5. RESTRUCTURING AND OTHER CHARGES

Restructuring and other charges of $2,514 for 1998 include $2,999 of restructuring charges recorded in connection with the 1998 cost reduction program partially offset by $940 of related settlement gains and $348 in reversals of 1995 restructuring reserves. Also included in the $2,514 is $718 of asset impairment charges and $85 of TCG merger-related charges.

On January 26, 1998, AT&T announced a plan to reduce headcount by 15,000 to 18,000 over two years as part of our overall cost reduction program. In connection with this plan, a voluntary retirement incentive program (VRIP) was offered to eligible management employees. Approximately 15,300 management employees accepted the VRIP offer. In connection with this plan, a pretax restructuring charge of $2,724 recorded in the second quarter of 1998 was composed of $2,254 and $169 for pension and postretirement special-termination benefits, respectively, $263 of curtailment losses and $38 of other administrative costs. Partially offsetting these restructuring charges were pretax settlement gains of $940 recorded in the second half of 1998 in connection with the settlement of the pension obligations covering about 13,700 of the total VRIP employees (see Note 8). Also recorded in the second quarter were pretax charges of $125 for related facility costs and $150 for executive-separation costs.

The VRIP offer was extended to management employees below executive level who were participants in the AT&T Management Pension Plan at any time from January 1, 1998, through January 21, 1998, inclusive. The individual had to be either on the active payroll or on an approved leave of absence with a guaranteed right of reinstatement. Additionally, to be eligible for the offer, the management employee had to meet the vesting requirements of the AT&T Management Pension Plan by the date he or she terminates employment.

A description of the various details about the program was distributed in February. In March, eligible employees received a more detailed written overview of the program, and seminars were offered in an effort to reinforce the content of the program. During the first week of April, detailed VRIP offer packages with estimates of employee-specific data were provided to eligible employees

and
one's irrevocable acceptance was required by May 22, 1998, to be valid.
Employee
exits were spread over three primary dates in 1998, June 30, September 30,
and
December 30. As of December 31, 1998, approximately 14,700 employees
have
terminated employment under the VRIP. The remaining 600 VRIP participants
are
anticipated to terminate employment in the first quarter of 1999.

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In the fourth quarter of 1995, AT&T recorded a restructuring charge related
to
the exit of certain businesses. In the second quarter of 1998, we reversed
$256
of this 1995 charge primarily as a result of an overlap of 3,400
employees
accepting the VRIP offer with those who were already included in the
previously
established 1995 exit plans. Because the benefit cost of the VRIP offer
was
greater than AT&T's normal severance cost, AT&T had to increase
its
restructuring charge. AT&T accounted for this by recording the full charge
to
reflect the pension and postretirement special-termination benefits for all
the
employees accepting the VRIP offer and then eliminating the accrual
of
approximately $200 for the 3,400 employees under the 1995 plan. The balance
of
the reversal was due to certain reserves which were no longer deemed
necessary
based on this second-quarter review. An additional reversal of $92 was
recorded
in the fourth quarter of 1998 related to projects being completed at a
cost
lower than originally estimated.

The following table displays a rollforward of the activity and balances of
the
restructuring reserve account from December 31, 1996, to December 31, 1998:

		1997		
Type of Cost	Dec. 31, 1996 Balance	Additions	Deductions	Dec. 31, 1997 Balance
Employee separations	$ 606	$ -	$(193)	$413
Facility closings	528	-	(94)	434
Other	254	-	(194)	60
Total	$1,388	$ -	$(481)	$907

		1998		
Type of Cost	Dec. 31, 1997 Balance	Additions	Deductions	Dec. 31, 1998 Balance
Employee separations	$ 413	$150	$(445)	$118
Facility closings	434	125	(190)	369

Other	60	-	(30)	30
Total	$ 907	$275	$(665)	$517

Deductions reflect cash payments of $245 and $308 and noncash utilization of $420 and $173 for 1998 and 1997, respectively. Noncash utilization includes a reversal in 1998 of $348 related to the 1995 restructuring plan and a $100 reversal in 1997 of the pre-1995 balance. Other noncash utilization includes curtailment and transfers to deferred termination accounts for executives.

The remaining liability balance associated with the second quarter 1998 charge of $275 relating to facility costs and executive-separation costs was $194 at December 31, 1998. We believe that the remaining balance is adequate to complete these plans.

The restructuring reserve balance at December 31, 1998, includes $180 associated with the 1995 plan. This remaining balance is primarily related to lease payments extending beyond 1998. In many cases it was more appropriate from an economic standpoint to continue to lease excess space until the lease contract expires than to pay the penalties involved with early termination of the lease.
As of December 31, 1998, of the 12,000 management and 5,000 occupational employees included under the 1995 exit plan, approximately 8,100 management and 3,700 occupational employees have been separated. In addition, approximately 3,400 employees left under the 1998 VRIP offer, as discussed above. Certainoccupational separations are anticipated to occur during 1999 associated with projects pending completion at December 31, 1998. We believe that the remaining balance is adequate to complete these plans.

The balance at December 31, 1998, also includes $143 of pre-1995 charges primarily related to excess space in various leased facilities, which we expect to fully utilize over the remaining terms of the leases.

During 1998, AT&T recorded pretax asset impairment charges of $718, of which $633 was associated with the local initiative. Charges of $601 and $32 were recorded in the first and fourth quarters of 1998, respectively, related to our decision not to pursue Total Service Resale (TSR) as a local-service strategy.
The Regional Bell Operating Companies have made it extremely difficult to enter the local market under a TSR strategy. After spending several billions of

dollars in an attempt to enter this market, it became clear to AT&T that the TSR solution is not economically viable for the short term or the long term. A thorough financial and operational review was performed in the first quarter of 1998 using the criteria described in SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." There were minimal revenues associated with TSR, which did not cover the direct costs associated with servicing these customers. In addition, the TSR software was designed and developed to uniquely support the TSR option and cannot be utilized to support other connectivity options. Based on these factors, it was determined that the assets were impaired and accordingly were written off in the first quarter of 1998. The fourth quarter charge was a result of further review of certain other assets associated with the local initiative. It was determined that these assets were impaired and could not be otherwise utilized in connection with the TCG merger. This charge of $633 included $543 for software, $74 for related assets associated with the ordering, provisioning and billing for resold local services and $16 for certain contractual obligations and termination penalties under several vendor contracts that were canceled during the first quarter as a result of this decision. AT&T received no operational benefit from these contracts once this decision was made.

