

THE SECURITIES ACT

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Order No. 2732

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Subsection 20(1)

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December 21, 1999

AT&T CORP.

WHEREAS:

(A) AT&T Corp. ("AT&T") has applied to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of *The Securities Act* (Manitoba) (the "Act") that certain trades in common shares of AT&T ("Shares"), options on Shares ("Options"), restricted stock awards ("Restricted Stock"), performance awards ("Performance Awards") and other stock unit awards ("Stock Units"; Options, Restricted Stock, Performance Awards and Stock Units are collectively, "Awards") pursuant to the AT&T 1997 Long Term Incentive Program (the "ESOP") made by AT&T, by affiliates of AT&T ("AT&T Companies") and by the agent appointed by AT&T under the Plan (the "Agent"), currently, Salmon Smith Barney, Inc. ("SSB"), with, to, or on behalf of, employees ("Employees") of AT&T or the AT&T Companies resident in the Province of Manitoba who participate in the ESOP ("Manitoba Employees"), shall be exempt from sections 6 and 37 of the Act;

(B) AT&T and the AT&T Companies have represented to the Commission that:

1. AT&T is a multi-national corporation that is incorporated pursuant to the laws of the State of New York in the United States of America (the "U.S.A.");
2. AT&T is not subject to the continuous disclosure requirements of the Act and has no present intention of becoming subject to the continuous disclosure requirements of the Act;
3. AT&T carries on business around the world through the AT&T Companies;
4. AT&T World Personnel Services Inc. ("World"), a corporation incorporated pursuant to the State of Delaware, AT&T Global Network Services Canada Co. ("AGNS"), a corporation incorporated pursuant to the laws of the Province of Nova Scotia, AT&T Canada Enterprises Company ("Enterprises"), a corporation incorporated pursuant to the laws of Canada, and AT&T Prepaid Card Company ("Card"), a corporation incorporated pursuant to the laws of the Province of Nova Scotia, is each, a wholly-owned subsidiary of AT&T. Each of World, AGNS, Enterprises and Card (collectively, the "Canadian Companies") is involved in the telecommunications business. None of the Canadian Companies is, or has a present intention of becoming, subject to the continuous disclosure requirements of the Act;

5. Shares of AT&T are registered with the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 of the U.S.A. and AT&T files with the SEC its annual report on Form 10-K as well as other continuous disclosure materials required under securities legislation of the U.S.A;
6. residents of Manitoba of record hold not more than 10% of the Shares, and the number of Manitoba residents of record holding Shares is not more than 10% of the total number of holders of Shares;
7. the Shares are listed and posted for trading on the New York Stock Exchange ("NYSE") and on stock exchanges in London, Paris, Geneva and Brussels (collectively, the "Foreign Exchanges");
8. the ESOP was established to assist eligible Employees, including Manitoba Employees, in acquiring a proprietary interest in AT&T and to generate an increased incentive to contribute to AT&T's future success and prosperity;
9. the Board of Directors of AT&T, which is responsible for the operation of the ESOP, appoints the Compensation and Employee Benefits Committee (the "Committee") to administer and interpret the ESOP;
10. under the ESOP, the Committee may award Manitoba Employees Options, Restricted Stock, Performance Awards and Stock Units;
11. AT&T uses the service of Agent(s) registered under applicable securities legislation in the United States but who are not registered under the Act as agent(s) in connection with the Plan. SSB is currently authorized by AT&T to act as an Agent under the ESOP and to provide services as administrator and record keeper relating to the operation of the ESOP;
12. SSB is not a registrant under the Act. AT&T does not expect that any Agent appointed to replace SSB under the ESOP will be a registrant under the Act, but any Agent appointed under the Plan will be registered under applicable securities legislation in the United States;
13. participation in the ESOP is voluntary and Manitoba Employees will not be induced to participate in the ESOP by expectation of employment or continued employment;
14. as of October 8, 1999, there were approximately 523 Manitoba Employees who were eligible to participate in the ESOP;
15. Awards capable of being exercised for Shares shall be exercisable at such time or times as determined by the Committee at or subsequent to grant;

16. the purchase price per Share under an Option shall be determined by the Committee. All terms, conditions and restrictions applicable to an Award granted under the Plan shall be determined by the Committee;

17. any Option granted under the Plan may be exercised by the Manitoba Employee in whole or in part at such times, and the Manitoba Employee may make payment of the Option price in such form, including, without limitation, payment by delivery of cash, Shares or other consideration having a Fair Market Value (as defined in the Plan) on the exercise date equal to the total Option price, or by any combination of cash, Shares and other consideration, as the Committee may specify in the applicable award agreement governing the grant of the Options;

18. all disclosure material relating to AT&T that AT&T is required to file with the SEC will be provided, or made available upon request, to Manitoba Employees at the same time, and in the same manner, as the materials are provided to Employees who are resident in the U.S.A.;

19. all costs and expenses associated with the operation of the ESOP will be borne by AT&T and the AT&T Companies; and

20. because there is no market for Shares in Canada, it is intended that any resale of Shares acquired under the ESOP will be effected through the NYSE.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

IT IS ORDERED THAT:

1. **THAT**, pursuant to subsection 20(1) of the Act, that trades in Shares and Awards pursuant to the ESOP, to or by AT&T, the AT&T Companies and the Agent with, to, or on behalf of, the Manitoba Employees are exempt from sections and 37 of the Act.
2. **THAT**, Order No. 2001 dated January 19, 1998 is hereby revoked; and
3. **THAT**, the fee for this order shall be \$650.00.

BY ORDER OF THE COMMISSION

Director – Legal