent of our outstanding common stock, in the assets legally available for distribution to stockholders, in each case after payment of all of our liabilities and subject to preferences that may apply to any series of preferred stock then outstanding. We may not dissolve, liquidate or wind up our affairs without obtaining the consent of the holders of the outstanding shares of our Class B common stock.

Mergers and Other Business Combinations. If we enter into a merger, consolidation or other similar transaction in which shares of our common stock are exchanged for or converted into securities, cash or any other property, the holders of each class of our common stock will be entitled to receive an equal per share amount of the securities, cash, or other property, as the case may

1 No liquidation
w/o
Class
B!
Major
Rights!

be, for which or into which each share of any other class of common stock is exchanged or converted; provided that in any such merger, consolidation or other similar transaction, the holders of the shares of Class B common stock shall be entitled to receive, at their election, either (1) the merger consideration such holders would have received had they converted their shares of Class B common stock immediately prior to the consummation of such transaction or (2) a new security that is convertible into the merger consideration and has substantially identical voting and other rights as the Class B common stock. In any transaction in which shares of capital stock are distributed, the shares that are exchanged for or converted into the capital stock may differ as to voting rights and conversion rights only to the extent that the voting rights and conversion rights of Class A common stock, Class B common stock and Class C common stock differ at that time. As described above, the holders of the Class B common stock, voting separately as a class, must consent to any merger, consolidation or other similar transaction.

Other Provisions. The holders of our Class A common stock, Class B common stock and Class C common stock are not entitled to preemptive rights. There are no redemption provisions or sinking fund provisions that apply to the Class A common stock, the Class B common stock or the Class C common stock.

Preferred Stock

Our board of directors has the authority, without further action by the holders of our Class A common stock or Class C common stock, to issue from time to time, shares of our preferred stock in one or more series. The issuance of shares of preferred stock is, however, subject to the approval of holders of the Class B common stock. Once the approval of the holders of the Class B common stock has been obtained, our board of directors may fix the number of shares, designations, preferences, powers and other special rights of the preferred stock. The preferences, powers, rights and restrictions of different series of preferred stock may differ.

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The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock or affect adversely the rights and powers, including voting rights, of the holders of common stock. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, may also have the effect of discouraging, delaying or preventing a change in control of our company, regardless of whether the transaction may be beneficial to stockholders. After the closing of this offering, there will be no shares of preferred stock outstanding and we have no current plans to issue any shares of preferred stock.

Anti-takeover Effects of Delaware Law and our Certificate of Incorporation and Bylaws

In addition to the special approval and conversion rights of the Class B common stock and the provision referred to above relating to the voting of beneficial ownership above 20% of our outstanding shares of Class A common stock, there are provisions of the Delaware General Corporation Law and other provisions of our certificate of incorporation and bylaws that may be deemed to have an anti-takeover effect and may discourage, delay or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders. Under our bylaws, the provisions summarized below regarding our classified board, action by written consent and stockholder meetings can be amended by the vote of either:

- . both 80% of the voting power of all of our voting stock and 50% of the voting power of our Class B common stock; or
- . 80% of the voting power of the Class B common stock, provided that such vote occurs in connection with the delivery of a conversion notice