



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

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

July 24, 1996

Dear AT&T Shareowner:

I am pleased to report that the AT&T Board of Directors has established a timetable for completing the spin-off of Lucent Technologies to AT&T shareowners. As planned, this will take place through the distribution of the remaining 82.4% of Lucent common stock AT&T now holds. This step marks a major milestone in one of the largest corporate restructurings ever undertaken.

The attached Information Statement and Questions & Answers provide greater detail regarding this special stock dividend. There are a few points, however, that I would like to highlight.

- AT&T shareowners of record as of the close of business on September 17, 1996 will receive approximately .326 of a share of Lucent Technologies common stock for each AT&T common share that they own. *Shareowners will automatically receive the stock dividend and do not need to take any further action.*
- Stock certificates for whole shares of Lucent Technologies will be mailed on or about September 30, 1996. Cash payments for fractional shares will be made as explained in the attached material. Lucent Technologies common stock is traded on the New York Stock Exchange under the symbol "LU."
- We have received a ruling from the Internal Revenue Service providing that for United States federal income tax purposes AT&T shareowners will not recognize a gain or a loss or any taxable income from the stock dividend — except to the extent cash is received instead of fractional shares.

As you know, on September 20, 1995, AT&T announced it would restructure the company to take full advantage of the opportunities presented by the changes in the global information industry, to improve each of its businesses' capabilities and to accelerate their growth. It had become clear at that time that the advantages of AT&T's size, scope and vertical integration were starting to be offset by the amount of resources needed to manage growing strategic conflicts between the communications services and equipment businesses — conflicts that were limiting the equipment businesses' opportunities for growth and success in the marketplace. AT&T concluded that on a global basis, the benefits of separation outweighed the benefits of continued integration.

Therefore, AT&T decided to separate into three publicly held, global companies and to sell its stake in AT&T Capital Corp. Continuing to operate under the familiar AT&T brand name is a company focused on communication and information services and on the AT&T Universal Card credit card business. Lucent Technologies is engaged in the telecommunications systems, software and products business. NCR is concentrating on transaction-intensive computing.

We set an ambitious timetable when we announced the restructuring, and we remain on schedule.

The initial public offering of Lucent Technologies stock received a favorable market reception in April. In June, we reached agreement on the sale of our remaining 86 percent ownership in AT&T Capital Corp. The distribution of NCR shares to AT&T shareowners is expected to occur by the end of this year.

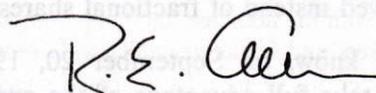
As a Lucent Technologies shareholder, you will have a direct stake in one of the world's leading designers, developers and manufacturers of telecommunications systems, software and products. Lucent Technologies is a global market leader in the sale of public telecommunications network systems, business communications systems and microelectronic components for communications applications.

Lucent Technologies is also the largest supplier in the United States of telecommunications products for consumers, and it supports network operators and businesses with engineering, installation, maintenance and operations support services. Lucent Technologies' research and development activities are conducted through Bell Laboratories.

I encourage you to review the attached materials in detail. If you have any questions, please call our toll-free restructuring number — 1-800-756-8500 anytime, 24 hours a day, 7 days a week.

We are very optimistic about the future of Lucent Technologies and pleased that AT&T shareowners will have the opportunity to participate directly in its future.

Sincerely,

A handwritten signature in dark ink, appearing to read "R.E. Allen". The signature is fluid and cursive, with the first name "R.E." written in a slightly larger, more distinct hand than the last name "Allen".

## QUESTIONS AND ANSWERS

### AT&T CORP.

### SPIN-OFF OF COMMON STOCK OF LUCENT TECHNOLOGIES INC.

#### **1. What will I receive as a result of the Lucent spin-off?**

Holders of record of shares of common stock ("AT&T Common Stock") of AT&T Corp. ("AT&T") on September 17, 1996 (the "Record Date") will automatically receive a dividend of approximately .326 of a share of Lucent Technologies Inc. ("Lucent Technologies") common stock ("Lucent Common Stock") for each share of AT&T Common Stock they own. Holders will also receive a cash payment in lieu of any fraction of a share of Lucent Common Stock. For example, if you own 100 shares of AT&T Common Stock on the Record Date, you will receive 32 shares of Lucent Common Stock plus a cash payment in lieu of the remaining fraction of a share.

