AT&T CORP
Form PRER14A
September 26, 2002

AMENDMENT NO. 1 TO
SCHEDULE 14A INFORMATION

PRELIMINARY PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES
EXCHANGE ACT OF 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [ ]

Check the appropriate box:

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AT&T CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

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(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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(4) Date Filed:

THE INFORMATION IN THIS PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

PRELIMINARY PROSPECTUS DATED SEPTEMBER 26, 2002 (SUBJECT TO COMPLETION)

AT&T CORP.
OFFER TO EXCHANGE

We are making this exchange offer in connection with the planned combination of Comcast Corporation and our broadband business. The offer involves two kinds of exchanges. The following table identifies which of our notes are eligible for which kind of exchange and sets forth other important economic terms of the exchange offer:

	CUSIP NO.	PRORATION PERCENTAGE	EXCHANGE SPREAD	
BROADBAND ELIGIBLE NOTES				NEW BROADBAND NOTES
7.00% Notes Due May 15, 2005	001957AS8	%	%	
7.50% Notes Due 2006	001957AP4	%	%	
7.75% Notes Due March 1, 2007	001957AR0	%	%	Notes Due , 2013
6.00% Notes Due 2009	001957AV1	%	%	
8.125% Debentures Due January 15, 2022	001957AJ8	%	%	
8.125% Debentures Due July 15, 2024	001957AK5	%	%	
8.35% Debentures Due 2025	001957AQ2	%	%	Notes Due , 2022
8.625% Debentures Due December 1, 2031	001957AL3	%	%	

AT&T ELIGIBLE NOTES	CUSIP NO.	NEW AT&T NOTES
5.625% Notes Due 2004	001957AU3	% Notes Due Marc
6.75% Notes Due 2004	001957AM1	% Notes Due Apri
7.75% Medium-Term Notes, Series A Due May 15, 2025	00206QAP9	% Medium-Term No 2025
8.00% Medium-Term Notes, Series A Due May 15, 2025	00206QAN4	% Medium-Term No 2025
6.50% Notes Due 2029	001957AW9	% Notes Due Marc
FRN Medium-Term Notes, Series A Due 2054 (spread over commercial paper: -.15%)	00206QAE4	FRN Medium-Term Not (spread over comm

In the first kind of exchange, we are offering to exchange Broadband Eligible Notes for notes that, upon completion of the AT&T Comcast transaction, will become New Broadband Notes. The New Broadband Notes will be obligations of AT&T Broadband Corp. and will be fully and unconditionally guaranteed by AT&T Comcast Corporation and the other cable guarantors described in this prospectus. We will announce the exchange ratios and interest rates for the New Broadband Notes by press release two business days prior to the expiration of the exchange offer. The exchange ratios and interest rates will be based upon spreads over the relevant reference U.S. Treasury rates as described in this prospectus.

In the second kind of exchange, we are offering to exchange AT&T Eligible Notes for New AT&T Notes. The New AT&T Notes will remain solely our obligations and, upon completion of the AT&T Comcast transaction, will have the revised terms described in this prospectus, including the revised maturity date and/or interest rates set forth in the table above.

To participate in either kind of exchange, you must consent to an amendment to the terms of your original notes to the extent your notes are accepted for exchange. This amendment will provide, among other things, that in the AT&T Comcast transaction, neither AT&T Comcast Corporation nor any of its affiliates needs to assume our obligations on the original notes. The amendment will amend any series of notes so long as more than 50% by principal amount of that series consents. THE TERMS OF AND THE LIQUIDITY OF THE TRADING MARKET FOR YOUR ORIGINAL NOTES MAY BE AFFECTED BY THE EXCHANGE OFFER EVEN IF YOU DO NOT PARTICIPATE.

We will not accept any notes unless more than 50% of the principal amount of that series of notes has been validly tendered and not withdrawn by the applicable expiration date. If more than the proration percentage of any series of Broadband Eligible Notes is tendered and not withdrawn by the applicable expiration date, notes of that series will be accepted for exchange on a prorated basis. The exchange offer for AT&T Eligible Notes is for all notes and is not subject to proration. The exchange offer is subject to significant conditions that are described in this prospectus.

THE EXCHANGE OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON , 2002 UNLESS EXTENDED AS TO ANY SERIES OF ELIGIBLE NOTES IN OUR DISCRETION. YOU MAY WITHDRAW ANY NOTES TENDERED UNTIL THE EXPIRATION OF THE EXCHANGE OFFER FOR THAT SERIES OF NOTES. THE EXCHANGE OFFER IS DESCRIBED IN DETAIL IN THIS PROSPECTUS AND WE URGE YOU TO READ IT CAREFULLY, INCLUDING THE RISK FACTORS STARTING ON PAGE 45. NEITHER THE BOARD OF DIRECTORS OF AT&T NOR ANY OTHER PERSON IS MAKING ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER ELIGIBLE NOTES IN THE EXCHANGE OFFER.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE EXCHANGE OFFER OR DETERMINED IF THIS PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The Dealer Managers for the exchange offer are, in alphabetical order, as follows:

CREDIT SUISSE FIRST BOSTON	DEUTSCHE BANK SECURITIES	GOLDMAN, SACHS & CO.
JPMORGAN	MERRILL LYNCH & CO.	MORGAN STANLEY

This prospectus is dated , 2002, and is first being mailed to noteholders on or about , 2002.

This illustration consists of two diagrams. The first diagram is a simplified diagram of the proposed AT&T Comcast transaction. The right side of the diagram shows that AT&T will spin off its broadband business, referred to as "AT&T Broadband Group," to a newly formed company, AT&T Broadband Corp., referred to as "Broadband," and that Broadband Acquisition Corp., a wholly owned subsidiary of AT&T Comcast Corporation, referred to as "AT&T Comcast," will merge with and into Broadband, with Broadband continuing as the surviving corporation and a wholly owned subsidiary of AT&T Comcast. The left side of the diagram shows that Comcast Acquisition Corp., a wholly owned subsidiary of AT&T Comcast, will merge with and into Comcast Corporation, with Comcast Corporation continuing as the surviving corporation and a wholly owned subsidiary of AT&T Comcast.
The second diagram is a simplified diagram of the corporate structure of AT&T Comcast, and the primary obligors and guarantors of the New Broadband Notes, assuming the AT&T Comcast transaction is completed. The diagram shows AT&T Comcast, which will guarantee the New Broadband Notes, and two of its subsidiaries, Broadband, which will be the issuer of the New Broadband Notes, and Comcast Corporation. The diagram shows two subsidiaries of Broadband, MediaOne Group, Inc., referred to as "MediaOne," and AT&T Broadband, LLC, formerly known as Tele-Communications, Inc. and referred to as "TCI," each of which will guarantee the New Broadband Notes, as well as an additional Broadband subsidiary named AT&T Broadband Overseas, and that MediaOne and TCI will have various operating subsidiaries. The diagram also shows Comcast Cable Communications, Inc., referred to as "Comcast Cable," which will guarantee the New Broadband Notes, and that Comcast Cable will have various operating subsidiaries. The diagram shows that Comcast Corporation will also have various non-cable subsidiaries.

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You should rely only on information contained in this prospectus. No one is authorized to provide you with information that is different from that contained in this prospectus. We do not intend the contents of any websites referred to in this prospectus to be part of this prospectus.

We are offering to sell, and are seeking offers to buy, the Broadband Exchange Notes, the New Broadband Notes and the New AT&T Notes only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of its date regardless of the time of delivery of this prospectus or of any sale of the new notes.

We refer to AT&T Corp. in this prospectus as "AT&T" or "we," "us," "our" or comparable terms. We refer to Comcast Corporation as "Comcast," Comcast Cable Communications, Inc. as "Comcast Cable," AT&T Comcast Corporation as "AT&T Comcast," AT&T Broadband Corp. as "Broadband," MediaOne Group, Inc. as "MediaOne," AT&T Broadband, LLC (formerly known as Tele-Communications, Inc.) as "TCI," and the AT&T broadband business as "AT&T Broadband Group."

QUESTIONS AND ANSWERS ABOUT THE EXCHANGE OFFER

The following questions and answers respond to some of the most basic questions that holders of the notes eligible for the exchange offer may have but likely will not contain all of the information that is important to you. To better understand the exchange offer, you should read the summary following the questions and answers, as well as the rest of this prospectus.

WHAT IS THE AT&T COMCAST TRANSACTION?

Comcast and AT&T are planning to combine Comcast with the AT&T broadband business. Comcast and AT&T believe that the combined strengths of Comcast and AT&T's broadband business will enable them to create the world's premier broadband communications company.

The AT&T Comcast transaction will occur in several steps. First, AT&T will transfer the assets and liabilities of its broadband business to Broadband, a company newly formed for the purpose of effectuating the AT&T Comcast transaction. Second, AT&T will spin off Broadband to its shareholders. Third, Comcast and Broadband will each merge with a different, wholly owned subsidiary of AT&T Comcast. The merger agreement entered into in connection with the AT&T Comcast transaction provides for all of the steps described above to occur on the closing date for the mergers. The AT&T Comcast transaction remains subject to regulatory and other approvals and other conditions, including the receipt of specified note consents as described in this prospectus, and is expected to close by the end of 2002.

None of AT&T, Broadband or any other party will receive any proceeds from the issuance of the new notes in the exchange offer. The amount that Broadband would otherwise be required to pay to AT&T upon completion of the AT&T Comcast transaction to satisfy intercompany indebtedness then outstanding will be reduced based upon the aggregate principal amount of New Broadband Notes issued in the mandatory exchange in an amount to be mutually agreed upon.

For purposes of this prospectus, the AT&T Comcast transaction is defined as the transactions contemplated by the AT&T Comcast merger agreement and the related separation and distribution agreement, in each case as amended, supplemented or otherwise modified from time to time, including after the date of this prospectus.

WHAT IS THE EXCHANGE OFFER?

If you hold Broadband Eligible Notes set forth on the cover of this prospectus, you are being asked to exchange those notes for Broadband Exchange Notes that will initially be obligations of AT&T and Broadband. Upon completion of the AT&T Comcast transaction, the Broadband Exchange Notes will be mandatorily exchanged at the relevant exchange ratio for New Broadband Notes that are primary obligations only of Broadband fully and unconditionally guaranteed by Comcast Cable, AT&T Comcast, MediaOne and TCI, whose guarantees we refer to as the cable guarantees. AT&T will not be an obligor on the New Broadband Notes. If the AT&T Comcast transaction is terminated, Broadband will be released as an obligor on the Broadband Exchange Notes, which will cease to be exchangeable for New Broadband Notes.

If you hold AT&T Eligible Notes set forth on the cover of this prospectus, you are being asked to exchange those notes for New AT&T Notes that will be obligations solely of AT&T.

Holders of Broadband Eligible Notes and AT&T Eligible Notes accepted in exchange must consent to the note amendment described below.

WHEN WILL I RECEIVE ACCRUED INTEREST ON THE BROADBAND ELIGIBLE NOTES, THE BROADBAND EXCHANGE NOTES, THE NEW BROADBAND NOTES, THE AT&T ELIGIBLE NOTES OR THE NEW AT&T NOTES?

You should refer to the specific terms of the notes described in this prospectus to determine who will be eligible to receive accrued and unpaid interest and when accrued and unpaid interest will be paid. Interest on each of the new notes will accrue from the date of original issuance of that series of notes, which will be on the date the exchange offer is completed with respect to the Broadband Exchange Notes and the New AT&T Notes and which will be on the date of mandatory

exchange with respect to the New Broadband Notes. However:

- interest accrued and unpaid on any Broadband Eligible Notes accepted in an exchange offer (a) will be paid along with the first payment of interest on the relevant series of Broadband Exchange Notes or (b) if the mandatory exchange of the Broadband Exchange Notes occurs prior to that first payment of interest, will be paid at the time of mandatory exchange;

- interest accrued and unpaid on the Broadband Exchange Notes will be paid at the time of mandatory exchange;

- interest accrued and unpaid on any AT&T Eligible Notes accepted in an exchange offer will be paid along with the first payment of interest on the relevant series of New AT&T Notes; and

- interest accrued and unpaid on any Broadband Eligible Notes or AT&T Eligible Notes not accepted in an exchange offer will be paid on the same interest payment dates as previously scheduled for the respective series.

WILL YOU ACCEPT ALL NOTES TENDERED? WILL THERE BE PRORATION?

We will not accept any eligible notes of a series unless more than 50% of that series of notes has been validly tendered and not withdrawn by the expiration of the exchange offer for that series. For these purposes, all of the Series A Medium-Term Notes outstanding will be treated as part of a single series.

We will not necessarily accept all Broadband Eligible Notes tendered. If more than the relevant proration percentage of the principal amount of a series of Broadband Eligible Notes, as set forth on the cover of this prospectus, is tendered, we will accept Broadband Eligible Notes of that series for exchange on a prorated basis.

The exchange offer for each series of AT&T Eligible Notes is for all notes of that series and is not subject to proration.

WHAT IS THE NOTE AMENDMENT?

Holders of Broadband Eligible Notes and AT&T Eligible Notes must consent to an amendment of the terms of those notes to the extent their notes are accepted for exchange. The note amendment would clarify that in connection with the AT&T Comcast transaction, the successor formed by the consolidation or merger, or to which AT&T shall have transferred its property, need not assume the obligations of AT&T under the notes of that series and that the successor shall not succeed to and be substituted for AT&T under the notes of that series.

WILL I BE PAID FOR CONSENTING TO THE NOTE AMENDMENT?

Holders of Broadband Eligible Notes or AT&T Eligible Notes, to the extent their notes are accepted for exchange, must consent to the note amendment and will not receive any consent payment. Notes of any series not accepted for exchange will not receive any payment but will be bound by the note amendment, provided that more than 50% of the notes of that series have been accepted for exchange. For these purposes, all of the Series A Medium-Term Notes outstanding will be treated as part of a single series.

WHAT IS REQUIRED FOR THE NOTE AMENDMENT TO BE EFFECTIVE? WILL I HAVE ANY DISSENTERS' RIGHTS IN CONNECTION WITH THE NOTE AMENDMENT?

The note amendment will be effective as to each series of notes if more than 50% by principal amount of the notes of that series are accepted for exchange. For these purposes, all of the Series A Medium-Term Notes outstanding will be treated as part of a single series. You will not be entitled to any dissenters' rights if the note amendment becomes effective without your consent.

DO I NEED TO SEPARATELY CONSENT TO THE NOTE AMENDMENT IN ORDER TO BE ELIGIBLE FOR THE EXCHANGE OFFER?

Yes. However, completing the letter of transmittal for the exchange offer will constitute your consent to the note amendment to the extent we accept your Broadband Eligible Notes or AT&T Eligible Notes for exchange. If the requisite consents are received, the note amendment will be binding on the relevant series of Broadband Eligible Notes or AT&T Eligible Notes that remain outstanding.

WHAT HAPPENS IF I DO NOT EXCHANGE MY NOTES OR MY NOTES ARE NOT ELIGIBLE FOR OR ACCEPTED IN THE EXCHANGE OFFER?

If you do not exchange your notes, they will remain obligations of AT&T and, in the case of the Broadband Eligible Notes, will not be obligations of Broadband and will not be entitled to the cable guarantees of AT&T Comcast, Comcast Cable, MediaOne and TCI. The terms of your notes will be subject to the note amendment as a result of the exchange offer whether or not you exchange your notes so long as more than 50% of the notes of that series have been accepted for exchange.

WHY ARE YOU MAKING THE EXCHANGE OFFER AND WHAT IS THE PURPOSE OF THE NOTE AMENDMENT?

The note amendment will satisfy the condition to the AT&T Comcast transaction that AT&T obtain the consent of, or defease, purchase, retire or acquire, its debt in respect of series representing at least 90% in aggregate principal amount outstanding on December 19, 2001, which was approximately $12.7 billion, of debt securities issued under the indenture pursuant to which the Broadband Eligible Notes and the AT&T Eligible Notes were issued. We refer to this indenture, which is dated as of September 7, 1990, between AT&T and The Bank of New York, as trustee, as amended by the First Supplemental Indenture, dated as of October 30, 1992, as amended, between AT&T and the trustee, as the AT&T Indenture. As of the date of this prospectus, approximately $11.8 billion of these debt securities, including the Broadband Eligible Notes and the AT&T Eligible Notes, remained outstanding. We sometimes refer to the Broadband Eligible Notes and the AT&T Eligible Notes as the AT&T Notes. AT&T and Comcast could mutually agree to waive this condition with respect to all or any portion of the AT&T Notes for which consents are not obtained.

If the AT&T Comcast transaction were to occur and if holders of the AT&T Notes were to assert successfully that completing the AT&T Comcast transaction required Broadband or one of its affiliates to assume AT&T's obligations under the AT&T Notes and that did not occur, then AT&T could be required to refinance the AT&T Notes. Thus, while AT&T and Comcast could jointly waive the consent condition to the AT&T Comcast transaction, AT&T is making the exchange offer primarily to facilitate the AT&T Comcast transaction and to optimize the respective capital structures of AT&T and AT&T Comcast in an economic and tax efficient manner.

WHAT HAPPENS IF THE AT&T COMCAST TRANSACTION IS TERMINATED?

If the AT&T Comcast transaction is terminated:

- the Broadband Exchange Notes will not be exchanged for New Broadband Notes, will become obligations only of AT&T with Broadband released as an obligor and will not be entitled to the benefits of the cable guarantees; and

- the maturity date and/or interest rate on the New AT&T Notes will not change.

ARE THERE ANY RISKS THAT I SHOULD CONSIDER IN CONNECTION WITH THE EXCHANGE OFFER AND CONSENT SOLICITATION?

Yes. You should carefully consider the risk factors starting on page 45, as well as the risk factors discussed in AT&T's and Comcast Cable's filings with the Securities and Exchange Commission incorporated by reference in this prospectus.

WHEN DOES THE EXCHANGE OFFER EXPIRE?

THE EXCHANGE OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON , 2002 UNLESS EXTENDED AS TO ANY ONE OR MORE SERIES OF NOTES IN OUR DISCRETION.

WE WILL ANNOUNCE ANY EXTENSIONS BY PRESS RELEASE OR OTHER PERMITTED MEANS NO LATER THAN 9:00 A.M., NEW YORK CITY TIME, THE DAY AFTER EXPIRATION OF THE EXCHANGE OFFER FOR THAT SERIES OF NOTES.

IF I HOLD BROADBAND ELIGIBLE NOTES OR AT&T ELIGIBLE NOTES, HOW DO I TENDER OR WITHDRAW THOSE NOTES IN THE EXCHANGE OFFER?

In order to tender eligible notes in the exchange offer, you must properly submit your notes and a completed letter of transmittal and the other agreements and documents described in this prospectus. If you own notes held through a broker or other third party, or in "street name,"

you will need to follow the instructions in the letter of transmittal on how to instruct them to tender the notes on your behalf, as well as submit a completed letter of transmittal and the other agreements and documents described in this prospectus. Completing the letter of transmittal will constitute your consent to the note amendment to the extent we accept your Broadband Eligible Notes or AT&T Eligible Notes for exchange, unless you subsequently withdraw those notes prior to the expiration of the exchange offer for the notes of that series. If the requisite consents are received, the note amendment will be binding on the relevant series of Broadband Eligible Notes or AT&T Eligible Notes that remain outstanding.

You may withdraw tendered notes at any time prior to the expiration of the exchange offer for the notes of that series. Validly withdrawing your notes will revoke the associated consent to the note amendment.

HOW DO I TENDER BROADBAND ELIGIBLE NOTES OR AT&T ELIGIBLE NOTES THROUGH THE LUXEMBOURG EXCHANGE AGENT?

For any 5.625% AT&T Eligible Notes Due 2004 (ISIN No. US 001957AU39), 6.00% Broadband Eligible Notes Due 2009 (ISIN No. US 00195AV12) or 6.50% AT&T Eligible Notes Due 2029 (ISIN No. US 001957AW94), referred to collectively as the Luxembourg Notes, letters of transmittal may be submitted in accordance with procedures that may be obtained by contacting the Luxembourg exchange agent at the telephone number listed on the back cover page of this prospectus.

INSTRUCTIONS ON HOW TO TENDER OR WITHDRAW BROADBAND ELIGIBLE NOTES OR AT&T ELIGIBLE NOTES FOR EXCHANGE ARE SET FORTH ON PAGE 75 AND IN THE LETTER OF TRANSMITTAL.

SUMMARY

This summary highlights selected information from this prospectus and may not contain all of the information that is important to you. To better understand the exchange offer, you should read this entire document carefully, as well as those additional documents to which we refer you. See "Where You Can Find More Information."

THE AT&T COMCAST TRANSACTION

Comcast and AT&T are planning to combine Comcast with the AT&T broadband business. Comcast and AT&T believe that the combined strengths of Comcast and AT&T's broadband business will enable them to create the world's premier broadband communications company.

The AT&T Comcast transaction will occur in several steps. First, AT&T will transfer the assets and liabilities of AT&T's broadband business to Broadband, a company newly formed for the purpose of effectuating the AT&T Comcast transaction. Second, AT&T will spin off Broadband to its shareholders. Third, Comcast and Broadband will each merge with a different, wholly owned subsidiary of AT&T Comcast. Comcast and AT&T shareholders will receive the shares of AT&T Comcast. The merger agreement entered into in connection with the AT&T Comcast transaction provides for all of the steps described above to occur on the closing date for the AT&T Comcast transaction. The AT&T Comcast transaction remains subject to regulatory and other approvals and other conditions, including the receipt of specified note consents as described in this prospectus, and is expected to close by the end of 2002.

See "Description of AT&T Comcast Transaction" for a description of the principal agreements governing the AT&T Comcast transaction, the conditions to completion of the AT&T Comcast transaction and more information.

