

Mr. B



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March 7, 2001

Tom Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

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PUBLIC SERVICE
COMMISSION

Re: Change of Control of AT&T Broadband 05653070
Phone of Kentucky, LLC

Dear Mr. Dorman:

AT&T Corp. ("AT&T") is the ultimate parent company of AT&T Broadband Phone of Kentucky, LLC ("AT&TBB-K") a non-dominant services provider authorized by the Kentucky Public Service Commission to provide competitive local exchange services (including switched and dedicated access services and intraLATA toll services) and intrastate interexchange telecommunications services within the Commonwealth of Kentucky.

Comcast Corporation ("Comcast") and AT&T Corp. have entered into an Agreement and Plan of Merger dated December 19, 2001 (the "Agreement") relating to the combination of Comcast and AT&T's Broadband businesses. Under the Agreement, AT&T Corp. will spin off AT&T's Broadband business and simultaneously merge it with Comcast, forming a new company to be called AT&T Comcast Corporation ("AT&T Comcast"). AT&T Comcast will be owned by the present shareholders of AT&T and Comcast. This combination will result in a change in AT&TBB-K's ultimate control, but it will not involve a change of AT&TBB-K's Certificate of Public Convenience and Necessity ("CPCN").

Although the proposed merger will result in a change in the ultimate owners of AT&TBB-K, it will not involve any immediate change in the manner in which AT&TBB-K provides service to its Kentucky customers. The information provided to you in my September 14, 2001 letter (copy attached), including AT&TBB-K's name, address, customer complaints contact and regulatory contact, will all remain the same. The services currently being provided by AT&TBB-K will continue to be offered immediately following the merger pursuant to tariffs currently on file with this Commission. Moreover, following the change, AT&TBB-K will continue to be led by a team of well-qualified telecommunications managers, including existing AT&T Broadband personnel. Therefore, the merger will have no immediate impact on AT&TBB-K's customers in terms of the services that they receive, and the transaction will be transparent to customers. After the proposed transaction, AT&TBB-K will continue to offer its local exchange service customers a choice of long distance carriers in compliance with their

obligations under Section 251(b)(3) of the Telecommunications Reform Act of 1996 (the "1996 Telecommunications Act").

In addition to the absence of any adverse impact on existing customers, the proposed merger will promote the public interest by accelerating facilities-based competition in the provision of local telephony and thereby bring more new services and features to more customers more quickly and efficiently.

THE PROPOSED TRANSACTION

Under the Agreement, the parties will implement a series of transactions to consummate the merger of their broadband businesses after receiving the necessary shareholder and governmental approvals. AT&T Corp. will contribute the assets of its AT&T Broadband division to a new, wholly-owned holding company, AT&T Broadband Corp. ("AT&T Broadband"). AT&T Corp. will then spin off AT&T Broadband to the shareholders of AT&T Corp. Immediately following this spin off, Comcast and AT&T Broadband will merge with different, wholly-owned subsidiaries of AT&T Comcast Corporation.¹ Following these steps, AT&T Comcast will be the new public company parent of AT&T Broadband and Comcast, which will be wholly-owned "brother/sister" subsidiaries of AT&T Comcast. As a result, AT&T Comcast will consist of both companies' cable systems, both companies' interests in programming services, both companies' telecommunications services, as well as other assets owned by the two companies.

Upon consummation of the merger, each Comcast stockholder will receive one share of the corresponding class of AT&T Comcast stock for each share of Comcast stock. Each AT&T Broadband stockholder will receive approximately 0.34 shares of AT&T Comcast stock for each AT&T Broadband share, subject to adjustment as provided in the Agreement.

Under the terms of the Agreement, the AT&T Comcast board will consist of 12 members, at least seven of whom will be independent persons. AT&T Corp. and Comcast will each contribute five board members to the new company and they will jointly select two additional members who have no current affiliation with either company. Brian Roberts, currently President and CEO of Comcast, will be Chief Executive Officer of AT&T Comcast, and C. Michael Armstrong, currently Chairman and CEO of AT&T Corp., will serve as Chairman of the new company upon the approval and closing of the merger. The other members of senior

¹ Specifically, Comcast will merge into Comcast Acquisition Corporation, a newly-formed, wholly-owned "shell" subsidiary of AT&T Comcast, with Comcast surviving. AT&T Broadband will merge into AT&T Broadband Acquisition Corp., also a newly-formed, wholly-owned "shell" subsidiary of AT&T Comcast, with AT&T Broadband surviving. It is presently contemplated that AT&T Comcast may form a wholly owned limited liability company to hold the stock of AT&T Broadband Corp. This step, which may be needed to facilitate future financing, would be taken at or soon after the closing of the transaction. In order to avoid the need for further commission considerations of this possible pro forma intra-corporate change and any attendant delay, we are including this step as part of this notice.

management of AT&T Comcast will be selected by Brian Roberts in consultation with C. Michael Armstrong.

