products through increaded public awareness of the benefits of USB and the quality of products that have passed compliance testing. These purposes include:

(i) Defining, establishing and supporting a USB-product review program, testing protocol and logo-licensing program in support of the USB Primary Specifications (as defined below) and to foster and encourage the voluntary adoption of accurate labels, tests, and specifications by developers and test houses of products and services which utilize USB;

(ii) Developing and distributing specifications and other documents that augment, enhance or extend the USB Primary Specifications for the purposes of enabling and promoting increased interoperability and reliability among USB products; provided, however, that USB–IF's purposes do not include amending or developing USB Primary Specifications (the ''USB Primary Specifications'' include the USB Specification, the On-Tghe-Go Supplement, the Wireless USB Specification, and any other USB specification that USB—IF promoter members jointly designate a ''USB Primary Specification'');

(iii) Providing a forum and environment whereby the members of the corporation may meet to review requirements for product interoperability and general usability;

(iv) Educating the business and consumer communities as to the value, benefits and applications for USB-based products through the web site, public statements, publications, tradeshow demonstrations, seminar sponsorships and other programs established by USB–IF;

(v) Protecting the needs of consumers, promoting ease of use, and increasing competition among vendors by supporting the creating and implementation of reliable, uniform, industry-standard compliance test procedures and processes which support the interoperability of USB–based products and services;

(vi) Maintaining relationships and liaison with educational institutions, government research institutes, other technology consortia, and other organizations that support and contribute to the development of specifications and standards for USB-based products; and

(vii) Fostering competition in the development of new products and services based on USB Primary Specifications, in conformance with all applicable antitrust laws and regulations.

Dorothy B. Fountain,

Deputy Director of Operations, Antitrust Division.

[FR Doc. 05–24093 Filed 12–14–05; 8:45 am]

BILLING CODE 4418–11–M

DEPARTMENT OF JUSTICE

Antitrust Division

United States v. SBC Communications Inc. and AT&T Corp.; Competitive Impact Statement, Proposed Final Judgment, Complaint, Amended Stipulation

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), that a Complaint, proposed Final Judgment, Amended Stipulation, and Competitive Impact Statement have been filed with the U.S. District Court for the District of Columbia in *United States* v. *SBC Communications Inc.,* Civil Case No. 1:05CV02102 (EGS). On October 27, 2005, the United States filed a complaint alleging that the proposed acquisition of AT&T Corp. (''AT&T'') by SBC Communications Inc. (''SBC'') would violate Section 7 of the Clayton Act, 15 U.S.C. 18, by substantially lessening competition in the provision of local private lines (also called ''special access'') and other telecommunications services that rely on local private lines in eleven metropolitan areas: Chicago; Dallas-Fort Worth; Detroit; Hartford-New Haven, Connecticut; Indianapolis; Kansas City; Los Angeles; Milawaukee; San Diego; San Francisco-San Jose; and St. Louis. The proposal Final Judgment requires the defendants to divest assets in those eleven metropolitan areas in order to proceed with SBC's $16 billion acquisition of AT&T. A Competitive Impact Statement filed by the United States on November 16, 2005 describes the Complaint, the proposed Final Judgment, the industry, and the remedies available to private litigants who may have been injured by the alleged violation.

Copies of the Complaint, proposed Final Judgment, Amended Stipulation, Competitive Impact Statement, and all further papers filed with the Court in connection with this Complaint will be available for inspection at the Antitrust Documents Group, Antitrust Division, Liberty Place Building, Room 215, 325 7th Street, NW., Washington, DC 20503 (202–514–2481), and at the Office of the Clerk of the U.S. District Court for the District of Columbia. Copies of these materials may be obtained from the Antitrust Division upon request and payment of the copying fee set by Department of Justice regulations.

Interested persons may submit comments in writing regarding the proposed consent decree to the United States. Such comments must be received by the Antitrust Division within sixty (60) days and will be filed with the Court by the United States. Comments should be addressed to Nancy Goodman, Chief, Telecommunications & Media Enforcement Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW., Suite 8000, Washington, DC 20530 (202–514–5621). At the conclusion of the sixty (60) day comment period, the U.S. District Court for the District of Columbia may enter the proposed consent decree upon finding that it serves the public interest.

J. Robert Kramer II,

Director of Operations, Antitrust Division.

In the United States District Court for the District of Columbia

United States of America, United States Department of Justice, Antitrust Division, 1401 H Street, NW., Suite 8000, Washington, DC 20530, Plaintiff; v. SBC Communications, Inc., 175 East Houston, San Antonio, TX 78205; and AT&T Corp., One AT&T Way, Bedminster, NJ 07921, Defendants

Case Number 1:05CV02102
Judge: Emmet G. Sullivan
Deck Type: Antitrust
Date Stamp: 10/27/2005

Complaint

The United States of America, acting under the direction of the Attorney General of the United States, brings this civil action to enjoin the merger of two of the largest providers of telecommunications services in the United States, SBC Communications, Inc. (''SBC'') and AT&T Corp. (''AT&T''), and alleges as follows:

1. On January 30, 2005, SBC entered into an agreement to acquire AT&T. If approved, the transaction would create the nation's largest provider of telecommunications services. Plaintiff seeks to enjoin this transaction because it will substantially lessen competition for (a) Local Private Lines that connect hundreds of commercial buildings in SBC's franchised territory to a carrier's network or other local destination, and (b) other telecommunications services that rely on Local Private Lines.

2. SBC and AT&T compete in the sale of wireline telecommunications services to retail and wholesale customers in the United States.

3. For hundreds of commercial buildings in the metropolitan areas of Chicago, Illinois; Dallas-Fort Worth, Texas; Detroit, Michigan; Hartford-New Haven, Connecticut; Indianapolis, Indiana; Kansas City, Missouri; Los Angeles, California; Milwaukee, Wisconsin; San Diego, California; San Francisco-San Jose, California; and St. Louis, Missouri, SBC and AT&T are the only two firms that own or control a direct wireline connection to the building. These building connections are used to supply voice and data telecommunications services to business customers. As described in this Complaint, the proposed merger is likely to substantially reduce competition for Local Private Lines and telecommunications services that rely on Local Private Lines to those buildings.

I. Jurisdiction and Venue

4. This action is filed by the United States under Section 15 of the Clayton Act, 15 U.S.C. 25, to prevent and restrain the Defendants from violating Section 7 of the Clayton Act, 15 U.S.C. 18.

5. SBC and AT&T are engaged in interstate commerce and in activities substantially affecting interstate commerce. The Court has jurisdiction over this action pursuant to Sections 15 and 16 of the Clayton Act, 15 U.S.C. 25, 26, and 28 U.S.C. 1331, 1337.

6. SBC and AT&T transact business and are found in the District of Columbia. Venue is proper under Section 12 of the Clayton Act, 15 U.S.C. 22, and 28 U.S.C. 1391(c).

II. The Defendants and the Transaction

7. SBC is a corporation organized and existing under the laws of the State of Delaware, with its headquarters in San Antonio, Texas. SBC, formerly Southwestern Bell, is a regional bell operating company (''RBOC''), formed as part of the seven regional holding companies to result from the breakup of AT&T's local telephone business in 1984. In 1996, SBC acquired another of the seven original holding companies, Pacific Telesis, and in 1999 it acquired a third RBOC, Ameritech. SBC acquired another incumbent local exchange carrier (''ILEC''), Southern New England Telephone Corporation, in 1998. SBC's wireline telecommunications operations currently serve around 52 million switched access lines, including 27.5 million residential and 17.6 million business lines in 13 states. In 2004, SBC earned approximately $36.9 billion in revenues from its wireline services, including almost $13 billion attributable to business customers. SBC has fiber optic or copper connections to virtually all of the commercial buildings in its franchised territory.

8. AT&T is a corporation organized and existing under the laws of the State of New York, with its headquarters in Bedminster, New Jersey. AT&T is the nation's largest interexchange carrier (''IXC''), offering traditional long distance telephone service, as well as one of the largest competitive local exchange carriers (''CLEC''), offering local network exchange and access for voice and data services. AT&T serves consumers and businesses across the United States and around the globe, and owns significant local network assets within SBC's 13-state operating territory including direct fiber optic connections to numerous commercial buildings. In 2004, AT&T earned approximately $30.5 billion in revenues, including $22.6 billion from business customers.

9. Pursuant to an Agreement and Plan of Merger dated January 30, 2005, SBC agreed to acquire AT&T for approximately $16 billion.

III. Trade and Commerce

A. Nature of Trade and Commerce

10. SBC owns and operates local telecommunications networks throughout its territory and provides local and long distance voice and data services to, inter alia, business customers and other telecommunications carriers.

11. AT&T owns and operates local networks in dozens of metropolitan areas in the United States, a substantial number of which are in SBC territory. Like SBC, AT&T also provides local and long distance voice and data services to business customers and other telecommunications carriers. Significant numbers of AT&T's customers have locations in SBC's franchised territory, and the two firms compete to serve those wholesale and retail customers.

12. One element of the parties' local networks are local loops, sometimes referred to as ''last-mile'' connections, which are typically either copper or fiber-optic transmission facilities that connect commercial buildings to a carrier's network. These last-mile connections are a critically important asset for providing service to business customers.

13. A Local Private Line is a dedicated, point-to-point circuit offered over copper and/or fiber-optic transmission facilities that originates and terminates within a single metropolitan area and typically includes at least one local loop. Local Private Lines are sold at both retail (to business customers) and wholesale (to other carriers). SBC refers to local Private Line circuits as ''special access.''

14. Depending on how they are configured, Local Private Lines can be used to carry voice traffic, data, or a combination of the two. Local Private Lines may be purchased as stand-alone products but are also an important input to value-added voice and data telecommunications services that are offered to business customers.

15. For the vast majority of commercial buildings in its territory, SBC is the only carrier that owns a last-mile connection to the building. Thus, in order to provide voice or data telecommunications services to customers in those SBC-only buildings, competing carriers typically must lease the connection from SBC as Local Private Line service (special access).

16. For a small percentage of commercial buildings (though one that accounts for a substantial percentage of customer demand and revenue), SBC's CLEC competitors have built or acquired their own last-mile fiber-optic connections, separate from SBC's, to connect their networks to the buildings. The CLECs typically refer to buildings with these connections as their ''lit buildings'' or ''on-net buildings.'' Once a CLEC has incurred the high fixed cost to construct a last-mile connection to a building, the CLEC can usually provide service to business customers in the building at a lower marginal cost than it would otherwise be able to do if it had to lease the connection from the RBOC. It can also provide alternative access to other CLECs seeking to serve business customers in the building.

17. AT&T is among leading CLECs in SBC's territory in the number of buildings it has connected with its own last-mile fiber facilities. For hundreds of buildings in SBC's territory, the only two carriers that own or control the direct building connection are AT&T and SBC.

18. In the hundreds of buildings where AT&T is the only CLEC with a last-mile connection, the merger of SBC and AT&T would reduce the number of carriers with an owned or controlled last-mile connection from two to one.

B. Relevant Product Markets

19. The relevant product markers affected by this transaction are the markets for: (a) Local Private Lines, and (b) voice and data telecommunications services that rely on Local Private Lines.

20. SBC is the dominant provider of Local Private Lines (special access) in its franchised territory with approximately $4.4 billion in special access sales in 2004. AT&T is one of SBC's largest competitors with $311

million in Local Private Line sales in 2004, of which over $90 million were in SBC territory.

21. Local Private Lines are a recognized service category among telecommunications carriers and end-user business customers. Customers typically purchase Local Private Lines in standard bandwidth increments such as DS1 (''T1,'' 1.54 megabits per second), DS3 (44.74 megabits per second), OC3 (155.52 megabits per second), and higher. Local Private Lines can interconnect with industry-standard data networking and telephone equipment, and can be ''channelized'' to carry various amounts of voice and/or data traffic.

