



AT&T: In your life all of your life...





Yesterday: We started the business that got you connected.

Since 1885, AT&T has been part of your family—keeping you connected over the miles and over the years.

Flip through your family album; you're bound to see us. When there was good news, we helped you celebrate. When there was bad news, we helped bring you comfort. And even when there was no news, we helped you get in touch just to show you cared.

Through it all, we've maintained a heritage of service, quality and innovation that's just as strong as the genes that pass dimples, brown eyes or curly hair from one generation of your family to the next.



Today: We're changing and growing to keep you connected.

Weddings and births. Mergers and relocations. Events large and small shape your family and your business. They shift your communications needs, too. No matter what, AT&T's commitment to keeping you connected continues.

Today you connect online and on the phone, across the street and around the world. So we're building the networks, services and businesses that make those connections high speed and high capacity, broad reaching and broadband, and available anytime and anywhere.

AT&T stays flexible to keep up with you and ahead of the times. But our core values remain solid. We bring you the communications services that enhance your life and transform your business.



Tomorrow: We will build services so broad and boundless

AT&T sees a future filled with boundless possibilities, and we picture you in it.

You'll be online all the time, communicating not just by voice, but by video. Not just over wires, but wirelessly. And not just with your phone, but with your TV, your computer and new devices you haven't even dreamed of.

This boundless future will give you instant access to information, communication and entertainment whenever, wherever you want.



that we will make your connections for generations to come.

We've already built the businesses that will make the boundless future real. Now we're nudging them out of the nest to spread their wings and serve you even better on their own. Our wireless business was the first to take flight, and our broadband business is set to soar.

All AT&T businesses—business, consumer, broadband and wireless—carry on the traditions that have made AT&T one of the world's most-trusted brands.

So no matter where the boundless future takes you, AT&T will be there. We're the family member you depend on...yesterday, today and tomorrow.

AT&T Group* Highlights

Dollars in millions, except per share amounts and stock prices	2001	2000	Change
Revenue**	\$ 52,550	\$ 55,533	(5.4)%
Operating income	3,754	4,228	(11.2)%
(Loss) income from continuing operations	(4,131)	2,645	(256.2)%
Income available to common shareowners	9,149	3,181	187.6%
Capital expenditures	8,388	10,462	(19.8)%
Cash flow provided by operating activities of continuing operations	10,558	11,665	(9.5)%
Total assets	165,282	200,251	(17.5)%
Debt, net of cash and monetizations***	34,327	56,158	(38.9)%
Shareowners' equity	51,680	68,964	(25.1)%
AT&T Common Stock Group—per diluted share:			
(Loss) earnings from continuing operations	\$ (1.33)	\$ 0.75	(277.3)%
Earnings	\$ 2.50	\$ 0.88	184.1%
Stock price at year-end****	\$ 18.14	\$ 13.40	35.4%

*AT&T Group excludes the results of Liberty Media Group.

** Represents revenue on an as-reported basis. Pro forma revenue, which adjusts 2000 revenue for the acquisition of MediaOne, Inc., closed cable partnerships, the elimination of PICC (Primary Interexchange Carrier Charges) and the consolidation and subsequent deconsolidation of Excite@Home, decreased 5.6% in 2001.

*** Total debt, net of cash of \$10.6 billion and \$0.1 billion and of monetized securities of \$8.6 billion and \$8.7 billion, at December 31, 2001 and 2000, respectively.

**** 2000 stock price has been restated to reflect the split-off of AT&T Wireless.



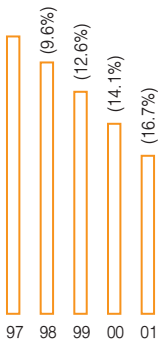
I see a company that is

Committed to creating value

To my fellow shareowners: *We have a tendency to follow business the way we follow sports, keeping daily score and tracking winners and losers. But a company's fortunes can't be tracked so easily with just a box score, a headline or even the daily movement in share prices. Great companies build value over the long term.*

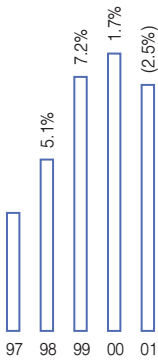
When I joined AT&T almost five years ago, I was determined to do whatever it took to build long-term shareowner value on a core long distance business that was declining day by day. I had my hopes and dreams, but realized that first we had to change our culture, reduce our costs, transform our core business, build new businesses and remain true to our values, while contributing to the communities in which we live and work.

