

INVESTOR INFORMATION



Dear Investor:

This booklet provides general background information to assist our investors or their authorized representatives in determining the source and cost of AT&T securities.

The enclosed "Certificate Listing(s)" [Form S709, S709E] lists the origin and source of each of your certificate(s). These sources are further described in the booklet. We hope this information enables you to complete your records. Please retain it for future reference.

If you need further information about your AT&T account, please call us toll-free at 1-800-348-8288. However, if you need additional assistance in computing the tax basis of your securities, we suggest that you consult a tax advisor.

Thank You.

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GLOSSARY

ACCRUED INTEREST—Interest earned on a bond since the last designated payment date.

BOND/DEBENTURE/NOTE—A corporate certificate which evidences a debt owed by the company to the holder, specifies interest payment terms and promises full repayment on a fixed expiration date.

BOND HOLDER—See Shareowner

CALL(ABLE)—The full or partial redemption of a bond issue by the corporation before the maturity date, under specific conditions. Preferred shares are also callable, at company option.

CAPITAL STOCK—All shares representing ownership of a business, including preferred and common.

CERTIFICATE—The document showing ownership of stock in a corporation.

COMMON/PREFERRED STOCK—Securities which represent an ownership interest in a corporation.

CONVERTIBLE—Exchangeable for shares of common stock under specified conditions.

DEBENTURE—See Bond/Debenture/Note

DEBIT DATE—The date a certificate is transferred out of an account.

DIVESTITURE—The distribution by AT&T of the shares of the seven regional holding companies pursuant to the court order entered into in the United States v. Western Electric, Incorporated, 552 F. Supp. 131 (D.D.C., 1982).

DIVIDEND—The amount designated by the board of directors for equal distribution among all shares outstanding.

EXCHANGE/MERGER—Trading of shares between companies/subsidiaries, one usually absorbing the other(s).

INTEREST—Semi-annual payments the company makes to its bond holders for the use of their money.

ISSUE—Any one of a company's securities, the date it was put into circulation, the date of transfer into a new registration.

MATURITY—The date on which a company issuing bonds or debentures agrees to repay the loan.

MERGER—See Exchange/Merger

NOTE—See Bond/Debenture/Note

OFFERING—A new issue of a security, made available under specific terms.

OUTSTANDING—Stock in the hands of stockholders.

PREEMPTIVE RIGHTS—Right of shareowners to purchase new securities before others.

PREFERRED—See Common/Preferred Stock.

PREMIUM—The portion of the redemption price of a bond which is above the face value.

PROSPECTUS—Information required by law to be given

GLOSSARY

to each person to whom securities are offered. Terms of the issue and financial information about the offering company must be included.

RECORD DATE—The date on which one must be registered as an owner on the books of a company to be eligible for dividends, rights, etc.

REDEMPTION PRICE—The price at which a bond may, at the option of the issuing company, be redeemed before maturity. Also applies to preferred stock (see Callable).

RIGHTS OFFERING—The opportunity a corporation offers its shareowners before others, to purchase new shares in proportion to the number each owns, usually at a lower-than-market price and within a specified time.

SHAREOWNER/BOND HOLDER—One having legal title to corporate securities.

STOCK SPLIT—Division of outstanding shares into a larger number, while allowing each owner to retain proportionate equity.

SUBSCRIPTION—The use of rights to buy a security offered in an issue.

TRADEABLE—Able to be bought, sold or transferred.

TRANSFER—Recording of any change in the registration (name of owner) of securities on the books of a company by the transfer agent.

WARRANT—A certificate giving the holder the right to purchase securities at a stipulated price within a specified time.

SOURCE OF CERTIFICATES

GENERAL

The SOURCE column on the enclosed form S-709 lists the origin of each certificate.

Any certificate acquired through a change in ownership is shown as a "Transfer." A certificate indicating total change may be issued as the result of a purchase from an agent or another individual, or a non-sale transaction such as an inheritance or gift. A partial change such as the addition or deletion of a joint owner also results in a certificate whose source is "Transfer." The high and low market prices on the date of issue are provided for these transactions.

A certificate may also have been issued without a change in ownership:

- A change of name or correction of an error.

- A change of name of minor to individual name of ex-minor.

- A balance certificate issued for the shares or principal amount remaining after the transfer of a portion of the total value of a certificate(s).

- A certificate reissued on a one-for-one basis or split into smaller denominations.