22. Local Private Lines are distinct from switched local exchange telephone services. Switched local exchange lines route calls through a voice switch in the local carrier's central office and do not necessarily use a dedicated circuit. These switched circuits do not offer the guaranteed bandwidth, high service levels, and security that Local Private Lines provide.

23. Competing carriers often rely on Local Private Line (special access) circuits to connect an end-user customer's location to their networks, enabling the competitor to supply value-added data networking, Internet access, local voice and long distance services to the customer. Although carriers can provide some types of voice and data services over switched local exchange lines (e.g., when an access line is pre-subscribed to a long distance carrier), most large business customers do not find those services to be a viable or cost-effective substitute for voice and data telecommunications services provided via Local Private Lines. In the event of a small, but significant, nontransitory increase in price for either Local Private Lines or voice and data telecommunications services provided via Local Private Lines, insufficient customers would switch to switched circuits to render the increase unprofitable.

C. Relevant Geographic Markets

24. The relevant geographic markets for both Local Private Lines, as well as voice and data telecommunications services that rely on Local Private Lines, are no broader than each metropolitan area and no more narrow than each individual building.

IV. Anticompetitive Effects

25. SBC and AT&T are the only two carriers that own or control a Local Private Line connection to many buildings in each region. The merger would, therefore, effectively eliminate competition for facilities-based Local Private Line service to those buildings, and many retail and wholesale customers would be longer have AT&T as a competitive alternative to SBC. Although other competitors might resell Local Private Lines from SBC, those competitors would not be as effective a competitive constraint because SBC would control the price of the resold circuits. The merged firm would, therefore, have the ability to raise price to retail and wholesale customers of Local Private Lines.

26. In addition, because the cost of dedicated local access via Local Private Line represents an important cost component of many value-added voice and data telecommunications services provided over such access, by (a) eliminating AT&T as the only competitive alternative to SBC for such services with its own Local Private Line connection to hundreds of buildings, and (b) depriving other carriers seeking to provide such value-added services of the only fully-facilities based wholesale competitive alternative to SBC in those buildings, the merger would tend to lessen competition for retail voice and data telecommunications services provided over dedicated access.

V. Entry

27. Although other CLECs can, theoretically, build their own fiber connection to each building in response to a price increase by the merged firm, such entry is a difficult, time-consuming, and expensive process. Whether a CLEC builds a last mile connection to a given building depends upon many factors, including:

a. The proximity of the building to the CLEC's existing network interconnection points;

b. The capacity required at the customer's location (and thus the revenue opportunity);

c. The availability of capital;

d. The existence of physical barriers, such as rivers and railbeds, between the CLEC's network and the customer's location; and

e. The ease or difficulty of securing the necessary consent from building owners and municipal officials.

28. The costs of building a last-mile connection vary substantially for each location. Even if all the above criteria favor the construction of a last-mile connection in a particular case, a single such connection typically costs tens, sometimes hundreds, of thousands of dollars to build and activate. Thus, CLECs will typically only build in to a particular building after they have secured a customer contract of sufficient size to justify the anticipated construction costs for that building.

29. Although entry may occur in response to a post-merger price increase in some of buildings where AT&T is the only connected CLEC, the conditions for entry are unlikely to be met in hundreds of those buildings. Thus, entry is unlikely to eliminate the competitive harm that would likely result from the proposed merger.

VI. Violation Alleged

30. The United States hereby incorporates paragraphs 1 through 29.

31. Pursuant to an Agreement and Plan of Merger dated January 30, 2005, SBC and AT&T intend to merge their businesses.

32. The effect of the proposed acquisition of AT&T by SBC would be to lessen competition substantially in interstate trade and commerce in numerous geographic markets for (a) Local Private Lines and (b) voice and data telecommunications services that rely on Local Private Lines, in violation of Section 7 of the Clayton Act, 15 U.S.C. §18.

33. The transaction would likely have the following effects, among others:

a. competition in the provision and sale of Local Private Lines in numerous geographic markets would be eliminated or substantially lessened;

b. competition in the provision and sale of voice and data telecommunications services that rely on Local Private Lines in numerous geographic markets would be substantially lessened; and

c. prices for Local Private Lines, as well as voice and data telecommunications services provided via Local Private Lines, would likely increase to levels above those that would prevail absent the merger.

VII. Prayer for Relief

The United States requests:

34. That SBC's proposed acquisition of AT&T be adjudged to violate Section 7 of the Clayton Act, 15 U.S.C. 18;

35. That Defendants be permanently enjoined and restrained from carrying out the Agreement and Plan of Merger dated January 30, 2005 or from entering into or carrying out any agreement, understanding, or plan by which SBC would merge with or acquire AT&T, its capital stock or any of its assets;

36. That the United States be awarded costs of this action; and

37. That the United States have such other relief as the Court may deem just and proper.

Dated: October 27, 2005.

Respectfully submitted,

For Plaintiff United States:
Thomas O. Barnett,
Acting Assistant Attorney General.
J. Bruce McDonald,
Deputy Assistant Attorney General.
J. Robert Krammer II,
Director of Operations.
Nancy M. Goodman,
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In the United States District Court for the District of Columbia

United States of America, Plaintiff; v. SBC Communications, Inc. and AT&T Corp., Defendants

Civil Action No. 1:05CV02102 (EGS)

Final Judgment

Whereas, plaintiff, United States of America, filed its Complaint on October 27, 2005, plaintiff and defendants, SBC Communications Inc. (''SBC'') and AT&T Corp. (''AT&T''), by their respective attorneys, have consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law, and without this Final Judgment constituting any evidence against or admission by an party regarding any issue of fact or law;

And Whereas, defendants agree to be bound by the provisions of this Final Judgment pending its approval by the Court;

And Whereas, the essence of this Final Judgment is the prompt and certain divestiture of certain rights or assets by the defendants to assure that competition is not substantially lessened;

And Whereas, plaintiff requires defendants to make certain divestitures for the purpose of remedying the loss of competition alleged in the Complaint;

And Whereas, defendants have represented to the United States that the divestitures required below can and will be made and that defendants will later raise no claim of hardship or difficulty as grounds for asking the Court to modify any of the divestiture provisions contained below;

Now Therefore, before any testimony is taken, without trial or adjudication of any issue of fact or law, and upon consent of the parties, it its *ordered, adjudged, and decreed:*

I. Jurisdiction

This Court has jurisdiction over the subject matter of and each of the parties to this action. The Complaint states a claim upon which relief may be granted against defendants under Section 7 of the Clayton Act, as amended (15 U.S.C. 18).

II. Definitions

As used in this Final Judgment:

A. ''SBC'' means defendant SBC Communications Inc., a Delaware corporation with its headquarters in San Antonio, Texas, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

B. ''At&T'' means defendant AT&T Corp., a New York corporation with its headquarters in Bedminster, New Jersey, its successors and assigns, and its subsidiaries, divisions, groups, affiliates, partnerships and joint ventures, and their directors, officers, managers, agents, and employees.

C. ''Acquirer'' or ''Acquirers'' means the entity or entities to whom defendants divest the Divestiture Assets.

D. ''Divestiture Assets'' means IRUs for Lateral Connections to the locations listed in Appendix A and sufficient transport as described below and all additional rights necessary to enable those assets to be used by the Acquirer to provide telecommunications services. The Divestiture Assets shall include IRUs for transport facilities sufficient to connect the Lateral Connections to locations mutually agreed upon by defendants and the Acquirer, subject to the approval of the United States in its sole judgment. The term ''Divestiture Assets'' shall be construed broadly to accomplish the complete divestiture of assets and the purposes of this Final Judgment and is subject to the following:

(1) With the approval of the United States, in its sole discretion, in locations listed in Appendix A for which AT&T's interest in the fiber serving the location is an IRU rather than full ownership and if the United States determines that such an alternative disposition will meet the aims of this Final Judgment, defendants may (1) Enter into a dark fiber service agreement or other commercial arrangement for the Lateral Connections and associated transport with the Acquirer or (2) relinquish its IRU rights in the greater of (i) eight (8) fiber strands or (ii) one-half of the currently unused fiber strands in AT&T's facilities serving the locations, measured at the time of the filing of the Complaint, back to the owner of the fiber; and

(2) With the approval of the United States, in its sole discretion, and at the Acquirer's option, the Divestiture Assets may be modified to exclude assets and rights that are not necessary to meet the aims of this Final Judgment.

E. ''IRU'' means indefeasible right of use, a long-term leasehold interest that gives the holder the right to use specified strands of fiber in a telecommunications facility. An IRU granted by defendants under this Final Judgment shall (1) Be for a minimum of 10 years; (2) not require the Acquirer to pay monthly or other recurring fee to preserve or make use of its rights; (3) include all additional rights and interests necessary to enable the IRU to be used by the Acquirer to provide telecommunications services; and (4) contain other commercially reasonable and customary terms, including terms for payment to the grantor for ancillary services, such as maintenance fees on a per occurrence basis; and (5) not unreasonably limit the right of the Acquirer to use the asset as it wishes (*e.g.,* the Acquirer shall be permitted to splice into the IRU fiber, though such splice points must be mutually agreed upon by Defendants and Acquirer).

F. ''Lateral Connection'' means fiber strands from the point of entry of the building to the splice point with fiber used to serve different buildings and shall consist of the greater of (1) eight (8) fiber strands or (2) one-half of the currently unused fiber strands in AT&T's facilities serving the building measured at the time of the filing of the complaint. The fiber strands may be provided from those owned or controlled by either SBC or AT&T, as mutually agreed by defendants and Acquirer.

III. Applicability

A. This Final Judgment applies to SBC and AT&T, as defined above, and all other persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise.

B. Defendants shall require, as a condition of the sale or other disposition of all or substantially all of their assets or of lesser business units that include the Divestiture Assets, that the purchasers agree to be bound by the provisions of this Final Judgment, provided, however, that defendants need to obtain such an agreement from the Acquirers.

IV. Divestitures

A. Defendants are ordered and directed, within 120 calendar days after the closing of SBC's acquisition of AT&T, or five (5) days after notice of the entry of this Final Judgment by the Court, whichever is later, to divest the Divestiture Assets in a manner consistent with this Final Judgment to an acquirer and on terms acceptable to the United States in its sole discretion. The United States , in its sole discretion, may agree to one or more extensions of this time period not to exceed sixty (60) days in total, and shall notify the Court in such circumstances. If approval or consent from any government unit is necessary with respect to divestiture of the Divestiture Assets by defendants or the Divestiture Trustee and if applications or requests for approval or consent have been filed with the appropriate governmental unit within 120 calendar days after the closing of SBC's acquisition of AT&T, but an order or other dispositive action on such applications has not been issued before the end of the period permitted for divestiture, the period shall be extended with respect to divestiture of those Divestiture Assets for which governmental approval or consent has not been issued until five (5) days after such approval or consent is received. Defendants agree to use their best efforts to divest the Divestiture Assets and to seek all necessary regulatory or other approvals or consents necessary for such divestitures as expeditiously as possible. This Final Judgment does not limit the Federal Communications Commission's exercise of its regulatory powers and process with respect to the Divestiture Assets. Authorization by the Federal Communications Commission to conduct the divestiture of a Divestiture Asset in a particular manner will not modify any of the requirements of this decree.

B. In accomplishing the divestitures ordered by this Final Judgment, defendants promptly shall make known, by usual and customary means, the availability of the Divestiture Assets. Defendants shall inform any person making inquiry regarding a possible purchase of the Divestiture Assets that they are being divested pursuant to this Final Judgment and provide that person with a copy of this Final Judgment. Defendants shall offer to furnish to all prospective Acquirers, subject to customary confidentiality assurances, all information and documents relating to the Divestiture Assets customarily provided in a due diligence process except such information or documents subject to the attorney-client or work-product privileges. Defendants shall make available such information to the United States at the same time that such information is made available to any other person.