#### **2. How will the cash payment for fractional shares be determined and paid?**

Your fractional share of Lucent Common Stock will be aggregated with other fractional shares of other shareholders and sold by an independent agent. You will receive a check for your share of the net proceeds of such sale. Your check will be mailed a few weeks after your Lucent Technologies stock certificate is mailed to you.

#### **3. What do I have to do to receive my shares of Lucent Common Stock?**

Nothing. Your shares of Lucent Common Stock will be either sent to you or credited to your account with your broker or nominee on or about September 30, 1996.

#### **4. When will I receive my shares of Lucent Common Stock?**

If you hold your shares of AT&T Common Stock in your own name, your Lucent Common Stock certificate will be mailed to you on or about September 30, 1996 (the "Distribution Date"). You should allow several days for the mailing to reach you.

#### **5. What if I hold my shares of AT&T Common Stock through my stockbroker, bank or other nominee?**

If you hold your shares of AT&T Common Stock through your stockbroker, bank or other nominee, you are probably not a shareholder of record and your receipt of Lucent Common Stock depends on your arrangements with the nominee that holds your shares of AT&T Common Stock for you. AT&T anticipates that stockbrokers and banks generally will credit their customers' accounts with Lucent Common Stock about September 30, 1996, but you should check with your stockbroker, bank or other nominee.

#### **6. How much is a share of Lucent Common Stock worth?**

Lucent Common Stock is listed on the New York Stock Exchange under the symbol "LU." Since the initial public offering of Lucent Common Stock on April 10, 1996 at a price of \$27.00 per share through July 23, 1996 (the last full day of trading prior to the printing of these Questions and Answers), the Lucent Common Stock has traded on the New York Stock Exchange at prices ranging from \$29<sup>3</sup>/<sub>4</sub> to \$39<sup>3</sup>/<sub>4</sub> per share. The closing price of a share of Lucent Common Stock on the New York Stock Exchange on July 23, 1996 was \$34<sup>3</sup>/<sub>8</sub>. You are urged to obtain current quotations for the Lucent Common Stock.

## **7. How will the spin-off affect the market price of my shares of AT&T Common Stock?**

When the spin-off occurs, the market price of shares of AT&T Common Stock can be expected to decrease, reflecting the full separation of Lucent Technologies from AT&T. The value of Lucent Technologies will be reflected separately in the value of the Lucent Common Stock that AT&T shareowners will receive.

## **8. Will Lucent Technologies have a dividend reinvestment plan?**

A dividend reinvestment plan is currently under consideration by Lucent Technologies. A decision is expected to be made and announced by Lucent Technologies later this year.

## **9. What if I want to sell my shares of AT&T Common Stock or my shares of Lucent Common Stock?**

You should consult your own financial advisors, such as your stockbroker, bank or tax advisor. AT&T does not make recommendations on the purchase, retention or sale of shares of AT&T Common Stock or shares of Lucent Common Stock.

If you do decide to sell any shares, you should make sure your stockbroker or bank understands whether you want to sell your shares of AT&T Common Stock or your shares of Lucent Common Stock, or both. The following information may be helpful in discussions with your bank or stockbroker.

- Beginning about September 13, 1996 and continuing until the Distribution Date, New York Stock Exchange practices should generally allow you to sell your shares of AT&T Common Stock either together with the right to receive the Lucent Technologies spin-off dividend or on a when-issued basis without the right to the Lucent Technologies spin-off dividend. If you sell your shares of AT&T Common Stock with the right to the Lucent Technologies dividend, you (or your broker or bank) will be required to deliver to the buyer the shares of Lucent Common Stock you receive in the spin-off. You should also be able to sell your right to the Lucent Technologies spin-off dividend shares without selling your shares of AT&T Common Stock.