Also reflected in the $718 charge was a fourth-quarter asset impairment charge of $85 primarily related to the write-down of unrecoverable assets in certain international operations in which the carrying value is no longer supported by future cash flows. This charge was made in connection with an ongoing review associated with the upcoming formation of a global joint venture with BT. Pursuant to the joint venture agreement with BT, AT&T will be required to exit certain operations that compete directly with BT.

6. DEBT OBLIGATIONS

DEBT MATURING WITHIN ONE YEAR

At December 31,	1998	1997
Commercial paper	$ -	$3,113
Currently maturing long-term debt	1,083	961
Other	88	11
Total debt maturing within one year	$1,171	$4,085
Weighted-average interest rate of		

short-term debt	5.6%	5.8%

A consortium of lenders provides revolving-credit facilities of approximately $1 billion to AT&T. These credit facilities are intended for general corporate purposes and were unused at December 31, 1998. In February 1999, we entered into a $7 billion revolving credit-facility with a consortium of 42 lenders. The 364-day facility is intended for general corporate purposes and will support our commercial paper issuances. In addition, we negotiated a $2 billion, 364-day, back-up facility with one institution. This facility will terminate when AT&T issues debt under the registration statement filed in 1999 and after the underlying commercial paper has been repaid.

LONG-TERM OBLIGATIONS

At December 31,		1998	1997
Interest Rates (a)	Maturities		
DEBENTURES AND NOTES (b)			
4.38% - 5.63%	1999-2001	$ 900	$1,575
6.00% - 7.75%	1999-2025	2,759	3,196
8.00% - 8.85%	1999-2031	2,754	2,756
9.60% - 11.13%	1999-2007	52	1,065
Variable rate	1999-2054	98	115
Total debentures and notes		6,563	8,707
Other		94	189
Less: Unamortized discount-net		18	78
Total long-term obligations		6,639	8,818
Less: Currently maturing long-term debt		1,083	961
Net long-term obligations		$5,556	$7,857

(a) Note that the actual interest paid on our debt obligations may have differed from the stated amount due to our entering into interest rate swap contracts to manage our exposure to interest rate risk and our strategy to reduce finance costs. (See Note 7.) (b) In August 1998, AT&T extinguished $1,046 of TCG debt. This early extinguishment of debt was recorded as an extraordinary loss and resulted in a $217 pretax loss. The after-tax impact was $137, or $0.08 per diluted share. This debt reduction will produce significant savings in interest expense over time.

This table shows the maturities at December 31, 1998, of the $6,639 in total long-term obligations:

1999	2000	2001	2002	2003	Later Years
$1,083	$426	$657	$539	$15	$3,919

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7. FINANCIAL INSTRUMENTS

In the normal course of business we use various financial instruments,

including
derivative financial instruments, for purposes other than trading. We do not use
derivative financial instruments for speculative purposes. These instruments
include letters of credit, guarantees of debt, interest rate swap agreements and
foreign currency exchange contracts. Interest rate swap agreements and foreign
currency exchange contracts are used to mitigate interest rate and foreign
currency exposures. Collateral is generally not required for these types of
instruments.

By their nature, all such instruments involve risk, including the credit risk
of nonperformance by counterparties, and our maximum potential loss may exceed
the amount recognized in our balance sheet. However, at December 31, 1998 and
1997, in management's opinion there was no significant risk of loss in the event
of nonperformance of the counterparties to these financial instruments. We
control our exposure to credit risk through credit approvals, credit limits and
monitoring procedures. We do not have any significant exposure to any
individualcustomer or counterparty, nor do we have any major concentration of credit risk
related to any financial instruments.

LETTERS OF CREDIT

Letters of credit are purchased guarantees that ensure our performance or
payment to third parties in accordance with specified terms and conditions and
do not create any additional risk to AT&T.

GUARANTEES OF DEBT

From time to time we guarantee the debt of our subsidiaries and certain
unconsolidated joint ventures. Additionally, in connection with restructurings
of AT&T in 1996, we issued guarantees for certain debt obligations of AT&T
Capital Corp. and NCR. At December 31, 1998 and 1997, respectively, the amount
of guaranteed debt associated with AT&T Capital Corp. and NCR was $108 and
$120.

INTEREST RATE SWAP AGREEMENTS

We enter into interest rate swaps to manage our exposure to changes in interest
rates and to lower our overall costs of financing. We enter into swap agreements
to manage the fixed/floating mix of our debt portfolio in order to reduce
aggregate risk to interest rate movements. Interest rate swaps also allow us to
raise funds at floating rates and effectively swap them into fixed-rates that
are lower than those available to us if fixed-rate borrowings were

made directly. These agreements involve the exchange of floating-rate for fixed-rate payments or fixed-rate for floating-rate payments without the exchange of the underlying principal amount. Fixed interest rate payments at December 31, 1998, are at rates ranging from 6.96% to 9.47%. Floating-rate payments are based on rates tied to LIBOR or U.S. treasury bills.

The following table indicates the types of swaps in use at December 31, 1998 and 1997, and their weighted-average interest rates. Average variable rates are those in effect at the reporting date and may change significantly over the lives of the contracts.

	1998	1997
Fixed to variable swaps-notional amount	$461	$422
Average receive rate	6.33%	7.54%
Average pay rate	5.31%	5.67%
Variable to fixed swaps-notional amount	$241	$249
Average receive rate	4.92%	5.70%
Average pay rate	7.68%	7.42%

The weighted-average remaining terms of the swap contracts are two years for 1998 and three years for 1997.

FOREIGN EXCHANGE

We enter into foreign currency exchange contracts, including forward and option contracts, to manage our exposure to changes in currency exchange rates, principally French francs, German marks, British pounds sterling and Japanese yen. The use of these derivative financial instruments allows us to reduce our exposure to the risk of adverse changes in exchange rates on the eventual reimbursement to foreign telephone companies for their portion of the revenues billed by AT&T for calls placed in the United States to a foreign country and other foreign currency payables and receivables. These transactions are generally expected to occur in less than one year.