C. Defendants shall permit prospective Acquirers of the Divestiture Assets to have reasonable access to personnel and to make inspections of the physical facilities of the Divestiture Assets; access to any and all environmental, zoning, and other permit documents and information; and access to any and all financial, operational, or other documents and information customarily provided as part of a due diligence process.

D. Defendants shall warrant to all Acquirers of the Divestiture Assets that each asset will be operation on the date of sale.

E. Defendants shall not take any action that will impede in any way the permitting, operation, or divestiture of the Divestiture Assets.

F. At the option of the Acquirers, defendants shall enter into a contract for a period of up to one (1) year for transition services customarily necessary to maintain, operate, provision, monitor, or otherwise support the Divestiture Assets. The terms and conditions of any contractual arrangement meant to satisfy this provision must be reasonably related to market conditions.

G. Defendants shall warrant to the Acquirer of the Divestiture Assets that there are no material defects in the environmental, zoning, or other permits pertaining to the operation of each asset, and that following the sale of the Divestiture Assets, defendants will not undertake, directly or indirectly, any challenges to the environmental, zoning, or other permits relating to the operation of the Divestiture Assets.

H. Unless the United States otherwise consents in writing, the divestitures pursuant to Section IV, or by trustee appointed pursuant to Section V, of this Final Judgment, shall include the entire Divestiture Assets, and shall be accomplished in such a way as to satisfy the United States, in its sole discretion, that the Divestiture Assets can and will be used by the Acquirer as part of a viable, ongoing telecommunications business. Divestiture of the Divestiture Assets may be made to more than one Acquirer, provided that (i) all Divestiture Assets in a given metropolitan area are divested to a single Acquirer unless otherwise approved by the United States, in its sole discretion, and (ii) in each instance it is demonstrated to the sole satisfaction of the United States that the Divestiture Assets will remain viable and the divestiture of such assets will remedy the competitive harm alleged in the Complaint. The divestitures, whether pursuant to Section IV or Section V of this Final Judgment,

(1) shall be made to an Acquirer (or Acquirers) that, in the United State's sole judgment, has the intent and capability (including the necessary managerial, operation, technical, and financial capability) of competing effectively in the provision of telecommunications services; and

(2) shall be accomplished so as to satisfy the United States, in its sole discretion, that none of the terms of any agreement between an Acquirer (or Acquirers) and defendants gives defendants the ability unreasonably to raise the Acquirer's costs, to lower the Acquier's efficiency, or otherwise to interfere in the ability of the Acquirer to compete effectively.

I. To the extent leases, contracts, agreements, intellectual property rights, licenses, or other commitments with third-parties are not assignable or transferrable without the consent of the licensor or other third parties, defendants shall use their best efforts to obtain those consents.

V. Appointment of Trustee

A. If defendants have not divested the Divestiture Assets within the time period specified in Section IV(A), defendants shall notify the United States of that fact in writing, specifically identifying the Divestiture Assets that have not been divested. Upon application of the United States, the Court shall appoint a trustee selected by the United States and approved by the Court to effect the divestiture of the Divestiture Assets.

B. After the appointment of a trustee becomes effective, only the trustee shall have the right to sell the Divestiture Assets. The trustees shall have the power and authority to accomplish the divestiture to Acquirers acceptable to the United States, in its sole judgment, at such price and on such terms as are then obtainable upon reasonable effort by the trustee, subject to the provisions of Sections IV, V, and VI of this Final Judgment, and shall have such other powers as this Court deems appropriate. Subject to Section V(D) of this Final Judgment, the trustee may hire at the cost and expense of defendants any investment bankers, attorneys, technical experts, or other agents, who shall be solely accountable to the trustee, reasonably necessary in the trustee's judgment to assist in the divestiture.

C. Defendants shall not object to a sale by the trustee on any ground other than the trustee's malfeasance. Any such objections by defendants must be conveyed in writing to the United States and the trustee within ten (10) calendar days after the trustee has provided the notice required under Section VI.

D. The trustee shall serve at the cost and expense of defendants, on such terms and conditions as the plaintiff approves, and shall account for all monies derived from the sale of the assets sold by the trustee and all costs and expenses so incurred. After approval by the Court of the trustee's accounting, including fees for its services and those of any professionals and agents retained by the trustee, all remaining money shall be paid to defendants and the trust shall then be terminated. The compensation of the trustee and any professionals and agents retained by the trustee shall be reasonable in light of the value of the Divestiture Assets and based on a fee arrangement providing the trustee with an incentive based on the price and terms of the divestiture and the speed with which it is accomplished, but timeliness is paramount.

E. Defendants shall use their best efforts to assist the trustee in accomplishing the required divestitures, including their best efforts to effect all necessary regulatory or other approvals or consents and will provide necessary representations or warranties as appropriate, related to the sale of the Divestiture Assets. The trustee and any consultants, accountants, attorneys, technical experts, and other persons retained by the trustee shall have full and complete access to the personnel, books, records, and facilities related to the Divestiture Assets, and defendants shall develop financial and other information relevant to the Divestiture Assets as the trustee may reasonably request, subject to reasonable protection for trade secret or other confidential research, development, or commercial information. Defendants shall take no action to interfere with or to impede the trustee's accomplishment of the divestiture.

F. After its appointment, the trustee shall file monthly reports with the United States and the Court setting forth the trustee's efforts to accomplish the divestiture ordered under this Final Judgment. To the extent such reports contain information that the trustee deems confidential, such reports shall not be filed in the public docket of the Court. Such reports shall include the name, address, and telephone number of each person who, during the preceding month, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Divestiture Assets, and shall describe in detail each contact with any such person. The trustee shall maintain full records of all efforts made to divest the Divestiture Assets.

G. If the trustee has not accomplished such divestiture within six months after its appointment, the trustee shall promptly file with the Court a report setting forth (1) The trustee's efforts to accomplish the required divestiture, (2) the reasons, in the trustee's judgment, why the required divestiture has not been accomplished, and (3) the trustee's recommendations. To the extent such reports contain information that the trustee deems confidential, such reports shall not be filed in the public docket of the Court. The trustee shall at the same time furnish such report to the plaintiff who shall have the right to make additional recommendations consistent with the purpose of the trust. The Court thereafter shall enter such orders as it shall deem appropriate to carry out the purpose of the Final Judgment, which may, if necessary, include extending the trust and the term of the trustee's appointment by a period requested by the United States.

H. In addition, notwithstanding any provision to the contrary, the United States, in its sole discretion, may require defendants to include additional assets, or allow, with the written approval of the United States, defendants to substitute substantially similar assets, which substantially relate to the Divestiture Assets to be divested by the trustee to facilitate prompt divestiture to an acceptable Acquirer or Acquirers.

VI. Notice of Proposed Divestiture

A. Within two (2) business days following execution of a definitive divestiture agreement, defendants or the trustee, whichever is then responsible for effecting the divestiture required herein, shall notify the United States of any proposed divestiture required by Section IV or V of this Final Judgment. If the trustee is responsible, it shall similarly notify defendants. The notice shall set forth the details of the proposed divestiture and list the name, address, and telephone number of each person not previously identified who offered or expressed an interest in or desire to acquire any ownership interest in the Divestiture Assets, together with full details of the same.

B. Within fifteen (15) calendar days of receipt by the United States of such notice, the United States may request from defendants, the proposed Acquirer or Acquirers, any other third party, or the trustee, if applicable, additional information concerning the proposed divestiture, the proposed Acquirer or Acquirers, and any other potential Acquirer. Defendants and the trustee shall furnish any additional information requested within fifteen (15) calendar days of the receipt of the request, unless the parties shall otherwise agree.

C. Within thirty (30) calendar days after receipt of the notice or within twenty (20) calendar days after the United States has been provided the additional information requested from defendants, the proposed Acquirer or Acquirers, any third party, and the trustee, whichever is later, the United States shall provide written notice to defendants and the trustee, if there is one, stating whether or not it objects to the prosed divestiture. If the United States provides written notice that it does not object, the divestiture may be consummated, subject only to defendants' limited right to object to the sale under Section V(C) of this Final Judgment. Absent written notice that the United States does not object to the proposed Acquirer or upon objection by the United States, a divestiture proposed under Section IV or Section V shall not be consummated. Upon objection by defendants under Section V(C), a divestiture proposed under Section V shall not be consummated unless approved by the Court.

VII. Financing

Defendants shall not finance all or any part of any part of any purchase made pursuant to Section IV or V of this Final Judgment.

VIII. Preservation of Assets

Until the divestiture required by this Final Judgment has been accomplished, defendants shall take all steps necessary to comply with the Stipulation signed by defendants and the United States. Defendants shall take no action that would jeopardize the divestiture ordered by this Court.

IX. Affidavits

A. Within twenty (20) calendar days of the filing of the Complaint in this matter, and every thirty (30) calendar days thereafter until the divestiture has been completed under Section IV or V, defendants shall deliver to the United States an affidavit as to the face and manner of its compliance with Section IV or V of this Final Judgment. Each such affidavit shall include the name, address, and telephone number of each person who, during the preceding thirty

(30) days, made an offer to acquire, expressed an interest in acquiring, entered into negotiations to acquire, or was contacted or made an inquiry about acquiring, any interest in the Divestiture Assets, and shall describe in detail each contact with any such person during that period. Each such affidavit shall also include a description of the efforts defendants have taken to solicit buyers for the Divestiture Assets, and to provide required information to prospective Acquirers, including the limitations, if any, on such information. Assuming the information set forth in the affidavit is true and complete, any objection by the United States to information provided by defendants, including limitation on information, shall be made within fourteen (14) calendar days of the receipt of such affidavit.

B. Within twenty (20) calendar days of the filing of the Complaint in this matter, defendants shall deliver to the United States an affidavit that describes in reasonable detail all actions defendants have taken and all steps defendants have implemented on an ongoing basis to comply with Section VIII of this Final Judgment. Defendants shall deliver to the United States an affidavit describing any changes to the efforts and actions outlined in defendants' earlier affidavits filed pursuant to this section within fifteen (15) calendar days after the change is implemented.

C. Defendants shall keep all records of all efforts made to preserve and divest the Divestiture Assets until one year after such divestiture has been completed.

X. Compliance Inspection

A. For the purposes of determining or securing compliance with this Final Judgment, or of determining whether the Final Judgment should be modified or vacated, and subject to any legally recognized privilege, from time to time duly authorized representatives of the United States Department of Justice, including consultants and other persons retained by the United States, shall, upon written request of a duly authorized representative of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to defendants, be permitted:

(1) Access during defendants' office hours to inspect and copy, or at plaintiff's option, to require that defendants provide copies of, all books, ledgers, accounts, records and documents in the possession, custody, or control of defendants, relating to any matters contained in this Final Judgment; and

(2) To interview, either informally or on the record, defendants' officers, employees, or agents, who may have their individual counsel present, regarding such matters. The interviews shall be subject to the reasonable convenience of the interviewee and without restraint or interference by defendants.

B. Upon the written request of a duly authorized representative of the Assistant Attorney General in charge of the Antitrust Division, defendants shall submit written reports, under oath if requested, relating to any of the matters contained in this Final Judgment as may be requested.

C. No information or documents obtained by the means provided in this section shall be divulged by the United States to any person other than an authorized representative of the executive branch of the United States, except in the course of legal proceedings to which the United States is a party (including grand jury proceedings), or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

D. If at the time information or documents are furnished by defendants to the United States, defendants represent and identify in writing the material in any such information or documents to which a claim of protection may be asserted under rule 26(c)(7) of the Federal Rules of Civil Procedure, and defendants mark each pertinent page of such material, "Subejct to claim of protection under rule 26(c)(7) of the Federal Rules of Civil Procedure," then the United States shall give defendants ten (10) calendar days notice prior to divulging such material in any legal proceeding (other then grand jury proceedings).

