CONSOLIDATED STATEMENTS OF **CHANGES IN SHAREOWNERS' EQUITY**

(DOLLARS IN MILLIONS)

	Year Ended September 30, (Twelve Months)		Nine Months Ended September 30,
	1998	**1997**	**1996**
PREFERRED STOCK	$ –	$ –	$ –
COMMON STOCK			
Balance at beginning of period	**13**	13	–
Issuance of common stock	**–**	–	6
Two-for-one common stock split	**–**	–	7
BALANCE AT END OF PERIOD	**13**	13	13
ADDITIONAL PAID-IN CAPITAL			
Balance at beginning of period	**3,047**	2,595	1,406
Issuance of common stock	**608**	260	2,881
Issuance of common stock for acquisitions	**689**	–	–
Conversion of stock options related to acquisitions	**186**	116	–
Net loss from 1/1/96 through 1/31/96	**–**	–	(72)
Dividends declared	**–**	–	(7)
Accounts receivable holdback by AT&T	**–**	–	(2,000)
Unrealized (loss) gain on investments	**(37)**	40	15
Acceptance of ESOP	**–**	–	120
Other contributions from AT&T	**–**	–	252
Other	**(8)**	36	–
BALANCE AT END OF PERIOD	**4,485**	3,047	2,595
GUARANTEED ESOP OBLIGATION			
Balance at beginning of period	**(77)**	(106)	–
Acceptance of ESOP	**–**	–	(120)
Amortization of ESOP obligation	**28**	29	14
BALANCE AT END OF PERIOD	**(49)**	(77)	(106)
FOREIGN CURRENCY TRANSLATION			
Balance at beginning of period	**(191)**	(16)	28
Translation adjustments	**(88)**	(175)	(44)
BALANCE AT END OF PERIOD	**(279)**	(191)	(16)
RETAINED EARNINGS			
Balance at beginning of period	**595**	200	–
Net income	**970**	541	–
Net income from 2/1/96 through 9/30/96	**–**	–	296
Two-for-one common stock split	**–**	–	(7)
Dividends declared	**(201)**	(146)	(89)
BALANCE AT END OF PERIOD	**1,364**	595	200
TOTAL SHAREOWNERS' EQUITY	**$5,534**	$3,387	$2,686

See Notes to Consolidated Financial Statements.