Federal Communications Commission 445 12th Street, S.W. Washington, D. C. 20554

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NEWS MEDIA CONTACT: Michelle Russo 202-418-2358

News media Information 202 / 418-0500

Fax-On-Demand 202 / 418-2830

Internet: http://www.fcc.gov

TTY 202/418-2555

ftp.fcc.gov

FCC GRANTS CONDITIONED APPROVAL OF AT&T-COMCAST MERGER TWE separated on day merger closes; Broadband deployment will be enhanced

Washington, DC -- The Federal Communications Commission ("FCC") today gave a conditioned approval to the transfer of control of licenses and authorizations from AT&T Corp. and Comcast Corporation to a new entity, AT&T Comcast Corporation. In a *Memorandum Opinion and Order* adopted today, the FCC ordered AT&T and Comcast to place Time Warner Entertainment, L.P. (TWE) into an irrevocable trust on the day the merger closes, and to fully divest themselves of any interest in TWE within five-and-a-half years after the merger's closing (the "TWE Proposal"). During the divestiture period, AT&T Comcast is prohibited from involvement in the video programming activities of TWE.

The FCC said that the merged firm would serve approximately 27.02 million subscribers, or 28.9 percent of all U.S. multichannel video programming distributor (MVPD) subscribers. With TWE, the merged firm would have ownership interests in cable systems serving approximately 38.34 million subscribers, or 41 percent of all U.S. MVPD subscribers. Because of the TWE Proposal, the FCC analyzed the potential public interest harms and benefits of the proposed merger based on the combined interests of AT&T and Comcast, and did not consider AT&T's interest in TWE. Accordingly, the FCC conditioned its approval of the merger on compliance with the TWE Proposal.

In analyzing the public interest benefits, the FCC found that the merger is likely to spur new investment and to create synergies and efficiencies that will result in significant cost savings. Thus, the merger will have a positive impact on the deployment of broadband services, which is an important FCC policy goal. The FCC also said that the record in this proceeding demonstrated that there are no merger-specific public interest harms that would result from the transaction.

Action by the Commission, November 13, 2002 by Memorandum Opinion and Order (FCC 02-310). Chairman Powell, Commissioners Abernathy and Martin with Commissioner Copps dissenting. Chairman Powell and Commissioner Copps issuing separate statements.

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Media Bureau Contact: Royce Sherlock at (202) 418-7030

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