XI. No Reacquisition

Defendants may not reacquire (or lease back without the approval of the United States, in its sole discretion) any part of the Divestiture Assets during the term of this Final Judgment.

XII. Retention of Jurisdiction

This Court retains jurisdiction to enable any party to this Final Judgment to apply to this Court at any time for further orders and directions as may be necessary or appropriate to carry out or construe this Final Judgment, to modify any of its provisions, to enforce compliance, and to punish violations of its provisions.

XIII. Expiration of Final Judgment

Unless this Court grants an extension, this Final Judgment shall expire ten years from the date of its entry.

XIV. Public Interest Determination

The parties have complied with the requirements of the Antitrust Procedures and Penalties Act, 15 U.S.C. 16, including making copies available to the public of this Final Judgment, the Competitive Impact Statement, and any comments thereon and the United States' response to comments. Based upon the record before the Court, which includes the Competitive Impact Statement and any comments and response to comments filed with the Court, entry of this Final Judgment is in the public interest.

Date:

Court approval subject to procedures of Antitrust Procedures and Penalties Act, 15 U.S.C. 16.

United States District Judge

APPENDIX A

Address	City	State	Zip	Metropolitan Area
Renaissance Blvd	Oakbrook Terrace	IL	60181	Chicago.
10 N Martingale Rd	Schaumburg	IL	60173	Chicago.
10024 Skokie Blvd	Skokie	IL	60077	Chicago.
11 S La Salle St	Chicago	IL	60603	Chicago.
1400 Waukegan Rd	McGaw Park	IL	60085	Chicago.
1666 E Touhy Ave	Des Plaines	IL	60018	Chicago.
200 Wilmot Rd	Deerfield	IL	60015	Chicago.
2300 60th St	Kenosha	WI	53140	Chicago.
2320 N Kenmore Ave	Chicago	IL	60614	Chicago.
243 S Wabash Ave	Chicago	IL	60604	Chicago.
26 W 171 Roosevelt Rd	Wheaton	IL	60187	Chicago.

APPENDIX A—Continued

Address	City	State	Zip	Metropolitan Area
2801 80th St	Kenosha	WI	53140	Chicago.
3050 Highland Pkwy	Downers Grove	IL	60515	Chicago.
3060 W Salt Creek Ln	Arlington Heights	IL	60005	Chicago.
340 N Milwaukee Ave	Vernon Hills	IL	60061	Chicago.
50 S La Salle St	Chicago	IL	60603	Chicago.
600 N Rte 45	Libertyville	IL	60048	Chicago.
610 S Canal St	Chicago	IL	60607	Chicago.
610 S Maple Ave	Oak Park	IL	60304	Chicago.
640 N La Salle Dr	Chicago	IL	60610	Chicago.
7000 High Grove Blvd	Burr Ridge	IL	60521	Chicago.
770 N Halsted St	Chicago	IL	60622	Chicago.
7955 S Cass Ave	Darien	IL	60561	Chicago.
9700 S Cass Ave	Argonne	IL	60439	Chicago.
10935 Estate Ln	Dallas	TX	75238	Dallas-Fort Worth.
1145 Empire Central Pl	Dallas	TX	75247	Dallas-Fort Worth.
1233 Regal Row	Dallas	TX	75247	Dallas-Fort Worth.
12750 Merit Dr	Dallas	TX	75251	Dallas-Fort Worth.
12800 Abrams Rd	Dallas	TX	75243	Dallas-Fort Worth.
1330 River Bend Rd	Dallas	TX	75247	Dallas-Fort Worth.
13510 N Central Expy	Dallas	TX	75243	Dallas-Fort Worth.
13536 N Central Expy	Dallas	TX	75243	Dallas-Fort Worth.
13725 Montfort Dr	Dallas	TX	75240	Dallas-Fort Worth.
1508 E Mockingbird Ln	Dallas	TX	75214	Dallas-Fort Worth.
1701 N Greenville Ave	Richardson	TX	75081	Dallas-Fort Worth.
1900 S Central Expy	Dallas	TX	75215	Dallas-Fort Worth.
2220 Campbell Creek Blvd	Richardson	TX	75082	Dallas-Fort Worth.
2280 Greenville Ave	Dallas	TX	75206	Dallas-Fort Worth.
2534 Royal Ln	Dallas	TX	75229	Dallas-Fort Worth.
2735 N Stemmons Freeway	Dallas	TX	75207	Dallas-Fort Worth.
3890 W Northwest Hwy	Dallas	TX	75220	Dallas-Fort Worth.
3911 Sthwy 12 Loop	Dallas	TX	75236	Dallas-Fort Worth.
3939 Valley View	Farmers Branch	TX	75244	Dallas-Fort Worth.
4001 Airport Frwy Rt #59	For Worth	TX	76117	Dallas-Fort Worth.
4201 Spring Valley Rd	Dallas	TX	75244	Dallas-Fort Worth.
4849 W Illinois	Dallas	TX	75211	Dallas-Fort Worth.
6011 Lemmon Ave	Dallas	TX	75209	Dallas-Fort Worth.
7517 Campbell Rd	Dallas	TX	75248	Dallas-Fort Worth.
7834 C F Hawn Fwy	Dallas	TX	75217	Dallas-Fort Worth.
7920 Belt Line Rd	Dallas	TX	75254	Dallas-Fort Worth.
801 Main St	Dallas	TX	75202	Dallas-Fort Worth.
12225 Stephens Rd	Warren	MI	48089	Detroit-Ann Arbor.
12345 Nine Mile	Warren	MI	48090	Detroit-Ann Arbor.
1235 E Big Beaver Rd	Troy	MI	48083	Detroit-Ann Arbor.
18101 Oakwood Blvd	Dearborn	MI	48120	Detroit-Ann Arbor.
20 Oak Hollow St	Southfield	MI	48034	Detroit-Ann Arbor.
201 W Fort St	Detroit	MI	48226	Detroit-Ann Arbor.
2050 Auburn Rd	Auburn Hills	MI	48326	Detroit-Ann Arbor.
25400 Denso	Southfield	MI	48034	Detroit-Ann Arbor.
26400 Southfield Rd	Lathrup Village	MI	48076	Detroit-Ann Arbor.
26600 Telegraph Rd	Southfield	MI	48034	Detroit-Ann Arbor.
27500 Drake Rd	Farmington Hills	MI	48331	Detroit-Ann Arbor.
29129 Ecorse Rd	Romulus	MI	48174	Detroit-Ann Arbor.
32991 Hamilton Ct E	Farmington Hills	MI	48334	Detroit-Ann Arbor.
3800 Howard Rd	Farmington Hills	MI	48331	Detroit-Ann Arbor.
38281 Schoolcraft Rd	Livonia	MI	48150	Detroit-Ann Arbor.
3937 Campus Dr	Pontiac	MI	48341	Detroit-Ann Arbor.
40 Oak Hollow St	Southfield	MI	48034	Detroit-Ann Arbor.
500 Griswold St	Detroit	MI	48236	Detroit-Ann Arbor.
500 Kirts Rd	Troy	MI	48088	Detroit-Ann Arbor.
500 Renaissance Ctr	Detroit	MI	48243	Detroit-Ann Arbor.
911 W Big Beaver Rd	Troy	MI	48084	Detroit-Ann Arbor.
1 Atlantic St	Bridgeport	CT	06604	Hartford-New-Haven.
10 Univac Ln	Windsor	CT	06095	Hartford-New-Haven.
102 Addison Rd	Windsor	CT	06095	Hartford-New-Haven.
121 Wawarme St	Hartford	CT	06114	Hartford-New-Haven.
125 Powder Forest Dr	Simsbury	CT	06089	Hartford-New-Haven.
199 Benson Rd	Middlebury	CT	06762	Hartford-New-Haven.
20 Old Windsor Rd	Bloomfield	CT	06002	Hartford-New-Haven.
200 Grove St	New Haven	CT	06511	Hartford-New-Haven.
2000 Day Hill Rd	Windsor	CT	06095	Hartford-New-Haven.
3 Waterside Xing	Windsor	CT	06095	Hartford-New-Haven.
300 Kensington Ave	New Britain	CT	06051	Hartford-New-Haven.

APPENDIX A—Continued

Address	City	State	Zip	Metropolitan Area
32 Valley St	Bristol	CT	06010	Hartford-New-Haven.
45 Glover Ave	Norwalk	CT	06850	Hartford-New-Haven.
500 Day Hill Rd	Windsor	CT	06095	Hartford-New-Haven.
550 Marshall Phelps Rd	Windsor	CT	06095	Hartford-New-Haven.
7 Waterside Xing	Windsor	CT	06095	Hartford-New-Haven.
71 Deerfield Ln	Meriden	CT	06450	Hartford-New-Haven.
11313 US Pkwy	Fishers	IN	46038	Indianapolis.
1481 W 10th St	Indianapolis	IN	46202	Indianapolis.
1600 Albany St	Beech Grove	IN	46107	Indianapolis.
1800 N Meridian St	Indianapolis	IN	46202	Indianapolis.
200 W 103rd St	Indianapolis	IN	46280	Indianapolis.
250N Shadeland Ave	Indianapolis	IN	46219	Indianapolis.
302 S State Ave	Indianapolis	IN	46201	Indianapolis.
307 Sthwy 37	Indianapolis	IN	46204	Indianapolis.
3120 N Post Rd	Indianapolis	IN	46226	Indianapolis.
3210 E 96th St	Carmel	IN	46240	Indianapolis.
3266 N Meridian St	Indianapolis	IN	46208	Indianapolis.
3308 N Mitthoeffer Rd	Indianapolis	IN	46236	Indianapolis.
402 Kentucky Ave	Indianapolis	IN	46225	Indianapolis.
4550 Victory Ln	Indianapolis	IN	46203	Indianapolis.
46 E Ohio St	Indianapolis	IN	46204	Indianapolis.
4880 Century Plaza Rd	Indianapolis	IN	46254	Indianapolis.
4919 W 78th St	Indianapolis	IN	46268	Indianapolis.
5000 W 86th St	Indianapolis	IN	46268	Indianapolis.
5380 W 81St	Indianapolis	IN	46268	Indianapolis.
5520 W 76th St	Indianapolis	IN	46204	Indianapolis.
5804 Churchman Byp	Beech Grove	IN	46203	Indianapolis.
5940 W Raymond St	Indianapolis	IN	46241	Indianapolis.
6270 Corporate Dr	Indianapolis	IN	46278	Indianapolis.
6612 E 75th St	Indianapolis	IN	46250	Indianapolis.
6640 Parkdale Pl	Indianapolis	IN	45254	Indianapolis.
6666 E 75th St	Indianapolis	IN	46250	Indianapolis.
6810 N Shadeland Ave	Indianapolis	IN	46220	Indianapolis.
6850 Parkdale Pl	Indianapolis	IN	46254	Indianapolis.
700 W 16th St	Indianapolis	IN	46202	Indianapolis.
7240 Shadeland Station Way	Indianapolis	IN	46256	Indianapolis.
7301 Woodland Dr	Indianapolis	IN	46278	Indianapolis.
7444 Shadeland Station Way	Indianapolis	IN	46256	Indianapolis.
7445 Company Dr	Indianapolis	IN	46237	Indianapolis.
755 E Main St	Greenwood	IN	46143	Indianapolis.
8101 Clearvista Pkwy	Indianapolis	IN	46256	Indianapolis.
8111 S Emerson Ave	Indianapolis		46237	Indianapolis.
8320 Allison Point Trl	Indianapolis	IN	46250	Indianapolis.
8450 Northwest Blvd	Indianapolis	IN	46278	Indianapolis.
8555 River Rd	Indianapolis	IN	46240	Indianapolis.
8600 Allisonville Rd	Indianapolis	IN	46250	Indianapolis.
8600 Roberts Dr N	Fishers	IN	46038	Indianapolis.
8650 Commerce Park Pl	Indianapolis	IN	46268	Indianapolis.
8677 Logo 7 Ct	Indianapolis	IN	46219	Indianapolis.
8802 N Meridan St	Indianapolis	IN	46260	Indianapolis.
8820 S Meridan St	Indianapolis	IN	46217	Indianapolis.
8868 E 56th St	Indianapolis	IN	46216	Indianapolis.
8940 Vincennes Cir	Indianapolis	IN	46268	Indianapolis.
9100 Purdue Rd	Indianapolis	IN	46268	Indianapolis.
941 N Meridan St	Indianapolis	IN	46204	Indianapolis.
9601 E 21st St	Indianapolis	IN	46229	Indianapolis.
9650 E Washington St	Indianapolis	IN	46229	Indianapolis.
9660 E Washington St	Indianapolis	IN	46229	Indianapolis.
9704 Beaumont Rd	Ft. Benjamin Harrison	IN	46216	Indianapolis.
1 Royal Way	Kansas City	MO	64129	Kansas City.
1 Ward Pkwy	Kansas City	MO	64112	Kansas City.
1000 Carondelet Dr	Kansas City	MO	64114	Kansas City.
1000 Walnut St	Kansas City	MO	64106	Kansas City.
10236 Marion Park Dr	Kansas City	MO	64137	Kansas City.
104 W 42nd St	Kansas City	MO	64105	Kansas City.
10500 Barkley St	Overland Park	KS	66212	Kansas City.
10525 N Ambassador Dr	Kansas City	MO	64153	Kansas City.
10561 Barkley St	Overland Park	KS	66212	Kansas City.
10910 W 87th St	Lenexa	KS	66214	Kansas City.
10930 N Pomona St	Kansas City	MO	64153	Kansas City.
1100 Rockhurst Rd	Kansas City	MO	64110	Kansas City.
11020 N Ambassador Dr	Kansas City	MO	64152	Kansas City.

