UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA, Plaintiff, v. GTE CORPORATION, Defendant.	)	Civil Action No. 83-1298 Filed: FILED DEC 21 1984 JAMES F. DAVEY, Clerk

FINAL JUDGMENT

Plaintiff, the United States of America, having filed its complaint herein on May 4, 1983; the parties, by their respective attorneys, having consented to the entry of this Final Judgment; and without this Final Judgment constituting any evidence or admission by any party with respect to any issue of fact or law herein;

NOW, THEREFORE, before the taking of any testimony, without trial or adjudication of any issue of fact or law, and upon the consent of the parties, it is hereby

ADJUDGED, AND DECREED as follows:

I.

This Court has jurisdiction over the parties and the subject matter of this action. The complaint states a claim upon which relief may be granted against the defendant under Section 2 of the Sherman Act (15 U.S.C. § 2) and under Section 7 of the Clayton Act, as amended (15 U.S.C. § 18).

II.

As used in this Final Judgment:

A. "Acquired entities" means the stock and assets acquired by GTE from Southern Pacific Company, including but not limited to Southern Pacific Communications Company and Southern Pacific Satellite Company, and shall also include any assets transferred to or from such entities, or any new entity created pursuant to Paragraph IV(D) of this Final Judgment.

B. "Affiliate" or "affiliates" means any organization or entity in which, directly or indirectly, GTE has any ownership or equity interest or control.

C. "AT&T" means American Telephone and Telegraph Company and the affiliates of AT&T. "Affiliates of AT&T" means any organization or entity, including Western Electric Company, Incorporated, Bell Telephone Laboratories, Incorporated, and American Bell, Incorporated, that is under direct or indirect common ownership with or control by AT&T or is owned or controlled by another affiliate. "Interexchange telecommunications services or information services of AT&T" shall include interexchange telecommunications services and information services of GTE provided jointly or on a joint through basis with or for AT&T or on a concurring tariff basis with such services of AT&T.

D. "Bell Operating Companies" and "BOCs" mean the corporations listed in Appendix C of this Final Judgment, their

successors and assigns, and any entity directly or indirectly owned or controlled by a BOC or affiliated through substantial common ownership.

E. "Carrier" means any person deemed a carrier under the Communications Act of 1934 or amendments thereto, or, with respect to intrastate telecommunications, under the laws of any state.

F. "Customer premises equipment" means equipment employed on the premises of a person (other than a carrier) to originate, route, or terminate telecommunications, but does not include equipment used to multiplex, maintain, or terminate access lines.

G. "Exchange access" means the provision of exchange services for the purpose of originating or terminating interexchange telecommunications. Exchange access services include any activity or function performed by a GTOC in connection with the origination or termination of interexchange telecommunications, including but not limited to the provision of network control signalling, answer supervision, automatic calling number identification, carrier access codes, directory services, testing and maintenance of facilities, and the provision of information necessary to bill customers. Such services shall be provided by facilities in an exchange or serving area for the transmission, switching, or routing, within the exchange or serving area, of interexchange traffic originating or terminat-

ing within the exchange or serving area, and, except as provided in Paragraph A(2) of Appendix B of this Final Judgment, shall include switching traffic within the exchange area above the end office and delivery and receipt of such traffic at a point or points within an exchange or serving area designated by an interexchange carrier for the connection of its facilities with those of the GTOC. Such connections, at the option of the interexchange carrier, shall deliver traffic with signal quality and characteristics equal to that provided to similar traffic of AT&T or any IOC, including equal probability of blocking, based on reasonable traffic estimates supplied by each interexchange carrier. Exchange services for exchange access shall not include the performance by any GTOC of interexchange traffic routing for any interexchange carrier, except that tariffed routing of traffic among multiple points of presence designated by an interexchange carrier (solely at the option of such carrier) within an exchange or serving area based on the destination of such traffic outside a GTOC's facilities (but not routing of traffic among trunk groups from an end office or access tandem to a point of presence or any routing beyond such points of presence) shall not be considered interexchange traffic routing. There shall not be more than one point of presence of any interexchange carrier at any physical location.

