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Bentley # III of IV (CAM 6)

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BST
CAM 6
DOCKET NO. 920260-TL
TEST PERIOD ENDED 12/31/92
NOVEMBER 12, 1993

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III of IV

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**QUANTIFICATION OF 1992 CHARGES BILLED BY
BELLSOUTH CORPORATION TO
BELLSOUTH TELECOMMUNICATIONS, INC. BY
INDIVIDUAL RESPONSIBILITY CODE**

Audit Workplan Cross Reference:

Procedure

Workpaper

III.B.1. through 5.
V.B.5. and 7.
V.C.1. through 10.
V.G.1. and 2.

A2 - 3B
A2 - 5B
A2 - 5C
A2 - 5G

CONF C-1

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**BELLSOUTH CORPORATION
COST ASSIGNMENTS AND ALLOCATIONS
TO
BELLSOUTH TELECOMMUNICATIONS, INC.**

October 1993

BELLSOUTH CORPORATION
BILLING TO SUBSIDIARIES
DURING THE 12 MONTHS ENDING 12/31/92
ALL DOLLARS IN THOUSANDS

BELLSOUTH DEPARTMENT	BELLSOUTH TELECOMMUNICATIONS		BELLSOUTH BUSINESS SYSTEMS		BELLSOUTH ENTERPRISES		BELLSOUTH CAPITAL FUNDING	BELLSOUTH DC	BELLSOUTH PRODUCTS	BELLSOUTH HUMAN RESOURCES
	CORPORATE SERVICES BILLING	PROJECT BILLING	CORPORATE SERVICES BILLING	PROJECT BILLING	CORPORATE SERVICES BILLING	PROJECT BILLING	PROJECT BILLING	PROJECT BILLING	PROJECT BILLING	PROJECT BILLING
EXECUTIVE	8,302.6	176.2	427.0		2,076.8					
CORP SECRETARY	7,245.5		182.3		2,112.7					
TREASURY	6,445.7	2.3	123.9		1,405.0	89.2	631.1			
SECURITY	535.0		17.1		121.5		7.6	0.7		
COMPTROLLERS	6,261.4	196.1	384.0		1,622.1	331.7	5.5	7.3		6.7
TAX	5,754.9	3,820.2	156.3	343.3	1,304.6	4187.6	53.6		25.1	
INTERNAL AUDITING	2,866.5		88.3	0.8	1,663.3	336.7				
CORP PLANNING	3,895.1		181.2		642.9	20.6				
FINANCIAL MGMT	2,640.7		167.8		948.1					
BS HUMAN RES INC	1,929.2		60.2		2.3					
HUMAN RESOURCES	19,449.7	241.5	1,113.7	53.3	2,745.8	246.9				
ASST SEC/CORP COUNSEL	428.4		20.7		70.2					
LEGAL	8,927.9	1.0	223.5		3,248.1		3.2			
FEDERAL RELATIONS	6,922.7		167.5		1,361.6					
ADVERTISING	1,441.4		546.4		1,040.8					
PUBLIC RELATIONS	967.5	15.6	43.5		158.7					
EXTERNAL AFFAIRS	4,254.3		206.8		1,144.1					
CORPORATE AFFAIRS	4,947.2		354.0		1,020.6					
SUB TOTAL	93,215.9	4,453.0	4,464.1	397.3	22,689.4	5,212.8	701.0	8.0	25.1	6.7
RATE OF RETURN	2,101.0				451.0					
TOTAL	95,316.9	4,453.0	4,464.1	397.3	23,140.4	5,212.8	701.0	8.0	25.1	6.7

**BELLSOUTH CORPORATION
COST ALLOCATION TO SUBSIDIARIES**

**CALCULATION OF AMOUNTS BILLED BY BSC
TO INDIVIDUAL RESPONSIBILITY CODES**

DESCRIPTION OF ESTIMATION METHODOLOGY

The 1992 charges billed by BellSouth Corporation to its affiliate, BellSouth Telecommunications, Inc., was estimated on an individual Responsibility Code basis using the lead and supporting schedules found in the 12/92 COPS Billing Binder. The information in the COPS Billing Binder includes the December 1992 billing activity by individual Responsibility Code and Financial Reporting Number. The information obtained from the audit of the 12/92 COPS Billing Binder was assumed to be representative of the total 1992 BSC billing activity. A breakdown of departmental billing information, by FRN, was provided in response to request 6-047. In the case of a single RC being allocated costs per the 12/92 COPS Billing Binder, the total amount for the FRN provided in response 6-047 was assumed to be the 1992 billing activity to BST. If there were multiple RCs allocated costs under one FRN, the amount for that FRN provided in response 6-047 was prorated among all the RCs based upon the December billing activity.

The amounts appearing in the audit report are Kennedy and Associates' estimates of 1992 BSC charges allocated and billed to BST by individual RC. The amounts billed to BST agree in total on a departmental basis. In order to ascertain the actual 1992 billing activity by individual RC, the billing activity per the monthly COPS Billing Binders should be reviewed.

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H110
Department: Corporate Secretary**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$8,956,034 ✓	\$594,421 ✓	\$9,540,455 ✓	6.5254% ₁
BST	\$6,787,550 ✓	\$457,984 ✓	\$7,245,534 ✓	6.7474% ₁
Incurred by BSC: RC H11101 FRN 100	1,975,974 ✓	128,941 _u	2,104,915 _u	6.5254%
BST Allocation: RC H11101 FRN 100	1,629,221 ✓	109,930 _u	1,739,151 _u	6.7474%
BST Allocation %	82.4515%		82.6233% _u	
Equity allocator			72.8700%	
BST Allocation based on equity			1,533,852 _u	
Difference in allocation method			(205,300) _u	

✓ ties to amounts provided in response to request 3-0-47
1 calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H112
Department: Treasury**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$4,785,439 ✓	\$3,189,080 ✓	\$7,974,519 ✓	66.6413% u
BST	\$3,857,294 ✓	\$2,588,403 ✓	\$6,445,697 ✓	67.1041% u
Incurred by BSC: FRN 100	541,500 ✓	360,863	902,363 u	66.6413%
BST Allocation: FRN 100	446,390 ✓	299,546	745,936 u	67.1041%
BST Allocation :				
FRN 100				
RC H11210	166.77 ✓			0.5165% u
H11220	5,496.15 ✓			17.0205% u
H11401	1,894.17 ✓			5.8659% u
H11421	24,734.34 ✓			76.5972%
Total to BST	32,291.43 u			100.0000%
Incurred by BSC: FRN 100				
RC H11210	2,797 u	1,864	4,660 u	66.6413%
BST Allocation: FRN 100				
RC H11210	2,305 u	1,547	3,852 u	67.1041%
BST Allocation %			82.6648% u	
Incurred by BSC: FRN 100				
RC H11220	92,166 u	61,421	153,586 u	66.6413%
BST Allocation: FRN 100				
RC H11220	75,978 u	50,984	126,962 u	67.1041%
BST Allocation %			82.6648% u	
Incurred by BSC: FRN 100				
RC H11401	31,764 u	21,168	52,931 u	66.6413%
BST Allocation: FRN 100				
RC H11401	26,185 u	17,571	43,756 u	67.1041%
BST Allocation %			82.6648% u	
Incurred by BSC: FRN 233				
RC H11400	103,022 /	68,655	171,677 u	66.6413%

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H112
Department: Treasury**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BST Allocation:				
FRN 233				
RC H11400	78,017 ✓	52,353	130,370 u	67.1041%
BST Allocation %			75.9388% u	
Incurred by BSC:				
FRN 101	1,677,340 ✓	1,117,802	2,795,142 u	66.6413%
BST Allocation:				
FRN 101	1,385,370 ✓	929,640	2,315,010 u	67.1041%
BST Allocation:				
FRN 101				
RC H11312	20324.98 ✓			21.4498%
H11320	4988.83 ✓			5.2649%
H11423	48953.74 ✓			51.6629% u
H11430	11175.65 ✓			11.7941% u
H11431	9312.63 ✓			9.8282%
Total to BST	94756.03 u			100.0000%
Incurred by BSC:				
FRN 101				
RC H11423	866,563 u	577,489	1,444,052 u	66.6413%
BST Allocation:				
FRN 101				
RC H11423	715,723 u	480,279	1,196,002 u	67.1041%
BST Allocation %			82.8226% u	
Incurred by BSC:				
FRN 101				
RC H11430	197,828 u	131,835	329,663 u	66.6413%
BST Allocation:				
FRN 101				
RC H11430	163,392 u	109,643	273,035 u	67.1041%
BST Allocation %			82.8226% u	

✓ ties to amounts provided in response to request 6-047

u ties to amounts appearing in 12/92 COPS Billing Binder

u calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H15X
Department: Tax**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
Total dept: BSC	\$3,615,896 ✓	\$3,599,907 ✓	\$7,215,803 ✓	99.5578% y
BST	\$2,844,407 ✓	\$2,910,448 ✓	\$5,754,855 ✓	102.3218% y
Incurred by BSC: FRN 193 RC H15140	191,844 ✓	190,797 y	382,441	99.5578%
BST Allocation: FRN 193 RC H15140	182,062 ✓	186,289 y	368,351	102.3218%
BST Allocation %			96.3159% y	
Incurred by BSC: FRN 334	189,662 ✓	188,823 y	378,485	99.5578%
BST Allocation: FRN 334	124,817 ✓	127,715 y	252,532	102.3218%
BST Allocation: FRN 334 RC H15360 H15361 H15362	11,836.79 x 13,453.02 x 9,661.64 x			33.8664% 38.4906% 27.6430%
Total to BST	34,951.45 y			100.0000%
Incurred by BSC: FRN 334 RC H15360	64,232 y	63,948 y	128,179	99.5578%
BST Allocation: FRN 334 RC H15360	42,271 y	43,252 y	85,523	102.3218%
BST Allocation %			66.7217% y	

- ✓ ties to amounts provided in response to request 6-047
- x ties to amounts appearing in 12/92 COPS Billing Binder
- y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H131
Department: Comptrollers**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$4,255,596 ✓	\$4,011,888 ✓	\$8,267,484 ✓	94.2732% ✓
BST	3,238,136 ✓	3,023,254 ✓	6,261,390 ✓	93.3640% ✓
Incurred by BSC: RC H13120 FRN 118	850,280 ✓	801,586	1,651,866 ✓	94.2732%
BST Allocation: RC H13120 FRN 118	618,523 ✓	577,478	1,196,001 ✓	93.3640%
BST allocation %			72.40% ✓	
Incurred by BSC: FRN 155	1,233,563 ✓	1,162,920	2,396,483	94.2732%
BST Allocation: FRN 155	930,729 ✓	868,966	1,799,695	93.3640%
BST Allocation: FRN 155: RC H13170	36,325.03 ✓			
H13171	15,477.07 ✓			
H13172	7,035.10 ✓			
H13173	6,738.29 ✓			
H13174	6,591.27 ✓			
Total	72,166.76 ✓			
RC H13170 %	50.33% ✓			
Incurred by BSC: RC H13170 FRN 155	620,912 ✓	585,354	1,206,266 ✓	94.2732%
BST Allocation: RC H13170 FRN 155	468,481 ✓	437,393	905,874 ✓	93.3640%
BST allocation %			75.0973% ✓	
Incurred by BSC: RC H13140 FRN 190	65,642 ✓	61,883	127,525 ✓	94.2732%
BST Allocation: RC H13140 FRN 190	65,642 ✓	61,883	127,525	94.2735%
BST allocation %			100.00%	
NOTE: Use 100% of BSC costs for BST allocation since all direct costs incurred by BSC are allocated to BST.				

- ✓ ties to amounts provided in response to request 6-047
- x ties to amounts appearing in 12/92 Cops Billing Binder
- y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H22X
Department: Financial Management**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$1,584,680 ✓	\$2,191,904 ✓	\$3,756,564	140.0882% y
BST	1,102,417 ✓	1,538,254 ✓	2,640,671 ✓	139.5347% y
Incurring by BSC: FRN 106	870,517 ✓	1,219,492	2,090,009	140.0882%
BST Allocation: FRN 106	689,588 ✓	962,184	1,651,750	139.5347%
BST Allocation: FRN 106				
RC H22100	26,310.38 X			50.4682%
H22500	25,822.16 X			49.5318% y
Total to BST	52,132.54 y			100.0000%
Incurring by BSC: RC H22500 FRN 106	431,182 y	604,036	1,035,218	140.0882%
BST Allocation: RC H22500 FRN 106	341,554 y	476,586 y	818,141	139.5347%
BST Allocation %	79.2134%		79.0306% y	

- ✓ ties to amounts provided in response to request 6-047
 X ties to amounts appearing in 12/92 CoRS Billing Binder
 y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H23X
Department: Corporate Planning**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$2,192,078 ✓	\$2,527,084	\$4,719,162	115.2826%
BST	1,810,180 ✓	2,084,896 ✓	3,895,076 ✓	115.1762%
Incurred by BSC: FRN 100	1,877,541 ✓	2,164,478	4,042,019	115.2826%
BST Allocation: FRN 100	1,551,344 ✓	1,788,779	3,338,123	115.1762%
BST Allocation: FRN 100				
H23020	36,479.18 X			23.5021% u
H23021	527.08 X			0.3396%
H23002	5,990.65 X			3.8595%
H23400	23,738.99 X			15.2941% u
H23500	52,050.61 X			33.5342% u
H23600	36,430.14 X			23.4705% u
Total to BST	155,216.65 u			100.0000%
Incurred by BSC: H23020 FRN 100	441,262 u	508,698	949,960	115.2826%
BST Allocation: H23020 FRN 100	364,598	419,930	784,528	115.1762%
BST Allocation %			82.5854% u	
Incurred by BSC: H23400 FRN 100	287,153 u	331,037	618,190	115.2826%
BST Allocation: H23400 FRN 100	237,264 u	273,272 u	510,536	115.1762%
BST Allocation %			82.5855% u	
Incurred by BSC: H23500 FRN 100	629,618 u	725,840	1,355,458	115.2826%
BST Allocation: H23500 FRN 100	520,231 u	599,182	1,119,413	115.1762%
BST Allocation %			82.5856% u	
Incurred by BSC: H23600 FRN 100	440,668 u	508,013	948,681	115.2826%
BST Allocation: H23600 FRN 100	364,108 u	419,366	783,474	115.1762%
BST Allocation %			82.5855%	

✓ ties to amounts provided in response to request 6-047
 X ties to amounts appearing in 12/92 COPS Billing Binder
 u calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H43X
Department: Security**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$333,131 ✓	\$340,598 ✓	\$673,729 ✓	102.2415% y
BST	261,968 ✓	273,088 ✓	535,054 ✓	104.2440% y
Incurred by BSC: FRN 155	254,074 ✓	259,769	513,843 y	102.2415%
BST Allocation: FRN 155	190,321 ✓	198,398	388,719 y	104.2440%
BST Allocation : FRN 155				
RC H43010	16,876.36 x			77.5271% y
H43011	4,891.99 x			22.4729%
Total to BST	21,768.35 y			100.0000%
Incurred by BSC: FRN 155				
RC H43010	196,976 :	201,391	398,367 :	102.2415%
BST Allocation: FRN 155				
RC H43010	147,550 y	153,812	301,363 y	104.2440%
BST Allocation %			75.6495% y	

- ✓ ties to amounts provided in response to question 6-047
- x ties to amounts appearing in 12/92 COPS Billing Binder
- y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H5XX
Department: Human Resources**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$14,740,900 ✓	\$8,568,412 ✓	\$23,309,312 ✓	58.1268% _u
BST	\$12,235,444 ✓	\$7,214,284 ✓	\$19,449,728 ✓	58.9622% _u
Incurring by BSC: FRN 102	7,511,495 ✓	4,366,191	11,877,686 _u	58.1268%
BST Allocation: FRN 102	6,690,367 ✓	3,944,786	10,635,153 _u	58.9622%
BST Allocation :				
FRN 102				
RC H52050	55,954.88 ✓			14.7412% _u
H53030	29,590.29 ✓			7.7955%
H53040	31,274.55 ✓			8.2392% _u
H53050	14,909.11 ✓			3.9278% _u
H59002	19,041.23 ✓			5.0164%
H59010	71,387.91 ✓			18.8070%
H59020	89,022.65 ✓			23.4529%
H59050	15,756.59 ✓			4.1511%
H59060	21,758.68 ✓			5.7323%
H59061	30,884.84 ✓			8.1366%
Total to BST	379,580.73			100.0000%
Incurring by BSC:				
FRN 102				
RC H52050	1,107,287 _u	643,630	1,750,917 _u	58.1268%
BST Allocation:				
FRN 102				
RC H52050	986,243 _u	581,510	1,567,753 _u	58.9622%
BST Allocation %			89.5389% _u	
Incurring by BSC:				
FRN 102				
RC H53040	618,890 _u	359,741	978,631 _u	58.1268%
BST Allocation:				
FRN 102				
RC H53040	551,235 _u	325,020	876,255 _u	58.9622%
BST Allocation %			89.5389% _u	
Incurring by BSC:				
FRN 102				
RC H53050	295,035 _u	171,495	466,530 _u	58.1268%
BST Allocation:				
FRN 102				
RC H53050	262,783 _u	154,943	417,726 _u	58.9622%
BST Allocation %			89.5389% _u	

✓ ties to amounts provided in response to request 6-047
 X ties to amounts appearing in 12/92 COPS Billing Binder
 u calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H61X
Department: Legal**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$7,156,099 ✓	\$5,243,454 ✓	\$12,399,553	73.2725% y
BST	\$5,057,173 ✓	\$3,870,776 ✓	\$8,927,949 ✓	76.5403% y
Incurred by BSC: FRN 311 RC 61340	308,400 ✓	225,972	534,372	73.2725%
BST Allocation: FRN 311 RC 61340	184,155 ✓	140,953	325,108	76.5403%
BST Allocation %			60.8392%	
Incurred by BSC: FRN 190	425,666 ✓	311,896	737,562	73.2725%
BST Allocation: FRN 190	425,666 ✓	311,896	737,562	73.2725%
BST Allocation: FRN 190 RC H61140 H61350	30,761.22 ✓ 10,612.03 x			74.3505% 25.6495%..
Total to BST	41,373.25 y			100.0000%
Incurred by BSC: RC H61350 FRN 190	109,181 y	80,000 y	189,181 y	
BST Allocation: RC H61350 FRN 190	109,181	80,000	189,181	
General allocator			82,7500%	
Allocated costs on gen allocator			156,547 y	
Difference			(32,834) y	

- ✓ ties to amounts provided in response to request 6-047
- x ties to amounts appearing in 12/92 CO's Billing Binder
- y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H71X
Department: Federal Relations**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$7,207,370 ~	\$1,244,390 ~	\$8,451,760 ~	17.2655% ~
BST	\$5,905,645 ✓	\$1,017,059 ✓	\$6,922,704 ✓	17.2218% ~
Incurred by BSC: FRN 100	2,216,326 ✓	382,660	2,598,986 ~	17.2655%
BST Allocation: FRN 100	1,830,539 ✓	315,252	2,145,791 ~	17.2218%
BST Allocation: FRN 100				
RC H71100	82,740.02 ✓			72.3689%
H73070	11,690.95 ✓			10.2255%
H73080	19,899.91 ✓			17.4055%
Total to BST	114,330.88 ~			100.0000%
Incurred by BSC: RC H71100 FRN 100	1,603,931 ~	276,927	1,880,858 ~	17.2655%
BST Allocation: RC H71100 FRN 100	1,324,741 ~	228,144	1,552,886 ~	17.2218%
BST Allocation %	82.5934%		82.5626% ~	
Incurred by BSC: RC H73070 FRN 100	226,831 ~	39,129	265,760 ~	17.2655%
BST Allocation: RC H73070 FRN 100	187,182 ~	32,236	219,419 ~	17.2218%
BST Allocation %			82.5626% ~	
Incurred by BSC: RC H73080 FRN 100	385,764 ~	66,604	452,368 ~	17.2655%
BST Allocation: RC H73080 FRN 100	318,615 ~	54,871	373,487 ~	17.2218%
BST Allocation %			82.5626% ~	

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H71X
Department: Federal Relations**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
Incurring by BSC:				
FRN 215	2,769,214 ✓	478,119	3,247,333 y	
BST Allocation:				
FRN 215	2,288,971 ✓	394,202	2,683,173 y	
BST Allocation:				
FRN 215				
RC H71410	14,536.52 ✓			8.0208%
H71411	18,716.86 x			10.3274%
H71420	81,574.32 x			45.0101%
H71421	166.15 x			0.0917%
HE0H70	66,241.72 x			36.5501%
Total to BST	181,235.57 y			100.0000%
Incurring by BSC:				
RC H71410				
FRN 215	222,113 .	38,349	260,462 .	17.2855%
BST Allocation:				
RC H71410				
FRN 215	183,594 .	31,618	215,212 .	17.2218%
BST Allocation %			82.6270% y	
Incurring by BSC:				
RC H71420				
FRN 215	1,246,426 y	215,202	1,461,628 y	17.2655%
BST Allocation:				
RC H71420				
FRN 215	1,030,268 y	177,431	1,207,699 y	17.2218%
BST Allocation %			82.6270% y	

- ✓ ties to amounts provided in response to request 6-047
- x ties to amounts appearing in 12/92 CCRS Billing Binder
- y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H902
Department: Advertising**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$2,592,960 ✓	\$435,619 ✓	\$3,028,579	16.8001%
BST	\$1,157,606 ✓	\$283,781 ✓	\$1,441,387	24.5145%
Incurring by BSC: FRN 327 RC H95000	117,401 ✓	19,723	137,124	16.8001%
BST Allocation: FRN 327 RC H95000	91,551 ✓	22,443	113,994	24.5145%
BST Allocation %			83.1320%	
Incurring by BSC: FRN 328 RC H95010	223,790 ✓	37,597	261,387	16.8001%
BST Allocation: FRN 328 RC H95010	110,590 ✓	27,111	137,701	24.5145%
BST Allocation %			52.6807%	

✓ ties to amounts provided in response to request # 047

✓ calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H910
Department: Public Relations**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$943,035 ✓	\$226,657	\$1,169,692	24.0348% y
BST	780,182 ✓	187,329	967,511	24.0109% y
Incurring by BSC:				
FRN 100				
RC 91000	941,526 ✓	226,294	1,167,820 y	24.0348%
BST Allocation:				
FRN 100	779,535 ✓	187,174	966,709 y	24.0109%
RC 91000				
BST Allocation %			82.7789% y	
Incurring by BSC:				
FRN CX 1991	107 ✓	26	133	
FRN CX 1992	1,403 ✓	337	1,740	
Total	1,510 y	363	1,873	
BST Allocation:				
FRN CX 1991	48 ✓	11	57	
FRN CX 1992	602 ✓	145	747	
Total	648 y	156	804	

✓ ties to amounts provided in response to 6-047

y calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H920
Department: External Affairs**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$4,301,772 ✓	\$1,303,474 ✓	\$5,605,246 ✓	30.3009%
BST	\$3,241,324 ✓	\$1,013,016 ✓	\$4,254,340 ✓	31.2532%
Incurred by BSC: FRN 100	400,133 ✓	121,244	521,377 u	30.3009%
BST Allocation: FRN 100	329,303 ✓	102,918	432,221 u	31.2532%
BST Allocation: FRN 100				
RC H92030	9,820.85 ✓			27.9920% u
H92050	16,083.66 ✓			45.8426% u
H92051	9,180.03 ✓			26.1655%
Total to BST	35,064.54 u			100.0000%
Incurred by BSC: RC H92030 FRN 100	112,005 u	33,939	145,944 :	30.3009%
BST Allocation: RC H92030 FRN 100	92,178 u	28,809	120,987 :	31.2532%
BST Allocation %			82.8999% u	
Incurred by BSC: RC H92050 FRN 100	183,431 u	55,581	239,013 u	30.3009%
BST Allocation: RC H92050 FRN 100	150,961 u	47,180	198,141 u	31.2532%
BST Allocation %			82.8999% u	
Equity allocator			72.8700%	
Allocated costs on equity allocator			174,168 u	
Difference			(23,973) u	
Incurred by BSC: RC H92010 FRN 103	956,378 ✓	289,791	1,246,169 u	30.3009%
BST Allocation: RC H92010 FRN 103	767,148 ✓	239,758	1,006,906 u	31.2532%
BST Allocation %			80.8001% u	

- ✓ ties to amounts provided in response to request 6-047
 ✓ ties to amounts appearing in 12/42 COPS Billing Binder
 u calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Calculation of Amounts Billed by BSC
to Individual Responsibility Codes**

**Billing Code: H940
Department: Corporate Affairs Department**

<u>Total Department</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>OH as a % of Direct Costs</u>
BSC	\$5,346,507 ✓	\$975,372 ✓	\$6,321,879 ✓	18.2432%
BST	4,161,857 ✓	785,359 ✓	4,947,216 ✓	18.8704%
Incurring by BSC: FRN 100	4,475,428 ✓	816,461	5,291,889 ✓	18.2432%
BST Allocation: FRN 100	3,706,359 ✓	699,405	4,405,764 ✓	18.8704%
BST Allocation: FRN 100				
H94040	181,720.23 x			84.3268% ✓
H94100	20,701.53 x			9.8065% ✓
H94101	2,412.63 x			1.1196% ✓
H94102	795.78 x			0.3693% ✓
H94110	9,865.14 x			4.5779% ✓
Total to BST	215,495.31 ✓			100.0000%
Incurring by BSC: H94040 FRN 100	3,773,985 ✓	688,494	4,462,479 ✓	18.2432%
BST Allocation: H94040 FRN 100	3,125,454 ✓	589,786	3,715,240 ✓	18.8704%
BST Allocation %			83.2551% ✓	
Incurring by BSC: H94100 FRN 100	429,932 ✓	78,433	508,365 ✓	18.2432%
BST Allocation: H94100 FRN 100	356,051 ✓	67,188	423,239 ✓	18.8704%
BST Allocation %			83.2550% ✓	
Incurring by BSC: H94110 FRN 100	204,881 ✓	37,377	242,258 ✓	18.2432%
BST Allocation: H94110 FRN 100	169,673 ✓	32,018	201,691 ✓	18.8704%
BST Allocation %			83.2547% ✓	

✓ ties to amounts provided in response to request 6-047
 x ties to amounts appearing in 12/92 Cops Billing Binder
 ✓ calculation verified

**BellSouth Corporation
Cost Allocation to Subsidiaries**

**Billing Code Key
for
Audit Worksheets**

	<u>Billing Code No.</u>	<u>Department</u>
1.	EXEC	Executive
2.	H110	Corporate Secretary
3.	H112	Treasury
4.	H43X	Security
5.	H131	Comptrollers
6.	H15X	Tax
7.	H41X	Internal Auditing
8.	H23X	Corporate Planning
9.	H22X	Financial Management
10.	H5XX	BellSouth Human Resources, Inc.
11.		Human Resources
12.	H616	Assistant Secretary/Corporate Counsel
13.	H61X	Legal
14.	H71X	Federal Relations
15.	H902	Advertising
16.	H910	Public Relations
17.	H920	External Affairs
18.	H940	Corporate Affairs

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: EXEC
Department: Executive

FRN	FC#	Direct	Overhead	Total
100	HE0H00	\$79,224.32	\$50,768.62	\$129,992.94
100	HE0H11	0.00	0.00	0.00
100	HE0H13	0.00	0.00	0.00
100	HE0H20	0.00	0.00	0.00
100	HE0H40	0.00	0.00	0.00
100	HE0H80	0.00	0.00	0.00
100	HE0H80	0.00	0.00	0.00
100	H15000	0.00	0.00	0.00
100	HE0H10	83.02	0.00	83.02
225	HE0H11	29,937.90	21,917.35	51,855.25
225	H11001	0.00	0.00	0.00
225	H11200	0.00	0.00	0.00
225	H11300	0.00	0.00	0.00
225	H11400	0.00	0.00	0.00
201	HE0H13	14,708.80	14,252.36	28,961.16
201	H13050	0.00	0.00	0.00
201	H13100	0.00	0.00	0.00
201	H13200	0.00	0.00	0.00
202	HE0H20	21,226.57	26,716.63	47,943.20
202	H22000	0.00	0.00	0.00
202	H23000	0.00	0.00	0.00
103	HE0H40	20,085.29	20,607.36	40,692.65
103	H41000	0.00	0.00	0.00
103	H43010	0.00	0.00	0.00
203	HE0H50	31,998.05	29,736.86	61,734.91
203	H52000	0.00	0.00	0.00
203	H53000	0.00	0.00	0.00
203	H59000	0.00	0.00	0.00
205	HE0H80	40,851.12	24,962.90	65,814.02
205	HE0H81	0.00	0.00	0.00
205	H61200	0.00	0.00	0.00
205	H61500	0.00	0.00	0.00
205	H61600	0.00	0.00	0.00
222	HE0H81	17,037.17	16,394.21	33,431.38
222	H61100	0.00	0.00	0.00
222	H61300	0.00	0.00	0.00
222	H61400	0.00	0.00	0.00
207	HE0H90	13,933.52	17,491.13	31,424.65
207	H90200	0.00	0.00	0.00
207	H91000	0.00	0.00	0.00
207	H92000	0.00	0.00	0.00
207	H94000	0.00	0.00	0.00
207	H95000	0.00	0.00	0.00
100	HE0HVD	91,194.16	100,015.90	191,210.06
	Total	\$360,289.74	\$322,863.52	\$683,153.26
	per summary	\$360,289.74	\$322,863.52	\$683,153.26
	Difference	0	0	0

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H110
Department: Corporate Secretary**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>
100	H11001	\$94,549.71	\$16,499.20	\$111,048.91
232	H11910	152,996.36	13,486.53	166,352.89
232	H11911	0.00	0.00	0.00
232	H11912	0.00	0.00	0.00
118	H11911	<u>8,165.96</u>	<u>8,899.74</u>	<u>15,045.70</u>
Total		\$253,602.03	\$38,845.47	\$292,447.50 <i>Total reconciles with summary sheet</i>
per Summary		<u>\$253,602.03</u>	<u>\$38,845.47</u>	<u>\$292,447.50</u>
Difference		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H112
Department: Treasury

FRN	RC#	Direct	Overhead	Total	Comments
230	H11200	\$639.72	\$766.67	\$1,406.39	See next page.
230	H11210	0.00	0.00	0.00	
230	H11220	0.00	0.00	0.00	
230	H11230			0.00	
100	H11210	166.77✓	229.57	396.34	
100	H11220	5,496.15✓	6,858.25	12,354.40	
100	H11230			0.00	
231	H11300	17,586.00	24,787.43	42,373.43	
231	H11310	0.00	0.00	0.00	
231	H11320	0.00	0.00	0.00	
101	H11312	20,324.96✓	20,617.35	40,942.33	
101	H11320	4,988.83✓	7,408.24	12,397.07	
233	H11400	7,911.37	11,686.55	19,597.92	
233	H11401	0.00	0.00	0.00	
233	H11420	0.00	0.00	0.00	
233	H11430	0.00	0.00	0.00	
241	H11420	5,100.13	6,978.99	12,079.12	
241	H11421	0.00	0.00	0.00	
241	H11423	0.00	0.00	0.00	
241	H11424	0.00	0.00	0.00	
100	H11401	1,894.17✓	2,908.33	4,802.50	
100	H11421	24,734.34✓	32,303.48	57,037.82	
108	H11422	0.00	0.00	0.00	
101	H11423	48,953.74✓	27,600.17	76,553.91	
101	H11424			0.00	
101	H11430	11,175.85✓	12,295.84	23,471.49	
101	H11431	9,312.83✓	12,183.40	21,496.23	
Total		\$158,284.68	\$166,624.27	\$324,908.95	
per Summary		\$223,187.63	\$210,171.86	\$433,359.49	
Difference		<u>(\$64,902.95)</u>	<u>(\$43,547.59)</u>	<u>(\$108,450.54)</u>	

✓ forwarded to w/p (2-2A)

X forwarded to w/p (2-2B)

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H112
Department: Treasury**

Comments:

The difference is attributed to the following FRNs/RCs:

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>
CX0005	H11220	24.53	37.67	62.20
CX0009	H11220	27.90	0.00	27.90
CX0003	H11421	173.01	4,849.94	5,022.95
CX0013	H11421	113.12	173.68	286.80
CX0007	H11423	18.48	28.38	46.86
CX0009	H11423	31,913.51	0.00	31,913.51
CX0020	H11423	3,891.99	5,975.81	9,867.80
CX0007	H11431	1,789.08	2,746.98	4,536.06
CX0008	H11431	7,585.08	0.00	7,585.08
CX0020	H11431	19,366.25	29,735.13	49,101.38
		<u>\$64,902.95</u>	<u>\$43,547.59</u>	<u>\$108,450.54</u>

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H131
Department: Comptrollers

FRN	RC#	Direct	Overhead	Total	Comments
191	H13090	\$17,751.01	\$10,467.93	\$28,218.94	See below.
213	H13100	12,527.23	12,592.80	25,120.03	
213	H13120	0.00	0.00	0.00	
213	H13130	0.00	0.00	0.00	
213	H13140	0.00	0.00	0.00	
213	H13160	0.00	0.00	0.00	
213	H13170	0.00	0.00	0.00	
118	H13120	18,907.00	29,613.02	48,520.02	
192	H13130	27,739.89	43,977.21	71,717.10	
190	H13140	5,963.04	9,594.09	15,557.13	
102	H13160	20,708.17	35,441.64	56,149.81	
102	H13161	3,625.04	6,243.86	9,868.90	
155	H13170	36,525.03 ✓	15,578.08	51,903.11	
155	H13171	15,477.07 ✓	25,374.19	40,851.26	
155	H13172	7,035.10 ✓	12,169.61	19,204.71	
155	H13173	6,736.29 ✓	11,564.70	18,302.99	
155	H13174	6,591.27 ✓	10,106.39	16,697.66	
213	H13300	1,857.92	3,073.56	4,931.50	
Total		\$181,246.06	\$225,798.50	\$407,044.56	
per Summary		<u>\$204,503.94</u>	<u>\$256,418.78</u>	<u>\$460,922.72</u>	
Difference		<u>(\$23,257.88)</u>	<u>(\$30,620.28)</u>	<u>(\$53,878.16)</u>	

Comments:

The difference is attributed to the following FRNs/RCs:

FRN	RC#	Direct	Overhead	Total
CX0020	H13050	1,418.76	2,455.68	3,874.44
CX0009	H13120	3,576.38	0.00	3,576.38
CX0006	H13130	1,691.46	2,927.67	4,619.13
CX0020	H13130	4,077.67	7,057.85	11,135.52
CX0013	H13160	1,699.21	2,923.79	4,613.00
CX0013	H13161	8,176.76	14,152.79	22,329.55
CX0020	H13170	1,854.12	0.00	1,854.12
CX0020	H13171	106.12	163.73	271.85
CX0020	H13172	667.40	936.77	1,604.17
Total		<u>\$23,257.88</u>	<u>\$30,620.28</u>	<u>\$53,878.16</u>

✓ forwarded to wlp (C2-4)

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H15X
Department: Tax

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
208	H15000	\$11,936.36	\$10,755.95	\$22,694.33	<i>See below.</i>
208	H15010	0.00	0.00	0.00	
208	H15020	0.00	0.00	0.00	
208	H15100	0.00	0.00	0.00	
208	H15200	0.00	0.00	0.00	
208	H15300	0.00	0.00	0.00	
108	H15010	0.00	0.00	0.00	
108	H15011	0.00	0.00	0.00	
108	H15012	0.00	0.00	0.00	
108	H15013	0.00	0.00	0.00	
100	H15020	17,296.95	19,886.34	37,182.29	
236	H15100	10,157.90	10,866.34	21,024.24	
236	H15110	0.00	0.00	0.00	
236	H15120	0.00	0.00	0.00	
236	H15130	0.00	0.00	0.00	
236	H15140	0.00	0.00	0.00	
155	H15101	397.99	493.41	891.40	
117	H15110	13,972.39	15,802.62	29,775.01	
155	H15120	(10,321.16)	(16,352.60)	(26,673.76)	
155	H15130	5,841.93	5,916.44	11,758.37	
193	H15140	16,539.38	13,101.36	29,640.74	
224	H15200	823.54	928.41	1,751.95	
224	H15210			0.00	
224	H15220			0.00	
224	H15230			0.00	
224	H15240			0.00	
224	H15250			0.00	
106	H15210			0.00	
106	H15213			0.00	
106	H15212			0.00	
106	H15212			0.00	
106	H15213			0.00	
185	H15220			0.00	
185	H15221			0.00	
185	H15222			0.00	
185	H15223			0.00	
185	H15224			0.00	
185	H15225			0.00	
185	H15221			0.00	
185	H15222			0.00	
185	H15223			0.00	
185	H15224			0.00	
185	H15225			0.00	
190	H15230			0.00	
190	H15231			0.00	
190	H15232			0.00	
190	H15233			0.00	

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H15X
Department: Tax

FRN	RC#	Direct	Overhead	Total	Comments
190	H15231			0.00	See below.
190	H15232			0.00	
190	H15233			0.00	
186	H15240			0.00	
186	H15241			0.00	
186	H15242			0.00	
186	H15243			0.00	
186	H15241			0.00	
186	H15242			0.00	
186	H15243			0.00	
155	H15250			0.00	
155	H15251			0.00	
155	H15252			0.00	
155	H15253			0.00	
155	H15251			0.00	
155	H15252			0.00	
155	H15253			0.00	
214	H15300	9,757.81	10,162.73	19,920.54	
214	H15320	0.00	0.00	0.00	
214	H15340	0.00	0.00	0.00	
214	H15350	0.00	0.00	0.00	
214	H15360	0.00	0.00	0.00	
999999	H15310			0.00	
999999	H15312			0.00	
999999	H15313			0.00	
331	H15320	22,918.62	17,126.78	40,045.40	
331	H15321	860.55	1,066.87	1,927.42	
108	H15330			0.00	
332	H15340	33.56	0.00	33.56	
332	H15341	25.60	0.00	25.60	
332	H15342			0.00	
332	H15343			0.00	
332	H15344			0.00	
333	H15350	7,364.32	7,574.43	14,938.75	
333	H15351	17,131.51	21,238.75	38,370.26	
333	H15352	17,239.57	20,062.10	37,301.67	
333	H15353	12,993.69	15,718.45	28,712.14	
333	H15354			0.00	
333	H15355	7,222.07	8,672.46	15,894.53	
334	H15360	11,896.79 ✓	13,246.33	25,083.12	
334	H15361	13,453.02 ✓	14,522.04	27,975.06	
334	H15362	9,661.84 ✓	11,767.23	21,428.87	
108	H15400	0.00	0.00	0.00	
Total		\$197,146.05	\$202,555.44	\$399,701.49	
per Summary		\$200,266.22	\$206,187.11	\$406,453.33	
Difference		(\$3,120.17)	(\$3,631.67)	(\$6,751.84)	

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H15X
Department: Tax

Comments:

The difference is attributed to the following FRNs/RCs:

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>
CX0020	H15120	139.10	172.45	\$311.55
CX0020	H15140	<u>2,981.07</u>	<u>3,459.22</u>	<u>\$6,440.29</u>
	Total	<u><u>\$3,120.17</u></u>	<u><u>\$3,631.67</u></u>	<u><u>\$6,751.84</u></u>

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H22X
Department: Financial Management**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
210	H22000	\$88.40	\$0.00	\$88.40	
210	H22070	0.00	0.00	0.00	
210	H22100	0.00	0.00	0.00	
210	H22500	0.00	0.00	0.00	
210	H22800	0.00	0.00	0.00	
108	H22070	0.00	0.00	0.00	
108	H22100	28,310.88 ✓	31,351.88	57,662.81	
108	H22800	25,822.16 ✓	31,178.25	57,000.41	
194	H22800	32,583.87	38,057.48	70,641.35	
Total		\$84,802.81	\$100,587.66	\$185,390.47	
per Summary		\$84,802.81	\$100,587.66	\$185,390.47	
Difference		\$0.00	\$0.00	\$0.00	

✓ forwarded to w/p (C2-5)

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H23X
Department: Corporate Planning**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
220	H23000	\$18,178.71	\$32,906.82	\$51,085.53	
220	H23020	0.00	0.00	0.00	
220	H23400	0.00	0.00	0.00	
220	H23500	0.00	0.00	0.00	
220	H23600	0.00	0.00	0.00	
100	H23020	36,479.18 ✓	21,578.86	57,858.74	
100	H23021	527.08 ✓	0.00	527.08	
100	H23022	5,990.65 ✓	10,854.87	16,845.52	
100	H23400	23,738.99 ✓	39,213.37	62,952.36	
100	H23500	52,050.61 ✓	45,299.23	97,349.84	
100	H23600	36,430.14 ✓	\$1,032.86	67,463.00	
Total		\$173,395.36	\$180,686.81	\$354,082.17	
per Summary		<u>\$173,395.36</u>	<u>\$180,686.81</u>	<u>\$354,082.17</u>	
Difference		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	

✓ forwarded to wlp (C2-6)

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H41X
Department: Internal Auditing

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
195	H41000	\$15,307.35	\$10,428.80	\$25,736.15	See below.
195	H41010	0.00	0.00	0.00	
195	H41020	0.00	0.00	0.00	
195	H41030	0.00	0.00	0.00	
325	H41010	9,631.96	10,804.65	20,436.61	
325	H41011			0.00	
325	H41012			0.00	
197	H41020	14,845.34	16,908.23	31,753.57	
197	H41021	0.00	0.00	0.00	
324	H41021	12,119.87	13,039.88	25,159.75	
198	H41030	14,748.28	16,061.73	30,810.01	
198	H41031	0.00	0.00	0.00	
198	H41032	0.00	0.00	0.00	
198	H41033	0.00	0.00	0.00	
326	H41031	7,067.82	7,516.74	14,584.56	
326	H41032	6,907.04	7,883.77	14,790.81	
326	H41033	10,776.80	12,314.24	23,091.04	
155	H41100			0.00	
Total		\$91,424.46	\$94,958.84	\$186,383.30	
per Summary		\$93,368.02	\$96,973.02	\$190,341.04	
Difference		<u>(\$1,943.56)</u>	<u>(\$2,014.18)</u>	<u>(\$3,957.74)</u>	

Comments:

The difference is attributed to the following FRNs/RCs:

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>
CX0020	H41010	180.85	0.00	180.85
CX0020	H41020	1,732.62	1,979.80	3,712.42
CX0020	H41021	30.09	34.38	64.47
Total		<u>\$1,943.56</u>	<u>\$2,014.18</u>	<u>\$3,957.74</u>

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**BIL Code: H43X
Department: Security**

<u>FFN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
190	H13013			\$0.00	
190	H13020			0.00	
155	H43010	16,576.36 ✓	8,063.38	24,639.74	
155	H43011	4,891.99 ✓	4,944.92	9,836.91	
	Total	\$21,768.35	\$13,008.30	\$34,776.65	
	per Summary	\$21,768.35	\$13,008.30	\$34,776.65	
	Difference	\$0.00	\$0.00	\$0.00	

✓ forwarded to wlp (C2-7)

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H5XX
Department: BS Human Resources Inc.

