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June 17, 2002

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TWB-204
Washington, DC 20554

Re: **Ex Parte:** Application for Consent to Transfer Control of Licenses and
Section 214 Authorizations from MediaOne Group, Inc., Transferor, to AT&T
Corp., Transferee, CS Docket No. 99-251

Dear Ms. Dortch:

Today, the attached letter was delivered to W. Kenneth Ferree, Chief, Cable Services Bureau. Please place a copy of this letter in the docket of the above-captioned proceeding.

An original and two (2) copies of this letter are submitted herewith in accordance with Section 1.1206(b) of the Commission's rules.

Sincerely,

/s/ Stephen C. Garavito

Attachment

cc: W. Kenneth Ferree
John Norton
Royce Sherlock
Linda Senecal



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June 17, 2002

W. Kenneth Ferree
Chief
Cable Services Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: In re Applications for Consent to the Transfer of Control of Licenses
and Section 214 Authorizations from MediaOne Group, Inc. to AT&T Corp.,
(CS Docket No. 99-251)

Dear Mr. Ferree:

Pursuant to Appendix B (the "Safeguards") regarding AT&T Corp.'s ("AT&T") compliance with the Safeguards set forth in the Commission's order approving the AT&T/MediaOne Merger (the "Order"), AT&T hereby submits the report of its independent auditor, PricewaterhouseCoopers LLP ("PwC"), regarding AT&T's compliance with the Safeguards during the period December 8, 2001 through June 6, 2002. This is a follow-up report to the report of PwC for the compliance period May 20, 2001 through December 7, 2001, which was submitted by AT&T to the Commission on December 17, 2001.

Please contact me if you have any questions regarding this matter.

Sincerely,

/s/ Stephen C. Garavito

cc: John Norton
Royce Sherlock
Linda Senecal
Pam Leo – PwC
Marilyn Wasser – AT&T



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Report of Independent Accountants

To the Management of AT&T Corp.

We have examined management's assertion, included in the accompanying Report of Management on Compliance with the FCC Order, that AT&T Corp. (the "Company") complied with the Safeguards set forth in Appendix B of the Federal Communications Commission's Order adopted June 5, 2000 in the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from MediaOne Group, Inc. to AT&T Corp. (CS Docket no. 99-251) (the "FCC Order") during the period December 8, 2001 through June 6, 2002. Management is responsible for the Company's compliance with the Safeguards set forth in the FCC Order. Our responsibility is to express an opinion on management's assertion about the Company's compliance based on our examination.

Our examination was made in accordance with attestation standards established by the American Institute of Certified Public Accountants and accordingly, included examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Company's compliance with specified requirements.

In our opinion, management's assertion that the Company complied with the Safeguards set forth in the FCC Order during the period December 8, 2001 through June 6, 2002, is fairly stated, in all material respects.

On August 10, 2001, the Company completed the split-off of Liberty Media Group as an independent, publicly-traded company.

This report is intended solely for the information and use of the Company and the FCC and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.


PricewaterhouseCoopers LLP

June 17, 2002



Report of Management on Compliance with the FCC Order

AT&T Corp. (“AT&T” or the “Company”) management is responsible for complying with the Safeguards set forth in Appendix B of the Federal Communications Commission’s Order adopted June 5, 2000 in the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from MediaOne Group, Inc. to AT&T Corp. (CS Docket No. 99-251) (the “FCC Order”).

Management has performed an evaluation of the Company’s compliance with the requirements of the Safeguards set forth in the FCC Order for the period December 8, 2001 through June 6, 2002. Based on this evaluation, we assert that during this period, the Company complied with the Safeguards set forth in the FCC Order. In addition, as summarized below, AT&T provides further information regarding compliance with the Safeguards.

A. General Safeguards

1. FCC Order:

AT&T shall appoint a Corporate Compliance Officer to

- Oversee AT&T’s implementation of and compliance with these Safeguards,
- Monitor AT&T’s compliance program,
- Ensure that payments due under these Safeguards are timely made,
- Consult with the Chief of the Cable Services Bureau (“CSB”) on an on-going basis regarding AT&T’s compliance with these Safeguards,
- Provide auditor with copies of all documents regarding compliance that AT&T provides to the Commission and consult with the auditor regarding AT&T’s compliance.

Company’s Procedure:

The Company appointed Marilyn Wasser, Vice President of Law and Government Affairs, as Corporate Compliance Officer. Ms. Wasser designated a team to assist her in the development of a compliance plan, which was filed with the CSB on August 14, 2000, and oversaw its implementation. Ms. Wasser attended all AT&T Board Meetings from the period December 8, 2001 through June 6, 2002, and ensured that the Safeguards were complied with. The Company was not required to make any payments during this period, and consultation with the CSB was made as was necessary. Ms. Wasser appointed PricewaterhouseCoopers LLP to examine the Company’s compliance with the Safeguards, and provided all necessary supporting documentation and information required by PricewaterhouseCoopers LLP to perform the examination.