THE PARTIES

AT&T Comcast

AT&T Comcast is a Pennsylvania corporation to be headquartered at 1500 Market Street, 35th Floor, East Tower, Philadelphia, Pennsylvania 19102-2148. Currently, AT&T Comcast is a "shell" corporation equally owned by AT&T Corp. and Comcast. Upon completion of this transaction, AT&T Comcast will be the publicly traded holding company for the businesses of Comcast and AT&T Broadband Corp., a newly-formed Delaware corporation, to which AT&T Corp. will spin off its broadband business. It then will be owned by the shareholders of AT&T Corp. and Comcast as described below.

Comcast

Founded in 1963 in Tupelo, Mississippi, with just over 1000 cable customers, Comcast has since experienced extraordinary growth in the scale and scope of its business. It has developed and deployed a range of new technologies and programming services as part of its ongoing efforts to improve the services it offers to its customers. As a result, Comcast has established an industry-leading reputation for strong financial performance and operational efficiency. This has made Comcast a leading provider of cable services, cable modem service, electronic commerce, video programming, and other services to millions of customers. Comcast's aggregate revenues for the year ending December 31, 2001, were \$9.7 billion. Comcast is the nation's fourth largest multichannel video programming distributor ("MVPD") and a provider of digital cable and high-speed Internet access. Comcast's cable systems currently serve 8.471 million customers in 26 states, passing approximately 13.8 million homes. Over the past six years, Comcast has invested over \$5 billion to upgrade its cable plant by installing fiber optics and other technological improvements. As the result of these upgrades, 95% of Comcast's customers are currently served by systems that provide bandwidth of 550 MHz or higher, and over 80% of its customers by systems that provide bandwidth of 750 MHz or higher.

Although Comcast to date has not initiated the deployment of telephony services on its cable systems, it has continued the telephone operations associated with several cable systems it has acquired, and as a result is offering circuit-switched telephone services to more than 40,000 customers in Maryland, Virginia, and Michigan.

AT&T Broadband

AT&T Broadband is currently an operating division of AT&T Corp. AT&T Corp. is a New York corporation with headquarters at 32 Avenue of the Americas, New York, New York 10013-2412. AT&T, on its own and through a number of subsidiaries, is authorized to provide domestic and international telecommunications services throughout the United States. In Kentucky, AT&T's operating subsidiaries, including AT&TBB-K, are authorized to provide

local exchange and interexchange telecommunications services. AT&T Corp. currently provides a broad range of communications services through three separate business units: AT&T Consumer Services, AT&T Business Services, and AT&T Broadband. The assets and services provided by AT&T's Broadband division will be merged into Comcast Corp., while the services provided by AT&T Consumer Services² and AT&T Business Services³ will be retained by AT&T Corp.

AT&T's Broadband division is one of the nation's leading broadband communications businesses, providing cable television, video programming, telephony, and high-speed cable Internet services over its broadband networks across the country. Insofar as telephony is concerned, AT&T's Broadband division now markets cable telephony service to approximately 7 million households in 16 markets, and has over one million customers (or 14.8% of its marketable homes) -- twice as many customers as all other cable operators combined.⁴ In the past year alone, AT&T Broadband added almost a half a million new cable telephony customers, increasing its customer base by over 100%. Indeed, with its continued investment in cable telephony, AT&T Broadband's customer base and market reach will significantly expand in the near future.⁵ It is estimated that, in 2002, AT&T's Broadband division's cable telephony service will be available to 9.9 million households (or 40.4% of the total homes passed by its cable systems) and its customer base will grow by an additional half a million customers.⁶ AT&T's Broadband division is the recognized industry leader in cable-delivered mass market local telephony.

Currently, AT&T's Broadband division offers cable telephony services in Atlanta, Boston, the San Francisco Bay Area, Chicago, Dallas, Denver, Hartford, Jacksonville, Pittsburgh, Portland, Richmond, Seattle, Salt Lake City, Southern California, and the Twin Cities. In addition, AT&TBB-K offers cable telephony services in Kentucky pursuant to a joint venture with Insight. For 2001, total telephony revenues were \$495 million. AT&T's Broadband division offers consumers a variety of options and calling plans with various price

² AT&T Consumer Services provides interstate and intrastate long distance communications services to approximately 60 million residential customers throughout the continental United States and provides, or joins in providing with other carriers, communications services to and from Alaska, Hawaii, Puerto Rico, and the Virgin Islands. AT&T Consumer Services also provides international communications services to and from virtually all nations and territories around the world.

³ AT&T Business Services offers a variety of global communications services to over four million customers in 60 countries and 850 cities worldwide, including large domestic and multi-national businesses, small and medium-sized businesses, and government agencies. These business services include business local, long distance, international, and toll-free voice services, as well as data and internet services.

⁴ As of November 2001, Cox Communications was the second leading provider of cable telephony service with approximately 400,000 customers. See NCTA, *Cable & Telecommunications Industry Overview 2001*, at 4 (2001). Other MSO cable telephony deployments are negligible, and many represent numbers from VoIP trials. See *id.* See generally NCTA, *Cable Telephony: Offering Consumers Competitive Choice* (July 2001).