FRN	RC#	Direct	Overhead	Total	Comments
204	H52000	\$14,342.78	\$15,248.27	\$29,591.05	See below.
204	H52030	0.00	0.00	0.00	
204	H52040	0.00	0.00	0.00	
204	H52050	0.00	0.00	0.00	
204	H52060	0.00	0.00	0.00	
204	H52200			0.00	
113	H52030	28,571.82	31,531.46	59,903.28	
160	H52040	23,174.18	24,020.10	47,194.28	
160	H52041	5,072.72	4,366.02	9,438.74	
160	H52049	16,752.11	19,970.32	36,722.43	
102	H52050	55,954.88 ✓	65,238.98	121,193.84	
113	H52060	5,531.58	7,806.64	13,340.22	
211	H53000	11,493.75	14,058.52	25,550.27	
211	H53010	0.00	0.00	0.00	
211	H53020	0.00	0.00	0.00	
211	H53030	0.00	0.00	0.00	
211	H53040	0.00	0.00	0.00	
211	H53050	0.00	0.00	0.00	
211	H53200	0.00	0.00	0.00	
175	H53010	83,450.46	27.00	83,478.06	
175	H53020	195,290.49	24,935.82	220,226.31	
102	H53030	29,590.29 ✓	10,454.82	40,045.11	
102	H53040	31,274.55 ✓	31,563.47	62,838.02	
102	H53050	14,909.11 ✓	14,831.04	29,740.15	
112	H53200	35,824.72	23,929.11	59,753.83	
112	H53210	0.00	0.00	0.00	
112	H53220			0.00	
173	H53210	223.20	0.00	223.20	
173	H53220			0.00	
175	H53300	31,247.99	42,050.62	73,298.61	
228	H59000	11,571.54	13,473.85	25,045.19	
228	H59002	0.00	0.00	0.00	
228	H59010	0.00	0.00	0.00	
228	H59020	0.00	0.00	0.00	
228	H59050	0.00	0.00	0.00	
228	H59060	0.00	0.00	0.00	
102	H59001			0.00	
102	H59002	19,041.23 ✓	26,017.34	45,058.57	
102	H59010	71,387.91 ✓	42,776.26	114,164.17	
102	H59020	89,022.65 ✓	56,889.78	145,912.43	
102	H59050	15,756.59 ✓	16,966.54	32,723.13	
102	H59060	21,756.68 ✓	23,435.52	45,194.20	
102	H59061	30,884.84 ✓	34,361.53	65,246.37	
102	H59070			0.00	
Total		\$841,928.07	\$543,963.39	\$1,385,911.46	
per summary		\$841,928.07	\$550,872.93	\$1,392,601.00	
Difference		\$0.00	(\$6,689.54)	(\$6,689.54)	

Comments:

The difference is attributed to the following FRNs/RCs:

FRN	RC#	Direct	Overhead	Total
PN1770	H53030	0.00	2,360.65	2,360.65
PN4005	H53030	0.00	4,328.89	4,328.89
		\$0.00	\$6,689.54	\$6,689.54

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit — December 1992

Bill Code: H616
Department: Asst Secretary/Corporate Counsel

<u>FFN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
100	H61600			\$0.00	
100	H61410	13,714.86	16,622.41	\$0,337.27	
	Total	\$13,714.86	\$16,622.41	\$30,337.27	
	per Summary	<u>\$13,714.86</u>	<u>\$16,622.41</u>	<u>\$30,337.27</u>	
	Difference	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H61X
Department: Legal**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
301	H61100	\$18,508.42	\$22,625.07	\$41,133.49	
301	H61110			0.00	
301	H61120			0.00	
301	H61130	0.00	0.00	0.00	
301	H61140	0.00	0.00	0.00	
301	H61150	0.00	0.00	0.00	
301	H61160			0.00	
301	H61170	0.00	0.00	0.00	
301	H61180	0.00	0.00	0.00	
301	H61190	0.00	0.00	0.00	
999999	H61110			0.00	
302	H61120			0.00	
303	H61130	6,827.84	8,853.84	15,681.68	
190	H61140	30,761.22 ✓	38,622.71	69,383.93	
317	H61150	15,661.75	16,230.48	31,892.23	
999999	H61160			0.00	
205	H61170	26,109.98	14,785.54	40,895.52	
100	H61180	52,378.44	1,861.18	54,239.62	
100	H61190	0.00	0.00	0.00	
315	H61190	3,684.17	927.15	4,591.32	
318	H61200	59,249.21	24,012.76	83,261.97	
319	H61300	18,548.70	17,573.16	36,121.86	
319	H61310	0.00	0.00	0.00	
319	H61320	0.00	0.00	0.00	
319	H61330	0.00	0.00	0.00	
319	H61340	0.00	0.00	0.00	
319	H61350	0.00	0.00	0.00	
308	H61310	10,663.90	12,381.27	23,045.17	
320	H61320	9,996.26	8,093.29	18,089.55	
335	H61330	14,229.52	14,278.02	28,507.54	
311	H61340	13,045.94	16,435.76	29,481.70	
190	H61350	10,612.03 ✓	13,644.76	24,256.79	
336	H61400	29,542.84	24,917.40	54,460.24	
337	H61500	20,080.94	22,640.44	42,701.38	
337	H61510	0.00	0.00	0.00	
337	H61520	0.00	0.00	0.00	
337	H61530	0.00	0.00	0.00	
337	H61540	0.00	0.00	0.00	
314	H61510	28,877.72	7,535.77	34,413.49	
315	H61520	1,937.31	2,503.52	4,440.83	
338	H61530	22,751.59	17,129.21	39,880.80	
342	H61540	428.24	577.96	1,006.22	
Total		\$391,856.02	\$285,629.31	\$677,485.33	
per Summary		\$391,856.02	\$285,629.31	\$677,485.33	
Difference		\$0.00	\$0.00	\$0.00	

✓ forwarded to w/p (C2-9)

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992

Bill Code: H71X
Department: Federal Relations

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
100	H71100	\$82,740.02 ✓	\$12,983.26	\$95,723.28	
215	H71410	14,536.52 ✓	2,287.80	16,824.32	
215	H71411	18,716.86 ✓	3,284.16	21,991.02	
215	H71420	81,574.32 ✓	0.00	81,574.32	
215	H71421	188.15 ✓	0.00	188.15	
339	H73010	10,588.87	1,774.77	12,343.64	
340	H73020	15,254.58	2,496.02	17,750.60	
341	H73030	12,564.72	1,846.21	14,410.93	
322	H73040			0.00	
323	H73050	6,988.06	877.86	7,865.92	
306	H73060	27,014.40	3,493.00	30,507.40	
100	H73070	11,690.95 ✓	1,773.47	13,464.42	
100	H73080	19,899.91 ✓	3,080.00	22,979.91	
215	HE0H70	66,241.72 ✓	8,501.35	74,743.07	
215	HE0H71			0.00	
215	HE0H73	0.00	0.00	0.00	
240	HE0H71			0.00	
240	H71100	0.00	0.00	0.00	
216	HE0H73	36,647.54	5,985.44	42,632.98	
216	H73010	0.00	0.00	0.00	
216	H73020	0.00	0.00	0.00	
216	H73030	0.00	0.00	0.00	
216	H73040			0.00	
216	H73050	0.00	0.00	0.00	
216	H73060	0.00	0.00	0.00	
216	H73070	0.00	0.00	0.00	
216	H73080	0.00	0.00	0.00	
Total		\$404,804.60	\$48,373.34	\$452,977.94	
per Summary		\$404,804.60	\$48,373.34	\$452,977.94	
Difference		\$0.00	\$0.00	\$0.00	

✓ forwarded to wlp (C2-10A)

✓ forwarded to wlp (C2-10B)

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H902
Department: Advertising**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
327	H95000	\$11,228.40	\$13,322.50	\$24,550.90	<i>See below.</i>
327	H95010	0.00	0.00	0.00	
328	H95010	6,721.48	6,969.31	13,690.79	
328	H95011	0.00	0.00	0.00	
329	H95011	4,173.51	5,548.29	9,722.80	
329	H95012			0.00	
330	H95012			0.00	
Total		\$22,123.39	\$25,841.10	\$47,964.49	
per Summary		<u>\$85,076.81</u>	<u>\$25,841.10</u>	<u>\$110,917.91</u>	
Difference		<u><u>(\$62,953.42)</u></u>	<u><u>\$0.00</u></u>	<u><u>(\$62,953.42)</u></u>	

Comments:

The difference is attributed to the following FRNs/RCs:

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>
CX011	H95011	62,899.88	0.00	\$62,899.88
CX1992	H95011	53.54	0.00	\$53.54
Total		<u><u>\$62,953.42</u></u>	<u><u>\$0.00</u></u>	<u><u>\$62,953.42</u></u>

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**BIM Code: H910
Department: Public Relations**

<u>FFN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
100	H91000	\$60,152.89	\$10,672.39	\$70,825.28	
	per Summary	<u>\$60,152.89</u>	<u>\$10,672.39</u>	<u>\$70,825.28</u>	
	Difference	<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**Bill Code: H920
Department: External Affairs**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
242	H92000	\$19,283.88	\$10,040.33	\$29,324.01	<i>See below.</i>
242	H92010	0.00	0.00	0.00	
242	H92030	0.00	0.00	0.00	
242	H92040	0.00	0.00	0.00	
242	H92050	0.00	0.00	0.00	
103	H92010	32,785.80	15,946.58	48,712.38	
100	H92030	9,620.85✓	12,160.81	21,981.66	
181	H92040	53,504.63	26,424.00	79,928.63	
100	H92050	16,083.66✓	20,864.36	36,948.02	
100	H92051	9,180.03✓	9,908.67	19,178.70	
Total		\$140,638.65	\$96,434.75	\$236,073.40	
per Summary		\$161,055.59	\$96,776.69	\$256,832.48	
Difference		<u>(\$20,416.94)</u>	<u>(\$3,342.14)</u>	<u>(\$23,759.08)</u>	

Comments:

The difference is attributed to the following FRNs/RCs:

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>
CX0021	H92050	3,602.36	296.35	4,098.71
CX1992	H92050	16,586.09	3,045.79	19,631.88
CX1992	H92051	28.49	0.00	28.49
Total		<u>\$20,416.94</u>	<u>\$3,342.14</u>	<u>\$23,759.08</u>

✓ forwarded to wlp (C2-13)

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit - December 1992**

**BII Code: H940
Department: Corporate Affairs**

<u>FRN</u>	<u>RC#</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Comments</u>
221	H94000	\$4,458.64	\$0.00	\$4,458.64	
221	H94040	0.00	0.00	0.00	
221	H94100	0.00	0.00	0.00	
100	H94010			0.00	
100	H94020			0.00	
100	H94030			0.00	
100	H94040	181,720.23 ✓	21,562.54	203,282.77	
100	H94100	20,701.53 ✓	30,941.87	51,642.90	
100	H94101	2,412.63 ✓	0.00	2,412.63	
100	H94102	785.78 ✓	0.00	785.78	
100	H94110	9,865.14 ✓	8,083.04	17,958.18	
Total		\$219,953.95	\$60,596.95	\$280,550.90	
per Summary		<u>\$219,953.95</u>	<u>\$60,596.95</u>	<u>\$280,550.90</u>	
Difference		<u>\$0.00</u>	<u>\$0.00</u>	<u>\$0.00</u>	

✓ forwarded to wlp (C2-14)

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992

Billing Code: EXEC
Billing Department: Executive Department

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	HEOH00	79,224.32	50,768.62	129,992.94	
100	HEOH10	83.02	0.00	83.02	
225	HEOH11	29,937.90	21,917.33	51,855.23	
201	HEOH13	14,708.60	14,252.36	28,960.96	
202	HEOH20	21,228.57	26,716.83	47,945.40	
103	HEOH40	20,086.29	20,607.36	40,702.65	
203	HEOH60	31,998.06	28,736.86	61,734.91	
205	HEOH60	40,851.12	24,962.90	65,814.02	
222	HEOH61	17,037.17	16,394.21	33,431.38	
215	HEOH70	66,241.72	8,501.35	74,743.07	
	HEOH71			0.00	
216	HEOH73	36,647.54	5,985.44	42,632.98	
207	HEOH90	13,933.52	17,491.13	31,424.65	
100	HEOHV0	91,194.18	100,015.90	191,210.08	
208	H15000	11,936.38	10,755.95	22,692.33	
233	H11400	7,911.37	11,686.55	19,597.92	
210	H22000	86.40	0.00	86.40	
	H90200			0.00	
100	H91000	60,152.89	10,672.39	70,825.28	
221	H94000	4,458.64	0.00	4,458.64	
	H13200			0.00	
155	H43010	18,876.36	8,063.38	24,939.74	
228	H59000	11,571.54	13,473.65	25,045.19	
	H61600			0.00	

Comments:

Responsibility codes with blank amounts were not listed on the BellSouth Headquarters Cost Allocation spreadsheets.

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H110
Billing Department: Corporate Secretary**

<u>FFN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	H11101	94,548.71	16,499.20	111,048.91	Board Matters

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H112
Billing Department: Treasury**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	H11210	108.77	229.57	338.34	Trust Assets - Investments
100	H11220	5,498.15	6,868.25	12,366.40	Trust Assets - Administration
CX0005	H11220	24.83	37.87	62.70	
CX0009	H11220	2.47	27.80	30.27	
100	H11401	1,894.17	2,908.33	4,802.50	Corp Fin - Budget/FEDPAC
100	H11421	24,734.34	32,308.48	57,042.82	
CX0007	H11421	173.01	4,848.94	5,021.95	
CX0013	H11421	113.12	173.88	287.00	
108	H11422	0.00	0.00	0.00	Capital Funding - FX
101	H11423	48,953.74	27,600.17	76,553.91	Financial Planning
CX0007	H11423	18.48	28.38	46.86	
CX0009	H11423	31,913.51	0.00	31,913.51	
CX0020	H11423	3,891.99	5,975.81	9,867.80	
	H11424			0.00	Earnings Analysis
101	H11430	11,175.65	12,295.84	23,471.49	Corp Fin - Methods

BellSouth Corporation
Cost Allocation to Subsidiaries
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Billing Code: H131
Billing Department: Comptrollers

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
116	H13120	16,907.00	29,613.02	46,520.02	Corp Consol/External Reporting
C00009	H13120	3,576.38	0.00	3,576.38	
155	H13170	36,325.08	15,578.08	51,903.11	Corporate Accounting
C00020	H13170	1,854.12	0.00	1,854.12	
180	H13140	5,963.04	9,594.09	15,557.13	Affiliate Interest Matters

**BellSouth Corporation
Cost Allocation to Subsidiaries
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**Billing Code: H15X
Billing Department: Tax**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
193	H15140	18,539.36	13,101.36	29,640.74	Other Taxes - Property
CX0020	H15140	2,961.07	3,459.22	6,440.29	
334	H15300	11,836.79	13,246.33	25,083.12	Consolidated FIT & SIT
106	H15010	0.00	0.00	0.00	Compliance

BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992

Billing Code: H22X
Billing Department: Financial Management

<u>FFN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
106	H22100	26,310.36	31,351.93	57,662.31	Chief Economist
106	H22500	25,822.16	31,178.25	57,000.41	Consolidated Operations
210	H22000	86.40	0.00	86.40	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H23X
Billing Department: Corporate Planning**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	H23020	36,478.18	21,379.56	57,858.74	Strategic Research
100	H23400	23,738.99	39,218.37	62,957.36	Sub Strategies
100	H23500	82,000.61	48,289.23	97,949.84	Adv Strategies
100	H23600	36,430.14	31,032.86	67,463.00	Technology Planning

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H41X
Billing Department: Internal Auditing**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
	H41100			0.00	Chief Economist
324	H41021	12,119.87	13,039.86	25,159.73	Consolidated Operations
CX0020	H41021	30.09	34.38	64.47	
326	H41031	7,067.92	7,516.74	14,604.66	
326	H41032	6,907.04	7,893.77	14,790.81	
326	H41033	10,776.80	12,314.24	23,091.04	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H43X
Billing Department: Security**

<u>FFN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
155	H43010	16,576.36	8,063.38	24,639.74	Security

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H5XX
Billing Department: Human Resources**

<u>FFN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
102	H52050	55,954.88	65,238.96	121,193.84	Staffing, Research & Develop
	H52200			0.00	
102	H53030	29,950.29	10,454.82	40,405.11	Assessment Center
PN1770	H53030	0.00	2,380.85	2,380.85	
PN4005	H53030	0.00	4,328.89	4,328.89	
102	H53040	31,274.85	31,593.47	62,868.02	Strategic Planning
102	H53060	14,809.11	14,891.04	29,740.15	Performance Measurement
228	H59000	11,571.54	13,473.65	25,045.19	
	H59001			0.00	
102	H59002	19,041.23	26,017.34	45,058.57	
102	H59010	71,367.91	42,776.28	114,164.17	
102	H59020	89,022.65	56,889.78	145,912.43	
102	H59050	15,758.59	16,986.54	32,723.13	
102	H59060	21,758.68	23,435.52	45,194.20	
	H59070			0.00	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H616
Billing Department: Asst Secty/Corporate Counsel**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
	H61600			0.00	Staffing, Research & Develop Assessment Center Strategic Planning Performance Measurement

Comments:

The Responsibility code does not appear on the
BellSouth Headquarters Cost Allocation spreadsheet.

**BellSouth Corporation
Cost Allocation to Subsidiaries
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December 1992**

**Billing Code: H61X
Billing Department: Legal**

December 1992					Activity Description
<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	
	H61110			0.00	Chief Economist
	H61120			0.00	Consolidated Operations
	H61160			0.00	
205	H61170	25,109.98	14,785.54	40,895.52	
100	H61180	52,578.44	1,861.18	54,239.62	
314	H61510	26,577.72	7,535.77	34,413.49	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H71X
Billing Department: Federal Relations**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	H71100	82,740.02	12,983.28	95,723.28	Federal Relations
339	H73010	10,588.87	1,774.77	12,343.64	Federal Relations
340	H73020	15,254.58	2,498.02	17,750.58	Federal Relations
341	H73030	12,584.72	1,848.21	14,410.93	Federal Relations
	H73040			0.00	Federal Relations
323	H73050	6,988.06	877.88	7,865.92	Federal Relations
308	H73060	27,014.40	3,493.00	30,507.40	Federal Relations
100	H73070	11,890.95	1,773.47	13,464.42	Federal Relations
100	H73080	19,899.91	3,080.00	22,979.91	Federal Relations
215	H71410	14,538.52	2,297.80	16,834.32	Atlanta Office - BSDC Govt Affairs
215	H71420	81,574.32	0.00	81,574.32	Atlanta Office - BSDC Govt Affairs
	H71402			0.00	Atlanta Office - BSDC Govt Affairs
	HE0H71			0.00	Atlanta Office - BSDC Govt Affairs

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H902
Billing Department: Advertising**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
327	H95000	11,228.40	13,322.50	24,550.90	Advertising
328	H95010	6,721.48	6,969.31	13,690.79	Advertising
CX0011	H95010	62,888.88	0.00	62,888.88	Advertising
CX1992	H95010	53.54	0.00	53.54	Advertising
329	H95011	4,173.51	5,548.29	9,722.80	Advertising
	H95012			0.00	Advertising

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H910
Billing Department: Public Relations**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	H91000	60,152.89	10,672.39	70,825.28	Public Relations

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1992**

**Billing Code: H920
Billing Department: External Affairs**

<u>FFN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
100	H92030	9,820.85	12,160.81	21,981.66	Executive Speechwriting Headquarters
100	H92090	16,083.66	20,864.36	36,948.02	
CX0021	H92090	3,802.36	298.35	4,098.71	
CX1992	H92090	16,586.09	3,045.79	19,631.88	Strategic Communications Finl Commun & Admin
103	H92010	32,765.80	15,946.58	48,712.38	
181	H92040	53,504.63	25,424.00	79,928.63	

**BellSouth Corporation
Cost Allocation to Subsidiaries
Transaction Audit
December 1982**

**Billing Code: H940
Billing Department: Corporate Affairs**

<u>FRN</u>	<u>RC</u>	<u>Direct</u>	<u>Overhead</u>	<u>Total</u>	<u>Activity Description</u>
221	H94000	4,458.64	0.00	4,458.64	External Affairs
	H94010			0.00	
	H94020			0.00	
	H94030			0.00	
100	H94040	181,720.29	21,882.54	203,602.77	Corporate & Education Affairs Headquarters
100	H94100	20,701.53	30,941.37	51,642.90	
100	H94110	9,865.14	8,083.04	17,948.18	

**BellSouth Headquarters Cost Allocation
Master List of Composites
December 1992 Billing**

<u>Name</u>	<u>FC</u>	<u>FPN</u>	<u>UNHQ</u>	<u>TELE</u>	<u>BSBS</u>	<u>BSHQ</u>	<u>TOTAL</u>
		200					
Casey	HEOH13	201	0.2570	0.5869	0.1572	0.0000	1.0001
Patton	HEOH20	202	0.2209	0.7308	0.0485	0.0000	1.0000
Howard	HEOH50	203	0.1119	0.8368	0.0809	0.0004	1.0000
Allen	H52000	204	0.0687	0.8858	0.0357	0.0000	1.0000
Alford	HEOH60	205	0.3933	0.5571	0.0486	0.0000	1.0000
		206					
Yarbough	HEOH90	207	0.1439	0.7153	0.0611	0.0797	1.0000
Shewbridge	H15000	208	0.4358	0.5436	0.0197	0.0007	1.0000
		209					
Vacant	H22000	210	0.5180	0.6379	0.0461	0.0000	1.0000
Baugus	H53000	211	0.1801	0.7422	0.0777	0.0000	1.0000
Vacant	H13300	212					
Hostinksky	H13100	213	0.1582	0.8217	0.0202	0.0000	1.0001
Reese	H15300	214	0.3237	0.6535	0.0228	0.0000	1.0000
McGuire	HEOH70	215	0.1549	0.7891	0.0256	0.0003	0.9999
Merkey	HEOH73	216	0.1917	0.8049	0.0034	0.0000	1.0000
		217					
Vacant	H41000	218					
		219					
Bell	H23000	220	0.1258	0.8233	0.0509	0.0000	1.0000
Vacant	H94000	221	0.1251	0.8190	0.0506	0.0052	0.9999
O'Neil	HEOH61	222	0.4289	0.5641	0.0069	0.0000	0.9999
		223					
Copping	H15200	224	0.5542	0.4303	0.0122	0.0033	1.0000
Yokely	HEOH11	225	0.1952	0.7737	0.0311	0.0000	1.0000
		226					
		227					
Swiley	H59000	228	0.0668	0.8728	0.0394	0.0012	1.0000
		229					
Patterson	H11200	230	0.1257	0.8234	0.0509	0.0000	1.0000
Humphries	H11300	231	0.1968	0.7887	0.0115	0.0000	1.0000
Guthrie	H11310	232	0.2294	0.7579	0.0127	0.0000	1.0000
Walton	H11400	233	0.3305	0.6583	0.0112	0.0000	1.0000
		234					
		235					
Brasfield	H15100	236	0.1724	0.8147	0.0126	0.0000	0.9999
		237					
		238					
		239					
Vacant	HEOH71	240	0.1182	0.7734	0.0478	0.0606	1.0000
Mitchim	H11420	241	0.5048	0.4782	0.0170	0.0000	1.0000
Braswell	H92000	242	0.1215	0.5404	0.0449	0.2932	1.0000

**BellSouth Headquarters Cost Allocation
Non-Composite Factor Reference Numbers
December 1992 Billing**

<u>FRN</u>	<u>UNHQ</u>	<u>TELE</u>	<u>BSBS</u>	<u>BSHQ</u>	<u>TOTAL</u>
100	0.1175	0.8302	0.0523	0.0000	1.0000
101	0.1708	0.8185	0.0099	0.0000	1.0000
102	0.0780	0.8824	0.0396	0.0000	1.0000
103	0.1398	0.7988	0.0616	0.0000	1.0000
104	0.1231	0.8223	0.0546	0.0000	1.0000
105	0.0580	0.9228	0.0212	0.0000	1.0000
106	0.1721	0.7728	0.0553	0.0000	1.0000
108	1.0000	0.0000	0.0000	0.0000	1.0000
109	0.0551	0.8258	0.0198	0.0000	1.0000
111	0.2139	0.6967	0.0894	0.0000	1.0000
112	0.3288	0.6285	0.0449	0.0000	1.0000
113	0.0389	0.9435	0.0186	0.0000	1.0000
114	0.3270	0.4431	0.2299	0.0000	1.0000
117	0.1488	0.8384	0.0118	0.0000	1.0000
118	0.2929	0.6920	0.0151	0.0000	1.0000
119	0.2992	0.5316	0.1692	0.0000	1.0000
135	0.1618	0.7887	0.0497	0.0000	1.0000
144	0.2489	0.7056	0.0445	0.0000	1.0000
155	0.2306	0.7245	0.0449	0.0000	1.0000
158	0.1933	0.7594	0.0473	0.0000	1.0000
160	0.1288	0.8107	0.0523	0.0000	1.0000
161	0.0013	0.9273	0.0714	0.0000	1.0000
162	0.0000	0.9974	0.0026	0.0000	1.0000
163	0.8461	0.1449	0.0080	0.0000	1.0000
164	0.7254	0.2588	0.0160	0.0000	1.0000
169	0.0000	0.8863	0.1137	0.0000	1.0000
173	0.2988	0.6543	0.0469	0.0000	1.0000
174	0.7077	0.2753	0.0170	0.0000	1.0000
175	0.1318	0.7695	0.0867	0.0000	1.0000
178	0.8461	0.3333	0.0206	0.0000	1.0000
181	0.2824	0.7003	0.0173	0.0000	1.0000
185	0.9077	0.0869	0.0054	0.0000	1.0000
186	0.7077	0.2753	0.0170	0.0000	1.0000
187	0.0000	0.0000	1.0000	0.0000	1.0000
190	0.0000	1.0000	0.0000	0.0000	1.0000
191	0.3340	0.3330	0.3330	0.0000	1.0000
192	0.1108	0.8852	0.0040	0.0000	1.0000
193	0.0500	0.9500	0.0000	0.0000	1.0000
194	0.0000	0.9332	0.0668	0.0000	1.0000
195	0.1370	0.7617	0.1013	0.0000	1.0000
196	0.8153	0.1739	0.0108	0.0000	1.0000
197	0.1592	0.7490	0.0918	0.0000	1.0000
198	0.1770	0.7717	0.0513	0.0000	1.0000
301	0.1118	0.8830	0.0052	0.0000	1.0000
302	0.0823	0.8811	0.0366	0.0000	1.0000
303	0.2500	0.7000	0.0500	0.0000	1.0000
304	0.0177	0.9745	0.0078	0.0000	1.0000
305	0.9000	0.1000	0.0000	0.0000	1.0000
306	0.1299	0.8345	0.0356	0.0000	1.0000
307	0.3677	0.6245	0.0078	0.0000	1.0000
308	0.1235	0.8660	0.0105	0.0000	1.0000
309	0.6235	0.3680	0.0105	0.0000	1.0000
310	0.3118	0.6830	0.0052	0.0000	1.0000

**BellSouth Headquarters Cost Allocation
Non-Composite Factor Reference Numbers
December 1992 Billing**

<u>FRN</u>	<u>UNHQ</u>	<u>TELE</u>	<u>BSBS</u>	<u>BSHQ</u>	<u>TOTAL</u>
311	0.3852	0.5891	0.0157	0.0000	1.0000
312	0.0700	0.8739	0.0561	0.0000	1.0000
313	0.4029	0.5738	0.0235	0.0000	1.0000
314	0.2847	0.7043	0.0110	0.0000	1.0000
315	0.8000	0.2000	0.0000	0.0000	1.0000
316	0.2500	0.7500	0.0000	0.0000	1.0000
317	0.0618	0.9330	0.0052	0.0000	1.0000
318	0.1205	0.7481	0.1314	0.0000	1.0000
319	0.5324	0.8577	0.0098	0.0000	1.0000
320	0.5993	0.6187	0.0220	0.0000	1.0000
321	0.1677	0.8245	0.0078	0.0000	1.0000
322	0.0235	0.9880	0.0105	0.0000	1.0000
323	0.7000	0.3000	0.0000	0.0000	1.0000
324	0.1392	0.8590	0.0018	0.0000	1.0000
325	0.7923	0.1958	0.0121	0.0000	1.0000
326	0.1218	0.8782	0.0022	0.0000	1.0000
327	0.1713	0.7801	0.0488	0.0000	1.0000
328	0.3175	0.4980	0.1865	0.0000	1.0000
329	0.0611	0.9318	0.0071	0.0000	1.0000
330	0.3502	0.4403	0.2085	0.0000	1.0000
331	0.0352	0.9491	0.0157	0.0000	1.0000
332	0.9200	0.0200	0.0600	0.0000	1.0000
333	0.0094	0.9864	0.0042	0.0000	1.0000
334	0.2341	0.6641	0.1018	0.0000	1.0000
335	0.3618	0.6330	0.0052	0.0000	1.0000
336	0.0764	0.8896	0.0340	0.0000	1.0000
337	0.1587	0.8151	0.0262	0.0000	1.0000
338	0.2057	0.7472	0.0471	0.0000	1.0000
339	0.3000	0.7000	0.0000	0.0000	1.0000
340	0.1000	0.9000	0.0000	0.0000	1.0000
341	0.2000	0.8000	0.0000	0.0000	1.0000
342	0.9500	0.0500	0.0000	0.0000	1.0000

**BellSouth Headquarters Cost Allocation
Factor Reference Numbers --- CX Type
December 1992 Billing**

<u>FRN</u>	<u>UNHQ</u>	<u>TELE</u>	<u>BSBS</u>	<u>BSHQ</u>	<u>TOTAL</u>
CX0006	1.0000	0.0000	0.0000	0.0000	1.0000
CX0006	0.0712	0.8991	0.0857	0.0000	1.0000
CX0006	0.1175	0.8302	0.0523	0.0000	1.0000
CX0007	0.2929	0.6920	0.0151	0.0000	1.0000
CX0008	0.1575	0.7723	0.0702	0.0000	1.0000
CX0009	0.0780	0.8824	0.0396	0.0000	1.0000
CX0010	0.0339	0.9692	0.0029	0.0000	1.0000
CX0011	0.3270	0.4431	0.2299	0.0000	1.0000
CX0013	0.2916	0.8887	0.0417	0.0000	1.0000
CX0019	0.0000	0.0000	1.0000	0.0000	1.0000
CX0020	0.0000	1.0000	0.0000	0.0000	1.0000
CX0021	0.3270	0.4431	0.2299	0.0000	1.0000
CX0022	0.0000	1.0000	0.0000	0.0000	1.0000
CX0023	1.0000	0.0000	0.0000	0.0000	1.0000
CX1992	0.3270	0.4431	0.2299	0.0000	1.0000
CX1993	0.3270	0.4431	0.2299	0.0000	1.0000

26 USCA s 404(k)

(k) Deduction for dividends paid on certain employer securities.--

(1) General rule.--In the case of a corporation, there shall be allowed as a deduction for a taxable year the amount of any applicable dividend paid in cash by such corporation during the taxable year with respect to applicable employer securities. Such deduction shall be in addition to the deductions allowed under subsection (a).

(2) Applicable dividend.--For purposes of this subsection--

(A) In general.--The term "applicable dividend" means any dividend which, in accordance with the plan provisions--

(i) is paid in cash to the participants in the plan or their beneficiaries,

(ii) is paid to the plan and is distributed in cash to participants in the plan or their beneficiaries not later than 90 days after the close of the plan year in which paid, or

(iii) is used to make payments on a loan described in subsection (a)(9) the proceeds of which were used to acquire the employer securities (whether or not allocated to participants) with respect to which the dividend is paid.

(B) Limitation on certain dividends.--A dividend described in subparagraph (A)(iii) which is paid with respect to any employer security which is allocated to a participant shall not be treated as an applicable dividend unless the plan provides that employer securities with a fair market value of not less than the amount of such dividend are allocated to such participant for the year which (but for subparagraph (A)) such dividend would have been allocated to such participant.

(3) Applicable employer securities.--For purposes of this subsection, the term "applicable employer securities" means, with respect to any dividend, employer securities which are held on the record date for such dividend by an employee stock ownership plan which is maintained by--

(A) the corporation paying such dividend, or

(B) any other corporation which is a member of a controlled group of corporations (within the meaning of section 409(1)(4)) which includes such corporation.

(4) Time for deduction.--

(A) In general.--The deduction under paragraph (1) shall be allowable in the taxable year of the corporation in which the dividend is paid or distributed to a participant or his beneficiary.

(B) Repayment of loans.--In the case of an applicable dividend described in clause (iii) of paragraph (2)(A), the deduction under paragraph (1) shall be allowable in the taxable year of the corporation in which such dividend is used to repay the loan described in such clause.

(5) Other rules.--For purposes of this subsection--

(A) Disallowance of deduction.--The Secretary may disallow the deduction under paragraph (1) for any dividend if the Secretary determines that such dividend constitutes, in substance, an evasion of taxation.

(B) Plan qualification.--A plan shall not be treated as violating the requirements of section 401, 409, or 4975(e)(7), or as engaging in a prohibited transaction for purposes of section 4975(d)(3), merely by reason of any payment or distribution described in paragraph (2)(A).

