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March 1, 2002

**RECEIVED**

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PUBLIC SERVICE  
COMMISSION

**VIA FEDERAL EXPRESS**

Mr. Thomas Dorman, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfurt, Kentucky 40602-0615

**Re: Notification of the Transfer of Ultimate Control of Comcast Business Communications, Inc. from Comcast Corporation to AT&T Comcast Corporation**

Dear Mr. Dorman:

Comcast Business Communications, Inc. ("CBC")<sup>1</sup>, d/b/a Comcast Long Distance, by its attorneys, hereby respectfully notifies the Kentucky Public Service Commission ("Commission") of the proposed transfer of ownership and control of CBC's ultimate parent, Comcast Corporation ("Comcast"), and thus also CBC, to the ultimate parent, AT&T Comcast Corporation ("AT&T Comcast"). As more fully described below, pursuant to an Agreement and Plan of Merger dated December 19, 2001 between Comcast and AT&T Corp. (the "Agreement"), AT&T Comcast is being formed to hold AT&T Corp.'s broadband business and all of Comcast's businesses. Upon completion of the transaction, Comcast will be a wholly owned subsidiary of AT&T Comcast. The AT&T broadband business will be conducted through a separate subsidiary of AT&T Comcast.<sup>2</sup>

<sup>1</sup> CBC was formerly known as Comcast Telecommunications, Inc. CBC filed a Notice of Intent to provide resold long distance telecommunications within the State of Kentucky on February 27, 1998.

<sup>2</sup> Please note that in those states where AT&T broadband subsidiaries are providing services, AT&T Corp. and its subsidiaries are separately notifying the Commission or requesting authority from the Commission for the transfer of control.

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This change in Comcast's ultimate control does not involve a transfer of operating authority and therefore will not affect the identity of the utility providing services, CBC, or the rates, terms and conditions under which services currently are being provided in Kentucky. Accordingly, the contemplated transaction will be transparent to customers in Kentucky. The only change is that the ultimate owner of CBC will be AT&T Comcast Corporation, rather than Comcast.

Upon review of Kentucky's statutes and Commission rules, CBC understands that prior Commission approval is not required to complete the transfer of control described herein. CBC therefore submits this letter for the Commission's information and requests that it be retained in the appropriate file.

#### The Parties

**Comcast Business Communications, Inc.** CBC is a Pennsylvania corporation headquartered at 650 Centerton Road, Moorestown, New Jersey 08057, and is a wholly owned subsidiary of Comcast Business Communications Holdings, Inc. ("Holdings"), which in turn, is a wholly owned, indirect subsidiary of Comcast.<sup>3</sup> CBC is authorized to provide domestic interstate and international service by the FCC. CBC also is authorized to provide intrastate interexchange service in the 48 continental United States, including Kentucky, and local exchange service in nine states and the District of Columbia, not including Kentucky. CBC currently serves largely business customers and a small number of residential customers.<sup>4</sup> All of CBC's stock is indirectly owned by Comcast (NASDAQ: CMCSA, CMCSK), a publicly traded Pennsylvania corporation located at 1500 Market Street, 35<sup>th</sup> Floor, East Tower, Philadelphia, Pennsylvania 19102-2148. Comcast is principally engaged in the development, management and operation of broadband cable networks. It is one of the country's largest cable operators with systems in 26 states serving nearly 8.5 million customers. Although publicly held, approximately 86.7% of the voting power of Comcast is held by Sural LLC, which is controlled by Brian L. Roberts, President of Comcast.

**AT&T Comcast Corporation.** As a result of the transactions described herein, Comcast will become a wholly owned subsidiary of AT&T Comcast, a Pennsylvania corporation to be headquartered at 1500 Market Street, 35<sup>th</sup> Floor, East Tower, Philadelphia, Pennsylvania 19102-2148. Currently, AT&T Comcast is a "shell" company, equally owned by AT&T Corp.

<sup>3</sup> On September 17, 2001, Comcast and its subsidiaries notified the Commission of the *pro forma* transfer of control of CBC from Comcast Telephony Communications, Inc. ("CTC") to Holdings. Prior to this minor restructuring of CBC's ownership, CBC's direct parent was CTC, and CTC's direct parent was Comcast. After the restructuring, CBC's direct parent became Holdings, and Holdings's direct parent became CTC. The ultimate owner of CBC has remained Comcast.

<sup>4</sup> Comcast also provides some residential service in several states to customers of cable systems Comcast has acquired.

