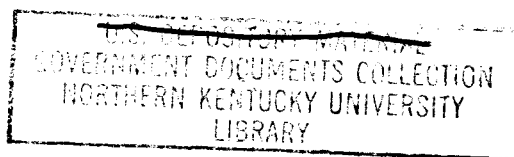
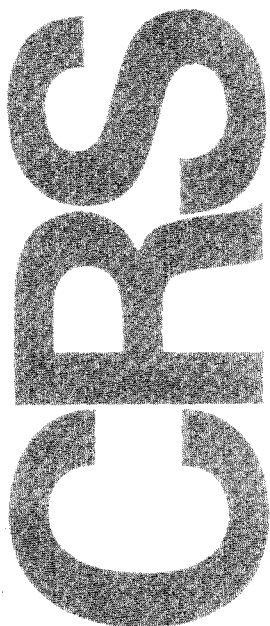
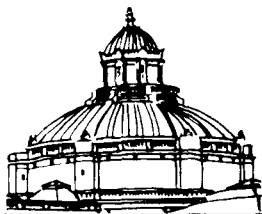


Report No. 83-221 E



THE DIVESTITURE OF AMERICAN TELEPHONE AND TELEGRAPH COMPANY:
THE IMPACT ON SHAREHOLDERS

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December 7, 1983

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ABSTRACT

This report analyzes the impact which the divestiture of the American Telephone and Telegraph Company (AT&T) will have on the 3.2 million holders of AT&T stock. The method of distribution and the listing and trading mechanics of the shares as well as dividend and tax information are discussed. A brief analysis of initial stock performance based on the first two weeks of trading concludes the analysis.

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THE DIVESTITURE OF THE AMERICAN TELEPHONE AND TELEGRAPH COMPANY:
THE IMPACT ON SHAREHOLDERS

I. INTRODUCTION

On January 1, 1984, the largest restructuring in corporate history is scheduled to take place. On that date, the American Telephone and Telegraph Company (AT&T) will divest itself of the exchange service, exchange access and printed directory advertising portions of its 22 wholly-owned Bell Operating Companies as well as its cellular mobile radio services.

While the impact of and ramifications from this restructuring are multitudinous, the following analysis confines itself to one specific concern: the impact which the divestiture will have on the 3.2 million shareholders of the over 950 million shares of AT&T stock. After providing a brief background on the divestiture in section I, sections II and III of this analysis explain the method of distribution and the listing and trading mechanics of the 1.6 billion shares of the eight new companies to be created by the divestiture. Section IV provides both dividend information and a brief, and very general, overview of related tax concerns, while section V analyzes the early performance record of the eight stocks after their first two weeks of trading. 1/

1/ A large part of the factual information contained in this report was obtained from the "Information Statement and Prospectus" issued by AT&T to its shareholders on November 8, 1983. p. 267.

II. BACKGROUND

In compliance with a court-modified and approved consent decree agreed to between AT&T and the Justice Department to settle a pending antitrust suit, AT&T will divest itself of a significant portion of its present organization structure and functions. Under the terms of the consent decree, AT&T will divest itself of those portions of its 22 wholly owned operating companies which provide exchange service and access functions and which print and distribute directory advertising ("yellow pages"); it will also divest itself of its facilities which offer cellular mobile radio service. ^{2/} AT&T will retain ownership of its interstate long lines (AT&T Communications), its equipment manufacturing arm (Western Electric Company, Inc.), its unregulated subsidiary (AT&T Information Systems, Inc.), its international division (AT&T International), and the interexchange and customer premises equipment functions of the 22 Bell Operating Companies.

To comply with the divestiture, AT&T is reorganizing the divested operating companies into seven regional holding companies (RHCs): American Information Technologies Corp. ("Ameritech"); Bell Atlantic Corp. ("Bell Atlantic"); BellSouth Corp. ("BellSouth"); NYNEX Corp. ("NYNEX"); Pacific Telesis Group ("PacTel Group"); Southwestern Bell Corp.; and U.S. West, Inc. ("U.S. WEST"). These seven new RHCs will be formed from the 22 operating companies which will continue to provide exchange access and service in their present service areas (see appendix

^{2/} Cellular mobile radio is a form of portable telephone service which allows mobile radio telephones to both initiate and receive calls with private line quality. A metropolitan area is divided into "cells," each served by a low power radio transmitter which is linked to other transmitters by computer.