THE EXCHANGE OFFER

THE EXCHANGE OFFER

AT&T is offering to exchange its Broadband Eligible Notes for a like principal amount of Broadband Exchange Notes. The Broadband Exchange Notes will be obligations of both AT&T and Broadband. Except as described in this prospectus, the Broadband Exchange Notes will have terms substantially identical to the Broadband Eligible Notes as amended by the note amendment. The Broadband Exchange Notes are summarized under "Description of the Broadband Exchange Notes" below. Upon consummation of the AT&T Comcast transaction, however, the Broadband Exchange Notes will be mandatorily exchanged for New Broadband Notes at the relevant exchange ratio. The exchange ratio will be announced by press release two business days prior to the expiration of the exchange offer and will be based on the relevant exchange spreads set forth on the cover of this prospectus over the relevant reference U.S. Treasury rates. The exchange ratio will be calculated as the exchange price per $1,000 principal amount of the Broadband Eligible Notes divided by $1,000, and the exchange price is equal to the present value of the Broadband Eligible Notes on the exchange settlement date in accordance with standard market practice assuming the Broadband Eligible Notes would be repaid at $1,000 at maturity, determined on the basis of a yield to maturity equal to the sum of the relevant exchange spread set forth on the cover of this prospectus and the related reference U.S. Treasury yield. The related reference U.S. Treasury yield will be calculated by the dealer managers in accordance with standard market practice based on the bid side price for such reference security, as of 2:00 p.m., New York City time, two business days prior to the expiration date of the exchange offer, as displayed in Bloomberg Government Pricing Monitor, or any other recognized quotation source selected by the dealer managers. The method for determining the exchange ratio is described in detail under "Description of the Exchange Offer -- Exchange Ratio for the New Broadband Notes."

The New Broadband Notes will be primary obligations only of Broadband, fully and unconditionally guaranteed by Comcast Cable, AT&T Comcast, MediaOne and TCI. The interest rates for each series of New Broadband Notes will be announced by press release two business days prior to the expiration of the exchange offer for that series and will be based on a credit spread over the relevant reference U.S.

Treasury rates. The reference U.S. Treasury rate with respect to each series of New Broadband Notes will be calculated, by the dealers managers, in accordance with standard market practice, based on the bid side price of the relevant reference U.S. Treasury as listed on the relevant Bloomberg Government Pricing Monitor or any other recognized quotation source selected by the dealer managers at 2:00 p.m., New York City time, two business days prior to the expiration of the exchange offer. The relevant reference U.S. Treasury has been selected to approximate the maturity characteristics of the applicable series of New Broadband Notes. The method for determining the interest rate is described in detail under "Description of the Exchange Offer -- Interest Rate for the New Broadband Notes" and the other terms of the New Broadband Notes are summarized under "Description of the New Broadband Notes and the Cable Guarantees."

AT&T is also offering to exchange its AT&T Eligible Notes for a like principal amount of New AT&T Notes. The New AT&T Notes will be obligations only of AT&T. Except as described in this prospectus, the New AT&T Notes will have terms substantially identical to the AT&T Eligible Notes as amended by the note amendment. Upon completion of the AT&T Comcast transaction, however, the interest rates for each applicable series of New AT&T Notes will be adjusted automatically as set forth on the cover of this prospectus and the maturity date of the New AT&T Notes issued in exchange for the 6.50% AT&T Eligible Notes due March 15, 2029 will be changed to March 15, 20 . The material terms of the New AT&T Notes are summarized under "Description of the New AT&T Notes" below.

Holders of Broadband Eligible Notes and AT&T Eligible Notes must consent to the note amendment described below to the extent their notes are accepted for exchange. Notes of any series not tendered for exchange and notes of any series of Broadband Eligible Notes not accepted for exchange due to proration will remain obligations only of AT&T, will not become obligations of Broadband, and will not be subject to the cable guarantees but will be bound by the note amendment if more than 50% by principal amount of that series consents to the note amendment by participating in the exchange. For these purposes, all of the Series A Medium Term Notes outstanding will be treated as part of a single series. THE TERMS OF YOUR NOTES MAY BE AMENDED AS A RESULT OF THE EXCHANGE OFFER WHETHER OR NOT YOU PARTICIPATE IN THE EXCHANGE.

The exchange offer is subject to a number of conditions summarized below under "-- Conditions to the Exchange Offer" and in detail under "Description of the Exchange Offer -- Conditions to the Exchange Offer."

Even if the exchange offer is completed, if the AT&T Comcast transaction is terminated:

- the Broadband Exchange Notes will not be exchanged for New Broadband Notes, will become obligations only of AT&T with Broadband released as an obligor and will not be entitled to the benefits of the cable guarantees;

and

- the maturity date and interest rate on the New AT&T Notes will not change.

PAYMENT OF INTEREST ACCRUED ON THE BROADBAND ELIGIBLE NOTES, THE BROADBAND EXCHANGE NOTES, THE NEW BROADBAND NOTES, THE AT&T ELIGIBLE NOTES AND THE NEW AT&T NOTES

You should refer to the specific terms of the notes described in this prospectus to determine who will be eligible to receive accrued and unpaid interest and when accrued and unpaid interest will be paid. Interest on each of the notes will accrue from the date of original issuance of that series of new notes, which will be on the date the exchange offer is completed with respect to the Broadband Exchange Notes and the New AT&T Notes and which will be on the date of mandatory exchange with respect to the New Broadband Notes. However:

- interest accrued and unpaid on any Broadband Eligible Notes accepted in the exchange offer (a) will be paid along with the first payment of interest on the relevant series of Broadband Exchange Notes or (b) if the mandatory exchange of the Broadband Exchange Notes occurs prior to that first payment of interest, will be paid at the time of mandatory exchange;

- interest accrued and unpaid on any series of Broadband Exchange Notes will be paid at the time of mandatory exchange;

- interest accrued and unpaid on any AT&T Eligible Notes accepted in the exchange offer will be paid along with the first payment of interest on the relevant series of New AT&T Notes; and

- interest accrued and unpaid on any Broadband Eligible Notes or AT&T Eligible Notes not accepted in the exchange offer will be paid on the same interest payment dates as previously scheduled for the respective series.

FRACTIONAL NOTES

Notes will be issued only in denominations of $1,000 and multiples of $1,000. If the exchange of a series of Broadband Eligible Notes is subject to proration and proration would result in your being entitled to receive a fractional interest in the relevant series of Broadband Exchange Notes, the principal amount of Broadband Eligible Notes accepted in the exchange will be rounded to the nearest $1,000. This rounding will result in your receiving only whole Broadband Exchange Notes in exchange for your Broadband Eligible Notes.

If the mandatory exchange of a series of Broadband Exchange Notes into New Broadband Notes would result in your being entitled to receive a fractional interest in the relevant series of New Broadband Notes, the principal amount you receive will be rounded down to the nearest $1,000 multiple and you will receive cash in lieu of a fractional New Broadband Note for the balance.

Because the exchange offer of New AT&T Notes for AT&T Eligible Notes is not subject to proration and New AT&T Notes will be issued in a like principal amount as the AT&T Eligible Notes accepted in exchange, there will not be any need to pay cash in lieu of fractional New AT&T Notes.

MINIMUM AMOUNT OF NOTES TENDERED; PRORATION OF BROADBAND ELIGIBLE NOTES

No Broadband Eligible Notes or AT&T Eligible Notes of a series will be accepted for exchange unless more than 50% of the principal amount of that series of eligible notes has been validly tendered and not withdrawn by the expiration of the exchange offer for that series. For these purposes, all of the Series A Medium-Term Notes outstanding will be treated as part of a single series. If more than the relevant proration percentage of the principal amount of any series of Broadband Eligible Notes, as set forth on the cover of this prospectus, is tendered and not withdrawn, notes of that series will be accepted for exchange on a prorated basis. The exchange offer for each series of AT&T Eligible Notes is for all notes of that series and is not subject to proration.

PURPOSE OF THE EXCHANGE OFFER AND NOTE AMENDMENT

The AT&T Comcast transaction is conditioned on AT&T's obtaining the consent of, or having defeased, purchased, retired or acquired its debt in respect of series representing at least 90% in aggregate principal amount outstanding on December 19, 2001, which was approximately $12.7 billion, of debt securities issued under the AT&T Indenture. As of the date of this prospectus, approximately $11.8 billion of these debt securities, including the Broadband Eligible Notes and the AT&T Eligible Notes, remained outstanding. AT&T and Comcast could mutually agree to waive this condition with respect to all or any portion of the AT&T Notes for which consents are not obtained.

If the AT&T Comcast transaction were to occur and if holders of the AT&T Notes were to assert successfully that completing the AT&T Comcast transaction required Broadband or one of its affiliates to assume AT&T's obligations under the AT&T Notes and that did not occur, then AT&T could be required to refinance the AT&T Notes. Thus, while AT&T and Comcast could jointly waive the consent condition to the AT&T Comcast transaction, AT&T is making the exchange offer primarily to facilitate the AT&T Comcast transaction and to optimize the respective capital structures of AT&T and AT&T Comcast in an economic and tax efficient manner.

THE CABLE GUARANTEES

The New Broadband Notes issued in exchange for Broadband Exchange Notes upon completion of the AT&T Comcast transaction will be fully and unconditionally guaranteed by Comcast Cable, AT&T Comcast, MediaOne and TCI, which we collectively refer to as the cable guarantors. The cable guarantees will rank equally with all other general unsecured and unsubordinated obligations of the cable guarantors,

including approximately 14.9 billion of outstanding indebtedness as of June 30, 2002 and up to $12.8 billion of new indebtedness which will be guaranteed by the cable guarantors in connection with the closing of the AT&T Comcast transaction. For more information regarding the cable guarantees, see "Description of the New Broadband Notes and the Cable Guarantees" and "Other Indebtedness and the Cross-Guarantees."

The New AT&T Notes will be obligations only of AT&T and will not be subject to the cable guarantees.

THE NOTE AMENDMENT

If the requisite consents are received, the note amendment will clarify that in connection with the AT&T Comcast transaction, the successor formed by the consolidation or merger, or to which AT&T shall have transferred its property, need not assume the obligations of AT&T under the notes of that series and that the successor shall not succeed to and be substituted for AT&T under the notes of that series.

Holders of the Broadband Eligible Notes and the AT&T Eligible Notes, to the extent their notes are accepted for exchange, must consent to the note amendment. The note amendment is designed to satisfy a condition to the AT&T Comcast transaction.

Effectiveness of Note Amendment; Dissenters' Rights

The note amendment will be effective as to a series of notes if more than 50% by principal amount of the notes of that series consent. For these purposes, all of the Series A Medium Term Notes outstanding will be treated as part of a single series. You will not be entitled to any dissenters' rights if the note amendment becomes effective without your consent.

Description of the Note Amendment

The note amendment clarifies the covenant in the AT&T Indenture regarding the consolidation, merger with, or sale or conveyance of all or substantially all of the property of AT&T. The note amendment will be effective with respect to each series of notes that consents to the amendment and will provide that the AT&T Comcast transaction, including all transactions completed as steps in the AT&T Comcast transaction, (1) will not result in a consolidation, merger, sale, conveyance or other transfer of property of AT&T (including stock of subsidiaries) as an entirety or substantially as an entirety for purposes of the AT&T Indenture, and (2) will not violate the successor clause of the AT&T Indenture or any other provision of the AT&T Indenture or any security issued under the AT&T Indenture, regardless of whether any person assumes any of the indebtedness outstanding under the AT&T Indenture or any other obligation under the AT&T Indenture or any security issued under the AT&T Indenture.

The merger covenant applicable to the Broadband Exchange Notes and the New AT&T Notes will be the AT&T Indenture merger covenant as so amended.

EXPIRATION OF THE EXCHANGE OFFER

THE EXCHANGE OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON , 2002 UNLESS IT IS EXTENDED AS TO ONE OR MORE SERIES OF NOTES IN OUR DISCRETION.

WE WILL ANNOUNCE ANY EXTENSIONS BY PRESS RELEASE OR OTHER PERMITTED MEANS NO LATER THAN 9:00 A.M., NEW YORK CITY TIME, THE DAY AFTER EXPIRATION OF THE EXCHANGE OFFER FOR THAT SERIES OF NOTES.

AMENDMENT OF THE EXCHANGE OFFER

We reserve the right to determine whether the conditions of the exchange offer have been satisfied and not to accept any of the notes of one or more series we determine have not been validly tendered, and to otherwise interpret or modify the terms of this exchange offer. We will comply with applicable laws that require us to extend the period during which notes may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.

TENDERS AND WITHDRAWALS OF NOTES

In order to tender eligible notes in the exchange offer, you must properly submit the notes and a completed letter of transmittal and the other agreements and documents described in this prospectus and the letter of transmittal. Completing the letter of transmittal will evidence your consent to the note amendment to the extent your notes are accepted for exchange. If you own notes held through a broker or other third party, or in "street name," you will need to follow the instructions in the letter of transmittal on how to instruct them to tender the notes on your behalf, as well as submit a completed letter of transmittal and the other documents described in this prospectus and the letter of transmittal. In addition, letters of transmittal may be submitted for any Luxembourg Notes in accordance with the procedures that may be obtained by contacting the Luxembourg exchange agent at the telephone number listed under "-- Luxembourg Exchange Agent." We will determine in our sole discretion whether any notes have been validly tendered. Please carefully follow the instructions on how to tender your notes contained in this prospectus and the letter of transmittal.

If you decide to tender eligible notes in the exchange offer, you may withdraw them at any time prior to the expiration of the exchange offer for the notes of that series. Validly withdrawing your notes will revoke your consent to the note amendment with respect to those notes withdrawn.

If we decide for any reason not to accept any eligible notes for exchange, those eligible notes will be returned without expense promptly after the exchange offer expires.

PLEASE SEE PAGE 75 AND THE LETTER OF TRANSMITTAL FOR PROCEDURES ON HOW TO TENDER OR WITHDRAW YOUR NOTES.

CONDITIONS TO THE EXCHANGE OFFER

The exchange offer is subject to various conditions, including that AT&T will not accept any eligible notes of a series unless more than 50% of the aggregate principal amount of that series of notes has been validly tendered and not withdrawn by the expiration of the exchange offer for that series. In addition, AT&T is not required to complete the exchange offer, if on or before the expiration date, among other things:

- we have not received, as of the expiration of the exchange offer, the valid and unrevoked consents to the note amendment of the holders of more than 50% in aggregate principal amount of those series of AT&T Notes which will result in AT&T's obtaining the consent of, or having defeased, purchased, retired or acquired debt in respect of series representing at least 90% in aggregate principal amount outstanding on December 19, 2001, which was approximately $12.7 billion, of debt securities issued under the AT&T Indenture. As of the date of this prospectus, approximately $11.8 billion of these debt securities, including the AT&T Notes, remained outstanding;

- there has occurred any specified adverse change with respect to AT&T, Comcast or Broadband -- or with respect to the expected benefits of the exchange offer;

- there has occurred any specified adverse changes in the financial or capital markets or in political, market, economic or financial conditions in the United States or abroad; or

- the AT&T Comcast transaction has been terminated.

USE OF PROCEEDS

None of AT&T, Broadband or any other party will receive any proceeds from the issuance of the new notes in the exchange offer. The amount that Broadband would otherwise be required to pay to AT&T upon completion of the AT&T Comcast transaction to satisfy intercompany indebtedness then outstanding will be reduced based upon the aggregate principal amount of New Broadband Notes issued in the exchange in an amount to be mutually agreed.

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THE COMPANIES

AT&T CORP.

900 Routes 202/206 North

Bedminster, NJ 07921-0752

(908) 221-2000
http://www.att.com

AT&T is a New York corporation incorporated in 1885. AT&T currently consists primarily of AT&T Broadband Group, AT&T Consumer Services Group and AT&T Business Services Group. These AT&T groups are not separate companies, but, rather, are parts of AT&T. The AT&T Comcast transaction would separate and spin off the AT&T Broadband Group into a separate company, Broadband, that immediately would be combined with and become a subsidiary of AT&T Comcast.

Upon completion of the AT&T Comcast transaction, AT&T will consist of AT&T Consumer Services Group, the leading provider of domestic and international long distance service to residential customers in the United States, and AT&T Business Services Group, one of the nation's largest business services communications providers, providing a variety of global communications services to over 4 million customers and operating one of the largest telecommunications networks in the United States.

The table below sets forth the approximate percentages of consolidated revenue, operating income, net loss, assets and indebtedness of AT&T, giving prior effect to the split-off of the AT&T Wireless Services Group, that were attributable to each of AT&T Broadband Group and AT&T excluding the AT&T Broadband Group at or for the six month period ended June 30, 2002 and the year ended December 31, 2001. These percentages will vary in the future with the relative performance of the different AT&T groups. In addition, the actual debt levels of each of the AT&T groups in the future will depend on a variety of other factors, including the progress AT&T makes on its various debt reduction activities. The table also should be read in the context of the financial and other information set forth in this prospectus.

% OF	% OF AT&T	% OF AT&T	% OF

	AT&T REVENUE	OPERATING INCOME/LOSS	NET LOSS*	AT&T ASSETS	% OF AT& DEBT
AT&T Broadband Group					
At or for the year ended December 31, 2001	19.3%	(111.4)%	61.0%	62.4%	43.5%
At or for the six month period ended June 30, 2002	20.6%	124.3%	107.6%	59.3%	50.8%
AT&T Corp. (excluding AT&T Broadband Group)**					
At or for the year ended December 31, 2001	81.2%	211.4%	(1.9)%	37.7%	56.5%
At or for the six month period ended June 30, 2002	80.1%	(23.9)%	(7.6)%	41.1%	49.2%

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* Based on net loss from continuing operations before extraordinary gain and cumulative effect of accounting change.

** Includes AT&T Business Services Group and AT&T Consumer Services Group and excludes Liberty Media Group and AT&T Wireless Services Group.

AT&T BROADBAND CORP.
188 Inverness Drive West
Englewood, Colorado 80112
(303) 858-3000

AT&T Broadband Corp. is a Delaware corporation newly formed for purposes of effectuating the AT&T Comcast transaction. Throughout this prospectus, we refer to AT&T Broadband Corp. as Broadband. As part of the AT&T Comcast transaction, AT&T will transfer to Broadband substantially all

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the assets, liabilities and businesses represented by AT&T Broadband Group, an integrated business of AT&T Corp.

AT&T Broadband Group is one of the nation's largest broadband communications businesses, providing cable television, high-speed cable Internet services and communications services over one of the most extensive broadband networks in the country. At or for the six month period ended June 30, 2002, AT&T Broadband Group:

- owned and operated cable systems aggregating approximately 13.26 million analog video subscribers;

- had approximately $5.0 billion in combined revenue;

- had approximately $14.7 billion in net loss;

- had debt of approximately $21.9 billion; and

- had investments in companies, joint ventures and partnerships, including Time Warner Entertainment Company, L.P., Insight Midwest, L.P. and Texas Cable Partners, L.P.

AT&T COMCAST CORPORATION
1500 Market Street
Philadelphia, Pennsylvania 19102-2148
(215) 665-1700

AT&T Comcast is a newly formed Pennsylvania corporation that has not, to date, conducted any activities other than those incident to its formation, the financing and other matters contemplated by or incident to the merger agreement entered into in connection with the AT&T Comcast transaction, and the preparation of this prospectus. Upon completion of the AT&T Comcast transaction, Comcast and Broadband will each become a wholly owned subsidiary of AT&T Comcast. The business of AT&T Comcast will be the combined businesses currently conducted by Comcast and the AT&T Broadband Group.

COMCAST CORPORATION
1500 Market Street
Philadelphia, Pennsylvania 19102-2148
(215) 665-1700

Comcast is a Pennsylvania corporation incorporated in 1969. Comcast is involved principally in three lines of business:

- cable -- through the development, management and operation of broadband communications networks and regional sports programming networks;

- commerce -- through QVC, its electronic retailing subsidiary; and

- content -- through its consolidated subsidiaries, Comcast-Spectacor, E! Entertainment Television, The Golf Channel and Outdoor Life Network, and through its other programming investments.

Upon completion of the AT&T Comcast transaction, Comcast will become a wholly owned subsidiary of AT&T Comcast.

COMCAST CABLE COMMUNICATIONS, INC.
1500 Market Street
Philadelphia, Pennsylvania 19102-2148
(215) 665-1700

Comcast Cable is a Delaware corporation incorporated in 1981 and a wholly owned subsidiary of Comcast. Comcast Cable is currently the third largest cable operator in the United States and has deployed digital cable applications and high-speed Internet access service to the vast majority of its cable communications systems to expand the products available on its broadband communications networks.

Comcast's consolidated cable operations served approximately 8.5 million subscribers and passed approximately 14.0 million homes as of June 30, 2002.

Comcast Cable will remain a wholly owned subsidiary of Comcast, and will become an indirect wholly owned subsidiary of AT&T Comcast after completion of the AT&T Comcast transaction.

MEDIAONE GROUP, INC.
188 Inverness Drive West
Englewood, Colorado 80112
(303) 858-3000

MediaOne is a Delaware corporation incorporated in 1999. MediaOne is a subsidiary of AT&T and, upon completion of the AT&T Comcast transaction, will become a wholly owned subsidiary of Broadband.

AT&T BROADBAND, LLC
188 Inverness Drive West
Englewood, Colorado 80112
(303) 858-3000

AT&T Broadband, LLC, referred to in this prospectus as TCI, is a Delaware limited liability company formerly known as Tele-Communications, Inc., a Delaware corporation that was formed in 1994. TCI is a subsidiary of AT&T that holds the former Tele-Communications, Inc. business, and upon completion of the AT&T Comcast transaction, will become a wholly owned subsidiary of Broadband.

DESCRIPTION OF THE BROADBAND EXCHANGE NOTES

The Broadband Exchange Notes will be entitled to the benefits and subject to the terms and conditions of the AT&T Indenture as amended by the note amendment and a supplemental indenture that will have the purpose of, among other things, making Broadband a co-obligor on the Broadband Exchange Notes. Except as described in this prospectus, the Broadband Exchange Notes will have terms substantially identical to the Broadband Eligible Notes as amended by the note amendment. Upon completion of the AT&T Comcast transaction, however, each series of Broadband Exchange Notes will be mandatorily exchanged at the relevant exchange ratio for New Broadband Notes, which will be primary obligations only of Broadband, fully and unconditionally guaranteed by the cable guarantors, and will not be obligations of AT&T.

