INFORMATION STATEMENT
AND PROSPECTUS

AT&T

American Telephone and
Telegraph Company
195 Broadway
New York, N. Y. 10007

Dear American Telephone and Telegraph Company Share Owner:

This Information Statement and Prospectus contains a detailed explanation of how American Telephone and Telegraph Company ("AT&T") will divest itself of the exchange telecommunications, exchange access and printed directory advertising portions of the 22 wholly-owned Bell operating telephone companies, as well as the cellular advanced mobile communications service business.

It includes information statements with dividend information and financial and operating data for the post-divestiture AT&T and the seven regional holding companies into which the divested operating companies will be organized prior to divestiture. It also contains a description of the Share Owner Dividend Reinvestment and Stock Purchase Plans of the regional companies.

In addition, you will find in this document a full explanation of the Company's plan to distribute to our common share owners the stock of the new regional holding companies. The divestiture, to take place January 1, 1984, will not affect the number of AT&T common shares you hold. You will, however, be entitled to an equity interest in the form of common shares in each of the regional companies.

Listed alphabetically, the seven regional holding companies are:
American Information Technologies Corporation, with headquarters in Chicago, Illinois.
Bell Atlantic Corporation, with headquarters in Philadelphia, Pennsylvania.
BellSouth Corporation, with headquarters in Atlanta, Georgia.
NYNEX Corporation, with headquarters in New York City.
Pacific Telesis Group, with headquarters in San Francisco, California.
Southwestern Bell Corporation, with headquarters in St. Louis Missouri.
U S WEST, Inc., with headquarters in Englewood, Colorado.

As explained in this document, each AT&T common share owner as of December 30, 1983, will receive one share of each of the seven regional holding companies for every ten shares of AT&T held by that share owner.

Share owners of record with accounts of at least ten but fewer than 500 AT&T shares will be given options to make no change in their regional company shareholdings: to consolidate their regional company holdings by selling shares of one or more regional companies and buying shares of one or more regional companies; to receive certificates; or to deposit their shares in the regional companies' dividend reinvestment plans. Share owner accounts with fewer than ten shares of AT&T will receive a check from the sale of their fractional regional company shares. Share owner accounts of 500 or more shares of AT&T will receive certificates for the whole shares to which they are entitled and a check from the sale of their fractional shares.

In January we will send you a complete statement of your holdings. Share owners who qualify for the consolidation option will also receive an option card at that time.

Due to the importance of the information contained in this document, you are urged to retain it for future reference.

November 8, 1983 C.L. Brown

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

AVAILABLE INFORMATION

AT&T, American Information Technologies Corporation ("Ameritech"), Bell Atlantic Corporation ("Bell Atlantic"), BellSouth Corporation ("BellSouth"), NYNEX Corporation ("NYNEX"), Pacific Telesis Group ("PacTel Group"), Southwestern Bell Corporation and U S WEST, Inc. ("U S WEST") are subject to the informational requirements of the Securities Exchange Act of 1934 ("Exchange Act") and in accordance therewith file reports and other information with the Securities and Exchange Commission ("SEC"). Such reports, proxy statements and other information filed by the companies can be inspected and copied at the public reference facilities of the SEC, Room 1024, Judiciary Plaza, 45C Fifth Street, N.W., Washington, DC 20549, as well as the following SEC Regional Offices: Room 1028, 26 Federal Plaza, New York, NY 10278; Room 1228, Everett McKinley Dirksen Bldg., 219 S. Dearborn Street, Chicago, IL 60604; and 5757 Wilshire Blvd., Suite 500 East, Los Angeles, CA 90036-3648. Such material can also be inspected at the New York Stock Exchange. With regard to AT&T, such material can also be inspected at the Boston, Midwest, Pacific and Philadelphia Stock Exchanges. With regard to the regional holding companies, such material can also be inspected at the regional exchanges on which they are listed, as set forth below. Copies can be obtained from the SEC by mail at prescribed rates. Requests should be directed to the SEC's Public Reference Section, Judiciary Plaza, 450 Fifth Street, N.W., Washington, DC 20549.

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Each regional holding company accepts responsibility only for the accuracy or completeness of the information contained herein about such regional holding company (including the "Description of the .~Divestiture Transaction") and about its Dividend Reinvestment and Stock Purchase Plan.

TABLE OF CONTENTS

SUMMARY INFORMATION

Certain significant matters discussed in this Information Statement and Prospectus are summarized below. Such summaries are not intended to be complete and are qualified in all respects by references to the detailed explanations appearing elsewhere in this Information Statement and Prospectus. Shareholders are urged to review the entire Information Statement and Prospectus carefully. Shareholders are also urged to retain this document for future reference. A Glossary containing descriptions of terms used herein appears at the end of this Information Statement and Prospectus.

Divestiture

Pursuant to court order of the United States District Court for the District of Columbia ("Court"), on January 1, 1984, AT&T will divest itself of the exchange telecommunications, exchange access and printed directory advertising portions of its 22 wholly-owned subsidiary Bell operating telephone companies ("BOCs"), as well as the cellular advanced mobile communications service business. AT&T will retain ownership of the AT&T Communications division, which includes the former AT&T Long Lines interstate organization ("AT&T Communications"), Western Electric Company, Incorporated ("Western Electric"), Bell Telephone Laboratories, Incorporated ("Bell Laboratories"), AT&T Information Systems Inc. ("AT&T Information Systems"), and AT&T International Inc. ("AT&T International"), as well as those portions of the BOCs that provide interexchange service and customer premises equipment. * To accomplish divestiture the BOCs are being organized into regional holding companies ("RHCs"). Seven RHCs are being formed and their shares will be distributed to AT&T shareholders as detailed below.

Distribution Plan

Shareholders of record as of December 30, 1983, will receive one share in each of the seven RHCs for every 10 common shares of AT&T they hold. Shareholders will retain their present AT&T certificates.

The plan for distributing RHC stock to registered shareholders those accounts on AT&T's books is outlined in the following table. As noted in the table, the plan separates AT&T shareholder accounts into three categories.

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*Customer premises equipment generally consists of equipment, such as telephone sets and private branch exchanges ("PBXs"), used by a customer at the customer's premises to originate, route or receive telecommunications.

AT&T Registered Shareholder Accounts

500 or more	**Will receive:*** • Certificates for whole shares • Check for any fractional shares **Can enroll:** • In one or more of the RHC dividend reinvestment plans **Can buy or sell:** • Through regular trading channels
10 but fewer than 500 Shares	**Will receive:** • Option Card **Can consolidate RHC stock by:** Selling shares in one or more of the RHCs **and** • 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 **Can receive:** • Certificates for whole shares • Check for fractional shares **Can enroll:** • Whole and fractional shares in one or more of the RHCs' dividend reinvestment plans
Fewer than 10 shares	**Will receive:** • Check for fractional shares #

* 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.

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.

Option Cards

Accounts with at least 10 but fewer than 500 shares will be sent an option card in mid-January 1984. With this card, shareholders may elect to rearrange their holdings in the RHCs by selling up to six RHCs and reinvesting in others (at least one). This option does not provide for sale or purchase of AT&T shares; nor does it provide for addition or withdrawal of cash.

Transactions will be priced at the average of the high and low on the New York Stock Exchange on the day the option card is received for processing.

Shareholders will be charged 25 cents for each share sold and 25 cents for each share purchased.

All transactions will be conducted through an agent who will match buy and sell orders to the extent possible and execute any unmatched balance in the market.

The deadline for receipt of the option cards will be April 16, 1984. Shareholders not returning their cards by then will be sent certificates for their whole shares in the RHCs and a check for any fractional shares.

Through the option card, shareholders with accounts in this category may also enroll whole and fractional shares in one or more of the RHCs' dividend reinvestment plans. In order to enroll shares for reinvestment of the RHCs' dividends payable on May I, 1984, the option card must be received by March 30, 1984.

See "Method of Distribution of Regional Holding Company Shares to AT&T Shareholders" below for a detailed explanation.

Trading in Shares of the Regional Holding Companies

The principal market for trading in the RHCs' common shares will be the New York Stock Exchange where each RHC will be listed. In addition, all of the RHCs will be listed on one or more regional exchanges. It is expected that trading of the shares will begin in mid to late November 1983 on a "when issued" basis.*

The Regional Holding Companies and AT&T

Commencing January 1, 1984, the BOC subsidiaries of the RHCs will provide exchange telecommunications within prescribed geographic areas and exchange access service linking subscribers' telephones and other equipment to the facilities of AT&T and other long distance carriers. In addition, the BOCs or other subsidiaries of the RHCs will provide printed directory advertising and cellular advanced mobile communications services. The RHCs are also permitted to provide customer premises equipment.