H. "Exchange area" or "exchange" means those geographic areas established by a GTOC within which the GTOC has the

facilities and capability (on the schedule set forth in Paragraph A of Appendix B of this Final Judgment) to provide traffic switching above end offices and delivery and receipt of such traffic at a point or points designated by an interexchange carrier within such exchange areas for the connection of its facilities with those of the GTOC. Additional or different exchange areas shall be established by the GTOCs in the future, with the approval of the Department of Justice and the Court, when and where the foregoing criteria are met. No later than July 5, 1983, GTE shall submit to the Department of Justice for its approval, and file with the Court, a list of its proposed exchange areas. In addition to the foregoing, each GTOC exchange area shall meet the following criteria:

1. Any such exchange area shall encompass one or more contiguous local exchange areas serving common social, economic, or other purposes, even where such configuration transcends municipal or other local governmental boundaries, and shall take into consideration BOC exchange areas and associated serving areas approved by the Court in United States v. Western Electric Co., No. 82-0192 (D.D.C.);

2. No such area which includes part or all of one metropolitan statistical area (or a consolidated statistical area, in the case of densely populated states) shall include a substantial part of any other metropolitan statistical area (or consolidated statistical area, in the case of

densely populated states), unless the Court shall allow; and

3. Except with approval of the Court, no exchange area located in one state shall include any point located within another state.

I. "Exchange telecommunications" means:

1. Telecommunications between points within an exchange or serving area;

2. Telecommunications between or among a point or points within a GTOC exchange or serving area and either

(a) a point or points within another GTOC exchange or serving area,

(b) a point or points within the serving area of any IOC, or

(c) a point or points within an exchange area of a BOC (as defined in the Modified Final Judgment in United States v. Western Electric Co., No. 82-0192 (D.D.C.)),

if the GTOC exchange or serving area(s) and the IOC serving area have been associated with the BOC exchange area pursuant to an order of the Court in United States v. Western Electric Co., No. 82-0192 (D.D.C.); and

3. Telecommunications between a point or points within a GTOC exchange or serving area and a point or points within an IOC serving area which has been associated with such GTOC exchange or serving area with the approval of the Department of Justice as permitted by Paragraph II(P) of this Final Judgment.

J. "GTE" means defendant GTE Corporation and its affiliates.

K. "GTE Operating Companies" and "GTOCs" mean the corporations listed in Appendix A of this Final Judgment, their successors and assigns, any entity hereafter acquired by GTE that provides any regulated wireline exchange telecommunications and exchange access services in a manner similar to that of a GTOC, and any entity directly or indirectly owned or controlled by a GTOC or affiliated through substantial common ownership, but shall not include GTE Corporation or any affiliate of GTE not having an ownership interest in a GTOC.

L. "Independent Operating Company" and "IOC" mean any carrier, other than AT&T or any BOC or GTOC, providing exchange telecommunications and exchange access services.

M. "Information" means knowledge or intelligence represented by any form of writing, signs, signals, pictures, sounds, or other symbols.

N. "Information access" means the provision of specialized exchange telecommunications services by a GTOC in an exchange or serving area in connection with the origination, termination, transmission, switching, forwarding, or routing of telecommunications traffic to or from the facilities of a provider of information services. Such specialized exchange telecommunications services include, where necessary, the provision of network control signalling, answer supervision, automatic calling number identification, carrier access codes, testing and

maintenance of facilities, and the provision [illegible] necessary to bill customers.

O. "Information service" means the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information which may be conveyed via telecommunications, except that such service does not include (1) any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service, or (2) the provision of time, weather, and such other similar audio services that are offered by any GTOC as of the date of entry of this Final Judgment.

P. "Interexchange telecommunications" means telecommunications between a point or points located in one exchange or serving area (as defined herein or as established by a BOC pursuant to the Modified Final Judgment in United States v. Western Electric Co., No. 82-0192 (D.D.C.)) and a point or points located in one or more other such areas or a point outside such an area; provided, however, that telecommunications between or among a point or points within a GTOC exchange or serving area and either

(1) a point or points within another GTOC exchange or serving area,

(2) a point or points within the serving area of any IOC, or

(3) a point or points within an exchange area of a BOC (as defined in the Modified Final Judgment in United States v. Western Electric Co., No. 82-0192 (D.D.C.)),

if the GTOC exchange or serving area(s) and the IOC serving area have been associated with the BOC exchange area pursuant to an order of the Court in United States v. Western Electric Co., No. 82-0192 (D.D.C.), shall not be interexchange telecommunications; and provided further that, with the approval of the Department of Justice, a GTOC may associate the serving areas of other IOCs with its exchange or serving areas, and in such cases telecommunications between a point or points within the GTOC exchange or serving area and a point or points within the associated IOC serving area shall also not be interexchange telecommunications.

Q. "Person" means any individual, partnership, firm, corporation, association, or other business or legal entity.

R. "Serving area" means (1) a geographic area, not within an exchange area, in which a GTOC does not have the facilities and capability identified in Paragraph II(H) but in which it provides exchange telecommunications and exchange access services, provided that all GTOC geographic areas associated with a single BOC exchange area pursuant to an order of the Court in United States v. Western Electric Co., No. 82-0192 (D.D.C.), may be combined into a single GTOC serving area, and (2) a geo-

graphic area in which an IOC provides exchange telecommunications and exchange access services.