APPENDIX A—Continued

Address	City	State	Zip	Metropolitan Area
112 W 9th St	Kansas City	MO	64105	Kansas City.
11221 Roe Ave	Leawood	KS	66211	Kansas City.
11401 Lamar	Overland Park	KS	66211	Kansas City.
11600 College Blvd	Overland Park	KS	66103	Kansas City.
12076 W Santa Fe Dr	Lenexa	KS	66215	Kansas City.
12851 Foster St	Overland Park	KS	66213	Kansas City.
12900 Foster St	Overland Park	KS	66213	Kansas City.
1300 Cherry	Kansas City	MO	64106	Kansas City.
1300 Summit St	Kansas City	MO	64105	Kansas City.
13202 W 98th St	Lenexa	KS	66215	Kansas City.
1414 Genessee St	Kansas City	MO	64102	Kansas City.
14303 W 95th St	Lenexa	KS	66215	Kansas City.
14502 W 105th St	Lenexa	KS	66215	Kansas City.
1500 Meadow Lake Pkwy	Kansas City	MO	64114	Kansas City.
15095 W 116th St	Olathe	KS	66062	Kansas City.
1524 N Corrington Ave	Kansas City	MO	64120	Kansas City.
15940 111th Blvd	Lenexa	KS	66219	Kansas City.
16011 College Blvd	Lenexa	KS	66215	Kansas City.
1616 N Corrington	Kansas City	MO	64120	Kansas City.
1801 Main St	Kansas City	MO	64108	Kansas City.
1828 Walnut St	Kansas City	MO	64108	Kansas City.
1900 W 47th Pl	Kansas City	KS	66106	Kansas City.
1901 W 47	Westwood	KS	66205	Kansas City.
1925 Baltimore Ave	Kansas City	MO	64108	Kansas City.
1925 Central	Kansas City	MO	64108	Kansas City.
2 Brush Creek Blvd	Kansas City	MO	64112	Kansas City.
20 W 9th St	Kansas City	MO	64105	Kansas City.
2000 County	Kansas City	KS	66106	Kansas City.
2000 Shawnee Mission Pkwy	Mission Woods	KS	66205	Kansas City.
210 W 10th St	Kansas City	MO	64105	Kansas City.
2400/2401 Gillham Rd	Kansas City	MO	64110	Kansas City.
2501 McGee	Kansas City	MO	64108	Kansas City.
3130 Broadway St	Kansas City	MO	64111	Kansas City.
323 W 8th	Kansas City	MO	64105	Kansas City.
3420 Broadway Rd	Kansas City	MO	64111	Kansas City.
3900 Rainbow Blvd	Kansas City	KS	66103	Kansas City.
400 E 9th St	Kansas City	MO	64106	Kansas City.
4739 Belleview Ave	Kansas City	MO	64112	Kansas City.
4800 Main St	Kansas City	Mo	64112	Kansas City.
5121 E Front St	Kansas City	MO	64120	Kansas City.
5700 Broadmoor St	Mission	KS	66202	Kansas City.
5750 W 95th St	Overland Park	KS	66207	Kansas City.
5808 W 110th St	Overland Park	KS	66211	Kansas City.
601 E 12th Ave	North Kansas City	MO	64116	Kansas City.
6201 College Blvd	Overland Park	KS	66211	Kansas City.
6300 Lamar Ave	Overland Park	KS	66202	Kansas City.
6407 Roanridge	Kansas City	MO	64151	Kansas City.
6900 Squibb Rd	Mission	KS	66202	Kansas City.
6950 Squibb Rd	Mission	KS	66202	Kansas City.
7015 College Blvd	Overland Park	KS	66211	Kansas City.
7045 College Blvd	Overland park	KS	66211	Kansas City.
7223 W 95th St	Overland Park	KS	66212	Kansas City.
7300 College Blvd	Overland Park	KS	66210	Kansas City.
7400 College Blvd	Overland Park	KS	66210	Kansas City.
7401 W 129th St	Overland Park	KS	66213	Kansas City.
7401 NW Tiffany Springs Pkwy	Kansas City	MO	64153	Kansas City.
7500 College Blvd	Overland Park	KS	66210	Kansas City.
7800 W 110th St	Overland Park	KS	66210	Kansas City.
7950 College Blvd	Overland Park	KS	66210	Kansas City.
801 Walnut St	Kansas City	MO	64106	Kansas City.
8101 Lenexa Dr	Lenxa	KS	66214	Kansas City.
818 Grand Blvd	Kansas City	MO	64106	Kansas City.
8228 Flagor Ave	Kansas City	MO	64118	Kansas City.
8281 NW 107 St	Kansas City	MO	64153	Kansas City.
8300 College Blvd	Overland Park	KS	66210	Kansas City.
8320 Ward Pkwy	Kansas City	MO	64114	Kansas City.
8400 NW 107th Ter	Kansas City	MO	64153	Kansas City.
8425 Quivira	Lenaxa	KS	66215	Kansas City.
8700 State Line Rd	Leawood	KS	66206	Kansas City.
8900 State Line Rd	Kansas City	KS	66103	Kansas City.
9219 Quivira Rd	Overland Park	KS	66215	Kansas City.
9435 Holmes Rd	Kansas City	MO	64131	Kansas City.

APPENDIX A—Continued

Address	City	State	Zip	Metropolitan Area
9700 Commerce Pkwy	Lenexa	KS	66219	Kansas City.
1 MacArthur Pl	Santa Ana	CA	92707	Los Angeles-Riverside-Orange County.
1149 S Broadway St	Los Angeles	CA	90015	Los Angeles-Riverside-Orange County.
1375 Sunflower Ave	Costa Mesa	CA	92626	Los Angeles-Riverside-Orange County.
1615 N Lake Ave	Pasadena	CA	91104	Los Angeles-Riverside-Orange County.
17682 Cowan Ave	Irvine	CA	92614	Los Angeles-Riverside-Orange County.
1830 E Warner Ave	Santa Ana	CA	92705	Los Angeles-Riverside-Orange County.
1901 W Malvern Ave	Fullerton	CA	92833	Los Angeles-Riverside-Orange County.
2049 Century Park E	Los Angeles	CA	90067	Los Angeles-Riverside-Orange County.
2060 E Imperial Hwy	El Segundo	CA	90245	Los Angeles-Riverside-Orange County.
2100 E Grand Ave	El Segundo	CA	90245	Los Angeles-Riverside-Orange County.
21300 Victory Blvd	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
21550 Oxnard St	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
21600 Oxnard St	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
21650 Oxnard St	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
21700 Oxnard St	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
2230 E Imperial Hwy	El Segundo	CA	90245	Los Angeles-Riverside-Orange County.
2260 E Imperial Hwy	El Segundo	CA	90245	Los Angeles-Riverside-Orange County.
27700 Medical Center Rd	Mission Viejo	CA	92691	Los Angeles-Riverside-Orange County.
333 S Anita Dr	Orange	CA	92868	Los Angeles-Riverside-Orange County.
3440 Flair Dr	El Monte	CA	91731	Los Angeles-Riverside-Orange County.
3530 Wilshire Blvd	Los Angeles	CA	90010	Los Angeles-Riverside-Orange County.
376 Valencia Ave	Brea	CA	92823	Los Angeles-Riverside-Orange County.
5230 Pacific Concourse Dr	Del Aire	CA	90045	Los Angeles-Riverside-Orange County.
550 Continental	El Segundo	CA	90245	Los Angeles-Riverside-Orange County.
5800 W Sunset Blvd	Los Angeles	CA	90028	Los Angeles-Riverside-Orange County.
5901 De Soto Ave	Woodland Hills	CA	91364	Los Angeles-Riverside-Orange County.
601 W 5th St	Los Angeles	CA	90017	Los Angeles-Riverside-Orange County.
610 Newport Ctr Dr	Newport Beach	CA	92660	Los Angeles-Riverside-Orange County.
620 Newport Ctr Dr	Newport Beach	CA	92660	Los Angeles-Riverside-Orange County.
6300 Canoga Ave	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
6320 Canoga Ave	Los Angeles	CA	91367	Los Angeles-Riverside-Orange County.
660 Newport Ctr Dr	Newport Beach	CA	92660	Los Angeles-Riverside-Orange County.
7001 S Central Ave	Los Angeles	CA	90052	Los Angeles-Riverside-Orange County.
800 N State College Blvd	Fullerton	CA	92831	Los Angeles-Riverside-Orange County.
830 N La Brea Ave	Los Angeles	CA	90038	Los Angeles-Riverside-Orange County.
950 S Grand Ave	Los Angeles	CA	90015	Los Angeles-Riverside-Orange County.
10920 W Lincoln Ave	West Allis	WI	53227	Milwaukee.
11200 W Parkland Ave	Milwaukee	WI	53224	Milwaukee.
1126 S 70th St	Milwaukee	WI	53214	Milwaukee.
11270 W Park Pl	Milwaukee	WI	53224	Milwaukee.
11300 W Burleigh St	Wauwatosa	WI	53222	Milwaukee.
1190 W Rawson Ave	Oak Creek	WI	53154	Milwaukee.
12000 W Park Pl	Milwaukee	WI	53224	Milwaukee.
1233 N Mayfair Rd	Wauwatosa	WI	53226	Milwaukee.
1563 S 101	West Allis	WI	53214	Milwaukee.
15740 W Cleveland Ave	New Berlin	WI	53151	Milwaukee.
18500 W Corporate Dr	Brookfield	WI	53045	Milwaukee.
1912 S 82nd St	West Allis	WI	53219	Milwaukee.
230 W Wells St	Milwaukee	WI	53203	Milwaukee.
2861 S James Dr	New Berlin	WI	53151	Milwaukee.
432 E Kilbourn Ave	Milwaukee	WI	53202	Milwaukee.
433 E Michigan St	Milwaukee	WI	53202	Milwaukee.
4701 W Greenfield Ave	West Milwaukee	WI	53214	Milwaukee.
507 E Michigan St	Milwaukee	WI	53202	Milwaukee.
5151 W State St	Milwaukee	WI	53208	Milwaukee.
525 N 6th St	Milwaukee	WI	53203	Milwaukee.
5300 Sthwy 38	Milwaukee	WI	53207	Milwaukee.
5315 S 3rd St	Milwaukee	WI	53207	Milwaukee.
555 Air Cargo Way	Milwaukee	WI	53207	Milwaukee.
600 E Greenfield Ave	Milwaukee	WI	53204	Milwaukee.
635 S 28th St	Milwaukee	WI	53215	Milwaukee.
6801 N Yates Rd	Fox Point	WI	53217	Milwaukee.
6980 N Port Washington Rd	Milwaukee	WI	53217	Milwaukee.
7930 N Faulkner Rd	Milwaukee	WI	53224	Milwaukee.
800 W Wells St	Milwaukee	WI	53233	Milwaukee.
8112 W Bluemound Rd	Wauwatosa	WI	53213	Milwaukee.
8213 Durand Ave	Sturtevant	WI	53177	Milwaukee.
8332 Corporate Dr	Racine	WI	53406	Milwaukee.
8900 N Arbon Dr	Brown Deer	WI	53223	Milwaukee.
9015 W Maple St	West Allis	WI	53214	Milwaukee.
9201 Washington Ave	Sturtevant	WI	53406	Milwaukee.