- Sales of shares of AT&T Common Stock with the right to the Lucent Technologies spin-off dividend should generally settle in the new three business day settlement period. Sales of AT&T shares without the right to the Lucent Technologies dividend and sales of the Lucent Technologies dividend shares without AT&T shares are expected to settle four days after the Distribution Date. Check with your broker or bank. Beginning about October 1, 1996, you should only be able to sell your shares of AT&T Common Stock and Lucent Common Stock separately. Once again, check with your broker or bank.

## **10. How will the spin-off affect the dividends I currently receive on my AT&T shares?**

As with any company, the declaration and payment of future dividends are subject to the discretion of the respective Boards of Directors of AT&T and Lucent Technologies and will depend on various factors.

AT&T has announced that it currently intends to continue its \$.33 per share quarterly cash dividend rate. Lucent Technologies currently pays cash dividends at the rate of \$.075 per quarter.

Beginning with the fourth quarter dividend, if you own 100 shares of AT&T Common Stock on the Record Date (and continue to hold those shares through the spin-off), immediately after the spin-off you will own both 100 shares of AT&T Common Stock and, assuming a .326 spin-off ratio, 32 shares of Lucent Common Stock. Based on these amounts and the expected dividend rates set forth above, if you continue to hold the shares through the dividend record dates, you would receive an aggregate quarterly dividend on these shares of \$33 from AT&T and \$2.40 from Lucent Technologies, for a total of \$35.40 from the two companies. This compares to the AT&T quarterly dividend rate prior to the spin-off of \$.33 per share (or \$33 on 100 shares of AT&T Common Stock) — an increase of approximately 7.3%.

### **11. When will I first start receiving the Lucent Technologies cash dividend?**

AT&T shareowners will not receive the quarterly cash dividend on shares of Lucent Technologies received in the spin-off until the fourth quarter 1996 dividend which is expected to be payable in the first quarter of 1997.

### **12. Do I have to pay taxes on the shares of Lucent Common Stock that I receive?**

AT&T has received a ruling from the Internal Revenue Service that for U.S. federal income tax purposes AT&T shareowners will not recognize a taxable gain or loss when receiving whole shares of Lucent Common Stock. Cash received instead of a fractional share of Lucent Common Stock will be treated as proceeds from the redemption of the fractional share and may be taxable. In addition, you may have to pay taxes if you sell your shares of Lucent Common Stock. If you have any questions, please consult your tax advisor.

### **13. Will there be any change in the United States federal tax basis of my shares of AT&T Common Stock as a result of the spin-off?**

Yes. You will receive information with your Lucent Technologies stock certificate that will help you calculate the adjusted tax basis for your shares of AT&T Common Stock, as well as the tax basis for your shares of Lucent Common Stock. Each shareholder should consult his or her tax advisor as to the particular consequences of the distribution to the shareholder, including the application of state, local and foreign tax laws, and as to possible changes in the tax laws that may affect the tax consequences described above and in the attached Information Statement.

### **14. When will I receive shares of NCR Corporation?**

AT&T has announced plans to distribute all of the shares of NCR to AT&T's shareowners, which, subject to certain conditions, is expected to occur by the end of this year. If you continue to hold shares of AT&T Common Stock at the time of the record date for the NCR distribution, you will receive additional information explaining the NCR spin-off. Your ownership of Lucent Common Stock will not be relevant in determining the number of shares of NCR common stock you will receive.

### **15. For more information, whom should I call?**

You should call our toll-free 800 number: 1-800-756-8500 anytime, 24 hours a day, 7 days a week. If you hold shares of AT&T Common Stock in your own name and you do not receive your Lucent Common Stock certificate by October 15, 1996, or your check instead of a fractional share by November 15, 1996, please call The Bank of New York toll-free at 1-888-LUCENT6, Monday through Friday; 9:00 a.m. to 6:00 p.m. (Eastern time).