S. "Technical information" means intellectual property of all types, including, without limitation, patents, copyrights, and trade secrets, relating to planning documents, designs, specifications, standards, and practices and procedures, including employee training.

T. "Telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received, by means of electromagnetic transmission, with or without benefit of any closed transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of such information) essential to such transmission.

U. "Telecommunications service" means the offering for hire of telecommunications facilities, or of telecommunications by means of such facilities.

V. "Transmission facilities" means equipment (including without limitation cable, microwave, satellite, and fiber optics) that transmits information by electromagnetic means or which directly support such transmission.

III.

The provisions of this Final Judgment shall be binding upon GTE, its successors and assigns, officers, directors, agents, employees, and attorneys, and upon any person in active concert or participation with any of them who receives actual notice of this Final Judgment by personal service or otherwise, except that this Final Judgment shall not apply to any GTOC, or any portion thereof, as to which GTE may hereafter sell, transfer, or otherwise dispose of its interests, both direct and indirect, to any non-affiliated person.

IV.

A. GTE shall maintain total separation between the acquired entities and GTE as follows:

1. No GTOC shall directly or indirectly transfer to or obtain from the acquired entities any assets, operations, or line of business, except as provided in Paragraphs IV(D) and IV(E);

2. GTE shall not, under any circumstances, maintain for the acquired entities and any GTOC (a) common directors, officers, or employees (other than the Chief Executive Officer and President of GTE Corporation), (b) common facilities or assets, or (c) common books of accounts, costs, or expenditures;

3. In no event shall GTE directly or indirectly provide

to, or utilize for the benefit of, the acquired entities any proprietary GTOC telecommunications information, including but not limited to non-public GTOC customer information or non-public network engineering information;

4. Neither a GTOC, nor the Telephone Operations Group of GTE Service Corporation or its successors, shall directly or indirectly provide any administrative, engineering, research and development, or similar services to the acquired entities, nor shall the acquired entities directly or indirectly provide any such services to any GTOC or such Telephone Operations Group (or its successors);

5. All financing of the acquired entities shall be provided directly by GTE Corporation, any financing affiliate wholly owned by GTE, or by unaffiliated sources;

6. The GTOCS and the acquired entities shall not jointly provide telecommunications or information services or jointly own the assets used to provide such services; and

7. The acquired entities shall (a) obtain all services, information, and products from other GTE affiliates (other than the GTOCs or the Telephone Operations Group of GTE Service Corporation or its successors) only pursuant to contracts, and on terms and conditions no more favorable than such services, information, and products are offered to the GTOCs, and (b) bear the fully allocated cost of any services, information, and products obtained from any such GTE affiliate that are not offered by that affiliate to the GTOCs.

B. No officer or employee of a GTOC or any officer or employee of GTE who has direct or indirect managerial or operational authority over a GTOC shall also have any such authority with respect to the acquired entities, provided, however, that this requirement shall not apply to the Chief Executive Officer and the President of GTE Corporation.

C. The acquired entities may not be identified with, nor may their services be marketed or identified in connection with, any GTOC or the services offered by any GTOC, except that a GTOC may inform its subscribers in a non-discriminatory manner of the services offered by interexchange carriers. Nothing contained herein shall prevent the acquired entities and the GTOCs from each separately being identified with GTE.

D. Nothing in Paragraphs IV(A) or IV(B) shall prohibit GTE from:

1. transferring to the acquired entities the assets, stock, operations, or telecommunications or information services of:

(a) GTE Satellite Corporation;

(b) GTE Telenet Incorporated;

(c) any GTE affiliate which provides only interexchange telecommunications or information services, customer premises equipment (but not the manufacture thereof or research and development therefor), or unregulated exchange telecommunications or information services;

(d) any GTE affiliate not providing goods or services to a GTOC; or

(e) any other GTE affiliate subject to the approval of the Department of Justice; or

2. consolidating in a newly created affiliate the assets, stock, operations, or services of the acquired entities, and:

(a) GTE Satellite Corporation;

(b) GTE Telenet Incorporated;

(c) any GTE affiliate which provides only interexchange telecommunications or information services, customer premises equipment (but not the manufacture thereof or research and development therefor), or unregulated exchange telecommunications or information services;

(d) any GTE affiliate not providing goods or services to a GTOC; or

(e) any other GTE affiliate subject to the approval of the Department of Justice.