AT&T intends to apply for listing of the Broadband Exchange Notes on the New York Stock Exchange. If the AT&T Comcast transaction is terminated, AT&T will use commercially reasonable efforts to list the 6.00% Broadband Exchange Notes Due March 15, 2009 additionally on the Luxembourg Stock Exchange.

If the AT&T Comcast transaction is terminated, Broadband's obligations under the Broadband Exchange Notes will be released and discharged and the Broadband Exchange Notes will become solely obligations of AT&T and cease to be exchangeable for New Broadband Notes.

DESCRIPTION OF THE NEW BROADBAND NOTES AND THE CABLE GUARANTEES

The New Broadband Notes will be entitled to the benefits and subject to the terms and conditions of an indenture among Broadband, the cable guarantors and The Bank of New York, as trustee. We refer to this indenture as the New Broadband Indenture.

BASIC TERMS

The New Broadband Notes:

- will rank equally with all of Broadband's other unsecured and unsubordinated debt and will be entitled to the benefits of the cable guarantees described below; and

- will be issued in an aggregate principal amount not exceeding $ comprised as follows:

  o up to $ in principal amount of New Broadband Notes Due 2013, maturing on , 2013, with interest payable semiannually on each and beginning on the first or occurring after the initial issuance of the New Broadband Notes Due 2013, to holders of record on the preceding and ; and

  o up to $ in principal amount of New Broadband Notes Due 2022, maturing on , 2022, with interest payable semiannually on each and , beginning on the first or occurring after the initial issuance of the New Broadband Notes Due 2022, to holders of record on the preceding and .

The interest rate on each series of New Broadband Notes will be announced by press release two business days prior to the expiration of the exchange offer and will be based on spreads over the relevant reference U.S. Treasury rates as described in "Description of the Exchange Offer -- Interest Rate for the New Broadband Notes."

CABLE GUARANTEES

Broadband's obligations under the New Broadband Notes will be fully and unconditionally guaranteed, on an unsecured and unsubordinated basis, by each of Comcast Cable, AT&T Comcast, MediaOne and TCI. See "Description of the New Broadband Notes and the Cable Guarantees -- Cable Guarantees."

MARKET FOR THE NEW BROADBAND NOTES; LISTING

Although Broadband intends to list the New Broadband Notes on the New York Stock Exchange, and expects that they will be eligible for trading in the PORTAL market, there is currently no public market for the New Broadband Notes. In addition, Broadband does not intend to apply for listing of the New Broadband Notes on the Luxembourg Stock Exchange. There can be no assurance as to the development of any market for the New Broadband Notes.

OPTIONAL REDEMPTION

Broadband will have the right at its option to redeem the New Broadband Notes Due 2022, at any time or from time to time on or after , 20 , on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each holder of New Broadband Notes Due 2022. The optional redemption terms for the New Broadband Notes Due 2022 are described under "Description of the New Broadband Notes and the Cable Guarantees -- Optional Redemption." The New Broadband Notes Due 2013 will not be subject to optional redemption by Broadband.

COVENANTS

The New Broadband Indenture under which Broadband will issue the New Broadband Notes will contain covenants that, among other things, limit Broadband's ability and the cable guarantors' ability to create secured indebtedness and engage in sale and leaseback transactions and Broadband's ability to enter into some types of mergers and consolidations. See "Description of the New Broadband Notes and the Cable Guarantees -- Certain Covenants." Neither the New Broadband Notes nor the cable guarantees will contain financial covenants.

DESCRIPTION OF THE NEW AT&T NOTES

The New AT&T Notes will be entitled to the benefits and subject to the terms and conditions of the AT&T Indenture, as amended by a supplemental indenture that will have the purpose of, among other things, effecting the note amendment with respect to each series of New AT&T Notes.

The terms of the New AT&T Notes and the AT&T Eligible Notes are substantially identical, except that:

- the interest rate on the applicable New AT&T Notes will be adjusted automatically upon completion of the AT&T Comcast transaction, as described in further detail under "Description of the New AT&T Notes -- Interest Payments;"

- the maturity date of the New AT&T Notes issued in exchange for the 6.50% AT&T Eligible Notes Due March 15, 2029 will be changed automatically to March 15, 20 upon completion of the AT&T Comcast transaction; and

- the merger covenant applicable to the New AT&T Notes will be the AT&T Indenture merger covenant as amended by the note amendment, which is described in greater detail under "Description of the Broadband Exchange Notes -- Certain Covenants -- Consolidation, Merger or Sale."

BASIC TERMS

The New AT&T Notes:

- will rank equally with all of AT&T's other unsecured and unsubordinated debt;

- will be obligations only of ATT

- will be issued in an aggregate principal amount not exceeding $5,485,563,000 comprised as follows:

- up to $2,000,000,000 in principal amount of New AT&T Notes Due 2004 (Series 1), maturing on March 15, 2004, with interest payable semiannually on each March 15 and September 15, beginning the first March 15 or September 15 occurring after the initial issuance of the New AT&T Notes Due 2004 (Series 1), to holders of record on the preceding March 1 and September 1;

- up to $400,000,000 in principal amount of New AT&T Notes Due 2004 (Series 2), maturing on April 1, 2004, with interest payable semiannually on each April 1 and October 1, beginning the first April 1 or October 1 occurring after the initial issuance of the New AT&T Notes Due 2004 (Series 2), to holders of record on the preceding March 15 and September 15;

- up to $25,000,000 in principal amount of New Medium-Term Notes, Series A (subseries 1) Due May 15, 2025, maturing on May 15, 2025, with interest payable semiannually on each May 15 and November 15, beginning the first May 15 or November 15 occurring after the initial issuance of the New Medium-Term Notes, Series A (subseries 1) Due May 15, 2025, to holders of record on the preceding May 1 and November 1;

- up to $50,000,000 in principal amount of New Medium-Term Notes, Series A (subseries 2) Due May 15, 2025, maturing on May 15, 2025, with interest payable semiannually on each May 15 and November 15, beginning the first May 15 or November 15 occurring after the initial issuance of the New Medium-Term Notes, Series A (subseries 2) Due May 15, 2025, to holders of record on the preceding May 1 and November 1;

- up to $3,000,000,000 in principal amount of New AT&T Notes Due 20 , maturing on March 15, 2029, however, upon completion of the AT&T Comcast transaction, the maturity will be changed automatically to March 15, 20 , with interest payable semiannually on each March 15 and September 15, beginning the first March 15 or September 15 occurring after the

initial issuance of the New AT&T Notes Due 20 , to holders of record on the preceding March 1 and September 1;

- up to $10,563,000 in principal amount of New FRN Medium-Term Notes, Series A Due 2054, maturing on December 28, 2054, with interest payable semiannually on each June 28 and December 28, beginning the first June 28 or December 28 occurring after the initial issuance of the New FRN Medium-Term Notes, Series A Due 2054, to holders of record on the preceding June 13 and December 13.

MARKET FOR THE NEW AT&T NOTES; LISTING

Although AT&T intends to list each series of the New AT&T Notes, other than the Series A Medium-Term Notes, on the New York Stock Exchange, there is currently no public market for the New AT&T Notes. AT&T also intends to list the New AT&T Notes Due 2004 (Series 1) and the New AT&T Notes Due 20 additionally on the Luxembourg Stock Exchange. AT&T does not intend to apply for listing of the Series A Medium-Term Notes on any national exchange. There can be no assurance as to the development of any market for the New AT&T Notes.

OPTIONAL REDEMPTION

AT&T will have the right at its option to redeem certain of the New AT&T Notes, other than the New AT&T Notes Due 2004 (Series 2), at any time or from time to time, on at least 30 days, but not more than 60 days, prior notice mailed to the registered address of each holder of the applicable series of New AT&T Notes. The optional redemption terms for each series of New AT&T Notes is described under "Description of the New AT&T Notes -- Optional Redemption."

COVENANTS

The AT&T Indenture under which AT&T will issue the New AT&T Notes contains covenants that, among other things, limit AT&T's ability and its subsidiaries' ability to create secured indebtedness and engage in sale and leaseback transactions. See "Description of the New AT&T Notes."

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The U.S. federal income tax consequences to a holder of Broadband Eligible Notes or AT&T Eligible Notes vary depending on which type of notes are held, whether or not the holder participates in the exchange offer and whether or not the AT&T Comcast transaction is completed. Depending on those facts, a holder of eligible notes may recognize gain or loss for U.S. federal income tax purposes in connection with the exchange and the modification of certain terms of such notes upon consummation of the AT&T Comcast transaction. Please see "Description of the Exchange Offer -- Material United States Federal Income Tax Consequences of the Exchange Offer" beginning on page 82 of this prospectus.

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THE DEALER MANAGERS

The following firms, listed in alphabetical order, will act as dealer managers for the exchange offer, and can be reached at the addresses and telephone numbers set forth on the back cover of this prospectus:

Credit Suisse First Boston Corporation

Deutsche Bank Securities Inc.

Goldman, Sachs & Co.
J.P. Morgan Securities Inc.
Merrill Lynch, Pierce, Fenner & Smith
Incorporated
Morgan Stanley & Co. Incorporated

THE INFORMATION AGENT

We have engaged D.F. King & Co., Inc. as the information agent for the exchange offer. Requests for additional copies of this prospectus or the letter of transmittal and for assistance in tendering eligible notes should be directed to the information agent below.

D.F. King & Co., Inc.

77 Water Street, 20th Floor

New York, New York 10005

Banks and Brokers Call Collect:

(212) 269-5550

All Others Call Toll Free:

(866) 868-2409

D.F. King (Europe) Limited

2 London Wall Building -- 2nd Floor

London EC2 M5PP

Telephone: 44 207 920 9700

THE EXCHANGE AGENT

We have engaged The Bank of New York as the exchange agent for purposes of processing tenders and withdrawals of eligible notes in the exchange offer. The address and telephone number of the exchange agent are as follows:

The Bank of New York

Corporate Trust Reorganization Unit
101 Barclay Street, 7E
New York, New York 10286

Attn: Kin Lau

Toll Free: (800) 254-2826

Telephone: (212) 815-3750

Facsimile: (212) 298-1915

THE LUXEMBOURG EXCHANGE AGENT

We have engaged The Bank of New York (Luxembourg) S.A. as the Luxembourg exchange agent in connection with the exchange offer. In Luxembourg, you should contact the Luxembourg exchange agent for all services in connection with the exchange offer, including to obtain copies of this prospectus and the letter of transmittal or answers to questions about the terms and procedures of the exchange offer, to have a letter of transmittal submitted on your behalf, or to have the Luxembourg Notes delivered on your behalf. The address and telephone number of the Luxembourg exchange agent are as follows:

The Bank of New York (Luxembourg) S.A.

Aerogolf Center -- 1A, Hoehenhof

L-1736 Senningerberg, Luxembourg

Attn: Jacqueline Geisen

Telephone: 44 207 964 7306

Facsimile: 44 207 964 6399

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RETAIL SOLICITATION FEE

We will pay soliciting dealers named in a qualifying letter of transmittal with respect to eligible notes as having solicited and obtained the tender a retail solicitation fee of $ per $1,000 of eligible notes tendered by a beneficial holder of less than $ in principal amount of eligible notes and accepted in the exchange offer. See "Description of the Exchange Offer -- Retail Solicitation Fee."

RECENT DEVELOPMENTS

On August 21, 2002, AT&T and Comcast announced that they had entered into an agreement with AOL Time Warner providing for the restructuring of Time Warner Entertainment Company L.P., or TWE. The restructuring agreement, which has been publicly filed by AT&T as an exhibit to its Current Report on Form 8-K, dated August 23, 2002, is intended to provide for a more orderly and timely disposition of AT&T Broadband Group's entire stake in TWE than would likely be available under the registration rights provisions of the TWE partnership agreement, which AT&T Broadband Group has been pursuing. Under the restructuring agreement, which is expected to close in the first half of 2003, for its 27.64% interest in TWE, AT&T Broadband Group will receive $1.5 billion in common stock of AOL Time Warner Inc. (valued at the time of the closing and subject to certain limitations) and an effective 21% passive equity interest in all of AOL Time Warner's cable properties, including those already in TWE, and AT&T Broadband Group will also receive $2.1 billion in cash. As part of the restructuring, TWE will distribute to AOL Time Warner all of TWE's major content assets, which include Home Box Office (HBO), Warner Bros., and stakes in The WB Network, Comedy Central and Court TV. Upon consummation of the AT&T Comcast transaction, AT&T Comcast will assume all of AT&T's interest in TWE and in the restructuring agreement. Time Warner Cable, which will own substantially all of AOL Time Warner's cable interests, is expected to conduct an initial public offering of common stock following the restructuring. Under the restructuring agreement, AT&T Broadband Group will have registration rights enabling it to dispose of its shares in Time Warner Cable and in AOL Time Warner.

In connection with the transactions, AT&T Broadband Group and Comcast will also enter into a three-year non-exclusive agreement with AOL Time Warner under which AOL High-Speed Broadband service would be made available on certain of AT&T's, or AT&T Comcast's, cable systems which pass approximately 10 million homes.

AT&T and Comcast intend, at or prior to the closing of the AT&T Comcast transaction, to place AT&T's entire interest in TWE in trust for orderly disposition. Any non-cash consideration received in respect of such interest, including the AOL Time Warner common stock to be issued to AT&T Broadband Group and AT&T Broadband Group's entire economic and voting interest in Time Warner Cable will remain in trust until disposed of or regulatory approval is obtained to remove such interests from the trust.

AT&T acquired its stake in TWE as part of its June 2000 acquisition of the MediaOne Group. In February of 2001, AT&T requested that TWE convert from a limited partnership into a corporation and create equity securities for registration with the Securities and Exchange Commission. On July 30, 2002, AT&T and TWE agreed to suspend the registration process to explore alternative approaches that led to the transactions contemplated by the restructuring agreement.

In connection with the Broadband spin-off, all of AT&T Broadband Group's interests and rights with respect to TWE will be transferred to Broadband or its subsidiaries.

The TWE restructuring is subject to receipt of certain regulatory approvals and other closing conditions, certain of which are outside the control of AT&T and Comcast. There can be no assurance that the transactions contemplated by the TWE restructuring agreement will be consummated. If the restructuring agreement is terminated without the restructuring being consummated, the parties will return to the registration rights process under the TWE partnership agreement.

If the AT&T Comcast transaction is not completed, the TWE restructuring agreement will remain in place between AT&T and AOL Time Warner, although certain changes would be made to the Internet service provider carriage agreement between them.

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SELECTED FINANCIAL DATA OF AT&T

The consolidated income statement data below for the three years ended December 31, 2001, and the consolidated balance sheet data at December 31, 2001 and 2000, were derived from audited consolidated financial statements of AT&T Corp. incorporated by reference in this prospectus. The remaining data was derived from AT&T's unaudited consolidated financial statements.

	AT OR FOR THE SIX MONTHS ENDED JUNE 30,		AT OR FOR THE YEARS ENDED DECE			
	2002(1)	2001	2001	2000(2)	1999(3)	19
				(UNAUDITED)		
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNT					
RESULTS OF OPERATIONS AND EARNINGS PER SHARE:						
Revenue..............................	$ 24,088	$26,738	$ 52,550	$ 55,533	$ 54,973	$47
Operating (loss) income..............	(13,691)	2,178	3,754	4,228	11,458	7
(Loss) income from continuing operations before extraordinary gain and cumulative effect of accounting changes...........................	(12,909)	(3,356)	(6,842)	4,133	3,861	5
(LOSS) INCOME FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY GAIN AND CUMULATIVE EFFECT OF ACCOUNTING CHANGES:						
AT&T Common Stock Group:						
(Loss) income......................	(12,909)	(534)	(4,131)	2,645	5,883	5
(Loss) earnings per basic share.....	(3.59)	(0.28)	(1.33)	0.76	1.91	
(Loss) earnings per diluted share...	(3.59)	(0.28)	(1.33)	0.75	1.87	
Dividends declared per share........	0.075	0.075	0.15	0.6975	0.88	
Liberty Media Group(4):						
(Loss) income......................	--	(2,822)	(2,711)	1,488	(2,022)	
(Loss) earnings per basic and diluted share....................	--	(1.09)	(1.05)	0.58	(0.80)	
ASSETS AND CAPITAL:						
Property, plant and equipment, net....	$ 41,460	--	$ 41,322	$ 41,269	$ 33,366	$21
Total assets -- continuing operations.........................	137,895	--	165,282	207,136	146,094	40
Total assets.........................	137,895	--	165,282	234,360	163,457	54
Long-term debt.......................	37,271	--	40,527	33,089	23,214	5
Total debt...........................	43,160	--	53,485	64,927	35,694	6
Mandatorily redeemable preferred securities..........................	858	--	2,400	2,380	1,626	
Shareowners' equity..................	42,755	--	51,680	103,198	78,927	25
Debt ratio(5)........................	47.6%	--	47.7%	57.2%	54.3%	
Gross capital expenditures...........	3,278	--	8,388	10,462	11,194	6

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(1) During the second quarter of 2002, AT&T recorded non-cash franchise and goodwill impairment charges of $16.5 billion ($11.8 billion after taxes).

(2) AT&T Common Stock Group continuing operations results exclude Liberty Media Group (LMG). In addition, on June 15, 2000, AT&T completed the acquisition of MediaOne Group, Inc.

(3) In connection with the March 9, 1999 merger with Tele-Communications, Inc., AT&T issued separate tracking stock for LMG. LMG was accounted for as an equity investment prior to its split-off from AT&T on August 10, 2001.

(4) No dividends have been declared for LMG tracking stocks.

(5) Debt ratio reflects debt from continuing operations as a percent of total capital (debt plus equity, excluding LMG and AT&T Wireless Group). For purposes of this calculation, equity includes convertible quarterly trust preferred securities as well as redeemable preferred stock of subsidiary.

Effective January 1, 2002, AT&T adopted SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 requires that goodwill and indefinite-lived intangible assets no longer be amortized, but instead be tested for impairment at least annually. Intangible assets that have finite useful lives will continue to be amortized over their useful lives. In addition, the amortization period of intangible assets with finite lives will no longer be limited to 40 years. We have determined that our franchise costs are

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indefinite-lived assets, as defined in SFAS No. 142, and therefore are not subject to amortization beginning in 2002.

The following table presents the impact of SFAS No. 142 on net (loss) income and (loss) earnings per share had the standard been in effect for the three years ended December 31, 2001. AT&T Wireless Group tracking stock was issued in April, 2000, therefore data for this group is not applicable for 1999.

	AT&T COMMON STOCK GROUP			AT&T WIRELESS GROUP		LIBERT
	2001	2000	1999	2001(1)	2000	2001(2)
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOU					
FOR THE YEAR ENDED DECEMBER 31,						
Net (loss) income:						
Reported (loss) income from continuing operations before cumulative effect of accounting change....................	$(4,131)	$2,645	$5,883	$ --	$ --	$(2,711)
Dividend requirements of preferred stock...............................	(652)	--	--	--	--	--
Premium on wireless tracking stock exchange............................	(80)	--	--	--	--	--
Reported (loss) from continuing operations available to common shareowners..........................	(4,863)	2,645	5,883	--	--	(2,711)
Add back amortization, net of tax:						
Goodwill *..........................	766	687	135	--	--	350
Equity method excess basis...........	128	337	294	--	--	346
Franchise costs.....................	754	645	445	--	--	4

Adjusted (loss) income from continuing operations before cumulative effect of accounting change....................	$(3,215)	$4,314	$6,757	$ --	$ --	$(2,011)
Reported income (loss) from discontinued operations...........................	115	460	(433)	35	76	--
Add back discontinued operations amortization, net of tax..............	152	222	204	36	27	--
Gain on disposition of discontinued operations...........................	13,503	--	--	--	--	--
Cumulative effect of accounting change...............................	359	--	--	--	--	545
ADJUSTED NET INCOME (LOSS)..............	$10,914	4,996	$6,528	$ 71	$ 103	$(1,466)
BASIC (LOSS) EARNINGS PER SHARE:						
Reported basic (loss) earnings per share from continuing operations before cumulative effect of accounting change...............................	$ (1.33)	$ 0.76	$ 1.91	$ --	$ --	$ (1.05)
Add back amortization, net of tax:						
Goodwill *...........................	0.21	0.20	0.04	--	--	0.14
Equity method excess basis...........	0.03	0.10	0.10	--	--	0.13
Franchise costs......................	0.21	0.18	0.14	--	--	--
Adjusted basic (loss) earnings per share from continuing operations before cumulative effect of accounting change...............................	$ (0.88)	$ 1.24	$ 2.19	$ --	$ --	$ (0.78)
Reported earnings (loss) per share from discontinued operations...............	0.03	0.13	(0.14)	0.08	0.21	--
Add back discontinued operations amortization, net of tax..............	0.04	0.06	0.07	0.08	0.08	--
Gain on disposition of discontinued operations...........................	3.70	--	--	--	--	--
Cumulative effect of accounting change...............................	0.10	--	--	--	--	0.21
ADJUSTED BASIC EARNINGS (LOSS) PER SHARE................................	$ 2.99	$ 1.43	$ 2.12	$0.16	$0.29	$ (0.57)

	AT&T COMMON STOCK GROUP			AT&T WIRELESS GROUP		LIBERT
	2001	2000	1999	2001(1)	2000	2001(2)
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOU					
FOR THE YEAR ENDED DECEMBER 31,						
DILUTED (LOSS) EARNINGS PER SHARE:						
Reported diluted (loss) earnings per share from continuing operations before cumulative effect of accounting change...............................	$ (1.33)	$ 0.75	$ 1.87	$ --	$ --	$ (1.05)
Add back amortization, net of tax:						

Goodwill *	0.21	0.19	0.04	--	--	0.14
Equity method excess basis	0.03	0.10	0.10	--	--	0.13
Franchise costs	0.21	0.18	0.14	--	--	--
Adjusted diluted (loss) earnings per share from continuing operations before cumulative effect of accounting change	$ (0.88)	$ 1.22	$ 2.15	$ --	$ --	$ (0.78)
Reported earnings (loss) per share from discontinued operations	0.03	0.13	(0.13)	0.08	0.21	--
Add back discontinued operations amortization, net of tax	0.04	0.06	0.07	0.08	0.08	--
Gain on disposition of discontinued operations	3.70	--	--	--	--	--
Cumulative effect of accounting change	0.10	--	--	--	--	0.21
ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE	$ 2.99	$ 1.41	$ 2.09	$0.16	$0.29	$ (0.57)

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* Goodwill amortization is net of the Excite@Home minority interest impact on goodwill.