The following tables for AT&T and each RHC contain a summary of historical and forecast data appearing under "Financial Information" in the Information Statement for AT&T and each RHC, and should be read in conjunction therewith. As discussed in the Summary of Significant Financial Forecast Assumptions, actual results achieved during the forecast period will vary from the financial forecast, and the variations may be material. Because of extensive divestiture-related changes, forecast information lacks comparability with historical results. The pro forma balance sheet for AT&T and each RHC gives effect to the divestiture of the telephone subsidiaries by AT&T, in accordance with the Plan of Reorganization, as if it had occurred on June 30, 1983.

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* The term "when issued" means that trading will begin prior to the time certificates are actually available. Consequently, when the certificates are actually issued trading will already have taken place. Cash settlement for the "when issued" trading on the New York Stock Exchange is suspended until six trading days after the certificates are distributed.

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

Principal Organizations	AT&T Communications AT&T Technologies Western Electric AT&T Information Systems AT&T International Bell Laboratories
Long Distance Communications Network Service Area	National - interexchange and international telecommunications services
Employees (Est. January 1, 1984)	385,000
Anticipated May 1, 1984 Quarterly Dividend	$.30 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York, Boston, Midwest, Philadelphia and Pacific
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January 1, 1984****	40%

Income Information:***

Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Dollars in Millions (except per share amounts)			
	Post-Divestiture Forecasted	**Pre-Divestiture Consolidated Historical**		
	Year 1984	**12 Months Ended June 30,1983** (Unaudited)	**Year 1982**	**Year 1981**
Total Operating Revenues	$56,544.1	$67,598.8	$65,093.0	$58,065.6
Total Operating Expenses	51,564.8	47,160.0	45,025.3	39,345.6
Net Operating Revenues	4,979.3	20,438.8	20,067.7	18,720.0
Net Income	2,110.0	7,187.9	7,278.8	6,822.9
Preferred Dividend Requirements	113.4	139.7	141.9	145.7
Income Applicable to Common Shares	1,996.6	7,048.2	7,136.9	6,677.2
Earnings per Common Share	$ 2.02	$ 7.88	$ 8.40	$ 8.47
Weighted Average Number of Shares Outstanding (Millions)	989.1	894.8	849.6	788.2

Balance Sheet Information:**	**Pro Forma Consolidated June 30,1983 (Unaudited)**
Total Assets	$34,276.5
Common Share Owners' Equity	13,228.9
Convertible Preferred Shares Subject to Redemption	277.9
Preferred Shares Subject to Mandatory Redemption	1,537.2
Long and Intermediate Term Debt	9,468.9
Other Liabilities and Deferred Credits (including Debt Maturing Within One Year)	9,763.6

* See"Dividend Information" below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for American Telephone and Telegraph Company" below.

*** See Financial Forecast and Consolidated Historical Statements of Income (including Report of Independent Certified Public Accountants, Notes to Consolidated Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for American Telephone and Telegraph Company" below.

AMERICAN INFORMATION TECHNOLOGIES CORPORATION

Principal Subsidiaries	Illinois Bell Telephone Company Indiana Bell Telephone Company, Incorporated Michigan Bell Telephone Company The Ohio Bell Telephone Company Wisconsin Telephone Company
Other Subsidiaries	Ameritech Mobile Communications, Inc. Ameritech Publishing, Inc. Ameritech Communications, Inc. Ameritech Development Corporation
Telephone Company Service Areas	Illinois, Indiana, Michigan, Ohio and Wisconsin.
Network Access Lines (Est. January 1, 1984)	14,051,000
Employees (Est. January 1, 1984)	79,000
Anticipated Initial Quarterly Dividend	$1.50 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York, Boston, Midwest, Philadelphia and Pacific
Anticipated Debt Ratio (including Debt Maturing Within One Year) as of January 1, 1984**	43.8%

Income Information:***

Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Dollars in Millions (except per share amounts)			
	Post-Divestiture Forecasted		**Pre-Divestiture Consolidated Historical**	
	Year 1984	**12 Months Ended June 30,1983** (Unaudited)	**Year 1982**	**Year 1981**
Total Operating Revenues	$8,344.0	$8,900.8	$8,723.8	$8,070.5
Total Operating Expenses	5,546.6	5,837.4	5,937.9	5,445.3
Net Operating Revenues	2,797.4	3,063.4	2,785.9	2,625.2
Net Income	923.7	1,037.1	936.3	848.7
Earnings per Common Share	$ 9.47	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)	97.5	NA	NA	NA

Balance Sheet Information:**

	Pro Forma Consolidated June 30,1983 (Unaudited)
Total Assets	$16,257.0
Share Owners' Equity	6,607.2
Long and Intermediate Term Debt	4,868.0
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**	4,781.8

See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for American Information Technologies Corporation" below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for American Information Technologies Corporation" below.

*** See Financial Forecast and Combined Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Combined Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for American Information Technologies Corporation" below.

NA = Not applicable.

BELL ATLANTIC CORPORATION

Principal Subsidiaries	New Jersey Bell Telephone Company The Bell Telephone Company of Pennsylvania The Chesapeake and Potomac Telephone Company The Chesapeake and Potomac Telephone Company of Maryland The Chesapeake and Potomac Telephone Company of Virginia The Chesapeake and Potomac Telephone Company of West Virginia The Diamond State Telephone Company Bell Atlantic Mobile Systems, Inc.
Telephone Company Service Areas	New Jersey, Pennsylvania, Delaware, Maryland, Virginia West Virginia and the District of Columbia
Network Access Lines (Est. January 1, 1984)	14,247,000
Employees (Est. January 1, 1984)	80,000
Anticipated Initial Quarterly Dividend	$1.60 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York, Philadelphia, Boston, Midwest and Pacific
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January 1, 1984****	43.3%

Income Information:***

Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Post-Divestiture Forecasted		Pre-Divestiture Consolidated Historical	
	Year 1984	12 Months Ended June 30,1983 (Unaudited)	Year 1982	Year 1981
Total Operating Revenues	$8,323.1	$8,732.3	$8,367.7	$7,500.3
Total Operating Expenses	5,589.5	5,884.9	5,779.4	5,077.4
Net Operating Revenues	2,733.6	2,847.4	2,588.3	2,422.9
Net Income	952.2	1,054.5	928.1	839.3
Earnings per Common Share	$9.69	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)	98.3	NA	NA	NA

Balance Sheet Information:**	Pro Forma Consolidated June 30,1983 (Unaudited)
Total Assets	$ 16,264.1
Share Owners' Equity	6,825.6
Long and Intermediate Term Debt	4,787.0
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**	4,651.5

* See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for Bell Atlantic Corporation" below for a statement of conditions upon the declaration and payment of this dividend.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for Bell Atlantic Corporation" below.

*** See Financial Forecast and Combined Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Combined Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for Bell Atlantic Corporation" below.
NA = Not applicable.

BELLSOUTH CORPORATION

Principal Subsidiaries	South Central Bell Telephone Company Southern Bell Telephone and Telegraph Company BellSouth Advertising & Publishing Corporation BellSouth Mobility Inc Telephone Company Service Areas Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee
Network Access Lines (Est. January 1, 1984)	13,591,000
Employees (Est. January 1, 1984)	99,100
Anticipated Initial Quarterly Dividend	$1.95 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York, Boston, Midwest, Pacific and Philadelphia
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January 1, 1984****	43.1%

Income Information:***

Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Post-Divestiture Forecasted		Pre-Divestiture Consolidated Historical	
	Year 1984	12 Months Ended June 30,1983 (Unaudited)	Year 1982	Year 1981
Total Operating Revenues	$9,799.1	$10,512.6	$10,288.2	$9,206.3
Total Operating Expenses	6,453.0	6,834.6	6,721.3	5,996.6
Net Operating Revenues	3,346.1	3,678.0	3,566.9	3,209.7
Net Income	1,198.8	1,393.1	1,352.2	1,164.3
Earnings per Common Share	$ 12.21	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)	98.2	NA	NA	NA

Balance Sheet Information:**	**Pro Forma Consolidated June 30,1983 (Unaudited)**
Total Assets	$20,808.8
Share Owners' Equity	8,239.3
Long and Intermediate Term Debt	6,334.6
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**	6,234.9

* See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for BellSouth Corporation" below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for BellSouth Corporation" below.

*** See Financial Forecast and Combined Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Combined Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for BellSouth Corporation" below.

NA = Not applicable.