APPENDIX A—Continued

Address	City	State	Zip	Metropolitan Area
N16 W234155 Stoneridge Dr	Waukesha	WI	53186	Milwaukee.
N19 W24133 Riverwood Dr	Pewaukee	WI	53072	Milwaukee.
N56 W17000 Ridgewood Dr	Menomonee Falls	WI	53051	Milwaukee.
101 Civic Centre Dr	Santee	CA	92071	San Diego.
10505 Sorrento Valley Rd	San Diego	CA	92121	San Diego.
10666 N Torrey Pines Rd	San Diego	CA	92037	San Diego.
1120 27th St	San Diego	CA	92154	San Diego.
11355 North Torrey Pines Rd	San Diego	CA	92037	San Diego.
12365 Crosthwaite Cir	Poway	CA	92064	San Diego.
12650 Danielson Ct	Poway	CA	92064	San Diego.
1849 Diamond St	San Marcos	CA	92069	San Diego.
1940 Diamond St	San Marcos	CA	92069	San Diego.
1950 Corporate Ctr	Oceanside	CA	92056	San Diego.
2251 San Diego Ave	San Diego	CA	92110	San Diego.
3111 Camino Del Rio N	San Diego	CA	92108	San Diego.
3115 Merryfield Row	San Diego	CA	92121	San Diego.
3131 Camino Del Rio North	San Diego	CA	92108	San Diego.
330 Lewis St	San Diego	CA	92103	San Diego.
333 W Harbor Dr	San Diego	CA	92131	San Diego.
3380 Norman Scott Rd	San Diego	CA	92136	San Diego.
3851 Rosecrans St	San Diego	CA	92110	San Diego.
3900 Lomaland Dr	San Diego	CA	92106	San Diego.
4077 5th Ave	San Diego	CA	92103	San Diego.
4310 Landis St	San Diego	CA	92105	San Diego.
435 H St	Chula Vista	CA	91910	San Diego.
5055 Viewridge Ave	San Diego	CA	92123	San Diego.
5555 Overland Ave	San Diego	CA	92123	San Diego.
5601 Oberlin Dr	San Diego	CA	92121	San Diego.
5670 Oberlin Dr	San Diego	CA	92121	San Diego.
5754 Pacific Center Blvd	San Diego	CA	92121	San Diego.
5880 Oberlin Dr	San Diego	CA	92121	San Diego.
6150 Nancy Ridge Dr	San Diego	CA	92121	San Diego.
8355 Aero Dr	San Diego	CA	92123	San Diego.
8520 Tech Way	San Diego	CA	92123	San Diego.
9089 Clairemont Mesa Blvd	San Diego	CA	92123	San Diego.
9233 Balbora Ave	San Diego	CA	92123	San Diego.
9888 Genesee Ave	San Diego	CA	92117	San Diego.
9950 Barnes Canyon Rd	San Diego	CA	92121	San Diego.
Naval Air Station	San Diego	CA	92135	San Diego.
1025 2nd Ave	Oakland	CA	94606	San Francisco-Oakland-San Jose.
221 Main St	San Francisco	CA	94105	San Francisco-Oakland-San Jose.
2325 Orchard Pkwy	San Jose	CA	95131	San Francisco-Oakland-San Jose.
245 Market St	San Francisco	CA	94105	San Francisco-Oakland-San Jose.
4665 Business Center Dr	Fairfield	CA	94585	San Francisco-Oakland-San Jose.
5858 Horton St	Emeryville	CA	94608	San Francisco-Oakland-San Jose.
601 Montgomery St	San Francisco	CA	94111	San Francisco-Oakland-San Jose.
650 California St	San Francisco	CA	94108	San Francisco-Oakland-San Jose.
717 Potter St	Berkeley	CA	94710	San Francisco-Oakland-San Jose.
720 Parker St	Berkeley	CA	94710	San Francisco-Oakland-San Jose.
75 E Trimble Rd	San Jose	Ca	95131	San Francisco-Oakland-San Jose.
10101 Woodfield	Creve Coeur	MO	63132	St. Louis.
10401 Baur Blvd	Olivette	MO	63132	St. Louis.
10430 Baur Blvd	Olivette	MO	63132	St. Louis.
10845 Baur	Creve Coeur	MO	63132	St. Louis.
1100 Eastport Plaza Dr	Collinsville	IL	62234	St. Louis.
1111 Woods Mill	St. Louis	MO	63011	St. Louis.
11330 Olive Blvd	St. Louis	MO	63141	St. Louis.
11700 Dunlap Industrial Dr	Maryland Heights	MO	63043	St. Louis.
11975 Westline Industrial Dr	Maryland Heights	MO	63146	St. Louis.
12312 Olive Blvd	Creve Coeur	MO	63141	St. Louis.
13045 Tesson Ferry Rd	Tesson Ferry	MO	63128	St. Louis.
14440 S Outer Forty Rd	Town and County	MO	63141	St. Louis.
14515 N Outer Rd	Chesterfield	MO	63017	St. Louis.
14528 S Outer 40 Rd	Chesterfield	MO	63017	St. Louis.
1699 S Hanley Rd	Brentwood	MO	63144	St. Louis.
1706 Washington Ave	St. Louis	MO	63103	St. Louis.
1850 Borman Ct	Maryland Heights	MO	63146	St. Louis.
1945 Craig Rd	Maryland Heights	MO	63141	St. Louis.
210 N 13th St	St. Louis	MO	63103	St. Louis.
2100 Schuetz Rd	Maryland Heights	MO	63146	St. Louis.
232 S Woods Mill Rd	Chesterfield	MO	63017	St. Louis.
25 Research Ct	Weldon Spring	MO	63304	St. Louis.

APPENDIX A—Continued

Address	City	State	Zip	Metropolitan Area
2600 Washington	St. Louis	MO	63103	St. Louis.
305 Rock Industrial Park Dr	Bridgeton	MO	63044	St. Louis.
3635 Vista @ Grand Blvd	St. Louis	MO	63110	St. Louis.
41 Village Square Dr	St. Louis	MO	63042	St. Louis.
424 S Woods Mill Rd	Town and Country	MO	63017	St. Louis.
425 S Woods Mill Rd	Chesterfield	MO	63017	St. Louis.
525 Couch Ave	Kirkwood	MO	63122	St. Louis.
600 Mason Ridge Center Dr	Town and Country	MO	63141	St. Louis.
8 Park Pl	Swansea	IL	62226	St. Louis.
8020 Forsyth Blvd	Clayton	MO	63105	St. Louis.
900 N Tucker Blvd	St. Louis	MO	63101	St. Louis.
Bldg P–5	Scott Air Force Base	IL	62225	St. Louis.

In the United States District Court for the District of Columbia

United States of America, Plaintiff v.*SBC Communications Inc.* and *AT&T Corp., Defendants*

Civil Action No. 1:05CV02102 (EGS)
Filed: November 16, 2005

Competitive Impact Statement

Plaintiff United States of America (''United States''), pursuant to Section 2 (b) of the Antitrust Procedures and Penalties Act (''APPA'' or ''Tunney Act''), 15 U.S.C. 16(b)–(h), files this Competitive Impact Statement relating to the proposed Final Judgment submitted for entry in this civil antitrust proceeding.

I. Nature and Purpose of the Proceeding

Defendants entered into an Agreement and Plan of Merger dated January 30, 2005, pursuant to which SBC Communications Inc. (''SBC'') will acquire AT&T Corp. (''AT&T''). The United States filed a civil antitrust Complaint on October 27, 2005 seeking to enjoin the proposed acquisition. The Complaint alleges that the likely effect of this acquisition would be to lessen competition substantially for Local Private Lines and other telecommunications services that rely on Local Private Lines located in 11 metropolitan areas in violation of Section 7 of the Clayton Act, 15 U.S.C. 18. This loss of competition would result in customers facing higher prices for Local Private Lines and other telecommunications services that rely on Local Private Lines than they would absent the merger.

At the same time the Complaint was filed, the United States filed a Stipulation and proposed Final Judgment that are designed to eliminate the anticompetitive effects of the acquisition. Under the proposed Final Judgment, which is explained more fully below, Defendants are required to divest, in most situations, indefeasible rights of use (''IRUs'') for lateral connections to certain buildings located in a number of metropolitan areas as listed in Appendix A of the proposed Final Judgment (collectively the ''Divestiture Assets''). Under the terms of the Stipulation, Defendants will take certain steps to ensure that these assets are preserved and maintained.

The United States and Defendants have stipulated that the proposed Final Judgment may be entered after compliance with the APPA. Entry of the proposed Final Judgment would terminate this action, except that the Court would retain jurisdiction to construe, modify, or enforce the provisions of the proposed Final Judgment and to punish violations thereof. Defendants have also stipulated that they will comply with the terms of the Stipulation and the proposed Final Judgment from the date of signing of the Stipulation, pending entry of the proposed Final Judgment by the Court and the required divestitures. Should the Court decline to enter the proposed Final Judgment, Defendants have also committe to continue to abide by its requirements and those of the Stipulation until the expiration of time for appeal.

II. Description of the Events Giving Rise to the Alleged Violation

A. The Defendants and the Proposed Transaction

SBC is a corporation organized and existing under the laws of the State of Delaware, with its headquarters in San Antonio, Texas. SBC, formerly Southwestern Bell, is a regional bell operation company (''RBOC''), formed as one of the seven regional holding companies created as a result of the breakup of AT&T's telephone business into local and long distance components initially in 1984. Since then, SBC has acquired two other RBOCs—Pacific Telsis and Ameritech—as well as an incumbent local exchange carrier (''ILEC''), Southern New England Telephone Corporation. SBC owns and operates local telecommunications networks throughout is 13-state territory and provides local and long distance voice and data services to, inter alia, business customers and other telecommunications carriers. SBC's wireline telecommunications operations currently serve around 52 million switched access lines, including 27.5 million residential and 17.6 million business lines. In 2004, SBC earned approximately $36.9 billion in revenues from its wireline services, including almost $13 million attributable to business customers.

AT&T is a corporation organized and existing under the laws of the State of New York, with its headquarters in Bedminsiter, New Jersey. After the 1984 breakup, AT&T was primarily a long distance provider and is still the nation's largest interexchange carrier (''IXC''), offering traditional long distance telephone service, as well as one of the largest competitive local exchange carriers (''CLEC''), offering local network access for voice and data services. AT&T serves consumers and businesses across the United States and around the globe. It also owns and operates local networks in dozens of metropolitan areas in the United States, a substantial number of which are in SBC territory. Like SBC, AT&T also provides local and long distance voice and data services to business customers and other telecommunications carriers. AT&T competes with SBC to serve wholesale and retail customers' locations in SBC's franchised territory. IN 2004, AT&T earned approximately $30.5 billion in revenues, including $22.6 billion from business customers.