**INFORMATION STATEMENT**  
**Concerning the Distribution of**  
**524,624,894 Shares**  
**of**  
**Lucent Technologies Inc.**  
**Common Stock**  
**(Par Value \$.01 per Share)**  
**By**  
**AT&T Corp.**

This Information Statement is being furnished by AT&T Corp., a New York corporation ("AT&T"), in connection with the distribution (the "Distribution") to holders of shares of common stock, \$1.00 par value, of AT&T (the "AT&T Common Stock") of approximately .326 of a share of the common stock, \$.01 par value (the "Lucent Common Stock"), of Lucent Technologies Inc., a Delaware corporation ("Lucent Technologies"), for each share of AT&T Common Stock owned on September 17, 1996 (the "Record Date"). The Distribution will result in approximately 82.4% of the outstanding shares of Lucent Common Stock being distributed to holders of AT&T Common Stock. The remaining outstanding shares of Lucent Common Stock were sold to the public by Lucent Technologies on April 10, 1996 at a price of \$27 per share.

Certificates for Lucent Common Stock will be mailed on or about September 30, 1996 to holders of record of AT&T Common Stock on the Record Date. No holder of shares of AT&T Common Stock will be required to pay any cash or other consideration for the shares of Lucent Common Stock received in the Distribution or to surrender or exchange shares of AT&T Common Stock in order to receive Lucent Common Stock. As a result of the Distribution, Lucent Technologies will cease to be a subsidiary of AT&T and AT&T will not own any shares of Lucent Common Stock.

All such shares of Lucent Common Stock will be fully paid and nonassessable and the holders thereof will not be entitled to preemptive rights. Each share of Lucent Common Stock will initially have one Preferred Share Purchase Right attached thereto. See "Additional Information."

Lucent Common Stock is listed on the New York Stock Exchange under the symbol "LU." The Lucent Common Stock received in the Distribution will be freely tradeable by nonaffiliates of Lucent Technologies. See "Market for Lucent Common Stock."

AT&T has received a ruling from the Internal Revenue Service to the effect that the Distribution is not taxable for federal income tax purposes to AT&T and its shareowners. See "Federal Income Tax Consequences."

**NO VOTE OF AT&T SHAREOWNERS IS REQUIRED IN CONNECTION WITH THE DISTRIBUTION. THEREFORE, WE ARE NOT ASKING YOU FOR A PROXY, AND YOU ARE REQUESTED NOT TO SEND US A PROXY.**

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

The date of this Information Statement is July 24, 1996.

## **The Distribution**

The Board of Directors of AT&T has declared a dividend to the holders of AT&T Common Stock of the 524,624,894 shares of the Lucent Common Stock owned by AT&T on the basis of approximately .326 of a share of Lucent Common Stock for each share of AT&T Common Stock outstanding on September 17, 1996, which is the Record Date for the Distribution. The actual fraction of a share of Lucent Common Stock that will be distributed for each share of AT&T Common Stock will equal 524,624,894 (the number of shares of Lucent Common Stock owned by AT&T) divided by the number of shares of AT&T Common Stock outstanding on the Record Date. As of July 19, there were 1,611,390,651 shares of AT&T Common Stock outstanding. No holder of shares of AT&T Common Stock will be required to pay any cash or other consideration for the shares of Lucent Common Stock received in the Distribution or to surrender or exchange shares of AT&T Common Stock in order to receive Lucent Common Stock.

As required by New York Business Corporation law, AT&T advises that this dividend will be paid entirely from capital surplus.

Shareowners of AT&T with questions relating to the Distribution should call our toll-free 800 number: 1-800-756-8500, anytime, 24 hours a day, 7 days a week.

## **Manner of Effecting the Distribution**

AT&T will effect the Distribution on September 30, 1996 (the "Distribution Date") by delivering shares of Lucent Common Stock to The Bank of New York, as the distribution agent (the "Distribution Agent"), for distribution to the AT&T shareowners of record on the Record Date. Certificates for Lucent Common Stock will be mailed to AT&T shareowners on or about September 30, 1996.

No certificates representing fractional shares of Lucent Common Stock will be issued as part of the Distribution. The Distribution Agent will aggregate fractional shares into whole shares, and will sell them on behalf of holders who otherwise would be entitled to receive a fractional share. Such holders will receive a cash payment in the amount of their pro rata share of the total net sale proceeds. See "Federal Income Tax Consequences."