NYNEX CORPORATION

Principal Subsidiaries	New York Telephone Company New England Telephone and Telegraph Company NYNEX Mobile Communications Company NYNEX Business Information Systems Company (to be formed) NYNEX Information Resources Company NYNEX Materiel Enterprises Company NYNEX Service Company
Telephone Company Service Areas	New York, Connecticut (Greenwich and Byram only), Massachusetts, Maine, New Hampshire, Rhode Island and Vermont.
Network Access Lines (Est. January 1, 1984)	12,800,000
Employees (Est. January 1, 1984)	98,200
Anticipated Initial Quarterly Dividend	$1.50 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York, Boston, Midwest, Philadelphia and Pacific
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January 1, 1984****	45.1%

Income Information:***

Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Post-Divestiture Forecasted		**Pre-Divestiture Consolidated Historical**	
	Year 1984	**12 Months Ended June 30,1983 (Unaudited)**	**Year 1982**	**Year 1981**
Total Operating Revenues	$9,825.2	$10,006.6	$9,686.3	$8,641.4
Total Operating Expenses	6,590.4	6,643.6	6,501.4	5,703.6
Net Operating Revenues	3,234.8	3,363.0	3,184.9	2,937.8
Net Income	937.6	1,029.8	973.1	899.9
Earnings per Common Share	$9.54	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)	98.3	NA	NA	NA

Balance Sheet Information:**

	Pro Forma Consolidated June 30,1983 (Unaudited)
Total Assets	$17,389.0
Share Owners' Equity	7,155.5
Long and Intermediate Term Debt	5,432.8
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**	4,800.7

* See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for NYNEX Corporation" below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for NYNEX Corporation" below.

*** See Financial Forecast and Combined Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Combined Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for NYNEX Corporation" below.

NA = Not applicable.

PACIFIC TELESIS GROUP

Principal Subsidiaries	Pacific Bell Nevada Bell
Other Subsidiaries (as of January 1984)	PacTel Mobile Access PacTel Publishing PacTel Communications Systems
Telephone Company Service Areas	California and Nevada
Network Access Lines (Est. January l, 1984)	10,878,000
Employees (Est. January l, 1984)	82,000
Anticipated Initial Quarterly Dividend	$1.35 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York, Pacific and Midwest
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January l, l984****	46.5%

Income Information:***
Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Post-Divestiture Forecasted		Pre-Divestiture Consolidated Historical	
	Year 1984	**12 Months Ended June 30,1983 (Unaudited)**	**Year 1982**	**Year 1981**
Total Operating Revenues	$8,082.1	$7,895.9	$7,855.5	$6,818.9
Total Operating Expenses	5,800.1	5,812.3	5,788.9	5,016.2
Net Operating Revenues	2,282.0	2,083.6	2,066.6	1,802.7
Net Income	827.7	977.1	856.9	438.8
Preferred Dividend Requirements	42.7	45.2	47.6	51.2
Income Applicable to Common Shares	785.0	931.9	809.3	387.6
Earnings per Common Share	$8.00	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)	98.1	NA	NA	NA

Balance Sheet Information:**	**Pro Forma Consolidated June 30,1983 (Unaudited)**
Total Assets	$16,190.8
Common Share Owners' Equity	5,402.7
Preferred Shares Subject to Mandatory Redemption	535.8
Long and Intermediate Term Debt	5,713.4
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**	4,538.9

* See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for Pacific Telesis Group" below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for Pacific Telesis Group" below.

*** See Financial Forecast and Consolidated Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Consolidated Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for Pacific Telesis Group" below.

NA = Not applicable.

SOUTHWESTERN BELL CORPORATION

Principal Subsidiaries..	Southwestern Bell Telephone Company Southwestern Bell Mobile Systems, Inc. Southwestern Bell Publications, Inc. Southwestern Bell Telecommunications Inc.
Telephone Company Service Areas.......................	Arkansas, Kansas, Missouri, Oklahoma and Texas
Network Access Lines (Est. January 1, 1984)..	10,285,000
Employees (Est. January 1, 1984)..........................	74,700
Anticipated Initial Quarterly Dividend.................	$1.40 per share*
Anticipated Dividend Payment Dates....................	May 1, August 1, November 1, February 1
Stock Exchange Listings..	New York, Midwest and Pacific
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January 1, 1984****...	44.6%

Income Information:***

Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Post-Divestiture Forecasted		**Pre-Divestiture Consolidated Historical**	
	Year 1984	**12 Months Ended June 30,1983 (Unaudited)**	**Year 1982**	**Year 1981**
Total Operating Revenues	$7,754.9	$7,859.5	$7,711.1	$6,782.4
Total Operating Expenses..........................	5,249.5	5,276.5	5,243.0	4,501.7
Net Operating Revenues............................	2,505.4	2,583.0	2,468.1	2,280.7
Net Income..	869.6	887.9	864.0	781.2
Earnings per Share....................................	$ 8.93	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)...............	97.4	NA	NA	NA

Balance Sheet Information:**

	Pro Forma Consolidated June 30,1983 (Unaudited)
Total Assets..	$15,507.4
Share Owners' Equity..	6,352.1
Long and Intermediate Term Debt...	4,969.1
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**..	4,186.2

* See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for Southwestern Bell Corporation" below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for Southwestern Bell Corporation" below.

*** See Financial Forecast and Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for Southwestern Bell Corporation" below.

NA = Not applicable

U S WEST, INC.

Principal Subsidiaries	The Mountain States Telephone and Telegraph Company Northwestern Bell Telephone Company Pacific Northwest Bell Telephone Company NewVector Communications, Inc. LANDMARK PUBLISHING Company Interline Communication Services, Inc. BetaWest Properties, Inc.
Telephone Company Service Areas	Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, South Dakota, Oregon, Utah, Washington and Wyoming.
Network Access Lines (Est. January 1, 1984)	10,568,000
Employees (Est. January 1, 1984)	75,000
Anticipated Initial Quarterly Dividend	$ 1.35 per share*
Anticipated Dividend Payment Dates	May 1, August 1, November 1, February 1
Stock Exchange Listings	New York and Pacific
Anticipated Debt Ratio (including Debt Maturing Within One Year) **as of January 1, 1984****	43.3%

Income Information:***
Note: *As explained in the material referred to in the footnote below, forecasted income information is subject to inherent uncertainties and because of divestiture-related changes, such information lacks comparability with historical results.*

	Post-Divestiture Forecasted		Pre-Divestiture Consolidated Historical	
	Year 1984	12 Months Ended June 30,1983 (Unaudited)	Year 1982	Year 1981
Total Operating Revenues	$7,436.8	$7,596.1	$7,396.2	$6,789.0
Total Operating Expenses	4,997.2	5,070.4	5,028.8	4,511.6
Net Operating Revenues	2,439.6	2,525.7	2,367.4	2,277.4
Net Income	877.8	910.9	837.3	817.9
Earnings per Share	$ 8.96	NA	NA	NA
Weighted Average Number of Shares Outstanding (Millions)	98.0	NA	NA	NA

Balance Sheet Information:**	Pro Forma Consolidated June 30,1983 (Unaudited)
Total Assets	$15,053.6
Share Owners' Equity	6,065.4
Long and Intermediate Term Debt	4,603.5
Other Liabilities and Deferred Credits **(including Debt Maturing Within One Year)**	4,384.7

* See "Description of Common Stock and Dividend and Market Information" in the "Information Statement for U S WEST, Inc." below.

** See Unaudited Pro Forma Condensed Balance Sheet (including Notes to Unaudited Pro Forma Condensed Balance Sheet) under "Financial Information" in the "Information Statement for U S WEST, Inc." below.

*** See Financial Forecast and Combined Historical Statements of Income (including Reports of Independent Certified Public Accountants, Notes to Combined Historical Statements of Income, Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984 and Note to Forecasted 1984 Statement of Income) under "Financial Information" in the "Information Statement for U S WEST, Inc." below.

NA = Not applicable.

DESCRIPTION OF THE DIVESTITURE TRANSACTION

Background

On August 24, 1982, the Court approved as in the public interest and entered a consent decree entitled the "Modification of Final Judgment" ("Consent Decree"), which arose out of antitrust litigation brought by the Department of Justice ("DOJ"), and was agreed to by AT&T and the DOJ, with certain modifications which the Court had required. On February 28, 1983, the United States Supreme Court affirmed the Consent Decree.

On December 16, 1982, AT&T, as required by the terms of the Consent Decree, filed with the Court a Plan of Reorganization outlining the method by which AT&T intends to comply with the Consent Decree. Such Plan, with amendments agreed to by AT&T and the DOJ and modifications required by the Court ("Plan"), was approved by the Court on August 5, 1983. Approval of the Plan has been appealed by the State of California and the California Public Utilities Commission and by the New York State Department of Public Service. On September 7, 1983, the Court ordered that appeals be filed directly with the United States Supreme Court to avoid delays in resolving the matter.

Under the terms of the Consent Decree, AT&T must divest itself, in accordance with the terms of the Plan, of ownership of the portions of the BOCs that relate to exchange telecommunications, exchange access functions and printed directory advertising, as well as AT&T's cellular advanced mobile communications service business. Cincinnati Bell Inc. and The Southern New England Telephone Company, in which AT&T holds minority interests, are not included in the divestiture requirement. AT&T will retain ownership of AT&T Communications, Western Electric, Bell Laboratories, AT&T Information Systems, AT&T International and those portions of the BOCs which provide interexchange service and customer premises equipment. The divestiture will become effective on January 1, 1984.

