



# Department of Justice

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## **JUSTICE DEPARTMENT REQUIRES AT&T TO DIVEST MEDIAONE'S INTEREST IN ROAD RUNNER BROADBAND INTERNET ACCESS SERVICE**

WASHINGTON, D.C. - The Department of Justice today announced that AT&T Corp. has agreed to divest its interest in Road Runner, the second largest provider of broadband Internet access, in order to resolve the Department's antitrust concerns about AT&T Corp.'s proposed merger with MediaOne Group Inc. Broadband Internet access permits users to transmit and receive data at much greater speeds than are possible through "narrowband" access over ordinary telephone lines.

In its complaint, filed today in U.S. District Court in Washington, D.C., the Department said the combination of AT&T's interests in Excite@Home and MediaOne's interests in Road Runner would substantially lessen competition in the aggregation, promotion, and distribution of broadband content. At the same time, the Department filed a proposed consent decree that, if approved by the court, would address the Department's competitive concerns and resolve the lawsuit.

AT&T owns a controlling interest in Excite@Home, the largest provider of broadband Internet access which is also owned in part by Comcast Corp. and Cox. Road Runner is principally owned by MediaOne, Time Warner Inc., Microsoft, and Compaq. Most residential Internet users who have broadband Internet access today use either a cable modem service,

provided by their cable company, or a digital subscriber line (DSL) service provided by their local telephone company. Excite@Home currently has exclusive contract rights to provide broadband cable modem service over the cable facilities of AT&T, Comcast, Cox, and other cable system operators, while Road Runner has exclusive contract rights to provide broadband cable modem service over the cable facilities of MediaOne and Time Warner. Together, Excite@Home and Road Runner serve approximately 75 percent of the country's cable modem subscribers, and a majority of all residential broadband subscribers.

“The merger as proposed, would have had an anticompetitive impact on the emerging broadband market,” said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. “The divestiture assures that AT&T will not acquire undue leverage in its dealings with broadband content providers, and American consumers will be the ultimate beneficiaries.”

Under the terms of the proposed consent decree, AT&T is required to exit the Road Runner joint venture no later than December 31, 2001. The agreement requires AT&T to exit the joint venture prior to that date if other relevant owners of Road Runner agree to an earlier departure. AT&T will be permitted to retain Road Runner assets used exclusively to provide cable modem service and broadband service to MediaOne customers.

In addition, AT&T is required to obtain prior approval from the Department of Justice before entering into certain types of agreements with Time Warner or with AOL, which has a pending merger agreement with Time Warner. That requirement, which would remain in place for two years after AT&T exits Road Runner, would apply to any agreement that jointly proposes to provide a residential broadband service or, any agreement that would prevent either party from

offering a residential broadband service to customers in any geographic region. It would also apply to agreements that would prevent the inclusion of any content in a cable modem service offered by either party, or that would prevent either party from providing preferential treatment to content provided by others.

AT&T Corporation is headquartered in New York City. In 1999, it had revenues of approximately \$61.5 billion .

MediaOne is headquartered in Engelwood, Colorado. In 1999, it had total revenues of approximately \$2.7 billion.

As required by the Tunney Act, the proposed consent decree will be published in the Federal Register, together with the Department's competitive impact statement, which will be filed with the Court shortly. Any person may comment on the proposed decree by submitting comments to the Department. After a 60-day comment period, the United States will reply to any public comments and seek entry of the decree by the Court.

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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