We had to move fast, without tolerance for excuses or bureaucracy. We had to bring in new ideas and new people, while downsizing to be competitive. We had to deploy new technology at an accelerating pace, while finding the capital and cash flow to fuel growth. In other words, we had to pull some big levers. But most importantly, we had to understand what happens when those levers are pulled, so we could lead the people who make it all work.



Average Long Distance Price Per Minute
Year-Over-Year Percent Change

Prices have decreased due to long distance competition, calling plans, prepaid cards and dial-arounds.



Long Distance Call Volumes
Year-Over-Year Percent Change

As prices decreased, call volumes increased. But in 2001, call volumes began to decline due to competition and new calling alternatives, such as wireless, online chat and e-mail.

We have pulled a few big levers at AT&T. But every move wasn't choreographed from the beginning. Nor did I anticipate everything that happened. I certainly didn't expect the dot.com bubble to burst as it did. I didn't foresee the worldwide downturn in telecom stocks or the U.S. recession. And, in hindsight, I wish I hadn't allowed myself to believe that regulators would do what they promised—open local markets to real competition. Six years after the Telecommunications Act of 1996 was passed, we can use the regional Bell companies' local wires to offer consumer phone service in only a handful of states because the cost of renting them everywhere else is so high.

Despite all that, I'm proud of what we accomplished.

In 1997, AT&T shareowners held *one* stock in what was essentially a domestic long distance company—voice long distance accounted for about 80 percent of our revenue, but was in accelerating decline. If all goes according to plan, AT&T shareowners will ultimately hold stock in *multiple* businesses:

- AT&T Wireless Services, Inc., which we distributed to shareowners in July of 2001,
- AT&T Comcast Corporation, which we expect shareowners to receive by year-end, following shareholder and regulatory approval to spin-off AT&T Broadband and merge it with Comcast Corporation,
- AT&T Consumer, which we expect to distribute to shareowners as a tracking stock when market conditions permit, and
- AT&T, which will continue to trade under the familiar "T" symbol and remain the world's leading enterprise-communication and information-services company.

We believe these businesses can grow far beyond what a consolidated AT&T would have otherwise.

So in my last full year as AT&T's Chairman and CEO, I remain optimistic, perhaps more realistic, but just as convinced that we *are* creating long-term value. In less than five years, we built three new digital networks—wireless, cable, data/IP. We bundled services on those networks—combining local voice, long distance voice, data and video. And we scaled those services into growth businesses—giving AT&T a new future.

Cable Services We bought the TCI and MediaOne cable companies so we would have a direct local connection to customers. We also knew that cable's broadband capabilities would allow us to offer combinations of voice, video and data services that narrowband telephone wires could not. And we were right.

AT&T Broadband offers a combination of voice, video and data services that no telephone company can match. At the end of 2001 we had 1 million cable-telephony customers, 1.5 million high-speed data customers, and 3.5 million digital-video customers. AT&T Broadband *pro forma* revenue grew 12.5 percent.

Initially, we thought other cable companies would partner with us in offering cable telephony. We were wrong. Given another dollar to spend, the cable companies we spoke to would spend it on a new video channel, a data service or content production; not on a service like telephony that they didn't really understand. That attitude is now changing, partly because of our success in building our cable-telephony business. In fact, that's one reason Comcast agreed to merge with AT&T Broadband when we spin it off later this year.

Communications Services We also invested nearly \$35 billion in our core communications-services businesses to transform AT&T from a domestic long distance company to a global communications and information-services company. Over the last four years, we upgraded our networks, enhanced our services and expanded our reach globally.

As a result, last year non-long-distance voice services constituted more than half of our revenue from business customers for the first time in our history. We grew data/IP services revenue at a double-digit rate. Many of the world's largest, most sophisticated businesses have entrusted their global communications and information services to us. We also provide nearly 3 million lines of local service to businesses in the United States, making AT&T one of the nation's largest competitive local-exchange companies. In fact, every month we add more business local-access lines than any of the regional Bell operating companies.

AT&T Consumer has the best profit margins in the industry—more than six times its largest competitor's. We are an industry leader in domestic prepaid calling cards. We provide local service to more than 1 million homes in New York, Texas, Michigan and Georgia, with plans to enter more states this year. Our WorldNet® Internet-access service won nearly every industry award there is, including J.D. Powers' and *Smart Money's*. And early this year, we introduced an innovative calling plan—AT&T Unlimited—that competes with the long distance offers of wireless companies and regional telephone companies. (See the back page of this report for more information.)