The Regional Holding Companies

Divestiture

To accomplish the required divestiture, AT&T is reorganizing the 22 BOCs and will transfer them to the seven newly formed RHCs. The BOCs will continue to operate in the same areas they now serve providing exchange telecommunications and exchange access services.

On January 1, 1984, ownership of the RHCs will pass from AT&T directly to its shareholders. This will be accomplished by a stock distribution whereby each AT&T shareholder will receive one share of each RHC for each ten shares of AT&T held.

The composition of the RHCs is shown on the following map:

Each RHC has its own officers, employees and board of directors. Although the RHCs will each own a one-seventh interest in a Central Services Organization ("CSO"), commencing January 1, 1984, they will be independent of AT&T and of each other.

Services

The Consent Decree specifies both the types of telecommunications services to be provided by the RHCs or their subsidiaries and the geographic areas in which those services are to be provided. All Bell System territory in the continental United States has been divided into 161 geographical areas which have been termed "Local Access and Transport Areas" ("LATAs"). These LATAs are generally centered on a city or other identifiable community of interest, and each LATA marks the boundary within which the BOC subsidiaries of an RHC may provide telephone service. As of January 1, 1984, the BOCs will provide two basic types of telecommunications services. First, the BOCs will transport telecommunications traffic between telephones and other customer premises equipment located within the same LATA ("intraLATA service"), which can include toll service as well as local service. Second, the BOCs will provide exchange access service, which will link a subscriber's telephone or other equipment to the transmission facilities of AT&T and other interexchange carriers which will, in turn, provide telecommunications service between LATAs ("interLATA service"). Each BOC is required to provide all interexchange carriers exchange access information access and exchange services for such access that, by September 1, 1986, will be equal in quality, type and price, at all locations upon request, to that provided to AT&T and its affiliates. The Consent Decree prohibits the RHCs and the BOCs from providing interLATA service.

Advanced Mobile Communications Service

Subsidiaries of the RHCs will provide advanced mobile communications service using cellular radio technology. Cellular radio is a new form of two-way mobile telephone service which has been developed by AT&T. At present, activities relating to cellular radio service are conducted by AT&T's wholly-owned subsidiary, Advanced Mobile Phone Service, Inc. ("AMPS"), and seven recently organized Regional Cellular Service Companies ("RCSCs") wholly owned by AMPS. The resources owned by AMPS, including licenses, will be transferred to the appropriate RCSCs. AT&T will transfer to each of the seven RHCs ownership of each respective RCSC.

The provision of cellular service is subject to regulation by the Federal Communications Commission ("FCC") and by the regulatory authorities of some states. In addition, the Court has granted an exception to the requirements of the Consent Decree by allowing mobile cellular service offered by wireline carriers (BOCs) to cross LATA boundaries in certain specified areas subject to certain conditions, including the requirement that interconnection to their wireline systems be provided to non-wireline cellular service operators on the same terms and conditions as provided to its own cellular service operations. The FCC has, to date, granted permits for the construction of cellular facilities by wireline carriers in 29 of the largest service areas in the United States. Of these, 9 have been issued to AMPS, 13 to partnerships in which AMPS has a majority interest, 6 to partnerships in which AMPS has a minority interest and 1 to an independent telephone company. At present one license to operate a cellular system has been granted by the FCC. It authorizes a partnership, in which AMPS has a majority interest, to operate a system in the Chicago area. Under FCC policy at least one non-wireline carrier mobile communication service will be licensed in each area.

It is anticipated that the offering of cellular radio service will be highly competitive, with a considerable number of companies competing for supplies as well as for sales.

Central Services Organization

As previously indicated, the seven RHCs also will jointly own the CSO. This organization will furnish the RHCs and their subsidiaries with technical assistance such as network planning, engineering and software development. It will also provide various consulting services and other assistance that can be provided more effectively on a centralized basis. The CSO will be a central point of contact for coordinating the efforts of the RHCs in meeting the national security and emergency preparedness requirements of the Federal government. It will also help to mobilize the combined resources of the companies in times of natural disasters. Upon divestiture, the CSO will employ about 8,000 persons, including many specialists drawn from Bell Laboratories, Western Electric, AT&T and the BOCs. Since the CSO is primarily a service organization, it is not expected that its future capital expenditures will be significant in relation to the financial positions of the RHCs, nor is it intended to be a significant source of profits. The CSO may offer services to unaffiliated companies, but it is not expected that this will be a significant activity or source of revenues for the foreseeable future.

American Telephone and Telegraph Company

After divestiture, AT&T will be managed as one business with the objective of meeting customer needs, both in the United States and foreign markets, for electronic information movement and management. The elements of its organization are expected to change, perhaps frequently, in response to the evolution of the regulatory environment and rulings, technology and the markets.

Upon divestiture, AT&T will consist of two sectors: (1) AT&T Communications, which will provide a wide variety of nationwide interexchange and international telecommunications services and will include the former AT&T Long Lines organization and 22 intrastate interLATA subsidiaries and (2) AT&T Technologies, which will encompass Western Electric, AT&T International, AT&T Information Systems and Bell Laboratories.

The Technologies Sector will be organized into a number of highly interrelated groups whose markets are both internal and external to AT&T.

Western Electric's activities will be organized as follows:

(a) Network Systems will design, manufacture, market and service transmission, switching and central office products;

(b) Components and Electronic Systems will design and produce silicon chip products and other electronic components;

(c) Processor and Software Systems will develop, manufacture and market computers for use in communication systems and as general purpose computers;

(d) Consumer Products will design, manufacture, wholesale and service communication systems for use in residential and business markets; and

(e) Government will develop, manufacture and market special design products and systems sold primarily to Department of Defense and related agencies.

Two other organizations in the Technologies Sector are AT&T International, which will market AT&T Technologies, products and services outside the U.S., and AT&T Information Systems, a fully separated subsidiary, which will design, develop, market at retail and service communication products and systems for business, government, institutional and residential use.
Bell Laboratories will continue to provide research and development in information and communications technology to AT&T Communications and AT&T Technologies.

AT&T corporate headquarters located in New York City will set corporate policy, strategy and direction.

Additional Terms of the Consent Decree and the Plan

In addition to the divestiture requirement, the Consent Decree has other provisions relating to the post-divestiture activities of the RHCs and AT&T. The RHCs will be allowed to provide exchange ~ telecommunications and exchange access service, as well as cellular advanced mobile communications service. The RHCs also will be permitted to provide printed directory advertising and also to market, but not manufacture, customer premises equipment. An RHC may engage in any other services that are natural monopoly services actually regulated by tariff; it may provide any other services or business upon a showing to the Court that there is no substantial possibility that the RHC could use its monopoly power to impede competition in the market it seeks to enter.

AT&T and the RHCs will not be permitted to own communications facilities jointly. However, appropriate provisions will be made for sharing, through leasing or otherwise, of facilities which perform multiple communications functions (i.e., intraLATA and interLATA functions). After January 1, 1984, AT&T may not acquire the stock or assets of any of the BOCs or the newly formed RHCs.

The Plan provides for the recognition and payment of liabilities by AT&T and the BOCs that are attributable to pre-divestiture events (including transactions to implement the divestiture) but that do not become certain until after divestiture. These contingent liabilities relate principally to litigation and other claims with respect to the Bell System's rates, taxes, contracts and torts (including business torts, such as alleged violations of the antitrust laws). Contingent liabilities that are attributable to pre-divestiture events will be shared by AT&T and the BOCs in accordance with formulas prescribed by the Plan. (See "Contingent Liabilities" under "Common Information" below.)

The Consent Decree and the Plan provide that, at the time of divestiture, AT&T will have to assure that each divested BOC has a debt ratio of approximately 45% (except for a somewhat higher debt ratio for The Pacific Telephone and Telegraph Company). The Plan further provides that to the extent a BOC improves upon its efficiency and reduces its debt, the BOC will retain the benefit of the improvement and will be divested at a debt ratio below that required by the Consent Decree.

Under the Plan, on and after the effective date of divestiture, AT&T cannot use the word "Bell" in its corporate name and in the names of its subsidiaries or affiliates, except for Bell Laboratories and in connection with foreign operations. Nor can the Bell name or Bell trademarks be used by AT&T on any equipment it sells in the United States, except for equipment manufactured or purchased by AT&T prior to the divestiture date. The RHCs and their affiliates may use the Bell name and the Bell trademarks in connection with services they perform and on equipment they use and sell. They may also use the word "Bell" in their corporate names, provided that the Bell name is modified to identify the particular company and provided that equipment sold using a Bell trademark is accompanied by the corporate name of the respective RHC or BOC.

Under the terms of the Consent Decree, AT&T is free to compete in new businesses without the constraints previously imposed by a 1956 consent decree which generally limited AT&T to the regulated telecommunications business. AT&T may not, however, engage in "electronic publishing" (the provision of information which AT&T has originated, authored, compiled, collected or edited or in which it has a financial or proprietary interest) over its own transmission facilities. This prohibition will last for seven years, after which AT&T may apply to the Court for removal of the restriction.