A for a map depicting the geographic location and the operating company composition of the seven RHCs).

Each of the RHCs will have its own officers, employees, and board of directors, and, after divestiture, will be independent of AT&T and of each other. The seven RHCs will each own a one-seventh interest in a Central Services Organization whose major function is the furnishing of technical assistance and serving as a central contact point for national security and emergency preparedness needs as well as natural disaster organization. AT&T will also transfer ownership of its seven regional cellular service companies to each of the appropriately located RHCs to enable each region to provide advanced cellular mobile radio communications services.

After the divestiture, AT&T will be split into eight parts, the "new" AT&T and the seven RHCs. Present AT&T stockholders will become shareholders in the "new" AT&T, and most will become shareholders in the seven RHCs.

III. STOCK DISTRIBUTION

As of the date of divestiture, most holders of record as of December 30, 1983, of AT&T stock will assume direct ownership of the post-divestiture AT&T and the seven RHCs through the distribution of shares. 3/ A statement of common shareholdings as of January 1, 1984, listing the number of AT&T shares held and the number of RHC shares to which the shareholder is entitled will be sent to each shareholder of record in January 1984. For each account registered in the shareholder's name on the books of AT&T as of December 30, 1983, 4/ a separate statement will be forwarded. Chemical Bank of New York is the assigned distribution agent for RHC shareholders, and American Transtech, Inc., a subsidiary of AT&T, is the registered transfer agent for the RHCs as well as the data processing agent for Chemical Bank. 5/

3/ Holders of fewer than ten shares of AT&T stock will receive stock in the post-divestiture AT&T, but will receive a financial settlement for their ownership in the RHCs.

4/ The distribution method detailed in this section only applies to shares registered on the books of AT&T. That is, if a bank or brokerage house is the holder of shares for a shareholder, that entity assumes the responsibility for furnishing the appropriate divestiture information and options to the shareholder.

Bell System employees who participate in the Bell System Savings Plan for Salaried Employees, the Bell System Savings and Security Plan, the Bell System Voluntary Contribution Plan, and the Bell System Employee Stock Ownership Plan will receive separate information.

5/ Any questions regarding distribution of RHC shares should be addressed to: Chemical Bank, c/o American Transtech, Inc., P.O. Box 2566, Jacksonville, Florida 32232; or, inside the U.S., call toll free: 800-233-2884; outside the continental U.S., call collect: 904-737-1933.

Owners of AT&T stock as of December 30, 1983, will receive one share in each of the seven RHCs for every ten common shares of AT&T they hold, while continuing to own the same number of AT&T shares. For example, an owner of 200 shares of AT&T common stock, will receive 20 shares in each of the RHCs and retain those 200 shares of AT&T. Shareholders owning less than ten shares of AT&T stock will retain ownership of their AT&T shares, but will receive cash for the fractional shares of the RHCs they would own. Similarly, in the case of those whose AT&T shareholdings are not divisible by 10, cash will be paid for fractional shares of the RHCs. For example, a shareholder of 35 shares of AT&T common stock will retain 35 shares of AT&T stock, receive three shares of each RHC and cash for the remaining fractional interest in the RHCs.

It should be noted, however, that the retained shares of AT&T will have less value than the pre-divestiture stock since the divested operating company functions and other services will no longer be represented in the "new" AT&T shares.

Shareholder accounts will be divided into three categories for stock distribution purposes: holders of 500 or more shares; holders of 10 to 500 shares; and those with fewer than 10 shares.