3. Any assets, stock, operations, or services of GTE Satellite Corporation, GTE Telenet Incorporated, or such other GTE affiliate transferred or consolidated pursuant to Paragraphs IV(D)(1) or IV(D)(2) shall not include any that were at any time owned, operated, conducted, or offered by any GTOC as a regulated exchange or exchange access service.

E. Nothing in Paragraph IV(D) shall prohibit GTE from transferring any unregulated exchange telecommunications services or customer premises equipment from the GTOCs.

F. GTE shall submit an annual written report to the Department of Justice, accompanied by an affidavit of its Chief Executive Officer and of its President, setting out a summary of the transactions described by this Section IV and attesting to GTE's compliance with this Final Judgment, and shall provide all further information concerning such transactions as may be requested by the Department of Justice.

V.

A. Subject to Appendix B of this Final Judgment, each GTOC shall provide to all interexchange carriers and information service providers exchange access, information access, and exchange services for such access on an unbundled, tariffed basis, that is equal in type, quality, and price for all interexchange carriers and information service providers, including any information services of a GTOC.

B. No GTOC shall discriminate between the interexchange telecommunications services, information services, or customer premises equipment of GTE (including any information services of a GTOC) and the interexchange telecommunications services, information services, or customer premises equipment of other persons in the:

1. establishment and dissemination of technical information and interconnection standards;

2. interconnection and use of the GTOC's exchange telecommunications or exchange access services and facilities or in the charges for each element of service; and

3. provision of new exchange access and information access services and the planning for and implementation of the construction or modification of facilities used to provide exchange access and information access.

C. 1. No GTOC shall provide interexchange telecommunications services or own, individually or jointly with GTE or any other person, facilities that are used to provide such services, provided that nothing in this Final Judgment shall prohibit Hawaiian Telephone Company and General Telephone Company of Alaska from providing telecommunications services between Hawaii and Alaska, respectively, and points outside of the United States, and owning the assets necessary to provide such services.

2. Notwithstanding Paragraph V(C)(1), a GTOC's capacity for interexchange switching and interexchange transmission in facilities in service on January 1, 1984, or in a GTOC's construction program as of January 1, 1983 and in service by January 1, 1987, may be leased by the GTOC to any interexchange carrier (or any successor) with which such GTOC was, as of January 1, 1983, providing interexchange telecommunications

services jointly or on a joint through or concurring tariff basis, for the provision of interexchange telecommunications services by such carrier. Any such leases shall ensure that the GTOC retains control of sufficient switching and transmission capacity to provide exchange telecommunications and exchange access services in accordance with the requirements of this Final Judgment.

3. Nothing contained herein shall prohibit a GTOC, in any location in which it has assets subject to Paragraph V(C)(2) for which it has not recovered its capital investment and for which the leases described in Paragraph V(C)(2) are not in effect, from replacing existing agreements with the BOCs or AT&T with an agreement with an interexchange carrier (other than the acquired entities) that will permit the recovery of the net book value of such capital investment and the costs thereof, including a return on debt or equity, so long as that agreement terminates when such net book value has been recovered.

4. In the event that the arrangments described in Paragraphs V(C)(2) and V(C)(3) are not in effect, each GTOC shall make its interexchange routing and transmission capacity provided by assets subject to Paragraph V(C)(2) available to all interexchange carriers on non-discriminatory terms and conditions, and may expand and modernize (but not replace) such interexchange routing and transmissin facilities if it offers to make available such expanded or modernized capacity to all interexchange carriers on non-discriminatory terms and conditions.

5. Nothing in Paragraphs V(C)(2), V(C)(3), or V(C)(4) shall preclude, either explicitly or implicitly, any GTOC or GTE from pursuing appropriate remedies before regulatory bodies and elsewhere to recover the GTOC's financial investment in the assets subject to Paragraph V(C)(2).

D. 1. No GTOC shall provide information services or own jointly with GTE or any other person facilities that are used to provide such services.

2. Notwithstanding Paragraph V(D)(1), a GTOC may provide information services through a separate entity (either an incorporated subsidiary or an unincorporated division having separate books of account and reporting directly to the chief operating officer of the GTOC) that obtains from the GTOC telecommunications services, telecommunications facilities (including the right to co-locate its equipment in buildings used to provide exchange telecommunications), and billing services, only to the extent that such services and facilities are made available to other persons pursuant to tariffed and unbundled schedules of charges and in accordance with the requirements of Paragraph V(B), and obtains administrative and other services (including the use of GTOC maintenance and installation personnel) from the GTOC (a) only on the same terms that such services are obtained by non-affiliated persons, and (b) in other cases only at fully allocated costs. No such separate

entity shall to any extent own or control facilities used to provide regulated exchange telecommunications or exchange access services, have personnel who simultaneously market both regulated exchange telecommunications or exchange access services and information services, or directly or indirectly obtain proprietary GTOC marketing, customer, or network engineering information.