2. FCC Order:
AT&T must submit a plan for compliance with these Safeguards to the CSB within 60 days of merger closing date.

Company's Procedure:

The Company filed its Compliance Plan with the CSB on August 14, 2000. No amendments have been made to the Compliance Plan, since the last reporting period and as of June 6, 2002.

B. Safeguards Relating to Time Warner Entertainment (TWE)

1. FCC Order:
No officer or director of AT&T shall also be an officer or director of TWE.

Company's Procedures:

The Company complied with these requirements by performing the following:

- AT&T appointed two employees, who are not officers or directors of AT&T and are not involved in the Video Programming activities of AT&T, to the TWE Board of Directors.
- AT&T notified, in writing, and obtained a written affirmation that the appointed TWE Directors read, understood, and complied with the FCC Order.

2. FCC Order:
No officer, director, or employee of AT&T shall, directly or indirectly, influence or attempt to influence, or otherwise participate in, the management or operation of the Video Programming activities of TWE.

Company's Procedure:

The Company complied with these requirements by performing the following:

- AT&T notified, in writing, and obtained a written affirmation from all members of the AT&T Board of Directors ("AT&T Directors") and AT&T Officers ("Officers") confirming their receipt, their understanding and their compliance with the Safeguards.
- To the best of AT&T's knowledge, no AT&T representatives have attended meetings of the TWE Board because the TWE Board has never met.
- AT&T has contacted and received confirmation from the senior AT&T Broadband employees who would be most likely to have had any such contact with TWE that there have been no violations of the Safeguards.
- The Company established processes to notify its employees and to monitor any events of non-compliance with its employees. During the period December 8, 2001 through June 6, 2002, AT&T notified, in writing, all AT&T employees of the Safeguards by circulating a summary of the Safeguard provisions. Employees were directed to contact the AT&T Law Division with questions or comments regarding their compliance. An employee of the Law Division was designated to handle all employee issues and update the Corporate Compliance Officer as necessary. As of June 6, 2002, AT&T was not aware of any cases of non-compliance with the FCC Order, as none of the employees have contacted the AT&T Law Division, indicating that they were not in compliance.

3. FCC Order:

AT&T may not:

- receive information from TWE regarding the price, terms, and conditions which TWE negotiates for the carriage of Video Programming on the TWE cable systems,
- provide information to TWE regarding the price, terms, and conditions which AT&T negotiates for the carriage of Video Programming on the AT&T cable systems, or
- obtain from any Video Programming vendor a volume discount or other favorable terms and conditions as a result of TWE's purchase of Video Programming for, or carriage on, TWE's cable systems.

Company's Procedure:

The Company complied with these requirements by performing the following:

- AT&T notified, in writing, and obtained a written affirmation from all AT&T Directors and Officers confirming their receipt, their understanding and their compliance with the Safeguards.
- To the best of AT&T's knowledge, no AT&T representatives have attended meetings of the TWE Board because the TWE Board has never met.
- AT&T has contacted and received confirmation from the senior AT&T Broadband employees who would be most likely to have had any such contact with TWE that there have been no violations of the Safeguards.
- The Company established processes to notify its employees and to monitor any events of non-compliance with its employees. During the period December 8, 2001 through June 6, 2002, AT&T notified, in writing, all AT&T employees of the Safeguards by circulating a summary of the Safeguard provisions. Employees were directed to contact the AT&T Law Division with questions or comments regarding their compliance. An employee of the Law Division was designated to handle all employee issues and update the Corporate Compliance Officer as necessary. As of June 6, 2002, AT&T was not aware of any cases of non-compliance with the FCC Order, as none of the employees have contacted the AT&T Law Division, indicating that they were not in compliance.

C. Safeguards Relating to Liberty Media Group ("Liberty")

Due to the fact that AT&T completed the split-off of Liberty on August 10, 2001, the Safeguards related to Liberty are no longer applicable.

D. Safeguards Related to Cablevision and Rainbow

1. FCC Order:

AT&T shall take all necessary steps to ensure that any directors it appoints to the Cablevision Board of Directors are recused from any and all involvement in the management or operation of Rainbow.

- Due to AT&T's renouncement of its ability to maintain Board members on the Cablevision Board on June 6, 2001, this Safeguard is no longer applicable.

2. FCC Order:

No employee, officer, or director of AT&T shall, directly or indirectly, influence, or otherwise participate in, the management or operation of Rainbow.