AT&T's business and consumer units will undoubtedly see more change. But we believe both businesses will be strong enough to control their own destinies. They will share a solid balance sheet, extraordinary assets, deep technical resources and some of the most talented people in the industry.

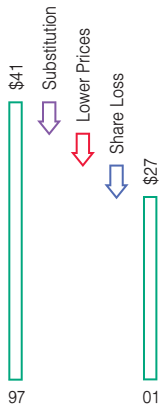
AT&T People I was especially proud of our people last year following the tragic events of September 11. Like many companies, AT&T was directly affected by September 11. We had people at both the World Trade Center and the Pentagon, and we were fortunate that none were injured in the attacks.

Our network handled 431 million call attempts that day—100 million more than ever before. But the real story wasn't the effect on our business; it was the effect on our customers and how AT&T people responded.

Hundreds of our customers were located at or near Ground Zero. Merrill Lynch, for example, had to abandon its headquarters in the World Financial Center. But because they use our UltravailableSM service to tie together 800 offices, their communications systems continued to function.

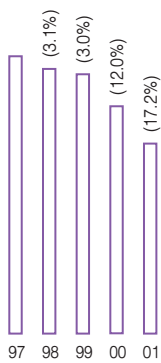
Others lost all service—and much more. Thousands of AT&T people worked under extraordinary conditions to reroute customers' numbers to back-up facilities, to provide emergency services in lower Manhattan and to restore full service. Telephone operators and service technicians worked around the clock to ensure that our networks continued to function and help customers get the information they needed.

Times like these are a stark reminder of how many depend on us, in a special way, to keep in touch with people and information that are important to them. The way AT&T people performed on September 11, and every day, proves that our customers' trust is well placed.



Long Distance Voice Revenue
Billions of Dollars

We lose revenue to wireless and e-mail substitution, lower prices and long distance competitors.



Long Distance Voice Revenue
Year-Over-Year Percent Change

Our total long distance voice revenue has declined.



Growth Investments in Communications Services

Billions of Dollars

Between 1998 and 2001, we invested nearly \$35 billion to develop leadership positions in data/IP, local, global and professional services.



1997



2001

Long Distance Voice

Percent of Total Revenue

Our growth investments are paying off. Today, AT&T is less dependent on long distance voice.

Why Multiple AT&T Equities? So why restructure into multiple equities if these businesses are doing well?

Because we believe each of our major businesses will do better on its own. In recent years, diversified companies have been penalized for complexity and constrained by their capital structure.

By establishing these businesses as separate investment vehicles, shareowners can compare each of them to its competitors and invest in the ones that best meet their needs. Each business will have greater focus on its customers—and greater flexibility in serving them. Each of these businesses will have the capital structure to achieve its potential. And each will be able to motivate its people with equity compensation tailored to its own needs.

Meanwhile, each company can continue to do business with the others. AT&T Broadband, AT&T Wireless and AT&T Consumer, for example, buy transport capacity from AT&T Business under contracts negotiated at arm's length.

The Communications Industry Recently, accounting issues, liquidity pressures and bankruptcies have wracked the telecom industry around us. Not only are a number of competitive local-exchange carriers and fiber-optic carriers facing increasingly difficult business challenges, some have declared bankruptcy and still others may not survive.

Basically, these companies did not have the capital structure necessary to support their strategies and business plans. Creating capital structures to fulfill the potential of our businesses was a fundamental driver of our restructuring decision in the fall of 2000.

Last year, we reduced our short-term net debt from \$29.4 billion to \$1.7 billion. As of December 31, 2001, we had reduced our total net debt by nearly \$22 billion, from \$56.2 billion to \$34.3 billion, and when AT&T Broadband is spun off, AT&T will have net debt that approaches the mid-teens.

We have the financial strength, asset base, products and people to focus on serving our customers. Our challenge is delivering scale and service levels, not meeting tomorrow's payroll.

AT&T Five years ago, my hope and dream was to build long-term value for AT&T shareowners. My greatest fear was that, if we did not act in time, AT&T—this American icon—would fade from the scene. *We did* act in time. *We did* make difficult choices. And because we did, AT&T will play an active and prominent role in global communications for years to come. Shareowners will realize long-term value for their investment. It has been an honor to lead this great company. And I will always be grateful to—and proud of—the men and women of AT&T who shared this journey with me.

