100 SHARES OF THE OLD MA BELL TODAY

If you owned 100 shares of AT&T when the company was broken up and didn't sell the shares or reinvest the dividends, your \$6,150 would have grown to \$56,144 dispersed among 10 different companies. If you'd put that same money into an S&P 500 index fund for the same period, you'd have \$49,048. '84 '85 '86 '87 '88 '89 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 Ameritech 120 2-1 split 30 2-1 split 60 2-1 split Ameritech (AIT) (10) (15) 120 SHARES 3-2 split **Bell Atlantic** (20) 40 2-1 split 8/15/97 **Bell Atlantic (BEL)** 2-1 split Nynex merges 141 SHARES into Bell Atlantic Nynex (20) 40 2-1 split (10) 2-1 split (65) (130) Lucent (LU) (32) 10/1/96 130 SHÀRÉS Lucent Lucent spun off AT&1 **AT&T** (T) **150 SHARES** 100 3-2 split (150) 12/31/83 1/2/97 NCR (NCR) **6** 6 SHARES NCR spun off Value of all Value of 100 shares BellSouth **Bell South** shares on 12/30/83 on 6/25/99 (BLS) 10 30 45 3-2 split 90 3-2 split 180 \$6.150 \$56.144 3:1 split **SHARES** 4/6/94 Airtouch Airtouch spun off Airtouch (ATI)1 20) **Pacific Telesis 20 SHARES** (10) (20) 2-1 split 4/1/97 Pacific Telesis 149 merges into SBC Comm Southwestern Bell (75) SBC Comm. (SBC) Notes: 1 Airtouch and **►**(10) 30) 3-1 split 60 2-1 split Merger 149 SHARES Vodaphone merged on June 30. ²On 6/12/98, MediaOne became a separate company in a stock transfer that gave MediaOne shareholders a fraction of U S West stock in **US West Media Group** 11/11/95 U S West MediaOne Media Group spins off. exchange for a division owned by MediaOne. AT&T's bid to merge with MediaOne 40 Group (UMG)2 6/12/98 Changes name **40 SHARES** to MediaOne Group is now pending. **US West Sources:** Merrill Lynch, the companies. U S West (USW) (10) (20) 40 2-1 split 41 **41 SHARES** See note 1 Chart by Tommy McCall

buybacks of \$10 billion in less than a year, the TCI merger diluted per-share earnings of existing AT&T shareholders by 25%, according to Somers. (He says the MediaOne deal would dilute the stock another 10%.) Earnings growth is on the back burner as the company focuses on boosting market share. According to First Call, Wall

Street's consensus is that AT&T's earnings will fall 5% in 1999 and another 5% in 2000.

But now that Ma Bell is becoming Ma Cable, *should* we be focusing on earnings? Perhaps not. Other capital-intensive cable companies are valued on free cash flow or earnings before interest, taxes, depreciation and amortization

(EBITDA). At a recent price of \$54.50 a share, AT&T is trading at just 8.7 times EBITDA, calculates Eli Salzmann, director of equity research for mutual fund firm Lord Abbett; cable stocks normally trade at multiples in the mid-teens. "Some of AT&T's [lower] multiple comes from it being an acquirer at what were previously unfathomable prices,"