(1) AT&T Wireless Group was split off from AT&T on July 9, 2001.

(2) Liberty Media Group was split off from AT&T on August 10, 2001.

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SUMMARY PRO FORMA COMBINED CONDENSED FINANCIAL INFORMATION OF AT&T

The summary unaudited pro forma combined condensed financial information set forth below for AT&T gives effect to:

- the Liberty Media Group distribution; and

- the AT&T Broadband Group distribution

as if such events had been completed on January 1, 1999 for income statement purposes, and at June 30, 2002 for balance sheet purposes. Since Liberty Media Group was split off from AT&T on August 10, 2001, no balance sheet or 2002 income statement pro forma adjustments were made for Liberty Media Group. The unaudited selected pro forma financial information does not necessarily represent what AT&T's financial position or results of operations would have been had the Broadband distribution or the Liberty Media Group distribution occurred on such dates.

We have included detailed unaudited pro forma financial statements starting on page F-3 of this prospectus.

	AT OR FOR THE SIX MONTHS ENDED JUNE 30,	AT OR FOR THE YEARS ENDED DECEMBER 31,

	2002	2001	2001	2000	1999
	(UNAUDITED) (DOLLARS IN MILLIONS, EXCEPT PER SHARE AMOUNTS)				
INCOME STATEMENT DATA:					
Revenue	$19,298	$21,602	$42,665	$47,204	$49,925
Operating income	3,278	4,772	7,937	12,884	12,635
(Loss) income from continuing operations -- attributable to AT&T common stock group	(6)	30	(3,475)	3,903	3,450
Weighted average AT&T common shares -- basic	3,598	3,789	3,695	3,526	3,115
(Loss) earnings per AT&T common share -- basic(1)	0.00	0.01	(0.94)	1.11	1.11
Weighted average AT&T common shares -- diluted	3,598	3,796	3,695	3,545	3,152
(Loss) earnings per AT&T common share -- diluted(1)	0.00	0.01	(0.94)	1.10	1.09
Cash dividends declared per AT&T common share	0.075	0.075	0.15	0.6975	0.88
BALANCE SHEET DATA:					
Total assets	$56,618	--	--	--	--
Long-term debt	21,218	--	--	--	--
Total shareowners' equity	12,667	--	--	--	--

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(1) Adjusted for the proposed one-for-five reverse stock split of AT&T common stock, (loss) earnings per basic share would have been $(0.01) and $0.04 for the six months ended June 30, 2002 and 2001, respectively, and $(4.70), $5.53 and $5.54 for the years ended December 31, 2001, 2000 and 1999, respectively. (Loss) earnings per diluted share on the same basis would have been $(0.01) and $0.04 for the six months ended June 30, 2002 and 2001, respectively, and $(4.70), $5.50 and $5.47 for the years ended December 31, 2001, 2000 and 1999, respectively.

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SELECTED FINANCIAL DATA OF AT&T BROADBAND GROUP

Presented in the table below is selected financial data of AT&T Broadband Group. AT&T Broadband Group is an integrated business of AT&T and not a stand-alone entity. AT&T Broadband Group represents the assets, liabilities and businesses that AT&T will assign and transfer to Broadband, a newly formed company for AT&T's broadband business, in connection with the AT&T Comcast transaction. AT&T Broadband Group consists primarily of the assets, liabilities and business of AT&T Broadband, LLC (formerly known as Tele-Communications, Inc.), acquired by AT&T on March 9, 1999, and MediaOne Group, Inc., acquired by AT&T on June 15, 2000.

The combined income statement data of AT&T Broadband Group for the years ended December 31, 2001 and 2000 and the ten months ended December 31, 1999 and the combined balance sheet data of AT&T Broadband Group at December 31, 2001 and 2000 were derived from the audited combined financial statements of AT&T Broadband Group. The remaining data was derived from unaudited combined financial statements of AT&T Broadband Group.

The financial data presented below is not necessarily comparable from period to period as a result of several transactions, including the acquisition and dispositions of cable systems, primarily the TCI and MediaOne acquisitions. For this and other reasons, you should read the selected historical financial data provided below in conjunction with the combined financial statements and accompanying notes beginning on page F-13 of this prospectus.

	AT OR FOR THE SIX MONTHS ENDED JUNE 30,		AT OR FOR THE YEARS ENDED DECEMBER 31,		AT OR FOR THE TEN MONTHS ENDED DECEMBER 31,
	2002	2001	2001	2000(1)	1999(2)
	(UNAUDITED) (DOLLARS IN MILLIONS)				
INCOME STATEMENT DATA:					
Revenue	$ 4,965	$ 5,256	$ 10,132	$ 8,445	$ 5,080
Operating loss	(17,015)	(2,594)	(4,183)	(8,656)	(1,177)
Loss before extraordinary gain and cumulative effect of accounting changes	(13,884)	(2,529)	(4,171)	(5,370)	(2,200)
BALANCE SHEET DATA:					
Total assets	$ 81,840	--	$103,187	$117,534	$58,228
Total debt	21,942	--	23,285	28,420	14,900
Minority interest	1,210	--	3,302	4,421	2,327
Company-Obligated Convertible Quarterly Preferred Securities	4,725	--	4,720	4,710	4,700

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(1) Effective June 15, 2000, AT&T acquired MediaOne Group, Inc. which is attributed to AT&T Broadband Group. The acquisition was accounted for under the purchase method of accounting.

(2) Effective March 1, 1999, AT&T acquired TCI which is attributed to AT&T Broadband Group. The acquisition was accounted for under the purchase method of accounting.

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SELECTED FINANCIAL DATA OF BROADBAND

AT&T Broadband Corp. is a newly formed entity for purposes of effectuating the AT&T Comcast transaction. From the date of inception on December 14, 2001 through June 30, 2002, AT&T Broadband Corp. had no operations.

The balance sheet data at December 31, 2001, was derived from the audited balance sheet of AT&T Broadband Corp. The balance sheet data at June 30, 2002, was derived from an unaudited balance sheet.

	AT JUNE 30, 2002	AT DECEMBER 3 2001
	(UNAUDITED)	
BALANCE SHEET DATA:		
Total assets..	$--	$--
Total debt..	--	--

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UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS OF AT&T COMCAST CORPORATION

The following Unaudited Pro Forma Combined Condensed Balance Sheet of AT&T Comcast as of June 30, 2002 and the Unaudited Pro Forma Combined Condensed Statements of Operations of AT&T Comcast for the six months ended June 30, 2002 and the year ended December 31, 2001 give effect to the AT&T Comcast transaction. The pro forma financial statements account for the AT&T Comcast transaction under the purchase method of accounting.

The Unaudited Pro Forma Combined Condensed Balance Sheet assumes the AT&T Comcast transaction occurred on June 30, 2002. The Unaudited Pro Forma Combined Condensed Statements of Operations assume the AT&T Comcast transaction occurred on January 1, 2001. The unaudited pro forma financial data is based on the historical consolidated financial statements of Comcast and the historical combined financial statements of AT&T Broadband Group under the assumptions and adjustments set forth in the accompanying explanatory notes.

AT&T and Comcast have determined that the AT&T Comcast transaction will be accounted for as an acquisition by Comcast of AT&T Broadband Group. See Note 5 to the consolidated financial statements of Comcast for the year ended December 31, 2001 included in this prospectus. As Comcast is considered the accounting acquiror, the historical basis of Comcast's assets and liabilities will not be affected by the AT&T Comcast transaction. For purposes of developing the Unaudited Pro Forma Combined Condensed Balance Sheet as of June 30, 2002, AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities have been recorded at their estimated fair values and the excess purchase price has been assigned to goodwill. No adjustment has been made to AT&T Broadband Group's franchise rights. The fair values assigned in these pro forma financial statements are preliminary and represent management's best estimates of current fair value which are subject to revision upon completion of the AT&T Comcast transaction. Management of both companies currently knows of no events or circumstances other than those disclosed in these pro forma notes that would require a material change to the preliminary purchase price allocation. However, a final determination of required purchase accounting adjustments will be made upon the completion of a study to be undertaken by AT&T Comcast in conjunction with independent appraisers to determine the fair value of certain of AT&T Broadband Group's assets, including identifiable intangible assets, and liabilities. Assuming completion of the AT&T Comcast transaction, the actual financial position and results of operations will differ, perhaps significantly, from the pro forma amounts reflected herein due to a variety of factors, including access to additional information, changes in value not currently identified and changes in operating results between the dates of the pro forma financial data and the date on which the AT&T Comcast transaction takes place. See Note (b) to Unaudited Pro Forma Combined Condensed Balance Sheet.

Comcast shareholders will receive shares of AT&T Comcast Class A common stock, AT&T Comcast Class B common stock and AT&T Comcast Class A Special common stock in exchange for shares of Comcast Class A common stock, Comcast Class B common stock and Comcast Class A Special common stock, respectively, based on an exchange ratio of 1 to 1. AT&T Comcast will issue stock options to purchase shares of AT&T Comcast common stock in exchange for all outstanding stock options of Comcast, based on an exchange ratio of 1 to 1.

The consideration to complete the AT&T Comcast transaction will consist of shares of AT&T Comcast common stock, assumed debt of AT&T Broadband Group, the intercompany indebtedness Broadband must pay AT&T upon closing and Comcast's transaction costs. If the closing date of the AT&T Comcast transaction were as of June 30, 2002 and the exchange offer is completed, the estimated aggregate consideration to complete the AT&T Comcast transaction would be $54,929 million, consisting of $33,026 million of AT&T Comcast common stock based upon a per share price of $24.20, $21,273 million of assumed debt at estimated fair value, and $630 million of Comcast's transaction costs directly related to the AT&T Comcast transaction.

The consideration in the form of assumed debt includes the short-term debt due to AT&T, which is due at closing, of $6,486 million, as well as $14,787 million of long-term debt, including current portion, of AT&T Broadband Group. If the exchange offer is successful, then upon completion of the AT&T Comcast transaction a portion of AT&T's debt securities will cease being AT&T obligations and become Broadband obligations (New Broadband Notes) guaranteed by AT&T Comcast and a number of its cable subsidiaries. The AT&T debt securities that become Broadband obligations will reduce the intercompany indebtedness Broadband must pay AT&T in an amount to be mutually agreed. Absent additional deleveraging activities and the effect of the exchange offer, it is expected that the amount of short-term debt due to AT&T will increase to fund capital expenditures, operations and third party debt maturities and redemptions through the completion of the AT&T Comcast transaction. The amount of short-term and long-term debt may be lower or higher at the closing date of the AT&T Comcast transaction.

The consideration in the form of AT&T Comcast common stock includes the fair value of the issuance of approximately 1,234 million shares of AT&T Comcast common stock to AT&T shareholders in exchange for all of AT&T's interests in the AT&T Broadband Group, the fair value of the issuance of 115 million shares of AT&T Comcast common stock to Microsoft Corporation in exchange for Broadband shares that Microsoft will receive immediately prior to the completion of the AT&T Comcast transaction for settlement of its $5 billion aggregate principal amount in quarterly income preferred securities (QUIPS), and the fair value of AT&T Comcast stock options and stock appreciation rights issued in exchange for Broadband stock options and stock appreciation rights.

The unaudited pro forma financial statements assume that completion of the exchange offer results in a new measurement date for accounting purposes. Assuming the exchange offer is completed, the fair value of the shares to be issued for the AT&T Broadband Group would be based on the weighted average market price of Comcast common stock during the period beginning two days before and ending two days after the new measurement date. Further, in limited circumstances, the number of shares of AT&T Comcast stock to be issued to certain AT&T security holders in connection with the AT&T Comcast transaction is subject to adjustment. If this occurs, the fair value of all of the shares to be issued would be based on the market price of Comcast Class A common stock on the closing date. The unaudited pro forma financial statements assume a measurement date of June 30, 2002. Accordingly, the fair value of the shares to be issued for the AT&T Broadband Group is based on a price per share of $24.20 which reflects the reported last sale price of Comcast Class A common stock on June 30, 2002.

A $1.00 increase/decrease in the per share price of Comcast Class A common stock would result in a $1,349 million increase/decrease in the recorded value of the estimated aggregate consideration in the form of AT&T Comcast common stock.

If the exchange offer is terminated, the fair value of the shares to be issued for the AT&T Broadband Group would be based on a price per share of $35.97 which reflects the weighted average market price of the Comcast common stock during the period beginning two days before and ending two days after the date the AT&T Comcast transaction was announced. Assuming the stock price is $35.97 per share, the recorded value of the estimated aggregate consideration in the form of AT&T Comcast common stock would be increased by approximately $16,336 million, thereby increasing the amount of goodwill to be recorded upon closing of the AT&T Comcast transaction.

Subsequent to the adoption of SFAS 142 on January 1, 2002, goodwill and franchise rights are no longer amortized. An increase or decrease in goodwill and/or franchise rights as a result of a change in the measurement date or in the allocation of fair value through the appraisal process would not affect AT&T Comcast's future results of operations other than in periods in which AT&T Comcast may recognize an impairment charge. A change in the recorded value of these intangible assets could increase or decrease the likelihood that AT&T Comcast will recognize an impairment charge related to these intangible assets at some time in the future.

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AT&T Comcast intends to review the synergies of the combined business, which may result in a plan to realign or reorganize certain of AT&T Broadband Group's existing operations. The costs of implementing such a plan, if it were to occur, have not been reflected in the accompanying pro forma financial statements. The impact of a potential realignment, assuming such a plan were in place at the consummation date of the AT&T Comcast transaction, could increase or decrease the amount of goodwill and intangible assets recognized by AT&T Comcast in accordance with Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The Unaudited Combined Condensed Statements of Operations exclude any benefits that may result from synergies that may be derived, or the elimination of duplicative efforts.

Among the provisions of Statement of Financial Accounting Standards No. 141, "Business Combinations," new criteria have been established for determining whether intangible assets should be recognized separately from goodwill. Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," provides, among other guidelines, that goodwill and intangible assets with indefinite lives will not be amortized, but rather will be tested for impairment on at least an annual basis. Management of both companies believes that cable franchise rights have indefinite lives based upon an analysis utilizing the criteria in paragraph 11 of SFAS No. 142. The pro forma adjustments to the Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2001 reflect the elimination of AT&T Broadband Group's amortization expense related to goodwill and cable franchise rights since this acquisition will be accounted for under the provisions of SFAS No. 142.

Comcast incurred goodwill and cable and sports franchise rights amortization expense of approximately $2,002 million for the year ended December 31, 2001. The historical consolidated financial statements of Comcast included in the Unaudited Pro Forma Combined Condensed Statement of Operations for the year ended December 31, 2001 include the amortization expense related to Comcast's goodwill and cable and sports franchise rights, which has not been eliminated in the pro forma adjustments. Effective January 1, 2002, Comcast, in accordance with the provisions of SFAS No. 142, no longer amortizes goodwill and cable and sports franchise rights.

Management of both companies believes that the assumptions used provide a reasonable basis on which to present the unaudited pro forma financial data. Both companies have completed other acquisitions and dispositions that are not significant, individually or in the aggregate, and, accordingly, have not been included in the accompanying unaudited pro forma financial data. The unaudited pro forma financial data may not be indicative of the financial position or results that would have occurred if the AT&T Comcast transaction had been in effect on the dates indicated or which may be obtained in the future.

The unaudited pro forma financial data should be read in conjunction with the historical consolidated financial statements and accompanying notes thereto for Comcast, and the historical combined financial statements and accompanying notes thereto for AT&T Broadband Group, which have been included herein.

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AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET

AS OF JUNE 30, 2002

	HISTORICAL COMCAST(A)	HISTORICAL AT&T BROADBAND(A)	PRO FORM ADJUSTMEN
		(AMOUNTS IN MILLION	

ASSETS			
Current Assets			
Cash and cash equivalents	$ 557.8	$	$
Investments	1,057.6	414.0	
Accounts receivable, net	957.0	592.0	
Inventories, net	414.0		
Deferred income taxes	135.9		
Other current assets	337.7	420.0	57.
Total current assets	3,460.0	1,426.0	57.
INVESTMENTS	727.6	17,896.0	(19. (1,144.
PROPERTY AND EQUIPMENT, NET	7,023.1	14,861.0	
GOODWILL	6,446.3	15,134.0	(367.
FRANCHISE RIGHTS	16,599.4	29,083.0	
OTHER INTANGIBLE ASSETS, NET	1,471.7	1,465.0	
OTHER NON-CURRENT ASSETS, NET	390.7	1,975.0	57.
	$36,118.8	$ 81,840.0	$ (1,416.
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts payable	$ 680.1	$ 712.0	
Accrued expenses and other current liabilities	1,371.7	2,244.0	(40. 1,547.
Deferred income taxes	121.8	488.0	
Short-term debt		6,486.0	57. (1,993.
Current portion of long-term debt	206.9	2,050.0	(1,681.
Total current liabilities	2,380.5	11,980.0	(2,110.
LONG-TERM DEBT, LESS CURRENT PORTION	10,543.5	13,406.0	572. (669. 3,675.
DEFERRED INCOME TAXES	6,755.2	19,906.0	(79.
OTHER NON-CURRENT LIABILITIES	1,421.1	836.0	(179. (6.
MINORITY INTEREST	986.7	1,210.0	
Company-Obligated Convertible Quarterly Income Preferred Securities of Subsidiary Trust Holding Solely Subordinated Debt Securities of AT&T		4,725.0	(4,725.
STOCKHOLDERS' EQUITY			
Common stock	946.7		1,348. (47.
Additional capital	11,791.5		(1,097. 31,677.
Retained earnings	1,317.3		
Accumulated other comprehensive loss	(23.7)		
Combined attributed net assets		29,777.0	(29,777.
Total stockholders' equity	14,031.8	29,777.0	2,105.
	$36,118.8	$ 81,840.0	$ (1,416.

See Notes to Unaudited Pro Forma Combined Condensed Balance Sheet

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET
(AMOUNTS IN MILLIONS, EXCEPT PER SHARE DATA)

(a) These columns reflect the historical balance sheets of the respective companies. Certain reclassifications have been made to the combined historical financial statements of AT&T Broadband Group to conform to the presentation expected to be used by AT&T Comcast.

(b) This entry reflects the preliminary allocation of the purchase price to identifiable net assets acquired and the excess purchase price to goodwill.

		COMMON STOCK	ADDITIONAL CAPITAL	TOTA
	Calculation of consideration			
	Issuance of common stock to AT&T shareholders (1,233.6 million shares x $24.20)	$1,233.6	$28,619.5	$ 29,8
	Issuance of common stock to Microsoft Corporation (115.0 million shares x $24.20)	115.0	2,668.0	2,7
	Fair value of AT&T Comcast stock options resulting from the conversion of AT&T Broadband Group stock options in the merger based on Black-Scholes option pricing model		390.3	3
(b13)	Comcast common stock equity consideration	1,348.6	31,677.8	33,0
(b7)	Transaction costs (assumed to be funded -- $57.5 short-term debt and $572.5 long-term debt)			6
	Total			$ 33,6
	Preliminary estimate of fair value of identifiable net assets acquired			
(b14)	Book value of AT&T Broadband Group			$ 29,7
	Elimination of AT&T Broadband Group goodwill			(15,1
(b1)	Current portion of deferred financing fees			
(b2)	Preliminary estimate of adjustment to fair value of investments			(
(b4)	Long-term portion of deferred financing fees			
(b5)	Elimination of accrued dividend for Microsoft Corporation QUIPS (net of tax benefit)			
(b6)	Preliminary estimate of current tax liability arising from the transaction			(1,5
(b8)	Preliminary estimate of adjustment to fair value of AT&T Broadband Group assumed long-term debt			6
(b9)	Preliminary estimate of adjustment to deferred tax liability on adjustments at combined federal and state statutory rate			
(b10)	Certain liabilities retained by AT&T related to			

	Excite@Home..		1
(b11)	Preliminary estimate of adjustment to fair value of other non-current liabilities.......................		
(b12)	Redemption of Microsoft Corporation QUIPS...........		4,7
	Preliminary estimate of adjustments to fair value of identifiable net assets acquired......................		18,8
	Acquisition goodwill.................................		$ 14,7
Calculation of goodwill acquisition adjustment			
	Acquisition goodwill.................................		$ 14,7
	Gross value of AT&T Broadband Group goodwill..........		(15,1
(b3)	Goodwill acquisition adjustment.....................		$ (3

(i) Maximum number of shares of common stock that could be issued in the AT&T Comcast transaction..................................	1,235.0
Share equivalent of intrinsic value of AT&T Broadband Group stock options and stock appreciation rights...........................	(1.4)
Common stock to be issued to AT&T shareholders...........................	1,233.6

AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED BALANCE SHEET (CONCLUDED)

Certain programming and other contracts of AT&T Broadband Group and Comcast may, by their terms, be assumed, altered or terminated as a result of the completion of the AT&T Comcast transaction. However, prior to closing management does not expect to be able to estimate the impact, if any, of favorable or unfavorable contracts that may result from the ultimate allocation of purchase price. See note (l) to the Unaudited Pro Forma Combined Condensed Statements of Operations for a sensitivity analysis of purchase price allocation.

(c) Represents the refinancing of existing short-term debt due to AT&T ($6,486.0) and certain components of the current portion of long-term debt ($1,681.8) with new debt of AT&T Comcast. The refinancing is assumed to be funded 55% with short-term debt and 45% with long-term debt. Short-term and long-term debt amounts do not give effect to the Exchange Offer. The amount of short-term debt will be reduced and the amount of long-term debt will be increased based upon the amount of New Broadband Notes to be issued in connection with the Exchange Offer in an amount to be mutually agreed.