- A consolidation certificate issued to combine several certificates into one certificate representing the total value of the group.

- A replacement certificate issued when a certificate(s) is reported lost, stolen or destroyed.

For these transactions, refer to the source of the original certificate to determine the cost basis. The debit date of the original certificate will be the same as the issue date of the new certificate.

COMMON STOCK

PURCHASED THROUGH SUBSCRIPTIONS

Formerly, owners of common stock could exercise Preemptive Rights whenever a new issue of common shares was authorized. This was accomplished by giving them one right for each share owned on a designated record date. A specific number of rights plus subscription price purchased one share of stock. At the 1975 Annual Meeting, shareowners voted to eliminate Preemptive Rights.

COST BASIS

The cost basis of a share of stock includes the subscription price plus the cost of any rights purchased.

Depending upon what action a shareowner took and the law at the time that rights were issued, some portion of the cost basis of the stock with respect to which rights were issued may be required to be allocated to the rights (thus decreasing the basis of the stock but increasing the basis of the rights). Your personal tax advisor will be able to apply the information provided to your individual needs.

SUBSCRIPTION OFFERINGS

RIGHTS + SUBSCRIPTION PRICE = ONE SHARE

Record Date for Rights	Rights Needed	Subscription Price	Price Range of Rights	
			High	Low
5-23-30	6	\$100	\$25.00	\$16.00
9-14-56	10	100	7.44	6.50
2-23-61	20	86	2.28	1.19
2-18-64	20	100	2.41	1.875

COMMON STOCK

STOCK SPLIT—1959

On April 24, 1959, the company had a three-for-one stock split, i.e., shareowners received two additional shares for each share owned on that date. The split had two effects on a shareowner's account. First, the cost basis of each share outstanding on the record date was reduced to one-third its original basis. Second, the adjusted cost basis per original share was applied to the corresponding portion of the newly-issued "split" certificate.

COMPUTING COST BASIS

To adjust the cost basis per share for the 1959 stock split.

1. Determine the cost basis for each share outstanding on April 24, 1959.
2. Calculate the adjusted cost basis per share by dividing the original cost basis per share by three.
3. Apportion the newly-issued certificate to reflect the splitting of individual certificates. The adjusted cost basis calculated for each certificate in Step 2 should be applied to the corresponding portion of the split certificate.

EXAMPLE

Cert	Record Date Pre-Split Shares	Cost Per Orig Share	Adj Cost Per Share	New Shares Post Split	Cost Per Share Split Cert
A	6	$\$55 \div 3 =$	\$18.33	12	\$18.33
B	3	$75 \div 3 =$	25.00	6	25.00
Totals	9*			18*	

*TOTAL POST SPLIT SHARES = 27

COMMON STOCK

STOCK SPLIT—1964

On May 28, 1964, the company had a two-for-one stock split, i.e., shareowners received one additional share for each share owned.

The adjusted cost basis for shares involved in this split is computed exactly as in the example for the 1959 split, except for dividing by 2 where 3 is indicated. Use the adjusted cost basis of any share previously involved in the 1959 split as the original cost which is divided by two.

EATON FINANCIAL CORPORATION MERGER - 1989

On March 16, 1989, Eaton Financial Corporation became a wholly owned subsidiary of AT&T. As a result, each share of Eaton Financial Corporation common stock was converted into .5043 share of AT&T common stock. Any resulting fractional share was sold.

Please refer to your personal records for the purchase price of your Eaton Financial Corporation stock.

COMMON STOCK

ASSOCIATED COMPANY EXCHANGES

Associated Company	Year of Exchange	Rate of Exchange Assoc Co Shares =	AT&T Shares	Disposition of Partial Share
Western Electric	1966	1	6.0	none
New England Tel & Tel	1972	1	0.8	sold
Illinois Bell	1974	1	0.9	round-up feature
Pacific Northwest Bell	1980*	1	0.395	sold
Mountain States Tel & Tel	1980*	1	0.555	sold
New England Tel & Tel	1980*	1	0.75	sold
Pacific Tel & Tel	1982	1	0.350	sold

*Merger proposals accepted—December, 1980.
Actual exchange—1981

Please refer to personal records for purchase price of associated company shares exchanged.

A tax advisor should be consulted to determine Federal tax consequences of exchanges, if any.