3. The limitations of Paragraphs V(D)(1) and V(D)(2) shall expire:

(a) five (5) years after entry of this Final Judgment, unless one (1) year prior thereto the Department of Justice applies to the Court for an extension of the limitations or for other relief as to one or more categories of information services, and the Court thereafter finds by a preponderance of the evidence that there is a substantial danger that, without the continuance of the limitations or the imposition of further relief, competition in the relevant information service in any exchange or serving area will be materially lessened, taking into account, without limitation, the development of competition in the provision of the relevant information service and the development of competition and potential competition in the provision of exchange telecommunications facilities or services. If the Court so finds, the limitations or such further relief as

the Court may order shall continue for such period as the Court may determine as to such service or services in those exchange or serving areas; or

(b) whenever and to the extent that a BOC is relieved of the provisions of Section II(D) of the Modified Final Judgment in United States v. Western Electric Co., No. 82-0192 (D.D.C.), either (i) throughout a state, in which case the limitations of Paragraphs V(D)(1) and V(D)(2) shall not apply to the information services of a GTOC within that state, or (ii) in any BOC exchange area, in which case the limitations of Paragraphs V(D)(1) and V(D)(2) shall not apply to the information services of a GTOC within any GTOC exchange or serving area if telecommunications between such GTOC exchange or serving area and such BOC exchange area are not interexchange telecommunications.

4. Neither failure by the United States to institute a proceeding pursuant to Paragraph V(D)(3) nor findings made by the Court in any such proceeding shall prevent, or constitute an estoppel in, any subsequent action by the United States under the antitrust laws.

E. 1. Prior to the effective date of this Final Judgment, GTE shall submit to the Department of Justice proposed procedures for ensuring compliance with the requirements of Section IV of this Final Judgment;

2. Within nine (9) months after the effective date of this Final Judgment, GTE shall submit to the Department of Justice procedures for ensuring compliance with the requirements of Section V and Appendix B of this Final Judgment.

VI.

A. For ten (10) years after the effective date of this Final Judgment, except with the approval of the Department of Justice or of this Court, GTE shall not acquire a direct or indirect equity interest in (or the equivalent thereto), whether or not controlling, or the assets of, any carrier, other than the acquired entities, providing interexchange telecommunications services in the United States.

B. Paragraph VI(A) shall not prohibit GTE's insurance subsidiaries, if any, and the pension and profit-sharing trusts of GTE and its subsidiaries, from acquiring, or holding for investment purposes, interests in the assets, stock, or other beneficial interests in any organization to the extent permitted by the laws governing investments of insurance companies and pension and profit-sharing trusts.

C. Paragraph VI(A) shall not prohibit the acquisition by GTE, by purchase or other form of transfer, of (a) assets used to provide exchange telecommunications which shall only incidentally be used to provide interexchange services, or (b) an interexchange carrier which obtains less than five percent of its gross telecommunications revenues from telecommunications services between points within the United States.

VII.

A. Jurisdiction is retained by this Court for the purpose of enabling any party to this Final Judgment to apply to the Court at any time for such further orders or directions as may be necessary or appropriate for the construction or implementation of this Final Judgment, for the modification of any of the provisions hereof, for the enforcement of compliance herewith, and for the punishment of any violation hereof.

B. Upon application to this Court by the United States to enforce compliance with this Final Judgment, the Court may grant further relief, including but not limited to divestiture of the acquired entities or, at the election of GTE, divestiture of the GTOCs, if (1) GTE is found to have engaged in a pattern of substantial violations of Section IV, Section V, or Appendix B of this Final Judgment, or (2) any GTOC is found to have violated Section IV, Section V, or Appendix B of this Final Judgment in a manner that materially injures interexchange carriers or information service providers in their ability to offer services competitive with those offered by GTE or the acquired entities.

VIII.

A. Within ninety (90) days from the effective date of this Final Judgment, GTE is ordered and directed to advise its officers and other management personnel with significant responsibility for matters addressed in this Final Judgment of their

obligations hereunder, including the obligations under Paragraph VIII(B).