Company's Procedures:

The Company complied with these requirements by performing the following:

- AT&T notified, in writing, and obtained a written affirmation from all AT&T Directors and Officers confirming their receipt, their understanding and their compliance with these Safeguards.
- AT&T has contacted and received confirmation from the senior AT&T Broadband employees who would be most likely to have had any such contact with Rainbow that there have been no violations of the Safeguards.
- The Company established processes to notify its employees and to monitor any events of non-compliance with its employees. During the period December 8, 2001 through June 6, 2002, AT&T notified, in writing, all AT&T employees of the Safeguards by circulating a summary of the Safeguard provisions. Employees were directed to contact the AT&T Law Division with questions or comments regarding their compliance. An employee of the Law Division was designated to handle all employee issues and update the Corporate Compliance Officer as necessary. As of June 6, 2002, AT&T was not aware of any cases of non-compliance with the FCC Order, as none of the employees have contacted the AT&T Law Division, indicating that they were not in compliance.

E. Safeguards Related to iN DEMAND and the MediaOne Video Programming Interests

1. FCC Order:

AT&T shall have no role in the management or operation of iN DEMAND or the MediaOne Video Programming Interests during the Compliance Period. AT&T shall instruct its representatives serving on the Board of Directors or management committees of iN DEMAND and MediaOne Video Programming Interests:

- Not to attend any board or other management committee meetings, receive any materials or other information, or otherwise have any contact with iN DEMAND or the MediaOne Video Programming Interests during the compliance period.

Company's Procedures:

The Company complied with these requirements by performing the following:

- The Company notified, in writing, iN DEMAND and each other MediaOne Video Programming Interest as to the nature of the FCC Order and the related Safeguards, and requested their assistance in complying with such restrictions.
- The Company notified, in writing, and obtained written affirmation from the AT&T employees serving as designees on the boards or management committees of iN DEMAND and the MediaOne Video Programming Interests confirming their receipt, understanding, and compliance with these Safeguards. Note that since our last report, Judy Meyka, an AT&T employee named as a designee to a MediaOne Programming Interest board or management committee, terminated her employment with AT&T on March 31, 2002. No designee assumed her responsibilities due to the fact that the video programming interests (see those named below) for which she was the named designee, had previously been sold.
- R. B. Lerch, an AT&T employee, is the named AT&T Broadband representative to the New England Cable News management committee and to Fox Sports New England.

- Stephen Garavito, an AT&T employee, was appointed as the named AT&T Broadband representative to the iN DEMAND management committee as of November 21, 2001.
- With respect to the MediaOne Video Programming Interest identified in the FCC Order, the Company sold its interests in Television Food Network, G.P. on February 12, 2001, Outdoor Life Network, LLC and Speedvision Network, LLC on July 25, 2001, and Sunshine Network Inc. and Sunshine Network of Florida, Ltd on August 31, 2001.
- With respect to iN DEMAND and each other MediaOne Video Programming Interest identified in the FCC Order, the Company still holds interests in Rainbow Media Sports Holding, Inc.; E! Entertainment; Style; Fox Sports New England; New England Cable News; and iN DEMAND.

2. FCC Order:

No officer, director, or employee of AT&T shall, directly or indirectly, influence or attempt to influence, or otherwise participate in the management or operation of iN DEMAND or the MediaOne Video Programming Interests.

Company's Procedures:

The Company complied with these requirements by performing the following:

- AT&T notified, in writing, and obtained a written affirmation from all AT&T Directors and Officers confirming their understanding and compliance with these Safeguards.
- AT&T has contacted and received confirmation from the senior AT&T Broadband employees who would be most likely to have had any such contact with iN DEMAND and the MediaOne Video Programming Interests that there have been no violations of the Safeguards.
- The Company established processes to notify its employees and to monitor any events of non-compliance with its employees. During the period December 8, 2001 through June 6, 2002, AT&T notified, in writing, all AT&T employees of the Safeguards by circulating a summary of the Safeguard provisions. Employees were directed to contact the AT&T Law Division with questions or comments regarding their compliance. An employee of the Law Division was designated to handle all employee issues and update the Corporate Compliance Officer as necessary. As of June 6, 2002, AT&T was not aware of any cases of non-compliance with the FCC Order, as none of the employees have contacted the AT&T Law Division, indicating that they were not in compliance.

3. FCC Order:

AT&T may file with the CSB a written request to participate in matters that would have a significant impact on iN DEMAND or the MediaOne Video Programming Interests, but which are not directly or indirectly related to the video programming activities of iN DEMAND or the MediaOne Video Programming Interests.

Company's Procedures:

- The Company has not filed any applications during the period of December 8, 2001 through June 6, 2002, and as of June 6, 2002, relating to requests to participate in matters that would have a significant impact on iN DEMAND or the MediaOne Video Programming Interests, but which are not directly or indirectly related to the

video programming activities of iN DEMAND or the MediaOne Video Programming Interests.

4. FCC Order:

These Safeguards will terminate immediately if iN DEMAND or any of the MediaOne Video Programming Interests no longer sells programming to TWE.

Company's Procedure:

- To the best of the Company's knowledge, the MediaOne Video Programming Interests and iN DEMAND sold programming to TWE during the period of December 8, 2001 through June 6, 2002.