A. Shareholders with 500 or More Shares

Holders of 500 or more shares of AT&T stock will be issued stock certificates for the whole shares in each RHC and a check for any fractional shares. The checks will be based on the average price of all shares sold during December 1983, and January 1984, and no fee will be charged for such sales. The appropriate stock certificates will be mailed in mid-February 1984, and checks and

statements associated with the sale of fractional shares will be mailed for delivery on or about February 24, 1984. 6/

In February 1984, shareholders in this category will also be sent an enrollment card for participation in an RHC dividend reinvestment plan. Cards returned by March 30, 1984, will have dividends reinvested commencing with those payable on May 1, 1984.

Shareholders in this category who wish to change the composition of their AT&T holdings, however, must do so through normal trading channels.

B. Shareholders with at least 10 but fewer than 500 Shares

In January 1984, holders of at least 10 but fewer than 500 shares will be sent a statement of holdings and a non-transferable option card with accompanying instruction booklet (see appendix B for a sample of the Option Card). Shareholders in this category may choose, from among the specific options listed on the card, what they wish to do with the shares they are entitled to receive from the RHCs. 7/ In general terms these options include: make no change in holdings; sell shares in up to six RHCs; buy shares in at least one RHC from the proceeds from the sale of other RHC shares; deposit the shares they retain, or purchase, in the dividend reinvestment plans of the appropriate RHCs. 8/

6/ Checks for the sale of fractional shares in this and all categories will reflect the withholding requirements detailed in the Interest and Dividend Tax Compliance Act of 1983. Broadly stated, the distributors are required to withhold 20 percent from reportable payments for any non-exempt accounts without taxpayer numbers.

7/ This option card cannot be applied for the sale or purchase of any AT&T shares or for the addition or withdrawal of cash.

8/ In order to be eligible for reinvestment of dividends declared on May 1, 1984, the option card must be received by March 30, 1984, by the distribution agent.

A transaction fee of 25 cents will be charged for the purchase or sale of each share and fees for any fractional shares will be prorated. The price of shares and fractions thereof sold and purchased will be determined based on the average of each RHC's high and low price on the New York Stock Exchange on the day of the receipt by the distributor of an acceptable option card. Option cards will be processed on the date of receipt and appropriate transactions made; however, no mailings will be made before February 15, 1984.

The option card must reach the distribution agent by April 16, 1984, to be considered for such options. Shareholders who have not forwarded their option cards for receipt by April 16, will be sent certificates for the number of whole shares in each of the RHCs and a check for the fractional shares for which they were originally entitled.

C. Shareholders with Fewer Than 10 Shares

Holders of fewer than 10 shares 9/ will receive the corresponding number of shares of "new" AT&T stock, but will not be eligible to receive any shares in the RHCs. Their fractional shares in the RHCs will be sold at no charge during December 1983, and January 1984, by the distribution agent and a check will be forwarded to the holder. Checks and accompanying statements should be received around February 24, 1984.

A summary chart depicting the distribution of RHC shares for AT&T registered shareholder accounts is contained in appendix C.

9/ According to AT&T data, as of September 30, 1983, there were 3,148,391 holders of record of AT&T common stock, of which 2,565,186 were owners of 10 or more shares.

IV. STOCK LISTING AND TRADING

A. Listing

The seven RHCs and AT&T (both "new" and "old") are listed on the New York Stock Exchange (NYSE), the principal trading market. However, all the RHCs are also listed on one or more of the regional exchanges. AT&T will be listed on the NYSE under a dual listing through February 15, 1984: the "new," post-divestiture AT&T under the ticker symbol "T wi;" and the "old," pre-divestiture AT&T under the symbol "T." RHC stock will not be grouped under AT&T, but will appear individually in alphabetical order in the stock price tables. (See appendix D for a chart which contains the regional exchanges and the New York Stock Exchange ticker symbols and abbreviations under which each of the RHCs are listed.)

Prior to the commencement of regular trading (February 16, 1984), the ticker symbols of the seven RHCs and the "new" AT&T will be followed by a "wi" to denote their when-issued status. ^{10/} Once regular trading commences, the "wi" will be dropped and replaced for one year by an "n" to denote a new listing.

^{10/} The term "when issued" refers to the trading in the shares of a company before certificates are available for distribution. While these trades are binding on both buyer and seller, the actual transactions will not be completed until the stocks are issued and distributed, thereby permitting sellers to exchange them for cash from buyers.