FAIR VALUES OF FINANCIAL INSTRUMENTS INCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

The following table summarizes the notional amounts of material financial instruments. The notional amounts represent agreed-upon amounts on which calculations of dollars to be exchanged are based. They do not represent amounts exchanged by the parties and, therefore, are not a measure of our exposure. Ourexposure is limited to the fair value of the contracts with a positive fair value plus interest receivable, if any, at the reporting date.

DERIVATIVES AND OFF BALANCE SHEET INSTRUMENTS

	1998 Contract/ Notional Amount	1997 Contract/ Notional Amount
Interest rate swap agreements	$702	$671
Foreign exchange:		
Forward contracts	244	426
Option contracts	-	2
Letters of credit	184	63
Guarantees of debt	237	242

The following tables show the valuation methods, the carrying amounts and estimated fair values of material financial instruments.

FINANCIAL INSTRUMENT	VALUATION METHOD
Debt excluding capital leases	Market quotes or based on rates available to us for debt with similar terms and maturities
Letters of credit	Fees paid to obtain the obligations
Guarantees of debt	There are no quoted market prices for similar agreements available
Interest rate swap agreements	Market quotes obtained from dealers
Foreign exchange contracts	Market quotes

For debt excluding capital leases, the carrying amounts and fair values were $6,691 and $7,136, respectively, for 1998; and $11,875 and $12,312, respectively, for 1997.

1998	Carrying Amount		Fair Value	
	Asset	Liab.	Asset	Liab.
Interest rate swap agreements	$5	$13	$ -	$19
Foreign exchange forward contracts	7	7	13	4

1997	Carrying Amount		Fair Value	
	Asset	Liab.	Asset	Liab.
Interest rate swap agreements	$3	$10	$5	$31
Foreign exchange forward contracts	-	21	3	33

8. PENSION, POSTRETIREMENT AND OTHER EMPLOYEE BENEFIT PLANS

We sponsor noncontributory defined benefit pension plans covering the majority of our employees. Pension benefits for management employees are principally based on career-average pay. Pension benefits for occupational employees are not directly related to pay. Pension trust contributions are principally determined using the aggregate cost method and are primarily made to trust funds held

for the sole benefit of plan participants.
We compute pension cost using the projected unit credit method.

Our benefit plans for current and future retirees include health-care benefits, life insurance coverage and telephone concessions. Postretirement trust contributions are determined using the attained-age-normal cost method for health-care benefits and the aggregate cost method for life-insurance plans.

The following table shows the components of the net periodic benefit costs:

	Pension Benefits			Postretirement Benefits		
For the Years Ended December 31,	1998	1997	1996	1998	1997	1996
Service cost-benefits earned during the period	$ 275	$ 305	$ 295	$ 56	$ 56	$ 53
Interest cost on benefit obligations	940	946	861	322	278	263
Amortization of unrecognized prior service cost	135	114	99	(2)	39	42
Credit for expected return on plan assets	(1,570)	(1,371)	(1,195)	(173)	(120)	(99)
Amortization of transition asset	(175)	(181)	(183)	-	-	-
Charges for special termination benefits	2,254	-	-	169	-	-
Net curtailment losses	140	-	-	141	-	-
Net settlement (gains)losses	(921)	5	-	-	-	-
Net periodic benefit cost(credit)	$ 1,078	$ (182)	$ (123)	$ 513	$ 253	$259

On January 26, 1998, we offered a voluntary retirement incentive program (VRIP) to employees who were eligible participants in the AT&T Management Pension Plan. Approximately 15,300 management employees accepted the VRIP offer. In connection with the VRIP, we recorded pretax charges for pension and postretirement plan special-termination benefits of $2,254 and $169, respectively. We also recorded pension and postretirement plan pretax charges of $120 and $143, respectively, which are included within net curtailment losses. The special-termination benefits reflect the value of pension benefit improvements and expanded eligibility for postretirement benefits. The VRIP also permitted employees to choose either a total lump-sum distribution of their pension benefits or periodic future annuity payments.

As of December 31, 1998, approximately 14,700 employees had terminated employment under the VRIP. AT&T has settled the pension obligations covering about 13,700 of these employees, the remainder of which either chose to defer commencing their pension benefits or elected to receive an annuity distribution. Lump-sum pension settlements totaling $4.6 billion, including a portion of the special-pension termination benefits referred to above, resulted in settlement gains of $940 recorded in the second half of 1998. The remaining 600 VRIP participants are anticipated to terminate employment in the first quarter of 1999.

The following tables provide a reconciliation of the changes in the plans' benefit obligations and fair value of assets for the years ended December 31, 1998 and 1997, and a statement of the funded status at December 31, 1998 and 1997, respectively:

	Pension Benefits		Postretirement Benefits	
	1998	1997	1998	1997
Change in benefit obligations:				
Benefit obligation, beginning of year	$14,481	$12,380	$4,356	$3,739
Service cost	275	305	56	56
Interest cost	940	946	322	278
Plan amendments	324	263	(95)	-
Actuarial losses	1,609	1,278	258	494
Benefit payments	(770)	(660)	(227)	(209)
Special termination benefits	2,254	-	169	-
Settlements	(4,676)	(31)	-	-
Curtailment losses (gains)	6	-	329	(2)
Benefit obligation, end of year	$14,443	$14,481	$ 5,168	$ 4,356
Change in fair value of plan assets:				
Fair value of plan assets, beginning of year	$20,513	$17,680	$ 1,969	$ 1,566
Actual return on plan assets	3,375	3,464	437	358
Employer contributions	125	60	297	254
Benefit payments	(770)	(660)	(227)	(209)
Settlements	(4,676)	(31)	-	

-

Fair value of plan assets, end of year	$18,567	$20,513	$ 2,476	$ 1,969
At December 31,				
Funded (unfunded) benefit obligation	$ 4,124	$ 6,032	$(2,692)	$(2,387)
Unrecognized net gain	(3,495)	(4,130)	(36)	(227)
Unrecognized transition asset	(445)	(708)	-	-
Unrecognized prior service cost	961	904	63	166
Net amount recognized	$ 1,145	$ 2,098	$(2,665)	$(2,448)

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Our pension plan assets include $85 and $75 of AT&T common stock at December 31, 1998 and 1997, respectively. The following table provides the amounts recognized in our consolidated balance sheets:

	Pension Benefits		Postretirement Benefits	
At December 31,	1998	1997	1998	1997
Prepaid pension cost	$ 2,075	$ 2,156	$ -	$ -
Accrued benefit liabilities	(1,016)	(161)	(2,665)	(2,448)
Intangible asset	47	70	-	-
Accumulated other comprehensive income	39	33	-	-
Net amount recognized	$ 1,145	$ 2,098	$(2,665)	$(2,448)

Our nonqualified pension plan had an unfunded accumulated benefit obligation of $135 and $166 at December 31, 1998 and 1997, respectively. Our postretirement health and telephone concession benefit plans have accumulated postretirement benefit obligations in excess of plan assets. The plans' accumulated postretirement benefit obligations were $4,461 and $3,740 at December 31, 1998 and 1997, respectively, which was in excess of plan assets of $1,408 and $1,108 at December 31, 1998 and 1997, respectively.