(d) Represents the reclassification of AT&T Broadband Group's investment in Comcast as follows:

Elimination of Comcast stock held by AT&T Broadband Group...	$(1,144.4)
Reclassification of Comcast stock held by AT&T Broadband Group to equity (par value common stock $47.3 and additional capital $1,097.1)............................	1,144.4
	$ --

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AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2001

	HISTORICAL COMCAST(A)	HISTORICAL AT&T BROADBAND(A)	INTERCOMPANY ADJUSTMENTS	P ADJ
	(AMOUNTS IN MILLIONS, EXCEPT PER SH			
REVENUES				
Service revenues(m)...........................	$ 5,756.9	$10,132.0	$(108.9)(b)	$
Net sales from electronic retailing...........	3,917.3			
	9,674.2	10,132.0	(108.9)	
COSTS AND EXPENSES				
Operating (excluding depreciation)............	2,905.8	5,459.0	(62.8)(b)	
Cost of goods sold from electronic retailing (excluding depreciation)....................	2,514.0			
Selling, general and administrative(m).........	1,552.6	2,582.0	(22.6)(b)	
Depreciation..................................	1,141.8	2,626.0		
Amortization..................................	2,306.2	2,154.0		
Asset impairment, restructuring and other charges....................................		1,494.0		
	10,420.4	14,315.0	(85.4)	
OPERATING LOSS................................	(746.2)	(4,183.0)	(23.5)	
OTHER INCOME (EXPENSE)				
Interest expense..............................	(731.8)	(1,735.0)		
Investment income (expense)...................	1,061.7	(1,947.0)	(18.7)(b)	
Equity in net income (losses) of affiliates....	(28.5)			
Other income (expense)........................	1,301.0	(927.0)		
	1,602.4	(4,609.0)	(18.7)	

INCOME (LOSS) BEFORE INCOME TAXES, MINORITY

INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	856.2	(8,792.0)	(42.2)	
INCOME TAX (EXPENSE) BENEFIT	(470.2)	3,857.0	(750.3)(c)	
INCOME (LOSS) BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	386.0	(4,935.0)	(792.5)	
Net loss from equity investments		(69.0)		
MINORITY INTEREST INCOME (EXPENSE)	(160.4)	833.0	(24.0)(b)	
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	$ 225.6	$(4,171.0)	$(816.5)	$
Earnings (loss) per share from continuing operations -- basic	$ 0.24			
Earnings (loss) per share from continuing operations -- assuming dilution	$ 0.23			
Weighted average number of common shares outstanding -- basic	949.7			
Weighted average number of common shares outstanding -- assuming dilution	964.5			

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

AT&T COMCAST CORPORATION

UNAUDITED PRO FORMA COMBINED CONDENSED STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED JUNE 30, 2002

	HISTORICAL COMCAST(A)	HISTORICAL AT&T BROADBAND(A)	INTERCOMPANY ADJUSTMENTS	PRO FORMA ADJUSTMENTS(D
	(AMOUNTS IN MILLIONS, EXCEPT PER SHARE AMOUNT			
REVENUES				
Service revenues	$ 3,393.4	$ 4,965.0	$(23.5)(b)	$
Net sales from electronic retailing	1,988.0			
	5,381.4	4,965.0	(23.5)	
COSTS AND EXPENSES				
Operating (excluding depreciation)	1,469.4	2,591.0	(13.2)(b)	
Cost of goods sold from electronic retailing (excluding depreciation)	1,260.0			
Selling, general and administrative	977.2	1,342.0	(10.3)(b)	
Depreciation	676.6	1,357.0		
Amortization	98.7	109.0		

Goodwill and franchise impairment charges..........................		16,525.0		
Asset impairment, restructuring and other charges....................		56.0		
	4,481.9	21,980.0	(23.5)	
OPERATING INCOME (LOSS)...............	899.5	(17,015.0)		
OTHER INCOME (EXPENSE)				
				(42.8)(
Interest expense....................	(369.3)	(732.0)		(0.8)(
Investment expense..................	(707.1)	(1,217.0)		
Equity in net losses of affiliates...	(48.4)			(1,004.0)(
Other income (expense)..............	(14.0)	331.0		
	(1,138.8)	(1,618.0)		(1,047.6)
LOSS BEFORE INCOME TAXES, MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE............................	(239.3)	(18,633.0)		(1,047.6)
				16.8(i
INCOME TAX BENEFIT....................	30.2	5,506.0		387.0(h
LOSS BEFORE MINORITY INTEREST, EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE..........	(209.1)	(13,127.0)		(643.8)
Net loss related to equity investments.........................		(617.0)		617.0(h
MINORITY INTEREST EXPENSE.............	(89.4)	(140.0)		80.0(j
LOSS BEFORE EXTRAORDINARY ITEMS AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE............................	$ (298.5)	$(13,884.0)	$	$ 53.2
Loss per share from continuing operations -- basic.................	$ (0.31)			
Loss per share from continuing operations -- assuming dilution......	$ (0.31)			
Weighted average number of common shares outstanding -- basic.........	951.9			1,301.3(k
Weighted average number of common shares outstanding -- assuming dilution............................	951.9			1,301.3(k

See Notes to Unaudited Pro Forma Combined Condensed Statement of Operations

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AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED
STATEMENT OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

(a) These columns reflect the historical statements of operations of the respective companies.

(b) Adjustment reflects the elimination of historical intercompany transactions between Comcast and AT&T Broadband Group as follows: amounts charged by Comcast to AT&T Broadband Group for programming, the gains and losses resulting from the sales of certain cable systems by AT&T Broadband Group to Comcast and Excite@Home transactions.

(c) Represents the elimination of the aggregate historical income tax effects recorded by Comcast and AT&T Broadband Group on Note (b) adjustments above.

(d) AT&T Broadband Group has certain intercompany agreements with AT&T Corp. which will be terminated as of the date of the AT&T Comcast transaction. The costs of replacing these services is uncertain. However, the impact of the termination of these arrangements is not expected to be material.

(e) Represents the elimination of AT&T Broadband Group's historical goodwill and cable franchise rights amortization expense for consolidated subsidiaries and equity method investments. Under the accounting rules set forth in SFAS No. 142 issued by the Financial Accounting Standards Board in June 2001, goodwill and intangibles with indefinite lives are not amortized against earnings other than in connection with an impairment.

(f) Represents the net effect on interest expense resulting from the financings described in Note (c) to the Unaudited Pro Forma Combined Condensed Balance Sheet. Pro forma interest expense was calculated based on the historical interest rates for the historical debt outstanding and assumed interest rates for the planned credit facilities. The pro forma financial information assumes the financings occurred on January 1, 2001. Amortization of deferred financing costs was calculated based on the expected amounts and terms of the new facilities. Short-term rates are assumed to be 4% and long term rates are assumed to be 7%. Assuming interest rates changed by 0.125%, the related interest expense and pre-tax impact on earnings would be $10.3 million for the year ended December 31, 2001 and $5.2 million for the six months ended June 30, 2002.

(g) Represents the net effect in interest expense as a result of the adjustment of AT&T Broadband Group's long-term debt to its fair value as described in Note (b8) to the Unaudited Pro Forma Combined Condensed Balance Sheet. The difference between the fair value and the face amount of each borrowing is amortized to interest expense over the remaining term of the borrowing.

(h) Represents the reclassification of losses in equity investments for the year ended December 31, 2001 and losses related to equity method investments for the six months ended June 30, 2002 to conform with the presentation currently used by Comcast.

(i) Represents the aggregate pro forma income tax effect of Notes (e) through (g) above at the combined federal and state statutory rate.

(j) Represents the elimination of historical impact of the QUIPS exchanged for AT&T Broadband Group common stock.

(k) For basic earnings (loss) per share, this adjustment represents the issuance of AT&T Comcast shares to AT&T shareholders and Microsoft Corporation offset by shares of Comcast owned by AT&T Broadband Group which are classified as treasury shares (see Note (d) to the Unaudited Pro Forma

Combined Condensed Balance Sheet). In addition, earnings per share assuming dilution has been adjusted to include the dilutive effects of AT&T Comcast stock options issued in exchange for the AT&T Broadband Group stock options as well as adjustment for the year-ended December 31,

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AT&T COMCAST CORPORATION

NOTES TO UNAUDITED PRO FORMA COMBINED CONDENSED

STATEMENT OF OPERATIONS -- (CONCLUDED)

(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

2001 to Comcast's historical average dilutive shares outstanding since such shares would be anti-dilutive on a pro forma basis.

(l) The pro forma combined condensed financial statements reflect a preliminary allocation to tangible assets, liabilities, goodwill and other intangible assets. The final purchase price allocation may result in different allocations for tangible and intangible assets than that presented in these pro forma combined condensed financial statements. The following table shows the absolute dollar effect on pro forma net income (loss) applicable to common shares and net income (loss) per share assuming dilution for every $500 of purchase price allocated to amortizable assets or certain liabilities over assumed weighted-average useful lives. An increase in the purchase amount allocated to amortizable assets or a decrease in the amount allocated to certain liabilities will result in a decrease to net income. A decrease in the amount allocated to amortizable assets or an increase in the amount allocated to certain liabilities will result in an increase to net income.

WEIGHTED AVERAGE LIFE	YEAR ENDED DECEMBER 31, 2001	SIX MONTHS ENDED JUNE 30, 2002
Five years		
Net Income	$61.5	$30.8
Per Share	$0.03	$0.01
Ten years		
Net Income	$30.8	$15.4
Per Share	$0.01	$0.01
Twenty years		
Net Income	$15.4	$ 7.7
Per Share	$0.01	$0.00

(m) Comcast's consolidated statement of operations for the year ended December 31, 2001 reflects franchise fees collected from cable subscribers as a reduction of the related franchise fee expense included within selling, general and administrative expenses. Upon adoption of EITF 01-14 "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," on January 1, 2002, Comcast reclassified such amounts to service revenues. The change in classification had no impact on the unaudited pro forma operating loss. The effect of the reclassification on the Unaudited Pro Forma Combined Condensed Statement of Operations for the ended December 31, 2001 would be to increase service revenues and selling, general and administrative expenses by $192.3 million.

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SELECTED FINANCIAL DATA OF COMCAST

The consolidated selected financial data of Comcast below for the six months ended June 30, 2002 and 2001 were derived from the unaudited condensed consolidated financial statements of Comcast, and the consolidated selected financial data of Comcast for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 were derived from the audited consolidated financial statements of Comcast.

	SIX MONTHS ENDED JUNE 30,		YEARS ENDED DECEMB		
	2002	2001	2001	2000	1999
			(DOLLARS IN MILLIONS, EXCEPT		
STATEMENT OF OPERATIONS DATA:					
Revenues(1)..........................	$ 5,381.4	$ 4,570.7	$ 9,674.2	$ 8,218.6	$ 6,529.2
Operating income (loss)..............	899.5	(233.8)	(746.2)	(161.0)	664.0
Income (loss) from continuing operations before extraordinary items and cumulative effect of accounting change..................	(298.5)	651.9	225.6	2,045.1	780.9
Discontinued operations(2)...........					335.8
Extraordinary items..................			(1.5)	(23.6)	(51.0)
Cumulative effect of accounting change............................		384.5	384.5		
Net income (loss)....................	(298.5)	1,036.4	608.6	2,021.5	1,065.7
BASIC EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE(3)					
Income (loss) from continuing operations before extraordinary items and cumulative effect of accounting change................	$ (.31)	$ .69	$ .24	$ 2.27	$ 1.00
Discontinued operations(2).........					.45
Extraordinary items................				(.03)	(.07)
Cumulative effect of accounting change..........................		.40	.40		
Net income (loss)..................	$ (.31)	$ 1.09	$ .64	$ 2.24	$ 1.38
DILUTED EARNINGS (LOSS) FOR COMMON STOCKHOLDERS PER COMMON SHARE(3)					
Income (loss) from continuing operations before extraordinary items and cumulative effect of accounting change................	$ (.31)	$ .67	$ .23	$ 2.16	$ .95
Discontinued operations(2).........					.41

Extraordinary items				(.03)	(.06)
Cumulative effect of accounting change		.40	.40		
Net income (loss)	$ (.31)	$ 1.07	$ .63	$ 2.13	$ 1.30
Cash dividends declared per common share(3)					
BALANCE SHEET DATA (AT PERIOD END):					
Total assets	$36,118.8	$38,640.7	$38,131.8	$35,744.5	$28,685.6
Working capital	1,079.5	704.6	1,419.5	1,670.9	4,771.6
Long-term debt	10,543.5	11,450.7	11,741.6	10,517.4	8,707.2
Stockholders' equity	14,031.8	15,060.5	14,473.0	14,086.4	10,341.3
SUPPLEMENTARY FINANCIAL DATA:					
Operating income before depreciation and amortization(4)	$ 1,674.8	$ 1,327.1	$ 2,701.8	$ 2,470.3	$ 1,880.0
Net cash provided by (used in)(5)					
Operating activities	1,050.5	974.6	1,229.5	1,219.3	1,249.4
Financing activities	(471.5)	1,346.0	1,476.3	(271.4)	1,341.4
Investing activities	(371.2)	(2,226.2)	(3,007.3)	(1,218.6)	(2,539.3)

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(1) Comcast's consolidated statement of operations for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 reflect franchise fees collected from cable subscribers as a reduction of the related franchise fee expense included within selling, general and administrative expenses. Upon adoption of EITF 01-14 "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," on January 1, 2002, Comcast reclassified such amounts to revenues. The effect of the reclassification on the statement of operations for the years ended 2001, 2000, 1999, 1998 and 1997 would be to increase revenues and selling, general and administrative expenses by $192.3 million, $152.3 million, $105.6 million, $94.7 million and $72.8 million, respectively.

(2) In July 1999, Comcast sold Comcast Cellular Corporation to SBC Communications, Inc. Comcast Cellular is presented as a discontinued operation for all periods presented.

(3) Adjusted for Comcast's two-for-one stock split in the form of a 100% stock dividend in May 1999.

(4) Operating income before depreciation and amortization is commonly referred to in Comcast's business as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of Comcast's businesses and the resulting significant level of non-cash depreciation and

amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in Comcast's industries, although Comcast's measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by Comcast's management to measure the operating performance of Comcast's businesses. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of our performance.

(5) Represents net cash provided by (used in) operating activities, financing activities and investing activities as presented in Comcast's consolidated statement of cash flows.

Comcast adopted SFAS No. 142 on January 1, 2002. Upon adoption of SFAS No. 142, Comcast no longer amortizes goodwill and other indefinite lived intangible assets, which consist of cable and sports franchise rights. The following pro forma financial information for the six months ended June 30, 2001, and for the years ended December 31, 2001, 2000 and 1999, is presented as if SFAS No. 142 was adopted as of January 1, 1999 (amounts in millions, except per share data):

	SIX MONTHS ENDED JUNE 30,	YEARS ENDED DECEMBER 31,		
	2001	2001	2000	1999
Net Income				
As reported	$1,036.4	$ 608.6	$2,021.5	$1,065.7
Amortization of goodwill	154.4	334.8	303.5	128.5
Amortization of equity method goodwill	11.1	15.0	15.2	4.4
Amortization of franchise rights	529.4	1,083.7	858.1	258.3
As adjusted	$1,731.3	$2,042.1	$3,198.3	$1,456.9
Income before extraordinary items and cumulative effect of accounting change, as adjusted	$1,346.8	$1,659.1	$3,221.9	$1,507.9
Basic EPS				
As reported	$ 1.09	$ 0.64	$ 2.24	$ 1.38
Amortization of goodwill	0.17	0.35	0.34	0.17
Amortization of equity method goodwill	0.01	0.02	0.02	0.01
Amortization of franchise rights	0.56	1.14	0.96	0.35
As adjusted	$ 1.83	$ 2.15	$ 3.56	$ 1.91
Diluted EPS				
As reported	$ 1.07	$ 0.63	$ 2.13	$ 1.30
Amortization of goodwill	0.16	0.35	0.32	0.16
Amortization of equity method goodwill	0.01	0.02	0.02	0.01

Amortization of franchise rights...............	0.55	1.12	0.90	0.31
As adjusted.......................................	$ 1.79	$ 2.12	$ 3.37	$ 1.78

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SELECTED FINANCIAL DATA OF COMCAST CABLE

The consolidated selected financial data of Comcast Cable for the six months ended June 30, 2002 and 2001 were derived from the unaudited condensed consolidated financial statements of Comcast Cable, and the consolidated selected financial data of Comcast Cable for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 were derived from the audited consolidated financial statements of Comcast Cable.

	SIX MONTHS ENDED JUNE 30,		YEAR ENDED DECEMBER 3		
	2002	2001	2001(1)	2000(1)	1999(1)
			(DOLLARS IN MILLIONS)		
STATEMENT OF OPERATIONS DATA:					
Revenues(2)....................	$ 2,932.3	$ 2,458.0	$ 5,002.8	$ 4,141.9	$ 2,906.5
Operating income (loss)........	644.2	(362.8)	(960.8)	(758.7)	(38.9)
Income (loss) before extraordinary items and cumulative effect of accounting change............	236.9	214.5	(360.9)	113.1	(247.5)
Extraordinary items............				(7.1)	(6.2)
Cumulative effect of accounting change......................		(61.3)	(61.3)		
Net income (loss).............	236.9	153.2	(422.2)	106.0	(253.7)
BALANCE SHEET DATA (AT PERIOD END):					
Total assets...................	$28,296.8	$29,029.1	$28,450.0	$25,804.0	$ 9,967.8
Working capital................	(245.4)	(201.5)	(514.3)	(414.9)	(628.3)
Long-term debt.................	8,144.1	7,840.1	8,359.4	6,771.0	4,735.3
Stockholders' equity...........	13,151.9	13,567.8	12,980.2	12,057.2	1,808.8
SUPPLEMENTARY FINANCIAL DATA:					
Operating income before depreciation and amortization(3).............	$ 1,223.5	$ 1,027.7	$ 2,026.6	$ 1,624.0	$ 978.8
Net cash provided by (used in)(4)					
Operating activities.........	902.8	800.5	1,441.1	1,290.1	781.9
Financing activities.........	(95.3)	974.2	1,009.1	857.7	936.8
Investing activities.........	(688.7)	(1,804.2)	(2,449.3)	(2,164.6)	(1,692.2)

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(1) You should see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Comcast Cable's Annual Report on Form 10-K for the year ended December 31, 2001, incorporated by reference in this prospectus, for a discussion of events which affect the comparability of the information reflected in this financial data.

(2) Comcast Cable's consolidated statement of operations for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 reflect franchise fees collected from cable subscribers as a reduction of the related franchise fee expense included within selling, general and administrative expenses. Upon adoption of EITF 01-14 "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred," on January 1, 2002, Comcast Cable reclassified such amounts to revenues. The effect of the reclassification on the statement of operations for the years ended 2001, 2000, 1999, 1998 and 1997 would be to increase revenues and selling, general and administrative expenses by $189.4 million, $149.9 million, $103.4 million, $94.7 million and $72.8 million, respectively.

(3) Operating income before depreciation and amortization is commonly referred to in Comcast Cable's business as "operating cash flow." Operating cash flow is a measure of a company's ability to generate cash to service its obligations, including debt service obligations, and to finance capital and other expenditures. In part due to the capital intensive nature of Comcast Cable's business and the resulting significant level of non-cash depreciation and amortization expense, operating cash flow is frequently used as one of the bases for comparing businesses in Comcast Cable's industry, although Comcast

Cable's measure of operating cash flow may not be comparable to similarly titled measures of other companies. Operating cash flow is the primary basis used by Comcast Cable's management to measure the operating performance of Comcast Cable's business. Operating cash flow does not purport to represent net income or net cash provided by operating activities, as those terms are defined under generally accepted accounting principles, and should not be considered as an alternative to those measurements as an indicator of Comcast Cable's performance.

(4) This represents net cash provided by (used in) operating activities, financing activities and investing activities as presented in Comcast Cable's consolidated statement of cash flows.

Comcast Cable adopted SFAS No. 142 on January 1, 2002. Upon adoption of SFAS No. 142, Comcast Cable no longer amortizes goodwill and other indefinite lived intangible assets, which consist of cable franchise rights. The following pro forma financial information for the six months ended June 30, 2001, and for the years ended December 31, 2001, 2000 and 1999, is presented as if SFAS No. 142 was adopted as of January 1, 1999 (amounts in millions):

	SIX MONTHS ENDED JUNE 30, 2001	YEARS ENDED DECEMBER 31, 2001	2000	1999
Net income (loss)				
As reported	$153.2	$ (422.2)	$ 106.0	$(253.7)
Amortization of goodwill	123.7	266.7	246.3	76.6
Amortization of equity method goodwill	3.8	7.6	8.8	
Amortization of franchise rights	521.3	1,067.4	842.9	255.2
As adjusted	$802.0	$ 919.5	$1,204.0	$ 78.1
Income before extraordinary items and cumulative effect of accounting change, as adjusted	$863.3	$ 980.8	$1,211.1	$ 84.3

RATIOS OF EARNINGS TO FIXED CHARGES

	FOR THE SIX MONTHS ENDED JUNE 30, 2002	FOR THE YEARS ENDED DECEMBER 31, 2001	2000	1999	1998	1997
AT&T(a)	(b)	(b)	1.5x	6.2x	14.9x	11.7x
AT&T BROADBAND GROUP(a)	(c)	(c)	(c)	(c)	(c)	(c)
BROADBAND(d)	--	--	--	--	--	--
AT&T COMCAST(d)	--	--	--	--	--	--
COMCAST CABLE(e)	2.29x	(f)	1.79x	(f)	(f)	(f)
MEDIAONE(a)	3.1x	5.0x	(g)	--	--	--
TCI(a)	(h)	(h)	(h)	--	--	--
COMCAST(i)	(j)	2.21x	6.24x	3.78x	5.44x	1.29x

(a) For the purpose of calculating the ratio of earnings to fixed charges, earnings is calculated by adding fixed charges excluding capitalized interest to income from continuing operations before income taxes, and by adding distributions of less-than-fifty-percent-owned affiliates. By fixed charges we mean total interest, including capitalized interest, dividend requirements on preferred stock and interest on trust preferred securities and a portion of rentals, which we believe is representative of the interest factor of our rental expense, as applicable.