The Consent Decree and the Plan require the termination of all contracts that establish an on-going economic integration between AT&T and the divested BOCs. Such contracts include: the License Contracts between AT&T and each BOC, under which AT&T agrees (1) to maintain arrangements whereby telephones and related equipment may be manufactured under patents owned or controlled by AT&T and may be purchased by the BOC at reasonable prices, (2) to conduct research in telephony and to make available to the BOC the benefits derived therefrom, (3) to furnish advice and assistance with respect to virtually all phases of the BOC's business and (4) to maintain connections between the BOC's telephone system and the systems of the other associated telephone companies of the Bell System; the Standard Supply Contracts between Western Electric and each BOC, under which Western Electric agrees, to the extent reasonably required for the BOC's business, to manufacture materials or purchase materials manufactured by others, to sell such materials to the BOC, to maintain stocks at distributing points, to prepare equipment specifications, to perform installations of materials and to repair or dispose of used materials returned by the BOC; the 1974 Cost Sharing Agreement between the BOCs, AT&T and Bell Laboratories; the Business Information Systems Agreement between Bell Laboratories, the BOCs and AT&T's Long Lines organization; other operational contracts and arrangements between the BOCs and AT&T or its subsidiaries; and the Division of Revenues Contracts, which have provided the means by which revenues have been divided among AT&T and the BOCs to compensate them for costs incurred in providing interstate service. The activities that were performed for the BOCs under such contracts will, after divestiture, be performed by the BOCs themselves or the RHCs or an affiliated corporation; by the CSO; or through arrangements with unaffiliated suppliers. The Consent Decree further requires that until September 1, 1987, AT&T, Western Electric and Bell Laboratories shall provide on a priority basis all research, development, manufacturing and other support services ordered by the BOCs to enable them to fulfill the requirements of the Consent Decree.

AT&T is required to grant to the BOCs royalty free licenses under all patents owned by AT&T and all patents issued to AT&T on or before five years after the date of divestiture. Such licenses include the right to grant limited sublicenses to third parties, subject to the limitations of the Consent Decree.

In order to implement the Consent Decree and the Plan, it has been necessary for AT&T and th RHCs to enter into agreements setting forth the principal provisions for effecting divestiture. These agreements provide that they shall not be construed to prevent any party from challenging in the Court any provision of the agreement as inconsistent with the Consent Decree or the Plan or with the Court's opinion and order relating thereto, or as unfair under present circumstances within the context of the divestiture, provided that the Plan as approved by the Court shall be deemed fair for this purpose.

Access Charge Arrangements

BOC plant has been, and will be in the future, used both for communications services provided solel by the BOC, and for services provided by the BOC and other carriers using the facilities of both the BOC and the other carriers. Other carriers may include AT&T Communications, other BOCs, independent telephone companies, and other common carriers ("OCCs"). The services which have been provided by the BOCs together with others are referred to in this section and elsewhere as "Long Distance Communications".

Two general methods now exist for compensating the BOCs for the use of their plant for Long Distance Communications. First, for Long Distance Communications jointly offered by a BOC and other carriers under federal or state tariffs in which the BOC and the other carriers concur, the revenues derived from such services are divided by first paying each joint participant its expenses incurred in providing the joint service, and then by distributing the remaining revenue to the participants so as to give each the same rate of return on the plant investment used for the joint service. This division of revenues method applies to most BOC Long Distance Communications.

Second, for Long Distance Communications provided under tariffs in which BOCs do not concur, the BOCs have been compensated for the use of their facilities by other carriers under fixed price contracts or, more recently, under tariffs offering facilities to other carriers.

The BOCs would, in compliance with the Consent Decree, provide only intraLATA and exchange access service and would no longer participate with other carriers in the provision of Long Distance Communications except through tariffed offerings of exchange access which the BOCs filed to go into effect January 1, 1984. The FCC has prescribed rate structures of new exchange access tariffs which will specify the charges ("Access Charges") which will apply to BOC facilities used or available for the origination and termination of interstate Long Distance Communications. The Access Charges are intended to recover BOC costs which have been allocated to the interstate jurisdiction ("Interstate Costs") under the FCC's jurisdictional cost allocation rules.

As prescribed by the FCC, Access Charges will apply both to carriers and to BOC subscribers. Initially, each BOC residence service subscriber will pay a maximum monthly Access Charge of $2 per access line and each BOC business service subscriber will pay a maximum monthly Access Charge of $6 per access line, representing a portion of the Interstate Costs of the line ("Subscriber Line") connecting the subscriber's premises to the telephone network. The interstate costs to be recovered from these monthly subscriber Access Charges were previously recovered from interstate rates for Long Distance Communications. (Such Subscriber Lines can be jointly used for both local calling and Long Distance Communications. Subscriber Lines used only for interstate Long Distance Communications are offered both to subscribers and to carriers at full Interstate Cost.) The remaining BOC Interstate Costs will be recovered from the interLATA carriers pursuant to the exchange access tariffs, based predominantly on usage but also based on other factors. After 1984, progressively more of the Interstate Costs of the jointly used Subscriber Lines will be paid by subscribers, and less by interLATA carriers, until, by 1990, all of such costs will be paid by subscribers, except for a portion of the cost of subscriber lines in very high cost areas. Such costs will be recovered from carriers who will pay into a universal service fund to finance them.

The BOCs are also required by the Consent Decree to file tariffs which offer intrastate exchange access to carriers which provide intrastate Long Distance Communications extending beyond the boundaries of BOC local service areas. BOC tariffs must also offer access to interexchange carriers which provide Long Distance Communications within BOC service areas, whether interstate or intrastate. Such intrastate exchange access offerings are for the most part subject to state regulation, including the authority to deny permission to interexchange carriers to provide Long Distance Communications within BOC service areas. The BOCs intend these intrastate access offerings to generally parallel the terms of the interstate access tariff. However, the final terms of such offerings are subject to acceptance by state regulatory bodies. (See "Regulation, Interstate Rates and Competition" in the Information Statements for the Regional Holding Companies.)

On October 18, 1983, the FCC suspended the effective date of interstate Access Charges until April 3, 1984. The FCC also suspended the effectiveness of other interstate tariffs filed by AT&T which would provide for an average reduction of approximately 10% in interstate message toll telephone rates along with certain reductions in rates for WATS and 800 Service and increases in rates for many private line services. On October 27, 1983, AT&T petitioned the FCC to reconsider its order postponing the effectiveness of the Access Charges and other interstate rate filings. The FCC has agreed to receive filings by the parties on an expedited basis with respect to AT&T's petition. In the event that the FCC declines to reconsider, AT&T and the RHCs have reached agreement as to the principal terms of an interim arrangement designed to compensate the BOCs for the use of their facilities for interstate toll and related services on a basis that is approximately consistent with the current level of interstate earnings (which level is somewhat lower than the authorized rate of return). There is pending before the Court a motion which was filed by the Bell Atlantic telephone subsidiaries prior to the time the agreement referred to above was reached. In that motion, the Bell Atlantic telephone subsidiaries proposed that they be compensated for use of their facilities for interstate toll service at the authorized rate of return. Consistent with the agreement, Bell Atlantic is requesting Court approval to withdraw its motion. AT&T and the other RHCs support that request. (See Assumption (b) of the "Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984" in the Information Statements for AT&T and each RHC.)

The Plan provides that AT&T must reimburse the BOCs if any of the actual cost of providing equal access and reconfiguring the network has not been recovered by the BOCs as a group by January 1, 1994 through their collection of Access Charges from interexchange carriers. AT&T's obligation will be discharged to the extent that the BOCs fail annually to file carrier access tariffs designed to recoup any then-unrecovered equal access and network reconfiguration costs, or if any regulatory commission refuses to permit such tariffs to take effect, or if the regulatory requirements for the depreciation or amortization of equal access and network configuration investment cause any portion of the investment not to be recognized as a cost for rate-making purposes in periods prior to January 1, 1994.

Pending Telecommunications Legislation

Legislation has been introduced in the United States Congress in response to the anticipated implementation by the FCC of Access Charges. The Senate Commerce, Science and Transportation Committee has approved a bill that would impose a two-year delay on the introduction of direct Access Charges for residential and some small business customers. The House Energy and Commerce Committee has approved a bill which would eliminate direct Access Charges on residential customers and small business customers. The bill would also establish a $1.2 billion fund to provide low-cost service for the poor and defray the higher costs of local telephone companies in rural areas. Additionally, the bill provides for six free long distance information calls a month. If Access Charges on residential and other small users were eliminated or delayed, the BOCs would need to recover the costs of providing local access for Long Distance Communications through charges to other customers or carriers; however, that might increase the likelihood that carriers and larger customers would seek alternate means of completing Long Distance Communications within LATAs. The House legislation would also continue until July 1, 1985, the existing rates charged to the OCCs (which are lower than the rates to be charged to AT&T) for interconnection of their interexchange services to local distribution facilities of the BOCs. Thereafter, a rate differential would be continued until the FCC had determined that "equivalent type and quality of access is being provided." Under the bill the reduction in exchange access revenues resulting from the continuation of existing rates to the OCCs and the rate differential is to be recovered by higher Access Charges to AT&T. The bill also directs the FCC to report to Congress by March 1, 1985, on how the FCC has administered the legislation as well as to provide recommendations as to the continued need for this or new legislation.