The assumptions used in the measurement of the pension and postretirement benefit obligations are shown in the following table:

	Pension and Postretirement Benefits		
At December 31,	1998	1997	1996
Weighted-average assumptions:			
Discount rate	6.5%	7.0%	7.5%
Expected return on plan assets	9.5%	9.0%	9.0%

Rate of compensation increase	4.5%	4.5%	5.0%

We assumed a rate of increase in the per capita cost of covered health-care benefits (the health-care cost trend rate) of 5.6%. This rate was assumed to gradually decline after 1998 to 4.8% by the year 2009 and then remain level. Assumed health-care cost trend rates have a significant effect on the amounts reported for the health-care plans. A one percentage point increase or decrease in the assumed health-care cost trend rate would increase or decrease the total of the service and interest-cost components of net periodic postretirement health-care benefit cost by $14 and $12, respectively, and would increase or decrease the health-care component of the accumulated postretirement benefit obligation by $181 and $177, respectively.

We also sponsor savings plans for the majority of our employees. The plans allow employees to contribute a portion of their pretax and/or after-tax income in accordance with specified guidelines. We match a percentage of the employee contributions up to certain limits. Our contributions amounted to $204 in 1998, $201 in 1997 and $181 in 1996.

9. STOCK-BASED COMPENSATION PLANS

Under the 1997 Long-Term Incentive Program, which was effective June 1, 1997, we grant stock options, performance shares, restricted stock and other awards. There are 100 million shares of common stock available for grant with a maximum of 15 million common shares that may be used for awards other than stock options. The exercise price of any stock option is equal to the stock price when the option is granted. Generally, the options vest over three years and are exercisable up to 10 years from the date of grant. Under the 1987 Long-Term Incentive Program, which expired in April 1997, we granted the same awards, and on January 1 of each year 0.6% of the outstanding shares of our common stock became available for grant.

Under the 1997 Long-Term Incentive Program, performance share units are awarded to key employees in the form of either common stock or cash at the end of a three-year period based on AT&T's total shareholder return as measured against a peer group of industry competitors. Under the 1987 Long-Term Incentive Program, performance share units with the same terms were also awarded to key employees based on AT&T's return-on-equity performance compared with a target.

On August 1, 1997, substantially all of our employees were granted a stock option award to purchase 100 shares representing a total of 12.5 million shares of our common stock. The options vest after three years and are exercisable up to 10 years from the grant date.

Under the AT&T 1996 Employee Stock Purchase Plan (Plan), which was effective July 1, 1996, we are authorized to issue up to 50 million shares of common stock to our eligible employees. Under the terms of the Plan, employees may have up to 10% of their earnings withheld to purchase AT&T's common stock. The purchase price of the stock on the date of exercise is 85% of the average high and low sale prices of shares on the New York Stock Exchange for that day. Under the Plan, we sold approximately 2 million, 4 million and 3 million shares to employees in 1998, 1997 and 1996, respectively.

We apply Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations in accounting for our plans. Accordingly, no compensation expense has been recognized for our stock-based compensation plans other than for our performance-based and restricted stockawards, Stock Appreciation Rights (SARs), and prior to July 1, 1996, for the stock purchase plan for former McCaw Cellular Communications Inc. employees. Compensation costs charged against income were $157, $110 and $46 in 1998, 1997 and 1996, respectively.

A summary of option transactions is shown below:

Shares in Thousands	1998	Weighted-Average Exercise Price	1997	Weighted-Average Exercise Price	1996	Weighted-Average Exercise Price
Outstanding at January 1,	73,981	$37.15	50,977	$32.39	50,082	$41.68
Lucent and NCR spin-off adjustments	-	-	-	-	22,678	-
Options granted	30,765	$62.53	38,310	$38.97	11,021	$41.27
Options and SARs exercised	(12,596)	$32.92	(11,101)	$24.51	(10,760)	$19.10
Options canceled or forfeited:						

Lucent and NCR spin-offs	-	-	-	-	(16,179)	$37.25
Other employee plans	(5,980)	$46.06	(4,205)	$40.09	(5,865)	$36.50
At December 31,						
Options outstanding	86,170	$45.68	73,981	$37.15	50,977	$32.39
Options exercisable	23,648	$34.69	22,981	$33.26	28,034	$28.81
Shares available for grant	61,225	-	90,345	-	25,856	-

Effective on the dates of spin-off of Lucent and NCR, AT&T stock options held by Lucent and NCR employees were canceled. For the holders of unexercised AT&T stock options, the number of options was adjusted and all exercise prices were decreased immediately following each spin-off date to preserve the economic values of the options that existed prior to those dates.

During 1998, 180,940 SARs were exercised and no SARs were granted. At December 31, 1998, 165,841 SARs remained unexercised, all of which were exercisable.