COMMON STOCK

DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

Any registered owner of at least 10 common share(s) is eligible to participate in the Plan by reinvesting full or partial dividends. Supplemental payments of at least \$100, with a maximum of \$50,000 per calendar year, may also be made to the account. Debenture interest payments and dividends on preferred stock are considered supplemental payments.

To determine the price paid for common shares purchased through the Plan, please refer to quarterly statements (example follows).

For information concerning the tax basis per share and Federal tax consequences relative to Dividend Reinvestment or other information about the Plan, refer to the most current Plan Prospectus.

DIVIDEND REINVESTMENT INFORMATION AS OF RECORD DATE

Record Date	Payment Date	Enrolled Shares Held By You In Certificate Form	Enrolled Shares Held By AT&T In Your Plan Account	Total Enrolled Shares In Plan	Dividend Rate (\$)	Dividends on Enrolled Shares
12/29	02/01	287	28,6280	315,6280	.30	94.69
03/30	05/01	287	31,0350	318,0350	.33	104.95

YEAR-TO-DATE TRANSACTIONS

Date	Description of Transaction	Dollar Amount (\$)	Acct. Activ. Fee	Net Dollar Amount Invested (\$)	Purchase or Sale Price Per Share (\$)	Tax Basis Per Share(\$)	Shares	Balance of Shares Held by AT&T in Your Plan Acct.
	START BALANCE AS OF NOV 11, 1989							28,6280
02/12	DIVIDEND PURCHASE	94.69		94.69	39.3374	39.3624	2.4070	31,0350
02/12	TAXABLE DIV INCOME	94.75						
05/10	DIVIDEND PURCHASE	104.95	1.00	103.95	40.2584	40.2834	2.5820	33,6170
05/10	TAXABLE DIV INCOME	105.01						
	REMINER: AS OF MAY 1, 1990, SUPPLEMENTAL PAYMENTS MUST BE AT LEAST \$100 EACH UP TO A MAXIMUM OF \$50,000 PER CALENDAR YEAR.							

EMPLOYEE PLANS

EMPLOYEE STOCK PLAN (ESP)

Between January 1915 and April 1967, the company made several common stock offers to its employees. Price paid and tax cost basis information was provided with the certificates. If stock was purchased through these offers and if any certificate was disposed/sold during a current tax year, the issue date, price paid, fair market value and option price are listed on the enclosed form S-709E. This will assist you in calculating income or loss when you dispose of ESP shares.

Part of the appreciation above the price paid must be reported as taxable compensation in the year of disposition/sale of shares acquired through ESP (and any corresponding stock split shares). To determine compensation with respect to each share:

- a. Calculate the difference between the price paid and the disposition/sale price (total gain).
- b. Calculate the difference between the fair market value and the option price on form S-709E.

The lesser figure is the portion of the total gain that is treated as taxable compensation.

To calculate the cost basis of ESP shares for determining capital gain or loss, add the amount treated as taxable compensation to the price paid for the stock. If the sale price is more than this cost basis, the difference is considered capital gain. If less, it is considered capital loss.

EMPLOYEE PLANS

AT&T EMPLOYEE STOCK OWNERSHIP PLAN (ESOP)

ESOP was established by the company to provide equity financing and to enable eligible employees in participating companies to share in the ownership of the business at no cost to them. Shares were first allocated to the employees for Plan Year 1976. A seven-year holding period is required before active employees may receive a distribution. No further allocations have been made since Plan Year 1986. Employees hired from 1986 on are not eligible for ESOP.

Active employees can contact their ESOP Administrators about the Plan (information is available through the Summary Plan Description or our toll-free number). Inactive employees and beneficiaries should contact the Benefits Coordinator at the company where the participant was last employed. Retired employees should contact the Retired Employees Benefit Organization toll-free at 1-800-323-9217.

AT&T LONG TERM SAVINGS PLAN FOR MANAGEMENT EMPLOYEES (LTSPME)

The AT&T Long Term Savings Plan for Management Employees was adopted on July 1, 1969. The employee authorizes a designated percentage allotment withheld from salary. The employing company contributes a percentage of the employee's basic allotment.

Although you should refer to the Plan statements previously mailed to you at the time of distribution by the Trustee for the most accurate price per share, the high and low prices on the New York Stock Exchange are provided for the certificate issue date on form S-709E.

For tax consequences relative to LTSPME distributions, please refer to the Plan Prospectus which is amended annually.