(b) AT&T's loss for the six months ended June 30, 2002 and the year ended December 31, 2001 was inadequate to cover fixed charges, dividend requirements on subsidiary preferred stock and interest on trust preferred securities in the amount of $16.4 billion and $1.6 billion, respectively.

(c) AT&T Broadband Group's loss for the six months ended June 30, 2002, the years ended December 31, 2001 and 2000, and the ten month period ended December 31, 1999 was inadequate to cover fixed charges, dividend requirements on subsidiary preferred stock and interest on trust preferred securities in the amount of $18.8 billion, $9.2 billion, $10.4 billion and $2.0 billion, respectively.

(d) From their respective dates of inception on December 14, 2001 and December 7, 2001 through June 30, 2002, Broadband and AT&T Comcast have had no operations.

(e) For purposes of Comcast Cable's ratio of earnings to fixed charges, earnings consist of income (loss) from continuing operations before income taxes, extraordinary items, cumulative effect of accounting changes, minority interest, equity in net (income) losses of affiliates and fixed charges. Fixed charges consist of interest expense and interest expense on notes payable to affiliates.

(f) For the years ended December 31, 2001, 1999, 1998 and 1997, Comcast Cable's earnings, as defined above, were inadequate to cover fixed charges by $390.0 million, $399.2 million, $149.6 million and $176.7 million, respectively.

(g) MediaOne's loss for the period ended December 31, 2000 was inadequate to cover fixed charges in the amount of $0.4 billion.

(h) TCI's loss for the six months ended June 30, 2002, the years ended December 31, 2001 and 2000, and the ten month period ended December 31, 1999 was inadequate to cover fixed charges in the amount of $0.7 billion, $1.5 billion, $1.9 billion and $1.3 billion, respectively.

(i) For purposes of Comcast's ratio of earnings to fixed charges, earnings consist of income (loss) from continuing operations before income taxes, extraordinary items, cumulative effect of accounting changes, minority interest, equity in net (income) losses of affiliates and fixed charges. Fixed charges consist of interest expense and capitalized interest.

(j) For the six months ended June 30, 2002 Comcast's earnings, as defined above, were inadequate to cover fixed charges by $190.9 million.

PRO FORMA RATIO OF EARNINGS TO FIXED CHARGES

	FOR THE SIX MONTHS ENDED	FOR THE YEAR ENDED

	JUNE 30, 2002	DECEMBER 31, 2001
AT&T(k)	3.7x	5.2x
AT&T Comcast(l)	(l)	(l)
Broadband Group	(c)	(c)

(k) The pro forma AT&T ratio of earnings to fixed charges assumes the distribution of Liberty Media Group and AT&T Broadband Group and utilizes the same methodology as described in footnote (a). The detailed unaudited pro forma financial statements on which these calculations were based can be found beginning on page F-3 of this prospectus.

(l) For purposes of calculating the AT&T Comcast pro forma ratio of earnings to fixed charges, earnings consist of income (loss) before income taxes, extraordinary items, cumulative effect of accounting change, minority interest, equity in net (income) losses affiliates and fixed charges. Fixed charges consist of interest expense. For the six months ended June 30, 2002 and for the year ended December 31, 2001, earnings, as defined above, were inadequate to cover fixed charges by $18.868 billion and $5.940 billion, respectively.

MARKETS AND MARKET PRICES

The following table sets forth for each series of Broadband Eligible Notes and AT&T Eligible Notes, the exchanges upon which those notes are listed for trading, the symbols under which those notes are listed, and the high and low sale prices paid for the notes for the periods indicated. The 7.75% Medium-Term Notes, Series A Due May 15, 2025, the 8.00% Medium-Term Notes, Series A Due May 15, 2025 and the FRN Medium-Term Notes, Series A Due 2054 are not listed on any exchange.

	LAST SALE PRICE ON NYSE	
	HIGH	LOW
5.625% NOTES DUE 2004 (NYSE: T M04)		
2000		
First Quarter	94.500	93.000
Second Quarter	95.000	92.625
Third Quarter	95.500	93.625
Fourth Quarter	96.125	94.000
2001		
First Quarter	99.250	96.000
Second Quarter	100.625	98.375
Third Quarter	102.250	99.625
Fourth Quarter	102.875	100.250
2002		
First Quarter	102.375	99.750
Second Quarter	100.625	93.250

Third Quarter (through September 24, 2002)...........	100.000	91.875

	LAST SALE PRICE ON NYSE	
	HIGH	LOW
6.75% NOTES DUE 2004 (NYSE: T A04)		
2000		
First Quarter..	98.750	96.750
Second Quarter.......................................	99.125	98.875
Third Quarter..	99.375	97.250
Fourth Quarter.......................................	99.875	96.750
2001		
First Quarter..	102.875	98.500
Second Quarter.......................................	103.125	100.250
Third Quarter..	103.875	102.000
Fourth Quarter.......................................	104.875	102.125
2002		
First Quarter..	103.875	101.125
Second Quarter.......................................	102.750	95.000
Third Quarter (through September 24, 2002)...........	101.875	94.750
7.00% NOTES DUE 2005 (NYSE: T M05)		
2000		
First Quarter..	100.000	97.625
Second Quarter.......................................	101.000	95.125
Third Quarter..	101.000	98.500
Fourth Quarter.......................................	100.500	97.375
2001		
First Quarter..	103.250	99.875
Second Quarter.......................................	103.875	101.375
Third Quarter..	105.000	101.750
Fourth Quarter.......................................	105.375	102.125
2002		
First Quarter..	105.000	101.000
Second Quarter.......................................	102.750	93.625
Third Quarter (through September 24, 2002)...........	100.875	87.125
7.50% NOTES DUE 2006 (NYSE: T 06)		
2000		
First Quarter..	101.750	99.500
Second Quarter.......................................	102.000	98.375
Third Quarter..	102.750	100.000
Fourth Quarter.......................................	101.500	98.000
2001		
First Quarter..	106.000	101.125
Second Quarter.......................................	106.875	102.625
Third Quarter..	107.000	102.500
Fourth Quarter.......................................	108.625	103.250

	LAST SALE PRICE ON NYSE	
	HIGH	LOW
2002		
First Quarter..	106.125	102.000
Second Quarter.......................................	104.875	93.250
Third Quarter (through September 24, 2002)...........	101.625	86.000
7.75% NOTES DUE 2007 (NYSE: T 07)		
2000		
First Quarter..	103.000	101.000
Second Quarter.......................................	103.000	99.000
Third Quarter..	103.000	101.000
Fourth Quarter.......................................	102.875	99.500
2001		
First Quarter..	106.875	101.500
Second Quarter.......................................	106.750	104.750
Third Quarter..	108.250	105.125
Fourth Quarter.......................................	108.125	104.250
2002		
First Quarter..	107.000	103.000
Second Quarter.......................................	105.500	92.625
Third Quarter (through September 24, 2002)...........	101.500	86.750
6.00% NOTES DUE 2009 (NYSE: T 09)		
2000		
First Quarter..	90.875	88.250
Second Quarter.......................................	91.250	85.500
Third Quarter..	90.375	88.375
Fourth Quarter.......................................	91.375	87.000
2001		
First Quarter..	95.500	89.625
Second Quarter.......................................	95.250	92.125
Third Quarter..	98.000	93.875
Fourth Quarter.......................................	99.000	94.000
2002		
First Quarter..	97.000	92.625
Second Quarter.......................................	94.000	76.625
Third Quarter (through September 24, 2002)...........	91.125	73.000
8.125% DEBENTURES DUE JANUARY 15, 2022 (NYSE: T 22)		
2000		
First Quarter..	101.375	98.875
Second Quarter.......................................	100.375	96.500
Third Quarter..	100.625	98.375
Fourth Quarter.......................................	99.875	93.000

	LAST SALE PRICE ON NYSE	
	HIGH	LOW
2001		
First Quarter	102.375	98.750
Second Quarter	102.250	98.875
Third Quarter	102.875	101.250
Fourth Quarter	102.750	99.125
2002		
First Quarter	103.125	98.000
Second Quarter	100.000	75.875
Third Quarter (through September 24, 2002)	92.750	75.250
8.125% DEBENTURES DUE JULY 15, 2024 (NYSE: T 24)		
2000		
First Quarter	101.500	98.125
Second Quarter	101.125	95.875
Third Quarter	100.875	98.000
Fourth Quarter	99.750	92.250
2001		
First Quarter	103.000	98.250
Second Quarter	102.125	98.750
Third Quarter	103.500	101.125
Fourth Quarter	103.500	99.625
2002		
First Quarter	103.000	98.250
Second Quarter	99.625	75.250
Third Quarter (through September 24, 2002)	91.500	74.625
8.35% DEBENTURES DUE 2025 (NYSE: T 25)		
2000		
First Quarter	104.000	101.125
Second Quarter	103.000	97.625
Third Quarter	102.500	100.375
Fourth Quarter	102.125	95.125
2001		
First Quarter	104.500	99.500
Second Quarter	103.750	98.750
Third Quarter	105.250	102.250
Fourth Quarter	104.750	100.625
2002		
First Quarter	104.438	100.250
Second Quarter	102.250	76.625
Third Quarter (through September 24, 2002)	92.370	77.500

	LAST SALE PRICE ON NYSE	
	HIGH	LOW
6.50% NOTES DUE 2029 (NYSE: T 29)		
2000		

First Quarter	86.125	83.125
Second Quarter	88.250	78.250
Third Quarter	84.625	81.375
Fourth Quarter	82.875	78.000
2001		
First Quarter	89.375	81.000
Second Quarter	87.500	81.875
Third Quarter	89.000	83.375
Fourth Quarter	90.500	82.625
2002		
First Quarter	88.875	82.625
Second Quarter	84.375	65.875
Third Quarter (through September 24, 2002)	82.875	60.750
8.625% DEBENTURES DUE DECEMBER 1, 2031 (NYSE: T 31)		
2000		
First Quarter	103.875	101.375
Second Quarter	102.750	98.500
Third Quarter	102.875	100.750
Fourth Quarter	102.125	96.125
2001		
First Quarter	105.250	99.000
Second Quarter	104.250	100.125
Third Quarter	105.375	103.500
Fourth Quarter	105.000	101.125
2002		
First Quarter	105.000	100.625
Second Quarter	102.875	79.000
Third Quarter (through September 24, 2002)	92.375	78.500

RISK FACTORS

An investment in the Broadband Exchange Notes, New Broadband Notes or New AT&T Notes involves a number of risks. You should consider the following information about these risks, as well as the other information included in and incorporated by reference into this prospectus. In particular you should consider the risk factors discussed in AT&T's and Comcast Cable's filings with the SEC.

RISKS RELATING TO THE EXCHANGE OFFER

THE NEW BROADBAND NOTES WILL BE UNSECURED AND WILL RANK EQUALLY WITH THE OTHER UNSECURED OBLIGATIONS OF BROADBAND AND WILL BE EFFECTIVELY SUBORDINATED TO THE INDEBTEDNESS AND OTHER OBLIGATIONS OF ANY SUBSIDIARY OF BROADBAND THAT IS NOT A CABLE GUARANTOR, WHILE THE CABLE GUARANTEES OF THE NEW BROADBAND NOTES BY THE CABLE GUARANTORS AT&T COMCAST, COMCAST CABLE, MEDIAONE AND TCI WILL BE EFFECTIVELY SUBORDINATED TO THE INDEBTEDNESS AND OTHER OBLIGATIONS OF ANY SUBSIDIARIES OF THE CABLE GUARANTORS (OTHER THAN BROADBAND) THAT ARE NOT THEMSELVES CABLE GUARANTORS.

The New Broadband Notes will be unsecured and will be effectively subordinated to the indebtedness and other obligations, including trade payables, of all subsidiaries of Broadband other than MediaOne and TCI, and of all subsidiaries of AT&T Comcast other than Broadband that are not themselves cable guarantors. "Effectively subordinated" means that in the event of bankruptcy, liquidation or reorganization of an obligor, the assets of each subsidiary of that obligor will be available to pay obligations of the obligor only after all of the indebtedness and other obligations of that subsidiary have been paid in full. The indenture for the New Broadband Notes does not prohibit or limit the incurrence of additional indebtedness and other liabilities by Broadband, any of the cable guarantors or any of their subsidiaries other than certain limits on the incurrence of additional secured indebtedness by Broadband or the cable guarantors. The incurrence of additional indebtedness and other liabilities by Broadband, by the cable guarantors or by their subsidiaries, or of additional indebtedness and other liabilities by AT&T that are assumed by Broadband or the cable guarantors in connection with the AT&T Comcast transaction, could adversely affect Broadband's or the cable guarantors' ability to pay their obligations on the New Broadband Notes. In addition, prior to the consummation of the AT&T Comcast transaction, Broadband will be a shell company. If, as a result of the foregoing, Broadband is unable to pay its obligations under the New Broadband Notes, it will be necessary for you to rely on the cable guarantees to receive payment. See "Description of the New Broadband Notes and the Cable Guarantees -- Cable Guarantees."

AT&T WILL NOT BE AN OBLIGOR UNDER THE NEW BROADBAND NOTES, AND AT&T's CO-OBLIGATION UNDER THE BROADBAND EXCHANGE NOTES WILL BE UNSECURED AND WILL RANK EQUALLY WITH THE OTHER UNSECURED OBLIGATIONS OF AT&T, AND WILL BE EFFECTIVELY SUBORDINATED TO THE INDEBTEDNESS AND OTHER OBLIGATIONS OF AT&T'S SUBSIDIARIES OTHER THAN BROADBAND.

AT&T will not be an obligor of the New Broadband Notes. Accordingly if the AT&T Comcast transaction is consummated, and Broadband is thereafter unable to pay its obligations under the New Broadband Notes, it will be necessary for you to rely on the cable guarantees of AT&T Comcast, Comcast Cable, MediaOne and TCI to receive payment. AT&T's obligation with respect to the Broadband Exchange Notes will be effectively subordinated to all indebtedness and other obligations, including trade payables, of AT&T's subsidiaries other than Broadband. The supplemental indenture for the Broadband Exchange Notes will not place any restrictions on the incurrence of additional indebtedness and other liabilities by AT&T or any of its subsidiaries other than certain limits on the incurrence of additional secured indebtedness by Broadband or the cable guarantors. The incurrence of additional indebtedness and other liabilities by AT&T and its subsidiaries could adversely affect AT&T's ability to pay its obligations under the Broadband Exchange Notes. In addition, prior to the consummation of the AT&T Comcast transaction, Broadband will be a shell company. If, as a result of the foregoing, Broadband is unable to pay its obligations under the Broadband Exchange Notes, it will be necessary for you to rely on AT&T's co-obligation.

THE NEW AT&T NOTES WILL BE EFFECTIVELY SUBORDINATED TO THE INDEBTEDNESS AND OTHER OBLIGATIONS OF ALL SUBSIDIARIES OF AT&T.

The New AT&T Notes will be effectively subordinated to the indebtedness and other obligations, including trade payables, of all subsidiaries of AT&T. The indenture for the New AT&T Notes will not place any restrictions on the incurrence of additional indebtedness and other liabilities by AT&T or any of its subsidiaries other than certain limits on secured indebtedness. The incurrence of additional indebtedness and other liabilities by AT&T and its subsidiaries could adversely affect AT&T's ability to pay its obligations on the New AT&T Notes.

NO PUBLIC TRADING MARKET EXISTS FOR THE BROADBAND EXCHANGE NOTES, THE NEW BROADBAND NOTES OR THE NEW AT&T NOTES.

No established public trading market for the Broadband Exchange Notes, the New Broadband Notes or the New AT&T Notes exists and there can be no assurance that a liquid trading market for these notes will develop, that holders of these notes will be able to sell those notes, the price at which the holders of these notes would be able to sell those notes or whether a public trading market, if it develops, will continue. If a public trading market were to develop, the Broadband Exchange Notes, New Broadband Notes or the New AT&T Notes could trade at prices higher or lower than their principal amount, depending on many factors, including prevailing interest rates, the market for similar securities and Broadband's, AT&T's or the cable guarantors' operating results.

IF YOU DO NOT TENDER YOUR BROADBAND ELIGIBLE NOTES OR AT&T ELIGIBLE NOTES, OR ANY OF YOUR BROADBAND ELIGIBLE NOTES ARE NOT ACCEPTED AS A RESULT OF PRORATION, THE ELIGIBLE NOTES YOU RETAIN ARE EXPECTED TO BECOME LESS LIQUID AS A RESULT OF THE EXCHANGE OFFER.

Because we anticipate that most holders of the Broadband Eligible Notes and AT&T Eligible Notes will elect to exchange their eligible notes, we expect that the liquidity of the markets, if any, for eligible notes remaining after the completion of the exchange offer may be substantially reduced. Any eligible notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the eligible notes outstanding. After the exchange offer, one or more series of Broadband Eligible Notes or AT&T Eligible Notes currently listed on the NYSE may be subject to delisting.

IF WE DO NOT RECEIVE CONSENT TO THE NOTE AMENDMENT FROM HOLDERS OF THE REQUISITE AMOUNT OF AT&T NOTES, AT&T COULD BE REQUIRED TO REFINANCE THAT INDEBTEDNESS OR WE MAY NOT BE ABLE TO COMPLETE THE AT&T COMCAST TRANSACTION, AND THE VALUE OF THE AT&T NOTES, NEW BROADBAND NOTES AND NEW AT&T NOTES COULD BE ADVERSELY AFFECTED.

The AT&T Comcast transaction is conditioned on AT&T's obtaining the consents, or deemed consents in the exchange offer, or having defeased, purchased, retired or acquired debt in respect of series representing at least 90% in aggregate principal amount outstanding on December 19, 2001, which was approximately $12.7 billion, of debt securities issued under the AT&T Indenture. AT&T and Comcast could mutually agree to waive this condition with respect to all or any portion of the AT&T Notes for which consents, or deemed consents, are not obtained. If holders of the AT&T Notes were to assert successfully that completing the AT&T Comcast transaction required Broadband or one of its affiliates to assume AT&T's obligations under the AT&T Notes and that did not occur, then AT&T could be required to refinance that indebtedness. Depending on the amount of such indebtedness, market conditions and other factors, this could have a material adverse effect on AT&T, including its liquidity, and the value of its securities, including its indebtedness. There can be no assurance that AT&T would be able to obtain additional financing on terms that would not materially adversely affect AT&T or the value of the AT&T Notes, Broadband Exchange Notes or New AT&T Notes, or that AT&T's ability to complete the AT&T Comcast transaction would not be materially adversely affected.

IF YOU DO NOT TENDER ELIGIBLE NOTES OR OTHERWISE CONSENT TO THE NOTE AMENDMENT AND THE NOTE AMENDMENT IS APPROVED WITH RESPECT TO THE SERIES OF NOTES YOU HOLD, THE TERMS OF YOUR NOTES WILL BE AMENDED EVEN THOUGH YOU WITHHELD YOUR CONSENT AND YOU WILL RECEIVE NO COMPENSATION FOR THIS NOTE AMENDMENT AND ANY RESULTING RISKS.

The terms of your notes will be amended whether or not you tender if the note amendment is consented to by the holders of at least 50% by principal amount of the applicable series of notes. For these purposes, all of the Series A Medium Term Notes will be treated as a single series. This means that you will hold notes that will remain obligations of AT&T, but AT&T will no longer include its broadband businesses and will consist of a smaller pool of less diversified assets. You will not receive a consent payment or otherwise be compensated for this change in the terms of your notes and any risks that result, and your notes will not benefit from the cable guarantees.

RISKS RELATING TO THE AT&T COMCAST TRANSACTION

In addition to the other information contained in or incorporated by reference in this prospectus, you should carefully consider the following risk factors in deciding whether to tender your Broadband Eligible Notes and/or AT&T Eligible Notes in the exchange offer.

AT&T COMCAST MAY FAIL TO REALIZE THE ANTICIPATED BENEFITS OF THE AT&T COMCAST TRANSACTION.

The AT&T Comcast transaction will combine two companies that have previously operated separately. Comcast and Broadband expect to realize cost savings and other financial and operating benefits as a result of the AT&T Comcast transaction. However, Comcast and Broadband cannot predict with certainty when these cost savings and benefits will occur, or the extent to which they actually will be achieved. There are a large number of systems that must be integrated, including management information, purchasing, accounting and finance, sales, billing, payroll and benefits and regulatory compliance. The integration of Comcast and Broadband will also require substantial attention from management. The diversion of management attention and any difficulties associated with integrating Comcast and Broadband could have a material adverse effect on AT&T Comcast's operating results.

IF WE DO NOT COMPLETE THE AT&T COMCAST TRANSACTION, AT&T AND THE VALUE OF THE SECURITIES OFFERED MAY BE MATERIALLY ADVERSELY AFFECTED.

Holders of AT&T Notes should consider that the nature and the value of the securities they will receive in this exchange offer may be materially affected by whether the AT&T Comcast transaction is completed. If the AT&T Comcast transaction is not completed, the Broadband Exchange Notes will not be exchanged for the New Broadband Notes, AT&T will become the sole obligor under the Broadband Exchange Notes, with Broadband released as an obligor, and the cable guarantees will not be provided, and the interest rates and maturity of the New AT&T Notes will remain the same as the interest rates and maturity under the AT&T Eligible Notes.

The AT&T Comcast transaction is subject to a number of conditions, including without limitation receipt of Internal Revenue Service rulings, regulatory approvals and the consent of the holders in respect of series representing at least 90% in aggregate principal amount of specified indebtedness of AT&T as contemplated by this prospectus. We cannot assure you that these conditions will be met or that the AT&T Comcast transaction will be completed.

If the AT&T Comcast transaction is not completed, there could be a material adverse effect on AT&T and the value of its securities, including its indebtedness and any notes issued in this exchange offer. Also, one of the anticipated benefits of the AT&T Comcast transaction is the anticipated improvement in AT&T's debt levels. If the AT&T Comcast transaction is not completed, AT&T's credit ratings could be materially adversely affected, which could have a material adverse effect on AT&T and could have a material adverse effect on the trading price of its securities, including its indebtedness.