The following table summarizes information about stock options outstanding at December 31, 1998:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding at Dec. 31, 1998 (in thousands)	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable at Dec. 31, 1998 (in thousands)	Weighted-Average Exercise Price
$ 6.54 - $15.75	1,335	4.7	$ 9.23	1,215	$ 8.79
15.96 - 27.12	5,570	4.1	23.01	4,144	24.65
27.16 - 36.74	9,279	5.6	34.77	7,519	34.85
36.75	11,477	8.6	36.75	24	36.75
36.78 - 39.28	3,463	5.4	37.40	2,978	37.27
39.31	14,790	8.1	39.31	3,908	39.31
39.36 - 47.37	8,612	6.9	45.14	3,453	45.58
47.67 - 63.06	9,284	9.3	56.96	391	55.11
63.16	20,879	9.1	63.16	13	63.16
63.28 - 75.66	1,481	9.8	70.44	3	66.81
	86,170	7.8	$45.68	23,648	$34.69

AT&T has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." If AT&T had elected to recognize compensation costs based on the fair value at the date of grant for awards in 1998, 1997 and 1996, consistent with the provisions of SFAS No. 123, AT&T's net income and earnings per common share would have been reduced to the following pro forma amounts:

For the Years Ended December 31,	1998	1997	1996
Income from continuing operations	$5,078	$4,158	$5,385
Income from discontinued operations	7	99	146
Gain on sale of discontinued operations	1,290	66	162
Extraordinary loss	137	-	-
Net income	$6,238	$4,323	$5,693
Earnings per common share-basic:			
Continuing operations	$ 2.85	$ 2.34	$ 3.06
Discontinued operations	-	0.05	0.08
Gain on sale of discontinued operations	0.73	0.04	0.09
Extraordinary loss	0.08	-	-
Net income	$ 3.50	$ 2.43	$ 3.23
Earnings per common share-diluted:			
Continuing operations	$ 2.82	$ 2.33	$ 3.05
Discontinued operations	-	0.05	0.08
Gain on sale of discontinued operations	0.72	0.04	0.09
Extraordinary loss	0.08	-	-
Net income	$ 3.46	$ 2.42	$ 3.22

Without the effect of pro forma costs related to the conversion of options in the Lucent and NCR spin-offs, pro forma income from continuing operations was $5,415, or $3.06 per diluted common share in 1996.

The pro forma effect on net income for 1998, 1997 and 1996 may not be representative of the pro forma effect on net income of future years because the SFAS No. 123 method of accounting for pro forma compensation expense has not been applied to options granted prior to January 1, 1995.

The weighted-average fair values at date of grant for options granted during 1998, 1997 and 1996 were $14.63, $9.09 and $13.12, respectively, and were estimated using the Black-Scholes option-pricing model. The weighted-average risk-free interest rates applied for 1998, 1997 and 1996 were 5.33%, 6.16% and 6.11%, respectively. The following assumptions were applied for 1998, 1997 and periods subsequent to the Lucent spin-off through December 31, 1996, respectively: (i) expected dividend yields of 2.1%, 2.2% and 2.8% (ii) expected volatility rates of 23.8%, 21.8% and 21.0% and (iii) expected lives of 4.5 years.

10. INCOME TAXES

The following table shows the principal reasons for the difference between the effective income tax rate and the U.S. federal statutory income tax rate:

For the Years Ended December 31,	1998	1997	1996
U.S. federal statutory income tax rate	35%	35%	35%
Federal income tax at statutory rate	$2,908	$2,440	$3,044
Amortization of investment tax credits	(13)	(14)	(21)
State and local income taxes, net of federal income tax effect	201	183	273
Amortization of intangibles	28	23	14
Foreign rate differential	63	117	131
Taxes on repatriated and accumulated foreign income, net of tax credits	(36)	(32)	19
Legal entity restructuring	(84)	-	(195)
Research credits	(74)	(63)	(13)
Other differences-net	79	69	(13)
Provision for income taxes	$3,072	$2,723	$3,239
Effective income tax rate	37.0%	39.0%	37.2%

The U.S. and foreign components of income from continuing operations before income taxes and the provision for income taxes are presented in this table:

For the Years Ended December 31,	1998	1997	1996
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES			
United States	$8,318	$7,090	$8,900
Foreign	(11)	(118)	(203)
Total	$8,307	$6,972	$8,697
PROVISION FOR INCOME TAXES			
CURRENT			
Federal	$2,908	$1,561	$2,290
State and local	251	194	400
Foreign	41	49	25
	$3,200	$1,804	$2,715
DEFERRED			
Federal	$ (172)	$ 851	$ 511
State and local	58	89	23
Foreign	-	(5)	11
	$ (114)	$ 935	$ 545
Deferred investment tax credits	(14)	(16)	(21)
Provision for income taxes	$3,072	$2,723	$3,239

The current income taxes payable balance was $1,393 and $434 at December 31, 1998 and 1997, respectively. The increase in the 1998 balance is primarily due to the accrued income taxes recorded in connection with the sale of UCS.

Deferred income tax liabilities are taxes we expect to pay in future periods. Similarly, deferred income tax assets are recorded for expected reductions in taxes payable in future periods. Deferred income taxes arise because of differences in the book and tax bases of certain assets and liabilities.

Deferred income tax liabilities and assets consist of the following:

At December 31,	1998	1997

LONG-TERM DEFERRED INCOME TAX LIABILITIES		
Property, plant and equipment	$7,324	$6,285
Investments	-	320
Other	776	1,185
Total long-term deferred income tax liabilities	$8,100	$7,790
LONG-TERM DEFERRED INCOME TAX ASSETS		
Business restructuring	$ 134	$ 162
Net operating loss/credit carryforwards	495	487
Employee pensions and other benefits-net	1,557	1,026
Reserves and allowances	126	93
Investments	39	-
Other	556	658
Valuation allowance	(260)	(347)
Total net long-term deferred income tax assets	$2,647	$2,079
Net long-term deferred income tax liabilities	$5,453	$5,711
CURRENT DEFERRED INCOME TAX LIABILITIES		
Total current deferred income tax liabilities	$ 408	$ 177
CURRENT DEFERRED INCOME TAX ASSETS		
Business restructuring	$ 79	$ 225
Employee pensions and other benefits	346	315
Reserves and allowances	896	617
Other	397	272
Total net current deferred income tax assets	$1,718	$1,429
Net current deferred income tax assets	$1,310	$1,252

At December 31, 1998, we had net operating loss carryforwards (tax-effected) for federal and state income tax purposes of $267 and $119, respectively, expiring through 2013. We also had foreign net operating loss carryforwards (tax-effected) of $82, which have no expiration date, as well as federal tax credit carryforwards of $30, which are not subject to expiration. We recorded a valuation allowance to reflect the estimated amount of deferred tax assets which, more likely than not, will not be realized.