B. GTE shall undertake the following with respect to each such officer or management employee:

1. The distribution to them of a written directive setting forth their employer's policy regarding compliance with the antitrust laws and with this Final Judgment, with such directive to include:

(a) an admonition that non-compliance with such policy and this Final Judgment will result in appropriate disciplinary action determined by their employer and which may include dismissal; and

(b) advice that legal advisors are available at all reasonable times to confer with such persons regarding any compliance questions or problems; and

2. The imposition of a requirement that each of them sign and submit to their employer a certificate in substantially the following form:

> The undersigned hereby (1) acknowledges receipt of a copy of the 1983 United States v. GTE Corporation Final Judgment and a written directive setting forth Company policy regarding compliance with the antitrust laws and with such Final Judgment, (2) represents that the undersigned has read such Final Judgment and directive and understands those provisions for which the undersigned has responsibility, (3) acknowledges that the undersigned has been advised and understands that non-compliance with such policy and Final Judgment will result in appropriate disciplinary measures determined by the Company

and which may include dismissal, and (4) acknowledges that the undersigned has been advised and understands that non-compliance with the Final Judgment may also result in conviction for contempt of court and imprisonment and/or fine.

C. GTE shall advise each new officer and other management employee with significant responsibility for matters addressed in this Final Judgment in the same manner as under Paragraphs VIII(B)(1) and VIII(B)(2) within thirty (30) days after they assume such responsibility.

D. GTE shall retain in its files the certificates required by Section VIII for at least five (5) years from the date of signature by each officer and management employee.

IX.

A. For the purpose of determining or securing compliance with this Final Judgment, and subject to any legally recognized privilege, from time to time:

1. Upon written request of the Assistant Attorney General in charge of the Antitrust Division, and on reasonable notice to GTE made to its principal office, duly authorized representatives of the Department of Justice shall be permitted access during office hours of GTE to depose or interview officers, employees, or agents, who may have counsel present, and to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of GTE relating to any matters contained in this Final Judgment; and

2. Upon the written request of the Assistant Attorney General in charge of the Antitrust Division made to its principal office, GTE shall submit such written reports as may be requested, under oath if requested, with respect to any of the matters contained in this Final Judgment.

B. No information or documents obtained pursuant to this Section shall be divulged by any representative of the Department of Justice to any person other than a duly authorized representative of the Executive Branch of the United States or the Federal Communications Commission, except in the course of legal proceedings to which the United States is a party, or for the purpose of securing compliance with this Final Judgment, or as otherwise required by law.

C. If at the time such information or documents are furnished to the United States, GTE represents and identifies 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 GTE marks each pertinent page of such material, "Subject to claim of protection under Rule 26(c)(7) of the Federal Rules of Civil Procedure," then ten (10) days notice shall be given by the United States to GTE prior to divulging such material in any legal proceeding (other than a grand jury proceeding) to which GTE is not a party.

X.

This Final Judgment shall become effective upon the later of the date of entry of this Final Judgment by this Court or the consummation of the acquisition of the acquired entities, and shall expire if GTE no longer provides exchange or exchange access services pursuant to any federal or state regulation.

XI.

Modifications

A. When seeking relief under Paragraph VII(B), the United States is not required to demonstrate that the conduct of GTE or a GTOC rises to the level of an antitrust violation, and it need not establish the relevant product and geographic markets in which competition is harmed. In the event that the Court finds that GTE or a GTOC has violated the Judgment in the manner set forth in that Paragraph and orders further relief, the GTOCs will continue to be bound by all the injunctive provisions of this Final Judgment. Nothing herein immunizes the activities of GTE, the GTOCs, or the acquired entities from the operation of the antitrust laws.

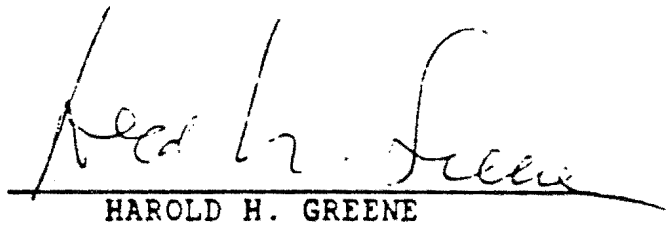
B. Paragraph V(D)(3)(a) is stricken and the limitations of Paragraph V(D)(2) shall be removed only upon a showing by the petitioning GTOC that there is no substantial possibility that it could use its monopoly power to impede competition in the information services market it seeks to enter, or as provided in Paragraph V(D)(3)(b).

C. Notwithstanding the provisions of Paragraph IV(D)(1)(e), GTE shall not be permitted to transfer, directly or indirectly, to the acquired entities the domestic interexchange operations or facilities of Hawaiian Telephone Company.

XII.

Entry of this Final Judgment is in the public interest.

Entered this 21st day of December, 1984.



