

10-9-05
11-10-05
12-31-05

While your disclosure indicates that this event took place in the third quarter of 2005, we noted no footnote disclosure in the interim financial statements for the period ended September 30, 2005, although we do note an adjustment to equity for \$26 million to spin off LGI. Confirm that this adjustment represents the \$28 million allocated to LMI under the tax sharing agreement, and explain the \$2 million difference. Tell us how you determined no footnote disclosure was required in the interim financial statements, as well as why the treatment of the \$28 million was not specifically noted during discussions with the Staff on the appropriate treatment of amounts received and due under the tax sharing agreement with AT&T.

- * Was there a distribution of assets (either tax assets or cash) to LMI in connection with the finalization of the 2004 tax return?
- * Based upon your disclosure, it would appear that the Reorganization Agreement and Tax Sharing Agreement create guarantees both by you, as well as LMI. Tell us how you accounted for the guarantees, specifically those guarantees provided under the Tax Sharing Agreement, at the time of the LMI spin-off. Refer to FIN 45.
- * To the extent that (i) FIN 45 was applicable on the date of the spin-off and (ii) additional amounts are due to or from the other party to the Tax Sharing Agreement, tell us how you intend to account for such amounts in future filings. To respond to this comment, please address your proposed accounting once the tax return relating to the year of the spin-off has been filed. In this fact pattern, this would not be the accounting in the year ended December 31, 2005 when the 2004 tax return was filed, but rather is intended to address your accounting for periods subsequent to that date.

We may have further comments after reviewing your response.

Item 21. Exhibits and Financial Statement Schedules, page II-7
3. Please amend to include consent of your independent registered public accountant.

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As appropriate, please amend your registration statement in response to these comments. You may wish to provide us with marked copies of the amendment to expedite our review. Please furnish a cover letter with your amendment that keys your responses to our comments.

comment 2, b0d As a

delegated authority, in declaring the filing effective, does not
relieve the company from its full responsibility for the adequacy
and
accuracy o