(6) Definitions.--For purposes of this subsection--

(A) Employer securities.--The term "employer securities" has the meaning given such term by section 409(1).

(B) Employee stock ownership plan.--The term "employee stock ownership plan" has the meaning given such term by section 4975(e)(7). Such term includes a tax credit employee stock ownership plan (as defined in section 409).

Code Sec. 404

- * Sec. 404 Issues: Deduction for contributions of employer to an employee's trust or annuity plan and compensation under deferred-payment plan (deductible v. not deductible).

<<FULL TEXT>>

This is in reply to your ruling request of November 18, 1992, submitted on your behalf by your authorized representative, regarding the federal income tax consequences of proposed amendments to Plan X. The following facts and representations have been submitted by your authorized representative.

Company A established Plan X, a plan qualified under section 401(a) of the Internal Revenue Code, effective January 1, 1980, to cover all eligible employees in each of the companies included in the consolidated group. The plan allows for elective employee deferrals of up to ten percent of eligible compensation and allows for discretionary employer contributions. Employer contributions are divided between retirement security contributions and employer matching contributions.

During February, 1992, Company A established a second class of stock. Immediately prior to this, Company A had only one class of stock, which was held primarily by family members and related entities. Company A management and shareholders concluded that it would be prudent business practice to provide a vehicle for employee stock ownership to provide incentive for employees and help ensure Company A's continued growth and success; and thus this new preferred stock was established.

As of January 1, 1991, Plan X was restated, amended and continued as Plan Y. Plan Y will consist of two components: The profit-sharing component and the employee stock ownership (ESOP) component. The ESOP component of the plan is intended to be an ESOP as defined in section 4975(e)(7) of the Code, and section 407(d)(6) of the Employee Retirement Income Security Act of 1976. The profit-sharing component is intended to satisfy the requirements of section 401(a) of the Code. The ESOP component is intended to invest primarily in the stock of Company A. Your representative has stipulated that Plan Y is qualified under section 401(a) and its trust is exempt under section 501(a).

As of March 18, 1992, Company A had authorized 10,000,000 shares of common stock with 6,510,733 presently outstanding. Likewise, 1,200,000 shares of preferred stock have been authorized, with 558,144 issued - all to Plan Y. The source of funds for the purchase of the preferred stock was that portion of Plan Y participants' account balances resulting from other than the employees' elective deferrals.

Plan Y provides that any cash dividend paid with respect to the preferred stock allocated to the participants' ESOP accounts (ESOP dividends) may be paid directly in cash to the participants and their

beneficiaries. Further, Plan Y provides that in the event that the dividends are paid to the trustee and then to the participants, the payment to the participants shall be made within 90 days of the close of the plan year in which the dividends were paid.

Company A is proposing to allow participants to amend their current salary reduction agreement (Agreement M) to provide for an increase in their compensation deferral under the cash or deferred arrangement with Plan Y. Such increase would be equal to the amount of ESOP dividends received on account of the stock held in their account within Plan Y. The proposal would be effective in 1993.

Currently, through Agreement M, participants can elect to defer an amount of current compensation into Plan Y within the limits of section 401(k) of the Code and the regulations thereunder. The only option proposed to be made available to the participants with respect to the value of the ESOP dividends would be to amend Agreement M to provide that their deferral could be increased by an amount which would not be less than the entire ESOP dividend received, if Agreement M were so modified. Procedurally, Company A proposes that all ESOP dividends be paid directly to Company A's payroll department. Under an agency relationship established between company A's payroll department and the participants, the payroll department would process the amount of the ESOP dividend as follows: If the participant had not elected to modify Agreement M to provide for an additional deferral of compensation in an amount equivalent to the value of the ESOP dividend, the payroll department would increase the amount of the next payroll check to such employee and include a notice that the payroll check includes the amount of the ESOP dividend. If the employee had elected to modify Agreement M to so increase the amount of deferral, an additional amount of compensation equal to the ESOP dividend would be added to the amount contributed directly to Plan Y by the payroll department on behalf of the employee. If an employee does not agree to enter into such an agency agreement, then that employee's respective ESOP dividends would be paid directly by Company A to the trustee of Plan Y on behalf of such employee. The amount deferred will not exceed the amount described in section 402(g). However, no representations have been made as to the amount of the dividends.

The net payroll check of the employee who had so modified Agreement M would not be impacted by such modification. The components of the check would have been altered, i.e. the net check would now represent ESOP dividends and compensation; however, the net amount of such check would not be altered inasmuch as the ESOP dividend component of the check would be offset by a corresponding increase in the compensation deferral.

Based on the foregoing, you request a ruling that Company A will receive an income tax deduction under section 404(k) for ESOP dividends paid on stock owned by Plan Y if such dividends are paid to Company A's payroll department as agent for the participants or distributed directly to participants by Plan Y trustee not later than 90 days after the close of the plan year in which dividends are paid to Plan Y.

Section 404(k)(1) of the Code provides that, in the case of a corporation, there shall be allowed as a deduction for a taxable year the amount of any applicable dividend paid in cash by such corporation during the taxable year with respect to applicable employer securities. Such deduction is in addition to the deductions allowed under section 404(a).

Section 404(k)(2) of the Code provides, in relevant part, that the term "applicable dividend" means any dividend which, in accordance with the plan provisions - (i) is paid in cash to the participants in the plan or their beneficiaries, or (ii) is paid to the plan and is distributed in cash to the participants in the plan, or their beneficiaries, not later than 90 days after the close of the plan year in which paid.

Section 404(k)(3) of the Code provides that for purposes of this subsection, "applicable employer securities" means, with respect to any dividend, employer securities which are held on the record date for such dividend by an employee stock ownership plan which is maintained by - (A) the corporation paying such dividend, or (B) any other corporation which is a member of a controlled group of corporations (within the meaning of section 409(e)(4) which includes such corporation).

Section 404(k)(5)(A) of the Code provides that the Secretary may disallow the deduction under paragraph (1) for any dividend if the Secretary determined that such dividend constitutes, in substance, an evasion of taxation.

Based upon your representations, the subject dividends will be paid either to the plan participants or to the plan on behalf of the plan participants.

Accordingly, we conclude that Company A will be eligible for an income tax deduction under section 404(k) on amounts paid as dividends on stock owned by Plan Y if such dividends are paid to Company A's payroll department, as agent for Plan Y participants or if such dividends are distributed directly by Plan Y to Plan Y participants no later than 90 days after the close of the plan year in which dividends are paid to Plan Y. In addition, we conclude that the deduction otherwise allowable pursuant to section 404(k) of the Code will be allowed for Company A's taxable year in which Company A, or Company A's payroll department makes payment to participants or, if Company A makes the dividend payment to Plan Y, for Company A's taxable year in which amounts are distributed to participants by Plan Y.

The above ruling is based on the assumption that Plan Y will be otherwise qualified under sections 401(a), 401(k), and 409 of the Code, and the related trust will be tax exempt under section 501(a) at the time that the above transaction takes place. We are also assuming that the agency agreements made between the Plan Y participants and Company A meet all the applicable legal standards. In addition, we are assuming that the shares owned by Plan Y are "applicable employer securities", within the meaning of section 404(A)(3) with respect to the subject dividends.

This ruling is also based on the assumption that the proposed dividend does not constitute, in substance, an evasion of taxation within the meaning of section 404(k)(5)(A) of the Code. We are expressing no opinion as to whether or not the disallowance of deductions provided for in that section would be applicable here.

Your other ruling request which concerns section 3402 of the Code is being considered by the Internal Revenue Service's Office of Associate Chief Counsel (CC:EE) and you will be receiving a reply from them under separate cover.

A copy of this letter has been sent to your authorized representative in accordance with a power of attorney on file in this office.

<<END RULING>>

SET D

**REVIEW OF BSC EMPLOYEE STOCK OWNERSHIP PLAN
ACCOUNTING TREATMENT AND
COST ALLOCATION**

Audit Workplan Cross Reference:

<u>Procedure</u>	<u>Workpaper</u>
II.B.1. and 2.	A2 - 2B
II.C.1. and 2.	A2 - 2C
III.D.1. through 5.	A2 - 3D
V.A.10. and 11.	A2 - 5A
V.D.1. through 3.	A2 - 5D
V.F.3.	A2 - 5F

(A.B.C.)

and 6-0088

1. Reviewed responses to 6-0084^(A.B.C.) requesting BSC-HQ ESOP exp. computation & reconciliation to 1991 and 1992 annual report.

Findings: a) Use shares allocated method commencing in 1990. Computation is "cost of shares allocated for period plus interest incurred less dividends used to service ESOP debt." (response shows not "employer contributions" (1991 and 1992 annual reports Note H Employee Benefit Plans).

b) BSC and BSC-HQ books do not reflect a segregation of "benefits expense" between "compensation expense" and "interest expense" (handwritten notes on response to 6-0084), although the segregation is performed through a "reclassification" for consolidated results. Thus, BSC, through both direct assignment of its share of ESOP expense and the allocation of BSC-HQ overhead expense, gets a substantial amount of the BSC ESOP related interest expense reflected on its books as an operating expense.

c) Amounts in annual report ^(consolidated) reconciled to each other in response to 6-0088. W/P support agrees to reported financial stock results which are audited by C.F.L.

d) Dividends paid by BSC ~~are not~~ segregated between principal and interest in accordance with debt service payment requirements. Thus, pro-rated portion of common stock dividends is used to offset ^(cash) interest expense pd. This "net interest" is then reclassified on BSC consolidated books to "interest" and out of "benefits expense."

e. 6-084 (B.I.) "BSC recognizes expense based upon total cash contributions to the ESOPs." plus additional non-cash accrual to increase expense to "shares allocated" level.

f. 6-084 (B.3.) "BSC-HQ funds the Trusts for the debt service."

g. % allocation to BSC & other BSC affiliates (p. 214 of Attach III to 6-084 (A.3.) for 1st 6 mo of 1992 (\$000):

	<u>MSP</u>	<u>SSP</u>	<u>TOT</u>	<u>%</u>
BSC	672.6	18.5	691.1	1.73
BSC-DC	71.5	—	71.5	0.18
BST	18,508.3	17,566.1	36,074.4	90.14
BSC Comm	1,853.1	255.3	2,108.4	5.27
BSC S	170.8	289.4	460.2	1.15
BAPCO	—	592.4	592.4	1.48
Fin'l Svcs	19.4	5.0	24.4	0.06
	<u>21,295.7</u>	<u>18,726.7</u>	<u>40,022.4</u>	<u>100.00</u>

h. Effective with the incorporation of the ESOP (the Plans in 1990, BellSouth began recognizing expense attributable to the leveraged ESOP the cost of the shares allocated for the period plus interest incurred, reduced by the dividend to service the ESOP debt (Shares Allocated Method).

BellSouth recognized savings plan expense in 1990 as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Compensation expense	1.8	\$77.1	\$78.9
Interest expense	0.5	\$40.5	\$33.1
Actual interest on ESOP notes	2.4	\$74.8	\$60.5
Cash contributions, excluding dividends paid			
Trusts	1.3	\$90.7	\$90.4
Dividends paid to the Trusts, used for debt service	0.7	\$43.5	\$23.1

6-088
Attach I
(from 1992
BSC A.R.
Note H)

Defined Contribution Plans. BellSouth maintains contributory savings plans which cover substantially all employees. Effective in 1990, a leveraged ESOP feature was incorporated into both the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan (collectively, the "Plans"). The shares that were purchased by the Trusts with proceeds from the ESOP notes (see Note F) are allocated to participants' accounts throughout the thirteen-year debt repayment period of the leveraged ESOP program as described below.

BellSouth matches participants' eligible contributions to the respective Plans based on defined percentages determined annually by the Board of Directors. The match consists of BellSouth common shares that were purchased by the Trusts with proceeds from the ESOP notes, which shares are released for allocation as loan payments are made in accordance with ESOP guidelines, and that are purchased by the Trusts on the open market from time to time as required. BellSouth contributes an amount which, in addition to ESOP dividends, is sufficient to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

6-088

Attachment I

(from 1992
ISSC A.E.
NOTE H)

2. Reviewed responses to 6-084 (D) and 6-089 and 6-090 ESOP
tax expense computation and reconciliation to general ledger amounts

- Findings: a) 6-084 (D) shows only fed. inc. tax effects. At least
~~BSC~~ GA and LA have state income taxes. BSC-14Q
in GA.
- b) 6-084 (D) only ^{tax} "benefit" provided. Not all tax
entries that were requested.
- c) 6-089 Attachment I provides federal income tax effects to
BSC dividends paid to trusts. DSC did not distinguish
betw. fed & state. No state provided although GA & LA,
at least, have state income taxes. BSC-14Q in GA.
- d) BSC obtains current tax benefit for total contributions, which
includes BSC dividends + other cash applied currently to
debt service. No timing differences, so no def tax expense
effect. BSC obtains no current tax benefit for shares
allocated accrued adjustment, but does record negative def
tax expense to reflect timing difference.
- e) Income tax expense amounts are not allocated to BST, since
BST taxes are computed on standalone basis.
- f) Income tax benefits of BSC dividends are flowed directly to
income of BSC (entry to credit "Other Retained Earnings
Adj.", debit accrued ^{tax} liability)

from
6-090

The tax effect of the BSC dividends paid to the trusts
and used for debt service are not allocated to BST or any
other BSC affiliates. The tax effect is directly related
to dividends on BellSouth stock used by the Trusts for
debt service, and therefore, is retained by BSC.

6-084,
3. Review of 6-088 and EITF material (Abstract 89-8) to determine effect of dividends on expense. 01-3

- Findings:
- a) Attachment 1a to 6-088 reconciles "Total Cash Contributions to the Trusts" of \$84,317,325 in 1992 to Total Expense of \$112,297,351. Primary difference is the timing difference accrual of \$27,133,518 due to shares allocated accrual (this will reverse in future years). The rest of the difference is due to other acc by timing differ
 - b) "Total Cash Contributions to the Trusts" excludes BSC dividends
 - c) Sum of Total Cash Contributions to the Trusts over life of ESOP S/B equivalent to sum of shares allocated expense over life of ESOP according to 89-8.

Conclusion: BSC dividends to Trusts do not directly affect ESOP expense in total.

Findings: a) Attachments to 6-084 demonstrate that BSC consolidated allocates total ESOP expense into compensation and interest components. Interest component is computed as net of actual interest on accrual basis less pro rata (before princ & interest) allocation of BSC dividends. There is no offset to compensation expense. EITF 89-8 is silent as to allocation of dividends betw. compens & interest.

Conclusion: Approach utilized by Bell understates allocation of total ESOP expense to interest and overstates compens expense. If Bell is required to retain interest at BSC level, then it should retain actual interest accrued, not reduced by the pro rata allocation of BSC dividends.

4. Prepared example of hypothetical ^{holding} company and effect on financing costs of creating ESOP and effect on PST of rebelling the actual interest cost of the ESOP debt to the sub rather than retaining it.

HYPOTHETICAL COMPANY
PRE LESOP
(\$000)

	Capital \$	Capital %	Cost %	Weighted Cost %	Cost \$
Common Equity	\$4,000	57.14%	13.00%	7.43%	\$520
LTD - NonESOP	3,000	42.86%	8.00%	3.43%	240
LTD - ESOP	--	--			
TOTAL:	<u>\$7,000</u>	<u>100.00%</u>		<u>10.86%</u>	<u>\$760</u>

**HYPOTHETICAL COMPANY
POST LESOP
(\$000)**

	<u>Capital \$</u>	<u>Capital %</u>	<u>Cost %</u>	<u>Weighted Cost %</u>	<u>Cost \$</u>
Common Equity	\$3,000	42.86%	13.00%	5.57%	\$390
LTD - NonESOP	3,000	42.86%	8.00%	3.43%	240
LTD - ESOP	<u>1,000</u>	<u>14.29%</u>	8.00%	<u>1.14%</u>	<u>80</u>
Subtotal	<u>\$7,000</u>	<u>100.00%</u>		<u>10.14%</u>	<u>\$710</u>
ESOP Interest Rebilled to BST ¹	<u>--</u>	<u>--</u>		<u>-1.14%</u>	<u>-80</u>
	<u>\$7,000</u>	<u>100.00%</u>		<u>9.00%</u>	<u>\$630</u>

1. Recognized as intercompany affiliate revenue by BSC-HQ and as affiliate O&M ("benefit expense") by BST.

5. Reviewed plan filings w/ SEC provided in response to
6-086.

Findings: a) Noted that firm does not describe in detail the
ESOP plan provisions. Prospectus supplements and
Form S-8s included in response.

6. Review authoritative pronouncements and other literature on Employee Stock Ownership Plans. Pronouncements and literature reviewed:

a. SFAS No. 32

Conclusion: Adoption of SOP 76-3 by FASB.

b. SFAS No. 96:

Conclusion: Income tax benefit for tax deductibility of dividends paid to stockholders must be recognized as a reduction of income tax expense and not credited directly to stockholders' equity.

c. AICPA SOP 76-3

Conclusion: Requires guaranteed ESOP debt to be recorded as liability and offsetting contra-equity amounts on sponsor's balance sheet; concurrent amortization as loan balances repaid; segregation of sponsor contributions between compensation expense and interest expense; dividends on ESOP stock charged against retained earnings.

d. EITF Abstract 86-4 Income Statement Treatment of Income Tax Benefit for Employee Stock Ownership Plan Dividends

Conclusion: Superseded by SFAS No. 96.

e. EITF Abstract 86-27 Measurement of Excess Contributions to a Defined Contribution Plan or Employee Stock Ownership Plan

Conclusion: Unallocated shares of sponsor's common stock should be reported as reduction of stockholders' equity as if treasury stock; compensation expense reflected at date of allocation by plan; compensation expense should be charged for dividends paid to participants applicable to unallocated shares and retained earnings charged for dividends on allocated shares; any prepayments on ESOP debt using dividends on unallocated shares accounted for as treasury stock should be treated as compensation expense.

f. EITF Abstract 89- 8 Expense Recognition for Employee Stock Ownership Plans

Conclusion: Expense required to be computed according to shares allocated method consisting of interest incurred for the period plus compensation (principal portion) based on cost of shares allocated for period as follows:

$$\frac{\text{shares allocated for period}}{\text{total shares purchased}} \times \text{original principal};$$

dividends used to service the ESOP debt reduce expense for period.

g. EITF Abstract 89-10 Sponsor's Recognition of Employee Stock Ownership Plan Debt

Conclusion: Confirmation that sponsor must record ESOP debt as liability unless ESOP has ability and intent to satisfy debt independently of sponsor.

h. EITF Abstract 89-11 Sponsor's Balance Sheet Classification of Capital Stock with a Put Option Held by an Employee Stock Ownership Plan

Conclusion: Not relevant to audit. Put option requirement applies to sponsor securities that are not readily tradeable on an established market.

i. EITF Abstract 90- 4 Earnings-per-Share Treatment of Tax Benefits for Dividends on Stock Held by an Employee Stock Ownership Plan

Conclusion: Not relevant to audit.

j. EITF Abstract 92- 3 Earnings-per-Share Treatment of Tax Benefits for Dividends on Unallocated Stock Held by an Employee Stock Ownership Plan

Conclusion: Not relevant to audit.

k. Kalish, Gerald, ESOPs - The Handbook of Employee Stock Ownership Plans, Probus Publishing Company, Chicago, Illinois, 1989.

l. Lint, Ron J., "ESOP Power," Management Accounting, November 1992, pages 38 - 41.

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Section 10,130**Statement of Position 76-3
Accounting Practices for
Certain Employee Stock
Ownership Plans****[Recommendation to the Financial Accounting Standards Board]****AICPA****American Institute of Certified Public Accountants**

1211 Avenue of the Americas New York, New York 10036 (212) 575-6200

December 20, 1976

Marshall S. Armstrong, CPA
Chairman
Financial Accounting Standards Board
High Ridge Park
Stamford, Connecticut 06905

Dear Mr. Armstrong:

The accompanying Statement of Position presents recommendations of the Accounting Standards Division on Accounting Practices for Certain Employee Stock Ownership Plans (ESOPs). It was prepared on behalf of the Division by the Accounting Standards Executive Committee for consideration by the Financial Accounting Standards Board and for such action as the Board deems appropriate.

The Statement deals primarily with accounting and reporting issues that have arisen with respect to those ESOPs that borrow funds from a bank or other lender to acquire shares of stock in the employer company or that issue notes to existing shareholders in exchange for shares of stock. However, certain conclusions in the Statement are also applicable to ESOPs that have not entered into such transactions.

The Statement's major recommendations are briefly summarized below:

- An obligation of an ESOP should be recorded as a liability in the financial statements of the employer when the obligation is covered by either a guarantee of the employer or a commitment by the employer to make future contributions to the ESOP sufficient to meet the debt service requirements.
- The offsetting debit to the liability recorded by the employer should be accounted for as a reduction of shareholders' equity.

AICPA Technical Practice Aids**AICPA Letter**

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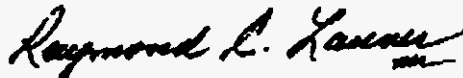
Statements of Position

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- The liability recorded by the employer and the offsetting debit should both be reduced as the ESOP makes payments on the debt.
- The amount contributed or committed to be contributed to an ESOP with respect to a given year should be charged to expense by the employer; the compensation and interest elements of the contribution should be separately reported.
- All shares held by an ESOP should be treated as outstanding shares in the determination of earnings per share. Dividends paid on those shares should be charged to retained earnings.
- Any additional investment tax credit should be accounted for as a reduction of income tax expense in the year in which the contribution to the ESOP is charged to expense.

The Division would appreciate being advised as to the Board's proposed action on the recommendations set forth in this Statement of Position.

Sincerely yours,



Raymond C. Lauver
Chairman
Accounting Standards Division

cc: Securities and Exchange Commission

NOTE

Statements of Position of the Accounting Standards Division present the conclusions of at least a majority of the Accounting Standards Executive Committee, which is the senior technical body of the AICPA authorized to speak for the Institute in the areas of financial accounting and reporting. Statement on Auditing Standards No. 69, *The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles in the Independent Auditor's Report*, identifies AICPA Statements of Position as sources of established accounting principles that an AICPA member should consider if the accounting treatment of a transaction or event is not specified by a pronouncement covered by Rule 203 of the AICPA Code of Professional Conduct. In such circumstances, the accounting treatment specified by this Statement of Position should be used or the member should be prepared to justify a conclusion that another treatment better presents the substance of the transaction in the circumstances. However, an entity need not change an accounting treatment followed as of March 15, 1992 to the accounting treatment specified in this Statement of Position.

ACCOUNTING PRACTICES FOR CERTAIN EMPLOYEE STOCK OWNERSHIP PLANS

INTRODUCTION

.01 The Employee Retirement Income Security Act of 1974 describes an Employee Stock Ownership Plan (ESOP) as a qualified stock bonus plan, or a combination stock bonus and money purchase pension plan, designed to invest primarily in "qualifying employer securities."¹ Qualifying employer securities include the employer's stock and its other marketable obligations. The essential differences between an ESOP and other qualified stock bonus plans are that (a) an ESOP is permitted, in certain circumstances, to incur liabilities in the acquisition of employer securities and (b) the employer may be permitted to increase his maximum allowable investment tax credit by as much as an additional 1½% if that amount is contributed to an ESOP.

.02 In some cases, funds are borrowed from a bank or other lender by the ESOP and are used to acquire shares of stock in the employer company. The stock may be outstanding shares, treasury shares, or newly issued shares, and is held by the ESOP until it is distributed to the employees. (In some cases, an ESOP may issue notes to existing shareholders in exchange for qualifying employer securities.) The stock may be allocated to individual employees even though it may not be distributed to them until a future date. The debt of the ESOP is usually collateralized by a pledge of the stock and by either a guarantee of the employer or a commitment by the employer to make future contributions to the ESOP sufficient to meet the debt service requirements. The employer company makes annual contributions to the ESOP that are deductible for tax purposes, subject to the limitations of the Internal Revenue Code. Cash contributions and dividends received are used by the ESOP to:

- (a) Satisfy the annual amortization of the outstanding debt principal.
- (b) Satisfy the annual interest costs on such debt.
- (c) Obtain short-term investments to provide for liquidity.
- (d) Pay other expenses.

¹ Employee Retirement Income Security Act of 1974, Title II, Subtitle B, Section 2003.

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- (e) Acquire additional shares of the employer company's stock, to the extent of the excess, if any, over that required by (a) through (d) above.

.03 Several accounting and reporting issues have arisen with respect to those ESOPs that borrow funds from a bank or other lender to acquire shares of stock in the employer company, or that issue notes to existing shareholders in exchange for shares of stock.² These issues are being dealt with in practice in different ways. This Statement of Position has been issued because the Division believes it is desirable to narrow the range of alternative accounting practices in this area.

.04 Final regulations clarifying the rights and duties of the parties affected by an ESOP have not been issued by the Internal Revenue Service. Readers of this Statement of Position should also be cognizant of the content of such regulations, when they are issued.

ACCOUNTING FOR AN OBLIGATION OF AN ESOP GUARANTEED BY THE EMPLOYER

Recording an ESOP's Obligation in the Employer's Financial Statements

.05 The Division believes that an obligation of an ESOP should be recorded as a liability in the financial statements of the employer when the obligation is covered by either a guarantee of the employer or a commitment by the employer to make future contributions to the ESOP sufficient to meet the debt service requirements. The employer's guarantee or commitment is, in substance, the assumption of the ESOP's debt and the related obligation to reduce that debt. The employer has assumed these obligations either (a) to buy back its own shares (in the case where the ESOP uses the loan proceeds to acquire previously outstanding shares) or (b) to finance additional working capital or other fund needs (in the case where the ESOP uses the loan proceeds to acquire previously unissued or treasury shares from the employer).

.06 It does not follow from the above that assets held by an ESOP should be included in the financial statements of the employer. Ownership of these assets rests in the employees, not in the employer.

Recording the Offsetting Debit to the Recorded Liability

.07 The Division believes that the offsetting debit to the liability recorded by the employer should be accounted for as a reduction of shareholders' equity. Therefore, when new shares are issued to the ESOP by the employer, an increase in shareholders' equity should be reported only as the debt that financed that increase is reduced. (The offsetting debit in shareholders' equity in this case is akin to the unearned compensation discussed in APB Opinion No. 25, paragraph 14.) When outstanding shares, as opposed to unissued shares, are acquired by the ESOP, shareholders' equity should similarly be reduced by the offsetting debit until the debt is repaid.

Reducing the Recorded Liability

.08 The Division believes that the liability recorded by the employer should be reduced as the ESOP makes payments on the debt. The liability is initially recorded because the guarantee or commitment is in substance the employer's debt. Therefore, it should not be reduced until payments are

² This Statement of Position does not deal directly with ESOPs that might invest in qualifying employer securities other than equity securities.

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- (e) Acquire additional shares of the employer company's stock, to the extent of the excess, if any, over that required by (a) through (d) above.

.03 Several accounting and reporting issues have arisen with respect to those ESOPs that borrow funds from a bank or other lender to acquire shares of stock in the employer company, or that issue notes to existing shareholders in exchange for shares of stock.² These issues are being dealt with in practice in different ways. This Statement of Position has been issued because the Division believes it is desirable to narrow the range of alternative accounting practices in this area.

.04 Final regulations clarifying the rights and duties of the parties affected by an ESOP have not been issued by the Internal Revenue Service. Readers of this Statement of Position should also be cognizant of the content of such regulations, when they are issued.

ACCOUNTING FOR AN OBLIGATION OF AN ESOP GUARANTEED BY THE EMPLOYER

Recording an ESOP's Obligation in the Employer's Financial Statements

.05 The Division believes that an obligation of an ESOP should be recorded as a liability in the financial statements of the employer when the obligation is covered by either a guarantee of the employer or a commitment by the employer to make future contributions to the ESOP sufficient to meet the debt service requirements. The employer's guarantee or commitment is, in substance, the assumption of the ESOP's debt and the related obligation to reduce that debt. The employer has assumed these obligations either (a) to buy back its own shares (in the case where the ESOP uses the loan proceeds to acquire previously outstanding shares) or (b) to finance additional working capital or other fund needs (in the case where the ESOP uses the loan proceeds to acquire previously unissued or treasury shares from the employer).

.06 It does not follow from the above that assets held by an ESOP should be included in the financial statements of the employer. Ownership of these assets rests in the employees, not in the employer.

Recording the Offsetting Debit to the Recorded Liability

.07 The Division believes that the offsetting debit to the liability recorded by the employer should be accounted for as a reduction of shareholders' equity. Therefore, when new shares are issued to the ESOP by the employer, an increase in shareholders' equity should be reported only as the debt that financed that increase is reduced. (The offsetting debit in shareholders' equity in this case is akin to the unearned compensation discussed in APB Opinion No. 25, paragraph 14.) When outstanding shares, as opposed to unissued shares, are acquired by the ESOP, shareholders' equity should similarly be reduced by the offsetting debit until the debt is repaid.

Reducing the Recorded Liability

.08 The Division believes that the liability recorded by the employer should be reduced as the ESOP makes payments on the debt. The liability is initially recorded because the guarantee or commitment is in substance the employer's debt. Therefore, it should not be reduced until payments are

² This Statement of Position does not deal directly with ESOPs that might invest in qualifying employer securities other than equity securities.

actually made. Similarly, the amount reported as a reduction of shareholders' equity should be reduced only when the ESOP makes payments on the debt. These two accounts should move symmetrically. 01-

MEASURING COMPENSATION EXPENSE

.09 The Division believes that the amount contributed or committed to be contributed to an ESOP with respect to a given year should be the measure of the amount to be charged to expense by the employer.³ Such contributions measure the amount of expense irrevocably incurred whether or not they are used concurrently to reduce the debt guaranteed by the employer.

.10 Since the debt of the ESOP is, in substance, the employer's debt, the Division believes that the employer should report separately the compensation element and the interest element of the annual contribution, and should disclose the related interest rate and debt terms in the footnotes to the financial statements. However, a significant minority within the Division believes that the entire annual contribution should be reported as compensation expense.

REPORTING DIVIDENDS PAID AND EARNINGS PER SHARE

.11 The Division believes that all shares held by an ESOP should be treated as outstanding shares in the determination of earnings per share. An ESOP is a legal entity holding shares issued by the employer, whether or not those shares have been allocated to employee accounts.

.12 Dividends paid on shares held by an ESOP should be charged to retained earnings. Such dividends should not be included at any time in compensation expense.

.13 A minority within the Division believes that when trust debt proceeds are transferred to the employer corporation, a transaction of a predominantly financing nature has occurred. The minority believes that shares should be considered outstanding for earnings per share calculations only to the extent that they become constructively unencumbered by repayments of debt principal. To do otherwise, according to this minority view, would result in an inconsistent and initially excessive effect on earnings per share in that the total number of shares purchased by the ESOP would be immediately included in the calculation of earnings per share, even though the related compensation expense would be spread over a period of time on the basis of the employer's contribution to the trust. Consistent with this position, the minority would also charge dividends to retained earnings only to the extent that trust shares are unencumbered. Any remaining balance would be reported as additional compensation expense in the period the dividends were declared.

{The next page is 18,237.}

³ This conclusion is also applicable to ESOPs that have not borrowed funds from a bank or other lender (or issued notes to existing shareholders) to acquire shares of stock in the employer company.

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Accounting Practices for Certain Employee Stock Ownership Plans

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OTHER MATTERS**Investment Tax Credit**

.14 The Division believes that the additional investment tax credit should be accounted for (to the extent that it is available and utilized) as a reduction of income tax expense in the same year in which the contribution to the ESOP is charged to expense, irrespective of the accounting for the normal investment tax credit on property acquisitions.⁴ This additional credit arises from the contribution to the ESOP, not solely from the property acquisitions of the employer.⁵

Applicability of APB Opinion No. 11

.15 Excess contributions, as defined, made in any one year may be carried over to future periods for income tax purposes. The Division believes that the financial statements of the employer should reflect the tax effect of timing differences in accordance with APB Opinion No. 11.⁶

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AICPA Staff

Thomas P. Kelley, Director
Accounting Standards

[The next page is 18,351.]

⁴ See footnote 3.

⁵ See also Section 101(c) of the Revenue Act of 1971

⁶ See footnote 3.

EITF Abstracts

Issue No. 89-8

Title: Expense Recognition for Employee Stock Ownership Plans

Dates Discussed: June 29, 1989; August 10, 1989; September 21, 1989;
October 26, 1989; December 14, 1989; March 8, 1990

References: FASB Statement No. 87, *Employers' Accounting for Pensions*
APB Opinion No. 20, *Accounting Changes*
AICPA Statement of Position 76-3, *Accounting Practices for
Certain Employee Stock Ownership Plans*
AICPA Audit and Accounting Guide, *Audits of Employee
Benefit Plans*

ISSUE

In a leveraged employee stock ownership plan (ESOP), an ESOP borrows funds from a bank or other lender. The company (sponsor) may guarantee the loan or otherwise commit, directly or indirectly, to make contributions, pay dividends, or both to the ESOP. Alternatively, the sponsor may borrow funds and then make a loan to the ESOP. Sponsor contributions and dividends are used by the ESOP to service the debt.

Some leveraged ESOP borrowings require level repayment of the debt over a period of years. Alternatively, the repayment schedule for the ESOP loan may be nonlevel and may depend on the sponsor's expected cash flow or expected compensation costs. Loans may be structured to require only interest payments for a number of years or may permit negative amortization. Debt agreements also may require prepayments of debt if the sponsor's cash flow exceeds certain thresholds or may permit voluntary prepayments by the sponsor. Shares acquired by the ESOP are allocated to participants based on principal payments or principal and interest payments.

SOP 76-3 states that the amount contributed or committed to be contributed by the sponsor to the ESOP with respect to a given year should be the measure of the amount to be charged to expense by the employer. SOP 76-3 also states that the sponsor should report separately the compensation and interest elements of the annual contributions to the ESOP.

The issue is how the sponsor should recognize expense associated with contributions to the ESOP.

EITF DISCUSSION

The Task Force, modifying a previous consensus, reached a consensus that the shares allocated method described below should be adopted for all stock of the sponsor acquired by ESOPs, including those with level debt terms, after December 14, 1989.

The shares allocated method is applied by (1) recognizing interest expense as incurred each period and (2) recognizing expense related to the principal portion (the compensation element) based on the cost of shares allocated for the period. The shares allocated method is computed as follows:

$$\left(\frac{\text{Shares Allocated for the Period}}{\text{Total Shares Purchased}} \times \text{Original Principal} \right) + \text{Interest Incurred for the Period.}$$

Dividends used to service the ESOP debt reduce the amount of expense recognized each period. Task Force members noted that the shares allocated method is consistent with paragraph 9 of SOP 76-3 because the employer is committed to the extent interest is accrued and shares are allocated. Task Force members noted that when shares are allocated based on principal, expense recognition is the same under the cash payments method and the shares allocated method.

Companies with existing ESOPs that held securities prior to December 15, 1989 may continue to use their present method with respect to those securities as long as the cumulative expense under that method, before deduction of dividends, is at least 80 percent of the cumulative expense that would have been recognized under the shares allocated method before the deduction of dividends. In the event that expense under a previously adopted method is less than 80 percent of the cumulative expense that would be recognized under the shares allocated method, that cumulative difference must be recognized as an expense in the current period. A sponsor using a method that cumulatively results in recognition of expense that is greater than 80 percent of the shares allocated method may not reduce expense.

The effect, if any, of initial application of this consensus should be reported as the cumulative effect of a change in accounting principle in accordance with Opinion 20. The difference between the expense recognized and the cash contribution, if any, for each period should be reported as an adjustment to the debit in equity related to the ESOP loan.

Task Force members noted that in many ESOPs the payment of debt, the allocation of the related shares to participants, and the earning of those shares by partici-

Expense Recognition for Employee Stock Ownership Plans

EITF 89-8

hed a consensus that the shares
for all stock of the sponsor ac-
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allocated method, that cu-
e in the current period. A
ognition of expense that is
may not reduce expense.

should be reported as the
cordance with Opinion 20.
cash contribution, if any,
the debit in equity related

ment of debt, the alloca-
of those shares by partici-

pants may not all occur in the same reporting period. Accordingly, it may be appropriate to accrue or defer the compensation element of expense. For example, when a debt payment is made in 19X2 and the related shares are earned in 19X1, it is appropriate to accrue the cost of the shares during 19X1. Conversely, when a debt payment is made in 19X1 and the related shares are earned by participants in 19X2, it is appropriate to record the cost of the shares in 19X2. However, expense related to prepayments of debt (such as in the second part of the above example) should not be deferred for more than one annual reporting period. The accrual or deferral of expense should be applied on a consistent basis with appropriate consideration given to interim reporting requirements. Interest should be charged to expense as incurred in all circumstances.

The SEC Observer stated that SEC registrants should disclose their method of recognizing expense and the impact of ESOPs in their financial statements filed with the SEC. The SEC Observer expressed the view that the disclosure requirements for defined contribution plans in paragraph 65 of Statement 87 are appropriate for ESOPs. Those requirements are:

1. A description of the plan including employee groups covered, the basis for determining contributions, and the nature and effect of significant matters affecting comparability of information for all periods presented
2. The amount of cost recognized during the period.

The SEC staff would also expect registrants to disclose the actual interest incurred on ESOP debt, the amount contributed to the ESOP, and the amount of dividends on ESOP shares used for debt service by the ESOP for all periods presented.

Further, the SEC Observer noted that registrants should consider the need to discuss the potential impact of leveraged ESOPs in the *results of operations and liquidity* sections of "Management's Discussion and Analysis of Financial Condition and Results of Operations," as required by Item 303 of Regulation S-K. Item 303 specifically requires registrants to discuss material events that would cause reported financial information not to be necessarily indicative of future operating results or of future financial condition.

Exhibit 89-8A provides an example of computing expense for an existing ESOP that does not change to the shares allocated method.

STATUS

No further EITF discussion is planned.

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Exhibit 89-8A

**EXAMPLE OF THE APPLICATION
OF THE EITF CONSENSUS ON ISSUE 89-8**

General Assumptions:

- The principal amount of debt is \$100,000, bearing interest at 9 percent, payable over 15 years on December 31 as shown below.
- The proceeds were used by the ESOP to purchase 10,000 shares of the sponsor's convertible preferred stock with a redemption value of \$10 per share. Shares are allocated to participants' accounts based on principal and interest. (For illustrative purposes the preferred stock pays no dividend; however, dividends used to pay debt service would reduce the amount of expense recorded in each period.)
- The convertible preferred stock was issued to the ESOP on January 1, 19X1 (assumed to be prior to the date of this consensus), and the sponsor followed the cash payments method.