C. Michael Armstrong
Chairman and Chief Executive Officer
 March 17, 2002



What do you see?

Half full or half empty? This simple question separates opportunities from obstacles, supporters from skeptics, and dreamers from doubters.

AT&T's answer is clear. Our glass holds such a robust blend of experience, assets and investments that it's practically overflowing with promise, potential and the power to achieve. Here's how we see it.



I see the largest, most sophisticated communications

network in the world

“AT&T deployed next-generation technologies to build a revolutionary, nationwide intelligent optical network that delivers even greater value to our customers,” says Chief Technology Officer Hossein Eslambolchi (above, left), who works with network managers like Bill Leach to maintain and upgrade the network.



Imagine sending the entire printed contents of the Library of Congress across the country. AT&T doesn't have to imagine it. On an average business day, our network handles the equivalent amount of data—20 trillion bytes—every 13 minutes, for a daily total of 2,175 trillion bytes. That's on top of the 300 million voice calls we carry daily. And we deliver it all with 99.9 percent reliability.

That's hard work, but our network endures its most grueling challenges during times of crisis, when communication is critical. On September 11, the AT&T network performed flawlessly, carrying 100 million more calls than on any other day in history. AT&T people set new standards, too, by quickly restoring service to affected customers and rebuilding our lower-Manhattan local-service network in just two months.

So whether we're conducting business as usual or grappling with the unimaginable, AT&T's network and people can handle whatever comes our way.

“Our customers expect to be able to use their cards anywhere, any-time,” says Jerry McElhatton, president of Global Technology and Operations at MasterCard. “AT&T is a valuable partner because it shares our dedication to quality, reliability and customer support. And its innovative technology solutions are helping advance our business.”



I see a company bringing

4 million businesses **the best value**

With markets, competition and the economy growing tighter every day, businesses big and small are taking a long, hard look at their technology spending. They want more than a good idea; they want a knowledgeable partner who will provide solutions that generate bottom-line returns.

For more than 4 million businesses around the world, that partner is AT&T. Our 8,500 sales people and 36,000 networking professionals deliver a full range of connectivity, hosting and managed services that help business customers operate, compete and grow.

MasterCard, for example, saved 47 years of processing time in its first year of using AT&T's Virtual Private Network, which enabled the credit card giant to manage transactions simultaneously in 210 countries.

Innovative ideas that offer a competitive edge—that's how AT&T brings value to customers.



I see a company with
boundless energy for keeping

customers satisfied

"The key to satisfying customers is listening carefully and responding honestly," says Millie Nottingham, who works in the AT&T customer-care center in Kansas City, Mo. "Customers really appreciate us going the extra mile to help them."



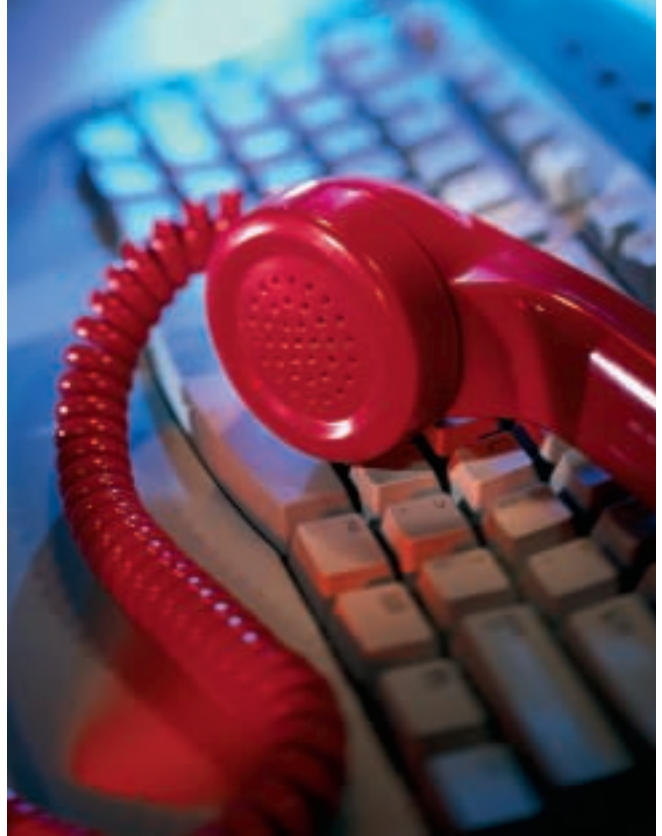
At some companies, service stops when business hours end. But at AT&T, new self-service options let consumers manage their accounts 24 hours a day.