EMPLOYEE PLANS

AT&T LONG TERM SAVINGS AND SECURITY PLAN (LTSSP)

The effective date of this plan was January 1, 1979. The employee authorizes an allotment of a specific amount from their basic weekly pay rate. The participating employer contributes a percentage of the employee's basic allotment.

Although you should refer to the Plan statements previously mailed to you at the time of distribution by the Trustee for the most accurate price per share, the high and low prices on the New York Stock Exchange are provided for the certificate issue date on form S-709E.

For tax consequences relative to LTSSP distributions, please refer to the Plan Prospectus which is amended annually.

AT&T VOLUNTARY CONTRIBUTION PLAN (VCP)

The AT&T (formerly Bell System) Voluntary Contribution Plan was authorized by the board of directors of AT&T on November 18, 1981 and commenced on September 1, 1982. The Plan was terminated February 28, 1987.

For tax consequences, please refer to the Plan Prospectus, Plan Administrator, or consult an attorney or tax advisor.

EMPLOYEE PLANS

AT&T SENIOR MANAGEMENT LONG TERM INCENTIVE PLAN (MICP)

Under the Long Term Incentive Plan for Senior Managers of AT&T, the board may grant awards of units. The portion of the units distributed, if any, at the end of a stated future period of two or more years will be determined by the degree to which performance objectives are met. Distribution of units may be made in the form of the company's common shares and/or cash.

For tax consequences, please consult your tax advisor.

AT&T 1984 STOCK OPTION PLAN (SOP)

The AT&T Stock Option Plan, which was effective in January, 1984, offers selected key employees incentive stock options and non-statutory stock options. These options offer the employee the right to purchase AT&T stock subject to the terms of a Stock Option Agreement and the Plan.

Tax consequences are dependent upon the type of option. Please refer to the Plan Participant's Guide and your tax advisor.

PREFERRED STOCK

\$4 CONVERTIBLE SHARES—SUBSCRIPTION

Under the terms of the company's prospectus dated June 2, 1971, investors received one right for each common share held as of record date, June 3, 1971. Twenty rights plus the \$50 subscription price purchased one \$4 Preferred share. These shares became tradeable July 12, 1971. The price range of the rights was \$0.375 to \$0.25. When calculating price per share, include the cost of any rights purchased. For Federal tax consequences relative to this offering, refer to the prospectus and supplemental letters dated May 28, 1971, June 11, 1971, and June 30, 1971.

\$4 CONVERSION

As of October 1, 1971, each preferred share was convertible into $50 \div 47.50^*$ (approximately 1.05) common shares. No fractional shares were issued. If entitled to a fractional share, the investor could elect to purchase the additional fractional share necessary to round up to the next whole share or to sell the fractional share.

\$4 REDEMPTION

The \$4 Preferred shares were redeemed on September 30, 1983. The redemption price was \$50 per share. The November 1, 1983, dividend was the last one paid on these shares.

\$3.74 REDEMPTION

On February 1, 1987, pursuant to the Sinking Fund, AT&T randomly selected 600,000 shares of its \$3.74 Preferred shares for redemption. The redemption price was \$50.00 per share. The February 1, 1987 dividend was the last paid on the redeemed shares.

*The derivation of this calculation is explained in the prospectus.

PREFERRED STOCK

On May 1, 1987, as permitted by the terms of the issue and pursuant to the Redemption Provisions, 7,600,000 \$3.74 Preferred Shares were selected by lot and redeemed. The shares were redeemed at the redemption price of \$50 per share plus a premium of \$2.35 per share. The May 1, 1987 dividend was the last one paid on these shares.

On February 1, 1988, pursuant to the Sinking Fund, AT&T redeemed all remaining 600,000 outstanding shares of its \$3.74 Preferred Stock issue. The redemption price was \$50.00 per share. The February 1, 1988 dividend payment was the last paid on the redeemed shares.

\$3.64 REDEMPTION

On May 1, 1987, AT&T redeemed 600,000 shares of its \$3.64 Preferred Shares pursuant to the Sinking Fund. Shares to be redeemed were selected by lot in accordance with the terms of the issue. The redemption price was \$50 per share and after May 1, 1987, all dividends on the shares ceased to accrue.

Also on May 1, 1987, AT&T selected by lot, in accordance with the terms of the issue and pursuant to the Redemption Provisions, 7,300,000 shares of its \$3.64 Preferred shares. The shares were redeemed at \$50 per share plus a premium of \$2.18 per share. The May 1, 1987 dividend was the last one paid on these shares.