## **Federal Income Tax Consequences**

**General.** The Internal Revenue Service has ruled that, for United States federal income tax purposes, the Distribution will qualify as tax-free under Section 355 of the Internal Revenue Code of 1986, as amended (the "Code"), and that, accordingly, (i) AT&T shareowners will not recognize gain or loss by reason of the receipt of whole shares of Lucent Common Stock in the Distribution and (ii) AT&T will not recognize gain or loss by reason of the Distribution. A shareholder who receives cash in lieu of a fractional share will recognize gain or loss equal to the difference between the cash received and the amount of tax basis allocable to such fractional share.

**Treatment of Fractional Shares.** Cash which an AT&T shareowner receives in lieu of a fractional share of Lucent Common Stock as part of the Distribution will be treated for federal income tax purposes as paid in exchange for such fractional share of stock. Such AT&T shareowner will realize a capital gain or loss, provided that the fractional share is considered to be held as a capital asset, measured by the difference between the cash which such shareholder received for such fractional share and the shareholder's tax basis in that fractional share.

**Allocation of Tax Basis.** The aggregate tax basis of shares of AT&T Common Stock and Lucent Common Stock, including fractional shares treated as exchanged for cash, in the hands of AT&T shareowners after the Distribution will be the same as the aggregate tax basis, immediately prior to the Distribution, of the shares of AT&T Common Stock with respect to which the Distribution was made. The aggregate tax basis of the shares of AT&T Common Stock will be allocated in proportion to the fair market value (determined based upon the average high and low prices on the New York Stock Exchange) of shares of AT&T Common Stock and Lucent Common Stock at the time of Distribution. Additional information concerning calculation of the new tax basis of shares of AT&T Common Stock and Lucent Common Stock will be sent to shareholders shortly after the Distribution Date.

**Holding Period.** The holding period of shares of Lucent Common Stock received by an AT&T shareowner will include the holding period of the shares of AT&T Common Stock with respect to which the Distribution will be made, provided that such shares of AT&T Common Stock are held as a capital asset on the Distribution Date.

**State, Local and Foreign Tax Consequences.** AT&T shareowners should consult their own tax advisors regarding the state, local and foreign tax consequences of the receipt of shares of Lucent Common Stock and any payment for fractional shares.

**Additional Information.** Additional information will be sent to shareholders shortly after the Distribution Date concerning (1) the calculation of the new tax basis of their shares of AT&T Common Stock and Lucent Common Stock, and (2) the tax treatment of cash received in lieu of fractional shares.

**Summary Only.** The summary of federal income tax consequences set forth above is for general information only and may not be applicable to shareholders who are not citizens or residents of the United States or who are otherwise subject to special treatment under the Code. All shareholders should consult their own tax advisors as to the particular tax consequences of the Distribution to them, including the state, local, and (if applicable) foreign tax consequences.

**Market for Lucent Common Stock**

Lucent Common Stock is listed on the New York Stock Exchange under the symbol "LU". Shares of Lucent Common Stock distributed to AT&T shareowners will be freely transferable, except for shares received by persons who may be deemed to be "affiliates" of Lucent Technologies under the Securities Act of 1933. The following table sets forth for the periods indicated the high and low sale prices of Lucent Common Stock as reported on the New York Stock Exchange Composite Tape. Shareowners are urged to obtain current quotations for the Lucent Common Stock.

	<u>High</u>	<u>Low</u>
Second Quarter, 1996 .....	39¼	29¾
Third Quarter, 1996 (through July 23) .....	38¼	30%

**Information About A&T**

AT&T was incorporated in 1885 under the laws of the State of New York and has its principal executive offices at 32 Avenue of the Americas, New York, New York 10013-2412. AT&T is among the world's communications leaders, providing voice, data and video telecommunication services to large and small businesses, government entities and consumers, as well as offering a general-purpose credit card and other services.

Following the Distribution, AT&T will not hold any shares of Lucent Common Stock. AT&T will continue to be a publicly held corporation whose common shares are traded on the New York and other domestic and international exchanges.