HAROLD H. GREENE
United States District Judge

APPENDIX A

General Telephone Company of Alaska

General Telephone Company of California

General Telephone Company of Florida

General Telephone Company of Illinois

General Telephone Company of Indiana, Inc.

General Telephone Company of Kentucky

General Telephone Company of Michigan

General Telephone Company of the Midwest

General Telephone Company of the Northwest, Inc.

General Telephone Company of Ohio

General Telephone Company of Pennsylvania

General Telephone Company of the Southeast

General Telephone Company of the Southwest

General Telephone Company of Wisconsin

Hawaiian Telephone Company

APPENDIX B

Phased-in GTOC Provision of Equal Exchange Access

A. 1. As part of its obligation to provide non-discriminatory access to interexchange carriers, each GTOC shall, as promptly as possible, and in no case more than twelve (12) months after receipt of a written request from any interexchange carrier other than AT&T, offer to all interexchange carriers exchange access on an unbundled, tariffed basis, that is equal in type and quality to that provided for the interexchange telecommunications services of AT&T or any IOC, through its end offices which employ switches technologically capable of providing equal exchange access or for which the capability of providing equal exchange access is commercially available to the GTOCs, consistent with the following:

(a) Each GTOC shall offer equal exchange access through its end offices employing (i) 1-ESS (Electronic Switching System) switches, DMS-100 (Digital Multiplex System) switches, or other electronic stored program control switches, other than those referred to in (ii) and (iii) below, technologically capable of providing equal exchange access, no later than January 1, 1985; (ii) GTD-5 (General Telephone Digital), switches no later than January 1, 1987; and (iii) 1-EAX and 2-EAX (Electronic Automatic Exchange) switches no later than September 1, 1987;

(b) No later than September 1, 1987, equal exchange access shall be offered through end offices serving at least two-thirds of the exchange access lines provided by the GTOCs, provided that (i) a GTOC need not offer equal exchange access through an end office if, because of changed circumstances which could not reasonably have been foreseen, it is no longer economically feasible to install at that end office a switch technologically capable of providing equal exchange access, and (ii) if any non-affiliated manufacturer of switches shall fail to provide to the GTOCs the hardware and software necessary to provide equal exchange access, the two-thirds amount shall be reduced to that extent; and

(c) No later than December 31, 1990, equal exchange access shall be offered through all end offices serving greater than ten thousand (10,000) exchange access lines, provided that a GTOC need not offer equal exchange access through such an end office if, because of changed circumstances which could not reasonably have been foreseen, it is no longer economically feasible to install at that end office a switch technologically capable of providing equal exchange access.

Nothing in this Final Judgment shall be construed to permit a GTOC to refuse to provide to any interexchange carrier or information service provider, upon bona fide request, exchange

or information access superior or inferior in type or quality to that provided for the interexchange services or information services of AT&T or any IOC at charges reflecting the reduced or increased cost of such access.

2. Notwithstanding Paragraph A(1), a GTOC shall not have the obligation to provide the facilities and capability for switching interexchange traffic above an end office if the end office is located in a GTOC serving area, or to transport such traffic between the end office and a point or points within the serving area designated by an interexchange carrier other than by direct GTOC transmission facilities. A GTOC shall use its best efforts to obtain from other carriers those functions the GTOC is not obligated to provide under the preceding sentence.

3. (a) Notwithstanding Paragraph A(1), in those instances in which a GTOC is providing exchange access for Message Telecommunications Service as of the date of entry of this Final Judgment through access codes that do not permit the designation of more than one interexchange carrier, then, in accordance with the schedule set out in Paragraph A(1), exchange access for additional carriers shall be provided through access codes containing the minimum number of digits necessary at the time access is sought to permit nationwide, multiple carrier designation for the number of interexchange carriers reasonably expected to require such designation in the immediate future.

(b) Each GTOC shall, in accordance with the schedule set out in Paragraph A(1), offer as a tariffed service exchange access that permits each subscriber automatically to route, without the use of access codes, all the subscriber's interexchange communications to the interexchange carrier of the customer's designation.

(c) At such time as the national numbering area (area code) plan is revised to require the use of additional digits, (but in no event earlier than the schedule set out in Paragraph A(1)(a)) each GTOC shall provide exchange access to every interexchange carrier through a uniform number of digits.

4. No GTOC shall be required to provide equal exchange access through an end office employing switches of the technology known generically as step-by-step, provided that (a) GTE complies with the requirements of Paragraph A(1), and (b) at all end offices employing electromechanical (including step-by-step) switches the GTOC offers a commercially available trunkside interconnect arrangement to all interexchange carriers, unless such access is not physically possible except at costs that clearly outweigh potential benefits to users of telecommunications services. GTE will provide to the Department of Justice such information as it may request concerning any such analysis.