DEBT ISSUES

BONDS/DEBENTURES/NOTES

Throughout its history, the company has borrowed money from its investors and general public to finance its operations.

The document detailing the terms of the loan is called a bond, debenture or note. The company promises to pay the holder a specified rate of interest for a certain length of time, and to repay the full face value (principal amount) on the maturity date.

If business conditions dictate an issue's redemption prior to maturity, the company may "call" it and pay the holder the principal with accrued interest, to the date fixed for redemption, and a premium, if required, in lieu of future interest payments.

Information regarding Federal tax consequences of debt ownership can be found in the prospectus covering the particular issue.

CONVERTIBLE DEBENTURES PURCHASED THROUGH SUBSCRIPTION

(For general explanation of Subscription/Rights Offerings, see page 6)

In the past, the company offered investors the opportunity to purchase debentures/bonds which could later be converted to common stock. No convertible debentures are outstanding at this time. All available data relative to these offerings, including the entire range of prices at which rights were sold, is listed on the following page.

CONVERTIBLE DEBENTURES—SUBSCRIPTION OFFERINGS

Subscription: Required Rights + Subscription Purchase Price = Principal Amount of Debenture
 Conversion: \$100 Debenture + Conversion Price = 1 Share of Common Stock

CONVERSION

SUBSCRIPTION

Description				Rights			Debtenture			CONVERSION	
Term Years	Interest Rate-%	Matur Year	Record Date	Price Range High	Price Range Low	Number Required	Purch Price	Issued	Required	Conv Price	Common Share
30 (Gold)	4	1936	01-31-07	Rights Not Tradeable		50 or 20% of Holdings	92.5% of Prin.	\$1000	\$100	*(1)	1
20 (Gold)	4 1/2	1933	01-30-13	0.90	0.56	5	\$100	100	100	\$20.00*(2)	1
7 (Gold)	6	1925	07-03-18	0.09	0.03	10 or Any Part Held	94	100	100	6.00*(3)	1
10 (Gold)	4 1/2	1939	05-10-29	8.00	2.25	6	100	100	100	80.00	1
15	3	1956	07-25-41	1.56	1.22	8	100	100	100	40.00	1
15	2 3/4	1961	11-08-46	2.69	1.50	6	100	100	100	#(4)	1
10	2 3/4	1957	10-31-47	2.06	.91	6	100	100	100	40.00	1
10	3 1/8	1959	05-06-49	1.44	1.03	6	100	100	100	#(5)	1
12	3 3/8	1963	01-29-51	2.44	1.625	7	100	100	100	38.00	1
12	3 1/2	1964	06-16-52	2.41	2.06	7	100	100	100	36.00	1
12	3 3/4	1965	10-30-53	2.265	2.28	7	100	100	100	36.00	1
12	3 7/8	1967	08-25-55	3.84	3.00	8	100	100	100	#(6)	1
15	4 1/4	1973	01-24-58	3.25	2.78	9	100	100	100	42.00	1

*#See the chart on the following page for Conversion Prices.

CONVERTIBLE DEBENTURES—CONVERSION PRICES

Covers		Price		Price
	Date			
* Convertible only from:	06-30-11	\$33.7374	#Common Stock dated to:	(4) 10-27-49
	03-31-15	26.4391		07-09-50
	06-30-15	26.0588		08-05-52
	09-30-15	25.9095		02-28-55
	12-31-15	25.8372		03-01-55
(1) 03-02-09 to 03-01-18 To	10-25-17	25.5961		
	10-31-17	25.3202		(5) 06-19-51
	02-18-18	22.2723		10-29-52
	02-28-18	22.2719		
				\$30.00
(2) 03-01-15 to 03-01-25				40.00
(3) 08-02-20 to 08-01-25				\$48.00
				46.00
				44.00

DEBT ISSUES

COST BASIS

The basis of rights and convertible debentures is calculated in the same manner as for common stock acquired through subscription as explained on page 6.

The cost basis of a share of stock acquired through conversion includes the original cost of the debenture plus any amount paid upon conversion.

8¾% DEBENTURES, DUE 2000—NON-CONVERTIBLE WARRANTS—TEMPORARY AND DEFINITIVE

Thirty-year 8¾% Debentures could have been acquired through subscription under the terms of the company's prospectus dated April 13, 1970. Shareowners of record on April 10, 1970, were issued one right for each common share held. Thirty-five rights plus a \$100 subscription price purchased a \$100 debenture with two temporary warrants attached. Rights prices ranged from \$0.72 to \$0.34.