Customers can call us with questions anytime—day or night—and our "How May I Help You"SM speech-recognition system can connect many of them instantly to the information they need. No listening to long menus, no punching buttons; just fast, easy service.

For even greater convenience, our online customer service gives consumers electronic access to their bills and control over their accounts. Online customers are only a mouse-click away from choosing calling plans, finding answers or getting help by e-mail. Today, AT&T electronically bills more than 1 million customers, making us one of the largest stand-alone e-billers in the country.

And of course, we still provide the personal touch for customers who prefer to speak to a customer-care representative. We're committed to providing world-class customer service, available around the clock, and delivered in the way each customer prefers—no barriers, no boundaries, no limits.

“AT&T has the best, most reliable service,” says customer Antonio Monteiro in Houston. “I can pick up my phone every day, call anywhere in the world, and know I’ll get the service and rates I was promised. No surprises.”



I see a company that keeps

**60,000,000
customers connected**

What draws nearly 60 million consumers to AT&T? With our size, strength and flexibility, AT&T Consumer offers a range of services at a level of quality that our competitors can't beat.

Not only does our long distance business generate industry-leading margins that fuel AT&T, it was also rated No. 1 in *Interactive Week's* 2001 customer-satisfaction survey.

Those satisfied customers are helping us rewrite the long distance playbook. Our new AT&T Unlimited offer lets AT&T residential customers talk with each other whenever they want, as often as they want and as long as they want for a low monthly fee.

We're changing the Internet game, too, by raising the bar for service providers. In 2001, AT&T WorldNet® earned eight awards—more than any other Internet service provider—for superior customer satisfaction and performance.

In 2002 we'll add more services—including local service and high-speed connections in more states—to keep our customers connected even longer and stronger to AT&T.



I see a company offering
innovative video,
voice and data services to

25,000,000 homes

***"I chose AT&T
Broadband for its
services, speed and
quality," says customer
Lisa Wade, with her
son Drew in Rye, N.H.
"My 14-year-old
spends a lot of time
online for fun and for
school, and there's
just no comparison
between our high-
speed Internet
service and dial-up.
We love it!"***



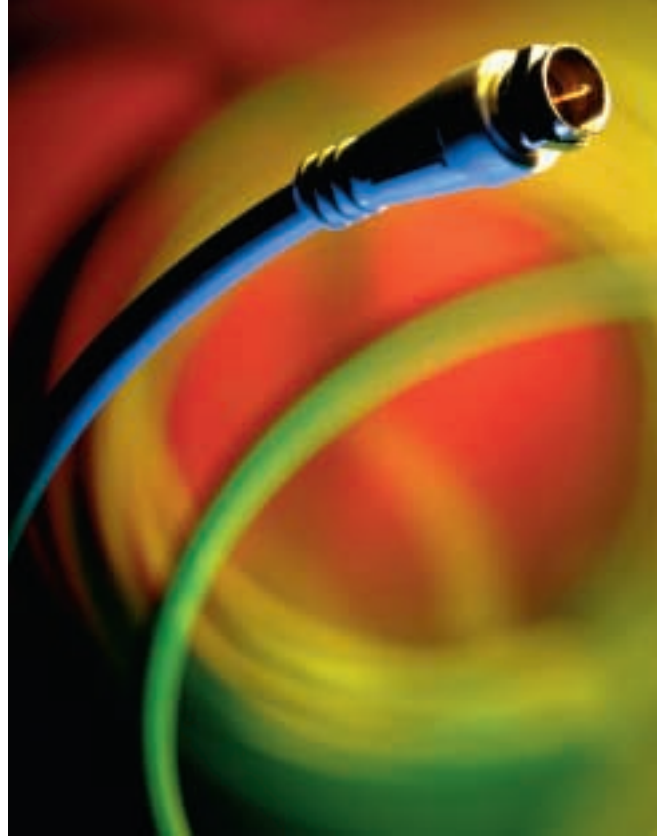
Information, entertainment and communication. In the broadband industry, that's a triple play. And AT&T Broadband is the industry's MVP, offering a full line-up of services, including high-speed cable Internet, Digital Cable and Digital Phone service.

More than 1.5 million high-speed cable Internet customers and 3.5 million Digital Cable customers count on reliable, high-quality service delivered over AT&T's broadband network.