B. 1. The GTOCs shall file tariffs, to be effective January 1, 1984, for the provision of exchange access, including the provision by each GTOC of exchange access for the acquired

entities' interexchange telecommunications. Such tariffs shall provide unbundled schedules of charges for exchange access, and shall not discriminate against any carrier or other customer.

2. Each tariff for exchange access shall be filed on an unbundled basis specifying each type of service, element by element, and no tariff shall require an interexchange carrier to pay for types of exchange access that it does not utilize. The charges for each type of exchange access shall be cost justified and any differences in charges to carriers shall be cost justified on the basis of differences in services provided.

3. Notwithstanding the requirements of Paragraph B(2), from the effective date of the tariffs referred to in Paragraph B(1) until September 1, 1991, the charges for delivery or receipt of traffic of the same type between end offices and facilities of interexchange carriers within an exchange area, or within reasonable subzones of an exchange area, shall be equal, per unit of traffic delivered or received, for all interexchange carriers; provided, that the facilities of any interexchange carrier within five (5) miles of a GTOC switch performing a class 4 function shall, with respect to end offices served by such switch, be considered to be in the same subzone as such switch.

4. Each GTOC offering exchange access as part of a joint or through service shall offer to make exchange access available to all interexchange carriers on the same terms and con-

ditions, and at the same charges, as are provided as part of a joint or through service, and no payment or consideration of any kind shall be retained by the GTOC for the provision of exchange access under such joint or through service other than through tariffs filed pursuant to Paragraph B(1).

C. 1. Subject to the provisions of Paragraphs V(B) and V(D), this Final Judgment shall not require a GTOC to allow joint ownership or use of its switches, or to require a GTOC to allow co-location in its building of the equipment of other carriers. When a GTOC uses facilities that (a) are employed to provide exchange telecommunications or exchange access or both, and (b) are also used for the transmission or switching of interexchange telecommunications, then the costs of such latter use shall be allocated to the interexchange use and shall be excluded from the costs underlying the determination of charges for either of the former uses.

2. Nothing in this Final Judgment shall either require a GTOC to bill customers for the interexchange services of any interexchange carrier or preclude a GTOC from billing its customers for the interexchange services of any interexchange carrier it designates, provided that when a GTOC does provide billing services to an interexchange carrier, the GTOC may not discontinue local exchange service to any customer because of nonpayment of interexchange charges unless it offers to provide billing services to all interexchange carriers. The GTOC's

cost of any such billing shall be included in its tariffed access charges to that interexchange carrier. If a GTOC provides billing services to the acquired entities, it shall include upon the portion of the bill devoted to interexchange services the following legend:

> This portion of your bill is provided as a service to [the acquired entities]. You may choose another company for your long distance telephone calls while still receiving your local telephone service from this company.

3. Whenever, as permitted by this Final Judgment, a GTOC fails to offer exchange access to an interexchange carrier that is equal in type and quality to that provided for the interexchange traffic of AT&T or any IOC, nothing in this Final Judgment shall prohibit the GTOC from collecting reduced charges for such less-than-equal exchange access to reflect the lesser value of such exchange access to the interexchange carrier and its customers compared to the exchange access provided AT&T or any IOC, provided that the tariffs filed for such less-than-equal access reflect the lesser cost, if any, of such access as compared to the exchange access provided AT&T or any IOC.

D. GTE shall file with the Federal Communications Commission such requests for waivers of orders of the Commission as may be necessary to permit full compliance with all the requirements of this Final Judgment.

APPENDIX C

Bell Telephone Company of Nevada

Illinois Bell Telephone Company

Indiana Bell Telephone Company, Inc.

Michigan Bell Telephone Company

New England Telephone and Telegraph Company

New Jersey Bell Telephone Company

New York Telephone Company

Northwestern Bell Telephone Company

Pacific Northwest Bell Telephone Company

South Central Bell Telephone Company

Southern Bell Telephone and Telegraph Company

Southwestern Bell Telephone Company

The Bell Telephone Company of Pennsylvania

The Chesapeake and Potomac Telephone Company

The Chesapeake and Potomac Telephone Company of Maryland

The Chesapeake and Potomac Telephone Company of Virginia

The Chesapeake and Potomac Telephone Company of West Virginia

The Diamond State Telephone Company

The Mountain States Telephone and Telegraph Company

The Ohio Bell Telephone Company

The Pacific Telephone and Telegraph Company

Wisconsin Telephone Company

DOJ-1985-02