The "when issued" trading of AT&T stock is unique, however, in that stock distribution is not scheduled until February 15, 1984, and margin requirements are such that, when trading any stock in the eight post-divestiture companies, individuals must deposit with their brokers at least 25 percent with a minimum of \$2,000, and institutions must deposit at least 10 percent.

B. Trading

Trading in the seven RHCs and the "new" AT&T began on a "when issued" basis on November 21, 1983. Cash settlement for when issued transactions will occur six trading days after the February 15, 1984, distribution of RHC and "new AT&T" certificates (i.e., February 24, 1984).

Until February 15, 1984, AT&T will trade with a dual listing: one representing the "new," post-divestiture AT&T, the other representing the "old," pre-divestiture AT&T. The "new" AT&T stock does not represent ownership in the RHCs and, therefore, is lower in market value than the "old" AT&T stock. As mentioned previously, trading in the "new" AT&T stock will continue on a when issued basis until distribution of its shares is completed February 15, 1984.

Those who own the "old" AT&T stock also own an interest in the RHCs. Trading in the "old" AT&T stock will continue under normal methods until December 22, 1983. After that date, however, "old" AT&T shares will begin to be traded with a due bill which signifies that the purchaser is entitled to RHC shares upon date of issue. Such due bills cannot be split from, or traded separately from, the "old" AT&T shares. Trading in the "old" AT&T stock will stop on the date that the "new" AT&T and RHC stocks are issued (February 15, 1984).

Those who wish to trade stock in AT&T (both new and old) and/or the RHCs may do so through their brokers, or, if they qualify for the option arrangement regarding RHC stock (see p. 7-8), should fill out their option card and mail it to the appropriate destination. Various brokerage houses are offering a variety of plans to assist those who may not qualify for the AT&T option arrangement or who wish to arrange their portfolio in a different manner. 11/ These plans range

11/ Participants should expect to pay a sales fee as well as an annual management fee for these services.

from participating in a so-called humpty-dumpty fund to a type of managed mutual fund. A humpty-dumpty fund is a special unit trust (mutual fund) composed of the eight AT&T stocks (i.e., those of the "new" AT&T and the seven RHCs) which the stockholder deposits with the broker-related management institution. Instead of holding eight stock certificates, the shareholder only holds one, and in lieu of receiving eight quarterly dividend checks, receives a single monthly dividend. The value of the fund's shares fluctuates based on the price of the eight AT&T stocks and the dividends they pay.

Another plan which is available consists of a type of managed mutual fund whereby some of the AT&T shares deposited will be sold to purchase stock in other telecommunications firms. The performance of these managed mutual funds are not as dependent on the performance of the "new" AT&T and the RHCs, and, depending on management decisions, may or may not outperform humpty-dumpty type funds.

An additional, less expensive option which can simplify bookkeeping would be to have the stock held in the name of the stockholder's brokerage firm. Under this option, stockholders would not have to hold eight stock certificates, and the eight quarterly dividends could be credited directly to their account. Such bookkeeping services have traditionally been provided at no cost by brokerage houses.

V. DIVIDENDS AND TAX CONCERNS

A. Dividends

On February 1, 1984, a fourth quarter dividend of \$1.35 per share will be paid to shareholders who own AT&T stock as of December 30, 1983. This dividend will come from pre-divestiture earnings of the Bell System and will be the last dividend to be issued by the consolidated Bell System to owners of pre-divestiture (or "old") AT&T stock.

As independent companies, the "new" AT&T and the seven RHCs will each be paying a separate dividend. These eight companies have announced that they will issue a quarterly dividend per share with the first quarterly dividend to be paid by each company on May 1, 1984. Therefore, holders of record as of December 30, 1983, of AT&T stock which are eligible for shares in the RHCs as well as the "new" AT&T will receive a one-time final consolidated dividend in February, and eight quarterly dividends thereafter. Subsequent dividend payment dates will be the first day in August, November, and February.