But it takes more than superior services and lightning-fast networks to keep customers satisfied. So we're working harder than ever to upgrade our systems, offer new services and meet the needs of our customers, investors and host communities.

Expect our broadband team to grow even stronger when we complete our proposed merger of AT&T Broadband with Comcast. The combined company will create the industry's largest footprint, offering broadband services to more than 38 million homes in 41 states. Together, we'll continue to bring customers the best in broadband services that connect them to the world.

“The customers I talk to really like our AT&T Digital Phone service,” says Jack Follmer, an AT&T Broadband service technician in Pittsburgh. “It gives them the same quality as a regular phone call at a price that’s better than the competition.”



I see a company with

1 million cable phone customers

Want a choice for local telephone service? In many parts of the United States there’s no such thing. But with Digital Phone service from AT&T Broadband, 1 million customers in 15 markets have a higher-value alternative to regional telephone monopolies—proving that when companies compete, consumers win.

In this race, AT&T Broadband Digital Phone service darted out of the blocks like a gold medal sprinter. We nearly doubled our customer base in 2001, and by year’s end we passed the 1 million customers mark. Today, AT&T Broadband is the world’s leading provider of phone service delivered by a cable network.

That’s because AT&T Broadband Digital Phone service combines digital clarity, functionality, reliability and affordability. And it sets us apart from other cable companies who haven’t invested in the network technology that makes cable telephony possible.

Analysts say this market will grow steadily over the next five years. We plan to set the pace. Our strategy, speed and flexibility put us in the lead; our scale and service will keep us there.



I see a brand so
solid it makes me

Proud to work for AT&T

"In Japan, ethics are very important. So it gives me great pleasure to work for AT&T—a company that not only delivers excellent services and advanced technologies, but that also contributes to society," says Shinichi Ohtsubo of AT&T Business Services in Tokyo.



What's in a name? When your name is AT&T, plenty.

Since the days of Alexander Graham Bell, AT&T has forged a reputation for service, quality and reliability. Today our brand is brimming with boundless possibilities. In 2001 Interbrand, a leading brand consultancy, rated AT&T the 10th most-valuable brand name in the world and the top telecommunications brand. Simply put, the AT&T brand is one of our company's most valuable assets.

Protecting it are 117,800 AT&T employees around the world. Whether they were moving 850,000 Excite@Home customers to a newly built network in only six days or responding with speed and sensitivity in the wake of September 11, our people brought the brand to life time and again in 2001.

Trust, respect, innovation—and dedicated employees who deliver it—that's what's in the AT&T name.

“Through financial, technical and volunteer support of our Digital Campus technology-training centers, AT&T has helped us close gaps in educational opportunities and improve our communities,” says Maudine Cooper, president and CEO of the Greater Washington Urban League in Washington, D.C.



**I see a company that
cares about the**

Communities where its people live and work

Success tastes sweeter when you share it. And for more than 100 years, AT&T has shared its success through a commitment to public service and social responsibility. With dollars, products and volunteer hours, we support community organizations involved in education, civic services, the environment, public policy and the arts.

In 2001, that support totaled more than \$78 million, including nearly \$46 million in grants from the AT&T Foundation and \$27 million in products, such as high-speed Internet service for schools and prepaid calling cards for the September 11 relief effort.

Our commitment isn't just financial; it's personal. Since 1996, thousands of AT&T employees and retirees have dedicated 3.5 million hours to improving local communities through AT&T CARES, our company volunteer program.

Why do we do it? Because by sharing our time, talent and corporate strength, we can help build a better world.

AT&T Board of Directors

C. Michael Armstrong, 63
Chairman of the Board and Chief Executive Officer of AT&T since 1997.

J. Michael Cook, 59
Retired Chairman and Chief Executive Officer of Deloitte & Touche LLP, a professional services firm. Elected to the Board in 2001. 1, 4

Kenneth T. Derr, 65
Retired Chairman of the Board of Chevron Corporation, an international oil company. Director since 1995. 1, 2

David W. Dorman, 48
President of AT&T since 2000. Elected to the Board in 2002.

M. Kathryn Eickhoff, 62
President of Eickhoff Economics, Inc., an economic consulting firm. Director since 1987. 1, 3

George M. C. Fisher, 61
Retired Chairman and Chief Executive Officer of Eastman Kodak Company, an imaging company. Elected to the Board in 1997. 2, 4

Frank C. Herringer, 59
Chairman of the Board and former Chief Executive Officer of Transamerica Corporation, a financial services company, which was acquired in 1999 by Aegon N.V., an international insurance organization. Elected to the Board in 2002.