⁵ See Solomon Smith Barney, *CMCSK: Merger w/ AT&T Broadband Redefines the Cable Industry* at 6 (Dec. 20, 2001) (noting that AT&T Comcast "is expected to continue AT&T's aggressive deployment of the circuit switched telephony").

⁶ See Douglas S. Shapiro et al., Banc of Am. Sec., *Fourth Quarter Cable Industry Preview and 2002 Industry Outlook* at 85 (Jan. 15, 2002).

points. These options and calling plans range from basic one line service to multiple lines with full feature functionality.

PUBLIC INTEREST CONSIDERATIONS

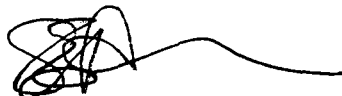
The merger of Comcast and AT&T Broadband promises a host of substantial public interest benefits – principally in accelerating the availability, improving the delivery, and reducing the underlying cost structure of broadband, local telephony, and digital video services through increased scale and scope, and the more rapid introduction of other services, to millions of consumers in areas of 41 states – that would not be achieved as broadly or quickly without the merger.

AT&T's Broadband division is already the industry leader for local and any-distance telephony delivered over cable systems. Despite formidable technological, economic and operational challenges, and starting from a total base of fewer than 60,000 established customers after the completion of the MediaOne merger, AT&T's Broadband division now markets cable telephony to over 7 million households, has over 1 million customers and 1.5 million lines, and continues to expand the availability of competitive local telephony services throughout the former TCI and MediaOne markets.

With the ability of the combined AT&T Comcast to spread the research, development and other significant costs incurred when provisioning cable telephony services over a broader customer base, thereby increasing scale and scope, it will be able to compete more effectively and efficiently with the incumbent LECs. This, in addition to the combined financial resources and complementary managerial skills, and marketing capabilities of Comcast and AT&T Broadband, will directly benefit all customers within the state that live within the area served by the AT&T Comcast cable systems – even if they do not become AT&T Comcast cable telephony customers, because the increased competition from AT&T Comcast will serve as a spur to incent even incumbent providers to provide better service at more competitive prices to their customers.

It is my understanding that the information provided herein is sufficient to meet the requirements of the Commission's rules governing the change of ownership or control of public utilities. If you have any further questions, please give me a call.

Sincerely,



Sylvia E. Anderson

Enclosure



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Law & Government Affairs
Vice President and General Attorney

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September 14, 2001

Tom Dorman
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40601

Re: Provision of Local Telephone Service by
AT&T Broadband Phone of Kentucky, LLC

Dear Mr.

AT&T Broadband Phone of Kentucky, LLC is planning to provide local telephone service to customers in the Commonwealth of Kentucky. Pursuant to the Order dated January 8, 1998 in Administrative Case No. 370, I am submitting the original and four (4) copies of the following information:

Name and Address	AT&T Broadband Phone of Kentucky, LLC 188 Inverness Drive, West Suite 400 Englewood, Colorado 80112 Phone No. 303-858-3000 Fax No. 303-858-5465
Certificate of Formation	See Attachment I
Customer Complaints Contact	Amanda Curl Execution Manager, Telephony Operations 294 North Maple Avenue Room 6350G3 Basking Ridge, New Jersey 07920 Phone No. 908-221-7789 Fax No. 908-630-1278

Regulatory Contact

Garry Sharp
1200 Peachtree Street NE
Atlanta, Georgia 30309
Phone No. 404-810-7550
Cell Phone 615-584-5048
Fax No. 404-810-5901

Notarized Statement of a
Company Officer

See Attachment II

Tariff

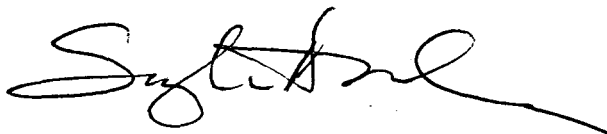
See Attachment III

In addition, AT&T Broadband Phone of Kentucky, LLC does not seek to provide operator assisted services to traffic aggregators as defined in Administrative Case No. 330.

Prior to this filing, AT&T Broadband provided local service in Kentucky under the authority granted to AT&T Communications of the South Central States, Inc. and tariffs designated as "AT&T Communications of the South Central States, Inc., AT&T Broadband Local Service Tariff, Kentucky" issued on January 12, 2001. It is our intent that these currently approved tariffs be replaced by the tariffs in Attachment III hereto. Therefore, subject to the approval of the attached tariffs, the currently approved tariffs should be deemed withdrawn effective October 17, 2001. As additional information, AT&T Broadband Phone of Kentucky, LLC will provide interconnection services through a separate agreement with AT&T Communications of the South Central States, Inc.

If you have any questions or need any further information, please let me know.

Sincerely,



Sylvia E. Anderson