Although the actual dividend to be declared by each company is contingent on such factors as financial performance, general business conditions, and the regulatory environment, table I below lists the anticipated dividend each of the eight companies will declare on May 1, 1984.

The "new" AT&T and the seven RHCs plan to offer a dividend reinvestment plan to enable stockholders to reinvest their dividends in additional shares.

TABLE I. Anticipated 1st Quarter Dividend
(May 1, 1984)

<u>Company</u>	<u>Dividend per share</u>
"New" AT&T	\$0.30
American Information Technologies Corp. (Ameritech)	1.50
Bell Atlantic Corp.	1.60
BellSouth Corp.	1.95
NYNEX Corp.	1.50
Pacific Telesis Group	1.35
Southwestern Bell Corp.	1.40
U.S. West, Inc.	1.35

Source: Information Statement and Prospectus issued November 8, 1983, by the American Telephone and Telegraph Company.

B. Tax Concerns 12/

The Internal Revenue Service (IRS) has determined that, with the exception of a small portion of Pacific Telesis Group stock, 13/ the distribution of shares of the RHCs to AT&T stockholders will be tax free.

12/ This section solely attempts to discuss in very brief and broad terms selected IRS rulings stemming from the redistribution of AT&T stock as detailed in the "Information Statement and Prospectus" issued by AT&T on November 8, 1983, to its shareholders (see p. 26-28). The material contained within should not be used as a guide for the filing of Federal, State or local taxes; additional information and analysis regarding tax issues should be referred to the appropriate tax analysts in CRS.

13/ The IRS ruled that a small portion of Pacific Telesis stock should be treated as a taxable dividend to AT&T shareholders due to the May 12, 1982, acquisition by AT&T of the outstanding stock of Pacific Telephone and Telegraph Co. AT&T is still contesting this ruling. However, if the ruling is upheld, AT&T estimates that approximately seven percent of the fair market value of Pacific Telesis stock will be considered a taxable dividend.

Any amounts withheld from stockholders with regard to Pacific Telesis Group stock dividends will be withheld from the pre-divestiture ("old") AT&T stock dividend scheduled for February 1, 1984, distribution.

The sale of full or fractional shares of RHC stock by any means, including the option card method (see p. 7-8), will be considered a taxable transaction subject to a capital gains tax. The holding period and basis of the AT&T stock will carry over to the RHC shares so the gains will be taxed as short or long term depending on the length of time the pre-divestiture AT&T shares were held. The calculation of a gain or loss on such sales, however, will be difficult since the stockholder will only be selling a portion of the "old" AT&T stock. To assist shareholders in making such calculations, AT&T (by mid-1984) will send to each stockholder work sheets and examples explaining the necessary information to make the tax allocations.

VI. INITIAL STOCK PERFORMANCE

The approximately 1.6 billion shares created by the AT&T divestiture began trading on a when issued basis on November 21, 1983. Trading in the stock of the newly created eight companies was vigorous and by the end of the first week, an all-time record was broken when 42.9 million shares, representing 11 percent of the volume on the NYSE, exchanged hands. Interest in the pre-divestiture or "old" AT&T stock, which will be traded until mid-February, also was high, generating an end of week volume of 12.5 million shares.

As can be seen by the table in appendix D, which contains price activity for RHCs as well as pre- and post-divestiture AT&T stocks, the opening per share price of "old" and "new" AT&T stock was $62\frac{3}{4}$ and 19 respectively, and the opening per share prices of the seven RHCs ranged from $51\frac{1}{2}$ to 89. By the end of the first week of trading, both the "old" and the "new" AT&T stock, as well as the shares in five of the seven RHCs, gained in price; Bell South and Southwestern Bell shares declined slightly. A brief examination of closing prices at the end of the second week of trading (December 2, 1983), showed that with the exception of Bell-South shares, share prices declined slightly as compared to the previous week's closing prices. With the exception of BellSouth and Southwestern Bell shares, second week closing prices remained slightly higher than November 21st opening prices. While far from conclusive, movements in the first two weeks of trading did not indicate any extreme fluctuations in share prices.