REGULATORY AGENCIES MAY IMPOSE CONDITIONS ON APPROVALS RELATING TO THE AT&T COMCAST TRANSACTION.

Before the AT&T Comcast transaction may be completed, various approvals must be obtained from, or notifications submitted to, among others, the Antitrust Division of the U.S. Department of Justice, the Federal Trade Commission, the Federal Communications Commission, the IRS and numerous state and local authorities. These governmental entities may attempt to condition their approval of the AT&T Comcast transaction, or of the transfer to AT&T Comcast of licenses and other entitlements, on the imposition of certain conditions that could have a material adverse effect on AT&T Comcast's operating results.

Comcast and AT&T have agreed to use their best efforts to obtain all regulatory approvals that are necessary or advisable in connection with the AT&T Comcast transaction. In addition, Comcast and AT&T have also agreed to take all actions necessary to obtain all consents of the FCC required to complete the AT&T Comcast transaction.

AT&T COMCAST WILL HAVE TO ABIDE BY RESTRICTIONS TO PRESERVE THE TAX TREATMENT OF THE AT&T COMCAST TRANSACTION.

Because of the limitations imposed by Section 355(e) of the Internal Revenue Code of 1986, as amended, or the "Code," and by the separation and distribution agreement, as described under "Description of AT&T Comcast Transaction -- The Separation and Distribution Agreement," the ability of AT&T Comcast and Broadband to engage in certain acquisitions, redeem stock or issue equity securities will be limited for a period of 25 months following the Broadband spin-off. See "Description of AT&T Comcast Transaction -- The Separation and Distribution Agreement -- Post-Spin-Off Transactions." These restrictions may limit AT&T Comcast's ability to issue equity securities to satisfy its financing needs or to acquire businesses or assets.

AT&T COMCAST AND ITS SUBSIDIARIES MAY NOT BE ABLE TO OBTAIN THE NECESSARY FINANCING AT ALL OR ON TERMS ACCEPTABLE TO IT.

To complete the AT&T Comcast transaction, Comcast estimates it will require financing of $11 billion to $14 billion, assuming that the Microsoft transaction, as described under "Description of AT&T Comcast Transaction -- The Exchange Agreement and Instrument of Admission," is completed. This financing is expected to include (1) approximately $9 billion to $10 billion to retire the intercompany debt balance which Broadband is expected to owe AT&T upon completion of the AT&T Comcast transaction, although this amount will be reduced if the exchange offer is completed, (2) approximately $1 billion to $2 billion to refinance certain Broadband debt that may be put for redemption by investors or that will mature on or soon after the completion of the AT&T Comcast transaction and (3) approximately $1 billion to $2 billion to provide appropriate cash reserves to fund the operations and capital expenditures of Broadband after completion of the AT&T Comcast transaction.

On May 3, 2002, Broadband and AT&T Comcast entered into definitive credit agreements with a syndicate of lenders, including JPMorgan Chase Bank, Citibank, N.A., Bank of America, N.A., Merrill Lynch Capital Corporation and Morgan Stanley Senior Funding, Inc. for an aggregate of approximately $12.8 billion in new indebtedness in order to satisfy these financing requirements. See "Other Indebtedness and the Cross-Guarantees -- Description of New Credit Facilities." Comcast may also use other available sources of financing to fund its requirements, including existing cash, cash equivalents and short term investments, amounts available under Comcast subsidiaries' lines of credit, and the proceeds of sales of Comcast's and Broadband's investments.

Under the terms of the new credit agreements referred to above, the obligations of the lenders to provide the financing upon completion of the AT&T Comcast transaction are subject to a number of conditions, including the condition that AT&T Comcast obtain an investment-grade credit rating. It is possible that AT&T Comcast will not obtain an investment-grade credit rating or that any of the other conditions to borrowing may not be satisfied. If the conditions to borrowing are not satisfied, and if other

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sources of financing are not sufficient or available, Comcast may not be able to obtain the necessary financing. If Comcast fails to obtain the necessary financing or fails to obtain it on acceptable terms, such failure could have a material adverse effect on the business and financial condition of AT&T Comcast and its subsidiaries. If Comcast is unable to obtain the necessary financing, it may be forced to consider other alternatives to raise the necessary funds, including sales of assets. There can be no assurance that Comcast will be able to obtain the necessary financing at all or on terms acceptable to it.

AT&T COMCAST AND ITS SUBSIDIARIES WILL HAVE SIGNIFICANT DEBT AND DEBT-LIKE OBLIGATIONS AND MAY NOT OBTAIN INVESTMENT-GRADE CREDIT RATINGS.

After completion of the AT&T Comcast transaction, AT&T Comcast and its subsidiaries will have a significant amount of debt and debt-like obligations. Although this amount will be reduced by $5 billion if the Microsoft transaction, as described under "Description of AT&T Comcast Transaction -- The Exchange Agreement and Instrument of Admission," is completed, the credit ratings of AT&T Comcast and its subsidiaries after completion of the AT&T Comcast transaction may be lower than the existing credit ratings of Comcast, AT&T's principal broadband subsidiaries and their respective subsidiaries. In addition, it is possible that neither AT&T Comcast nor any of its subsidiaries that issue debt may obtain an investment-grade credit rating. The likelihood of lower or non-investment-grade credit ratings for AT&T Comcast and its subsidiaries after completion of the AT&T Comcast transaction will be increased if the Microsoft transaction described in this prospectus, which is not a condition to the completion of the AT&T Comcast transaction, is not completed. Differences in credit ratings would affect the interest rates charged on financings, as well as the amounts of indebtedness, types of financing structures and debt markets that may be available to AT&T Comcast and its subsidiaries.

In addition, the failure of certain subsidiaries of AT&T Comcast to maintain certain credit ratings during the period that is 90 days before and after the completion of the AT&T Comcast transaction could trigger put rights on the part of holders of up to approximately $4.8 billion in notional amount (including approximately $1 billion in notional amount of debt which is expected to be able to be put by holders) of debt as of the date of this prospectus, which would require AT&T Comcast to obtain additional financing. Accordingly, a downgrade in the existing credit ratings of Comcast, AT&T's principal broadband subsidiaries and their respective subsidiaries or the failure of AT&T Comcast and its subsidiaries to obtain investment-grade credit ratings, in each case upon completion of the AT&T Comcast transaction, could have a material adverse effect on AT&T Comcast's operating results and on the value of AT&T Comcast common stock.

ATYPICAL GOVERNANCE ARRANGEMENTS MAY MAKE IT MORE DIFFICULT FOR AT&T COMCAST SHAREHOLDERS TO ACT.

In connection with the AT&T Comcast transaction, AT&T Comcast will implement a number of governance arrangements that are atypical for a large, publicly held corporation. A number of these arrangements relate to the election of the AT&T Comcast Board. The term of the AT&T Comcast Board upon completion of the AT&T Comcast transaction will not expire until the 2004 annual meeting of AT&T Comcast shareholders. Since AT&T Comcast shareholders will not have the right to call special meetings of shareholders or act by written consent and AT&T Comcast directors will be able to be removed only for cause, AT&T Comcast shareholders will not be able to replace the initial AT&T Comcast Board members prior to that meeting. After the 2004 annual meeting of AT&T Comcast shareholders, AT&T Comcast directors will be elected annually. Even then, however, it will be difficult for an AT&T Comcast shareholder, other than Sural LLC or a successor entity controlled by Brian L. Roberts, to elect a slate of directors of its own choosing to the AT&T Comcast Board. Brian L. Roberts, through his control of Sural LLC or a successor entity, will hold a 33 1/3% nondilutable voting interest in AT&T Comcast stock. In addition, AT&T Comcast will adopt a shareholder rights plan upon completion of the AT&T Comcast transaction that will prevent any holder of AT&T Comcast stock, other than any holder of AT&T Comcast Class B common stock or any of such holder's affiliates, from acquiring AT&T Comcast stock representing more than 10% of AT&T Comcast's voting power without the approval of the AT&T Comcast Board.

In addition to the governance arrangements relating to the AT&T Comcast Board, Comcast and AT&T have agreed to a number of governance arrangements which will make it difficult to replace the senior management of AT&T Comcast. Upon completion of the AT&T Comcast transaction, C. Michael Armstrong, Chairman of the Board and CEO of AT&T, will be the Chairman of the Board of AT&T Comcast and Brian L. Roberts, President of Comcast, will be the CEO and President of AT&T Comcast. After the 2005 annual meeting of AT&T Comcast shareholders, Brian L. Roberts will also be the Chairman of the Board of AT&T Comcast. Prior to the sixth anniversary of the 2004 annual meeting of AT&T Comcast shareholders, unless Brian L. Roberts ceases to be Chairman of the Board or CEO of AT&T Comcast prior to such time, the Chairman of the Board and CEO of AT&T Comcast will be able to be removed only with the approval of at least 75% of the entire AT&T Comcast Board. This supermajority removal requirement will make it unlikely that C. Michael Armstrong or Brian L. Roberts will be removed from their management positions.

AT&T COMCAST'S PRINCIPAL SHAREHOLDER WILL HAVE CONSIDERABLE INFLUENCE OVER THE OPERATIONS OF AT&T COMCAST.

After completion of the AT&T Comcast transaction, Brian L. Roberts will have significant control over the operations of AT&T Comcast through his control of Sural LLC, which as a result of its ownership of all outstanding shares of AT&T Comcast Class B common stock will hold a nondilutable 33 1/3% of the combined voting power of AT&T Comcast stock and will also have separate approval rights over certain material transactions involving AT&T Comcast. In addition, upon completion of the AT&T Comcast transaction, Brian L. Roberts will be the CEO and President of AT&T Comcast and will, together with the Chairman of the Board of AT&T Comcast, comprise the Office of the Chairman, AT&T Comcast's principal executive deliberative body.

THE HISTORICAL FINANCIAL INFORMATION OF AT&T BROADBAND GROUP AFTER THE BROADBAND SPIN-OFF MAY NOT BE REPRESENTATIVE OF ITS RESULTS WITHOUT THE OTHER AT&T BUSINESSES AND THEREFORE IS NOT A RELIABLE INDICATOR OF ITS HISTORICAL OR FUTURE RESULTS.

AT&T Broadband Group is currently a fully integrated business unit of AT&T, and as a result the financial information of AT&T Broadband Group included in this prospectus has been derived from the consolidated financial statements and accounting records of AT&T and reflects certain assumptions and allocations. The financial position, results of operations and cash flows of AT&T Broadband Group without the other AT&T businesses could differ from those that would have resulted had AT&T Broadband Group operated with the other AT&T businesses.

IF THE TRANSACTION WITH MICROSOFT CORPORATION IS NOT COMPLETED, AT&T COMCAST MAY HAVE SIGNIFICANT ADDITIONAL DEBT AND MORE STRINGENT LIMITATIONS ON ITS ABILITY TO ISSUE EQUITY.

The AT&T Comcast transaction is not conditioned on completion of the transaction with Microsoft Corporation described in this prospectus under "Description of AT&T Comcast Transaction -- The Exchange Agreement and Instrument of Admission -- QUIPS Exchange." If the Microsoft transaction is not completed, as described under "Description of AT&T Comcast Transaction -- The Merger Agreement -- Covenants -- QUIPS Failure," Broadband will either assume AT&T's obligations to Microsoft under the trust preferred securities, or QUIPS, issued by AT&T Finance Trust I or pay AT&T an amount in cash equal to the fair market value of the QUIPS and indemnify AT&T for certain possible related liabilities. Absent selling assets or stock to pay down debt and depending on which outcome occurs, AT&T Comcast and its subsidiaries would have up to an additional $5 billion of debt upon completion of the AT&T Comcast transaction and the risks detailed in two of the risk factors described in this prospectus -- that AT&T Comcast and its subsidiaries may not be able to obtain the necessary financing at all or on terms acceptable to it and that AT&T Comcast and its subsidiaries will have significant debt and debt-like obligations and may not obtain investment-grade credit ratings -- would be significantly heightened. In addition, if the Microsoft transaction is not completed, the limitations imposed by

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Section 355(e) of the Code on AT&T Comcast's and Broadband's ability to issue equity that are described above would be expected to be more stringent.

RISKS FOR AT&T RELATING TO THE AT&T COMCAST TRANSACTION

Holders of AT&T Notes should also consider the following risk factors in deciding whether to tender eligible notes.

THE BROADBAND SPIN-OFF MAY MATERIALLY ADVERSELY IMPACT AT&T'S COMPETITIVE POSITION.

If the AT&T Comcast transaction is completed, AT&T and AT&T Comcast will compete in some markets. Competition between AT&T's and AT&T Comcast's business units in overlapping markets, including consumer markets where cable, telephone and digital subscriber lines, or DSL, solutions may be available at the same time, could result in material downward price pressure on product or service offerings which could materially adversely impact the companies. In addition, any incremental costs associated with operating as separate entities may materially adversely affect the different businesses and companies and their competitive positions. Synergies resulting from cooperation and joint ownership among AT&T's businesses may be lost due to the proposed transactions.

AT&T WILL HAVE TO ABIDE BY POTENTIALLY SIGNIFICANT RESTRICTIONS TO PRESERVE THE TAX TREATMENT OF THE AT&T COMCAST TRANSACTION.

Because of the restrictions imposed by Section 355(e) of the Code and by the separation and distribution agreement, the ability of AT&T to engage in certain acquisitions, redeem stock or issue equity securities will be limited for a period of 25 months following the Broadband spin-off. These restrictions may limit AT&T's ability to issue equity securities to satisfy its financing needs or to acquire businesses or assets.

IF THE AT&T COMCAST TRANSACTION IS COMPLETED, AT&T WILL NEED TO OBTAIN FINANCING ON A STAND-ALONE BASIS WHICH MAY INVOLVE COSTS.

Following the AT&T Comcast transaction, AT&T will have to raise financing with the support of a reduced pool of less diversified assets, and AT&T may not be able to secure adequate debt or equity financing on desirable terms. The cost to AT&T of financing without AT&T Broadband Group may be materially higher than the cost of financing with AT&T Broadband Group as part of AT&T.

On May 29, 2002, Moody's Investors Service lowered its ratings of long-term debt issued or guaranteed by AT&T to Baa2 from A3. Moody's also confirmed AT&T's short-term rating as Prime-2. Moody's ratings outlook for AT&T remains negative but AT&T is not currently on review for any additional downgrade by Moody's. On June 3, 2002, Fitch Ratings also downgraded AT&T's long-term debt rating to BBB+ from A-, with the rating remaining on Rating Watch Negative pending completion of the AT&T Comcast transaction. AT&T's long-term debt ratings remain BBB+ and on CreditWatch with negative implications by Standard & Poor's Ratings Group. A recent press release from Standard & Poor's confirmed that following the AT&T Comcast transaction Standard & Poor's expects AT&T to have a stable outlook. However, further ratings actions could occur at any time.

The credit rating of AT&T following the AT&T Comcast transaction may be different from the current ratings of AT&T and different from what it would be without the AT&T Comcast transaction. Differences in credit ratings affect the interest rate charged on financings, as well as the amounts of indebtedness, types of financing structures and debt markets that may be available to AT&T following the AT&T Comcast transaction. AT&T may not be able to raise the capital it requires on favorable terms following the AT&T Comcast transaction.

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THE HISTORICAL FINANCIAL INFORMATION OF AT&T EXCLUDING AT&T BROADBAND GROUP MAY NOT BE REPRESENTATIVE OF ITS RESULTS WITHOUT AT&T BROADBAND GROUP AND THEREFORE IS NOT A RELIABLE INDICATOR OF ITS HISTORICAL OR FUTURE RESULTS.

AT&T currently includes AT&T Broadband Group as a fully integrated business unit of AT&T. Consequently, the financial information of AT&T without AT&T Broadband Group included in this prospectus has been derived from the consolidated financial statements and accounting records of AT&T and reflects certain assumptions and allocations. The financial position, results of operations and cash flows of AT&T without AT&T Broadband Group could materially differ from those that would have resulted had AT&T operated without AT&T Broadband Group or as an entity independent of AT&T Broadband Group.

AT&T COULD INCUR MATERIAL U.S. FEDERAL INCOME TAX LIABILITIES IN CONNECTION WITH THE AT&T COMCAST TRANSACTION.

AT&T may incur material U.S. federal income tax liabilities as a result of certain issuances of shares or change of control transactions with respect to AT&T Comcast, Liberty Media Corporation or AT&T Wireless Services, Inc. Under Section 355(e) of the Code, a split-off/spin-off that is otherwise tax free may be taxable to the distributing company (i.e., AT&T) if, as a result of certain transactions occurring generally within a two-year period after the split-off/spin-off, non-historic shareholders acquire 50% or more of the distributing company or the spun-off company. It is possible that transactions with respect to AT&T could cause all three split-offs or spin-offs to be taxable to AT&T.

Under separate intercompany agreements between AT&T and each of Liberty Media Corporation, AT&T Wireless and Broadband, AT&T generally will be entitled to indemnification from the spun-off company for any tax liability that results from the split-off or spin-off failing to qualify as a tax-free transaction, unless, in the case of AT&T Wireless and AT&T Comcast, the tax liability was caused by post split-off or spin-off transactions with respect to the stock or assets of AT&T. AT&T Comcast's indemnification obligation is generally limited to 50% of any tax liability that results from the split-off or spin-off failing to qualify as tax free, unless such liability was caused by a post split-off or spin-off transaction with respect to the stock or assets of AT&T Comcast.

If one or more of the split-offs or spin-offs were taxable to AT&T and AT&T were not indemnified for this tax liability, the liability could have a material adverse effect on AT&T. To the extent AT&T is entitled to an indemnity with respect to the tax liability, AT&T would be required to collect the claim on an unsecured basis. In addition, there may be other tax costs incurred as a result of the Broadband spin-off. If incurred, these costs could be significant to AT&T and Broadband.

RISKS RELATING TO THE BUSINESS OF AT&T COMCAST

ACTUAL FINANCIAL POSITION AND RESULTS OF OPERATIONS OF AT&T COMCAST MAY DIFFER SIGNIFICANTLY AND ADVERSELY FROM THE PRO FORMA AMOUNTS REFLECTED IN THIS PROSPECTUS.

Assuming completion of the AT&T Comcast transaction, the actual financial position and results of operations of AT&T Comcast may differ, perhaps significantly and adversely, from the pro forma amounts reflected in the AT&T Comcast Corporation Unaudited Pro Forma Combined Condensed Financial Statements included in this prospectus due to a variety of factors, including access to additional information, changes in value not currently identified and changes in operating results between the date of the pro forma financial data and the date on which the AT&T Comcast transaction is completed.

In addition, in many cases each of Comcast and AT&T Broadband Group has long-term agreements, in some cases with the same counterparties, for the same services and products, such as programming, billing services and interactive programming guides. Comcast and AT&T Broadband Group cannot disclose the terms of many of these contracts to each other because of confidentiality provisions included in these contracts or other legal restrictions. For this and other reasons, it is not clear, in the case of certain services and products, whether after completion of the AT&T Comcast transaction each of the existing agreements will continue to apply only to the operations to which they have historically applied or whether instead one of the two contracts will apply to the operations of both companies and the other contract will be terminated. Since these contracts often differ significantly in their terms, resolution of these contractual issues could cause the actual financial position and results of operations of AT&T Comcast to differ significantly and adversely from the pro forma amounts reflected in the AT&T Comcast Corporation Unaudited Pro Forma Combined Condensed Financial Statements included in this prospectus.

PROGRAMMING COSTS ARE INCREASING AND AT&T COMCAST MAY NOT HAVE THE ABILITY TO PASS THESE INCREASES ON TO ITS CUSTOMERS, WHICH WOULD MATERIALLY ADVERSELY AFFECT ITS CASH FLOW AND OPERATING MARGINS.

Programming costs are expected to be AT&T Comcast's largest single expense item. In recent years, the cable and satellite video industries have experienced a rapid increase in the cost of programming, particularly sports programming. This increase is expected to continue, and AT&T Comcast may not be able to pass programming cost increases on to its customers. The inability to pass these programming cost increases on to its customers would have a material adverse impact on its cash flow and operating margins. In addition, as AT&T Comcast upgrades the channel capacity of its systems and adds programming to its basic, expanded basic and digital programming tiers, AT&T Comcast may face increased programming costs, which, in conjunction with the additional market constraints on its ability to pass programming costs on to its customers, may reduce operating margins.

AT&T Comcast also will be subject to increasing financial and other demands by broadcasters to obtain the required consent for the transmission of broadcast programming to its subscribers. Comcast and AT&T cannot predict the financial impact of these negotiations or the effect on AT&T Comcast's subscribers should AT&T Comcast be required to stop offering this programming.

AT&T COMCAST WILL FACE A WIDE RANGE OF COMPETITION AND OTHER RISKS IN AREAS SERVED BY ITS CABLE SYSTEMS, WHICH COULD ADVERSELY AFFECT ITS FUTURE RESULTS OF OPERATIONS.

AT&T Comcast's cable communications systems will compete with a number of different sources which provide news, information and entertainment programming to consumers. AT&T Comcast will compete directly with program distributors and other companies that use satellites, build competing cable systems in the same communities AT&T Comcast will serve or otherwise provide programming and other communications services to AT&T Comcast's subscribers and potential subscribers. In addition, federal law now allows local telephone companies to provide directly to subscribers a wide variety of services that are competitive with cable communications services. Some local telephone companies provide, or have announced plans to provide, video services within and outside their telephone service areas through a variety of methods, including broadband cable networks. Additionally, AT&T Comcast will be subject to competition from telecommunications providers and internet service providers, or ISPs, in connection with offerings of new and advanced services, including telecommunications and Internet services. This competition may materially adversely affect AT&T Comcast's business and operations in the future. In addition, any increase in vacancy rates in multi-dwelling units has historically adversely impacted subscriber levels and is expected to do so in the future. Subscriber levels also have historically demonstrated seasonal fluctuations, particularly in markets that include major universities. The failure of seasonal third and fourth quarter increases to offset decreases would adversely affect subscriber levels.

AT&T COMCAST WILL HAVE SUBSTANTIAL CAPITAL REQUIREMENTS WHICH MAY REQUIRE IT TO OBTAIN ADDITIONAL FINANCING THAT MAY BE DIFFICULT TO OBTAIN.