Amos B. Hostetter, Jr., 65
Chairman of Pilot House Associates, a family investment company. Director since 1999. 2

Shirley A. Jackson, Ph.D., 55
President of Rensselaer Polytechnic Institute. Elected to the Board in 2001. 3, 4

Donald F. McHenry, 65
Distinguished Professor in the Practice of Diplomacy, Georgetown University, and President of IRC Group LLC, international relations consultants. Director since 1986. 1, 3

Charles H. Noski, 49
Vice Chairman of the Board of AT&T and Chief Financial Officer. Elected to the Board in 2002.

Louis A. Simpson, 65
President and Chief Executive Officer Capital Operations, GEICO Corporation, a national property and casualty insurance company. Director since 2000. 2, 4

Michael I. Sovern, 70
Chairman of Sotheby's Holdings, Inc., and President Emeritus and Chancellor Kent Professor of Law at Columbia University. Elected to the Board in 1984. 1, 2

Sanford I. Weill, 69
Chairman and Chief Executive Officer of Citigroup, Inc., a financial services company. Director since 1998. 3, 4

Tony L. White, 55
Chairman of the Board, President, and Chief Executive Officer of Applera Corporation, a leading provider of products, services and information in life sciences. Elected to the Board in 2002.

1. Audit Committee
2. Compensation and Employee Benefits Committee
3. Governance and Nominating Committee
4. Finance Committee

Ages are as of March 31, 2002.

Board of Directors (from left to right)

Standing: Lou Simpson, Chuck Noski, Mike Cook, George Fisher, Kathryn Eickhoff, Dave Dorman, Amos Hostetter

Seated: Mike Armstrong, Shirley Jackson, Mike Sovern, Don McHenry, Sandy Weill

Not pictured: Ken Derr, Frank Herringer and Tony White



AT&T Senior Leadership Team

C. Michael Armstrong
Chairman of the Board and
Chief Executive Officer

Betsy J. Bernard
President and Chief
Executive Officer
AT&T Consumer

James W. Cicconi
General Counsel and
Executive Vice President
Law and Government Affairs

David W. Dorman
President

Hossein Eslambolchi
Chief Technology Officer and
President of AT&T Labs

Mirian Graddick-Weir
Executive Vice President
Human Resources

Frank Ianna
President
AT&T Network Services

Richard J. Martin
Executive Vice President
Public Relations and
Employee Communications

Charles H. Noski
Vice Chairman of the Board
and Chief Financial Officer

John C. Petrillo
Executive Vice President
Corporate Strategy and
Business Development

William T. Schleyer
President and Chief
Executive Officer
AT&T Broadband

Kenneth E. Sichau
President
AT&T Business Sales

Other Corporate Officers

Nicholas S. Cyprus
Vice President and Controller

Edward M. Dwyer
Vice President and Treasurer

Marilyn J. Wasser
Vice President Law and
Corporate Secretary

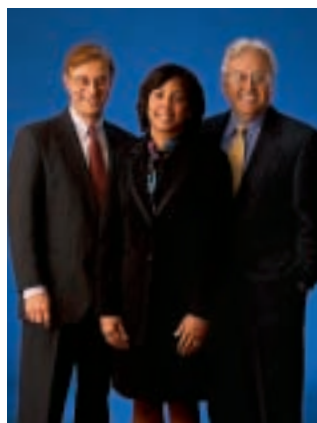
Constance K. Weaver
Vice President Investor
Relations



*Chuck Noski, Mike Armstrong,
Marilyn Wasser and Dave Dorman*



*Betsy Bernard, Frank Ianna and
Bill Schleyer*



*Jim Cicconi, Mirian Graddick-Weir
and Dick Martin*



*Hossein Eslambolchi, Ken Sichau
and John Petrillo*

AT&T on the World Wide Web

The AT&T home page – www.att.com – is your entry point to a vast array of information. Find out about the latest AT&T products for home and business, sign up to receive and pay your bills electronically, read current company news and learn about the latest breakthroughs at AT&T Labs.

Stock Information

AT&T (ticker symbol "T") is listed on the New York Stock Exchange, as well as the Boston, Chicago, Cincinnati, Pacific and Philadelphia exchanges in the United States; the Euronext-Paris and the IDR (International Depository Receipt) in Brussels, and the London and Geneva stock exchanges. As of December, 31, 2001, AT&T had approximately 3.5 billion shares outstanding, held by more than 4.5 million shareowners.