Debt service and shares allocated are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Shares Allocated</u>
1	\$ 1,485	\$ 9,000	\$ 10,485	538
2	1,933	8,866	10,799	554
3	2,431	8,692	11,123	570
4	2,984	8,474	11,458	588
5	3,596	8,205	11,801	605
6	4,274	7,881	12,155	623
7	5,023	7,497	12,520	642
8	5,851	7,045	12,896	661
9	6,764	6,518	13,282	681
10	7,771	5,909	13,680	702
11	8,881	5,210	14,091	723
12	10,103	4,411	14,514	744
13	11,448	3,501	14,949	767
14	12,926	2,471	15,397	790
15	14,530	1,308	15,838	812
Total	<u>\$100,000</u>	<u>\$94,988</u>	<u>\$194,988</u>	<u>10,000</u>

89-8

at 9 percent, payable
shares of the sponsor's
per share. Shares are
interest. (For illustra-
ver, dividends used to
red in each period.)
January 1, 19X1 (as-
sponsor followed the

Shares Allocated
538
554
570
588
605
623
642
661
681
702
723
744
767
790
812
10,000

Computations:

Year	Shares Allocated Method	Cash* Payments	80% of Shares Allocated Method	Cumulative Minimum Charge†	Cumulative Cash Payments	Minimum Expense under the Consensus‡
1	\$ 14,380	\$ 10,485	\$11,504	\$ 11,504	\$ 10,485	\$ 11,504 (A)
2	14,406	10,799	11,525	23,029	21,284	11,525 (A)
3	14,392	11,123	11,514	34,543	32,407	11,514 (A)
4	14,354	11,458	11,483	46,026	43,865	11,483 (A)
5	14,255	11,801	11,404	57,430	55,666	11,404 (A)
6	14,111	12,155	11,289	68,719	67,821	11,289 (A)
7	13,917	12,520	11,134	79,853	80,341	11,622 (B)
8	13,655	12,896	10,924	90,777	93,237	12,896 (B)
9	13,328	13,282	10,662	101,439	106,519	13,282 (B)
10	12,929	13,680	10,343	111,782	120,199	13,680 (B)
11	12,440	14,091	9,952	121,734	134,290	14,091 (B)
12	11,851	14,514	9,481	131,125	148,804	14,514 (B)
13	11,171	14,949	8,937	140,152	163,753	14,949 (B)
14	10,371	15,397	8,297	148,449	179,150	15,397 (B)
15	9,428	15,838	7,542	155,991	194,988	15,838 (B)
Total	\$194,988	\$194,988				\$194,988

- (A) The cumulative minimum charge is greater than the cumulative cash payments. Accordingly, expense for the period is the amount necessary to reach the cumulative minimum charge.
- (B) The cumulative minimum charge is less than the cumulative cash payments. Accordingly, expense for the period is the amount necessary to reach the cumulative cash payments.

*Amounts also represent expense recognized under the cash payments method.

†Balance is 80% of the shares allocated method expense on a cumulative basis.

‡This is the minimum charge for sponsors that do not adopt the shares allocated method. The amount of expense would be reduced by the total amount of any dividends applicable to the period used for debt service.

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EITF Abstracts

Issue No. 89-10

Title: Sponsor's Recognition of Employee Stock Ownership Plan Debt

Dates Discussed: June 29, 1989; September 21, 1989

Reference: AICPA Statement of Position 76-3, *Accounting Practices for Certain Employee Stock Ownership Plans*

ISSUE

A company (sponsor) establishes a leveraged employee stock ownership plan (ESOP) in which the ESOP borrows funds from a bank or other lender. The sponsor may guarantee some or all of the debt or otherwise formally commit to the creditor to make future contributions to the ESOP sufficient to meet the debt service requirements. Alternatively, the sponsor may provide no guarantee of debt repayment or formal commitment to make future contributions. SOP 76-3 states that an obligation of an ESOP should be recorded as a liability in the financial statements of the sponsor when that obligation is guaranteed by the sponsor or the sponsor has a commitment to make contributions to the ESOP sufficient to service the ESOP debt.

The issue is under what circumstances the ESOP debt should be recorded as a liability on the sponsor's balance sheet.

EITF DISCUSSION

The Task Force reached a consensus that the debt should be recorded as a liability on the sponsor's balance sheet in all circumstances except when the ESOP has the ability and intent to satisfy the debt from sources other than dividends on the sponsor's stock, contributions from the sponsor, or the sale or exchange of the sponsor's securities. The Task Force did not address pushdown of the ESOP debt to a subsidiary's balance sheet in the circumstance where the participants in the ESOP are employees of the subsidiary.

The Task Force was unable to identify any specific situation in which the ESOP debt would not be recorded as a liability on the sponsor's balance sheet under this consensus because, under current tax law, assets other than the sponsor's equity securities must be allocated to individual participant's accounts.

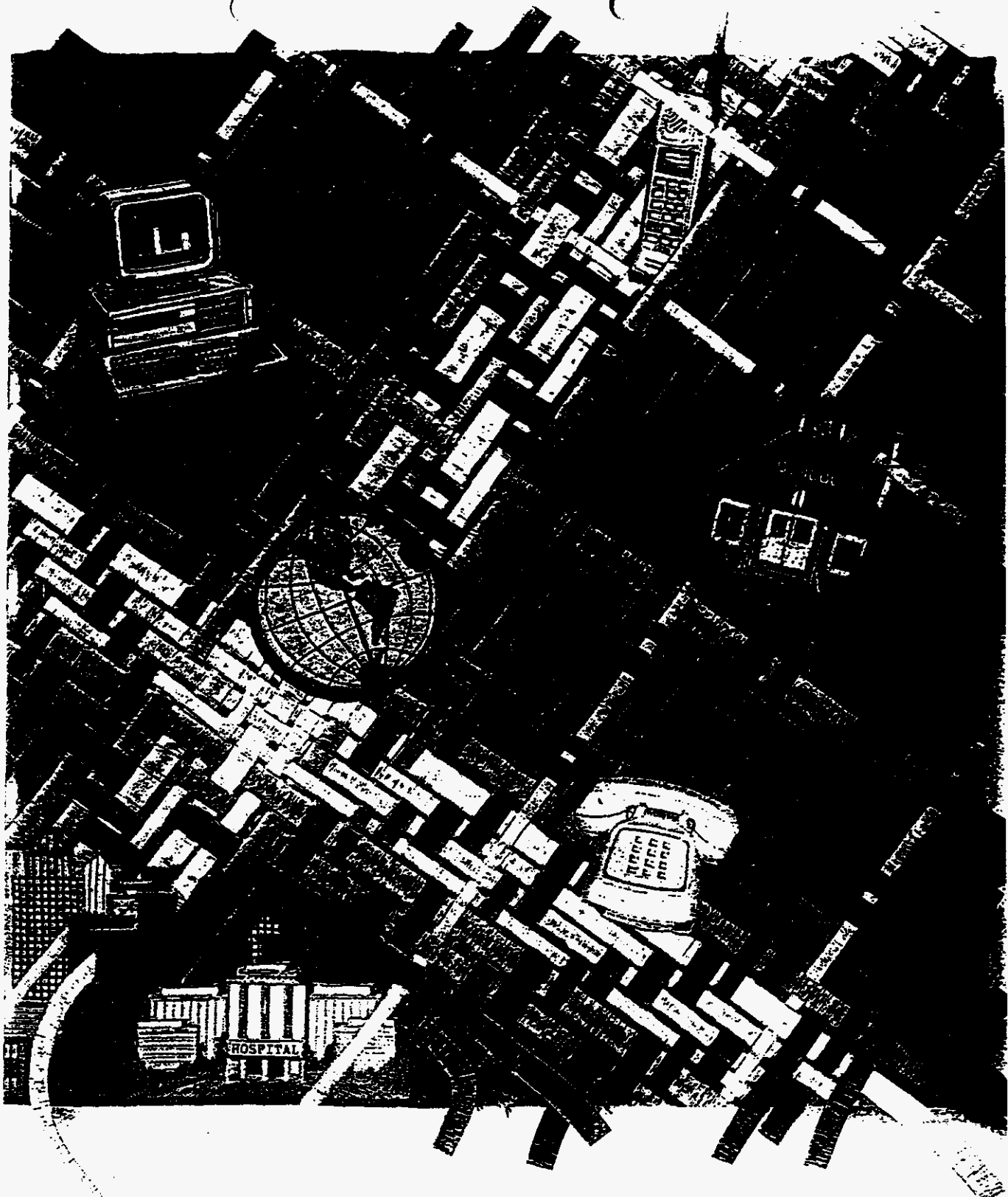
EITF 89-10**EITF Abstracts**

ESOP debt

The SEC Observer stated that this consensus is consistent with the SEC staff's longstanding position on accounting for ESOP debt. Thus, the SEC staff has always expected the sponsor to record the ESOP debt for filings with the SEC.

STATUS

No further EITF discussion is planned.



INVESTING IN THE FABRIC OF SOCIETY

BELLSOUTH ANNUAL REPORT 1990

NOTE F DEBT

Long-Term - Long-term debt consists primarily of debentures issued by the telephone subsidiaries. Interest rates and maturities of the amounts outstanding are summarized as follows at December 31:

Description	Interest Rates	Maturities	1990	1989
Debentures:	3 1/4% - 6 7/8 %	1993-2004	\$ 675.0	\$ 675.0
	7 3/8% - 8 1/4 %	1999-2017	2,785.0	2,785.0
	8 1/2% - 10 3/4 %	2001-2029	2,925.0	2,925.0
			6,385.0	6,385.0
Guarantee of ESOP debt	9.125% - 9.19%	2003	799.6	—
Medium-term notes	7.35% - 10.15%	1992-1999	236.4	223.9
Capital leases and other			413.1	500.0
Unamortized discount, net			(53.1)	(54.3)
Total			\$ 7,781.0	\$ 7,054.6

Maturities of long-term debt outstanding at December 31, 1990 are summarized below:

	1991	1992	1993	1994	1995	Thereafter	Total
Maturities	\$ 210.6	\$ 183.1	\$ 335.7	\$ 87.2	\$ 86.6	\$ 7,141.5	\$ 8,044.7

As further discussed in Note H, BellSouth incorporated an Employee Stock Ownership Plan ("ESOP") feature into certain of its existing savings plans. In three separate transactions during the first and second quarters of 1990, the ESOP trusts (the "Trusts") borrowed \$850.0 aggregate principal amount through the issuance of amortizing notes. Although the obligations are owed by the Trusts, they are guaranteed by BellSouth, and thus are reflected as an addition to long-term debt and a reduction to shareholders' equity. The Trusts service the debt with contributions from BellSouth and dividends paid on the ESOP shares held by the Trusts. As the ESOP obligations are repaid, the amount guaranteed decreases and long-term debt is reduced accordingly.

Medium-term notes consist of notes issued by BellSouth Capital Funding Corporation ("Capital Funding"), a wholly-owned subsidiary of BellSouth, to finance the businesses of BellSouth Enterprises, Inc., another wholly-owned subsidiary of BellSouth. All of the debt securities issued by Capital Funding have the benefit of a support agreement between Capital Funding and BellSouth whereby BellSouth agrees to ensure the timely payment of principal, premium, if any, and interest on the debt securities.

On July 28, 1989, Southern Bell sold \$300.0 aggregate principal amount of Forty Year 8 1/2% Debentures, due August 1, 2029. The debt issuance was covered under a \$500.0 shelf registration filed with the Securities and Exchange Commission during 1989. Proceeds from the sale were used to refinance Southern Bell's \$200.0 Forty Year 11 3/4% Debentures, due April 19, 2023, and to refinance \$55.0 aggregate principal amount of its Thirty-Five Year 3 1/4% Debentures, due September 1, 1989. Expenses of approximately \$13.2 associated with the refinancing of these issues were charged to income as an extraordinary item.

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On August 1, 1989, South Central Bell sold \$300.0 of its Forty Year 8 1/2% Debentures, due August 1, 2029. Net proceeds from the sale were used to refinance the entire \$150.0 aggregate principal amount of its Ten Year 10 7/8% Notes, due April 1, 1993, the entire \$100.0 aggregate principal amount of its Forty Year 11 7/8% Debentures, due April 1, 2023, and the entire \$31.1 aggregate principal amount outstanding of its Forty Year 10% Debentures, due September 15, 2014. Expenses of approximately \$9.1 associated with the refinancing of these issues were charged to income as an extraordinary item.

Debt Maturing Within One Year - Debt maturing within one year is summarized as follows at December 31:

Description	1990	1989	1988
Notes Payable:			
Bank loans (a)	\$ 188.4	\$ 192.1	\$ 108.7
Commercial paper (b)	723.5	757.5	576.3
	911.9	949.6	685.0
Current maturities of long-term debt	210.6	228.6	341.7
Total	\$ 1,122.5	\$ 1,178.2	\$ 1,026.7

Bank Loans:

Maximum amount outstanding during the period	\$ 283.9	\$ 320.9	\$ 184.1
Average amount outstanding during the period (c)	\$ 204.7	\$ 201.1	\$ 98.8
Weighted average interest rate	8.39%	10.42%	10.47%
Weighted average interest rate during the period (d)	10.02%	10.61%	9.07%

Commercial Paper:

Maximum amount outstanding during the period	\$ 855.7	\$ 877.7	\$ 719.8
Average amount outstanding during the period (c)	\$ 731.6	\$ 652.2	\$ 527.0
Weighted average interest rate	8.39%	8.81%	9.34%
Weighted average interest rate during the period (d)	8.27%	9.23%	7.66%

(a) Includes lines of credit.

(b) Due in 180 days or less.

(c) Determined by computing the average face amount of daily ending balances in each category.

(d) Determined by dividing the average daily face amount described in (c) into aggregate related interest expense.

BellSouth has committed credit lines aggregating \$1,613.7 with various banks. Of this amount, approximately \$602.0 is maintained to support bank loans while the remainder is maintained generally to support commercial paper borrowings. There were borrowings under the committed lines totaling \$153.1 at December 31, 1990. BellSouth also maintains uncommitted lines of credit of \$519.0. There are no significant commitment fees or requirements for compensating balances associated with any lines of credit.

NOTE G EMPLOYEE STOCK OPTION AND OTHER INCENTIVE PLANS

The BellSouth Corporation Stock Option Plan provides for the grant, prior to October 22, 1994, of stock options and related Stock Appreciation Rights ("SARs") to key employees as determined by the Board of Directors. The exercise price of each option is no less than the fair market value of one share of BellSouth common stock on the date of grant. All options have a maximum life of ten years and one day from the date of grant. Qualified Incentive Stock Options are exercisable one year from the date of grant; Nonqualified Stock Options are exercisable either one, three

or five years from the date of grant; additionally, options become exercisable immediately upon retirement. SARs may be granted in tandem with related options, independent of the grant of options or in tandem on a conditional basis. Those granted in tandem are exercised only in lieu of the exercise of the related options. In addition, those SARs granted on a conditional basis are exercisable only by those who, at the time of exercise, are subject to certain regulations of the Securities and Exchange Commission. SARs are payable in cash, whole shares of stock or in a combination of both in an amount equal to the excess of the fair market value of BellSouth common stock on the exercise date over the grant date. Included in the amounts reported are optioned shares under plans for certain unregulated subsidiaries which also provide for the issuance of BellSouth common stock.

BellSouth has in effect an Executive Long Term Incentive Plan under which shares of BellSouth common stock or a combination of cash and stock may be issued. In addition, BellSouth maintains other incentive plans for key employees of certain of its unregulated subsidiaries which provide for awards of BellSouth common stock based on the subsidiary's performance.

The following table summarizes the activity for option and performance shares outstanding:

	Shares Under Option	SARs	Average Option Price	Performance Shares
Balance at December 31, 1987	828,951	218,143	\$34.78	556,209*
Granted	797,413	194,479	\$37.47	77,343
Exercised	(83,764)	(13,299)	\$31.08	(55,360)
Forfeited/Cancelled	(59,419)	(1,424)	\$33.09	—
Balance at December 31, 1988	1,483,181	397,899	\$36.50	578,192
Granted	918,006	89,699	\$39.65	50,972
Exercised	(211,995)	(138,945)	\$34.37	(59,150)
Forfeited/Cancelled	(158,436)	(40,513)	\$36.22	(11,305)
Balance at December 31, 1989	2,030,756	308,140	\$38.04	558,709
Granted	624,521	57,195	\$58.11	173,102
Exercised	(175,277)	(45,592)	\$37.56	(401,068)
Forfeited/Cancelled	(65,672)	(1,500)	\$41.66	(1,415)
Balance at December 31, 1990	2,414,328	318,243	\$43.16	329,328

* Includes 54,472 shares awarded under a predecessor plan.

At December 31, 1990, 1989 and 1988, respectively options to purchase 625,303, 290,592 and 220,525 shares were exercisable. A total of 1,859,062, 2,465,058 and 3,365,838 shares of BellSouth common stock were available for the grant of options under the plans at December 31, 1990, 1989 and 1988, respectively.

NOTE H EMPLOYEE BENEFIT PLANS

Pension Plans - Substantially all employees of BellSouth are covered by noncontributory defined benefit pension plans. Plans covering salaried employees generally provide benefits based on years of credited service and employees' average compensation for a specified period. Pension benefits for hourly employees generally are based on specified benefit amounts and years of service. BellSouth's pension contributions are made to trust funds with the objective of accumulating sufficient assets to pay all pension benefits for which BellSouth is liable. Contributions are actuarially determined using the aggregate cost method, an acceptable funding method under the Employee Retirement Income Security Act of 1974, as amended. Pension plan assets are composed primarily of equity securities and fixed income investments.

Net periodic pension cost is computed in accordance with Statement of Financial Accounting Standards ("SFAS") 87, "Employers' Accounting for Pensions." Accordingly, net periodic pension cost is determined using a different actuarial cost method and actuarial assumptions from those used for funding purposes. Pension cost computed under SFAS 87 includes the effect of anticipated future improvements to the pension plans that are consistent with past practice.

The components of net periodic pension cost are summarized as follows:

	1990	1989	1988
Service cost—benefits earned during the year	\$ 235.1	\$ 230.1	\$ 212.8
Interest cost on projected benefit obligation	685.3	652.3	613.7
Actual return on plan assets	59.0	(1,920.5)	(1,110.8)
Net amortization and deferral	(852.2)	1,190.2	421.5
Net periodic pension cost	\$ 127.2	\$ 152.1	\$ 137.2

The following table sets forth the funded status of the plans at December 31:

	1990	1989
Actuarial present value of:		
Vested benefit obligation	\$ 7,135.7	\$ 6,739.5
Accumulated benefit obligation	\$ 7,552.8	\$ 7,151.0
Projected benefit obligation	\$ 9,369.7	\$ 8,761.6
Plans' assets at market value	10,431.9	10,856.6
Plans' assets in excess of projected benefit obligation	1,062.2	2,095.0
Unrecognized net gain due to past experience different from assumptions made	(781.1)	(1,618.4)
Unrecognized prior service cost	(104.7)	(152.2)
Unrecognized net asset at transition	(265.0)	(286.9)
Prepaid (accrued) pension cost	\$ (88.6)	\$ 37.5

The projected benefit obligation for 1990 and 1989 was determined using a discount rate of 8.0% and an assumed rate of compensation increase of 5.7%. The expected long-term rate of return on assets was 8.0% for both years. The 1990 accrued pension cost of \$88.6 consists of \$188.2 included in Other Liabilities and Deferred Credits, net of prepaid pension cost of \$99.6 included in Deferred Charges and Other Assets. The 1989 prepaid pension cost of \$37.5 consists of prepaid pension cost of \$147.3 included in Deferred Charges and Other Assets, net of accrued pension cost of \$109.8 in Other Liabilities and Deferred Credits.

In December 1990, BellSouth amended its management pension plans to provide participants with enhanced pension benefits. For all management employees with at least five years service as of December 31, 1990, the amendment added five years of age and service to determine a frozen minimum pension benefit as of December 31, 1990, which will remain in effect until pensions calculated using actual age and service are higher. The amendment applied only to the pension benefit calculation, not to the determination of service pension eligibility. The effect of the plan amendment will not significantly impact future pension expense. BellSouth also offered a special early retirement option to management employees who were service pension eligible and elected, by December 31, 1990, to voluntarily separate from employment on or before April 30, 1991. Employees who elected

to retire under this option will receive certain benefits, including a special payment equivalent to five percent of their base pay times full years of service (not to exceed 100% of base pay), less the present value of the increase in pension benefits related to the plan amendment. The retirement option was accounted for as a termination benefit in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." Accordingly, operating expenses for fourth quarter 1990 included a one-time charge of \$14.6. The special payments will be made from general corporate assets.

In 1988, BellSouth offered one-time incentive payments under the Voluntary Separation Incentive Pay Plan ("VSIPP") to certain managers who agreed to accept retirement or otherwise elected to resign from employment with BellSouth. The benefits paid under this plan were accounted for under SFAS 88. BellSouth recognized expense of approximately \$36.0 in 1989 associated with the VSIPP.

Defined Contribution Plans • BellSouth maintains contributory savings plans which cover substantially all employees. Effective in 1990, an ESOP feature was incorporated into both the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan (collectively, the "Plans"). In addition, the Trusts acquired approximately 15.9 million shares of BellSouth common stock on the open market with proceeds from \$850.0 aggregate principal amount of amortizing notes which are guaranteed by BellSouth (see Note F). The shares are allocated to participants' accounts throughout the thirteen-year debt repayment period as described below.

BellSouth matches participants' eligible contributions to the respective Plans based on defined percentages determined annually by the Board of Directors. The match consists of BellSouth common stock allocated to employee ESOP accounts and additional shares of BellSouth common stock purchased by the Trusts on the open market. BellSouth contributes an amount necessary, net of ESOP dividends, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

BellSouth began recognizing ESOP expense in 1990 based on the cost of the shares allocated for the period plus interest incurred, reduced by the dividends used to service the ESOP debt (Shares Allocated Method). BellSouth recognized total ESOP expense in 1990 of \$112.0, of which \$78.9 and \$33.1 were reflected in the consolidated income statement as compensation expense and interest expense, respectively. Actual interest incurred on the ESOP notes was \$60.5. BellSouth contributed \$90.4 to the ESOPs in 1990 which, together with dividends paid to the Trusts of \$23.1, was used to service the debt.

During 1989 and 1988, BellSouth's required matching contribution was accounted for as compensation expense and was \$68.3 and \$70.7, respectively. The increase in 1990 expense compared to prior year amounts is primarily attributable to an increase in BellSouth's match obligation and the requirement to recognize ESOP expense using the Shares Allocated Method.

Postretirement Benefits Other Than Pensions • BellSouth also provides certain postretirement health care and life insurance benefits to substantially all employees that retire from BellSouth eligible for a service or disability pension benefit. The cost of providing health care and life insurance benefits for both active and retired employees was \$503.0, \$483.8 and \$454.1 in 1990, 1989 and 1988, respectively. Included in these costs were \$153.2, \$84.8 and \$83.1 in 1990, 1989 and 1988, respectively, for postretirement health care benefits other than those provided on a pay-as-you-go basis. At December 31, 1990, there were approximately 34,600 retirees and 101,945 active employees eligible to receive these benefits.

In general, the costs of providing postretirement health care benefits is accrued and funded over the working lives of active employees. In addition, certain retiree benefits are recognized on a pay-as-you-go basis. Effective in 1990, BellSouth began to expense and fund an actuarially determined amount for both active and retired employees covered by the collective bargaining agreement. These contributions, which are subject to applicable Federal income tax requirements, are funded to a newly formed trust over the working lives of active employees and the remaining lives of the retirees. Postretirement life insurance benefit costs are accrued and funded over the working lives of active employees based on that group's historical claims experience.

In December 1990, the Financial Accounting Standards Board (the "Board") issued SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which BellSouth is required to adopt by 1993. The Statement requires employers, among other things, to accrue the cost of providing postretirement benefits other than pensions during the period employees are expected to earn the benefit. Upon adoption, SFAS 106 permits employers the option of recognizing the unfunded and unrecognized accumulated postretirement benefit obligation (transition obligation) immediately or over the average remaining service period of active plan participants. The employer may elect a 20-year amortization period if the average remaining service period is shorter. BellSouth plans to adopt SFAS 106, effective January 1993, and to recognize the transition obligation on a delayed basis.

NOTE I LEASES

BellSouth has entered into operating leases for facilities and equipment used in operations. Rental expenses under operating leases were \$282.0, \$287.7 and \$261.3 for 1990, 1989 and 1988, respectively. Capital leases currently in effect are not significant.

The following table summarizes the approximate future minimum rentals under non-cancelable operating leases in effect at December 31, 1990:

	1991	1992	1993	1994	1995	Thereafter	Total
Minimum							
rentals	\$ 124.7	\$ 99.6	\$ 80.6	\$ 60.1	\$ 47.1	\$ 329.8	\$ 741.9

NOTE J INCOME TAXES

The provision for income taxes is summarized as follows:

	1990	1989	1988
Federal:			
Current	\$ 928.1	\$ 719.1	\$ 705.4
Deferred, net	(169.2)	20.1	41.0
Investment tax credits, net	(128.4)	(125.2)	(133.2)
	<u>630.5</u>	<u>614.0</u>	<u>613.2</u>
State:			
Current	144.7	132.3	154.4
Deferred, net	2.5	11.4	(2.1)
	<u>147.2</u>	<u>143.7</u>	<u>152.3</u>
Total provision for income taxes	<u>\$ 777.7</u>	<u>\$ 757.7</u>	<u>\$ 765.5</u>

MANAGING WORKERS' COMPENSATION COSTS AT KELLY SERVICES

A new reporting system offers a permanent solution to rising costs.

BY STEVEN R. DREXEL, CMA

1991-92 Certificate of Merit Winner

Skyrocketing medical costs and increasing litigation have created a workers' compensation crisis. Nationally, between 1985 and 1990, these costs grew at an average annual rate of 18.5%.

During 1990, expenditures were an estimated \$53 billion—a figure that should impress even the most jaded economist. From a humanitarian point of view, \$53 billion represents a great deal of pain and suffering by valued employees. From a financial perspective, this is money poorly spent. Workers' compensation expenditures do not generate sales or improve productivity. Indeed, many people think incorrectly that workers' compensation is another tax.

The financial staff at Kelly Services, a \$1.4 billion provider of temporary help services, took an analytical approach to the problem. Kelly Services' domestic business employs nearly 600,000 employees through 900 branch offices. These employees work under the supervision of 180,000 customers. In the temporary help business, payroll and payroll-related expenses (including workers' compensation) represent about 75% of sales. In this environment, effective management of workers' compensation costs is a particularly important function.

PROBLEMS FOR ACCOUNTANTS

Workers' compensation presents accountants with special problems because of uncertainty in how much and when to recognize costs. Every month insurance carriers revise their estimate of costs associated with previous periods. These revisions are unavoidable because therapy and treatment of many injuries may continue for several years.

As a result, accountants have problems trying to associate costs with related revenues that they generate. This is especially true if the goal is to provide job costing, or in Kelly Services' case, to measure profitability by customer. Forecasting under these conditions can be very complicated.

Timing is another thorny issue. The insurance carriers



Steve Drexel (l.), the author and director of corporate finance at Kelly Services with Beth LeBule, manager of risk and insurance, and Bill Bell, manager of workers' compensation.

tend to report on policy years that end in June while employers are more likely to have fiscal years that end in December.

A related problem is the lag in reporting. Often as many as six weeks pass between the date of an injury and delivery of the claims listings by the insurance carrier. This delay is caused in part by the tremendous medical and insurance bureaucracy and the process of filing reports, assigning claim numbers, and collecting data to evaluate costs.

Even if the reporting is timely, reliable estimates of a claim's ultimate cost are not available until at least four months after the date of injury. A claim's cost typically increases, or matures, over time. It is frustrating and expensive to have to wait several months in order to identify problems or emerging trends. Additionally, management may grow impatient when new policies and programs are initiated and the finance department is not able to provide timely feedback.

The data needed to analyze the problem come from a variety of sources. Because state governments regulate, and sometimes administer, workers' compensation, a company with employees distributed across the country may have to

parties involved.

FIVE: REDUCING EMPLOYEE BENEFIT COSTS

Another use of an ESOP is to reduce the cost of existing employee benefits drastically. Assume that ABC has a profit-sharing plan and that normal annual contributions amount to \$100,000. The company would like to reduce the cash cost of employee benefits without reducing the value of the annual contribution.

This goal can be accomplished through an ESOP. The first step would be for ABC to create an ESOP for the purpose of holding corporate securities. The company then would reduce its cash contributions to the profit-sharing plan by, say, 50%. The additional \$50,000 in value would be contributed to the ESOP in the form of corporate stock. The employees receive an equivalent contribution, but the cost to the company has been reduced by more than 75%.

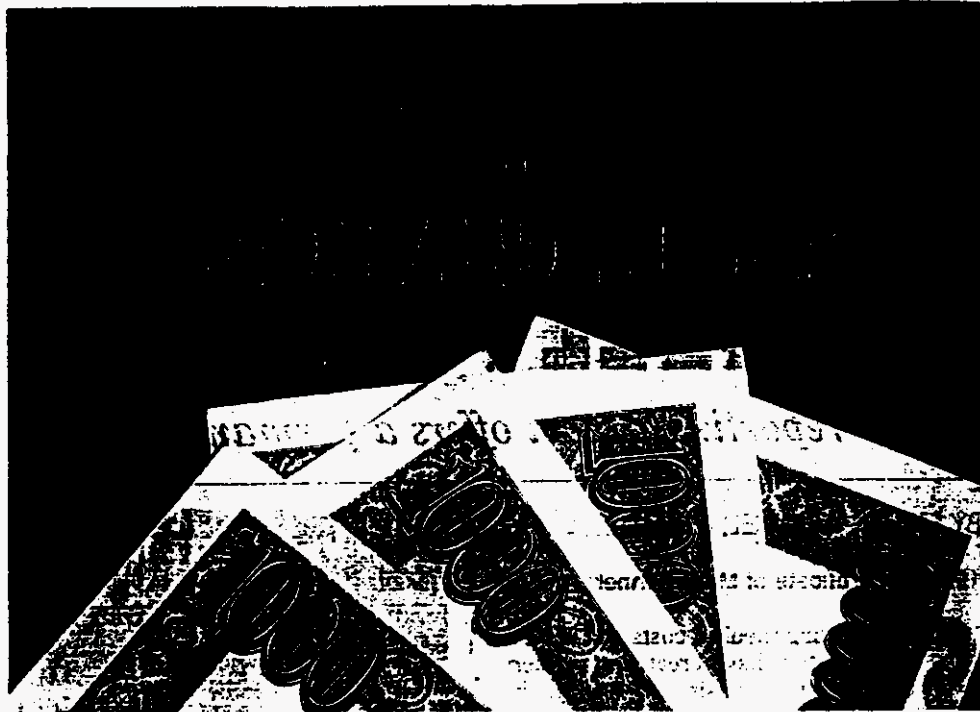
Here's how it works: If the company were to make the planned cash contribution of \$100,000, the after-tax cost would be \$66,000, assuming a 34% marginal tax rate. By using an ESOP, the company is still getting a \$34,000 tax deduction in that both the cash contribution and the stock are deductible. The difference is that now the \$34,000 deduction is taken against a \$50,000 cash outlay; therefore, the after-tax cash cost of the transaction is only \$16,000 (\$50,000 - \$34,000). The change from \$66,000 to \$16,000 is more than 75%.

By using this technique, a company can continue an equivalent level of benefit plan contributions while reducing its after-tax cash costs by more than 75%.

SIX: CAPITAL FORMATION

Capital formation is a continuing challenge in the present economic and business environment. If one defines capital as equity in nature, then the world of investors is by and large closed to the private, closely held business. If, on the other hand, one defines capital as debt in nature, then business owners find great difficulty in dealing with commercial banks or mezzanine financing sources. Some business owners prefer to build capital the "old-fashioned way"—through profits. This last method is the best of all worlds, but sometimes profits cannot be earned quickly enough to satisfy the needs and accomplish the goals of the enterprise.

Suppose ABC needed a \$500,000 operating line of credit, but the bank declined the request because of a lack of capital or sufficient net worth. Suppose also that ABC has been making annual cash contributions to an employee benefit plan in the amount of \$100,000. In order to build capital, the company starts an ESOP and temporarily suspends contri-



Employee stock ownership plans also can be used to reduce the cash cost of employee benefits without reducing the value of the annual contribution.

butions to the other qualified plan, instead contributing the entire \$100,000 to the newly created ESOP. The ESOP uses the money to purchase treasury shares or previously unissued shares from the company. In this way, ABC can build capital while continuing to make contributions to an employee benefit plan.

Using an ESOP in this way does not increase out-of-pocket cash costs. The company actually is increasing its capital base by making contributions to an ESOP instead of a profit-sharing or 401(k) plan. Of course, companies must pay careful attention to the issue of dilution. These techniques are to be used sparingly and only after a great deal of thought and consideration as to the consequences of all actions taken.

As you can see, employee stock ownership plans are a powerful tool in today's world of corporate finance. Their uses are varied, and their advantages can be wondrous. Like any other sophisticated financial tool, however, ESOPs must be planned and structured properly. Whether for building capital, reducing taxes, growing through acquisitions, planning management succession and ownership transfer, or reducing the cost burden of employee benefit packages, employee stock ownership plans deserve careful consideration by companies as a tool for future success and staying power in an uncertain economy.

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68

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69

* all classes of stock—were sold to the ESOP, then the bank or another qualified lender is required to report only 50% of the interest income received from an ESOP loan for tax purposes.

This tax preference to the lender allows for an unusually profitable loan. As a result, a company is sometimes able to negotiate a below-prime-rate loan. The best, however, is yet to come. All principal and interest on an ESOP loan are tax deductible to the corporation. Accordingly, the corporation (or, more correctly, the management team) is able to acquire the company from the selling shareholder for \$0.66 on the dollar.

Benefits such as these make exit strategy planning an exciting process for both seller and buyer. The benefits gained through tax savings are unbeatable.

TWO: MSOT PLANNING

A major failing in private business is a conspicuous lack of management succession and ownership transfer (MSOT) planning. In the world of private business, as opposed to publicly held businesses, management and ownership are treated as a birthright or as an extension of one's own personality and identity. To even suggest a transfer of management and ownership can be considered treasonous. This lack of planning often causes the downfall of second-generation businesses. Either the business isn't passed to the second generation of management and ownership, or successor management, being poorly trained, ill-equipped, and chosen in an emergency situation as a result of the death of the major shareholder, limps along for a while before becoming another business failure statistic.

An ESOP, however, can be a positive force and a catalyst for bringing about change in the mind-set of the business owner. Bankers, advisers, or second-tier management usually are pushing the planning issue so they can protect their positions and secure their futures. The planning process, therefore, becomes an unnatural and somewhat unpleasant process to the major shareholder, who feels as though he or she is being pushed out, although politely and with good intentions. This type of planning comes across as benefitting everyone but the owner.

Planning Encouraged: The business owner who already has made the decision to use an ESOP to accomplish his or her personal goals must start the process. Usually those goals have a great deal to do with liquefying his or her investment in the company. It is not unusual for a business owner to have nearly all of his or her wealth tied up in the company and sooner or later to become acutely interested in how that investment can be converted into cash and protected from current taxation.

ESOP buyouts generally are structured so that the company borrows the funds necessary to buy out the major shareholder, then makes a loan to the ESOP under essentially the same terms and conditions. Next, the ESOP purchases corporate securities from the major shareholder.

The very process of carrying out a buyout using an ESOP triggers the planning process for two reasons. First, the company

must be profitable enough to repay the loan. A profitable company is a well-run company with capable management at the helm. Thus, the exiting shareholder must plan for management succession as well as ownership transfer.

Second, collateral is involved. It would be rare for any lender to extend credit to a business in the amount of the company's fair market value. Such a loan probably would exceed net worth and produce a debt-to-worth ratio that would be unacceptable to any analyst. How, then, are ESOP loans made?

The answer is found in the structure of the collateral. Usually ESOP loans are at least partially collateralized by means of the exiting shareholder pledging some or all of his or her qualified replacement property back to the lender to guarantee the loan. This type of collateral is released on a monthly basis as the loan is repaid.

This collateral structure shows that the exiting shareholder is interested in successor management's ability to repay the loan. The exiting shareholder wants the best people for the job because it is in his or her best interests. Often this executive will remain in control of the company for a specific period of time to ensure the smooth transfer of power and ownership. A properly designed ESOP can provide this control so the founder/president can sell out but not step out.

You can see how a properly designed ESOP can be a positive force in the planning process. The owner views management succession and ownership transfer from a vastly different perspective. The planning is done to benefit the owner and to accomplish his or her goals as opposed to the owner's being pushed into the planning process because of someone else's agenda.

THREE: PURCHASING CAPITAL GOODS

There is a serious lack of capital available today for private business enterprises, especially small to medium-sized companies. Here is a typical example: ABC BrushWorks is a manufacturer of paintbrushes that are distributed nationwide. The company has had a long, satisfying history in the industry and with its bank. The recent recession, however, has taken its toll on the financial statements although the company remains solvent and capable of sustaining at least minimal profits in a down economy.

Because of the bankruptcies of several of ABC's competitors, company management sees a unique opportunity to expand its market share and increase profitability. To do so, it needs to acquire \$250,000 of heavy equipment for its manufacturing facility.

First Bank Request: ABC approached its bank on the basis of a typical five-year equipment loan. After analyzing the financial condition of the company and the cash flow required to amortize the debt, the bank declined the request, citing the company's recent lackluster performance. Collateral was not a problem. The bank refused to consider the planned increase in cash flow as a direct result of the new equipment and the increased manufacturing capacity.

Second Bank Request: ABC regrouped and approached the

Lack of succession planning often causes the downfall of second-generation businesses... ESOPs help the owner sell out but not step out of the business.

bank with an employee stock ownership plan. Under this new scenario, the bank would lend \$250,000 to the company under an ESOP structure. The funds immediately would be loaned to the company's ESOP under the same terms and conditions. The loan would be amortized over seven years. (ESOP loans up to 10 years are common.)

