



**Robert E. Allen**  
Chairman of the Board

32 Avenue of the Americas  
New York, NY 10013-2142

September 20, 1995

Dear Shareowner:

Perhaps by now you have seen our announcement that your Board of Directors has approved a major strategic restructuring of AT&T, one designed to help us grow faster and become more valuable to shareowners. I want you to have this personal report about what we are doing and why.

The actions we're taking are the result of an enormous amount of analysis, thought, reflection and debate within the company. We intend to separate AT&T into three stand-alone global companies, each focused on a major segment of the global information industry: communication services (including wireless and systems integration); communications systems and technology (our equipment business from infrastructure, to telephones, to Bell Laboratories), transaction - intensive computing (our Global Information Solutions organization, which we've also announced will be substantially restructured). In addition, we plan to sell our remaining interest - more than 80% - in our highly successful financing business, AT&T Capital Corporation, to the general public or to another company.

We plan to complete all of these transactions before December 31, 1996. We are also considering an Initial Public Offering for about 15% of the shares of the communication systems business in the first half of 1996. But apart from the shares sold in the public offering, AT&T's three new businesses will be owned by you, our current shareowners. This new structure will also make it easier for you to compare the performance and prospects of these businesses to other companies within the same industries.

Obviously, this is a major change...certainly the biggest since divestiture. But unlike divestiture, this one has not been thrust upon us. AT&T is, without a doubt, at one of the most successful points in our long history. But this restructuring will enable us to take even better advantage of all the opportunities that are opening up for us from California to Chicago and from Shanghai to Mexico City. We need this more focused and agile structure in order to participate as aggressively as possible in these booming world markets.

What do you need to do? In a word, nothing. Our goal is to complete these transactions by the end of 1996, and you will receive further information as we move forward. We expect all of this will be tax-free to you.

Enclosed is additional information you may find useful.

AT&T is remaking itself once again. As I told our employees at the time of the announcement, we have a huge task ahead of us. I told them we owe it to our shareowners, our customers, and ourselves to do the best job we've ever done. I have every confidence that each part of today's AT&T has the talent, resources, market position and courage to be the world's leader in its market. You're an important part of it all, and I hope you share our sense of excitement and expectation.

Sincerely,

A handwritten signature in black ink, appearing to read "R. E. Allen".

Enclosure