Pursuant to an Agreement and Plan of Merger dated January 30, 2005, SBC agreed to acquire AT&T for approximately $16 billion. The proposed transaction, as initially agreed to by Defendants, would lessen competition substantially for Local Private Lines and other telecommunication services that rely on Local Private Lines in 11 metropolitan areas. This acquisition is the subject of the Complaint and proposed Final Judgment filed by the United States.

B. Local Private Lines

A Local Private Line is a dedicated, point-to-point circuit offered over copper and/or fiber-optic transmission facilities that originates and terminates within a single metropolitan area and typically includes at least one local loop. A local loop, sometimes referred to as a ''last-mile'' connection, is typically either a copper or fiber-optic transmission facility that connects commercial buildings to a carrier's network, making the local loop a critically important asset for providing telecommunications services to business customers.

Local Private Lines are a recognized service category among telecommunications carriers and end-user business customers and are sold at both retail (to business customers) and wholesale (to other carriers). Depending on how they are configured, Local Private Lines can be used to carry voice traffic, data, or a combination of the two. Local Private Lines may be purchased as stand-alone products but are also an important input to value-added voice and data telecommunications services for business customers and represent a significant portion of the costs incurred in providing those services. Customers typically purchase Local Private Lines in standard bandwidth increments such as DS1 (''T1,'' 1.54 megabits per second), DS3 (44.74 megabits per second), OC3 (155.52 megabits per second), and higher. Local Private Lines can interconnect with industry-standard data networking and telephone equipment, and can be ''channelized'' to carry various amounts of voice and/or data traffic. Local Private Lines are distinct from switched local exchange telephone servicers, which route calls through a voice switch in the local carrier's central office and do not necessarily use a dedicated circuit. customers do not consider switched local exchange services to be a substitute because they do not offer the guaranteed bandwidth, high service levels, and security that Local Private Lines provide.

Competing carriers often rely on Local Private Line circuits to connect an end-user customer's location to their networks, enabling the competitor to supply value-added data networking, Internet access, local voice and long distance services to the customer. although carriers can provide some types of voice and data services over switched local exchange lines (e.g., when an access line is pre-subscribed to a long distance carrier), most large business customers do not find those services to be a viable or cost-effective substitute for voice and data telecommunications services provided via Local Private Lines or voice and data telecommunications services provided via Local Private Lines, insufficient customers would switch to switched circuits to render the increase unprofitable.

For the vast majority of commercial buildings in its territory, SBC is the only carrier that owns a last-mile connection to the building. Thus, in order to provide Local Private Line circuits or voice or data telecommunications services to customers in those SBC-only buildings, competing carriers typically must lease the connection from SBC as Local Private Line service, which SBC refers to as ''special access.'' For a small percentage of commercial buildings (though these buildings account for a significant amount of customer demand and revenue), SBC's CLEC competitors have built or acquired their own last-mile fiber-optic connections, separate from SBC's, to connect their networks to the buildings. The CLECs typically refer to buildings with these connections as their ''lit buildings'' or ''on-net buildings.'' Once a CLEC has incurred the high fixed cost to construct a last-mile connection to a building, the CLEC can usually provide service to business customers in the building at a lower marginal cost than it would otherwise be able to do if it had to lease the connection from the RBOC. It an also provide alternative access to other CLECs seeking to service business customers in the building.

The relevant geographic market for both Local Private Lines, as well as voice and data telecommunications services that rely on Local Private Lines, is no broader than each metropolitan area and no more narrow than each individual building.

C. The Competitive Effects of the Transaction on Local Private Lines

SBC's acquisition of AT&T will substantially lessen competition in the markets for (a) Local Private Lines and (b) voice and data telecommunications services that rely on Local Private Lines. SBC is the dominant provider of Local Private Lines in its franchised territory, and AT&T is one of its largest competitors. AT&T is among the leading CLECs in SBC's territory in the number of buildings it has connected with its own last-mile fiber facilities. For hundreds of commercial buildings located in the metropolitan areas of Chicago, Illinois; Dallas-Fort Worth, Texas; Detroit, Michigan; Hartford-New Haven, Connecticut; Indianapolis, Indiana; Kansas City, Missouri; Los Angeles, California; Milwaukee, Wisconsin; San Diego, California; San Francisco-San Jose, California; and St. Louis, Missouri, SBC and AT&T are the only two firms that own or control a direct wireline connection to the building. In these buildings, the merger of SBC and AT&T would reduce the number of carriers with an owned or controlled last-mile connection from two to one.

The merger would, therefore, effectively eliminate competition for facilities-based Local Private Line service to those buildings, and many retail and wholesale customers would no longer have AT&T as a competitive alternative to SBC. Although other competitors might resell Local Private Lines from SBC, those competitors would not be as effective a competitive constraint because SBC would control the price of the resold circuits. The merged firm would, therefore, have the ability to raise price to retail and wholesale customers of Local Private Lines. In addition, because the cost of dedicated local access via Local Private Lines represents an important cost component of many value-added voice and data telecommunications services provided over such access, the merger would tend to lessen competition for retail voice and data telecommunications services provided over dedicated access by (a) eliminating AT&T as the only competitive alternative to SBC for such services with its own Local Private Line connection to hundreds of buildings and (b) depriving other carriers seeking to provide such value-added network services of the only fully-facilities based wholesale competitive alternative to SBC in those buildings.

Although other CLECs can, theoretically, build their own fiber connection to each building in response to a price increase by the merged firm, such entry is a difficult, time-consuming, and expensive process. Whether a CLEC builds a last-mile connection to a given building depends upon many factors, as noted in the Complaint, and the costs of building a last-mile fiber-optic connection vary substantially for each location. Because a single such connection may cost hundreds of thousands of dollars to build and light, CLECs will typically only build in to a particular building after they have secured a customer contract of sufficient size and length to justify the anticipated construction costs for that building. While entry may occur in some buildings where AT&T is the only CLEC present in response to a post-merger price increase, the conditions for entry are unlikely to be met in the hundreds of buildings that are the subject to the Complaint. For these buildings, the expected customer demand and proximity of other CLEC fiber to the building (two important factors in the decision to build in) indicate that such entry, even in the face of a price increase, is unlikely to be profitable for any CLEC. Thus, entry would not be timely, likely, or sufficient to eliminate the competitive harm that would likely result from SBC's proposed acquisition of AT&T.

For these seasons, the United States concluded that SBC's proposed acquisition of AT&T will likely substantially lessen competition, in violation of Section 7 of the Clayton Act, in the provision of Local Private Lines and other telecommunications services that rely on Local Private Lines in the 11 metropolitan areas listed above.

III. Explanation of the Proposed Final Judgment

The divestiture requirements of the proposed Final Judgment will eliminate the anticompetitive effects of the acquisition of Local Private Lines and other telecommunications services that rely on Local Private Lines in the relevant areas. The proposed Final Judgment requires Defendants, within 120 days after the closing of SBC's acquisition of AT&T, or five (5) days after notice of the entry of the Final Judgment by the Court, whichever is later, to divest the Divestiture Assets. The Divestiture Assets consist of IRUs for lateral connections (or last-mile connection) to hundreds of buildings in the identified metropolitan areas along with transport facilities sufficient to enable the IRUs to be used by the purchaser to provide telecommunications services. Defendants must take all reasonable steps necessary to accomplish the divestitures quickly and shall cooperate with prospective purchasers.

These assets must be divested in such a way as to satisfy the United States in its sole discretion that they will be used by the purchaser to compete effectively and remedy the harm alleged in the Complaint in the markets for Local Private Lines and other telecommunications services that rely on Local Private Lines. In reviewing the purchaser or purchasers of the Divestiture Assets, the United States will be particularly focused on the purchaser's ability to be a viable competitor in offering Local Private Lines on both a retail and/or wholesale basis. Purchasers that are already offering similar services in or near the metropolitan area are more likely to be viable competitors than other potential purchasers.

Divesting the last-mile connections to the hundreds of buildings in SBC's territory will remedy the harm alleged in the Complaint. Although other CLEC's have local fiber networks in each of the metropolitan areas at issue, they cover only a small percentage of buildings, and the buildings covered vary from CLEC and CLEC. As a result, there are numerous buildings where AT&T is the only CLEC with a last-mile connection. It is the decreased competition in the provision of these last-mile connections to buildings where AT&T is the only CLEC that creates the harm alleged in the Complaint. Whether the geographic market for the sale of Local Private Line or other telecommunications services that rely on Local Private Lines is as broad as the metropolitan area or as narrow as individual locations or building, divesting these last-mile connections will restore the lost facilities-based competition. The proposed Final Judgment also strengthens metropolitan area competition by divesting to a single purchaser in each area all of the buildings that were unique to AT&T.

To ensure that the purchaser has adequate capacity to serve customers in a given location, the lateral or last-mile connection to be divested will consist of an IRU for the grater of (1) eight (8) fiber strands or (2) one-half of the currently unused fiber strands in AT&T's facilities serving the building measured at the time of the filing of the Complaint, from the point of entry of the building to the splice point with fiber used to serve different buildings. This should be sufficient capacity for the purchaser to serve current demand and allow for future growth and changes in the local service area while allowing SBC to retain the AT&T circuits being used to serve current customers without disruption to their service. In addition, to accommodate network engineering and design requirements, the divestiture IRUs can be granted for fiber strands owned or controlled by either SBC or AT&T, as mutually agreed by Defendants and the purchaser.

Last-mile connections, however, are of little use if they are not connected to a network. Therefore, the proposed Final Judgment also requires the divestiture of IRUs for transport facilities sufficient to connect the divested last-mile connections to locations mutually agreed upon by Defendants and the purchaser. This will ensure that the purchaser can connect the last-mile connections to its network facilities and provide both Local Private Lines and any other telecommunications services that rely on Local Private Lines that a customer in the building may require.

An IRU (or indefeasible right of use) is a long-term leasehold interest commonly used in the telecommunications industry that gives the holder the right to use specified strands of fiber in a telecommunications facility. The proposed Final Judgment contemplates that the purchaser and Defendants will negotiate commercially reasonable IRUs that must meet minimum requirements, including: (1) To ensure that the purchaser has the asset for a long enough time period to serve customers while taking into account the dynamic nature of the telecommunications industry and the useful life of the existing fiber, the IRU must be for a minimum of 10 years; (2) to minimize ongoing carrying costs for the IRU, the IRU cannot contain a monthly or other recurring fee; and (3) to ensure that Defendants cannot limit the purchasers' use of the last-mile connection, the IRU cannot unreasonably limit the right of the purchaser to use the asset as it wishes (e.g., the purchaser shall be permitted to splice into the IRU fiber, though such splice points must be mutually agreed upon by Defendants and purchaser). This last requirement, allows the purchaser to splice into the IRUs to serve locations other than those listed in Appendix A of the proposed Final Judgment, at mutually agreed upon splice points.

The requirements of the proposed Final Judgment ensure that the purchasers can use the Divested Assets to begin competing immediately for customers in these buildings and will have the rights and cost structure necessary to be effective by (1) minimizing carrying costs so that viability is not threatened if customers are not immediately procured and (2) giving the purchaser flexibility in use of the last-mile connections by allowing splicing into the fiber.

In some locations, AT&T serves the building using fiber that it controls through an IRU, rather than full ownership. In these locations if the United States determines in its sole discretion that such an alternative disposition will meet the aims of the proposed Final Judgment, Defendants may alternatively (1) enter into a dark fiber service agreement or other commercial arrangement for the last-mile connections and, if necessary, associated transport with the purchaser or (2) relinquish a portion of AT&T's IRU rights back to the owner of the fiber. In either of these circumstances, as with approving a purchaser, the United States will consider whether the fiber is likely to be used it in a manner that will remedy the competitive harm alleged in the Complaint.