11. COMMITMENTS AND CONTINGENCIES

In the normal course of business we are subject to proceedings, lawsuits and other claims, including proceedings under laws and regulations related to environmental and other matters. Such matters are subject to many uncertainties, and outcomes are not predictable with assurance. Consequently, we are unable to ascertain the ultimate aggregate amount of monetary liability or financial impact with respect to these matters at December 31, 1998. These matters could affect the operating results of any one quarter when resolved in future periods. However, we believe that after final disposition, any monetary liability or financial impact to us beyond that provided for at year-end would not be material to our annual consolidated financial statements.

We lease land, buildings and equipment through contracts that expire in various years through 2032. Our rental expense under operating leases was $742 in 1998, $853 in 1997 and $736 in 1996. The following table shows our future minimum lease payments due under noncancelable operating leases at December 31, 1998, which total $3,197. The total of minimum rentals to be received in the future under noncancelable subleases as of December 31, 1998, was $456.

1999	2000	2001	2002	2003	Later Years
$493	$450	$383	$320	$275	$1,276

12. SEGMENT REPORTING

AT&T's results are segmented according to our primary lines of business: business services, consumer services and wireless services. Our business services segment offers a variety of long distance voice and data services to business customers, including domestic and international, inbound and outbound, inter- and intra-LATA toll services, calling card and operator-handled services, and other network enabled services. In addition, the business services segment provides local services, and Web hosting and other electronic-commerce services. Our consumer services segment provides long distance voice services to residential customers. Such services include domestic and international long distance services, inter- and intra-LATA toll services, calling card and operator-handled calling services, and prepaid calling cards. In addition, local service is offered on a limited basis. Other service offerings include messaging, aviation communications and wireless data. Our wireless services segment offers wireless services and products to customers in 850 MHz markets and 1900 MHz markets.

Total assets for our reportable segments include all external assets for each segment. The majority of our deferred taxes and prepaid pension assets are held at the corporate level. Network assets are allocated to the segments based on the prior three years' volumes and are reallocated each January. Interest expense and the provision for income taxes are also held at the corporate level.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies (see Note 1). AT&T evaluates performance based on several factors, of which the primary financial measure is earnings, including other income, before interest and taxes (EBIT).

Generally, AT&T accounts for business services' inter-segment telecommunications transactions at market prices.

We had $4,434, $3,866 and $4,001 of equity investments as of December 31, 1998, 1997 and 1996, respectively, the majority of which were held in the wireless services segment including our investment in AB Cellular. The loss or earnings on these investments were a loss of $16 for 1998, and earnings of $98 and $110 for 1997 and 1996, respectively.

REVENUES

For the Years Ended December 31,	1998	1997	1996
Business services external revenues	$21,808	$21,041	$20,665
Business services internal revenues	1,132	989	826
Total business services revenues	22,940	22,030	21,491
Consumer services external revenues	22,632	23,527	24,184
Wireless services external revenues	5,406	4,668	4,246
Total reportable segments	50,978	50,225	49,921
Other and corporate (a)	3,549	2,704	1,892
Eliminations	(1,304)	(1,352)	(1,125)
Total revenues	$53,223	$51,577	$50,688

(a) Included in other and corporate revenues are revenues from TCG includingACC, AT&T Solutions, international operations and ventures and AT&T WorldNetSM.

DEPRECIATION AND AMORTIZATION

For the Years Ended December 31,	1998	1997	1996
Business services	$ 2,195	$ 1,757	$ 1,098
Consumer services	717	789	637
Wireless services	1,050	897	659
Total reportable segments	3,962	3,443	2,394
Other and corporate	667	539	425
Total depreciation and amortization	$ 4,629	$ 3,982	$ 2,819

RECONCILIATION OF EBIT TO INCOME BEFORE INCOME TAXES

For the Years Ended December 31,	1998	1997	1996
Business services	$ 5,525	$ 4,592	$ 5,215
Consumer services	6,662	5,094	5,345
Wireless services	118	265	627
Total reportable segments' EBIT	12,305	9,951	11,187
Other and corporate EBIT	(3,538)	(2,665)	(2,201)
Elimination of intercompany EBIT	(33)	(7)	128
Interest expense	(427)	(307)	(417)
Total income before income taxes	$ 8,307	$ 6,972	$ 8,697

ASSETS			
At December 31,	1998	1997	1996
Business services	$18,077	$15,030	$12,274
Consumer services	6,252	7,923	9,765
Wireless services	19,341	18,850	17,707
Total reportable segments	43,670	41,803	39,746
All other segments	7,565	6,683	5,187
Corporate assets:			
Prepaid pension costs	2,074	2,156	1,933
Deferred taxes	1,156	1,106	1,123
Net assets of discontinued operations	-	1,101	1,510
Other corporate assets	5,085	8,246	7,849
Total assets	$59,550	$61,095	$57,348

CAPITAL ADDITIONS			
For the Years Ended December 31,	1998	1997	1996
Business services	$ 4,978	$ 4,085	$ 2,538
Consumer services	457	921	1,867
Wireless services	2,372	2,158	2,404
Total reportable segments	7,807	7,164	6,809
Other and corporate	1,771	1,519	710
Total capital additions	$ 9,578	$ 8,683	$ 7,519

Geographic information is not presented due to the immateriality of revenues attributable to international customers.

Reflecting the dynamics of our business, we are reviewing our management model and structure which will result in adjustments to our segment discussion during 1999. While this is an evolving process, we anticipate changes as follows: The business services segment will be expanded to include the results of TCG and the business portion of AT&T WorldNet, and the consumer services segment will beexpanded to include the residential portion of AT&T WorldNet.

13. NEW ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standard Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." Among other provisions, it requires that entities recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Gains and losses resulting from changes in the fair values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. This standard is effective for fiscal years beginning after June 15, 1999, though earlier adoption is encouraged and retroactive application is prohibited. For AT&T

this means that the standard must be adopted no later than January 1, 2000. Management, based on its current operations and hedging strategies, does not expect the adoption of this standard to have a material impact on AT&T's results of operations, financial position or cash flows.