Legislation has also been proposed by the cable television ("CATV") industry which would, in addition to dealing with deregulation of the CATV industry, provide for complete deregulation of almost all telecommunications services when provided over CATV systems or facilities. Like, similar or functionally equivalent services provided by a BOC (or other provider) would remain subject to regulation. The Senate has already passed such legislation (S.66), and a companion bill (H.R. 4103) has been introduced in the House. Chances for passage are unclear.

METHOD OF DISTRIBUTION OF REGIONAL HOLDING COMPANY SHARES TO AT&T SHAREHOLDERS

Administration of the Distribution

Administration of the distribution of RHC shares will be handled by Chemical Bank, an independent commercial bank, acting as distribution agent for RHC shareholders, and by American Transtech Inc., a subsidiary of AT&T, as registered transfer agent for the RHCs and as data processing agent for Chemical Bank.

Chemical Bank will handle transactions for the sale and purchase of RHC shares, including fractional shares, as more fully described in the following sections. Shareholders' sale and purchase orders under the options described below will be consolidated daily and matched internally by the distribution agent, with unmatched orders being transacted in the market. The distribution agent will issue its checks for any amounts due to shareholders and furnish statements of accounts.

American Transtech Inc., under contract to the distribution agent, will process shareholders' accounts on behalf of the distribution agent. Under separate contract with each of the RHCs, American Transtech Inc. will perform the usual functions of transfer agent, including the issuance of certificates for the RHCs.

Any correspondence relating to the distribution should be addressed to:

Chemical Bank
c/o American Transtech Inc.
P.O. Box 2566 Jacksonville, Florida 32232

Inside the Continental United States, call toll free: 800 233-2884.

Outside the Continental United States, call collect: 904 737-1933.

Ratio of Distribution

As previously indicated, on January 1, 1984, the direct ownership of the seven RHCs will pass from AT&T to the owners of AT&T common stock. This will be accomplished by means of a distribution of shares in the RHCs. Each AT&T shareholder of record on the books of AT&T as of the close of business on December 30, 1983, will receive one share of stock in each of the seven RHCs for every ten shares of AT&T common stock held, while retaining the same number of AT&T shares and the original certificates representing those shares.

For example, an AT&T shareholder who owns of record 20 shares of AT&T stock will receive two shares in each of the seven RHCs and retain the 20 shares of AT&T stock. A shareholder who owns of record 100 shares of AT&T stock will receive ten shares in each of the seven RHCs and retain the 100 shares of AT&T stock. Shareholders owning of record any number of AT&T shares not divisible by 10 will be credited with fractional shares. For example, a shareholder account with 17 shares would, at the outset, have 1.7 shares in each RHC. However, fractional shares will not be issued (see "Distribution of Shares", below, as to payment for fractional shares). Each account will be treated separately by account number; however, any shares held in AT&T's Share Owner Dividend Reinvestment and Stock Purchase Plan under a particular account number will be combined with any other shares under the same account number. This plan will not be amended by reason of the distribution and participation will continue as before with respect to post-divestiture AT&T shares.

Only accounts registered on the books of AT&T will be processed in the manner described in this section. If a bank or brokerage house holds shares for a share owner's account, the bank or broker will be responsible for furnishing the shareholder with information concerning divestiture and any options available.

Statement of Holdings

In January 1984, each AT&T shareholder of record on December 30, 1983, will be sent a Statement of Common Share Holdings, as of January 1, 1984, listing the number of AT&T shares held and the number of RHC shares to which that shareholder is entitled. A separate Statement will be sent for each account registered in the shareholder's name on the books of AT&T.

Distribution of Shares

Shareholder accounts with 500 or more shares of AT&T stock will be issued stock certificates for the whole shares to which they are entitled in each of the RHCs. These accounts will receive checks for cash from the sale of any fractional shares. These fractional shares will be sold during December 1983 and January 1984. The checks issued will be based on the average price of all shares representing fractions sold by the distribution agent during the period. No fee will be charged for sale of these fractions. Stock certificates will be mailed on or about February 15, 1984. Checks and statements of account reflecting the sale of fractions will be mailed for delivery on or about February 24, 1984. Checks will reflect the 20% withholding requirement for any non-exempt accounts without taxpayer identification numbers (see "Implications of the Interest and Dividend Tax Compliance Act of 1983").

These accounts will be sent an enrollment card for the dividend reinvestment plan in each of the seven RHCs in February 1984. Cards returned by March 30, 1984, will have dividends reinvested beginning with those payable May 1, 1984.

Shareholders wishing to rearrange their holdings may do so through regular channels for trading in the stock markets, giving them effective control over timing of any transaction.

Shareholder accounts with fewer than ten shares of AT&T stock will not be eligible to receive one full share in each RHC. Their fractional shares in the companies will be sold during December 1983 and January 1984. The check issued will be based on the average price of all shares representing fractions sold by the distribution agent during the period. No fee will be charged for sale of these fractions. Checks and statements of account reflecting the sale of fractions will be mailed for delivery on or about February 24, 1984. Checks will reflect the 20% withholding requirement for any non-exempt accounts without taxpayer identification numbers (see "Implications of the Interest and Dividend Tax Compliance Act of 1983").

Shareholder accounts with at least ten but fewer than 500 shares of AT&T stock will be sent a statement of holdings, a non-transferable option card and an instruction booklet in January 1984. See the sample option card reprinted on the following page. Holders of these accounts may choose what they wish to do with the shares they are entitled to receive in the RHCs from among the specific options listed on the card. These options are described in the first four paragraphs below.

1. *Make no change in holdings* - Shareholders may choose to make no change in their ownership of any or all of the seven RHCs, that is, neither selling nor buying any shares. If enrollment in the dividend reinvestment plans is not elected, certificates will be issued for whole shares and fractional shares will be sold. No fee will be charged for the sale of these fractions. Checks will reflect the 20% withholding requirement for any non-exempt accounts without taxpayer identification numbers (see "Implications of the Interest and Dividend Tax Compliance Act of 1983").

2. *Sell*- Shareholders may choose to sell shares in up to six RHCs. (See Item 5 below as to prices.)
-When selling, all shares of a particular RHC must be sold, including fractions. Partial sales may not be made.
-The proceeds from any sale must be used to buy more shares in one or more other RHCs. Shareholders may not use the option card to sell RHC shares for cash.
-A transaction charge of 25 cents for each share sold will be deducted from the proceeds. Fractions will be sold at a prorated fee.
-Shareholders selling RHC shares may recognize gain or loss on the sale of shares. Shareholders must allocate their tax basis in their AT&T shares among the AT&T shares and RHC shares as described in "Federal Income Tax Effects of the Divestiture for AT&T Share Owners", including "Allocation of Tax Basis." The resulting tax basis in RHC shares may be different from the sales prices under the consolidation option.
-In the case of non-exempt shareholders for whom AT&T does not have a valid taxpayer identification number, the proceeds of any sale will be reduced by the 20% withholding requirement (see "Implications of the Interest and Dividend Tax Compliance Act of 1983").

3. *Buy* - Shareholders must use the proceeds from the sale of shares to buy shares in at least one RHC of their choice. (See Item 5 below as to prices.)

-The proceeds from the sale of shares (after deducting the transaction costs and any tax required to be withheld - see above) will be divided equally among the number of RHCs the shareholder wishes to buy. As many shares as possible will be purchased in each RHC with the funds allocated to that RHC.

-A transaction fee of 25 cents for each share bought will be added to the price of any shares purchased. Fees for any fractions bought will be prorated.

-For accounts enrolled in a dividend reinvestment plan, all proceeds net of transaction fees and any tax required to be withheld will be invested in additional shares and fractional shares.

-For accounts which are not enrolled in a dividend reinvestment plan, purchases will be made to bring holdings up to as many whole shares as possible. A check for any money remaining will be sent to the shareholder as soon as possible but not before February 24, 1984.

-Prices of shares will vary among companies; consequently, more or fewer shares may be purchased than are sold.

-Cash may not be added by shareholders to "round-up" or to buy more shares.

-The options to sell and buy do not provide for the sale or purchase of AT&T shares.

-RHC stock purchased through the consolidation option will have a tax basis equal to its cost.