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and Comcast. Upon completion of the contemplated 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. Its owners then will be the shareholders of AT&T Corp. and Comcast as described below.

**AT&T Broadband Corporation.** AT&T Corp. currently operates its broadband business as the AT&T Broadband unit. As explained below, AT&T Corp. has formed AT&T Broadband Corporation, now a shell company, to hold the business comprising the AT&T Broadband unit and this corporation will become a subsidiary of AT&T Comcast upon completion of this transaction.<sup>5</sup> It is currently contemplated that AT&T Broadband will continue its independent existence as a subsidiary of AT&T Comcast.<sup>6</sup> AT&T Corp. will continue to provide long distance and other services to residential customers through its AT&T Consumer Services unit and global telecommunications services to businesses and government through its AT&T Business Services unit.

#### The Transaction

Pursuant to the Agreement, Comcast and AT&T Corp. intend to implement a series of transactions to consummate the combination of their broadband businesses after receiving the necessary shareholder and governmental approvals. Prior to the transaction that is the subject of this letter, AT&T Corp. will contribute certain of the assets of its broadband business to a shell corporation, AT&T Broadband. AT&T then will distribute one share of AT&T Broadband common stock to each holder of record of a share of AT&T Corp. common stock ("AT&T Broadband Spin-off").

Immediately following the AT&T Broadband Spin-off, AT&T Broadband and Comcast each will merge with different, wholly owned subsidiaries of the ultimate parent corporation, AT&T Comcast.<sup>7</sup> As a result, AT&T Comcast will be the new public company parent of both AT&T Broadband and Comcast, which will be wholly owned "sister"

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<sup>5</sup> Both the existing unit and the new corporation are referred to herein as "AT&T Broadband."

<sup>6</sup> AT&T Broadband is and will continue to be headquartered in Englewood, Colorado, and is the nation's largest provider of broadband services delivering cable, telephony and other services over a network that serves more than 16 million households. It now markets cable telephony services to approximately 7 million households in 16 markets, including Kentucky, and has over one million customers, having added almost a half million new customers in the past year.

<sup>7</sup> Specifically, Comcast will merge with Comcast Acquisition Corporation, a wholly owned "shell" subsidiary of AT&T Comcast, with Comcast as the surviving entity. AT&T Broadband will merge with AT&T Broadband Acquisition Corporation, also a wholly owned "shell" subsidiary of AT&T Comcast, with AT&T Broadband as the surviving entity.

subsidiaries. The pre-merger shareholders of AT&T Broadband and Comcast will receive shares of AT&T Comcast and their old shares will be cancelled. The ownership structure relevant to CBC before and after the transactions proposed herein are reflected in the charts submitted herewith as *Exhibit A*.

Upon completion of the transactions contemplated by the Agreement, each AT&T Broadband shareholder, other than Microsoft Corporation ("Microsoft")<sup>8</sup>, will receive approximately 0.34 shares of AT&T Comcast stock for each share of AT&T Broadband stock, subject to adjustment as provided in the Agreement. Current AT&T Corp. common stockholders will own approximately 53%<sup>9</sup> of AT&T Comcast's economic interest and, depending on which of two alternative capital structures is implemented, either approximately 58% or 54% of AT&T Comcast's voting power. Each Comcast common shareholder, other than Sural LLC, will receive one share of the corresponding class of AT&T Comcast stock for each share of Comcast stock. These current Comcast stockholders will own approximately 41% of AT&T Comcast's economic interest and, depending upon which alternative capital structure is implemented, either approximately 3% or 7% of AT&T Comcast's voting power.<sup>10</sup> Sural LLC, which is controlled by Brian L. Roberts, the current President of Comcast, and which today holds approximately 86.7% of Comcast's voting power, will hold approximately 1% of AT&T Comcast's equity and a non-dilutable 33% of its voting interest.<sup>11</sup>

Upon completion of the transactions contemplated by the Agreement, the initial AT&T Comcast Board will have twelve members: five will be designated by AT&T Corp. from its Board, five will be designated by Comcast from its Board, and two will be jointly designated by AT&T Corp. and Comcast and must be independent, having no current affiliation with either

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<sup>8</sup> Microsoft currently has an interest in AT&T Corp. in the form of Convertible Quarterly Income Preferred Securities ("QUIPS"). Comcast, AT&T Corp. and AT&T Comcast have entered into an agreement with Microsoft under which, at the time of the AT&T Broadband Spin-off and merger into AT&T Comcast, Microsoft will exchange its AT&T QUIPS for common stock that will represent approximately 5% of AT&T Comcast's economic interest and less than 5% of AT&T Comcast's voting power.