Lastly, with the approval of the United States, in its sole discretion, and at the purchaser's option, the Divestiture Assets may be modified to exclude assets and rights that are not necessary to meet the aims of this Final Judgment. This will allow for minor modifications of the Divestiture Assets to exclude assets that may not be necessary in order to remedy the competitive harm.

A. Timing of Divestitures

To rapidly restore lost competition, the United States requires divestitures to be completed within the shortest time period reasonable under the circumstances. In this case, the proposed Final Judgment requires, in Section IV.A, divestiture of the Divestiture Assets, within 120 days after the closing of SBC's acquisition of AT&T, or five (5) days after notice of the entry of the Final Judgment by the Court, whichever is later. The United States in its sole discretion may extend the date for divestiture of the Divestiture Assets by up to sixty (60) days. The divestiture timing provisions of the proposed Final Judgment will ensure that the divestitures are carried out in a timely manner, and at the same time will permit Defendants an adequate opportunity to accomplish the divestitures through a fair and orderly process.

B. Use of a Divestiture Trustee

In the event that Defendants do not accomplish the divestiture within the periods prescribed in the proposed Final Judgment, the Final Judgment provides that the Court will appoint a trustee selected by the United States to effect the divestitures. To ensure that the divestiture trustee can promptly locate and divest to an acceptable purchaser, the United States, in its sole discretion, may require Defendants to include additional assets, or allow Defendants to substitute substantially similar assets, which substantially relate the Divestiture Assets to be divested by the divestiture trustee.

The proposed Final Judgment provides that Defendants will pay all costs and expenses of the divestiture trustee. The divestiture trustee's commission will be structured, under Section V.D of the proposed Final Judgment, so as to provide an incentive for the divestiture trustee based on the price obtained and the speed with which the divestitures are accomplished. After his or her appointment becomes effective, the divestiture trustee will file monthly reports with the Court and the United States setting forth his or her efforts to accomplish the divestitures. Section V.G of the proposed Final Judgment requires the divestiture trustee to divest the Divestiture Assets to an acceptable purchaser or purchasers no later than six (6) months after his or her appointment. At the end of six (6) months, if all divestitures have not been accomplished, the trustee and the United States will make recommendations to the Court, which shall enter such orders as appropriate in order to carry out the purpose of the trust, including extending the trust or term of the trustee's appointment.

IV. Remedies Available to Potential Private Litigants

Section 4 of the Clayton Act, 15 U.S.C. 15, provides that any person who has been injured as a result of conduct prohibited by the antitrust laws may bring suit in federal court to recover three times the damages the person has suffered, as well as costs and reasonable attorneys' fees. Entry of the proposed Final Judgment will neither impair nor assist the bringing of any private antitrust damage action. Under the provisions of Section 5(a) of the Clayton Act, 15 U.S.C. 16(a), the proposed Final Judgment has no prima facie effect in any subsequent private lawsuit that may be brought against Defendants.

V. Procedures Available for Modification of the Proposed Final Judgment

The United States and Defendants have stipulated that the proposed Final Judgment may be entered by the Court after compliance with the provisions of the APPA, provided that the Untied States has not withdrawn its consent. The APA conditions entry upon the Court's determination that the proposed Final Judgment is in the public interest.

The APPA provides a period of at least sixty (60) days preceding the effective date of the proposed Final Judgment within which any person may submit to the United States written comments regarding the proposed Final Judgment. Any person who wishes to comment should do so within sixty (60) days of the date of publication of this Competitive Impact Statement in the **Federal Register**. All comments received during this period will be considered by the Department of Justice, which remains free to withdraw its consent to the proposed Final Judgment at any time prior to the Court's entry of judgment. The comments and the response of the United States will be filed with the Court and published in the **Federal Register**.

Written comments should be submitted to: Nancy M. Goodman, Chief, Telecommunications and Media Enforcement Section, Antitrust Division, U.S. Department of Justice, 1401 H Street, NW., Suite 8000, Washington, DC 20530. The proposed Final Judgment provides that the Court retains jurisdiction over this action, and the parties may apply to the Court for any order necessary or appropriate for the modification, interpretation, or enforcement of the Final Judgment.

VI. Alternatives to the Proposed Final Judgment

The United States considered, as an alternative to the proposed Final Judgment, a full trial on the merits against Defendants. The United States could have continued the litigation and sought preliminary and permanent injunctions against SBC's acquisition of AT&T. The United States is satisfied, however, that the divestiture of assets and other relief described in the proposed Final Judgment will preserve competition for Local Private Lines and other telecommunications services that rely on Local Private Lines in the metropolitan areas identified in the Complaint.

VII. Standard of Review Under the APPA for the Proposed Final Judgment

The APPA requires that proposed consent judgments in antitrust cases brought by the United States be subject to a sixty (60) day comment period, after which the Court shall determine whether entry of the proposed Final Judgment ''is in the public interest.'' 15 U.S.C. § 16(e)(1). In making that determination, the Court shall consider:

(A) The competitive impact of such judgment, including termination of alleged violations, provisions for enforcement and modification, duration or relief sought, anticipated effects of alternative remedies actually considered, whether its terms are ambiguous, and any other competitive considerations bearing upon the adequacy of such judgment that the court deems necessary to a determination of whether the consent judgment is in the public interest; and

(B) The impact of entry of such judgment upon competition in the relevant market or markets, upon the public generally and individuals alleging specific injury from the violations set forth in the complaint including consideration of the public benefit, if any, to be derived from a determination of the issues at trail.

15 U.S.C. § 16(e)(1)(A) & (B). As the United States Court of Appeals for the District of Columbia Circuit has held, the APPA permits a court to consider, among other things, the relationship between the remedy secured and the specific allegations set forth in the government's complaint, whether the consent judgment is sufficiently clear, whether enforcement mechanisms are sufficient, and whether the consent judgment may positively harm third parties. See *United States* v. *Microsoft Corp.,* 56 F.3d 1448, 1458–62 (D.C. Cir. 1995).

''Nothing in this section shall be construed to require the court to conduct an evidentiary hearing or to require the court to permit anyone to intervene.'' 15 U.S.C. § 16(e)(2). Thus, in conducting this inquiry, ''[t]he court is nowhere compelled to go to trial or to engage in extended proceedings which might have the effect of vitiating the benefits of prompt and less costly settlement through the consent decree process.'' 119 Cong. Rec. 24,598 (1973) (statement of Senator Tunney).[1]

Rather:

[a]bsent a showing of corrupt failure of the government to discharge its duty, the Court, in making its public interest finding, should * * * carefully consider the explanations of the government in the competitive impact statement and its responses to comments in order to determine whether those explanations are reasonable under the circumstances.

United States v. *Mid-America Dairymen, Inc.,* 1977–1 Trade Cass. (CCH) ¶ 61,508, at 71,980 (W.D. Mo. 1977).

Accordingly, with respect to the adequacy of the relief secured by the proposed Final Judgment, a court may not ''engage in an unrestricted evaluation of what relief would best serve the public.'' *United States* v. *BNS Inc.,* 858 F.2d 456, 462 (9th Cir. 1988) (citing *United States* v. *Bechtel Corp.,* 648 F.2d 660, 666 (9th Cir. 1981)); see also *Microsoft,* 56 F.3d at 1460–62. Courts have held that:

[t]he balancing of competing social and political interests affected by a proposed antitrust consent decree must be left, in the first instance, to the discretion of the Attorney General. The court's role in protecting the public interest is one of insuring that the government has not breached its duty to the public in consenting to the decree. The court is required to determine not whether a particular decree is the one that will best serve society, but whether the settlement is ''*within the reaches of the public interest.*'' More elaborate requirements might undermine the effectiveness of antitrust enforcement by consent decree.

Bechtel, 648 F.2d at 666 (emphasis added) (citations omitted).[2]

The proposed Final Judgment, therefore, should not be reviewed under a standard of whether it is certain to eliminate every anticompetitive effect of a particular practice or whether it mandates certainty of free competition in the future. Court approval of a final judgment requires a standard more flexible and less strict than the standard required for a finding of liability. ''[A] proposed decree must be approved even if it falls short of the remedy the court would impose on its own, as long as it falls within the range of acceptability or is 'within the reaches of public interest.' '' *United States* v. *AT&T Corp.*, 552 F. Supp. 131, 151 (D.D.C. 1982) (citations omitted) (quoting *Gillette,* 406 F. Supp. at 716), aff'd sub nom. *Maryland* v. *United States*, 460 U.S. 1001 (1983); see also *United States* v. *Alcan Aluminum Ltd.*, 605 F. Supp 619, 622 (W.D. Ky. 1985) (approving the consent judgment even though the court would have imposed a greater remedy).

Moreover, the Court's role under the APPA is limited to reviewing the remedy in relationship to the violations that the United States has alleged in its Complaint, and does not authorize the Court to ''construct [its] own hypothetical case and then evaluate the decree against that case.'' *Microsoft,* 56 F.3d at 1459. Because the ''court's authority to review the decree depends entirely on the government's exercising its prosecutorial discretion by bringing a case in the first place,'' it follows that ''the court is only authorized to review the decree itself,'' and not to ''effectively redraft the complaint'' to inquire into other matters that the United States did not pursue. Id. at 1459–60.

VIII. Determinative Documents

There are no determinative materials or documents within the meaning of the APPA that were considered by the United States in formulating the proposed Final Judgment.

Dated: November 16, 2005.

Respectfully submitted,

/s/

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DEPARTMENT OF JUSTICE

Antitrust Division

United States v. Verizon Communications Inc. and MCI, Inc.; Competitive Impact Statement, Proposed Final Judgment, Complaint, Stipulation

Notice is hereby given pursuant to the Antitrust Procedures and Penalties Act, 15 U.S.C. 16(b)–(h), that a Complaint, proposed Final Judgment, Stipulation, and Competitive Impact Statement have been filed with the U.S. District Court for the District of Columbia in *United States* v. *Verizon Communications Inc.,* Civil Case No. 1:05CV02103 (HHK). On October 27, 2005, the United States filed a complaint alleging that the proposed acquisition of MCI, Inc. (''MCI'') by Verizon Communications Inc. (''Verizon'') would violate Section 7 of the Clayton Act, 15 U.S.C. § 18, by substantially lessening competition in the provision of locally private lines (also called ''special access'') and other

[1] See *United States* v. *Gillette Co.,* 406 F. Supp. 713, 716 (D. Mass. 1975) (recognizing it was not the court's duty to settle; rather, the court must only answer ''whether the settlement achieved [was] within the reaches of the public interest''). A ''public interest'' determination can be made properly on the basis of the Competitive Impact Statement and Response to Comments filed by the Department of Justice pursuant to the APPA. Although the APPA authorizes the use of additional procedures, 15 U.S.C. 16(f), those procedures are discretionary. A court need not invoke any of them unless it believes that the comments have raised significant issues and that further proceedings would aid the court in resolving those issues. See H.R. Rep. No. 93–1463, 93d Cong., 2d Sess. 8–9 (1974), reprinted in 1974 U.S.C.C.A.N. 6535, 6538–39.

[2] Cf. BNS, 858 F.2d at 464 (holding that the court's ''ultimate authority under the [APPA] is limited to approving or disapproving the consent decree''); *Gillette,* 406 F. Supp. at 716 (noting that, in this way, the court is constrained to ''look at the overall picture not hypercritically, nor with a microscope, but with an artist's reducing glass''); see generally *Microsoft,* 56 F.3d at 1461 (discussing whether ''the remedies [obtained in the decree are] so inconsonant with the allegations charged as to fall outside of the 'reaches of the public interest' '').