4. Dividend Reinvestment - Shareholders may choose to deposit the shares they retain or purchase (both whole and fractional) in the dividend reinvestment plans of the respective RHCs. Under this enrollment option, future dividends will be reinvested toward the purchase of additional shares in the particular RHCs selected at a discount of 5% from market price. Shares enrolled in the dividend reinvestment plans are held for safe-keeping by the RHCs and certificates for such shares will not be issued at this time. No charges are made for services under the plans. (The plans are fully described under "Description of the Dividend Reinvestment and Stock Purchase Plans for the Regional Holding Companies" below.)

In order to enroll shares for reinvestment of the RHCs' dividends payable on May 1, 1984, the option card must be received by March 30, 1984.

SAMPLE

AT&T Divestiture Option Card

627500037

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

Account Number 123-456-789

Step 1

Mark [X] for only one option (A, B or C) for each company.

Regional Company	A Make No Change in Holdings	B Sell and Use Proceeds for Option C	C Buy and Add to Holdings
Ameritech	☐	☐	☐
Bell Atlantic	☐	☐	☐
BellSouth	☐	☐	☐
NYNEX	☐	☐	☐
PacTel Group	☐	☐	☐
Southwestern Bell	☐	☐	☐
U S WEST	☐	☐	☐

Step 2

Mark [X] to enroll in the Dividend Reinvestment Plan.

Regional Company	Dividend Reinvestment Enrollment
Ameritech	☐
Bell Atlantic	☐
BellSouth	☐
NYNEX	☐
PacTel Group	☐
Southwestern Bell	☐
U S WEST	☐

Step 3 Sign

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.)

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.**

5. P*rice of Shares Sold and Purchased* - Sales and purchases of shares, including fractions, will be made at the average of each RHC's high and low price on the New York Stock Exchange on the day the distribution agent receives an acceptable option card.*

6. *Option Card Processing* - Option cards, in acceptable form, will be processed on the day received. Shortly thereafter, the shareholder will be sent a statement of account transactions; certificates, if any, for RHC stock; and a check for the cash balance, if any. However, no mailings will be made before February 15, 1984. Option cards received by February 7, 1984, will be processed in time for the first mailing of certificates.

7. *Certification* - Under the Interest and Dividend Tax Compliance Act of 1983, share owners who enroll in Share Owner Dividend Reinvestment and Stock Purchase Plans as well as those who buy shares through the option card must certify that they are not subject to 20% withholding on dividends and interest income (see "Implications of the Interest and Dividend Tax Compliance Act of 1983" below).

8. *Closing Date for Options* - The option card should be mailed to reach the distribution agent no later than April 16, 1984. Shareholders whose option cards are not received by that date will be sent certificates for the number of whole shares in each of the RHCs to which they were originally entitled and a check for fractional shares. The price for fractions will be the average price of all shares representing fractions sold for these holders over a period in late April to May 1984. No charge will be made for the sale of fractions.

9. *Use of a Broker* - The mailing of the option card back to the distribution agent affords the shareholder less control over exactly when shares are bought and sold than would a transaction through a broker. For this reason, some shareholders who are eligible for the consolidation option may choose to rearrange their holdings through a broker instead. In such case, shareholders should discuss completion of the option card with their banks or brokers, then fill it out and mail it in promptly in order to receive their RHC certificates for settlement of these trades. (See also "Stock Trading" section, below.)

Stock Listing and Trading

Stock Listing

Each of the regional companies will be listed on the following stock exchanges under the following ticker symbols:

Company	Stock Exchange	Ticker Symbol
Ameritech..	New York Boston Midwest Pacific Philadelphia	AIT
Bell Atlantic..	New York Boston Midwest Pacific Philadelphia	BEL
BellSouth...	New York Boston Midwest Pacific Philadelphia	BLS

* An exception will be made for cards received during the ex-dividend period, March 26 through March 30, 1984. Shares bought via option cards in this period will not be ex-dividend, i.e., they will receive dividends; therefore, the average market prices of shares bought or sold will be adjusted by adding back the amount of the respective dividends.

Company	Stock Exchange	Ticker Symbol
NYNEX..	New York Boston Midwest Pacific Philadelphia	NYN
PacTel Group...	New York Midwest Pacific	PAC
Southwestern Bell Corporation................	New York Midwest Pacific	SBC
U S WEST...	New York Pacific	USW

Stock Trading

"When issued"* trading in the stocks of both the regional companies and AT&T is expected to begin in mid to late November 1983 on the New York Stock Exchange.

Cash settlement of when issued trading on the New York Stock Exchange will be suspended until February 24, 1984, six trading days after the RHCs' stock certificates are initially distributed, at which time buyers and sellers will exchange cash and shares.

AT&T will trade on the New York Stock Exchange with a dual listing through February 15, 1984:

-It will trade as the "new" AT&T (i.e., AT&T after divestiture) without the right to stock in the RHCs, with cash settlement suspended until February 24, 1984. This trading is referred to a "when issued, ex-distribution". (Ticker symbol: T WI)

-And, it will trade as the "old" AT&T (i.e., AT&T before divestiture), including the right to stock in the RHCs (Ticker symbol: T). The "old" AT&T will begin trading with a due bill attached on December 23, 1983, five trading days before the divestiture record date of December 30, 1983. The due bill signifies that the purchaser is entitled to the RHC share when issued. The due bill for the RHCs cannot be split or traded separately from the "old" AT&T shares traded on the New York Stock Exchange.

-The ability of a shareholder to obtain cash settlement for the full value of "old" AT&T stock during the due bill trading period (December 23, 1983 through February 15, 1984), of course will depend on the shareholder's credit standing with a broker or bank.

-Shareholders qualified for the option arrangement (described above) who have sold or intend to sell their AT&T stock in the due bill market or have sold or intend to sell their RHC stock in the when issued market, should fill out and mail their option card to AT&T promptly in order to obtain their RHC certificates for settlement of these trades.

-The market value of the "new" AT&T will be lower than the value of "old" AT&T Shareholders should be aware that beginning December 23, 1983 any AT&T shares given a collateral for a loan may be revalued by the holder at the market value of "new" AT&T Consequently, additional collateral may be requested or, alternatively, some form of guarantee of delivery of RHC shares may be required.

It is expected that when issued trading will also be conducted on the regional stock exchanges.

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* The term "when issued" means trading in a company's shares prior to the time certificates are actually available or "issued." From the beginning of trading through February 15, 1984, th regional companies will trade on the New York Stock Exchange on a when issued basis. The ticker symbols shown above will be followed by the letters "wi." Regular trading will begin on February 16, 1984.

The due bill is a stock exchange mechanism designed to provide cash settlement in the normal five day settlement period, with the promise of the seller - represented by the due bill - to deliver the RHC shares on the settlement date.

Employee Plan Accounts

Employees participating 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 for such plan accounts.

DIVIDEND INFORMATION

The AT&T Board of Directors has declared a dividend of $1.35 per share payable February 1, 1984, to AT&T shareholders of record as of December 30, 1983. This dividend will be paid by AT&T from predivestiture Bell System earnings.

AT&T and the RHCs have also announced the plans of their respective Boards of Directors as to the anticipated initial post-divestiture quarterly dividend per share to be paid by each company on May 1, 1984. For the specific amounts to be paid by each company, see "Description of Common Stock and Dividend and Market Information" in the Information Statements for the Regional Holding Companies and page 6 for AT&T.

The anticipated May dividends are equivalent to $1.36½ per AT&T share before divestiture. This amount is derived by taking one-tenth of the announced RHC dividends and adding the announced AT&T dividend for May.

Anticipated subsequent dividend payment dates, as announced by the Boards, will be the first day in August, November and February.

The payment of dividends by AT&T and the RHCs will depend upon the earnings and financial requirements of each company, and other factors, including the matters discussed in Assumption (b) of the "Summary of Significant Financial Forecast Assumptions for the year ending December 31, 1984" in the Information Statements for AT&T and each RHC.

FEDERAL INCOME TAX EFFECTS OF THE DIVESTITURE FOR AT&T SHARE OWNERS

Distribution of RHC Shares

The Internal Revenue Service ("IRS") has ruled that except for a portion of PacTel Group stock, the distribution of RHC shares will be tax free to AT&T shareholders. The IRS has taken the position that a small portion of PacTel Group stock should be deemed to have been acquired by AT&T by reason of a taxable merger involving Pacific Bell (formerly The Pacific Telephone and Telegraph Company) which was consummated on May 12, 1982, and that the distribution of such portion of PacTel Group stock is taxable as a dividend to AT&T shareholders to the extent of its fair market value. In the taxable merger, AT&T acquired 8.5% of Pacific Bell's outstanding voting common stock and 21.8% of Pacific Bell's outstanding 6% voting preferred stock.