After completion of the AT&T Comcast transaction, AT&T and Comcast expect that for some period of time AT&T Comcast's capital expenditures will exceed, perhaps significantly, its net cash provided by operating activities. This may require AT&T Comcast to obtain additional financing. AT&T Comcast may not be able to obtain or to obtain on favorable terms the capital necessary to fund the substantial capital expenditures described above that are required by its strategy and business plan. A failure to obtain necessary capital or to obtain necessary capital on favorable terms could have a material adverse effect on

AT&T Comcast and result in the delay, change or abandonment of AT&T Comcast's development or expansion plans.

Historically, AT&T Broadband Group's capital expenditures have significantly exceeded its net cash provided by operations. For the year ended December 31, 2001 and the six months ended June 30, 2002, AT&T Broadband Group's capital expenditures exceeded its net cash provided by operations by $3.5 billion and $0.4 billion, respectively. In addition, for the year ended December 31, 2001, Comcast's capital expenditures exceeded its net cash provided by operating activities by $952 million. See "Ratios of Earnings to Fixed Charges" on page 39.

Comcast and AT&T anticipate that AT&T Comcast will upgrade a significant portion of its broadband systems over the coming years and make other capital investments, including with respect to its advanced services. In 2002, Comcast and AT&T anticipate that Broadband and Comcast's cable division will incur capital expenditures of approximately $4.2 billion and $1.3 billion, respectively. AT&T Comcast is expected to incur substantial capital expenditures in the years following completion of the AT&T Comcast transaction. However, the actual amount of the funds required for capital expenditures cannot be determined with precision at this time. Capital expenditures are expected to be used to acquire equipment, such as set-top boxes, cable modems and telephone equipment, and to pay for installation costs for additional video and advanced services customers. In addition, capital is expected to be used to upgrade and rebuild network systems to expand bandwidth capacity and add two-way capability so that it may offer advanced services. There can be no assurance that these amounts will be sufficient to accomplish the planned system upgrades, equipment acquisitions and expansion.

Comcast and AT&T Broadband Group also have commitments under certain of their franchise agreements with local franchising authorities to upgrade and rebuild certain network systems. These commitments may require capital expenditures in order to avoid default and/or penalties.

ENTITIES THAT WILL BE INCLUDED IN AT&T COMCAST ARE SUBJECT TO LONG-TERM EXCLUSIVE AGREEMENTS THAT MAY LIMIT THEIR FUTURE OPERATING FLEXIBILITY AND MATERIALLY ADVERSELY AFFECT AT&T COMCAST'S FINANCIAL RESULTS.

Some of the entities currently attributed to AT&T Broadband Group, and which will be subsidiaries of AT&T Comcast, are subject to long-term agreements relating to significant aspects of AT&T Broadband Group's operations, including long-term agreements for video programming, audio programming, electronic program guides, billing and other services. For example, AT&T Broadband Group's predecessor, TCI, and AT&T Broadband Group's subsidiary, Satellite Services, Inc., are parties to an affiliation term sheet with Starz Encore Group, an affiliate of Liberty Media, which extends to 2022 and provides for a fixed price payment, subject to adjustment for various factors including inflation, and may require Broadband to pay two-thirds of Starz Encore Group's programming costs above levels designated in the term sheet. Satellite Services, Inc. also entered into a ten-year agreement with TV Guide in January 1999 for interactive program guide services, which designates TV Guide Interactive as the interactive programming guide for Broadband systems. Furthermore, a subsidiary of Broadband is party to an agreement that does not expire until December 31, 2013 under which it purchases certain billing services from an unaffiliated third party. The price, terms and conditions of the Starz Encore term sheet, the TV Guide agreement and the billing agreement may not reflect the current market and if one or more of these arrangements continue to apply to Broadband after completion of the AT&T Comcast transaction, they may materially adversely impact the financial performance of AT&T Comcast.

By letter dated May 29, 2001, AT&T Broadband Group disputed the enforceability of the excess programming pass through provisions of the Starz Encore term sheet and questioned the validity of the term sheet as a whole. AT&T Broadband Group also has raised certain issues concerning the uncertainty of the provisions of the term sheet and the contractual interpretation and application of certain of its provisions to, among other things, the acquisition and disposition of cable systems. In July 2001, Starz Encore Group filed a lawsuit seeking payment of the 2001 excess programming costs and a declaration that the term sheet is a binding and enforceable contract. In October 2001, AT&T Broadband Group and Starz Encore Group agreed to stay the litigation until August 31, 2002 to allow the parties time to

continue negotiations toward a potential business resolution of this dispute. The court granted the stay on October 30, 2001. The terms of the stay order allow either party to petition the court to lift the stay after April 30, 2002 and to proceed with the litigation. AT&T Broadband Group's counterclaim is due to be filed on October 4, 2002.

On March 13, 2002, AT&T Broadband Group informed CSG Systems, Inc. that AT&T Broadband Group was considering the initiation of an arbitration against CSG relating to a Master Subscriber Management System Agreement that the two companies entered into in 1997. Pursuant to the Master Agreement, CSG provides billing support to AT&T Broadband Group. On May 10, 2002, AT&T Broadband Group filed a demand for arbitration against CSG before the American Arbitration Association. On May 31, 2002, CSG answered AT&T Broadband Group's arbitration demand and asserted various counterclaims. On June 21, 2002, CSG filed a lawsuit against Comcast Corporation in federal court located in Denver, Colorado asserting claims related to the Master Agreement and the pending arbitration. In the event that this process results in the termination of the Master Agreement, AT&T Broadband Group may incur significant costs in connection with its replacement of these customer care and billing services and may experience temporary disruptions to its operations.

AT&T COMCAST WILL BE SUBJECT TO REGULATION BY FEDERAL, STATE AND LOCAL GOVERNMENTS WHICH MAY IMPOSE COSTS AND RESTRICTIONS.

The federal, state and local governments extensively regulate the cable communications industry. Comcast and AT&T expect that court actions and regulatory proceedings will refine the rights and obligations of various parties, including the government, under the Communications Act of 1934, as amended. The results of these judicial and administrative proceedings may materially affect AT&T Comcast's business operations. Local authorities grant Comcast and Broadband franchises that permit them to operate their cable systems. AT&T Comcast will have to renew or renegotiate these franchises from time to time. Local franchising authorities often demand concessions or other commitments as a condition to renewal or transfer, which concessions or other commitments could be costly to obtain.

AT&T COMCAST WILL BE SUBJECT TO ADDITIONAL REGULATORY BURDENS IN CONNECTION WITH THE PROVISION OF TELECOMMUNICATIONS SERVICES, WHICH COULD CAUSE IT TO INCUR ADDITIONAL COSTS.

AT&T Comcast will be subject to risks associated with the regulation of its telecommunications services by the FCC and state public utilities commissions, or PUCs. Telecommunications companies, including companies that have the ability to offer telephone services over the Internet, generally are subject to significant regulation. This regulation could materially adversely affect AT&T Comcast's business operations.

AT&T COMCAST'S COMPETITION MAY INCREASE BECAUSE OF TECHNOLOGICAL ADVANCES AND NEW REGULATORY REQUIREMENTS, WHICH COULD ADVERSELY AFFECT ITS FUTURE RESULTS OF OPERATIONS.

Numerous companies, including telephone companies, have introduced Digital Subscriber Line technology, known as DSL, which provides Internet access to subscribers at data transmission speeds greater than that of modems over conventional telephone lines. Comcast and AT&T expect other advances in communications technology, as well as changes in the marketplace, to occur in the future. Other new technologies and services may develop and may compete with services that cable communications systems offer. The success of these ongoing and future developments could have a negative impact on AT&T Comcast's business operations.

In addition, over the past several years, a number of companies, including telephone companies and ISPs, have asked local, state, and federal governmental authorities to mandate that cable communications operators provide capacity on their broadband infrastructure so that these and others may deliver Internet and other interactive television services directly to customers over these cable facilities. Some cable operators have initiated litigation challenging municipal efforts to unilaterally impose so-called "open access" requirements. The few court decisions dealing with this issue have been inconsistent. Moreover, in

connection with their review of the AOL-Time Warner merger, the FCC and the Federal Trade Commission imposed "open access," technical performance and other requirements related to the merged company's Internet and Instant Messaging platforms. The FCC recently concluded in a regulatory proceeding initiated by it to consider "open access" and related regulatory issues that cable modem service, as it is currently offered, is properly classified as an interstate information service that is not subject to common carrier regulation but remains subject to the FCC's jurisdiction. The FCC is seeking public comment regarding the regulatory implications of this conclusion, including, among other things, whether it is appropriate to impose "open access" requirements on these services or whether consumers will be able to obtain a choice of ISPs without government intervention.

A number of cable operators have reached agreements to provide unaffiliated ISPs access to their cable systems in the absence of regulatory requirements. Recently, Comcast reached an "access" agreement with United Online and Broadband reached an "access" agreement with each of EarthLink, Internet Central and Connected Data Systems. In addition, under the terms of the exchange agreement that Comcast and AT&T have executed with Microsoft, upon completion of the Microsoft transaction described in this prospectus and the AT&T Comcast transaction, AT&T Comcast will be required, with respect to each such agreement with another ISP, to offer Microsoft an "access" agreement on terms no less favorable than those provided to the other ISP with respect to the specific cable systems covered under the agreement with the other ISP. Notwithstanding the foregoing, there can be no assurance that regulatory authorities will not impose "open access" or similar requirements on AT&T Comcast as part of the regulatory review of the AT&T Comcast transaction or as part of an industry-wide requirement. Such requirements could have a negative impact on AT&T Comcast's business operations.

AT&T COMCAST, THROUGH BROADBAND, WILL HAVE SUBSTANTIAL ECONOMIC INTERESTS IN JOINT VENTURES IN WHICH IT WILL HAVE LIMITED MANAGEMENT RIGHTS.

AT&T Broadband Group is a partner in several large joint ventures, such as Time Warner Entertainment, Texas Cable Partners and Kansas City Cable Partners, in which it has a substantial economic interest but does not have substantial control with regard to management policies or the selection of management. These joint ventures may be managed in a manner contrary to the best interests of AT&T Comcast, and the value of AT&T Comcast's investment, through Broadband, in these joint ventures may be affected by management policies that are determined without input from AT&T Comcast or over the objections of AT&T Comcast. AT&T Broadband Group has cable partnerships with each of AOL Time Warner, Insight Communications, Adelphia Communications, Midcontinent and US Cable. Materially adverse financial or other developments with respect to a partner could adversely impact the applicable partnership. See "Summary -- Recent Developments."

On June 25, 2002, three cable partnerships between subsidiaries of AT&T and subsidiaries of Adelphia Communications Corporation commenced bankruptcy proceedings by the filing of chapter 11 petitions in the Bankruptcy Court for the Southern District of New York at about the same time that other Adelphia entities filed for bankruptcy. These partnerships are: Century-TCI California Communications, L.P. (in which AT&T Broadband Group holds a 25% interest through a wholly-owned subsidiary and which as of December 31, 2001 had an aggregate of approximately 775,000 subscribers in the greater Los Angeles, California area), Parnassos Communications, L.P. (in which AT&T Broadband Group holds a 33.33% interest through a wholly owned subsidiary) and Western NY Cablevision, L.P. (in which AT&T Broadband Group holds a 33.33% interest through a wholly-owned subsidiary and which as of December 31, 2001 had, together with Parnassos Communications, L.P., an aggregate of approximately 470,000 subscribers in Buffalo, New York and the surrounding areas). AT&T cannot predict what the outcome of these proceedings will be on any of the partnerships and the proceedings may have a material adverse impact on the partnerships.

AT&T Broadband Group recorded an impairment charge through net losses related to equity investments of $143 million, net of taxes of $90 million, in connection with the bankruptcy proceedings of the Adelphia partnerships.

AT&T COMCAST, THROUGH COMCAST, AND BROADBAND FACE RISKS ARISING FROM THEIR AND AT&T'S RELATIONSHIP WITH AT HOME CORPORATION AND US AIRWAYS GROUP INC.

Through a subsidiary, AT&T owns approximately 23% of the outstanding common stock and 74% of the voting power of the outstanding common stock of At Home Corporation, which filed for bankruptcy protection on September 28, 2001. Until October 1, 2001, AT&T appointed a majority of At Home's directors, and it now appoints none.

Since September 28, 2001, some creditors of At Home have threatened to commence litigation against AT&T relating to the conduct of AT&T or its designees on the At Home Board in connection with At Home's declaration of bankruptcy and At Home's subsequent aborted efforts to dispose of some of its businesses or assets in a bankruptcy court-supervised auction, as well as in connection with other aspects of AT&T's relationship with At Home. The liability for any such lawsuits would be shared equally between AT&T and Broadband. No such lawsuits have been filed to date. On May 1, 2002, At Home filed a proposed plan of liquidation pursuant to Chapter 11 of the U.S. Bankruptcy Code, which, as modified on June 18, 2002, among other things, implements the creditor's settlement and provides that all claims and causes of action of the bankrupt estate of At Home against AT&T and other shareholders will be transferred to a liquidating trust owned ratably by the bondholders of At Home and funded with at least $12 million, and as much as $17 million, to finance the litigation of those claims. The plan was approved by the bankruptcy court on August 15, 2002 but has not yet become effective.

Purported class action lawsuits have been filed in California state court on behalf of At Home shareholders against AT&T, At Home, Comcast and former directors of At Home. The lawsuits claim that the defendants breached fiduciary obligations of care, candor and loyalty in connection with a transaction announced in March 2000 in which, among other things, AT&T, Cox and Comcast agreed to extend existing distribution agreements, the At Home board of directors was reorganized, and AT&T agreed to give Cox and Comcast rights to sell their At Home shares to AT&T. These actions have been consolidated by the court. At the request of At Home's bondholders, on September 10, 2002, the bankruptcy court ruled that the claims asserted in these actions belong to At Home's bankruptcy estate, not its shareholders, that the actions must be dismissed, and that the claims in the actions are to be prosecuted by the At Home bondholders liquidating trust under the confirmed Chapter 11 plan. The order remains subject to appeal. The liability for these lawsuits would be shared equally between AT&T and Broadband.

On September 23, 2002, the Official Committee of Unsecured Bondholders of At Home filed suit in the United States District Court for the District of Delaware against Comcast, Cox, Brian L. Roberts in his capacity as a director of At Home, and other corporate and individual defendants. The complaint seeks alleged "short-swing" profits under Section 16(b) of the Securities and Exchange Act in connection with At Home put options Comcast and Cox entered into with AT&T. The complaint alleges a total of at least $600 million in damages in the aggregate from Comcast and Cox in connection with this claim. The complaint also seeks damages in an unspecified amount for alleged breaches of fiduciary duty by the defendants in connection with transactions entered into among AT&T, At Home, Comcast and Cox. Comcast believes this suit is without merit and intends to vigorously defend itself in the action.

In the Spring of 2002, three purported class actions were filed in the United States District Court for the Southern District of New York against, among others, AT&T and certain of its senior officers alleging violations of the federal securities laws in connection with the disclosures made by At Home in the period from March 28, 2000 through August 28, 2001. These actions have been consolidated. Any liabilities resulting from this lawsuit would be shared equally between AT&T and Broadband.

As part of a portfolio of lease and project financing assets Broadband assumed in connection with the acquisition of MediaOne, Broadband is the lessor of some airplanes under leveraged leases to US Airways Group. Under a leveraged lease, the assets are secured with debt, which is non-recourse to Broadband. On August 11, 2002, US Airways filed for Chapter 11 bankruptcy protection. In connection with the bankruptcy filing, US Airways can reject or reaffirm its leases. Broadband does not know if the leases will be rejected or reaffirmed. If the leases are rejected and the non-recourse debtholder forecloses on the

assets, Broadband could incur an after-tax loss of approximately $35 to $45 million (based on June 30, 2002 balances).

RISKS RELATING TO AT&T'S CREDIT RATING

The AT&T Comcast transaction, if implemented as proposed, would result in a substantial reduction in AT&T's overall debt level. Nevertheless, the AT&T Comcast transaction may not be completed and, even if it is completed, AT&T will continue to have substantial indebtedness. As a result, AT&T noteholders should consider the following additional risk.

THE FINANCIAL CONDITION AND PROSPECTS OF AT&T AND THE AT&T GROUPS MAY BE MATERIALLY ADVERSELY AFFECTED BY FURTHER RATINGS DOWNGRADES.

On May 29, 2002, Moody's Investors Service lowered its ratings of long-term debt issued or guaranteed by AT&T to Baa2 from A3. Moody's also confirmed AT&T's short-term rating as Prime-2. Moody's ratings outlook for AT&T remains negative but AT&T is not currently on review for any additional downgrade by Moody's. On June 3, 2002, Fitch Ratings also downgraded AT&T's long-term debt rating to BBB+ from A-, with the rating remaining on Rating Watch Negative pending completion of the AT&T Comcast transaction. AT&T's long-term debt ratings remain BBB+ and on CreditWatch with negative implications by Standard & Poor's Ratings Group. A recent press release from Standard & Poor's confirmed that following the AT&T Comcast transaction Standard & Poor's expects AT&T to have a stable outlook. However, further ratings actions could occur at any time.

Any downgrade by either Standard & Poor's or Moody's increases, by one-quarter of one percent (0.25%) for each ratings notch downgrade by either agency, the interest rates paid by AT&T on approximately $10.1 billion of long-term debt, which would increase AT&T's interest costs by approximately $25 million per year for each such ratings notch downgrade by either rating agency. As a result, the Moody's downgrade referred to above increased by one-half of one percent (0.50%) the interest rates paid by AT&T on approximately $10.1 billion of long-term debt, which will increase AT&T's interest costs by approximately $50 million per year. Any ratings downgrade by Standard & Poor's would also increase such interest costs by one-quarter of one percent (0.25%)

for each ratings notch downgrade.

In addition to the increased interest costs on the $10.1 billion of long-term debt referred to above, AT&T could incur increased costs in the replacement or renewal of its credit facility and refinancings of approximately $5 billion of debt and certain operating leases through June 30, 2003. Assuming current market conditions and assumptions regarding the type of financing available, the additional annualized cost increases could approximate $100 million, although it is not possible to predict the actual amount of any such interest cost increase as a result of a rating notch downgrade. Additional ratings downgrades could result in greater interest rate increases for each notch downgrade. In addition, interest expense could be higher in subsequent periods than it otherwise would have been as additional maturing debt is replaced by debt with higher interest rate spreads due to the lower credit ratings. Also, in addition to interest rates, differences in credit ratings affect the amounts of indebtedness, types of financing structures and debt markets that may be available to AT&T. For example, with additional ratings downgrades, AT&T may not have access to the commercial paper market sufficient to satisfy its short-term borrowing needs. If necessary, AT&T could access its short-term credit facilities or increase its borrowings under its securitization program. If our ratings were downgraded below investment grade, there are provisions in our securitization programs which could require the outstanding balances to be paid by collection of the receivables. In addition, there are provisions in several of our debt instruments that require us to pay the present value of up to $0.7 billion of future interest payments if our credit ratings are downgraded below investment grade.

To the extent that the combined outstanding short-term borrowings under the bank credit facilities and AT&T's commercial paper program were to exceed the market capacity for such borrowings at the expiration of the bank credit facilities, AT&T's continued liquidity would depend upon its ability to reduce such short-term debt through a combination of capital market borrowings, asset sales, operational cash generation, capital expenditure reduction and other means. AT&T's ability to achieve such objectives is

subject to a risk of execution and such execution could materially impact AT&T's operational results. In addition, the cost of any capital market financing could be significantly in excess of AT&T's historical financing costs. Also, AT&T could suffer negative banking, investor, and public relations repercussions if AT&T were to draw upon the bank facilities, which are intended to serve as a back-up source of liquidity only. Such impacts could cause further deterioration in AT&T's cost of and access to capital.

AT&T is in the process of replacing its $8 billion 364-day term bank facility (under which no amounts are drawn) that expires in December 2002 with a new 364-day term bank facility of up to $4 billion at or prior to the spin-off of Broadband. The old facility would cease to be effective if, among other things, AT&T consummated the AT&T Comcast transaction without AT&T's long term debt being rated at least Baa1 by Moody's. AT&T has received commitments for the $4 billion facility, subject to completion of documentation. AT&T and the banks are in the final stages of documentation. The amount available under this facility would be reduced to $3 billion upon the completion of the AT&T Comcast transaction.

RISKS RELATING TO THE BUSINESSES OF AT&T CONSUMER SERVICES GROUP AND AT&T

BUSINESS SERVICES GROUP

AT&T CONSUMER SERVICES GROUP AND AT&T BUSINESS SERVICES GROUP EXPECT THERE TO BE A CONTINUED DECLINE IN THE LONG DISTANCE INDUSTRY.

Historically, prices for voice communications have fallen because of competition, the introduction of more efficient networks and advanced technology, product substitution, excess capacity and deregulation. AT&T Consumer Services Group and AT&T Business Services Group expect these trends to continue, and each of AT&T Consumer Services Group and AT&T Business Services Group may need to reduce its prices in the future to remain competitive. In addition, AT&T Consumer Services Group and AT&T Business Services Group do not expect that they will be able to achieve increased traffic volumes in the near future to sustain their current revenue levels. The extent to which each of AT&T Consumer Services Group's and AT&T Business Services Group's business, financial condition, results of operations and cash flow could be materially adversely affected will depend on the pace at which these industry-wide changes continue and its ability to create new and innovative services to differentiate its offerings, enhance customer retention, and retain or grow market share.

AT&T CONSUMER SERVICES GROUP AND AT&T BUSINESS SERVICES GROUP FACE SUBSTANTIAL COMPETITION THAT MAY MATERIALLY ADVERSELY IMPACT BOTH MARKET SHARE AND MARGINS.

Each of AT&T Consumer Services Group and AT&T Business Services Group currently faces significant competition, and AT&T expects the level of competition to continue to increase. Some of the potential materially adverse consequences of this competition include the following:

- market share loss and loss of key customers;

- possibility that customers shift to less profitable, l