<sup>9</sup> The estimated voting and equity ownership percentages are based on the assumption that conditions at closing would be the same as they were when the Agreement was executed and may vary slightly from the values indicated.

<sup>10</sup> AT&T Comcast will have one of two capital structures upon completion of the transaction: (1) a "Preferred Structure" that will be implemented if the holders of the Comcast Class A common stock, voting as a single class, approve the Preferred Structure, or (2) an "Alternative Structure" that will be implemented if they do not. If the Preferred Structure is implemented, AT&T Corp. shareholders will have a larger voting interest in AT&T Comcast than under the alternative capital structure.

<sup>11</sup> Sural LLC, however may exercise its right to merge into AT&T Comcast immediately preceding the closing, in which event Brian L. Roberts would directly own a non-dilutable 33% share of AT&T Comcast's voting power.

company.<sup>12</sup> The other members of senior management of AT&T Comcast will be selected by Brian L. Roberts in consultation with C. Michael Armstrong. Although a new management team will be assembled at the AT&T Comcast level to supervise and direct the operations of AT&T Broadband and Comcast, it is expected that the management of the day to day operations of CBC will remain essentially the same. There may be changes in the future, but it is impossible to predict at this time what those changes might be.

### Impact on the Public

The proposed change in the ultimate ownership of CBC is in the public interest. After the consummation of the transactions contemplated by the Agreement, CBC will continue to operate under its same name and operating authority as at present. It involves no change in the entity providing service to customers, the facilities used to provide such service or the rates, terms and conditions of such service. All existing tariffs will remain in place. CBC's current management team and the contact for customers and Commission inquiries will remain the same after the transfer of control.<sup>13</sup> The transfer of control of Comcast will be transparent to customers and will not have any adverse impact on them. The only change is in the ultimate ownership of the company.<sup>14</sup>

Given the nature of this change in ownership, as described above, it is our understanding that no formal approval of this transaction is required, and this information is, therefore, being submitted solely to keep the Commission advised and its records current. Please find enclosed ten (10) copies of this filing, a duplicate and a self-addressed, postage-paid

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<sup>12</sup> All of the initial Directors must be approved by AT&T Corp. and Comcast. Moreover, at least seven of the AT&T Comcast Directors will be independent, having no other affiliation with AT&T Comcast. All of the initial Directors will hold office until the 2005 annual meeting of AT&T Comcast shareholders; thereafter, the Board will be elected annually. Brian L. Roberts, the current President of Comcast, will serve as President of AT&T Comcast. C. Michael Armstrong, the current Chairman and CEO of AT&T Corp., will serve as Chairman of AT&T Comcast. Mr. Armstrong will be replaced as chairman by Mr. Roberts at the 2005 annual meeting. Prior to 2010, a 75% vote of the Directors is required for the removal of Mr. Armstrong or Mr. Roberts.

<sup>13</sup> The current contact for customer issues is Cathy Wilson, Comcast Business Communications, Inc., 500 South Gravers Road, Plymouth Meeting, PA 19462, (tel)(484) 530-5527, (fax)(484)-530-9184, (toll free)888-205-5000; the current contact for Commission inquiries is Beth Choroser, Comcast Business Communications, Inc., 650 Centerton Road, Moorestown, NJ 08057, (tel)(856)638-4020, (fax)(856) 638-0219.

<sup>14</sup> The contemplated transfer of control does not raise slamming concerns or necessitate compliance with FCC or state procedures for notification of customers prior to a carrier-to-carrier sale or transfer of a subscriber base as the contemplated transaction does not involve any change in a customer's existing service provider. CBC's customers are remaining with CBC and will continue to be served under CBC's existing authorization and pursuant to CBC's current tariffs.

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March 1, 2002  
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envelope. Please date-stamp the duplicate upon receipt and return it in the envelope provided. Should you have any questions regarding this filing or believe that further action is required, please do not hesitate to contact Brett Heather Freedson at (202) 887-1211.

Respectfully submitted,

COMCAST BUSINESS COMMUNICATIONS, INC.