AT&T has been advised by Davis Polk & Wardwell, tax counsel to AT&T in connection with the divestiture, that in their opinion, although the matter is not free from doubt, no portion of the PacTel Group stock should be taxable as a dividend to AT&T shareholders and that all of the PacTel Group shares should be treated by AT&T shareholders as received in a tax-free distribution, in the same manner as the other RHC shares. Davis Polk & Wardwell has reached that conclusion because, among other reasons, PacTel Group was formed in a tax free transaction in order to achieve significant business objectives, the taxable merger involving Pacific Bell was a separate and independent transaction from the organization of PacTel Group, the distribution in compliance with the Consent Decree does not constitute a device for the distribution of earnings, and PacTel Group owns meaningful assets in addition to its interest in Pacific Bell. The opinion of Davis Polk & Wardwell is not binding on the IRS or the courts.

While the IRS has not indicated how the portion of PacTel Group stock which it considers taxable should be calculated, AT&T has estimated that if the IRS is correct in its interpretation of the law, the taxable dividend might be approximately 7% of the fair market value of PacTel Group stock. Because the right to receive PacTel Group stock will relate to record ownership of AT&T stock on December 30, 1983, the taxable dividend cannot be avoided by selling PacTel Group stock.

Because of the uncertainty as to the correct federal tax treatment of the unspecified portion of PacTel Group stock which the IRS has ruled to be taxable as a dividend, shareholders are urged to consult with their tax advisors as to how they should report this portion of the PacTel Group stock on their tax returns, and handle related tax considerations, including applicable disclosure requirements. Also, each shareholder should consult a tax advisor about state and other tax consequences of the distribution.

Sale of Fractional Shares

The IRS has ruled that the sale of a fractional share of an RHC by the distribution agent on behalf of an AT&T share owner will result in a gain or loss to the share owner measured by the difference between the sales proceeds and the tax basis allocated to the fractional share. The gain or loss on these sales will be a capital gain or loss provided the shares are capital assets in the hands of the shareowner.

Sales and Purchases of RHC Shares

Davis Polk & Wardwell has advised AT&T that shareholders who sell RHC shares through the option card consolidation arrangement, or otherwise, will realize a gain or loss on the sale measured by the difference between the proceeds from the sale of RHC stock and the tax basis allocated to such stock. RHC stock purchased through the consolidation program will have a tax basis equal to its cost. A gain or loss on the sale of RHC stock, whether through the consolidation program or otherwise, will be a capital gain or loss provided that the shares are capital assets in the hands of the shareholders.

Allocation of Tax Basis

All shareholders will be required to allocate tax basis in their AT&T shares in accordance with the alternatives described below whether or not they participate in the consolidation program or enroll in any RHC dividend reinvestment plan. Under the IRS rulings each shareholder is required to allocate his tax basis in his AT&T shares among his AT&T shares and the RHC shares which he is entitled to receive on divestiture except the portion of the PacTel Group stock which is taxable as a dividend. The shareholder's tax basis in the portion of the PacTel Group stock which is taxable as a dividend will be the fair market value thereof on January 1, 1984. A shareholder who determines not to treat a portion of the PacTel Group stock as a taxable dividend should allocate his tax basis in his AT&T shares among his AT&T shares and all the RHC shares to which he is entitled on divestiture. Allocations will be made on the basis of the relative fair market value of the shares on January 1, 1984, which will be the average of the mean between the highest and lowest selling prices of the shares on December 30, 1983 and January 3, 1984.

By mid 1984, AT&T will send each shareholder a pamphlet with work sheets and example explaining how to make the tax allocation based on the relative trading values of AT&T and the RH stock. However, AT&T will not be able to identify the unspecified portion of PacTel Group stock which the IRS has ruled is a taxable dividend.

IRS Rulings

Excerpts from the pertinent IRS rulings are paraphrased as follows:

1. No gain or loss will be recognized to (and no amount will be included in the income of) AT&T's common shareholders upon the receipt of the common stock of Ameritech, Bell Atlantic, BellSouth, NYNEX, Southwestern Bell Corporation, and US WEST.

2. No gain or loss will be recognized to (and no amount will be included in the income of) AT&T's common shareholders upon the receipt of the common stock of PacTel Group except that the fair market value of a portion of the PacTel Group common stock received by each shareholder representing the interest in Pacific Bell acquired by AT&T by reason of the taxable transaction on May 12, 1982 ("PacTel Group taxable stock"), will be treated as a distribution of property to which the rules of section 301 (other than section 301 (b) and 301 (d)) apply.

3. As to each AT&T common shareholder, the PacTel Group taxable stock distribution treated under section 301 as a dividend, within the meaning of section 316, will be includible in such shareholder's gross income.

4. The basis of the common stock of AT&T and the common stock of the RHCs (except the PacTel Group taxable stock) in the hands of AT&T's common shareholders after the distribution will be the same as the basis of each shareholder's AT&T common stock held immediately before the distribution allocated in proportion to the fair market value of each.

5. The basis of the PacTel Group taxable stock in the hands of AT&T's common shareholders after the distribution will be the fair market value of such stock on the date of distribution.

6. The holding period of the common stock of the RHCs (except the PacTel Group taxable stock) received by AT&T's common shareholders will include the holding period of the AT&T common stock with respect to which the distribution will be made, provided the AT&T stock is held as a capital asset on the date of distribution.

7. The holding period of the PacTel Group taxable stock will commence as of the date of distribution.

8. When cash is received by an AT&T common shareholder as the result of a sale of fractional shares of the RHC stock, gain or loss will be recognized to the shareholder measured by the difference between that shareholder's basis in the fractional share interest, as determined in rulings 4 or 5 above, and the amount of cash received. If the fractional shares surrendered in the exchange qualify as capital assets in the hands of the exchanging shareholder, the gain or loss will be a capital gain or loss.

9. The date of distribution of the stock of the RHCs shall, for federal income tax purposes, be considered to be January 1, 1984.

10. The fair market value of the common stock of AT&T and RHCs on the date of distribution will be determined by an average of the means between the highest and lowest selling prices on December 30, 1983 and January 3, 1984. The composite listing of combined exchanges should be used.

Because the above is only a summary of the Federal tax consequences and because of the uncertainty as to the correct Federal tax treatment of the unspecified portion of PacTel Group stock which the IRS has ruled to be taxable as a dividend, shareholders are urged to consult their tax advisors as to Federal, state and local tax considerations, including applicable disclosure requirements.

IMPLICATIONS OF THE INTEREST AND DIVIDEND TAX COMPLIANCE ACT OF 1983

Taxpayer Identification Number

AT&T and the RHCs beginning in 1984 in accordance with the Interest and Dividend Tax Compliance Act of 1983 are required to withhold 20% from reportable payments made to share owners where AT&T or the RHCs have not received a valid taxpayer identification number. Unless otherwise exempt from these withholding provisions, for share owners without taxpayer identification numbers, 20% will be withheld from the following reportable payments:

-AT&T and RHC dividend payments, including the portion of PacTel Group stock which the Internal Revenue Service has ruled is taxable. (The amount to be withheld with respect to the PacTel Group taxable stock dividend will be withheld from the AT&T dividend payable on February 1, 1984.)

-Checks to shareholders resulting from the sale of fractional shares in the RHCs (described in "Method of Distribution of Regional Company Shares to AT&T Shareholders" above).

-Proceeds from the sale of RHC shares in the consolidation option. The distribution agent will withhold 20% of the gross proceeds resulting from the sale of RHC stock in the consolidation option for share owners who have not given AT&T a taxpayer identification number. The remaining proceeds after deduction of the $.25 per share transaction fee will be split and applied to purchases according to a share owner's instructions on the option card following the methodology set forth in "Method of Distribution of Regional Holding Company Shares to AT&T Shareholders" - "Distribution of Shares" above.

Certification Requirements

Under the Act, share owners who use the option card to buy RHC shares or who enroll in the RHCs' Share Owner Dividend Reinvestment and Stock Purchase Plans are required to certify, under penalties of perjury, that they are not subject to withholding on interest and dividend payments under Section 3406(a) (1) (C) of the Internal Revenue Code.

A certification statement has been included on the option card above the signature line. The option card is illustrated in "Method of Distribution of Regional Holding Company Shares to AT&T Shareholders" above.

If share owners have not received notice that they are subject to withholding as a result of a failure to report all interest or dividend income on prior tax returns, they can sign the requested certification.

If share owners cannot give the requested certification, they must strike out the certification statement before signing the option card. In that event, if the share owner enrolls in a dividend reinvestment plan or buys RHC shares through the option card, it will be necessary for the RHCs to withhold 20% of any future dividends payable to that share owner. However, if such share owner has furnished a valid taxpayer identification number, there will be no 20% withholding of proceeds from the sale of fractional shares of the sales effected through the consolidation option.

* * * * *

The remainder of this Information Statement and Prospectus consists of information statements and financial information relating to AT&T after divestiture and to each of the RHCs, as well as certain common information, the Share Owner Dividend Reinvestment and Stock Purchase Plan description for each RHC and the financial statements of AT&T and its consolidated subsidiaries.