The ESOP then would make an offer to purchase \$250,000 of preferred convertible stock from the company. This stock is nonvoting preferred with a liquidation preference and convertible into voting common at the option of the plan trustee.

At this point in time, the company has the \$250,000 back in the cash account. It uses these funds to purchase the needed equipment. The company repays the loan to the bank by making fully deductible contributions to the ESOP in the amount of the periodic amortization. Next the ESOP uses the contributed funds to repay its loan to the company. The company takes the dollars it is paid by the ESOP and makes the periodic payment to the bank. As a result of these transactions, the entire loan is repaid with pretax dollars over seven years. Please note that not only was the interest tax deductible to the corporation, but the principal on the loan was deductible as well.

This particular structure changed the cash flow picture substantially for the better. Now the bank can consider the request in light of repaying the loan with \$0.66 dollars and over a longer period of time. Often state-of-the-art financial structuring such as this will make the difference in obtaining much-needed capital for expansion.

Dilution: For those of you who noticed, this transaction did cause dilution to the extent of about 5% of total fair market value. Such a small amount of dilution, however, did not affect control and was a small price to pay to remain competitive in the marketplace.

FOUR: EXPANDING BY MERGER OR ACQUISITION

The previous example can be expanded to include the purchase of another company. Let's assume that ABC Brush-Works has an unusually good opportunity to buy a major supplier for \$2 million over seven years, with a 20% down payment, and interest on the unpaid balance priced at prime plus two points. The supplier has a net worth of \$1,750,000.

After negotiating terms with the sole shareholder of the supplier company, ABC decides to attempt an ESOP structure. ABC's bank agrees to make an ESOP loan to the company in the amount of \$1,600,000 for the express purpose of acquiring the supplier. Once again, ABC makes an immediate loan to its ESOP under the same terms and conditions. The ESOP then offers to purchase \$1,600,000 of stock from ABC at fair market value. This being accomplished, the company once again has the proceeds of the original loan back in its cash account.

Now ABC management approaches the sole shareholder of the supplier company and negotiates a \$250,000 reduction in selling price as a result of that company's being paid off immediately in an all-cash transaction. A quick computation of the time value of money will show that the seller still is getting a good price.

ABC then takes the loan proceeds of \$1,600,000, places with them an additional \$150,000 of its own cash, and consummates the transaction for a total of \$1,750,000. Remember that ABC had intended to come up with a down payment of \$400,000 in the original negotiation. The ESOP structure allowed an immediate cash savings of \$250,000 or 13% of the total acquisition price.

As a result, ABC acquired the company using pre-tax dollars, was able to save an additional \$250,000 in cash outlay immediately, and in all probability was able to negotiate a low-interest-rate loan with its bank. Dilution was not an issue because ABC acquired a net worth of \$1,750,000 while it sold only \$1,600,000 of stock to the ESOP.

The bank is happy because it was able to lend \$1,600,000 to ABC toward the acquisition of a company with a net worth of \$1,750,000. The bank also can see that ABC will be able to repay the loan with pretax dollars, thus greatly enhancing its cash flow. Furthermore, this loan possibly could have qualified under Sec. 133 of the Internal Revenue Code. If that had been the case, then ABC would have negotiated a low-interest-rate loan, and the bank would not have to report for tax purposes 50% of the interest income received from the loan.

The seller likewise is pleased. He or she did not have to accept a down payment and a seven-year payout. Also, financial risk was reduced to zero in that the seller received cash. This type of structuring makes a great deal of sense for all

BENEFITS OF ESOPs

- Tax deferral for shareholder
- Ability of company to principal and interest current tax deduction
- Low-interest-rate loan available to the corporation
- Successor management can acquire company with pretax dollars
- Overcomes many of the planning process
- Allows seller to plan for net own business
- Provides for the accumulation of capital goods with pretax dollars
- Adds to operating income
- Provides for the accumulation of capital goods with pretax dollars
- Adds to operating income

companion measure to the ADA to assist businesses with compliance. The credit is as much as \$5,000 annually. It is a credit of 50% of the qualified expenditures over \$250 and up to \$10,000. This Disabled Access Credit under IRS Code Sec. 44 reaches the full \$5,000 amount when expenditures reach \$10,250. Qualified expenditures generally are either for barrier removal or for special equipment for handicapped employees.

Up to \$15,000 annually of capital expenditures for qualified barrier removal can be expensed and deducted under IRS Code Sec. 190. A related provision in IRS Code Sec. 1250 allows businesses to avoid the recapture of depreciation for expenditures qualified under Sec. 190 even if the expenditures have to be capitalized and depreciated. These are significant benefits and are available every year, so a little tax planning related to the timing of expenditures for ADA compliance would be prudent.

A unique tax planning opportunity involves disabled employees who require assistance providers such as sign-language interpreters for the



This voice-operated computer system, called "Dragon Dictate," is used by a quadriplegic at Independent Living Options in Cincinnati.

hearing impaired or readers for the visually impaired. Hiring these assistance providers means companies pay expensive fringe benefits that can be avoided. They should consider increasing the compensation to the dis-

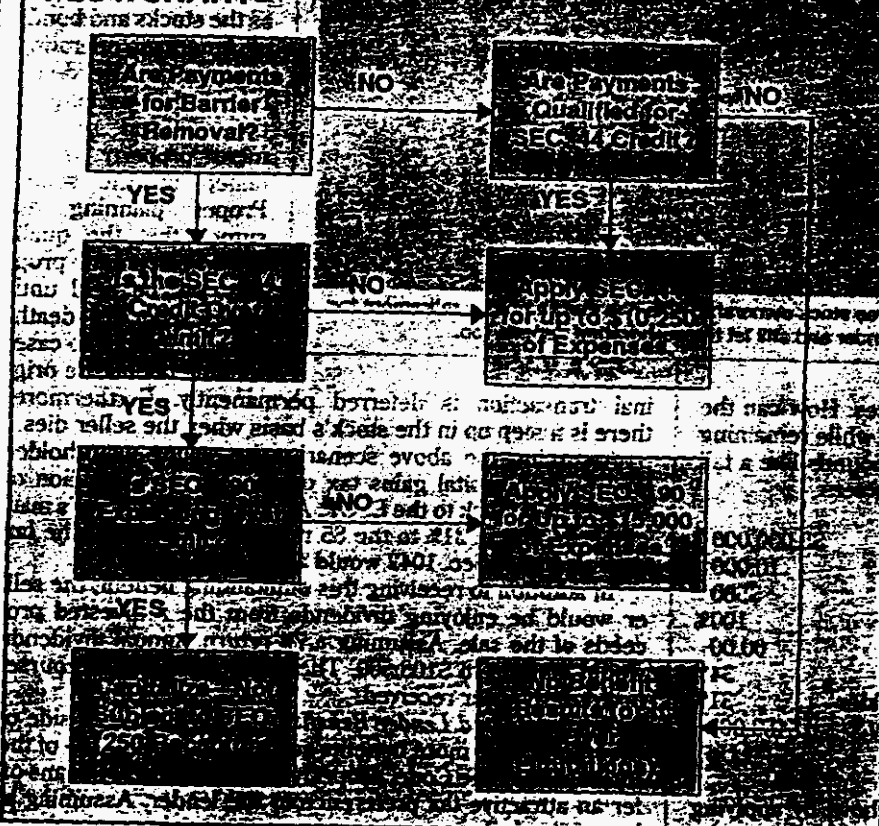
abled workers, enabling them to provide their own assistance providers. This may be beneficial to the employer as costly fringe benefits. It also allows disabled employees by having assistance provider directly responsible to them. The key is a special provision of IRS Code Sec. 67(d) allows the disabled workers to "impairment-related work expenses" in full and avoid additional consequences for either employer or employees.

The ADA can require some changes to the way we do business but some accommodation costs minimized or eliminated by moving, raising, lowering, or altering existing conditions or barriers. In addition, compliance can be a real opportunity to open new markets and access skilled labor force.

Thomas D. McLaughlin, CMA, CPA, DBA, is an assistant professor of accounting at East Carolina University. He received his DBA degree from Mississippi State University and M.S. degree in accounting from the University of North Carolina at Greensboro. He also has extensive experience in industry and is president of the Eastern Carolina Chapter of IMA, through which this article was submitted. He can be reached at (919) 756-8017.

FIGURE 2/TAX BENEFITS FOR BUSINESSES

FLOWCHART



ESOP Power

Here are six successful uses of employee stock ownership plans.

YRON J. LINT

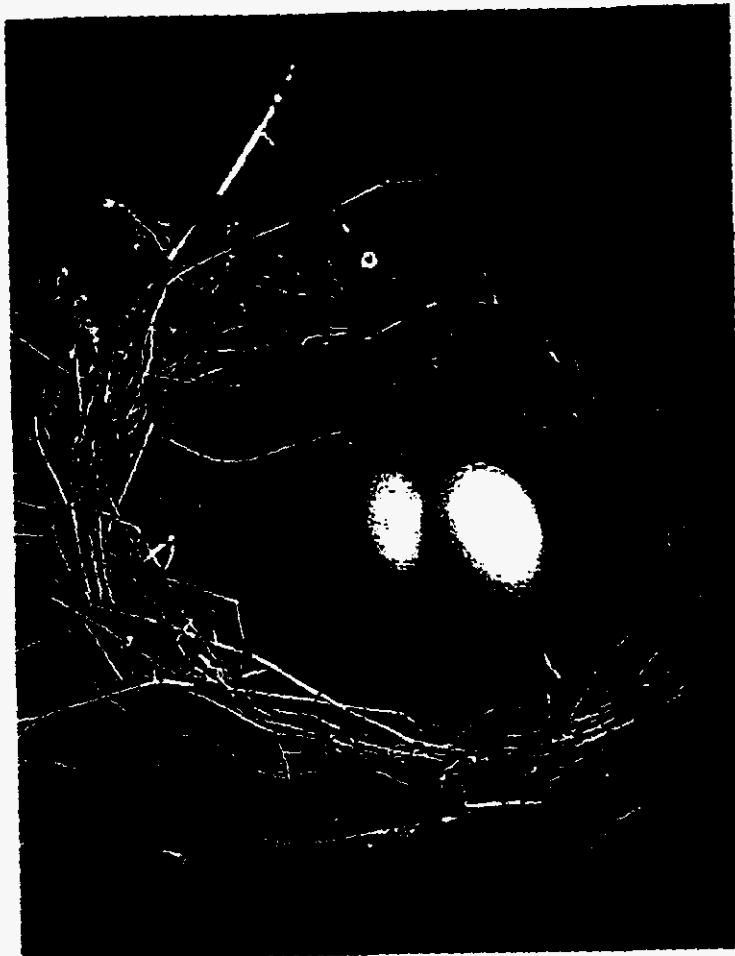
Employee Stock Ownership Plans (ESOPs) can wield great financial power and benefits when applied properly to real-life needs and concerns within today's corporate environment. From reducing employee benefit costs to purchasing capital goods, these tools help make companies' financial planning easier and more accurate. Six strategies are particularly beneficial.

ONE: EXIT STRATEGY

What happens when a corporate founder and major shareholder decides that it is time to liquefy his or her investment, retire, and pursue other interests? These other interests cost money—and, of course, the founder and CEO of the company does not intend to curtail a heretofore pleasant lifestyle. Now it's time for exit strategies. How can the owner sell all or part of his or her holdings while remaining in control and avoiding current taxation? Sounds like a tall order, right? Consider the following parameters:

Fair Market Value of Company	\$5,000,000
Shares Issued and Outstanding	10,000
Value Per Share	\$500
Percent Owned by Selling Shareholder	100%
Cost Basis in Stock	00.00
Corporate Marginal Tax Rate	34%
Personal Marginal Tax Rate of Shareholder	31%
Annual Net Free Cash Flow of Company	\$450,000
Sales and Profit Trends	Up

Selling Shareholder Benefits: Let's see how, by applying the above figures, an employee stock ownership plan can be



The right employee stock ownership plan can yield a golden retirement for a company's founder and still let the corporation benefit, too.

used effectively to buy out the major shareholder to the benefit of both the shareholder and the remaining management. Assuming all rules are followed correctly, the shareholder can sell his or her holdings to a company-sponsored ESOP and avoid current income tax on the gain.

Under Sec. 1042 of the Internal Revenue Code, income tax is deferred on such transactions if (1) at least 30% of all classes of stock were sold to the ESOP, and (2) the proceeds of the sale were reinvested in qualified replacement property, defined as the stocks and bonds of American operating companies. The deferral will last as long as the qualified replacement property is retained by the seller. Proper planning assumes that the qualified replacement property will be held until the seller's death. Should that be the case, income tax on the original

transaction is deferred permanently. Furthermore, there is a step up in the stock's basis when the seller dies.

Assuming the above scenario, the selling shareholder would defer capital gains tax on the sale of \$5 million of closely held stock to the ESOP. Applying the taxpayer's marginal tax rate of 31% to the \$5 million taxable gain, the tax savings under Sec. 1042 would amount to \$1,550,000.

In addition to receiving this outstanding benefit, the seller would be enjoying dividends from the reinvested proceeds of the sale. Assuming a 7% return, annual dividends would amount to \$108,500. These proceeds are, of course, taxed in the year received.

Corporate and Lender Benefits: On the corporate side of the transaction, more benefits accrue. Under Sec. 133 of the Internal Revenue Code, properly constituted ESOP loans offer an attractive tax preference to the lender. Assuming at least 50% of all classes of stock—or 50% of the total value of

U S WEST

BUILDING ON STRENGTHS



STRENGTHENING CONNECTIONS

1992

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

The composition of property, plant and equipment follows:

	December 31,	
	1992	1991
Land and buildings	\$ 2,433.1	\$ 2,317.9
Telephone network equipment and outside plant	21,242.7	20,040.0
Other	3,303.7	3,426.8
Construction in progress	682.6	658.1
	27,662.1	26,442.8
Less accumulated depreciation on:		
Buildings	530.0	465.5
Telephone network equipment and outside plant	7,821.9	7,078.8
Other	1,318.8	1,551.4
	9,670.7	9,095.7
Real estate held for sale – net*	720.9	716.7
Property, plant and equipment – net	\$18,712.3	\$18,063.8

* Real estate held for sale is net of accumulated depreciation and a valuation allowance of \$402.5 and \$500 at December 31, 1992 and 1991, respectively (see Note 12).

NOTE 4: DEBT

The components of short-term debt follow:

	December 31,	
	1992	1991
Notes payable		
Commercial paper	\$ 983.3	\$ 866.6
Other	35.5	26.5
Current portion of long-term debt	1,107.4	980.1
Total	\$2,126.2	\$1,873.2

Long-term debt consists principally of debentures and medium term notes, debt associated with the Company's Leveraged Employee Stock Ownership Plans (LESOP), and zero coupon, convertible notes as described below.

Interest rates and maturities of long-term debt at December 31 follow:

Interest rates	MATURITIES					TOTAL 1992	TOTAL 1991
	1994	1995	1996	1997	Thereafter		
Up to 5%	\$480.2	\$150.0	\$ 50.0	\$ 10.0	\$ 285.4	\$ 975.6	\$ 520.4
Above 5% to 6%	22.0	5.0	13.1	–	161.0	201.1	304.9
Above 6% to 7%	30.5	91.5	–	55.5	207.5	385.0	237.5
Above 7% to 8%	16.4	12.9	680.2	24.7	1,689.3	2,423.5	2,700.5
Above 8% to 9%	72.0	21.2	93.5	–	1,989.5	2,176.2	2,514.8
Above 9% to 10%	39.2	60.9	–	76.2	400.0	576.3	1,379.3
Above 10%	–	–	60.0	–	29.2	89.2	129.4
	\$660.3	\$341.5	\$896.8	\$166.4	\$4,761.9	\$6,826.9	\$7,786.8
Capital lease obligations and other						90.7	66.3
Unamortized discount – net						(180.7)	(223.9)
Total						\$6,736.9	\$7,629.2

During 1992, U S WEST refinanced six debt issues aggregating \$747 in principal amount. During 1991, the Company issued zero coupon, subordinated notes which are convertible at any time into U S WEST common shares. The notes were recorded at their discounted value of \$401.3, with the discount being amortized to interest expense using the interest method. The notes have an effective rate of interest of approximately 7.3 percent.

U S WEST is permitted to borrow up to approximately \$1,725 under formal lines of credit, all of which was available at December 31, 1992.

Long-term debt of \$123.7 and \$166.1 at December 31, 1992 and 1991, respectively, was collateralized by first deeds of trust on associated real estate, assignment of rents from leases, and operating and management agreements.

Interest payments, net of amounts capitalized, were \$704.1, \$740.9 and \$689.7 for 1992, 1991 and 1990, respectively.

NOTE 5: LEASING AND OTHER FINANCING ARRANGEMENTS

As Lessee

U S WEST has entered into operating leases for office facilities, equipment and real estate. Minimum future lease payments as of December 31, 1992, under non-cancellable operating leases, follow:

Year	
1993	\$ 139.3
1994	125.9
1995	105.5
1996	93.9
1997	90.6
Thereafter	908.2
Total	\$1,463.4

Rent expense under operating leases was \$278.8, \$215.2 and \$190 in 1992, 1991 and 1990, respectively.

As Lessor/Lender

The components of the Company's investment in finance receivables follow:

	December 31,	
	1992	1991
Receivables	\$3,572.4	\$3,548.9
Unguaranteed estimated residual values	495.4	510.3
	4,067.8	4,059.2
Less: Unearned income	530.9	592.7
Credit loss and other allowances, including \$86.3 in 1992 and \$83.8 in 1991 related to receivables acquired	152.1	149.4
	3,384.8	3,317.1
Less: Current portion	390.5	478.7
Finance receivables - net	\$2,994.3	\$2,838.4

Fair Values of Financial Instruments

Fair values of cash equivalents, short-term investments, short-term debt and other current amounts receivable and payable approximate the carrying amount.

Amounts receivable and payable related to foreign currency options and forward contracts which are used to hedge foreign commitments are recorded at fair value based on currency exchange rates in effect at the balance sheet date.

Following are methods and assumptions used to estimate the fair values of other categories of financial instruments.

Marketable debt securities held for investment

For obligations of municipalities, fair value is based on quoted market prices. The fair value of corporate debt securities is based on quoted market prices where available or, if not available, is estimated using quoted market prices of similar instruments or by discounting future cash flows using current, risk adjusted interest rates.

Loans and other finance receivables

Fair values of loans and other finance receivables, excluding leases, are based on discounting future cash flows using current, risk adjusted interest rates.

Debt

Fair value of debt is based on quoted market prices where available or, if not available, is based on discounting future cash flows using current interest rates. Fair value of debt includes the effects of variable to fixed and fixed to variable interest rate swaps on notional principal amounts of \$1,000 and \$440, respectively. Fair value of interest rate swaps is based on estimated amounts the Company would receive or pay to terminate such agreements taking into account current interest rates and creditworthiness of the counterparties.

The following table sets forth the fair value of marketable debt securities held for investment:

Type of Debt Security	December 31, 1992		December 31, 1991	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Municipal	\$ 533.7	\$ 551.4	\$492.8	\$510.2
Corporate	233.5	237.3	291.4	292.8
Other	232.9	239.3	153.2	162.1
Total	\$1,000.1	\$1,028.0	\$937.4	\$965.1

The following table sets forth the estimated fair value of other financial instruments on the Company's balance sheet:

	December 31, 1992	
	Carrying Amount	Fair Value
ASSETS		
Loans and other finance receivables	\$2,517	\$2,530
LIABILITIES		
Debt	8,863	9,070

NOTE 7: SHAREOWNERS' EQUITY

Following are transactions affecting shareowners' equity:

	Common Shares		Retained Earnings	Foreign Currency Translation Adjustments
	Shares (thousands)	Amount		
BALANCE AT JANUARY 1, 1990	186,996	\$ 4,317.4	\$ 4,179.4	
Issuance of treasury shares	3,401	124.3		
Issuance of common stock	16,100	576.8		
Net income			1,198.9	
Dividends (\$2.00 per share)			(776.6)	
Stock split	186,996			
Foreign currency translation adjustments				\$ 6.2
Other - net		(5.2)	3.7	
BALANCE AT DECEMBER 31, 1990	393,493	5,013.3	4,605.4	6.2
Issuance of treasury shares	1,337	49.0		
Issuance of common stock	15,106	545.2		
Net income			553.4	
Dividends (\$2.08 per share)			(842.7)	
Foreign currency translation adjustments				3
Other - net		(1.0)		
BALANCE AT DECEMBER 31, 1991	409,936	5,606.5	4,316.1	6.5
Issuance of treasury shares	578	20.4		
Issuance of common stock	3,948	144.4		
Net loss			(614.0)	
Dividends (\$2.12 per share)			(876.0)	
Foreign currency translation adjustments				(40.5)
Other - net		(1.1)		
BALANCE AT DECEMBER 31, 1992	414,462	\$ 5,770.2	\$ 2,826.1	\$ (34.0)

U S WEST has 50,000,000 authorized shares of preferred stock, of which none have been issued.

At December 31, 1992, the Company held 7,149,192 treasury shares with a cost basis of \$146.5.

On July 11, 1991, shareowners of U S WEST NewVector Group, Inc. ("NewVector") voted to approve the Company's merger offer, making NewVector a wholly-owned subsidiary of U S WEST. Pursuant to the merger, the Company issued approximately 11.1 million shares of U S WEST common stock valued at approximately \$399 to former shareholders of NewVector. The merger was accounted for as a purchase and the resulting goodwill of approximately \$375 is being amortized on a straight line basis over a period of 40 years.

On May 23, 1990, U S WEST issued 16,100,000 additional shares of common stock for cash proceeds of approximately \$577.

Leveraged Employee Stock Ownership Plans (LESOP)

U S WEST maintains employee savings plans for management and non-management employees under which the Company matches a certain percentage of eligible contributions made by the employees with shares of Company stock. The Company established two LESOPs in 1989 to provide the Company stock used for matching contributions to the savings plans.

The long-term debt of the LESOP trusts, which is unconditionally guaranteed by the Company, is included in the accompanying consolidated balance sheets and corresponding amounts have been recorded as reductions to shareowners' equity. The trusts will repay the debt with Company contributions and certain dividends received on shares of the Company's common stock held by the LESOP. Total Company contributions to the trusts (excluding dividends) were \$77.7, \$70.9 and \$71.1 in 1992, 1991 and 1990, respectively, of which \$27.8, \$31.7 and \$35.1, respectively, have been classified as interest expense. The Company recognizes expense based on the cash payments method. Dividends on unallocated shares held by the LESOP were \$17.3, \$20.1 and \$22.5 in 1992, 1991 and 1990, respectively.

Shareholder Rights Plan

The Board of Directors of the Company has adopted a Shareholder Rights Plan which, in the event of a takeover attempt, would entitle existing shareowners to certain preferential rights. The rights expire on April 6, 1999, and are redeemable by the Company at any time prior to the date they would become effective.

NOTE 8: STOCK INCENTIVE PLANS

U S WEST maintains stock incentive plans for executives and key employees. The Human Resources Committee of the Board of Directors is responsible for the administration of the executive plan, which provides for the grant of options, stock appreciation rights (SARs) associated with stock options and the grant and sale of restricted and non-restricted stock. The Board of Directors has delegated the administration of the non-executive plan to a special committee. Options must be exercised no later than ten years and one month after the date upon which the option was granted. A total of 17,000,000 shares of U S WEST common stock are reserved for issuance under the plans.

Data for outstanding options under the plans is summarized below:

	Number of Shares*	Average Option Price
OUTSTANDING JANUARY 1, 1990	1,707,062	\$ 26.44
Granted	1,185,747	37.44
Exercised	(543,494)	26.17
Cancelled or expired	(42,532)	26.74
OUTSTANDING DECEMBER 31, 1990	2,306,783	32.15
Granted	1,415,502	35.30
Exercised	(277,760)	25.91
Cancelled or expired	(24,119)	35.34
OUTSTANDING DECEMBER 31, 1991	3,420,406	33.94
Granted	1,410,311	38.13
Exercised	(327,221)	26.15
Cancelled or expired	(53,346)	36.17
OUTSTANDING DECEMBER 31, 1992	4,450,150	\$ 35.81

* Includes options granted in tandem with SARs.

Options to purchase 913,312 and 1,043,202 shares were exercisable at December 31, 1992 and 1991, respectively. A total of 10,111,549 and 11,581,211 shares of U S WEST common stock were available for grant under the plans at December 31, 1992 and 1991, respectively.

NOTE 9: EMPLOYEE BENEFITS

Pension Plans

U S WEST has two defined benefit pension plans which cover substantially all management and non-management employees which, effective January 1, 1993, were merged into a single plan. Management benefits are based upon a final pay formula while non-management benefits are based upon a flat benefit formula. U S WEST uses the projected unit credit method for the determination of pension cost for financial reporting purposes and the aggregate cost method for funding purposes. No funding was required in 1992, 1991 or 1990.

The composition of the pension credit and the actuarial assumptions of the plans follow:

	Year Ended December 31,		
	1992	1991	1990
Details of pension credit:			
Service cost - benefits earned during the period	\$ 141.1	\$ 124.0	\$ 119.2
Interest cost on projected benefit obligation	479.6	466.0	438.1
Actual return on plan assets	(410.8)	(1,312.0)	175.4
Net amortization and deferral	(318.3)	613.4	(842.1)
Net pension credit	<u>\$ (108.4)</u>	<u>\$ (108.6)</u>	<u>\$ (109.4)</u>
Actuarial assumptions (in percent):			
Weighted average discount rate	8.25	8.50	8.50
Expected long-term rate of return on plan assets	9.25	9.50	9.50
Rate of increase in future compensation levels	5.50	5.50	5.50

The funded status of the plans follow:

	December 31,	
	1992	1991
Accumulated benefit obligation, including vested benefits of \$4,867 and \$4,426, respectively.	\$5,192.0	\$4,716.0
Plan assets at fair value, primarily stocks and bonds	\$8,068.8	\$8,024.0
Less: Projected benefit obligation	6,555.0	6,036.0
Plan assets in excess of projected benefit obligation	1,513.8	1,988.0
Less: Unrecognized experience gain	24.1	554.0
Prior service cost not yet recognized in net periodic pension cost	77.3	27.0
Balance of unrecognized net asset at January 1, 1987	945.0	1,025.0
Prepaid pension asset	<u>\$ 467.4</u>	<u>\$ 382.0</u>

Anticipated future benefit changes have been reflected in the above calculations. The weighted average discount rate for determining the benefit obligation as of December 31, 1992, was 8.25 percent.

Postretirement Benefits Other Than Pensions

U S WEST and most of its subsidiaries provide certain health care and life insurance benefits for retired employees. Effective January 1, 1992, U S WEST adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." SFAS No. 106 mandates that employers reflect in their current expenses an accrual for the cost of providing retirement medical and life insurance benefits to current and future retirees. Prior to 1992, U S WEST recognized these costs as they were paid. Adoption of SFAS No. 106 resulted in a one-time, non-cash charge against 1992 earnings of \$1,740.7, net of a deferred income tax benefit of \$1,037.7, for the prior service of active and retired employees. U S WEST used the projected unit credit method for the determination of postretirement medical costs.

In conjunction with the adoption of SFAS No. 106, for financial reporting purposes, the Company elected to immediately recognize the accumulated postretirement benefit obligation for current and future retirees, net of the fair value of plan assets. On December 26, 1991, the Federal Communications Commission ("FCC") released an order permitting adoption of SFAS No. 106 on or before January 1, 1993. The FCC order permits

amortization of the transition obligation over the average remaining service period of active employees for interstate regulatory accounting purposes. Pursuant to SFAS No. 71, "Accounting for the Effects of Certain Types of Regulation," a regulatory asset associated with the recognition of the transition benefit obligation was not recorded because of uncertainties as to the timing and extent of recovery given the Company's assessment of its long-term competitive environment.

The composition of postretirement benefit costs for the year ended December 31, 1992, and actuarial assumptions underlying plan benefits follow:

Details of postretirement benefit costs:

Service cost — benefits earned during the period	\$ 66.9
Interest cost on accumulated benefit obligation	255.9
Expected return on plan assets	(47.8)
Net postretirement benefit costs	\$275.0

Actuarial assumptions (in percent):

Weighted average discount rate	8.00
Expected long-term rate of return on plan assets	9.00
Medical cost trend rate*	11.00

* Medical cost trend rate gradually declines to an ultimate rate of 6.25% in 2006.

A one percent increase in the assumed health care cost trend rates for each future year would have increased the aggregate of the service and interest cost components of 1992 net postretirement benefit costs by approximately \$45.

During 1991, the cost of postretirement health care and life insurance benefits for the Company's retired employees was \$120.

The funded status of the plan at December 31, 1992, follows:

Accumulated postretirement benefit obligation attributable to:

Retirees	\$2,089.5
Fully eligible plan participants	257.2
Other active plan participants	1,035.7
Total accumulated postretirement benefit obligation	3,382.4
Less: Fair value of plan assets, primarily stocks, bonds and life insurance	(635.9)
Accrued postretirement benefit obligation	\$2,746.5

For U S WEST Communications, the annual amount funded will generally follow the expense recognized for regulatory purposes.

The weighted average discount rate for determining the accumulated postretirement benefit obligation was 8.0 percent at December 31, 1992. A one percent increase in the assumed health care cost trend rates would have increased the accumulated postretirement benefit obligation by approximately \$375.

Expectations with respect to certain future amendments to the Company's postretirement benefit plans have been reflected in determining the Company's postretirement benefit cost under SFAS No. 106.

Other Postemployment Benefits

U S WEST also adopted, effective January 1, 1992, SFAS No. 112, "Employers' Accounting for Postemployment Benefits." SFAS No. 112 requires that employers accrue for the estimated costs of benefits, such as workers' compensation and disability, provided to former or inactive employees who are not eligible for retirement. Adoption of SFAS No. 112 resulted in a one-time, non-cash charge against 1992 earnings of \$52.7, net of a deferred income tax benefit of \$32.3.

I. Description & Principles

- A. Why created, when
- B. Beneficiaries
- C. Debt v. equity
- D. Compensation v. financing costs (rate payers better off w/ unleveraged plan)

II. Accounting req.

- A. Balance sheet
- B. 1/s
 - 1. Trusts
 - 2. SSC Consolidated
 - 3. SST
- C. Expense computation
 - 1. Shares allocated accrual
 - 2. Interest expense
 - 3. Dividends
 - 4. Other cash contributions

III. Tax effects of ESOP

A. Each expense component

B. ISC dividends

IV. ^{/assignment} ₁ Bulling to SST

01-78

BBA acctg

5-6

Financing technique

beneficiaries

- corp benefits because match feature less
- lower cost to corp to be passed onto BST customers
- ^{BST} Corp HQ ~~but~~ records debt.
- [^] BSC-HQ do not reflect interest on ESOP debt.

doesn't recall if any of features of savings plan ~~added~~ modified when leveraged ESOP feature added.

FOI K06W002002

req to do recess corp, int.

Corp Comptroller at BSC-HQ made decision ^{how} to account for BST E:
- Hoshinsky approved; don't know if anyone else

piece to each sub based on employee match - not funding
↳ compensation aspect

interest earnings / dividends FOI K06W 001981 } reconciliation of interest

Communicated to BST through acctg letter. Give them total expense
- also in acctg letter, BST is told how much ^{cash} to send

pensions, OPEBS, early terminations

VESOP & VEER early out programs

Distinctions between OPEB & pension & other benefits expense compared to ESOP "benefit expense," particularly with respect to interest component.

1. All expense computed for financial statement purposes in accordance with GAAP.
2. Interest component in OPEB & pension expense is intended to reflect the increase in the projected benefit obligation over time since the OPEB or pension benefit obligation is present valued. Thus, the interest component reflected in these two computations of expense does not reflect financing costs for securities actually held by Plan sponsor.

By contrast, the financing costs for ESOP are actual interest payment requirements reflecting debt utilized to purchase the sponsor's stock. It is a financing cost that is segregated out from benefit expense, unlike the all-inclusive SFAS No. 87 and 106 computations. That is because it is different. The ESOP interest is a cost of capital (interest netted against dividends) supporting the sponsor's assets, not the ESOP's.

3. The sponsor reduced its cost of capital through the ESOP, not its capital balance.
4. Conclusion: It is inappropriate to pass through interest expense component of ESOP expense as "benefit expense" to BST.

Bill could legally have put the ESOP at BSC or BSI.

- Securities acquisition loans - loan to an ESOP or to an employee corporation
- repurchase liability of employee (employee can exercise a put option)
- dividends may be used to repurchase stock (p. 65)

Types of securities acq. loans p. 97

- direct loan - if secured, only collateral of ESOP was permitted to pledge is employee securities purchased with proceeds of loan.
- bank to bank
- direct allocation

- ask about ^{ESOP share} release formula

- documents
- who is the loan with? - is it betw. ESOP and lender or ES and lender? - ESOP repayment terms to Co. can be faster than Company's repayment to lender (p. 133)

- deduction of principle & interest and dividends

- p. 147 shows purchased at FMV could exceed NBV and even result in negative common equity.

- any prohibition against multiple ESOPs over time? ←

- contra equity A/C

- "Dividends paid on ESOP shares are not compensation expenses."

SOP 76-3

p. 149

tax effect now req through current tax provision; previously credited to RE] p. 150

"1984 and 1986 tax acts provided for tax deductible dividends to the extent that such dividends are paid into an ESOP and distributed to participants or used to amortize an ESOP loan"

- p. 150; p. 155

Attachment of interest on ESCP loan as int or as compens. expense p. 150

Southern Bell Tel. & Tel. Co.
 FPSC Docket No. 920260-TL
 Audit
 Date: 06/29/93
 Amended Response
 Item No. 6-007
 Page 1 of 3

Request: Provide the dollar amount of long-term debt and short-term debt outstanding at December 31, 1990, December 31, 1991, and December 31, 1992 for each and every BellSouth affiliate. Provide the components of the long-term and short-term debt (i.e. capital leases, debt maturing within one year, etc) including relevant supporting detail such as cost of each type of financing employed. The amounts provided should be on a financial statement basis.

Response: The Company amends its response of July 14, 1993 as follows:

<u>Entity</u>	<u>Description of Debt</u>	<u>Outstanding Balance (\$000)</u>	<u>Cost %</u>
BellSouth Headquarters (ESOP):			
	12/31/90:		
	Short-term Debt	1	9.15
	Long-term Debt	826,759	9.15
	12/31/91:		
	Short-term Debt	29,787	9.15
	Long-term Debt	769,857	9.15
	12/31/92:		
	Short-term Debt	35,258	9.15
	Long-term Debt	734,599	9.15
BellSouth Capital Funding Corporation:			
	12/31/90:		
	Short-term Debt	218,709	10.47
	Long-term Debt	500,840	9.89
	12/31/91:		
	Short-term Debt	651,118	5.83
	Long-term Debt	466,669	9.34
	12/31/92:		
	Short-term Debt	592,571	3.47
	Long-term Debt	273,868	7.89

Southern Bell Tel. & Tel. Co.
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 Date: 06/29/93
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Response Continued:

<u>Entity</u>	<u>Description of Debt</u>	<u>Outstanding Balance (\$000)</u>	<u>Cost %</u>
BellSouth Enterprises, Inc.:			
	12/31/90:		
	Short-term Debt	187,887	7.94
	Long-term Debt	851,721	9.64
	12/31/91:		
	Short-term Debt	152,665	5.75
	Long-term Debt	1,252,779	9.12
	12/31/92:		
	Short-term Debt	64,529	3.82
	Long-term Debt	643,261	8.72
BellSouth Telecommunications, Inc.:			
	12/31/90:		
	Short-term Debt	690,382	8.42
	Long-term Debt	6,411,859	8.72
	12/31/91:		
	Short-term Debt	834,268	4.70
	Long-term Debt	6,373,341	8.71
	12/31/92:		
	Short-term Debt	946,899	3.60
	Long-term Debt	6,336,832	8.47
Adjustments and Consolidating Eliminations:			
	12/31/90:		
	Short-term Debt	25,521	0.00
	Long-term Debt	(810,135)	0.00
	12/31/91:		
	Short-term Debt	0	0.00
	Long-term Debt	(1,119,741)	0.00
	12/31/92:		
	Short-term Debt	52,900	0.00
	Long-term Debt	(885,649)	0.00

Southern Bell Tel. & Tel. Co.
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 Page 3 of 3

Response Continued:

<u>Entity</u>	<u>Description of Debt</u>	<u>Outstanding Balance (\$000)</u>	<u>Cost %</u>
BellSouth Corporation Consolidated:			
	12/31/90:		
	Short-term Debt	1,122.480	8.39
	Long-term Debt	7,781,042	8.85
	12/31/91:		
	Short-term Debt	1,667,839	5.16
	Long-term Debt	7,744,646	8.77
	12/31/92:		
	Short-term Debt	1,634,572	3.68
	Long-term Debt	7,359,705	8.52

Except for the Data Responses noted in Item No. 6-006 Part D(I) the Company objects to providing the requested information for every BellSouth affiliate on the grounds that (1) Southern Bell does not have possession, custody or control of such information, (2) the entity that is in possession of such documents is not subject to the jurisdiction of this commission, and (3) in any event, such information is neither relevant nor reasonably calculated to lead to the discovery of admissible evidence (a) related to transactions or cost allocations among these companies, or (b) necessary to show that Southern Bell's Florida customers do not subsidize either Southern Bell's or its affiliates' unregulated activities.

Date Provided: October 15, 1993

Southern Bell Tel. & Tel. Co.
FISC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-084
Page 1 of 3

- Request: A. Please provide the detailed computations of BSC-HQ ESOP expense for 1991 and 1992. Totals for these amounts should be reconciled to the totals reflected in notes to the financial statements in the BellSouth annual report to shareholders for both years. Provide each component of the expense plus all assumptions underlying the computation of each component. For example, the "cost of shares released" component should include all data, assumptions and formulas necessary to replicate the computation. Provide the "Employer Matching Contribution," the "Top-up", and the "ESOP Funding Adjustment" computations separately.
- B. Provide a narrative description of each component identified and quantified in response to part (A) of this question and the source of the data utilized by BSC to compute that component.
- C. Identify the person(s) and department(s) with responsibility for making the ESOP expense computations. Also, identify the person(s) and department(s) with review and approval responsibility for the ESOP expense accrual.
- D. For each component of the BSC-HQ ESOP expense for 1991 and 1992 identify in response to part (A) of this question, please provide the related effect on income tax expense (segregated between current tax expense, deferred tax expense, and deferred investment tax credit expense) recognized by BSC-HQ.