By: Brett H. Freedson  
James J. Freeman  
Brett Heather Freedson  
KELLEY, DRYE & WARREN LLP  
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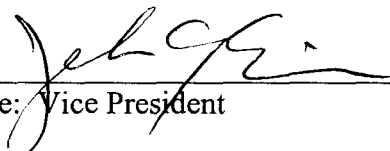
Its Attorneys

Enclosures

**VERIFICATION**

I, John G. Sullivan, am Vice President of Comcast Business Communications, Inc. and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to this company and its affiliates, except as otherwise specifically attributed, are true of my own knowledge, other than as to matters that are stated therein on information on belief, and as to those matters, I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

  
Title: Vice President

Subscribed and sworn to before me this 27 day of February, 2002.

Mary F. Rispo  
Notary Public

MARY F. RISPO  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 8/4/2002

My Commission expires: \_\_\_\_\_

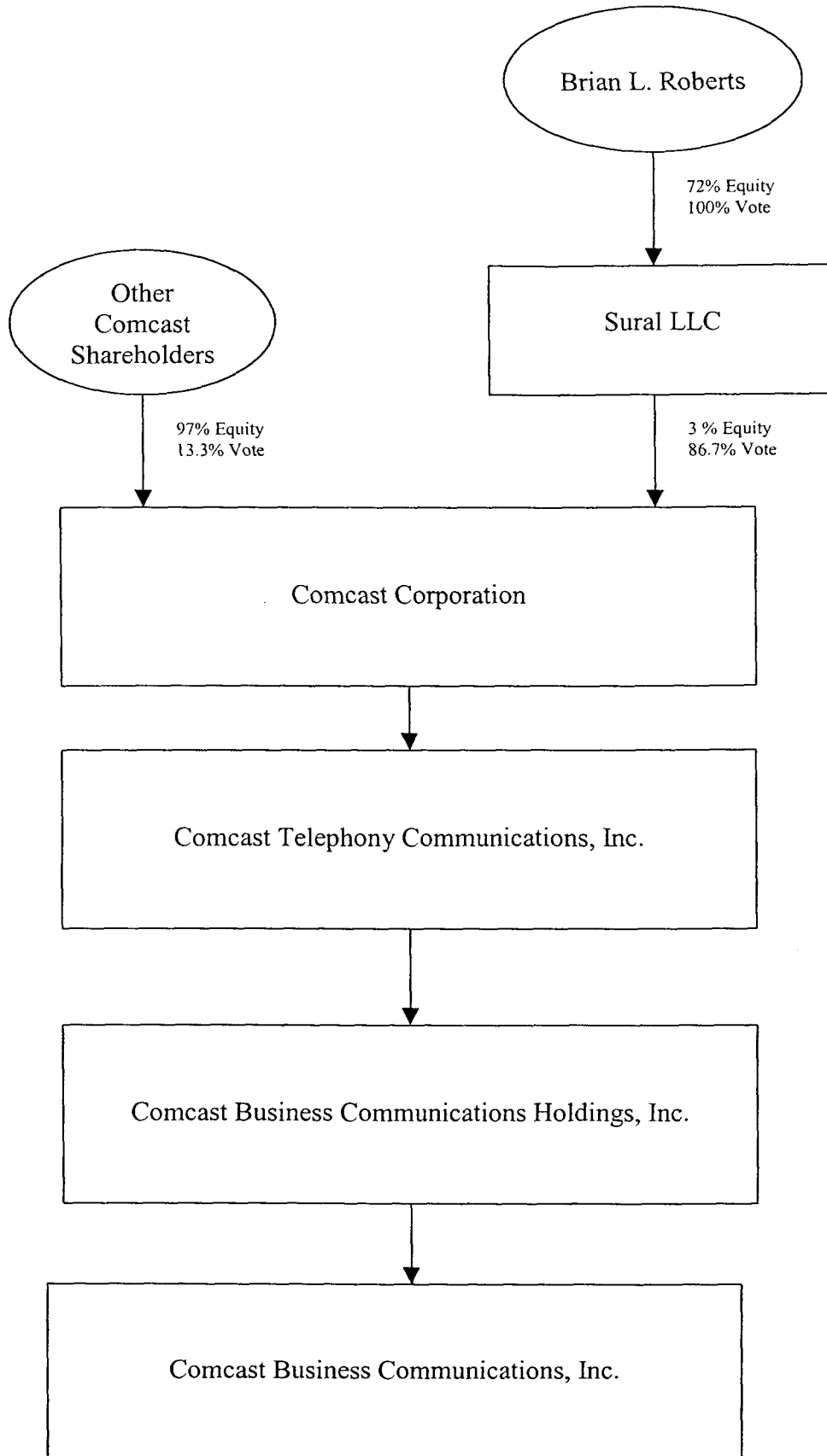
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# **EXHIBIT A**