In what manner, and to what extent, investors will rearrange their portfolios to accommodate the divestiture remains unclear. Pre-divestiture ("old")

AT&T stock has been traditionally regarded as a stable utility-type stock, desirable for its steady growth and its consistent dividend yield. Stock of the "new" AT&T, representing a firm which (with estimated 1984 assets of \$34 billion) will rank fourth among U.S. industrial corporations, is expected to be viewed as a higher risk, more volatile investment than its pre-divestiture counterpart.

The "new" AT&T will be entering into more unregulated, highly competitive markets providing a wide array of new telecommunications equipment and services, which, while providing greater growth potential, may result in a loss in stability. It should be noted, however, that some of this expected volatility may be offset since, while declining in market share, the post-divestiture AT&T is expected to derive over half (or \$35 billion) of its anticipated 1984 revenue from the provision of regulated long distance telephone service. Therefore, the "new" AT&T, after entering into more competitive high growth areas (making it a more risky investment) will continue to retain a large regulated component in its composition.

When compared with that of the post-divestiture AT&T, stock of the seven RHCs is expected to be viewed by market participants as more stable utility-type issues more in keeping with the image of pre-divestiture AT&T stock. Each of the RHCs will have 1984 assets ranging between \$15 and \$21 billion, ^{14/} and, based on these assets, will rank among the top ten U.S. utilities. Although the seven RHCs are expected to enter to varying degrees into unregulated ventures, the vast majority of their present and near-future revenues will be generated from the provision of regulated local telephone service. As long as regulated local

^{14/} 1984 estimated assets for the RHCs are as follows: Ameritech, \$16.26 billion; Bell Atlantic, \$16.26 billion; BellSouth, \$20.81 billion; NYNEX, \$17.39 billion; Pacific Telesis, \$16.19 billion; Southwestern Bell Corp., \$15.51 billion; and, U.S. West, \$15.05 billion.

telephone service is the dominant income source for the RHCs, their stocks will be largely viewed as stable issues which will provide steady dividends.

The future price of the stock of both the "new" AT&T and the seven RHCs will be largely contingent on the financial performance of each company. While this performance will vary depending on individual management decisions and capabilities, such factors as general business conditions and regulatory policies 15/ are expected to have a major impact on the post-divestiture companies and their competitors.

15/ For information on Federal regulatory activities affecting the domestic telephone industry, see U.S. Library of Congress. Congressional Research Service. Telephone Industry: Restructuring and Federal Activity [by] Angele Gilroy. [Washington] 1983. Issue Brief No. IB81150.