### **Information About Lucent Technologies**

Lucent Technologies is one of the world's leading designers, developers and manufacturers of telecommunications systems, software and products. Lucent Technologies is a global market leader in the sale of public telecommunications network systems, business communications systems and microelectronic components for communications applications. Further, Lucent Technologies is the largest supplier in the United States of telecommunications products for consumers. In addition, Lucent Technologies supports network operators and businesses with engineering, installation, maintenance and operations support services. Lucent Technologies' research and development activities are conducted through Bell Laboratories.

It is anticipated that the first annual meeting of shareholders of Lucent Technologies will be held on February 19, 1997 at a location to be announced. Shareholder proposals for inclusion in Lucent Technologies' 1997 Proxy Statement must be received by Lucent Technologies no later than August 30, 1996.

Lucent Technologies was incorporated on November 29, 1995 under the laws of the State of Delaware and has its principal executive offices at 600 Mountain Avenue, Murray Hill, New Jersey 07974.

### **Dividends**

As with any company, the declaration and payment of future dividends are subject to the discretion of the respective Boards of Directors of AT&T and Lucent Technologies and will depend on the results of operations, financial condition, cash requirements and future prospects of the respective companies, general economic and financial market conditions and other factors deemed relevant by each Board of Directors.

AT&T has announced that it currently intends to continue its \$.33 per share quarterly cash dividend rate. Lucent Technologies currently pays cash dividends at the rate of \$.075 per quarter.

Beginning with the fourth quarter dividend, if you own 100 shares of AT&T Common Stock on the Record Date (and continue to hold those shares through the Distribution), immediately after the Distribution you will own both 100 shares of AT&T Common Stock and, assuming a .326 spin-off ratio, 32 shares of Lucent Common Stock. Based on these amounts and the expected dividend rates set forth above, if you continue to hold the shares through the dividend record dates, you would receive an aggregate quarterly dividend on these shares of \$33 from AT&T and \$2.40 from Lucent Technologies, for a total of \$35.40 from the two companies. This compares to the AT&T quarterly dividend rate prior to the Distribution of \$.33 per share (or \$33 on 100 shares of AT&T Common Stock) — an increase of approximately 7.3%.

AT&T shareowners will not receive the quarterly cash dividend on shares of Lucent Technologies received in the spin-off until the fourth quarter 1996 dividend which is expected to be payable in the first quarter of 1997.

## **Conditions**

Although AT&T has declared the Lucent dividend distribution, such dividend remains subject to the conditions set forth in the Separation and Distribution Agreement, dated as of February 1, 1996, as amended and restated as of March 29, 1996, by and among AT&T, Lucent Technologies and NCR Corporation. A copy of such agreement has been filed as an exhibit to the Registration Statement on Form S-1 relating to the Lucent Common Stock. See "Additional Information." Such conditions are for the sole benefit of AT&T and will not give rise to or create any duty on the part of AT&T or the AT&T Board of Directors to waive or not waive any such condition.

## **Additional Information**

The Lucent Common Stock is registered under the Securities Exchange Act of 1934 (the "Exchange Act"). Lucent Technologies and AT&T are each subject to the reporting requirements of the Exchange Act, and in accordance therewith have filed registration statements, reports and other information (collectively, the "SEC Reports") with the Securities and Exchange Commission (the "SEC"). For further information pertaining to Lucent Technologies (including financial statements and other financial information), the Lucent Common Stock, the Lucent Preferred Share Purchase Rights and related matters, AT&T shareowners are urged to read Lucent Technologies' SEC Reports.

The SEC Reports can be inspected and copied at the public reference facilities of the SEC at 450 Fifth Street, N.W., Washington, D.C.; 7 World Trade Center, Suite 1300, New York, New York; and 500 West Madison Street, Suite 1400, Chicago, Illinois. Copies of such material also can be obtained at prescribed rates from the Public Reference Section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549. The SEC Reports can also be inspected at the New York Stock Exchange, 20 Broad Street, New York, New York; and, in the case of the AT&T SEC Reports, at the Chicago Stock Exchange, 440 South LaSalle Street, Chicago, Illinois and, the Pacific Stock Exchange, 301 Pine Street, San Francisco, California.