Response: The Company amends its response of July 14, 1993 as follows:

- A. 1. The detailed computations for BSC-HQ ESOP expense for 1991 and 1992 which are contained in Attachment I are being sent in the overnight mail on September 23, 1993.
2. The reconciliation of total expense for BSC-HQ to totals in Annual Report footnotes which is contained in Attachment II is being sent in the overnight mail on September 23, 1993.

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Item No. 6-084
Page 2 of 3

Response continued:

3. The expense components and underlying assumptions used for calculations which are contained in Attachment III are being sent in the overnight mail on September 23, 1993. (Note, each year has two sets of workpapers because amounts are calculated semiannually when the debt payments are made and shares released.)

4. The computation of employer matching expense which is contained in Attachment IV is being sent in the overnight mail on September 23, 1993.

B. Note, narrative explanations correspond to above attachments.

1. BSC recognizes expense based upon total cash contributions to the ESOPs. An additional non-cash accrual (currently additional expense) is recorded to adjust the expense recognized based upon cash contributions to the "Shares Allocated" formula driven expense level. (In future years, the non-cash accrual will be a reduction to total expense.)

2. Computations of employer matching contributions, including the LESOP funding adjustment, are made by the payroll offices and summarized on an "N Letter." (See Attachment IV which includes an example and is being sent in the overnight mail on September 23, 1993.) Attachment II, pages 3 and 4 provides an example of how contributions for all companies were summarized by BSC-Comptrollers for the month of January 1991. These monthly summaries, the "Contribution Breakdown," agree with the computation of total expense for the corporation in Attachment II, pages 1 and 2.

3. The detailed calculations of the "Estimated Cash Requirements" for the upcoming six month period and the Shares Allocated Expense adjustment are provided in Attachment III. BSC-HQ funds the Trusts for the debt service

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Response continued:

payment and estimates the amount of top-off that will be needed for the upcoming six-month period. Over the upcoming six months, the companies reimburse BSC-HQ for the debt service contribution and top-off amounts based upon company contributions adjusted using the "LESOP Funding Adjustment Rate." Total contributions are recorded as "benefit expense."

The "Shares Allocated" calculation is an accrual-based calculation (i.e., interest expense and dividend & interest earnings do not agree each period to the amounts reflected in the "cash calculation" - they differ by one six month period).

4. Attachment IV provides an example of the computation of the employer matching contribution and LESOP funding adjustment. These amounts are actually computed by the payroll system and summarized on the "N-Letter."

C. The BellSouth Corporation Comptrollers-Accounting Policy & Standards organization is responsible for Leveraged ESOP calculations. Greg Griffin - Operations Manager (same organization) is responsible for overseeing calculations, reviewing results and approving ESOP expense accruals.

D. Attachment V which is being sent in the overnight mail on September 23, 1993, provides the computation of current and deferred tax benefits related to the savings plans/LESOPs. There is no deferred ITC related to these items.

Date Provided: September 23, 1993

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-084
Page 1 of 3

- Request: A. Please provide the detailed computations of BSC-HQ ESOP expense for 1991 and 1992. Totals for these amounts should be reconciled to the totals reflected in notes to the financial statements in the BellSouth annual report to shareholders for both years. Provide each component of the expense plus all assumptions underlying the computation of each component. For example, the "cost of shares released" component should include all data, assumptions and formulae necessary to replicate the computation. Provide the "Employer Matching Contribution," the "Top-up", and the "ESOP Funding Adjustment" computations separately.
- B. Provide a narrative description of each component identified and quantified in response to part (A) of this question and the source of the data utilized by BSC to compute that component.
- C. Identify the person(s) and department(s) with responsibility for making the ESOP expense computations. Also, identify the person(s) and department(s) with review and approval responsibility for the ESOP expense accrual.
- D. For each component of the BSC-HQ ESOP expense for 1991 and 1992 identify in response to part (A) of this question, please provide the related effect on income tax expense (segregated between current tax expense, deferred tax expense, and deferred investment tax credit expense) recognized by BSC-HQ.

Response: The Company amends its response of July 14, 1993 as follows:

- A. 1. The detailed computations for BSC-HQ ESOP expense for 1991 and 1992 which are contained in Attachment I are being sent in the overnight mail on September 23, 1993.
2. The reconciliation of total expense for BSC-HQ to totals in Annual Report footnotes which is contained in Attachment II is being sent in the overnight mail on September 23, 1993.

Response continued:

3. The expense components and underlying assumptions used for calculations which are contained in Attachment III are being sent in the overnight mail on September 23, 1993. (Note, each year has two sets of workpapers because amounts are calculated semiannually when the debt payments are made and shares released.)
4. The computation of employer matching expense which is contained in Attachment IV is being sent in the overnight mail on September 23, 1993.

B. Note, narrative explanations correspond to above attachments.

1. BSC recognizes expense based upon total cash contributions to the ESOPs. An additional non-cash accrual (currently additional expense) is recorded to adjust the expense recognized based upon cash contributions to the "Shares Allocated" formula driven expense level. (In future years, the non-cash accrual will be a reduction to total expense.)
2. Computations of employer matching contributions, including the LESOP funding adjustment, are made by the payroll offices and summarized on an "N Letter." (See Attachment IV which includes an example and is being sent in the overnight mail on September 23, 1993.) Attachment II, pages 3 and 4 provides an example of how contributions for all companies were summarized by BSC-Comptrollers for the month of January 1991. These monthly summaries, the "Contribution Breakdown," agree with the computation of total expense for the corporation in Attachment II, pages 1 and 2.
3. The detailed calculations of the "Estimated Cash Requirements" for the upcoming six month period and the Shares Allocated Expense adjustment are provided in Attachment III. BSC-HQ funds the Trusts for the debt service

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
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Amended Response to
Item No. 6-084
Page 3 of 3

Response continued:

payment and estimates the amount of top-off that will be needed for the upcoming six-month period. Over the upcoming six months, the companies reimburse BSC-HQ for the debt service contribution and top-off amounts based upon company contributions adjusted using the "LESOP Funding Adjustment Rate." Total contributions are recorded as "benefit expense."

The "Shares Allocated" calculation is an accrual-based calculation (i.e., Interest expense and dividend & interest earnings do not agree each period to the amounts reflected in the "cash calculation" - they differ by one six month period).

4. Attachment IV provides an example of the computation of the employer matching contribution and LESOP funding adjustment. These amounts are actually computed by the payroll system and summarized on the "N-Letter."

C. The BellSouth Corporation Comptrollers-Accounting Policy & Standards organization is responsible for Leveraged ESOP calculations. Greg Griffin - Operations Manager (same organization) is responsible for overseeing calculations, reviewing results and approving ESOP expense accruals.

D. Attachment V which is being sent in the overnight mail on September 23, 1993, provides the computation of current and deferred tax benefits related to the savings plans/LESOPs. There is no deferred ITC related to these items.

Date Provided: September 23, 1993

BellSouth Corporation
BSC-HQ 1991 and 1992 Matching Contributions

File: PSC1.wk3

SSP				MSP			MSP & SSP		
1991:									
Month	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Total Employer Contributions	Shares Allocated Expense Adjustment	TOTAL BSC SAVINGS PLAN EXPENSE
January	\$2,938.00	\$73.16	\$3,011.16	\$91,237.26	\$483.56	\$91,720.82	\$94,731.98	\$36,354.00	\$131,085.98
February	2,899.00	72.19	2,971.19	225,813.35	1,196.81	227,010.16	229,981.35	36,354.00	\$266,335.35
March	4,284.00	106.17	4,370.17	146,859.85	778.36	147,638.21	152,008.38	36,354.00	\$188,362.38
April	2,598.00	64.69	2,662.69	89,900.65	476.47	90,377.12	93,039.81	36,354.00	\$129,393.81
May	2,574.00	64.09	2,638.09	89,101.74	472.24	89,573.98	92,212.07	36,354.00	\$128,566.07
June	2,538.00	63.20	2,601.20	89,179.55	472.55	89,652.10	92,253.30	36,354.00	\$128,607.30
July	2,544.00	362.77	2,906.77	87,486.05	5,109.19	92,595.24	95,502.01	41,890.00	\$137,392.01
August	3,930.00	560.42	4,490.42	86,684.77	5,062.39	91,747.16	96,237.58	41,890.00	\$138,127.58
September	2,670.00	380.74	3,050.74	84,404.75	4,829.24	89,333.99	92,384.73	41,890.00	\$134,274.73
October	2,574.00	367.05	2,941.05	83,605.34	4,882.55	88,487.89	91,428.94	41,890.00	\$133,318.94
November	2,586.00	368.76	2,954.76	82,159.28	4,798.10	86,957.38	89,912.14	41,890.00	\$131,802.14
December	2,652.00	378.18	3,030.18	82,330.85	4,808.12	87,138.97	90,189.15	41,890.00	\$132,059.15
Total	\$34,767.00	\$2,861.42	\$37,628.42	\$1,238,763.44	\$33,469.58	\$1,272,233.02	\$1,309,861.44	\$469,464.00	\$1,779,325.44

SSP

MSP

MSP & SSP

1992:

Month	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Total Employer Contributions	Shares Allocated Expense Adjustment	TOTAL BSC SAVINGS PLAN EXPENSE
January	\$2,730.00	\$149.60	\$2,879.60	\$83,822.37	\$6,621.96	\$90,444.33	\$93,323.93	\$43,352.00	\$136,675.93
February	4,146.00	227.20	4,373.20	189,878.00	15,000.36	204,878.36	209,251.56	43,352.00	252,603.56
March	2,892.00	158.48	3,050.48	133,159.90	10,519.63	143,679.53	146,730.01	43,352.00	190,082.01
April	2,910.00	159.47	3,069.47	88,694.09	7,006.83	95,700.92	98,770.39	43,352.00	142,122.39
May	2,892.00	158.48	3,050.48	88,862.22	7,020.13	95,882.35	98,932.83	43,352.00	142,284.83
June	2,916.00	159.80	3,075.80	88,231.42	6,970.29	95,201.71	98,277.51	43,352.00	141,629.51
July	2,970.00	674.19	3,644.19	87,749.95	14,601.58	102,351.53	105,995.72	52,862.00	158,857.72
August	4,554.00	1,033.76	5,587.76	88,253.45	14,685.37	102,938.82	108,526.58	52,862.00	161,388.58
September	3,018.00	685.08	3,703.08	84,192.52	14,009.64	98,202.16	101,905.24	52,862.00	154,767.24
October	2,994.00	679.64	3,673.64	83,003.40	13,811.77	96,815.17	100,488.81	52,862.00	153,350.81
November	3,036.00	689.17	3,725.17	82,902.62	13,795.00	96,697.62	100,422.79	52,862.00	153,284.79
December	3,024.00	686.45	3,710.45	83,457.85	13,821.17	97,279.02	100,989.47	52,862.00	153,851.47
Total	\$38,082.00	\$5,461.32	\$43,543.32	\$1,182,207.79	\$137,863.73	\$1,320,071.52	\$1,363,614.84	\$577,284.00	\$1,940,898.84

F01K054 002076

ATTACHMENT 1

BellSouth Corporation
Calculation of Total Expense Recognized in 1991
Prepared by: Merrill McGreary
Date Prepared: January 24, 1992

File: Footnote.wk1

	(MSP)	(SSP)	Total
Employer Contributions:			
January	3,843,575.19	3,847,919.87	7,691,495.06
February	7,748,767.17	2,988,480.02	10,737,247.19
March	5,931,534.90	3,588,022.26	9,519,557.16
April	3,197,387.82	2,835,518.45	6,032,906.27
May	3,494,737.62	2,809,889.77	6,304,627.39
June	3,480,786.64	3,642,303.78	7,123,090.42
July	3,658,786.36	3,022,344.47	6,681,130.83
August	3,756,768.08	3,913,412.64	7,670,180.72
September	3,642,055.24	3,318,549.85	6,960,605.09
October	3,694,889.21	2,971,718.14	6,666,607.35
November	3,372,573.00	4,051,830.40	7,424,403.40
December	3,178,033.08	2,856,474.35	6,034,507.43
Shares Allocated Accrual:			
1991-1	9,209,289.00	5,062,698.00	14,271,987.00
1991-2	9,914,783.00	4,215,387.00	14,130,170.00
Adjustments:			
Add: December 1990 True-up	602,559.49	414,689.48	1,017,248.97
Less: December 1991 True-up	(649,944.71)	(35,290.70)	(685,235.41)
TOTAL 1991 EXPENSE	\$68,076,581.09	\$49,503,947.78	\$117,580,528.87
* INTEREST EXPENSE RECLASSIFIED: (at consolidated level only)			
1991-1	12,387,929.89	7,877,905.59	20,265,835.48
1991-2	12,917,361.61	7,317,987.92	20,235,349.53
TOTAL INTEREST EXPENSE	25,305,291.50	15,195,893.51	40,501,185.01
TOTAL COMPENSATION EXPENSE	42,771,289.59	34,308,054.27	77,079,343.86

* The interest expense is recorded on 1991's or 1990's books

6. The interest expense is recorded on 1991's or 1990's books
7. The interest expense is recorded on 1991's or 1990's books

BellSouth Corporation
Calculation of Total Expense Recognized in 1992
Prepared by: Mary Ann Tanner
Date Prepared:

01/16/93

File: Ftnote92.wk1
(a1)

	(MSP)	(SSP)	Total
Employer Contributions:			
January	3,083,864.42	3,056,258.98	6,140,123.40
February	5,774,032.59	3,403,290.05	9,177,322.64
March	4,625,519.64	2,954,050.09	7,579,569.73
April	3,033,859.55	2,926,135.67	5,959,995.22
May	3,253,616.05	3,815,805.36	7,069,421.41
June	3,209,297.93	2,947,092.47	6,156,390.40
July	3,493,937.33	3,435,530.57	6,929,467.90
August	3,480,603.65	4,110,908.26	7,591,511.91
September	3,465,253.42	3,421,274.52	6,886,527.94
October	3,483,093.89	4,455,702.95	7,938,796.84
November	3,504,327.85	3,455,575.23	6,959,903.08
December	3,489,838.25	3,485,108.23	6,974,744.48

BSC amounts are included in total amounts detailed here. See Attachment 2

Shares Allocated Accrual:

1992-1	8,715,366.00	4,491,835.00	13,207,201.00
1992-2	9,916,169.00	4,010,148.00	13,926,317.00

Adjustments:

Add: December 1991 True-up	649,944.71	35,290.70	685,235.41
Less: December 1992 True-up (FROM FINAL CONTRIB BKDWN COL 6)	(510,784.68)	(374,392.60)	(885,177.28)

TOTAL 1992 EXPENSE	① \$62,667,737.60	\$49,629,613.48	\$112,297,351.08
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INTEREST EXPENSE RECLASSIFIED:

1992-1	12,153,389.23	7,482,453.51	19,635,842.74
1992-2	13,593,690.76	7,254,186.20	20,847,876.96
TOTAL INTEREST EXPENSE	② 25,747,079.99	14,736,639.71	40,483,719.70

TOTAL COMPENSATION EXPENSE ① - ②	= 36,920,657.61	34,892,973.77	71,813,631.38
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Total Employer Contributions	④ 43,897,042.57	⑤ 41,466,732.38	
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NOTE ①: Information for Dec 92 is not expenses
Per Company Policy: ...
F01K06W 002078

NSP

MANAGEMENT SAVINGS PLAN
CONTRIBUTION BREAKDOWN

PREPARED BY: SHERRY JONES
MONTH: JANUARY 1991

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	FORM RF-5407			N-LETTER				LESOP	TOTAL		3 + 6 - 9
COMPANY NAME	EMPLOYEE CONTRIBUTION	EMPLOYER CONTRIBUTION	(2 + 3) TOTAL	EMPLOYEE CONTRIBUTION	EMPLOYER CONTRIBUTION	(5 + 6) TOTAL	(4 + 7) MONTHLY TOTAL	FUNDING ADJUSTMENT	LESS ADJUSTMENT		COMPANY MATCH
SH-BELLSOUTH CORPORATION	150,990.39	74,983.32	225,973.71	17,273.14	7,839.30	25,112.42	226,086.13	6447.19	226,047.04		684,375.31
S7-SOUTHERN BELL GA,SC,FL	2,381,316.23	1,109,330.13	3,490,646.36	308,021.14	131,115.05	439,136.19	3,929,782.55	6,539.74	3,923,242.81		61,233,913.44
SOUTHERN BELL NC	426,747.44	202,930.90	629,678.34	42,375.54	26,412.16	68,787.70	710,066.24	1,210.16	717,456.08		6220,332.90
S9-SOUTH CENTRAL BELL	1,879,413.50	974,350.03	2,853,763.53	361,520.30	105,116.68	466,636.98	3,320,416.59	5,698.06	3,314,725.53		61,073,703.63
S6-BELLSOUTH SERVICES	1,406,133.77	779,374.13	2,285,507.90	302,072.11	76,124.37	378,196.48	2,643,703.38	4,911.29	2,639,393.09		6851,107.21
SC-BELLSOUTH DC	16,029.70	7,435.41	23,465.11	2,495.57	795.26	3,290.83	26,755.94	44.43	26,711.51		68,306.22
SU-BELLSOUTH NR	32,230.57	14,420.66	46,651.23	2,436.32	846.60	3,282.92	49,942.23	80.53	49,861.70		615,194.81
S6-BELLSOUTH ENTERPRISES											
S8-B5 BAPCO											
SA-B5 MOBILITY											
SL-B5 SUMMIT											
SF-B5 FINANCIAL SERVICES											
SI-B5 INTERNATIONAL											
SJ-B5 COMMUNICATIONS											
SK-B5 INFORMATION SYSTEMS											
-B5 EXECUTIVE SERVICES											
SR-B5 RESOURCES-EDUCATIONAL											
B5 RESOURCES-TELESENSOR											
EXECUTIVE PAYROLL											
SH-BELLSOUTH CORPORATION	11,919.50	4,890.12	16,809.62	0.00	0.00	0.00	16,809.62	36.37	16,773.25		66,861.75
S7-SOUTHERN BELL	20,010.97	5,010.31	25,021.28	0.00	0.00	0.00	25,021.28	(775.94)	24,245.34		69,794.23
S9-SOUTH CENTRAL BELL	16,165.13	7,561.36	23,726.49	0.00	0.00	0.00	23,726.49	39.86	23,686.63		67,521.50
S6-BELLSOUTH SERVICES	10,319.10	5,031.53	15,350.63	0.00	0.00	0.00	15,350.63	26.53	15,324.10		65,005.00
SC-BELLSOUTH DC	3,100.00	2,427.80	5,527.80	0.00	0.00	0.00	5,527.80	12.80	5,515.00		62,415.00
CORPORATE TOTAL	66,960,710.14	33,453,510.76	100,414,220.90	61,141,106.13	6390,064.43	61,551,170.56	611,963,391.46	61,019,441.17	611,945,930.29		63,024,111.02

TOTAL FORM RF-3607	6,960,710.14	3,453,510.76	10,414,220.90
TOTAL N-LETTER	1,161,106.13	390,064.43	1,551,170.56
CORPORATE TOTAL	80,121,816.27	63,843,575.19	143,965,391.46

Page 2 of 4
an example of what would appear in Attachment 2 as included in Exhibit to the Annual Report.

Report to January 1991 line for Attachment 2

20'S = 91,237.26

20'S = 483.56

20'S = 3,843,575.19

BSC - Match Contribution

BSC - LESOP Adjustment

Total January 1991

DEBT EQUITY LEVERAGE: ESOPs
 ESOP Adjustment Worksheet
 Date Prepared: January 17, 1991
 Prepared By: Merrill McCreary
 Period: Jan-Jun 1991 (1991-1)

Attachment 3a

*Estimated
 Total Cash Contribution
 Used to determine
 amount of ESOP
 funding adjustment %
 is applied against actual
 matching contributions.*

CALCULATION OF CASH REQUIREMENTS

	Management	Non-Management
A. Debt Service Required	A 2 1/2 833,216,350.23	A 2 1/2 818,704,193.81
Less: Dividends Paid	(11,803,938.83)	(7,084,716.91)
Interest Earnings	(1,959,101.81)	(448,450.69)
Debt Service Contribution	819,453,309.59	811,171,026.21
B. <i>Projected</i> Top-Off Contribution	A 3 1/2 85,965,931.00	A 3 1/2 87,660,695.00
C. Less: Prior Period Top-Off Adjustment	A 4 (8293,179.53)	A 4 (8187,949.73)
REQUIRED ESOP CONTRIBUTION	825,126,061.06	818,663,771.48
	24,688,674	13,789,832.54

CALCULATION OF ADJUSTMENTS

	Management	Non-Management
LESOP FUNDING ADJUSTMENT: (Projected)		
Employer Matching Contribution (NSP-702, 3SP-652)	A 3a 824,996,120	A 3a 818,210,400
Required ESOP Contribution	825,126,061	818,663,771
Cash Requirements Over/(Under) Match	829,941	843,371
LESOP FUNDING ADJUSTMENT (as a % of Employer Match)	0.521	2.493
	53%	

43,206,520.

SHARES ALLOCATED EXPENSE CALCULATION

	Management	Non-Management
A. Compensation Element (Cost of Shares Released)	A 5 818,845,082.15	A 5 810,749,919.60
B. Interest Element	A 6 1/2 824,015,466.37	A 6 1/2 813,069,934.16
C. Less Earnings: Dividends Interest Earnings	(813,877,666.80) (8320,883.00)	(817,414,678.28) (8171,452.00)
SHARES ALLOCATED EXPENSE	829,082,881.72	815,744,375.46

SHARES ALLOCATED EXPENSE ADJUSTMENT:

Shares Allocated Expense	829,082,881.72	815,744,375.46
Debt Service Contribution	819,453,310	811,171,026
SHARES ALLOCATED EXPENSE ADJUSTMENT	89,209,289	85,062,696

44,896,303

14,271,987

FOI 0054 002028

BELLSOUTH LEVERAGED ESOPs
Allocation of Shares Allocated Adjustment
Date Prepared: January 18, 1991
Prepared by: Merrill McCreary
Periods: 1991-1 (January-June, 1991)

BSP Shares Allocated
Adjustment - 49,209.289

BSP:	July Company Match	August Company Match	September Company Match	October Company Match	November Company Match	December Company Match	Total	BSP % of Total Adjustment	Year-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION BELLSOUTH CORPORATION - EXECUTIVE	184,835.08 5,317.38	185,242.58 3,902.68	184,328.58 2,902.38	184,517.60 2,902.38	184,807.47 2,902.38	183,909.19 8,314.28				
BELLSOUTH CORPORATION TOTAL	90,152.46	89,145.26	87,230.96	87,419.98	87,709.85	92,223.47	453,881.98	2.31%	4212,368.40	435,195 ✓
S7-SOUTHERN BELL HQ SOUTHERN BELL SA -SOUTHERN BELL - EXECUTIVE	952,074.04 497,924.49 5,722.50	824,586.24 684,929.52 5,722.50	796,746.79 651,306.00 5,810.00	1,237,740.60 227,166.42 6,496.17	1,207,116.27 222,987.56 6,490.17	1,209,140.59 221,187.73 16,239.07				
SOUTHERN BELL TOTAL	1,455,721.03	1,515,238.24	1,453,862.79	1,471,191.19	1,436,594.00	1,446,567.39	8,779,374.66	37.92%	3,492,273.23	4582,046 ✓
S7-SOUTH CENTRAL BELL SOUTH CENTRAL BELL - EXECUTIVE	545,203.50 6,300.60	1,095,881.45 6,300.00	1,057,341.69 6,352.50	1,065,679.83 6,352.50	1,052,267.26 5,950.00	2,036,342.25 14,723.80				
SOUTH CENTRAL TOTAL	551,504.50	1,102,181.45	1,073,694.19	1,072,032.33	1,058,157.20	2,051,066.05	6,908,639.72	29.84%	2,748,129.39	458,022 ✓
SS-BELLSOUTH SERVICES BELLSOUTH SERVICES - EXECUTIVE	859,497.49 5,204.50	855,289.17 3,863.27	858,214.06 3,804.50	850,960.66 3,459.75	849,642.31 3,459.75	849,709.12 8,527.40				
BELLSOUTH SERVICES TOTAL	864,701.99	860,152.44	862,018.56	854,440.41	853,102.06	858,236.52	5,152,651.98	22.26%	2,049,629.87	341,605 ✓
SC-BELLSOUTH DC BELLSOUTH DC - EXECUTIVE	7,396.12 1,391.25	7,604.72 1,391.25	8,198.32 1,391.25	8,246.07 1,391.25	8,291.90 1,391.25	8,322.34 3,885.00				
BELLSOUTH DC TOTAL	8,787.37	8,995.97	9,589.57	9,689.32	9,683.15	12,207.34	58,952.72	0.25%	23,450.30	3,908 ✓
SU-BELLSOUTH HR	16,022.79	15,854.70	16,101.09	16,042.85	15,814.03	15,726.75	95,562.21	0.41%	38,012.88	4,335 ✓
SG-BELLSOUTH ENTERPRISES SG-B5 BAPCO SG-B5 MOBILITY SL-B5 SUNLINE SF-B5 FINANCIAL SERVICES SI-B5 INTERNATIONAL SJ-B5 COMMUNICATIONS SK-B5 INFORMATION SYSTEMS -B5 EXECUTIVE SERVICES SA-B5 RESOURCES-EDUCATIONAL LS RESOURCES-TELESENSOR	42,223.46 97,324.85 60,857.11 1,537.55 3,451.06 7,002.49 18,411.03 25,453.65 5,806.84 2,626.60 2,321.75	42,605.49 97,095.47 60,643.86 1,593.37 3,451.06 7,139.37 14,836.91 26,270.27 5,413.57 2,406.09 2,631.00	43,116.98 97,081.81 62,898.10 1,649.20 3,451.06 7,200.96 15,325.81 26,856.42 5,776.88 2,406.10 2,637.13	44,417.05 97,519.60 63,373.24 1,649.20 3,451.06 7,049.94 16,125.28 26,627.60 5,420.76 2,237.85 2,568.60	45,855.81 97,838.24 63,515.40 1,649.20 3,451.06 6,875.03 17,155.24 26,824.09 5,537.71 2,276.79 2,783.39	51,419.12 93,346.36 68,723.95 1,649.20 3,451.06 7,901.03 15,647.96 26,947.33 5,823.31 2,522.07 2,568.63	767,637.91 580,209.33 380,013.74 9,727.72 21,547.37 43,172.82 97,502.23 158,989.36 33,773.07 14,477.50 15,510.50	1.16% 2.51% 1.64% 0.04% 0.09% 0.19% 0.42% 0.49% 0.15% 0.06% 0.07%	106,461.42 230,796.56 151,162.45 3,869.51 8,571.15 17,173.35 38,784.59 63,243.03 13,434.50 5,758.88 6,169.79	17,744 ✓ 38,466 ✓ 25,194 ✓ 645 ✓ 1,429 ✓ 2,862 ✓ 4,464 ✓ 10,541 ✓ 2,239 ✓ 960 ✓ 1,028 ✓

CORPORATE TOTAL

135

63,253,914.53 63,856,087.75 63,770,960.69 63,781,886.06 63,732,876.25 64,756,079.54 675,151,476.87 1,000,000 49,209,289.10 49,209,289.10

FOURBEN 002082

BELL SOUTH LEVERED ESOPS
Allocation of Shares Allocated Adjustment
Date Prepared: January 12, 1991
Prepared By: Merrill McCreary
Period: 1991-1 (January-June, 1991)

SSP:

SSP Shares Allocated
Adjustment - 45,062,670

Company/Company Code	July Company Match	August Company Match	September Company Match	October Company Match	November Company Match	December Company Match	Total	SSP % of Total Adjustment	Seal-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION	\$3,536.00	\$3,100.50	\$4,712.50	\$3,042.00	\$3,016.00	\$2,983.50	\$20,390.50	0.11%	\$5,752.68	1959 ✓
S7-SOUTHERN BELL HQ	1,141,440.84	962,728.65	1,149,081.73	1,340,757.60	1,337,756.68	11,335,492.96				
SOUTHERN BELL GA	456,571.65	641,198.89	757,461.61	266,802.90	265,920.85	\$266,511.05				
SOUTHERN BELL TOTAL	1,597,832.49	1,603,927.54	1,906,543.34	1,607,560.50	1,603,677.53	1,602,004.01	9,921,545.41	55.29%	2,799,120.25	466,520 ✓
S9-SOUTH CENTRAL BELL	1,103,588.37	1,107,297.71	1,294,935.95	1,099,914.13	1,019,796.06	\$1,095,063.45	6,720,595.67	37.45%	1,896,050.94	310,008 ✓
SS-BELLSOUTH SERVICES	101,015.20	100,492.00	146,880.63	96,955.63	95,733.63	\$97,595.88	638,673.77	3.56%	180,186.11	30,051 ✓
SC-BELLSOUTH DC	0.00	0.00	0.00	0.00	0.00	\$0.00	0.00	0.00%	0.00	0 ✓
SU-BELLSOUTH HR	4,466.50	4,609.50	6,781.00	4,533.50	4,522.50	\$4,539.40	29,432.40	0.16%	8,303.43	1,384 ✓
SG-BELLSOUTH ENTERPRISES	845.00	559.00	557.00	780.00	229.00	\$584.99	4,016.99	0.02%	1,133.30	189 ✓
SD-B5 BAPCO	86,638.50	89,011.00	134,738.50	89,599.25	89,241.62	\$88,717.05	577,945.92	3.22%	163,053.24	27,176 ✓
SA-B5 MOBILITY	3,172.00	3,324.75	3,016.04	3,068.04	3,282.54	\$3,269.54	19,132.91	0.11%	5,397.88	900 ✓
SL-B5 SUNLINE	16.25	6.50	0.00	0.00	8.13	\$0.00	30.88	0.00%	8.71	1 ✓
SF-B5 FINANCIAL SERVICES	975.00	884.00	910.00	1,251.25	1,148.27	\$1,001.00	6,169.52	0.03%	1,740.58	290 ✓
SI-B5 INTERNATIONAL	162.50	130.00	130.00	211.25	175.00	\$195.00	1,023.75	0.01%	288.83	48 ✓
SJ-B5 COMMUNICATIONS	195.00	169.00	169.00	191.75	169.00	\$169.00	1,062.75	0.01%	299.83	50 ✓
SK-B5 INFORMATION SYSTEMS	741.00	565.50	552.50	633.75	533.00	\$533.00	3,558.75	0.02%	1,004.01	167 ✓
-B5 EXECUTIVE SERVICES	0.00	0.00	0.00	0.00	0.00	\$0.00	0.00	0.00%	0.00	0 ✓
SR-B5 RESOURCES-EDUCATIONAL	81.25	65.00	64.99	81.25	65.00	\$64.99	422.48	0.00%	119.19	20 ✓
BS RESOURCES-TELESENSOR	162.50	130.00	130.00	162.50	130.00	\$130.00	845.00	0.00%	238.40	40 ✓
CORPORATE TOTAL	\$2,903,407.56	\$2,914,272.60	\$3,500,123.65	\$2,907,984.80	\$2,822,207.28	\$2,896,850.81	\$17,944,846.70	100.00%	\$5,062,697.58	1843,783

3.4%

FD10064 002003

6/30/91

Initials . Date

Prepared by: ahc 7/1/91

Approved by: *[Signature]*

Not Cash timing difference - Booked thru 6/30/91

	1	2	3	4
	MSP	SSP	Total	
1	Guelbanta Camp:			
2	BSC	212970	5754	
3	BSDC	23450	-	
4	BSHR	38913	8304	
5		273833	14058	287891
6	YTO			
7	SST	3492173	279720	
8	SCB	2748128	1896051	
9	BSS	2049630	180186	
10		82990032	4875357	13165389
11				
12	BSE -	645424	173283	818707
13				
14			14271987	
15	TOTAL			
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Bankers Trust

P.O. Box 318, Church Street Station, New York, New York 10008

December 27, 1990

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14E05 Campanile
Atlanta, GA 30367

Dear Denise:

On January 2, 1991 we will transfer \$51,920,544.04 which represents principal & interest payments to Chemical Bank.

We will require the following funds to be transferred to Bankers Trust Co. on January 2, 1991 in order to process this loan re-payment. The amount needed from BellSouth Corp. will be \$ 30,624,335.80.

The following is a detail analysis of the amount requested by each debt.

BellSouth Savings & ESOP
9-1/8% Medium Term Notes, Series A

Account #109482

Loan amount due:	\$16,055,601.93
Dividend payment - 8/1	(3,483,713.19)
Dividend payment - 11/1	(3,486,023.29)
STIF income available as of 12/26/90	<u>158,483.56</u>

Sub-total amount due **\$ 8,927,381.89**

6.2 = 33,216,350.2
A-1

BellSouth Savings & ESOP
9-19% Medium Term Notes, Series A

Account #109483

Loan amount due:	\$17,160,748.30
Dividend payment - 8/1	(1,375,806.25)
Dividend payment - 11/1	(3,458,396.10)
STIF income available as of 12/26/90	<u>1,800,618.25</u>

Sub-total amount due **\$10,525,927.70**

8/1 10: 4,859,519.44
11/1 10: 6,244,419.39
Total ASP
11,813,938.83
A-1
1,959,101.81
A-1

Agreed to debt amortization schedule maintained in ESOP permanent files.

**BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A**

Account #109495

Loan amount due:

✓ \$18,704,193.81 ^{to A-1}

Dividend payment - 8/1

(3,374,267.66) [Ⓢ]

Dividend payment - 11/1

(3,710,449.25) ↓

STIF income available
as of 12/26/90

(448,450.69) ^{to A-1}

*total SSP dividends
265 = 7,084,716.91
A-1*

Sub-total amount due

\$11,171,026.21 ✓

**Grand total amount due from
BellSouth on 1/2/91**

\$ 30,624,335.80

Enclosed is a copy of wire instruction for Bankers Trust Company.

Please call if you have any questions or need additional information on (201)860-2906.

Sincerely,

Jeffrey Skolar

cc: Nancy Gardner
Robin Lucie
Martin Lebowitz
Andrea Nicoletti
Jeffrey Skolar

Jim Bell
BellSouth ESOP Top-Off Calculation
July-December 1991
MSP

Prepared by: *James S. ...*
Date: *January 11, 1992*

	SHARES RELEASED JANUARY 1	4TH Q PY DIVIDEND PAID FEB 1	JAN	FEB	MAR	1ST Q DIVIDEND PAID MAY 1	APR	MAY	JUN
1990:									
Shares Released but Unallocated	354,881								

Employer Match Contribution			\$3,176,280	\$5,688,540	\$4,598,160		\$3,837,240	\$3,837,240	\$3,858,660
Divided by: Share Price			\$54.750	\$54.750	\$54.750		\$54.750	\$54.750	\$54.750
			*****	*****	*****		*****	*****	*****
# of Shares to be Allocated			58,014	103,900	83,985		70,087	70,087	70,478
			*****	*****	*****		*****	*****	*****
Total Allocated Shares as of Record Date *		217,211				379,126			
Value of Dividends on Allocated Shares		\$145,531 <i>= 149</i>				\$254,014			
Divided by: Share Price		\$54.750				\$54.750			
		*****				*****			
# of Shares to be Allocated		2,658				4,640			
		*****				*****			
Shares Remaining (Needed) for Allocation Period		352,223	294,209	190,308	106,324	101,684	31,598	(38,489)	(108,967)
		*****	*****	*****	*****	*****	*****	*****	*****

TOTAL SHARES ALLOCATED AT END
OF YEAR:

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period 108,967
Multiply by: Share Price \$54.750

Projected Top-Off Expense \$5,965,931

117

- * Note, "allocated shares" for calculation of the value of dividends on allocated shares
all allocated ESOP shares through the previous quarter plus allocated ESOP shares for
the first two months of the quarter to which the dividend relates. For example, the
3rd Quarter dividend is paid on November 1 to shareholders of record on October 10.
Shares allocated to participants as of the record date include all shares allocated
during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for
September's contribution are allocated to participants' accounts subsequent to the
record date of October 10.

BellSouth ESOP Top-Off Calculation
Jan -Jun 1991
SSP

Prepared by: *Merrill McCreary*
Date: *January 4, 1991*

	SHARES RELEASED JANUARY 1	4TH Q PY DIVIDEND PAID FEB 1	JAN	FEB	MAR	1ST Q DIVIDEND PAID MAY 1	APR	MAY	JUN
1991:									
Shares Released but Unallocated	198,338								

Employer Match Contribution			\$3,092,060	\$2,410,200	\$2,944,770		\$2,943,740	\$2,960,220	\$3,859,410
Divided by: Share Price			\$54.750	\$54.750	\$54.750		\$54.750	\$54.750	\$54.750
			-----	-----	-----		-----	-----	-----
# of Shares to be Allocated			56,476	44,022	53,786		53,767	54,068	70,492
			-----	-----	-----		-----	-----	-----
Total Allocated Shares as of Record Date *		180,572				281,070			
Value of Dividends on Allocated Shares		\$120,983				\$188,317			
Divided by: Share Price		\$54.750				\$54.750			
		-----				-----			
# of Shares to be Allocated		2,210				3,440			
		-----				-----			
Shares Remaining (Needed) for Allocation Period		196,128	139,652	95,630	41,845	38,405	(15,362)	(69,430)	(139,921)
		-----	-----	-----	-----	-----	-----	-----	-----

Total
1,110,000

TOTAL SHARES ALLOCATED AT END
OF YEAR:

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period 139,921
Multiply by: Share Price \$54.750

Projected Top-Off Expense \$7,660,695

1-16

- * Note, "allocated shares" for calculation of the value of dividends on allocated shares all allocated ESOP shares through the previous quarter plus allocated ESOP shares for the first two months of the quarter to which the dividend relates. For example, the 3rd Quarter dividend is paid on November 1 to shareholders of record on October 10. Shares allocated to participants as of the record date include all shares allocated during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for September's contribution are allocated to participants' accounts subsequent to the record date of October 10.