14. QUARTERLY INFORMATION (UNAUDITED)

1998 (1)	First	Second	Third	Fourth
Revenues	$12,831	$13,211	$13,653	$13,528
Operating income (loss)	1,404	(459)	3,356	3,186
Income (loss) from continuing operations	1,285	(161)	2,123	1,988
Income from discontinued operation	10	-	-	-
Gain on sale of discontinued operation	-	1,290	-	-
Income before extraordinary loss	1,295	1,129	2,123	1,988
Extraordinary loss	-	-	137	-
Net income	$ 1,295	$ 1,129	$ 1,986	$ 1,988
Income (loss) per common share-basic:				
Continuing operations	$ .71	$ (.08)	$ 1.19	$ 1.13
Discontinued operation	.01	-	-	-
Gain on sale of discontinued operation	-	.71	-	-
Before extraordinary loss	.72	.63	1.19	1.13
Extraordinary loss	-	-	.08	-
Net income	.72	.63	1.11	1.13
Income (loss) per common share-diluted:				
Continuing operations	$ .71	$ (.08)	$ 1.17	$ 1.12
Discontinued operations	.01	-	-	-
Gain on sale of discontinued operations	-	.71	-	-
Before extraordinary loss	.72	.63	1.17	1.12
Extraordinary loss	-	-	.07	-
Net income	.72	.63	1.10	1.12
Dividends declared	.33	.33	.33	.33
Stock price*:				
High	$ 68	$ 67 1/8	$ 60 5/8	$ 79
Low	58 3/8	56 7/16	50 1/8	57
Quarter-end close	65 3/4	57 1/8	58 7/16	75 3/4

* Stock prices obtained from the Composite Tape(1) In accordance with SOP 98-1, AT&T recorded pretax benefits of $50, $63, $44 and $42, or about $0.02, $0.03, $0.01 and $0.01 per diluted share, for the first through fourth quarters of 1998, respectively. AT&T adopted SOP 98-1 during 1998 and restated all quarters of 1998 as if the SOP was adopted on January 1, 1998.

1997	First	Second	Third	Fourth
Revenues	$12,688	$12,896	$13,090	$12,903
Operating income	1,616	1,482	1,747	

1,991

Income from continuing operations	1,043	877	1,078	1,251
Income from discontinued operations	38	31	20	11
Gain on sale of discontinued operation	-	-	66	-
Net income	$ 1,081	$ 908	$ 1,164	$ 1,262
Income per common share-basic:				
Continuing operations	$ .59	$ .49	$ .60	$ .70
Discontinued operations	.02	.02	.01	.01
Gain on sale of discontinued operation	-	-	.04	-
Net income	.61	.51	.65	.71
Income per common share-diluted:				
Continuing operations	$ .59	$ .49	$ .60	$ .69
Discontinued operations	.02	.02	.01	.01
Gain on sale of discontinued operation	-	-	.04	-
Net income	.61	.51	.65	.70
Dividends declared	.33	.33	.33	.33
Stock price*:				
High	$ 41 7/8	$ 38 1/4	$ 45 15/16	$ 63 15/16
Low	34 3/8	30 3/4	34 1/4	43 3/16
Quarter-end close	34 7/8	35 1/16	44 1/4	61 5/16

* Stock prices obtained from the Composite Tape

AT&T Corp.

15. SUBSEQUENT EVENTS

On March 9, 1999, the merger with TCI announced on June 24, 1998, closed with each share of TCI Group Series A common stock converted into 0.7757 of AT&T common stock and each share of TCI Group Series B stock converted into 0.8533 of AT&T common stock. AT&T issued approximately 439 million shares for TCI shares, of which 339 million were newly issued shares and 100 million were treasury shares including the shares repurchased in February and March 1999. In addition, TCI combined Liberty Media Group, its programming arm, and TCI Ventures

Group,
its technology investments unit, to form the new Liberty Media Group. In connection with the closing, the shareowners of the new Liberty Media Group were issued separate tracking stock by AT&T in exchange for the shares held in Liberty Media Group and TCI Ventures Group.

Following is a summary of the pro forma results of AT&T as if the merger hadclosed effective January 1, 1997:

(Unaudited)	For the Nine Months Ended September 30, 1998	For the Year Ended December 31, 1997
Revenues	$44,375	$58,156
Income from continuing operations*	1,997	2,101
Net income*	3,160	2,267
Income from continuing operations, available to AT&T common shareowners**	2,603	3,052
Net income available to AT&T common shareowners**	3,766	3,218
Weighted-average AT&T common shares (millions)	2,135	2,115
Weighted-average AT&T common shares and potential common shares (millions)	2,215	2,189
Basic earnings per AT&T common share:		
Income from continuing operations	$1.22	$1.44
Net income	$1.76	$1.52
Diluted earnings per AT&T common share:		
Income from continuing operations	$1.18	$1.40
Net income	$1.70	$1.47

* Income from continuing operations and net income exclude the dividend requirements on preferred stock.

** Income available to AT&T common shareowners excludes the results of the new Liberty Media Group.

On January 8, 1999, we announced a $4 billion share repurchase program. In March 1999, we completed this program with the repurchase of 46.6 million shares.

On February 1, 1999, AT&T announced the formation of a joint venture with Time Warner to offer AT&T branded cable-telephony service to residential and small-business customers over Time Warner's existing cable television systems in 33 states. The service is expected to be piloted in one or two cities in

1999 and begin broader commercial operations in 2000. In addition, the companies agreed to develop other broadband communications services such as video telephony. Under the terms of the agreement, AT&T will own 77.5% of the joint venture and will fund the joint venture's negative cash flow. However, it is anticipated that the joint venture will have positive cash flow and net earnings after three full years of operation. Subject to certain conditions, including definitive documentation and various approvals, the companies expect to close the joint venture in the second half of 1999.

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On January 26, 1999, AT&T filed a registration statement with the Securities and Exchange Commission (SEC) for the offering and sale of up to $10 billion of notes and warrants to purchase notes. AT&T intends to use the proceeds from the sale of the notes and warrants for funding investments in subsidiary companies, capital expenditures, acquisitions of licenses, assets or businesses, refunding of debt and general corporate purposes. The amount and timing of the sales will depend on market conditions and the availability of other funds to AT&T.

On January 8, 1999, AT&T's Board of Directors announced the intention, following the completion of the TCI merger, to declare a three-for-two stock split of AT&T's common stock.