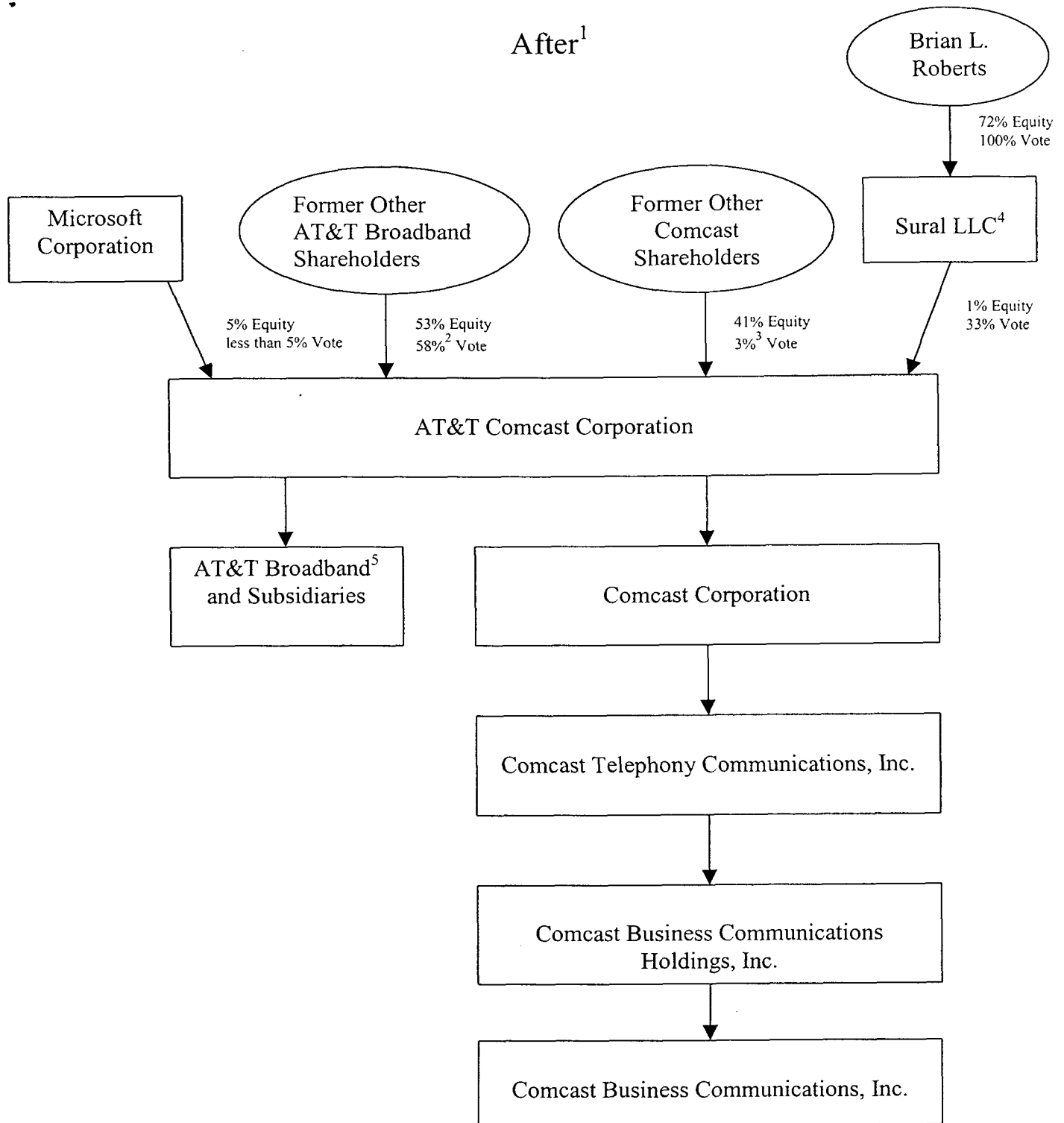
## **Pre- and Post- Organizational Charts**



# Before



After<sup>1</sup>



1. The voting and equity ownership percentages are approximations and may vary slightly from the values indicated.
2. 54% vote in Alternate Structure.
3. 7% vote in Alternate Structure.
4. Assumes Sural LLC (or any successor) does not exercise its right to merge into AT&T Comcast immediately preceding closing (in which event Brian L. Roberts would own shares directly in AT&T Comcast).
5. To facilitate financing, AT&T Comcast may position an intermediate LLC between it and AT&T Broadband.