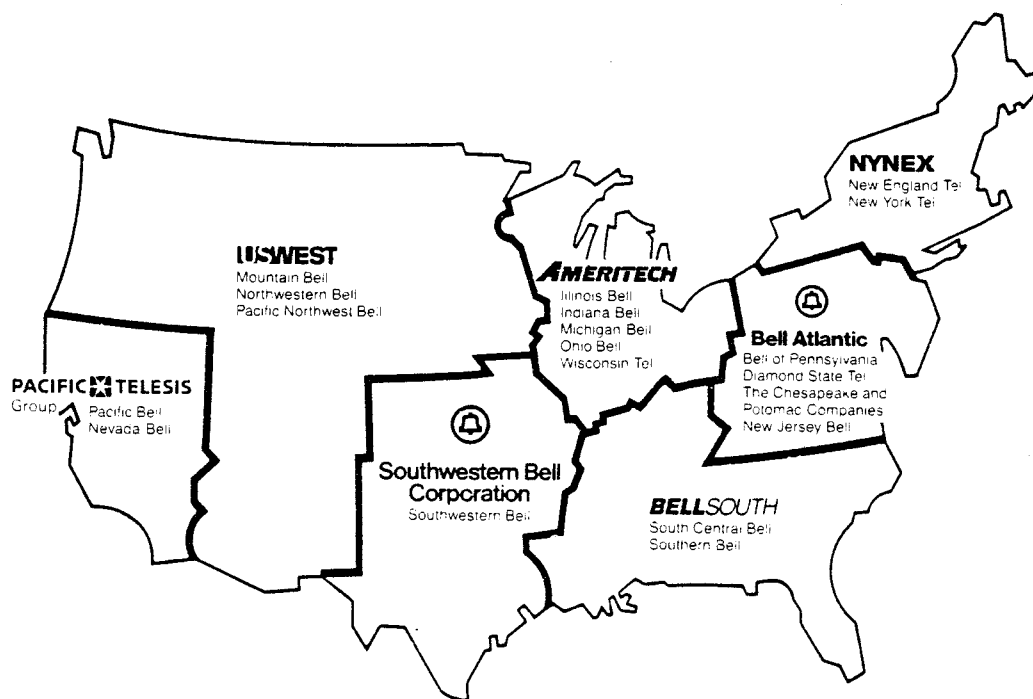
VII. CONCLUSION

Most AT&T shareholders of record as of December 30, 1983, will, regardless of choice, automatically become shareholders in the eight independent parts of the post-divestiture AT&T. Once this transaction takes place, however, shareholders have any number of choices on how to rearrange their portfolios. Options include keeping shares in all eight companies, consolidating their interests into any combination of the eight stocks, or selling their shares. Shareholders may also wish to join one of the newly-developed investment plans offered by a number of brokerage houses.

While the post-divestiture or "new" AT&T stock is expected to be viewed as a higher growth, but riskier, more volatile investment than its pre-divestiture counterpart, RHC stocks are expected to be considered more stable, utility-type stocks providing a steady dividend yield. Future financial performance is not only dependent upon both the management decisions and capabilities within each company, but also upon the business and regulatory environment.

Appendix A.

The Geographic Location and Operating Company Composition of
the Seven Regional Holding Companies



Source: Information Statement and Prospectus issued November 8, 1983, by American Telephone and Telegraph Company. p. 14.

Appendix B

AT&T Divestiture Option Card Sample

AT&T Divestiture Option Card

627500037

Account Number 123-456-789

Please read the Option Card Instruction Booklet before completing this card.

Step 1	Regional Company	A Make No Change in Holdings	B Sell and Use Proceeds for Option C	C Buy and Add to Holdings	Step 2	Regional Company	Dividend Reinvestment Enrollment
Mark <input checked="" type="checkbox"/> for only one option (A, B or C) for each company.	Ameritech	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Mark <input checked="" type="checkbox"/> to enroll in the Dividend Reinvestment Plan.	Ameritech	<input type="checkbox"/>
	Bell Atlantic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Bell Atlantic	<input type="checkbox"/>
	BellSouth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		BellSouth	<input type="checkbox"/>
	NYNEX	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		NYNEX	<input type="checkbox"/>
	PacTel Group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		PacTel Group	<input type="checkbox"/>
	Southwestern Bell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		Southwestern Bell	<input type="checkbox"/>
	U S WEST	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		U S WEST	<input type="checkbox"/>

Step 3

I certify, under penalties of perjury, that I am not subject to withholding on interest and dividends under section 3406 (a)(1)(C) of the Internal Revenue Code. (See instruction booklet.)

Sign

Signature(s) of registered owner(s)

Phone Number

**Step 4
Mail**

Use the enclosed envelope and mail this card so it reaches us by **April 16, 1984.**

Source: Information Statement and Prospectus issued November 8, 1983, by the American Telephone and Telegraph Company. p. 22.

Appendix C.

The Distribution of Regional Holding Company Shares for
AT&T Shareholder Accounts