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	PROJ	1991	SR	SCB	SSS	BSC	BSHR	BSDC	BSE	BAPCO	BNI	BSI	BCI	BIS	SMK	BRI	TOTAL	
JANUARY	3114	3176.20	1238.31	899.19	716.69	73.33	13.46	8.13	37.26	81.80	53.16	3.24	5.91	13.53	26.88	1.30	4.03	3176.20
FEBRUARY	3577	3688.54	2217.75	1810.41	1283.54	131.32	24.10	14.55	66.72	146.99	95.20	5.80	10.59	24.22	48.14	2.48	7.22	3688.54
MARCH	4508	4598.16	1792.65	1301.72	1037.51	106.15	19.48	11.76	53.93	110.41	76.95	4.69	8.56	19.58	38.91	2.00	5.84	4598.16
APRIL	3762	3837.24	1496.00	1086.31	863.82	88.58	16.26	9.82	45.01	98.82	64.22	3.91	7.14	16.34	32.47	1.67	4.87	3837.24
MAY	3762	3837.24	1496.00	1086.31	863.82	88.58	16.26	9.82	45.01	98.82	64.22	3.91	7.14	16.34	32.47	1.67	4.87	3837.24
JUNE	3783	3858.66	1504.35	1092.37	870.66	89.08	16.35	9.87	45.26	99.37	64.58	3.93	7.18	16.43	32.66	1.68	4.96	3858.66
total	21506	21996.12	8745.06	7076.32	5640.84	577.05	105.89	63.96	293.18	643.71	418.32	25.47	46.53	106.44	211.54	10.88	31.73	21996.12
JULY	3791	3866.82	1507.53	1094.68	872.50	89.27	16.38	9.89	45.35	99.58	64.71	3.94	7.20	16.47	32.72	1.68	4.91	3866.82
AUGUST	3856	3933.12	1533.38	1113.45	887.46	90.80	16.66	10.06	46.13	101.29	65.82	4.01	7.32	16.75	33.29	1.71	4.99	3933.12
SEPTEMBER	3767	3842.34	1497.99	1087.75	866.97	88.70	16.28	9.83	45.07	98.95	64.30	3.92	7.15	16.36	32.52	1.67	4.88	3842.34
OCTOBER	3782	3857.64	1503.95	1092.09	870.43	89.06	16.34	9.87	45.25	99.34	64.56	3.93	7.18	16.43	32.65	1.68	4.90	3857.64
NOVEMBER	3800	3876.00	1511.11	1097.28	874.57	89.48	16.42	9.92	45.46	99.82	64.87	3.95	7.22	16.50	32.80	1.69	4.92	3876.00
DECEMBER	3800	3876.00	1511.11	1097.28	874.57	89.48	16.42	9.92	45.46	99.82	64.87	3.95	7.22	16.50	32.80	1.69	4.92	3876.00
total	22796	23251.92	9065.06	7382.53	5246.49	536.78	98.50	59.49	272.73	598.79	389.13	23.76	43.28	99.01	196.78	10.13	29.52	23251.92
TOTAL	47382	48248.04	18810.12	13658.87	10886.53	1113.83	204.39	123.45	565.91	1242.50	807.46	49.17	89.81	205.45	408.31	21.01	61.25	48248.04

65P

	1990	PROJ																	
	RATCH	1991	SD	SSD	BSS	DSC	BSHR	BSDC	DSE	DAPCO	BMI	FINS	DSI	DCI	BIS	SMK	BRI	TOTAL	
JANUARY	3002	3092.04	1700.33	1168.88	103.03	3.23	4.82	0.00	0.83	95.22	3.26	1.33	0.22	0.20	0.67	1.75	0.31	3092.11	
FEBRUARY	2340	2416.20	1331.63	911.12	80.31	2.52	3.76	0.00	0.65	74.22	2.54	1.04	0.17	0.16	0.52	1.37	0.24	2416.24	
MARCH	2859	2944.77	1626.90	1113.20	98.13	3.00	4.59	0.00	0.79	90.68	3.10	1.27	0.21	0.19	0.64	1.67	0.29	2944.82	
APRIL	2858	2943.74	1626.41	1112.81	98.09	3.00	4.59	0.00	0.79	90.65	3.10	1.26	0.21	0.19	0.64	1.67	0.29	2943.79	
MAY	2874	2960.22	1635.51	1119.04	98.64	3.09	4.61	0.00	0.79	91.16	3.12	1.27	0.21	0.20	0.64	1.68	0.30	2960.27	
JUNE	3747	3859.61	2132.31	1458.76	128.60	4.03	6.01	0.00	1.03	118.05	4.07	1.66	0.20	0.25	0.84	2.19	0.39	3859.67	
total	17480	18210.42	9061.19	6884.01	606.81	19.04	28.38	0.00	4.88	560.76	19.20	7.82	1.31	1.26	3.96	10.32	1.82	18210.71	
JULY	2904	2991.52	1452.59	1130.72	99.67	3.13	4.66	0.00	0.80	92.31	3.15	1.29	0.22	0.20	0.65	1.70	0.30	2991.17	
AUGUST	2914	3001.62	1650.28	1134.62	100.01	3.14	4.68	0.00	0.80	92.42	3.16	1.29	0.22	0.20	0.65	1.70	0.30	3001.47	
SEPTEMBER	3499	3603.97	1991.18	1362.48	126.09	3.77	5.62	0.00	0.96	110.98	3.80	1.55	0.26	0.24	0.78	2.04	0.36	3604.03	
OCTOBER	2909	2996.27	1655.43	1132.67	99.04	3.13	4.67	0.00	0.80	92.27	3.16	1.29	0.22	0.20	0.65	1.70	0.30	2996.32	
NOVEMBER	3000	3090.00	1707.22	1168.10	102.97	3.23	4.82	0.00	0.83	95.15	3.26	1.33	0.22	0.20	0.67	1.75	0.31	3090.05	
DECEMBER	3000	3090.00	1707.22	1168.10	102.97	3.23	4.82	0.00	0.83	95.15	3.26	1.33	0.22	0.20	0.67	1.75	0.31	3090.05	
total	18226	18772.78	10371.91	7096.60	625.55	19.63	29.25	0.00	5.03	578.08	19.79	8.06	1.35	1.24	4.00	10.64	1.88	18773.10	
TOTAL	35906	36983.18	20433.10	13980.61	1232.36	38.67	57.63	0.00	9.90	1138.85	38.98	15.89	2.67	2.44	8.95	20.96	3.70	36983.30	

Billingsh, N.Y.
1991-1 2500 Mile.
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Time needed to get the
Mixer in the field.

U.S. DEPARTMENT OF COMMERCE

① $\frac{1}{2} \times 100 = 50$
 ② $100 - 50 = 50$

F01K064 002085

BellSouth Corporation
 1990-2 Top Off Reconciliation
 Prepared by: Merrill McCreary
 Date Prepared: January 15, 1990

	(MSP) Prepaid/Payable to ESOP Acct #151.51 ----- Dr. (Cr)	(SSP) Prepaid/Payable to ESOP Acct #151.52 ----- Dr. (Cr)
July 1 Debt Service	x \$22,586,257.23	x \$12,355,191.86
Employer Contributions:		
July	4 (5,259,363.84)	4 (3,417,310.70)
August	(5,896,343.80)	(3,430,098.84)
September	(5,766,084.27)	(4,119,645.55)
October	(5,782,851.38)	(3,422,698.11)
November	1 (5,707,864.63)	(3,321,711.90)
December	-> x (5,782,603.88)	(3,409,593.42)
Top-Off Requirements:		
October	✓ 3,865,530.89	✓ 2,802,301.17
November	✓ 3,733,973.38	✓ 2,898,764.95
December	✓ 3,716,170.77	✓ 2,896,850.81
Cash Collected (Over)/Under Requirements	----- @ (\$293,179.53) =====	----- @ (\$167,949.73) =====

F01K06W 002090

3) agreed + 12/15/90 final ledger balance.

x for prior period cash balance. Little known balance sheet date 9/24/90
 & the prior period balance sheet date September 24, 1990.

1. Balance sheet date 9/24/90, 1990-2, 1990-3, 1990-4, 1990-5, 1990-6, 1990-7, 1990-8, 1990-9, 1990-10, 1990-11, 1990-12, 1991-1, 1991-2, 1991-3, 1991-4, 1991-5, 1991-6, 1991-7, 1991-8, 1991-9, 1991-10, 1991-11, 1991-12, 1992-1, 1992-2, 1992-3, 1992-4, 1992-5, 1992-6, 1992-7, 1992-8, 1992-9, 1992-10, 1992-11, 1992-12, 1993-1, 1993-2, 1993-3, 1993-4, 1993-5, 1993-6, 1993-7, 1993-8, 1993-9, 1993-10, 1993-11, 1993-12, 1994-1, 1994-2, 1994-3, 1994-4, 1994-5, 1994-6, 1994-7, 1994-8, 1994-9, 1994-10, 1994-11, 1994-12, 1995-1, 1995-2, 1995-3, 1995-4, 1995-5, 1995-6, 1995-7, 1995-8, 1995-9, 1995-10, 1995-11, 1995-12, 1996-1, 1996-2, 1996-3, 1996-4, 1996-5, 1996-6, 1996-7, 1996-8, 1996-9, 1996-10, 1996-11, 1996-12, 1997-1, 1997-2, 1997-3, 1997-4, 1997-5, 1997-6, 1997-7, 1997-8, 1997-9, 1997-10, 1997-11, 1997-12, 1998-1, 1998-2, 1998-3, 1998-4, 1998-5, 1998-6, 1998-7, 1998-8, 1998-9, 1998-10, 1998-11, 1998-12, 1999-1, 1999-2, 1999-3, 1999-4, 1999-5, 1999-6, 1999-7, 1999-8, 1999-9, 1999-10, 1999-11, 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Revised 7/22/90 to reflect error and to add SCB additional remittance of \$ 846,134.95, \$536,338.46 represents additional ER contributions. \$437,986.89 was also incorrectly credited to account 151.51 in Dec; this amount was subsequently re-billed to the Trust BellSouth Corporation January. (i.e., it should not be reflected for 1990-2 Top Off Reconciliation purposes of the calculation of cost)
 Prepared by: Merrill McCreary
 Date Prepared: February 6, 1990 (over)/under requirements

	(MSP) Prepaid/Payable to ESOP Acct #151.51 ----- Dr. (Cr)	(SSP) Prepaid/Payable to ESOP Acct #151.52 ----- Dr. (Cr)
July 1 Debt Service	\$22,586,257.23	\$12,355,191.86
Employer Contributions:		
July	(5,259,363.84)	(3,417,310.70)
July - SCB Paid in Dec.	(536,338.46)	
August	(5,896,343.80)	(3,430,098.84)
September	(5,766,084.27)	(4,119,645.55)
October	(5,782,851.38)	(3,422,698.11)
November	(5,707,864.63)	(3,321,711.90)
December	• (5,782,603.88)	(3,409,593.42)
Top-Off Requirements:		
October	3,865,530.89	2,802,301.17
November	3,733,973.38	2,898,764.95
December	3,716,170.77	2,896,850.81
Cash Collected (Over)/Under Requirements	----- (\$829,517.99) =====	----- (\$167,949.73) =====
Reconciliation to General Ledger @ 12/31/90:		
Cash Collected (Over)/Under Requirements	(\$829,517.99)	(\$167,949.73)
Less: December Top-Off Remitted in 1/91	3,716,170.77	2,896,850.81
Add: 10% ER Contrib. Relating to Dec., Received in Jan.	602,559.49	414,689.48
Add: Adjustment for SCB Error Adj. for BIS Late Remit.	536,338.46 ---	--- 564.61
GL Balance @ 12/31/90	----- (\$3,406,790.81) =====	----- (\$2,649,546.45) =====

BellSouth Corporation
 990-2 Top Off Reconciliation
 Prepared by: Merrill McCreary
 Date Prepared: February 6, 1990

No - This is what the reconciliation should have been based upon. The attached letter to Sherry is to inform of the well. Adjustments will be made in 1991 & reconciliations.

*none
 2/27/91*

	(MSP) Prepaid/Payable to ESOP Acct #151.51	(SSP) Prepaid/Payable to ESOP Acct #151.52
	Dr. (Cr)	Dr. (Cr)
July 1 Debt Service	α \$22,586,257.23	α \$12,355,191.86
Employer Contributions:		
July	(5,259,363.84)	(3,417,310.70)
August	(5,896,343.80)	(3,430,098.84)
September	(5,766,084.27)	(4,119,645.55)
October	(5,782,851.38)	(3,422,698.11)
November	(5,707,864.63)	(3,321,711.90)
December	(5,782,603.88)	(3,409,593.42)
SCB Additional Remittance**	(437,986.89)	
Top-Off Requirements:		
October	3,865,530.89	2,802,301.17
November	3,733,973.38	2,898,764.95
December (to date 12/31/90)	3,716,170.77	2,896,850.81
Cash Collected (Over)/Under Requirements	(\$731,166.42)	(\$167,949.73)
Reconciliation to General Ledger @ 12/31/90:		
Cash Collected (Over)/Under Requirements	(\$731,166.42)	(\$167,949.73)
Less: December Top-Off Remitted in 1/91	(3,716,170.77)	(2,896,850.81)
Add: 10% ER Contrib. Relating to Dec., Received in Jan.	602,559.49	414,689.48
Add: Adjustment for SCB Error Adj. for BIS Late Remit.	437,986.89	564.61
GL Balance @ 12/31/90	(\$3,406,790.81)	(\$2,649,546.45)

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** Amount remitted to Sherry in January 1991 - also not a over-collection of funds for Sherry.*

*** Amount determined that \$437,986.89 of the \$94,325.35 was additional employer contribution for month of July.*

1. The "Contributions Breakdown" report prepared by Sherry Jones.

** Contribution Report total of \$6,756,929.23 included a \$94,325.35 overpayment from SCB for 11 months of July.*

*** Have determined that \$437,986.89 of the \$94,325.35 was additional employer contribution for month of July.*

1. The "Contributions Breakdown" report prepared by Sherry Jones.

2. The "Contributions Breakdown" report prepared by Sherry Jones.

3. The "Contributions Breakdown" report prepared by Sherry Jones.

4. The "Contributions Breakdown" report prepared by Sherry Jones.

5. The "Contributions Breakdown" report prepared by Sherry Jones.

6. The "Contributions Breakdown" report prepared by Sherry Jones.

7. The "Contributions Breakdown" report prepared by Sherry Jones.

8. The "Contributions Breakdown" report prepared by Sherry Jones.

9. The "Contributions Breakdown" report prepared by Sherry Jones.

10. The "Contributions Breakdown" report prepared by Sherry Jones.

11. The "Contributions Breakdown" report prepared by Sherry Jones.

12. The "Contributions Breakdown" report prepared by Sherry Jones.

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Belmont Corp
1991-1 ESOP Calculations
Cost of Shares Released

Initials: PP Date: 1-1
Prepared by: PP
Approved by: PP

		1	2	3	4
		Loan 1	Loan 2	Total	SSP
1					
2					
3	Number of Shares Released (calculated)				25,323,942
4					
5	Original # of shares	31,950,000	31,529,443		63,479,443
6	Less: Cumulative Shares allocated to Date	(1,911,331)	(2,358,541)		(4,269,872)
7					
8					
9	Shares Remaining to be allocated	30,038,669	29,170,902		59,209,571
10					
11					
12					
13	Indefinite Period Term				18,104,193.8
14	+ 1/2 Bid	16,055,000	17,160,798	31	33,215,798
15	+ 1/2 T Remaining	1,873,220	1,774,280	77	3,647,500
16					
17	Release Factor	3.445%	3.5920%		3.7053%
18					
19				3,548,811	19,333,38
20	Number of Shares Released	100,911	1,183,966		
21					
22					
23					1,54.20
24	Average Cost Per Share	14.52.00	14.53.00		
25					
26	Cost of Shares Released	1,469,000	17,100,350	18,569,350	18,569,350
27					
28					
29					
30					
31					
32					
33					
34					
35	In conversation with Mr. [unclear] at Bankers Trust				
36	* Calculated amount given to Bankers Trust shares released				
37					
38					
39					
40					

FOI006W 002093

A-5

BellSouth Corp.
ESOP Adjustment (Sikshat Retail)
Share Allocated Expense for Period 1991-1 (Jan-June)
and Calculation of Earnings

Initials Cat:
 Prepared by MAC 1-17
 Approved by:

		1	2	3	4
			MSD	SSD	SSGL
1					
2					
3	<u>Interest Expense:</u>				
4					
5	Jan-June - Payable 7/1/91		270,546.37	190,699.34	708,540.00
6			A-1	A-1	
7					
8					
9	<u>Dividend Earnings:</u>				
10					
11	4th Q '90 - Paid 2/1/91				
12	# Shares		10356020	5533342	15989362
13	X Div. Per Share		X .675	X .67	X .67
14					
15	Total 4th Q Dividend	(A)	6938533 ⁴⁰	3707339 ¹⁴	10645872 ⁵
16					
17	1st Quarter '91 - Paid 5/1/91				
18	# Shares		10356020	5533342	15989362
19	X Div. Per Share		X .675	X .67	X .67
20					
21	Total 1st Q Dividend	(B)	6938533 ⁴⁰	3707339 ¹⁴	10645872 ⁵
22					
23	Total Dividend Earnings	(A) + (B)	13877066 ⁸⁰	7414678 ²⁸	21291745 ¹⁰
24			A-1	A-1	
25					
26					
27	<u>Interest Earnings:</u>				
28					
29	4th Q Dividends		6938533 ⁴⁰	3707339 ¹⁴	
30	X Period 0/5 (2/1 - 6/30)		159/365	153/365	
31	X Rate		X 8%	X 8%	
32	Subtotal	171,587	228114	121885	
33					
34	1st Q Dividends		6938533 ⁴⁰	3707339 ¹⁴	
35	X Period 0/5 (9/1 - 4/30)		61/365	61/365	
36	X Rate		X 8%	X 8%	
37	Subtotal	(C)	92767	49567	
38					
39		(D) + (C)	320883	170350	
40			A-1	A-1	

Supplement Definitions

	1	2	3	4
1				
2	✓ For debt amortization schedule maintained in CSOP Supplement			
3				
4	* For discussion of Policy Number, the standard for which			
5	has not been determined - it will be noted on the			
6	✓ the Board in February			
7				
8				
9	✓ The average rate of interest earned for the period			
10	Oct - Dec 1990 was 8.45%. For discussion of 1990			
11	1990 @ Bankers Trust, rates will probably be			
12	slightly lower during the upcoming 6 month			
13	period; therefore, I assumed an 8.0% interest rate			
14	on CSOP funds.			
15				
16				
17				
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F01K06W 002095

BELLSOUTH LEVERAGED ESOPS
 ESOP Adjustment Worksheet
 Date Prepared: July 19, 1991
 Prepared By: Merrill McCreary *MM*
 Period: Jan-Mar 1991 (1991-2)

file - 100

CALCULATION OF CASH REQUIREMENTS

	Management	Non-Management	Total
A. Debt Service Required	219,324,387.52	119,096,624.47	338,421,011.99
Less: Dividends Paid	(14,083,744.88)	(7,524,720.34)	(21,608,465.22)
Interest Earnings	(186,006.77)	(99,829.89)	(285,836.66)
Debt Service Contribution	115,054,635.87	111,472,074.04	226,526,709.91
B. <i>Projected</i> Top-Off Contribution	15,163,025.00	99,345,368.00	114,508,393.00
C. <i>Added</i> Less: Prior Period Top-Off Adjustment	1340,029.08	4360,215.70	5700,244.78
REQUIRED ESOP CONTRIBUTION	120,557,689.95	121,177,657.74	241,735,347.69

SHARES ALLOCATED EXPENSE CALCULATION

	Management	Non-Management	Total
A. Compensation Element (Cost of Shares Released)	114,618,611.39	110,975,445.80	225,594,057.39
B. Interest Element	123,772,919.80	112,794,966.73	236,567,886.53
C. Less Earnings:			
Dividends	(14,403,710.01)	(7,732,595.87)	(22,136,305.88)
Interest Earnings	(11,018,402.54)	(13,350,355.92)	(24,368,758.46)
SHARES ALLOCATED EXPENSE	124,969,419.64	115,887,460.71	240,856,880.35

CALCULATION OF ADJUSTMENTS

	Management	Non-Management	Total
LESOP FUNDING ADJUSTMENT:			
Employer Matching Contribution (NSP-65%, BSP-60%)	119,423,990	118,533,980	237,957,970
Required ESOP Contribution	120,557,690	121,177,658	241,735,348
Cash Requirements Over/(Under) Match	11,133,700	12,643,678	23,777,378
LESOP FUNDING ADJUSTMENT (as a % of Employer Match)	5.811	14.262	

SHARES ALLOCATED EXPENSE ADJUSTMENT:

Shares Allocated Expense	124,969,419	115,887,461	240,856,880
Debt Service Contribution	115,054,636	111,472,074	226,526,710
SHARES ALLOCATED EXPENSE ADJUSTMENT	9,914,783	4,415,387	14,330,170

Total actual payments for all comp. from 12/20/86

6 Percentages increase due to decrease in the market value of the shares held by the ESOPs. Original projections of the funding adjustment of the ESOPs were 2.0%.

Revised.

BELLSOUTH ERAGED ESOPS
 Allocat: Shares Allocated Adjustment
 Date Prepared: August 13, 1991
 Prepared By: Merrill McCreary
 Period: 1991-2 (July-December 1991)

HSP Shares Allocated
 Adjustment - \$9,914,783

HSP:

Company/Company Code	July Company Match	August Company Match	September Company Match	October Company Match	November Company Match	December Company Match	Total	HSP 1 of Total Adjustment	Seal-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION BELLSOUTH CORPORATION - EXECUTIVE	181,033.15 6,452.90									
BELLSOUTH CORPORATION TOTAL	87,486.05	0.00	0.00	0.00	0.00	0.00	87,486.05	2.50%	\$247,440	\$41,240
S7-SOUTHERN BELL MO SOUTHERN BELL GA SOUTHERN BELL - EXECUTIVE	1,157,894.38 6,220.53									
SOUTHERN BELL TOTAL	1,164,114.91	0.00	0.00	0.00	0.00	0.00	1,164,114.91	33.21%	3,292,508	\$18,751
S9-SOUTH CENTRAL BELL SOUTH CENTRAL BELL - EXECUTIVE	873,983.93 6,207.52									
SOUTH CENTRAL TOTAL	880,191.45	0.00	0.00	0.00	0.00	0.00	880,191.45	25.11%	2,489,477	\$14,913
SS-BELLSOUTH SERVICES BELLSOUTH SERVICES - EXECUTIVE	819,524.71 4,741.76									
BELLSOUTH SERVICES TOTAL	824,266.47	0.00	0.00	0.00	0.00	0.00	824,266.47	23.51%	2,331,302	\$38,550
SC-BELLSOUTH DC BELLSOUTH DC - EXECUTIVE	7,591.22 2,242.50									
BELLSOUTH DC TOTAL	9,833.72	0.00	0.00	0.00	0.00	0.00	9,833.72	0.28%	27,813	\$4,636
SU-BELLSOUTH HR	14,670.09						14,670.09	0.42%	41,492	\$4,913
SJ-BE COMMUNICATIONS BE COMMUNICATIONS - EXECUTIVE	260,901.73 882.38								0	0
BELLSOUTH COMMUNICATIONS TOTAL	261,784.11	0.00	0.00	0.00	0.00	0.00	261,784.11	7.47%	740,413	\$123,402
Su-BELLSOUTH ENTERPRISES	48,251.53						48,251.53	1.38%	136,472	\$22,745
SB-BE DAPCO	87,913.10						87,913.10	2.51%	248,648	\$41,441
SA-BE MOBILITY	74,582.54						74,582.54	2.13%	210,944	\$35,157
SL-BE SUMINK	1,509.97						1,509.97	0.04%	4,271	\$712
SF-BE FINANCIAL SERVICES	2,654.27						2,654.27	0.08%	7,507	\$1,251
SI-BE INTERNATIONAL	6,638.60						6,638.60	0.19%	18,774	\$3,129
SK-BE INFORMATION SYSTEMS	33,604.70						33,604.70	0.96%	95,045	\$15,841
-BE EXECUTIVE SERVICES	6,688.75						6,688.75	0.19%	18,918	\$3,153
SR-BE RESOURCES-EDUCATIONAL	1,328.06						1,328.06	0.04%	3,756	\$626

*Actual amount paid to 1,652,464.
 difference due to rounding of amounts
 by company*

BELLSOUTH LONG-TERMED ESOPS
Allocation of Shares Allocated Adjustment
Date Prepared: August 13, 1991
Prepared By: Merrill McCreary
Period: 1991-2 (July-December 1991)

SSP Shares Allocated
Adjustment - \$4,215,387

SSP:

Company/Company Code	July Company Match	August Company Match	September Company Match	October Company Match	November Company Match	December Company Match	Total	SSP % of Total Adjustment	SSP-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION	\$2,544.00						\$2,544.00	0.09%	\$3,899	\$650
S7-SOUTHERN BELL NR	1,496,081.67						\$1,496,081.67	54.39%	2,292,858	382,143
S9-SOUTH CENTRAL BELL	1,020,540.73						1,020,540.73	37.10%	1,564,056	260,676
SS-BELLSOUTH SERVICES	97,731.22						97,731.22	3.53%	149,780	24,963
SU-BELLSOUTH HR	4,638.00						4,638.00	0.17%	7,100	1,185
SJ-BE COMMUNICATIONS	35,535.90						35,535.90	1.29%	54,461	9,077
							0.00	0.00%	0	0
SG-BELLSOUTH ENTERPRISES	774.00						774.00	0.03%	1,186	198
SD-BE BAPCD	88,848.00						88,848.00	3.23%	136,166	22,694
SA-BE MOBILITY	1,389.00						1,389.00	0.05%	2,129	355
SL-BE SUNLINK	12.00						12.00	0.00%	18	3
SF-BE FINANCIAL SERVICES	1,197.00						1,197.00	0.04%	1,834	306
SI-BE INTERNATIONAL	225.00						225.00	0.01%	343	58
SK-BE INFORMATION SYSTEMS	1,008.00						1,008.00	0.04%	1,545	258
SR-BE RESOURCES-EDUCATIONAL	0.00						0.00	0.00%	0	0
CORPORATE TOTAL	\$2,750,524.52	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,750,524.52	100.00%	\$4,215,385	\$702,544*

Actual amount goes to 702,566, difference due to
rounding of company amounts to 2 decimal places,
Amount of July's matching contribution was \$30. However this related
to only 1 employee who terminated in month of July, therefore,
no allocation of the cash expense should be made for
the months July through December.

FOURCH 002098



Bankers Trust

P.O. Box 318, Church Street Station, New York, New York 10008

June 26, 1991

Mrs. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14E05 Campanile
Atlanta, GA 30367

Dear Denise:

On July 1, 1991 we will transfer \$48,421,011.90 which represents principal & interest payments to Chemical Bank. (A-1)

We will require the following funds to be transferred to Bankers Trust Company on July 1, 1991 in order to process this loan re-payment. The amount needed from BellSouth Corporation will be \$26,526,709.91. A-1

The following is a detail analysis of the amount requested by each debt.

**BellSouth Savings & ESOP
9-1/8% Medium Term Notes, Series A**

Account #109482

Loan amount due:	\$16,378,387.03 ⁽¹⁾
Dividend payment - 2/1	(3,483,018.45) ⁽¹⁾
Dividend payment - 5/1	(3,586,816.65) ⁽²⁾
STIF income available as of 6/24/91	(93,909.29) ⁽³⁾

$$\Sigma (1) = \frac{29,324,387.52}{A-1}$$

Sub-total amount due

\$ 9,214,642.64

**BellSouth Savings & ESOP
9-19% Medium Term Notes, Series A**

Account #109483

Loan amount due:	\$12,946,000.49 ⁽⁴⁾
Dividend payment - 2/1	(3,455,400.38) ⁽¹⁾
Dividend payment - 5/1	(3,558,509.40) ⁽²⁾
STIF income available as of 6/24/91	(92,097.48) ⁽³⁾

$$\Sigma (1) = \frac{14,093,744.89}{A-1}$$

Sub-total amount due

\$ 5,839,993.23

186,006.77
A-1/A-2, BellSouth Corp.
SA 30

A-2

**BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A**

Account #109495

Loan amount due:
Dividend payment - 2/1
Dividend payment - 5/1
STIF income available
as of 6/24

(A-1) \$19,096,624.47
(3,707,181.69) 7/324,720.54
(3,817,538.85) A-1
99,829.89 A-1 / A-8 1/2

*total dividend
used for Del.*

Sub-total amount due

\$11,472,074.04

**Grand total amount due from
BellSouth on 7/1/91**

\$26,526,709.91

Enclosed is a copy of wire instruction for Bankers Trust Company.

Please call if you have any questions or need additional information on (201)860-2906.

Sincerely,

Turner McClendon III

Turner McClendon III
Assistant Treasurer

cc: Ms. Nancy Gardner
Ms. Robin Lucie
Ms. Andrea Nicoletti
Mr. Martin Lebowitz
Mr. Jeff Skolar

BellSouth ESOP Top-Off Calculation
July - December 1991
SSP

	SHARES RELEASED JULY 1	2ND Q DIVIDEND PAID AUG 1	JUL	AUG	SEPT	3RD Q DIVIDEND PAID NOV 1	OCT	NOV	DEC
1991:	202,499								
Shares Released but Unallocated	202,499								
Employer Match Contribution			\$2,914,470	\$3,001,420	\$3,061,450		\$3,122,680	\$3,185,130	\$3,248,830
Divided by: Share Price			\$48.375	\$48.375	\$48.375		\$48.375	\$48.375	\$48.375
# of Shares to be Allocated			60,247	62,045	63,286		64,552	65,842	67,159
Total Allocated Shares as of Record Date *	378,910					501,202			
Value of Dividends on Allocated Shares	\$261,448					\$345,830			
Divided by: Share Price	\$48.375					\$48.375			
# of Shares to be Allocated	5,405					7,149			
Shares Remaining (Needed) for Allocation Period	197,094	136,847	74,802	11,516	4,367	(60,184)	(126,027)	(193,186)	
TOTAL SHARES ALLOCATED AT END OF YEAR:								501,409	

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period 193,186
Multiply by: Share Price \$48.375

Projected Top-Off Expense \$9,345,368

* Note: "allocated shares" for calculation of the value of dividends on allocated shares all allocated ESOP shares through the previous quarter plus allocated ESOP shares for the first two months of the quarter to which the dividend relates. For example, the 3rd Quarter dividend is paid on November 1 to shareholders of record on October 10. Shares allocated to participants as of the record date include all shares allocated during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for September's contribution are allocated to participants' accounts subsequent to the record date of October 10.

FOI084 002101

note 7/23/91
 10/21/91

BellSouth ESOP Top-Off Calculation
 July -December 1991
 MSP

	SHARES RELEASED JULY 1	2ND Q DIVIDEND PAID AUG 1	JUL	AUG	SEPT	3RD Q DIVIDEND PAID NOV 1	OCT	NOV	DEC
1990:	4,573 ✓								
Shares Released but Unallocated	313,135								
Employer Match Contribution			\$3,468,570	\$3,364,510	\$3,225,770		\$3,121,710	\$3,121,710	\$3,121,710
Divided by: Share Price			\$48.375	\$48.375	\$48.375		\$48.375	\$48.375	\$48.375
# of Shares to be Allocated			71,702	69,551	66,683		64,531	64,531	64,531
Total Allocated Shares as of Record Date *		572,092				713,344			
Value of Dividends on Allocated Shares		\$394,743				\$492,208			
Divided by: Share Price		\$48.375				\$48.375			
# of Shares to be Allocated		8,160				10,175			
Shares Remaining (Needed) for Allocation Period		304,975	233,273	163,723	97,040	86,865	22,334	(42,198)	(106,729)
TOTAL SHARES ALLOCATED AT END OF YEAR:								885,227	

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period 106,729
 Multiply by: Share Price \$48.375

Projected Top-Off Expense \$5,163,025

- Note, "allocated shares" for calculation of the value of dividends on allocated shares all allocated ESOP shares through the previous quarter plus allocated ESOP shares for the first two months of the quarter to which the dividend relates. For example, the 3rd Quarter dividend is paid on November 1 to shareholders of record on October 10. Shares allocated to participants as of the record date include all shares allocated during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for September's contribution are allocated to participants' accounts subsequent to the record date of October 10.

* When share @ price 25 cents allocated 4 months prior to Dec. 90 growth assumed

\$'s in 000's.

MSP

	1990 MATCH		PROJ 1991
JANUARY	3114	3826.22	3826.22
FEBRUARY	5577	7530.87	7530.87
MARCH	4508	5452.31	5452.31
APRIL	3762	3681.29	3681.29
MAY	3762	3476.15	3476.15
JUNE	3783	3468.57	3468.57
total	24506	27435.41	27435.41
JULY	3791	3468.57	3468.57
AUGUST	3856	3468.57	3364.51
SEPTEMBER	3767	3468.57	3225.77
OCTOBER	3782	3468.57	3121.71
NOVEMBER	3800	3468.57	3121.71
DECEMBER	3800	3468.57	3121.71
total	22796		19423.99
TOTAL	47302		46859.4

SSP

	1990 MATCH		PROJ 1991
JANUARY	3002		3755.14
FEBRUARY	2340		2914.47
MARCH	2859		3491.77
APRIL	2858		2774.16
MAY	2874		2741.68
JUNE	3747		3554.31
total	17680		19231.53
JULY	2904		2914.47
AUGUST	2914		3001.42
SEPTEMBER	3499		3061.45
OCTOBER	2909		3122.68
NOVEMBER	3000		3185.13
DECEMBER	3000		3248.83
total	18226		18533.98
TOTAL	35906		37765.51

These figures were prepared by Service Station.
In discussion w/ Service, it was decided the effect
of VERR contribution amounts.

