



# Department of Justice

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## **JUSTICE DEPARTMENT APPROVES AT&T CORP.'S MERGER WITH TCI AFTER COMPANIES AGREE TO DIVESTITURE**

WASHINGTON, D.C. -- The Department of Justice today approved a \$48 billion merger between AT&T Corp. and Tele-Communications Inc. (TCI), after the companies agreed to a complete divestiture of TCI's interests in Sprint PCS over a five-year period.

AT&T is the largest provider of mobile wireless telephone services in the United States, with approximately 9 million customers. TCI is the second largest operator of cable television systems nationally, and owns approximately 23.5 percent of the stock of Sprint's mobile wireless telephone business, Sprint PCS. Both AT&T and Sprint operate wireless networks that offer nearly nationwide geographic coverage.

"In the past few years, increased competition in mobile wireless services has produced lower prices, higher quality, and millions of new subscribers," said Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division. "The settlement reached today will ensure that the merger will not blunt the move towards a more competitive market in wireless services and that customers continue to reap the benefits of that competition."

Mobile wireless telephone services are provided principally by cellular and personal communications services (PCS) providers. Approximately 60 million consumers subscribe to

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such services, and those consumers purchased approximately \$30 billion of these services in 1998.

Under the terms of the settlement, the parties must transfer the Sprint PCS stock to an independent trustee before closing their merger. The trustee will then have approximately five years to complete the sale. The agreement also includes provisions designed to preserve AT&T's incentives to compete aggressively against Sprint pending completion of the divestiture.

The settlement agreement was structured to minimize any risk that the divestiture of the Sprint PCS stock would interfere with Sprint's ability to issue new stock or otherwise raise capital in order to continue to construct its wireless network.

AT&T Corporation is headquartered in New York City. In 1998, it had revenues of approximately \$52 billion overall, including approximately \$5 billion from its mobile wireless operations.

TCI is headquartered in Englewood, Colorado. In 1998, it had total revenues of approximately \$ 7.5 billion.

Sprint PCS is another large mobile wireless provider nationally, with approximately \$975 million in revenues in 1998.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, along with the Department's competitive impact statement. Any person may submit written comments concerning the proposed decree during a 60-day comment period to Donald J. Russell, Chief, Telecommunications Task Force, Antitrust Division, U.S. Department of Justice, 1401 H St., N.W., Suite 8000, Washington, D.C. 20530.

At the conclusion of the 60-day comment period, the court may enter the consent decree upon its finding that it serves the public interest.

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