AT&T Registered Shareholder Accounts	
500 or more shares	<p>Will receive:*</p> <ul style="list-style-type: none"> ▪ Certificates for whole shares ▪ Check for any fractional shares <hr/> <p>Can enroll:</p> <ul style="list-style-type: none"> ▪ In one or more of the RHC dividend reinvestment plans <hr/> <p>Can buy or sell:</p> <ul style="list-style-type: none"> ▪ Through regular trading channels
10 but fewer than 500 shares	<p>Will receive:</p> <ul style="list-style-type: none"> ▪ Option Card <hr/> <p>Can consolidate RHC stock by:</p> <ul style="list-style-type: none"> ▪ Selling shares in one or more of the RHCs <p>and</p> <ul style="list-style-type: none"> ▪ Investing the proceeds from that sale in the shares of one or more of the other RHCs (but not AT&T) ▪ Fees: 25 cents per share sold and 25 cents per share bought <hr/> <p>Can receive:</p> <ul style="list-style-type: none"> ▪ Certificates for whole shares ▪ Check for fractional shares <hr/> <p>Can enroll:</p> <ul style="list-style-type: none"> ▪ Whole and fractional shares in one or more of the RHCs' dividend reinvestment plans
Fewer than 10 shares	<p>Will receive:</p> <ul style="list-style-type: none"> ▪ Check for fractional shares #
<p>* Accounts with 500 or more shares will be mailed certificates for whole shares in each of the RHCs and a check for any fractional shares in mid-February 1984.</p> <p># Accounts with fewer than 10 shares will not be entitled to a whole share in any of the RHCs. Consequently, their fractional shares will be sold by the agent without charge and a check will be mailed in mid-February 1984.</p>	

Source: Information Statement and Prospectus issued November 8, 1983, by American Telephone and Telegraph Company. p. 4.

Appendix D.

Regional Holding Company

New York Stock Exchange Ticker Symbols and Abbreviations and Trading Exchanges

Regional Holding Company	Ticker Symbol	Abbreviation	Exchange
American Information Technologies Corp. (Ameritech)	AIT wi	Amrtc	New York Boston Midwest Pacific Philadelphia
Bell Atlantic Corp.	BEL wi	Bell At	New York Boston Midwest Pacific Philadelphia
BellSouth Corp.	BLS wi	Bell So	New York Boston Midwest Pacific Philadelphia
NYNEX Corp.	NYN wi	NYNX	New York Boston Midwest Pacific Philadelphia
Pacific Telesis Group (PacTel Group)	PAC wi	Pc Tel	New York Midwest Pacific
Southwestern Bell Corp.	SBC wi	Sw Bell	New York Midwest Pacific
U.S. West	USW wi	US Wst	New York Pacific

Source: Information Statement and Prospectus issued November 8, 1983, by American Telephone and Telegraph Company. p. 23-24.

Appendix E.

Stock Trading Activity of the Pre- and Post-Divestiture AT&T Co.
and the Regional Holding Companies.

(as traded on the New York Stock Exchange)
(\$ price per share)

Company	Week of November 21, 1983				December 2, 1983 Closing Price
	Opening Price	Week's High	Week's Low	Week's Closing	
"old" AT&T	$62\frac{3}{4}$	$66\frac{3}{8}$	$62\frac{5}{8}$	$66\frac{1}{8}$	$64\frac{5}{8}$
"new" AT&T	19	$20\frac{7}{8}$	$17\frac{3}{4}$	$20\frac{7}{8}$	$20\frac{3}{8}$
Ameritech	63	$66\frac{7}{8}$	$62\frac{1}{2}$	$65\frac{5}{8}$	$63\frac{1}{8}$
Bell Atlantic	$65\frac{3}{4}$	$71\frac{1}{4}$	$65\frac{5}{8}$	$68\frac{7}{8}$	$66\frac{1}{8}$
BellSouth	89	$90\frac{1}{2}$	$86\frac{5}{8}$	$86\frac{7}{8}$	$87\frac{1}{2}$
NYNEX	$60\frac{1}{2}$	$63\frac{1}{8}$	$60\frac{1}{8}$	$62\frac{5}{8}$	$61\frac{1}{8}$
Pacific Telesis	$51\frac{1}{2}$	$55\frac{1}{2}$	$51\frac{1}{4}$	$54\frac{5}{8}$	$54\frac{3}{8}$
Southwestern Bell	62	$62\frac{1}{8}$	$60\frac{3}{8}$	61	$59\frac{3}{8}$
U.S. West	56	60	$55\frac{1}{8}$	$58\frac{1}{2}$	$57\frac{5}{8}$

Sources: Time. December 5, 1983. p. 74
The Wall Street Journal. December 5, 1983.