In addition, AT&T announced on January 8, 1999, that it had reached agreements with five TCI affiliates to form separate joint ventures to offer customersadvanced communications services. AT&T, which expects to own 51% to 65% of each of these joint ventures, will have long-term exclusive rights to offer communications services over the systems of each of the five operators in return for one-time payments to be made when the systems meet certain performance milestones. AT&T expects to finalize joint ventures with Bresnan Communications, Falcon Cable TV, Insight Communications, InterMedia Partners and Peak Cablevision in early 1999, begin piloting the new services later in the year and then begin commercial operations in 2000.

AT&T (ticker symbol"T") is listed on the New York Stock Exchange, as well as on the Boston, Chicago, Cincinnati, Pacific and Philadelphia exchanges in the United States, and on stock exchanges in Brussels, London, Paris and Geneva.

As of December 31, 1998, AT&T had 1.8 billion outstanding shares, held by more
than 3.2 million shareowners.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of
AT&T Corp. ("AT&T" or the "Company") on Form S-3 for the Shareowner Dividend
Reinvestment and Stock Purchase Plan (Registration No. 333-00573), Forms S-8 for
the AT&T Long Term Savings and Security Plan (Registration Nos. 333-47257 and
33-34265), Forms S-8 for the AT&T Long Term Savings Plan for Management
Employees (Registration Nos. 33-34264, 33-29256 and 33-21937), Form S-8 for the
AT&T Retirement Savings and Profit Sharing Plan (Registration No. 33-39708),
Forms S-8 for Shares Issuable Under the Stock Option Plan of the AT&T 1987 Long
Term Incentive Program (Registration Nos. 333-47251 and 33-56643), Form S-8 for
the AT&T of Puerto Rico, Inc. Long Term Savings Plan for Management Employees
(Registration No. 33-50819), Form S-8 for the AT&T of Puerto Rico, Inc. Long
Term Savings and Security Plan (Registration No. 33-50817), and Post-Effective
Amendment No. 1 on Form S-8 to Form S-8 Registration Statement (Registration No.
33-54797) for the AT&T 1996 Employee Stock Purchase Plan, Form S-8 for the AT&T
Shares for Growth Program (Registration No. 333-47255), Form S-8 for the AT&T
1997 Long Term Incentive Program (Registration No. 33-28665), Form S-3 for the
AT&T $2,600,000,000 Notes and Warrants to Purchase Notes (Registration No.
33-49589), Form S-3 for the AT&T $3,000,000,000 Notes and Warrants to Purchase
Notes (Registration No. 33-59495), Form S-4 for the AT&T 5,000,000 Common Shares
(Registration No. 33-57745), and in Post-Effective Amendment Nos. 1, 2 and 3 on
Form S-8 to Form S-4 Registration Statement (Registration No. 33-42150) for the
NCR Corporation 1989 Stock Compensation Plan (Registration No. 33-42150-01), the
NCR Corporation 1984 Stock Option Plan (Registration No. 33-42150-02) and the
NCR Corporation 1976 Stock Option Plan (Registration No. 33-42150-03),
respectively, and the Post-Effective Amendment Nos. 1, 2, 3 and 5 on Form S-8 to
Form S-4 Registration Statement (Registration No. 33-52119) for the McCaw
Cellular Communications, Inc. 1983 Non-Qualified Stock Option Plan (Registration
No. 33-52119-01), the McCaw Cellular Communications, Inc. 1987 Stock Option Plan
(Registration No. 33-52119-02), the McCaw Cellular Communications, Inc. Equity
Purchase Plan (Registration No. 33-52119-03) and the McCaw

Cellular
Communications, Inc. Employee Stock Purchase Plan (Registration
No.
33-52119-05), respectively, and Post-Effective Amendment No. 1 on Form S-8
to
Form S-4 Registration Statement (Registration No. 33-45302) for the
Teradata
Corporation 1987 Incentive and Other Stock Option Plan (Registration
No.
33-45302-01), Form S-8 for the AT&T Amended and Restated 1969 Stock Option
Plan
for LIN Broadcasting Corp. (Registration No. 33-63195), and in Post
Effective
Amendment Nos. 1, 2, 3, 4 and 5 on Form S-8 to Form S-4 Registration
Statement
(Registration No. 333-49419) for the Teleport Communications Group Inc.
1993
Stock Option Plan (Registration No. 333-49419-01), Teleport Communications
Group
Inc. 1996 Equity Incentive Plan (Registration No. 333-49419-02), ACC
Corp.
Employee Long Term Incentive Plan (Registration No. 333-49419-03), ACC
Corp.
Non-Employee Directors' Stock Option Plan (Registration No. 333-49419-04)
and
ACC Corp. 1996 UK Sharesave Scheme (Registration No. 333-49419-05), and Form
S-8
for AT&T Wireless Services, Inc. Employee Stock Purchase Plan (Registration
No.333-52757), and in Post-Effective Amendment Nos. 1 and 2 on Form S-8 and
Post
Effective Amendment No. 3 to Form S-4 Registration Statement (Registration
No.
333-70279) for the Tele-Communications, Inc. 1998 Incentive Plan,
the
Tele-Communications, Inc. 1996 Incentive Plan (Amended and Restated),
the
Tele-Communications, Inc. 1995 Employee Stock Incentive Plan (Amended
and
Restated), the Tele-Communications, Inc. 1994 Stock Incentive Plan (Amended
and
Restated), the Tele-Communications, Inc. 1994 Nonemployee Director Stock
Option
Plan, the Tele-Communications International, Inc., the 1996 Nonemployee
Director
Stock Option Plan, the Tele-Communications International, Inc. 1995
Stock
Incentive Plan (Registration No. 333-70279-01), the Liberty Media 401(K)
Savings
Plan, the TCI 401(K) Stock Plan (Registration No. 333-70279-02), Amendments
Nos.
1 and 2 to Form S-3 for the $10,000,000,000 Debt Securities and Warrants
to
Purchase Debt Securities (Registration No. 333-71167) and Form S-4 for
Vanguard
Cellular Systems, Inc. (Registration No. 333-75083) of our report dated
January
25, 1999, on our audits of the consolidated financial statements
and
consolidated financial statement schedule of the Company and its subsidiaries
at
December 31, 1998 and 1997, and for the years ended December 31, 1998, 1997
and
1996, which report is incorporated by reference in the Annual Report on
Form
10-K and which report is included in this Annual Report on Form 10-K/A.

PricewaterhouseCoopers LLP

New York, New York
July 12, 1999