Definitive (separate) warrant certificates were issued to all 8¾% debenture holders of record July 31, 1970. Also, they became tradeable as of the debenture offering record date. The warrants were exercisable (one warrant plus a \$52 exercise price purchased one common share) from November 15, 1970 through May 15, 1975, when they expired. They are now void and valueless.

DEBT ISSUES

8¾% DEBENTURES, DUE 2000— PARTIAL REDEMPTION

One-half of the principal amount of each debenture certificate outstanding on October 28, 1977, was called for redemption. The redemption price was \$106.30 per \$100 principal amount, plus \$0.64 accrued interest from November 15 through December 11, 1977—i.e. each \$100 principal amount redeemed produced \$106.94. The called portion ceased earning interest December 12, 1977.

\$100 principal amount certificates were redeemed completely. Certificates for odd multiples of \$100 had the called portion rounded up to the next \$100. For example, the called portion of a \$500 certificate was rounded up to \$300, and a \$200 balance certificate was issued.

Holders of debentures for principal amounts from \$200 to \$1100 had the option of selling the uncalled portion to the company on or before December 12, 1977. The sale price was equal to the redemption price stated above.

DEBT ISSUES

8³/₄% DEBENTURES, DUE 2000—COST BASIS

The original cost basis per \$100 principal amount should be applied to the corresponding portion of the balance certificate.

If you held more than one certificate on October 28, 1977^{*} the cost basis of each original certificate should be applied to the corresponding called and uncalled portions.

EXAMPLE

Orig Cert	Prin Amount	Orig Cost Per \$100	Called Portion	Cost Per \$100 Called	Uncalled Portion (Bal Cert)	Cost Per \$100 Uncalled
A	\$500	\$102	\$300	\$102	\$200	\$102
B	200	104	100	104	100	104
TOTAL \$700			\$400		\$300	

NOTE: The cost figures are for illustration only. The \$300 Balance Certificate resulted from the redemption of original certificates in the same registration.

For information concerning Federal tax consequences relative to the offering of Debentures with Warrants refer to the Prospectus.

DIVESTITURE

GENERAL

As a result of the AT&T divestiture on January 1, 1984, you received one share in each of the seven regional companies for every 10 shares of AT&T you owned on the record date of December 30, 1983. You received cash for any fractional shares unless you elected to participate in a Dividend Reinvestment and Stock Purchase Plan (DRISPP). In that case, all whole and fractional shares were credited to your DRISPP account.

YOUR NEW TAX BASIS

In order to determine your new tax basis (sometimes called the cost basis), you will be allocating the tax basis in your old (pre-divestiture), AT&T shares among the new AT&T and each of the seven regional companies—Ameritech, Bell Atlantic, BellSouth, NYNEX, Pacific Telesis Group (PacTel), Southwestern Bell Corporation and U S West.

In the event you have sold or sell any of these shares, your taxable gain or loss will be determined from the new tax basis you compute using this booklet. This new tax basis may also be important for gift or estate tax purposes.

The new tax basis should be used to determine your taxable gain or loss on:

- Any fractional shares in the regional companies sold on your behalf.
- Any whole or fractional shares of the regional companies that you sold through the divestiture option card process.
- Any shares of the regional companies that you sold on your own and
- Any future sales—in 1984 or later years—of new AT&T or any of the seven regional companies.

DIVESTITURE

YOUR OLD TAX BASIS

First, you will need to know your tax basis in pre-divestiture AT&T shares.* This figure may come from bank or brokerage statements, inheritance or gift records, AT&T dividend reinvestment statements or your own personal records.

* Employees who received stock distributions from the Bell System Savings Plan or the Bell System Savings and Security Plan can compute their old tax basis. If former employees received an ESOP distribution after March 1, 1984, their new tax basis is listed on their statement of distribution.

If you acquired your shares at different times, there are different ways to calculate your tax basis in those shares. You should consult a tax advisor about which method to use. Here are two possible ways:

(1) Add your total investment—including brokers' fees in your old AT&T shares and divide by the total number of old AT&T shares. This will give you a tax basis per share in old AT&T stock.

(2) Treat each purchase or lot separately by determining a tax basis per share of old AT&T for each lot.