Shareowner Services

You can get up-to-the-minute information about your AT&T investment 24 hours a day by visiting www.att.com/ir – the AT&T Investor Relations Web site – where you will find current stock quotes, historical stock prices, financial results, tax basis information, investor news and online access to your AT&T shareowner account. Get fast information about how to arrange for the direct deposit of dividends, change your address, reinvest your dividends or transfer ownership of your shares. If you need more information, send an e-mail to att@equiserve.com, or contact us by phone at 1-800-348-8288. Our interactive voice-response system can answer most of your questions 24 hours a day, seven days a week. Representatives are available Monday through Friday, 8 a.m. to 5 p.m. (Eastern), to assist you. Shareowners outside the United States may call 1-781-575-3777. Shareowners using a telecommunications device for the deaf (TDD) may call 1-800-822-2794. Our fax number is 1-781-575-3261, and our mailing address is: AT&T Shareowner Services, c/o EquiServe, P.O. Box 43007, Providence, RI 02940-3007.

Electronic Access to Proxy Materials

In an effort to reduce the printing and mailing costs associated with the distribution of the AT&T Annual Report and Proxy Statement, AT&T registered shareholders can electronically access, view and download the AT&T Annual Report and Proxy Statement and other materials via the AT&T Investor Relations Web site at www.att.com/ir. AT&T shareholders can choose this option by marking the "Electronic Access" box on the proxy card or by following the instructions provided when voting by telephone or via the Internet. If you choose this option, prior to each shareholder meeting, you will receive your proxy card, which provides a notice of meeting and a business-reply envelope. Beneficial owners can request the electronic-access option by contacting their broker or financial institution.

Dividend Reinvestment Plan

Participating in the AT&T Shareowner Dividend Reinvestment and Stock Purchase Plan (DRP) is a convenient, systematic way to build your investment. Under Dividend Reinvestment, all or a portion of your dividends are automatically reinvested to purchase additional shares of AT&T common stock. Participants receive periodic account statements tracking reinvestment transactions and account balances. Additional shares of AT&T common stock can be purchased with cash or automatic monthly investments from your bank account. Fees may apply to certain transactions. To obtain a Plan prospectus, contact EquiServe at 1-800-348-8288.

Direct Registration of AT&T Shares

An increasing number of AT&T shareowners are finding it convenient to have shares held in the Direct Registration System, which gives you full ownership of your shares without requiring you to hold and safeguard the actual stock certificates. With Direct Registration, AT&T's transfer agent (EquiServe) holds the shares in your name. You retain full ownership and continue to receive all AT&T dividends, shareholder communications, annual reports and proxy-voting material. You can easily get your account balance or sell your shares by phone or via the Internet. It's safe and convenient. But best of all, you don't have to keep your certificates under lock and key or worry about them being lost or stolen. For more information on this free service, contact EquiServe at 1-800-348-8288.

Supplier Diversity Initiative

As part of AT&T's Supplier Diversity Initiative, more than \$1 billion of AT&T's total purchases in 2001 were made from minority-, women- and service-disabled veteran-owned business enterprises. More information is available online at www.att.com/supplier_diversity/.

AT&T Giving

For more than 100 years, AT&T has built a tradition of investing in local communities through our ongoing support for education, civic and community service, the environment, public policy and the arts. In 2001, the AT&T Foundation donated nearly \$46 million to nonprofit organizations in local communities throughout the United States and around the world. Also in 2001, AT&T employees volunteered 750,000 hours of community service through the AT&T CARES program. And the AT&T Learning Network, an online program, helped teachers, community members and families improve teaching and learning through the effective use of technology. For more information on the AT&T Foundation, AT&T CARES and the AT&T Learning Network, visit our Web site at www.att.com/giving/.

Telephone Pioneers of America

Since 1911, AT&T has been a sponsor of The Telephone Pioneers of America, the world's largest, industry-based volunteer organization. AT&T employees and retirees comprise more than 57,000 of its members. For more information, visit www.telephone-pioneers.org/.

Environment, Health & Safety

AT&T is dedicated to creating a safe and healthy workplace for AT&T employees and strives to maintain our reputation as one of the top corporate environmental champions. More information about AT&T's environment, health and safety initiatives may be found online at www.att.com/ehs/.



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