HOLDING PERIOD

Should you sell any of your shares, it is important for you to know how long you owned them so you can determine whether capital gains or losses are taxed as short term or long term.

The beginning of the holding period for your stock in the new AT&T and the seven regional companies is the same as the one for your old AT&T shares, assuming that the AT&T shares were held as a capital asset.

DIVESTITURE

ALLOCATING YOUR OLD TAX BASIS

Next, you will need to allocate your old tax basis among your shares of new AT&T and the seven regional companies.

For example, if you bought 100 shares of old AT&T at a cost of \$50 per share (including brokers' fees), it is this tax basis of \$50 per share that needs to be allocated among shares of the new AT&T and the regional companies.

Worksheets in this booklet are designed to help you do that.

The allocation method outlined in this booklet is based on a U.S. Internal Revenue Service ruling dated October 6, 1983. In the ruling, the IRS said the allocation of your old tax basis should be based on the relative fair-market value at divestiture of the shares of new AT&T and each of the seven regional companies.

THE ALLOCATION METHOD

The method for determining your tax basis per share in new AT&T and in each of the regional companies is provided. Here is an example to help you calculate your new tax basis:

John Smith's tax basis in old AT&T was \$50 per share.

- (1) Mr. Smith writes \$50 (his old tax basis) in the blank spaces of column C.
- (2) Next, he calculates column D—the allocation factors in column B times his old tax basis in column C.
- (3) In column E the tax basis for a share of new AT&T is the same number as in column D.

DIVESTITURE

THE ALLOCATION METHOD (cont.)

However, for the regional companies, the new tax basis per share is 10 times column D. This is because Mr. Smith, like you, received one-tenth of a share in each of the regional companies for every share of old AT&T he owned.

- (4) For Mr. Smith column E represents his new tax basis per share in AT&T and each of the seven regional companies.

A	B	C	D	E
Companies	Allocation factors	"Old" tax basis	Per share of "old" AT&T (B x C)	New tax basis per share
AT&T (new)	.2850	x\$50 =	\$14.250x 1 =	\$14.25
Ameritech	.1033	x\$50 =	5.165x10 =	51.65
Bell Atlantic	.1049	x\$50 =	5.245x10 =	52.45
Bell South	.1353	x\$50 =	6.765x10 =	67.65
NYNEX	.0984	x\$50 =	4.920x10 =	49.20
PacTel Group	.0888	x\$50 =	4.440x10 =	44.40
Southwestern Bell	.0949	x\$50 =	4.745x10 =	47.45
U S WEST	.0894	x\$50 =	4.470x10 =	44.70

DIVESTITURE

AVERAGE STOCK PRICES AT DIVESTITURE

The fair-market value is defined as the average of the high and low sale prices on the Composite listing on December 30, 1983 (the last day of trading before divestiture) and January 3, 1984 (the first day of trading after divestiture).

The average prices were:

AT&T (new)	\$17.90625
Ameritech	\$64.93750
Bell Atlantic	\$65.90625
BellSouth	\$85.03125
NYNEX	\$61.84375
PacTel Group	\$55.78125
Southwestern Bell	\$59.62500
U S WEST	\$56.18750

DIVESTITURE

ALLOCATION FACTORS

The allocation factors are based on the average stock prices at divestiture for new AT&T and each of the seven regional companies as shown above. Taking the value of one share of new AT&T and one-tenth of a share in each of the regional companies, the factors represent the proportion of each to the total. The resulting percentages are:

AT&T (new)	28.50%
Ameritech	10.33%
Bell Atlantic	10.49%
BellSouth	13.53%
NYNEX	9.84%
Pacific Telesis Group	8.88%
Southwestern Bell	9.49%
U S WEST	8.94%
	100.00%



Transfer Agent American Transtech
P.O. Box 45048, Jacksonville, Florida 32232-5048

Please check box(s) that apply. Complete this form and mail it to the address shown above.

☐ **Address Change** ☐ **Account Consolidation**

Name(s) _____

Current Address

Street _____

City _____

State _____

Zip _____

Day Tel. No. _____

Social Security No.

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Account No.

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Account Consolidation

Combine with the account no. shown above.

Account No.

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Account No.

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*Transfer forms will be sent to you for completion, when names and/or registrations on accounts to be consolidated are different from the account to remain open.

Signature of Registered Owner(s) _____



American Telephone & Telegraph Company

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