F01K064 002103

BILLSOUTH MGMT LOAN 1
ACCOUNT 109482

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I (remaining)	SHARES RELEASED
07/01/90	\$17,036,532.70	5,198,677	0.0348852537	\$488,359,145.18	181,357
01/02/91	\$16,055,601.93	5,017,320	0.0340649939	\$471,322,612.48	170,915
07/01/91	\$16,378,387.03	4,846,405	0.0359753434	\$455,267,010.55	174,351
01/02/92	\$16,482,209.43	4,672,054	0.0375544239	\$438,888,623.52	175,456
07/01/92	\$16,797,051.97	4,496,597	0.0397651442	\$422,406,414.09	178,808
01/02/93	\$16,895,984.88	4,317,790	0.0416558060	\$405,609,362.12	179,861
07/01/93	\$17,202,933.83	4,137,929	0.0442560890	\$388,713,377.24	183,129
01/02/94	\$17,296,979.15	3,954,800	0.0465585274	\$371,510,443.41	184,130
07/01/94	\$17,596,074.38	3,770,670	0.0496764696	\$354,213,464.26	187,314
01/02/95	\$17,685,226.35	3,583,357	0.0525380651	\$336,617,389.88	188,263
07/01/95	\$17,976,499.20	3,395,094	0.0563646482	\$318,932,163.53	191,363
01/02/96	\$18,060,742.70	3,203,731	0.0600113068	\$300,955,664.33	192,260
07/01/96	\$18,344,215.45	3,011,471	0.0648446282	\$282,894,921.63	195,278
01/02/97	\$18,423,527.10	2,816,193	0.0696408162	\$264,550,706.18	196,122
07/01/97	\$18,699,211.03	2,620,071	0.0759737754	\$246,127,179.08	199,057
01/02/98	\$18,773,557.00	2,421,014	0.0825472661	\$227,427,968.05	199,848
07/01/98	\$19,041,453.75	2,221,166	0.0912583331	\$208,654,411.05	202,700
01/02/99	\$19,110,789.23	2,018,466	0.1007884139	\$189,612,957.30	203,438
07/01/99	\$19,370,888.08	1,815,028	0.1136108021	\$170,502,168.07	206,207
01/02/20	\$19,435,157.50	1,608,822	0.1285978488	\$151,131,279.99	206,891
07/01/20	\$19,687,435.35	1,401,931	0.1494913820	\$131,696,122.49	209,577
01/02/21	\$19,746,569.98	1,192,354	0.1762949864	\$112,008,687.14	210,206
07/01/21	\$19,990,989.97	982,148	0.2166760376	\$92,262,117.16	212,808
01/02/22	\$20,044,908.40	769,340	0.2773570744	\$72,271,127.19	213,382
07/01/22	\$20,281,419.13	555,958	0.3883378809	\$52,226,218.79	215,900
01/02/23	\$15,808,298.83	340,059	0.4948629823	\$31,944,799.66	168,282
07/01/23	\$16,136,500.88	171,776	1.0000000031	\$16,136,500.83	171,776
		(0)	0.0000000000	(\$0.05)	0

\$488,359,145.23

Name of file: loan1.shs

0
0

BELLSOUTH MGMT LOAN 2
ACCOUNT 109483

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I (Remaining)	SHARES RELEASED
07/01/90	\$11,509,341.00	1,524,128	0.0235243654	\$489,251,921.79	35,854
01/02/91	\$17,160,748.31	5,121,489	0.0359204915	\$477,742,580.79	183,966
07/01/91	\$12,946,000.49	4,937,523	0.0281079269	\$460,581,832.48	138,784
01/02/92	\$17,291,147.80	4,798,739	0.0386277116	\$447,635,831.99	185,364
07/01/92	\$13,474,353.31	4,613,375	0.0313106071	\$430,344,684.19	144,448
01/02/93	\$18,234,944.70	4,468,927	0.0437424862	\$416,870,330.88	195,482
07/01/93	\$14,006,505.79	4,273,445	0.0351361326	\$398,635,386.18	150,152
01/02/94	\$18,708,885.72	4,123,293	0.0486413951	\$384,628,880.39	200,563
07/01/94	\$14,534,821.51	3,922,730	0.0397213099	\$365,919,994.67	155,816
01/02/95	\$19,177,554.21	3,766,914	0.0545770160	\$351,385,173.16	205,587
07/01/95	\$15,056,278.50	3,561,327	0.0453218940	\$332,207,618.95	161,406
01/02/96	\$19,641,653.18	3,399,921	0.0619314840	\$317,151,340.45	210,562
07/01/96	\$15,573,518.10	3,189,359	0.0523462555	\$297,509,687.27	166,951
01/02/97	\$20,097,731.28	3,022,408	0.0712846860	\$281,936,169.17	215,451
07/01/97	\$16,078,909.11	2,806,957	0.0614077491	\$261,838,437.89	172,369
01/02/98	\$20,550,202.50	2,634,588	0.0836191484	\$245,759,528.78	220,302
07/01/98	\$16,584,465.58	2,414,286	0.0736402255	\$225,209,326.28	177,789
01/02/99	\$20,998,591.79	2,236,497	0.1006523945	\$208,624,860.70	225,109
07/01/99	\$17,082,732.62	2,011,388	0.0910465934	\$187,626,268.91	183,130
01/02/20	\$21,441,528.99	1,828,258	0.1257246651	\$170,543,536.29	229,857
07/01/20	\$17,575,655.60	1,598,401	0.1178767202	\$149,102,007.30	188,414
01/02/21	\$21,879,167.78	1,409,987	0.1663481690	\$131,526,351.70	234,549
07/01/21	\$18,061,035.90	1,175,438	0.1647195601	\$109,647,183.92	193,618
01/02/22	\$22,315,536.21	981,820	0.2436562372	\$91,586,148.02	239,227
07/01/22	\$18,547,699.01	742,594	0.2677571127	\$69,270,611.81	198,835
01/02/23	\$27,270,183.02	543,759	0.5376304616	\$50,722,912.80	292,341
07/01/23	\$23,452,729.79	251,418	1.0000000004	\$23,452,729.78	251,418
		(0)	0.0000000000	(\$0.01)	0
	\$489,251,921.80				0

Name of file: loan2shs

6/10/23 - 5:15:22

F01K054 002185

BELLSOUTH NON-MGMT LOAN
ACCOUNT 109485

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I	SHARES RELEASED
07/01/90	✓ \$19,097,270.01	4,953,557	0.0364529702	✓ \$523,887,900.54	① 180,572
01/02/91	\$18,704,193.81	5,352,770	0.0370533696	\$504,790,630.53	① 198,338
07/01/91	\$19,096,624.47	5,154,432	0.0392864788	\$486,086,436.72	202,499
01/02/92	\$18,882,873.72	4,951,932	0.0404353012	\$466,989,812.25	200,233
07/01/92	\$19,259,794.98	4,751,699	0.0429803543	\$448,106,938.53	204,230
01/02/93	\$19,050,482.34	4,547,470	0.0444225469	\$428,847,143.55	202,010
07/01/93	\$19,412,454.99	4,345,460	0.0473709447	\$409,796,661.21	205,849
01/02/94	\$19,207,486.26	4,139,611	0.0492014942	\$390,384,206.22	203,675
07/01/94	\$19,555,053.75	3,935,936	0.0526839446	\$371,176,719.96	207,361
01/02/95	\$19,354,338.90	3,728,575	0.0550430783	\$351,621,666.21	205,232
07/01/95	\$19,688,031.72	3,523,343	0.0592535892	\$332,267,327.31	208,771
01/02/96	\$19,491,489.69	3,314,572	0.0623569442	\$312,579,295.59	206,687
07/01/96	\$19,811,822.01	3,107,886	0.0675968826	\$293,087,805.90	210,083
01/02/97	\$19,619,375.67	2,897,802	0.0717932670	\$273,275,983.89	208,043
07/01/97	\$19,926,849.15	2,689,760	0.0785583679	\$253,656,608.22	211,303
01/02/98	\$19,738,427.49	2,478,457	0.0844497832	\$233,729,759.07	209,305
07/01/98	\$20,033,531.13	2,269,151	0.0936184236	\$213,991,331.58	212,434
01/02/99	\$19,849,071.00	2,056,717	0.1023370597	\$193,957,800.45	210,478
07/01/99	\$20,132,280.36	1,846,239	0.1156305053	\$174,108,729.45	213,482
01/02/20	\$19,951,723.83	1,632,757	0.1295764641	\$153,976,449.09	211,567
07/01/20	\$20,223,504.96	1,421,190	0.1508938363	\$134,024,725.26	214,449
01/02/21	\$20,046,800.88	1,206,741	0.1761562910	\$113,801,220.30	212,575
07/01/21	\$20,307,608.97	994,166	0.2166042849	\$93,754,419.42	215,341
01/02/22	\$20,134,712.58	778,826	0.2741400540	\$73,446,810.45	213,507
07/01/22	\$20,384,992.98	565,318	0.3823708650	\$53,312,097.87	216,161
01/02/23	\$16,282,861.86	349,157	0.4945124059	\$32,927,104.89	172,663
07/01/23	\$16,644,243.03	176,495	1.0000000000	\$16,644,243.03	176,495
		(0)	0.0000000000	(\$0.00)	0

\$523,887,900.54

0

20'S = 378,710K

7/2/91 PM 7

BellSouth Corporation
Monthly Stock Activity Report
For the Month of June, 1991

Report Date: 01-Jul-91

DATE	BLS			
	HIGH	LOW	CLOSE	VOLUME
03-Jun-91	49.750	48.750	48.750	400,700
04-Jun-91	48.625	47.875	48.125	338,500
05-Jun-91	48.375	47.125	47.375	514,000
06-Jun-91	48.000	47.375	47.875	316,300
07-Jun-91	48.000	47.250	47.375	260,000
10-Jun-91	47.750	47.250	47.375	320,500
11-Jun-91	47.750	47.375	47.625	286,000
12-Jun-91	47.500	46.750	47.000	338,800
13-Jun-91	47.250	46.875	47.000	373,700
14-Jun-91	48.625	47.000	48.625	376,300
17-Jun-91	48.750	48.125	48.125	273,600
18-Jun-91	48.375	47.500	47.500	245,200
19-Jun-91	47.375	46.750	46.875	382,000
20-Jun-91	47.125	46.500	46.875	402,200
21-Jun-91	47.000	46.625	46.875	769,800
24-Jun-91	47.000	46.375	46.750	217,300
25-Jun-91	47.125	46.750	47.000	281,200
26-Jun-91	48.375	46.750	47.875	653,500
27-Jun-91	49.250	48.250	49.125	543,300
28-Jun-91	49.000	47.750	48.375	433,900
				<i>1-2 1/2 - 2 1/2</i>
TOTAL				7,726,800
MONTH AVERAGE	48.050	47.250	47.625	386,340
MONTH AVERAGE High/Low	47.650			
Trading Days	20			
High for Month	49.750			
Low for Month	46.375			
Highest Close for Month	49.125			
Lowest Close for Month	46.750			
YTD High	55.000			
YTD Low	46.375			
YTD Volume	44,563,400			

Source: Wall Street Journal

7/14/41

(MSP)
Prepaid/Payable
to ESOP
Acct #151.51

Dr. (Cr)

(SSP)
Prepaid/Payable
to ESOP
Acct #151.52

Dr. (Cr)

\$11,171,026.21

January
February
March
April
May
June
Prior Year December Top-off
Adjustment
Contribution Adjustments

✓ (3,843,575.19)
(7,748,767.17)
(5,931,534.90)
(3,197,387.82)
(3,494,737.62)
(3,480,786.64)

6 (3,847,919.87)
(2,988,480.02)
(3,588,022.26)
(2,835,518.45)
(2,809,889.77)
(3,642,303.78)

✓ 1,185.26

(1,498.93)
(76,950.86)

April
May
June

✓ 2,469,358.41
 ✓ 3,473,912.15
 ✗ 3,468,571.00

2,851,269.07
2,742,139.09
3,554,315.00

941 (829,517.99)

(167,949.73)

\$340,029.08

\$360,215.70

Cash Collected (Over)/Under Requirements

\$340,029.08

\$360,215.70

May
June *estimated*
me-up)

(3,473,912.15)
(3,468,571.00)

(2,742,139.09)
(3,554,315.00)

360,276.83

1,112,136.95

GL Balance @ 06/30/91

* (\$6,242,177.24)

(\$4,824,101.44)

1. All balance, 6/30/51, (\$3,242,177.24) (\$4,624,101.44)
 & all company adjustments made by bookkeeper,
 2. Actual, showing 3 contribution adjustments due to over & under payment in July 1951.
 3. Year-end general entry made in June 1951.
 4. Income Statement 1951 to the account balance, 6/30/51, was
 increased due to a general entry that had not started. Ref. was connected to G/K
 5. Agreed to monthly Contribution Breakdown worksheets.
 6. The vouchers prepared by Kinise cannot be sent Sept. 1951 as per the
 & the "company matching contributions" column on June Contrib. Breakdown.

147.27
 77,126.72
 28.59
 76,950.50

A-24

F01200 M90X10-F

A-4



Bankers Trust

P.O. Box 318, Church Street Station, New York, New York 10008

7/19/91
Merrill,
Jyd!
DC

July 16, 1991

Ms. Julie Youngblood
Hewitt Associates
2100 RiverEdge Parkway
Suite 900
Atlanta, GA 30328

Re: BellSouth Loan Payment Worksheets

Dear Julie:

Please see the attached worksheets pertaining to the Lesop Loan payments done on July 1, 1991 for the Management and Savings and Security Plans.

If you should have any questions or need additional information, please do not hesitate to call me on 201-860-2927.

Sincerely,

Jeffrey Skolar
Technical Specialist

cc: Ms. Denise Cowell, BellSouth Corporation ✓
Ms. Nancy Gardner, BellSouth Corporation
Mr. Martin Lebowitz, Bankers Trust Company
Mr. Turner McClendon, Bankers Trust Company
Ms. Andrea Nicoletti, Bankers Trust Company

A-51

BELLSOUTH CORPORATION
MANAGEMENT SAVINGS PLAN LESOP
LOAN PAYMENT WORKSHEET

For the Loan Payments on July 1, 1991

	<u>LOAN #1</u>	<u>LOAN #2</u>	<u>TOTAL</u>
Number of Shares Released	A-36 ¹³ 174,351	A-36 ⁷³ 138,784	313,135 ^{K3} _{CF}
Total Cost of Shares Released	\$ 9,221,424.39 _K	\$ 7,397,187.20 _K	\$16,618,611.59 ^c To A-1 ✓
Cost per Share Released	✓ \$52.89	✓ \$53.30	
Company Contribution-Principal	\$ 2,420,686.62	\$ 454,351.47	\$ 2,875,038.09
Dividend-Principal	\$ 1,857,245.68	\$ 545,682.18	\$ 2,402,927.86
Short Term Interest-Principal	\$ <u>24,669.97</u>	\$ <u>7,165.18</u>	\$ 31,835.15
Total Principal	\$ 4,302,602.27	\$ 1,007,198.83	\$ 5,309,801.10
Company Contribution-Interest	\$ 6,793,956.02	\$ 5,385,641.76	\$12,179,597.78
Dividend-Interest	\$ 5,212,589.42	\$ 6,468,227.60	\$11,680,817.02
Short Term Interest-interest	\$ <u>69,239.32</u>	\$ <u>84,932.30</u>	\$ 154,171.62
Total Interest	\$12,075,784.76	\$11,938,801.66	\$24,014,586.42
Total Loan Payment	\$16,378,387.03	\$12,946,000.49	A-4 ¹¹⁴ \$29,324,387.52

✓ Reasonable as compared to average cost per share of \$53.11 calculated by CSC
Library. See pers. files.

K Recalculated.

**BELLSOUTH CORPORATION
SAVINGS AND SECURITY PLAN
LOAN PAYMENT WORKSHEET**

For the Loan Payments on July 1, 1991

	<u>LOAN</u>	<u>TOTAL</u>
Number of Shares Released	A-36 ²¹ 202,499 _{To A-372}	202,499
Total Cost of Shares Released	\$10,975,445.80 _{To A-1}	\$10,975,445.80
Cost per Share Released	✓ \$54.20	
Company Contribution-Principal	\$ 3,620,586.57	\$ 3,620,586.57
Dividend-Principal	\$ 2,374,801.80	\$ 2,374,801.80
Short Term Interest-Principal	\$ <u>31,506.31</u>	\$ <u>31,506.31</u>
Total Principal	\$ 6,026,894.68	\$ 6,026,894.68
Company Contribution-Interest	\$ 7,851,487.47	\$ 7,851,487.47
Dividend-Interest	\$ 5,149,918.74	\$ 5,149,918.74
Short Term Interest-interest	\$ <u>68,323.58</u>	\$ <u>68,323.58</u>
Total Interest	\$13,069,729.79	\$13,069,729.79
Total Loan Payment	\$19,096,624.47	\$19,096,624.47

✓ *Principal as compared to average cost per share of \$54.31 calculated by OSC*

Original Service from City of ...

11-1-72

----- TOTAL MANAGEMENT FEE PAYMENTS -----

 \$550,000.00

PAYMENT DATE	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	TOTAL PAYMENTS
01-Jan-70	11,357,250.34	115,525,013.16	126,882,263.50
01-Jan-71	12,418,491.35	118,777,558.58	131,196,050.03
01-Jul-71	14,015,466.37	119,303,921.15	133,319,387.52
01-Jan-72	17,770,919.30	119,000,437.40	136,771,356.70
01-Jul-72	17,314,575.42	116,955,507.86	134,270,083.28
01-Jan-73	12,975,509.45	112,134,015.59	125,109,525.04
01-Jul-73	12,441,128.60	118,768,313.02	131,209,441.62
01-Jan-74	12,040,177.35	117,945,457.01	130,005,634.36
01-Jul-74	11,140,529.54	119,770,066.02	130,910,595.56
01-Jan-75	10,509,735.76	115,953,044.51	126,462,780.27
01-Jul-75	11,175,092.77	112,853,554.94	124,028,647.71
01-Jan-76	11,390,169.15	119,011,705.70	130,401,874.85
01-Jul-76	11,761,607.55	118,155,119.57	129,916,727.12
01-Jan-77	11,365,145.44	117,433,111.54	128,798,256.98
01-Jul-77	11,131,454.48	117,646,565.36	128,778,019.84
01-Jan-78	11,323,750.64	122,979,508.57	134,303,259.21

01-Jan-1999	14,772,109.291	23,294,673.411	40,167,331.351
01-Jul-1999	17,153,947.291	23,294,673.411	40,453,620.591
01-Jan-2000	11,992,505.031	23,293,331.451	40,376,826.491
01-Jul-2000	10,774,648.751	23,438,442.201	37,263,090.951
01-Jan-2001	8,562,253.141	32,063,484.611	41,625,737.751
01-Jul-2001	13,073,720.231	29,953,105.651	38,032,025.331
01-Jan-2002	16,722,636.611	35,637,608.001	42,360,444.611
01-Jul-2002	15,090,629.251	33,738,458.831	38,829,119.131
01-Jan-2003	11,546,226.041	39,332,255.211	43,078,481.951
01-Jul-2003	11,734,413.311	37,854,817.361	39,589,230.661
	147,611,066.971	550,000,000.001	777,611,066.971

ESOP INTEREST EXPENSE -- AMORTIZATION SCHEDULE

ISSUE: \$300,000,000.00 9.125% DUE 7/1/2003

EXPENSE DATE	PAYMENT DATE	INTEREST EXPENSE PER \$1,000	300,000.00 DR EXPENSE CR PAYABLE	INTEREST PAYMENTS DR PAYABLE CR CASH	PRINCIPAL PAYMENTS DR L-T DEBT CR CASH	TOTAL PAYMENTS
31-Mar-90			5,475,000.00			
30-Jun-90		36.5000000	5,475,000.00			
	01-Jul-90			(10,950,000.00)	(8,147,270.01)	(19,097,270.01)
30-Sep-90			6,657,890.40			
31-Dec-90		44.3859360	6,657,890.40			
	01-Jan-91			(13,315,780.80)	(5,388,413.01)	(18,704,193.81)
31-Mar-91			6,534,967.23			
30-Jun-91		43.5664482	6,534,967.23			
	01-Jul-91			(13,069,934.46)	(6,026,690.01)	(19,096,624.47)
30-Sep-91			6,397,483.37			
31-Dec-91		42.6498891	6,397,483.37			
	01-Jan-92			(12,794,966.73)	(6,087,906.99)	(18,882,873.72)
31-Mar-92			6,258,602.99			
30-Jun-92		41.7240199	6,258,602.99			
	01-Jul-92			(12,517,205.97)	(6,742,589.01)	(19,259,794.98)
30-Sep-92			6,104,787.68			
31-Dec-92		40.6985845	6,104,787.68			
	01-Jan-93			(12,209,575.35)	(6,840,906.99)	(19,050,482.34)
31-Mar-93			5,948,729.49			
30-Jun-93		39.6581966	5,948,729.49			
	01-Jul-93			(11,897,458.98)	(7,514,996.01)	(19,412,454.99)
30-Sep-93			5,777,293.64			
31-Dec-93		38.5152909	5,777,293.64			
	01-Jan-94			(11,554,587.27)	(7,652,898.99)	(19,207,486.26)
31-Mar-94			5,602,711.88			
30-Jun-94		37.3514125	5,602,711.88			
	01-Jul-94			(11,205,423.75)	(8,349,630.00)	(19,555,053.75)
30-Sep-94			5,412,235.95			
31-Dec-94		36.0815730	5,412,235.95			
	01-Jan-95			(10,824,471.90)	(8,529,867.00)	(19,354,338.90)
31-Mar-95			5,217,648.36			
30-Jun-95		34.7843224	5,217,648.36			
	01-Jul-95			(10,435,296.72)	(9,252,735.00)	(19,688,031.72)
30-Sep-95			5,006,570.34			
31-Dec-95		33.3771356	5,006,570.34			
	01-Jan-96			(10,013,140.68)	(9,478,349.01)	(19,491,489.69)
31-Mar-96			4,790,345.51			
30-Jun-96		31.9356367	4,790,345.51			
	01-Jul-96			(9,580,691.01)	(10,231,131.00)	(19,811,822.01)
30-Sep-96			4,556,947.83			
31-Dec-96		30.3796522	4,556,947.83			
	01-Jan-97			(9,113,895.66)	(10,505,480.01)	(19,619,375.67)
31-Mar-97			4,317,291.57			
30-Jun-97		28.7819438	4,317,291.57			
	01-Jul-97			(8,634,583.14)	(11,292,266.01)	(19,926,849.15)
30-Sep-97			4,059,686.75			
31-Dec-97		27.0645783	4,059,686.75			
	01-Jan-98			(8,119,373.49)	(11,619,054.00)	(19,738,427.49)
31-Mar-98			3,794,627.07			

31-Dec-98		23.4049467	3,510,742.01			
	01-Jan-99			(7,021,484.01)	(12,827,991)	(19,849,071.00)
31-Mar-99			3,218,112.68			
30-Jun-99		21.4540845	3,218,112.68			
	01-Jul-99			(6,436,225.35)	(13,676,055.01)	(20,132,280.36)
30-Sep-99			2,905,671.42			
31-Dec-99		19.3711428	2,905,671.42			
	01-Jan-2000			(5,811,342.84)	(14,140,380.99)	(19,951,723.83)
31-Mar-2000			2,583,093.98			
30-Jun-2000		17.2206265	2,583,093.98			
	01-Jul-2000			(5,166,187.95)	(15,057,317.01)	(20,223,504.96)
30-Sep-2000			2,239,598.94			
31-Dec-2000		14.9306596	2,239,598.94			
	01-Jan-2001			(4,479,197.88)	(15,567,603.00)	(20,046,800.88)
31-Mar-2001			1,884,462.99			
30-Jun-2001		12.5630866	1,884,462.99			
	01-Jul-2001			(3,768,925.98)	(16,538,682.99)	(20,307,608.97)
30-Sep-2001			1,507,174.29			
31-Dec-2001		10.0478286	1,507,174.29			
	01-Jan-2002			(3,014,348.58)	(17,120,364.00)	(20,134,712.58)
31-Mar-2002			1,116,615.99			
30-Jun-2002		7.4441066	1,116,615.99			
	01-Jul-2002			(2,233,231.98)	(18,151,761.00)	(20,384,992.98)
30-Sep-2002			702,528.93			
31-Dec-2002		4.6835262	702,528.93			
	01-Jan-2003			(1,405,057.86)	(14,877,804.00)	(16,282,861.86)
31-Mar-2003			363,129.03			
30-Jun-2003		2.4208602	363,129.03			
	01-Jul-2003			(726,258.06)	(15,917,984.97)	(16,644,243.03)
		746.2930018	223,887,900.54	(223,887,900.54)	(300,000,000.00)	(523,887,900.54)
			746.2930018			

BellSouth Corporation
Dividends Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended June 30, 1991

	MSP	SSP	Total
<u>TRUE-UP OF PRIOR PERIOD ESTIMATE:</u>			
1. Actual 2/1 Dividends Paid per Banker's Trust funding letter	A-2/1/91 \$6,938,418.83	A-2/1/91 \$3,707,181.69	\$10,645,600.52
2. 2/1 Dividend Payment Accrual per 91-1 workpapers	11/1/90 6,938,533.40	11/1/90 3,707,339.14	10,645,872.54
3. Difference Added/(Subtracted) from 91-2 Accrual (1 -2)	(114.57)	(157.45)	(272.02)
4. Actual 5/1 Dividends Paid per Banker's Trust funding letter	A-5/1/91 7,145,326.05	A-5/1/91 3,817,538.85	10,962,864.90
5. 5/1 Dividend Payment Accrual per 91-1 workpapers	11/1/90 6,938,533.40	11/1/90 3,707,339.14	10,645,872.54
6. Difference Added/(Subtracted) from 91-2 Accrual (4 -5)	206,792.65	110,199.71	316,992.36
<u>CALCULATION OF CURRENT PERIOD ESTIMATE:</u>			
7. Estimated Dividends to be Paid: August 1 (\$.69 per share) November 1 (\$.69 per share)	7,145,326.05 7,145,326.05	3,817,538.85 3,817,538.85	10,962,864.90 10,962,864.90
8. Total Estimated Dividends to be Paid in 3rd & 4th Quarters	14,290,652.10	7,635,077.70	21,925,729.80
9. TOTAL DIVIDEND EARNINGS (3 + 6 + 8)	\$14,497,330.18	\$7,745,119.96	\$22,242,450.14
10. Adjustment for Difference Between 90-2 Accrual and Actual	A-7/1/91 (93,620.17)	A-7/1/91 (12,524.09)	(106,144.26)
11. ADJUSTED DIVIDEND EARNINGS ACCRUAL	\$14,403,710.01	\$7,732,595.87	22,136,305.88

* Actual was determined from year-end 1990 statement of income since the dividends for 1991 had not yet been determined by the Board at the time the dividend accrual was calculated. Actual dividend was 69¢ per share. Estimated dividend to be paid was 69¢ per share as paid for 1990.

BellSouth Corporation
Dividends Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended December 31, 1990

	MSP	SSP	Total
1. Actual 8/1 Dividends Paid per Banker's Trust funding letter	91-1/A-2 \$4,859,519.44	91-1/A-2 \$3,374,267.66	\$8,233,787.10
2. 8/1 Dividend Payment Accrual per 90-2 workpapers	90-2/7-2 5,020,681.00	90-2/7-2 3,400,114.00	8,420,795.00
3. Difference Added/(Subtracted) from 91-2 Accrual (1 -2)	(161,161.56)	(25,846.34)	(187,007.90)
4. Actual 11/1 Dividends Paid per Banker's Trust funding Letter	91-1/A-2 6,944,419.39	91-1/A-2 3,710,449.25	10,654,868.64
5. 11/1 Dividend Payment Accrual per 90-2 workpapers	90-2/7-2 6,876,878.00	90-2/7-2 3,697,127.00	10,574,005.00
6. Difference Added/(Subtracted) from 91-2 Accrual (4 -5)	67,541.39	13,322.25	80,863.64
7. TOTAL ADJUSTMENT (3 + 6)	(\$93,620.17) A-7 1/2	(\$12,524.09) A-7 1/2	(\$106,144.26)

NO true-up of 90-1 dividends was necessary as no accrual was made. The actual amount was included in the 90-2 accrual calculation - see "Note" on A-8 1/2 for more explanation of why this amount was included in 90-2 calculation.

BellSouth Corporation
Interest Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended June 30, 1991

	MSP	SSP	Total
TRUE-UP OF PRIOR PERIOD ESTIMATE:			
1. Actual 91-1 Interest Earnings per Banker's Trust funding letter A-212	\$186,006.77	\$99,829.89	\$285,836.66
2. Est. Interest Earnings Accrual per 91-1 workpapers A-11	320,883.00	171,452.00	492,335.00
3. Difference Added/(Subtracted) from 91-2 Accrual (1 - 2)	* (134,876.23)	* (71,622.11)	(206,498.34)
CALCULATION OF CURRENT PERIOD ESTIMATE:			
4. Dividends Paid August 1 (est.)	\$7,145,326.05	\$3,817,538.85	10,962,864.90
5. Interest Rate	6.00%	6.00%	-
6. Accrual Period % (# days/360) (153 days)	42.50%	42.50%	-
7. Est. Interest Earnings (4 * 5 * 6)	182,205.81	97,347.24	279,553.05
8. Dividends Paid November 1 (est.) A-7	7,145,326.05	3,817,583.85	10,962,909.90
9. Interest Rate	6.00%	6.00%	-
10. Accrual Period % (# days/360) (61 days)	16.94%	16.94%	-
11. Est. Interest Earnings (8 * 9 * 10)	72,644.15	38,812.10	111,456.25
12. TOTAL INTEREST EARNINGS ACCRUAL (3 + 7 + 11)	\$119,973.73	\$64,537.23	\$184,510.97
13. Adjustment for Difference Between 90-2 Accrual and Actual	898,428.81	285,818.69	1,184,247.50
14. ADJUSTED INTEREST EARNINGS ACCRUAL	\$1,018,402.54 A-1	\$350,355.92 A-1	1,368,758.47

Weighted average performance of the STIF fund from 1987-1990 was 8.78% (or higher) 6% for 1991. Conservatively, however, earnings may be lower depending upon price of the fund or other factors. The fund is a "value" fund.

* The interest earnings estimate in the 91-1 workpapers assumed an interest rate of 8% while the weighted average rate for 1990 was 8.78%. The actual return was only 4.6%. I discussed this matter with Banker-Trust and was told that the STIF fund in which these dividends were invested is a "value" fund and fluctuates according to the market (i.e., it is essentially a stock fund and earnings do not accrue throughout the period). Apparently, this fund is not being monitored by BellSouth at this time, per discussion with Trust that right person was used might be reviewing the investment at this time.

BellSouth Corporation
Interest Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended December 31, 1990

<i>Interest Earnings True-Up:</i>			
	MSP	SSP	Total
1. Actual 90-1 Interest Earnings per Bankers Trust 06/27/90 letter	90-2/1/1-7-22 1/2 \$3,056,430.09	90-2/1/1-7-22 1/2 \$5,439,313.40	\$8,495,743.49
2. Actual 90-2 Interest Earnings per Bankers Trust 12/27/90 letter	91-1/1/1-2 1/2 \$1,959,101.81	91-1/1/1-2 1/2 \$448,450.69	\$2,407,552.50
3. Est. Interest Earnings Accrual per 90-2 workpapers	90-2/1/1-1 4,117,103.09	91-2/1/1-1 5,601,945.40	9,719,048.49
4. Difference Added/(Subtracted) from 91-2 Accrual (1 + 2 - 3)	898,428.81	285,818.69	1,184,247.50

The 990-2 Interest Earnings True-Up contains interest for all of 1990 since the expense was calculated on a 6 month period until December 31, 1990 included interest earnings recognized at BSC and only for Jan-June, 1990. During the period July-December, BSC included the January-June interest of 1990. It is the companies recognized the entire year's interest on their books.

-MHC

BELLSOUTH... ESOP
ESOP Adjustment Worksheet
Date Prepared: January 17, 1992
Prepared By: Merrill McCreary
Period: Jan-June 1992 (1992-1)

File: 92-IESOP.wkt

CALCULATION OF CASH REQUIREMENTS

	Management	Non-Management	Total
A. Debt Service Required	A-2 1/2 633,773,357.23	A-2 1/2 618,882,873.72	A-2 1/2 1,252,656,230.95
Less: Dividends Paid	114,283,036.57	17,632,674.43	(131,915,711.00)
Interest Earnings	(222,808.72)	(119,000.09)	(341,808.81)
Debt Service Contribution	619,267,511.94	611,131,199.20	1,230,398,711.14
B. Top-Off Contribution	A-3 1/2 63,807,178.00	A-3 1/2 610,273,033.00	1,274,080,211.00
C. Less: Prior Period Top-Off Adjustment	A-4 1/2 (6254,344.58)	A-4 1/2 (6594,966.02)	(12,849,310.60)
REQUIRED ESOP CONTRIBUTION	622,820,345.36	620,809,266.18	1,243,629,611.54

Proposed
ESOP
100%

SHARES ALLOCATED EXPENSE CALCULATION

	Management	Non-Management	Total
A. Compensation Element (Cost of Shares Released)	A-5 619,159,769.04	A-5 610,852,628.60	1,230,012,397.64
B. Interest Element	A-6 623,314,895.42	A-6 612,517,205.97	1,235,832,101.39
C. Less Earnings: Dividends	A-7 114,271,561.87	A-7 107,629,136.11	(221,900,697.98)
Interest Earnings	A-8 1220,224.23	A-8 1117,664.61	(2337,888.84)
SHARES ALLOCATED EXPENSE	627,982,878.36	615,623,033.85	1,243,605,912.21

173

FOIb664 002120

A-1

adjustment - c

CALCULATION OF ADJUSTMENTS

	Management	Non-Management	Total
LESOP FUNDING ADJUSTMENT:			
Employer Matching Contribution (NSP-651, SSP-601)	A-3 621,150,000	A-3 619,729,000	1,240,879,000
Required ESOP Contribution	622,820,345	620,809,266	1,243,629,612
Cash Requirements Over/(Under) Match	61,670,345	61,080,266	122,750,612
LESOP FUNDING ADJUSTMENT (as a % of Employer Match)	7.902	3.482	

SHARES ALLOCATED EXPENSE ADJUSTMENT:

Shares Allocated Expense	627,982,878	615,623,034	1,243,605,912
Debt Service Contribution	619,267,512	611,131,199	1,230,398,711
SHARES ALLOCATED EXPENSE ADJUSTMENT	68,715,366	64,491,835	133,207,201

actual amount recognized
1,411,894
29.3 sample
13,207,200

Re-calculated

BELLSOUTH - AGED ESOPS
Allocation of Shares Allocated Adjustment
Date Prepared: January 18, 1992
Prepared By: Merrill McCreary
Period: 1992-1 (January - June 1992)

File: 92-1ESOP.WK1

HSP:

Company/Company Code	July Company Match	August Company Match	September Company Match	October Company Match	November Company Match	December Company Match	Total	HSP % of Total Adjustment	Semi-Annual Adjustment	Monthly Adjustment
BH-BELLSOUTH CORPORATION BELLSOUTH CORPORATION - EXECUTIVE						678,833.45 3,495.40				
BELLSOUTH CORPORATION TOTAL	0.00	0.00	0.00	0.00	0.00	82,330.85	882,330.85	2.91%	8253,933	142,322
BC-BELLSOUTH DC BELLSOUTH DC - EXECUTIVE						8,141.88 0.00				
BELLSOUTH DC TOTAL	0.00	0.00	0.00	0.00	0.00	8,141.88	8,141.88	0.29%	25,112	4,185
BST: S7-SOUTHERN BELL HQ SOUTHERN BELL - EXECUTIVE						978,813.30 5,329.74				
SOUTHERN BELL TOTAL	0.00	0.00	0.00	0.00	0.00	984,143.12	984,143.12	34.83%	3,035,397	505,900
S9-SOUTH CENTRAL BELL SOUTH CENTRAL BELL - EXECUTIVE						732,247.18 4,843.06				
SOUTH CENTRAL TOTAL	0.00	0.00	0.00	0.00	0.00	737,090.24	737,090.24	26.09%	2,273,411	378,902
SS-BELLSOUTH SERVICES BELLSOUTH SERVICES - EXECUTIVE						747,396.47 2,944.52				
BELLSOUTH SERVICES TOTAL	0.00	0.00	0.00	0.00	0.00	750,340.99	750,340.99	26.35%	2,314,280	385,713
SU-BELLSOUTH HR						14,084.97	14,084.97	0.50%	43,442	7,240
TOTAL BELLSOUTH TELECOMMUNICATIONS	0.00	0.00	0.00	0.00	0.00	2,464,909.32	2,464,909.32	87.23%	7,602,532	1,267,080
BJ-BJ COMMUNICATIONS BJ COMMUNICATIONS - EXECUTIVE						245,874.69 754.00				
BELLSOUTH COMMUNICATIONS TOTAL	0.00	0.00	0.00	0.00	0.00	246,628.69	246,628.69	8.73%	760,678	126,780
B7-BJ COMMUNICATION SYSTEMS	0.00	0.00	0.00	0.00	0.00	20,750.00	20,750.00	0.73%	63,999	10,667
SF-BJ FINANCIAL SERVICES						2,954.40	2,954.40	0.10%	9,112	1,519
CORPORATE TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,825,715.14	\$2,825,715.14	100.00%	8,715,366	1,452,561

Note: Allocation is usually based upon last six months coverage, but in organizational change & effects of VEBK, allocation based upon months. December determined to be the best estimate of future contributions.

HSP Shares Allocated
Adjustment - 88,715,366

FOI/CSA 002121

Allocation of Shares Allocated Adjustment
 Date Prepared: January 10, 1992
 Prepared By: Merrill McNary
 Period: 1992-1 (January - June 1992)

File: 92-1ESOP, W1
 SSP:

SSP Shares Allocated
 Adjustment - \$4,491,835

Company/Company Code	July Company Match	August Company Match	September Company Match	October Company Match	November Company Match	December Company Match	Total	SSP % of Total Adjustment	Seal-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION						\$2,652.00	\$2,652.00	0.142%	\$6,181	\$1,030
BSI:										
S7-SOUTHERN BELL HQ						\$1,015,361.99	\$1,015,361.99	52.68%	2,366,522	394,420
S9-SOUTH CENTRAL BELL						\$673,536.90	\$673,536.90	34.95%	1,369,824	261,637
S6-BELLSOUTH SERVICES						\$99,452.40	\$99,452.40	5.16%	231,795	38,633
SU-BELLSOUTH HR						\$4,710.10	\$4,710.10	0.24%	10,978	1,830
TOTAL BELLSOUTH TELECOMMUNICATIONS	0.00	0.00	0.00	0.00	0.00	1,750,261.39	1,750,261.39	90.82%	4,079,308	679,894
BJ-BJ COMMUNICATIONS, INC	0.00	0.00	0.00	0.00	0.00	\$37,649.40	\$37,649.40	1.95%	87,750	14,625
S7-BJ COMMUNICATION SYSTEMS	0.00	0.00	0.00	0.00	0.00	\$42,800.00	\$42,800.00	2.22%	99,755	16,626
SD-BJ BAFCO	0.00	0.00	0.00	0.00	0.00	\$93,035.79	\$93,035.79	4.83%	214,840	36,140
SF-BJ FINANCIAL SERVICES	0.00	0.00	0.00	0.00	0.00	\$834.00	\$834.00	0.04%	1,944	324
CORPORATE TOTAL	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,927,232.58	\$1,927,232.58	100.00%	\$4,491,835	\$748,639

W0'S
 748,639
 x 6
 449,1834

* Total reduced by \$42,800 - amount of estimated contributions for BCS.
 Estimate provided by the physical office.

See "Note" on 1-12.

FOIA(b)(7)(C) 882122

Bankers Trust Company

Martin Labowitz
Vice President
Telephone: 201-860-3418

December 19, 1991

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14E05 Campanile
Atlanta, GA 30367

Dear Denise:

On January 2, 1992 we will transfer \$52,656,230.95 which presents principal & interest payments to Chemical Bank.

We will require the following funds to be transferred to Bankers Trust Company on January 2, 1992 in order to process this loan repayment. The amount needed from BellSouth Corporation will be \$30,398,711.14.

The following is a detail analysis of the amount requested by each debt:

BellSouth Savings & ESOP 9-1/8% Medium Term Notes, Series A

Account #109482

Loan amount due:
Dividend payment 8/1
Dividend payment 11/1
Stif available as of
12/18/91

\$16,482,209.43
(3,585,605.70)
(3,582,181.04)
(111,757.82)

Sub-total amount due

\$ 9,201,664.87

BellSouth Savings & ESOP 9-19% Medium Term Notes, Series A

Account #109483

Loan amount due:
Dividend payment 8/1
Dividend payment 11/1
Stif available as of
12/18/91

\$17,291,147.80
(3,557,842.17)
(3,556,407.66)
(111,050.90)

Sub-total amount due

\$10,065,247.07

Certified Correct:
Denise Cowell

Mailing Address:
P.O. Box 1855, Church Street Station
New York, New York 10008

F01K06W 002123

December 19, 1991

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation

BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A

Loan amount due:

Dividend payment 8/1
Dividend payment 11/1
Stif available as of
12/18/91

10's = $\frac{7,632,674.43}{A-1}$

Sub-total amount due

Account #109495

\$18,882,873.72 A-1
(3,816,904.74) A-7
(3,815,769.69) A-7
(119,000.09) A-1/A-8

\$11,131,199.20

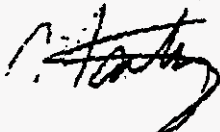
Grand total amount due from
BellSouth on 1/2/92

\$30,398,711.14

Enclosed is a copy of wire instructions for Bankers Trust Company.

Please call me if you have any questions or need additional information.

Sincerely,



cc: Ms. Nancy Gardner
Ms. Robin Lucia
Ms. Andrea Nicloetti
Mr. Martin Lebowitz
Mr. Jeff Skolar
Mr. Turner McClendon

BellSouth ESOP Top-Off Calculation
January - June 1992
MSP

Prepared by: *McCreary*
Date: *1/15/92*

File: TOPMSP92.WK1

	SHARES RELEASED JANUARY 1	4TH Q PY DIVIDEND PAID FEB 1	JAN	FEB	MAR	1ST Q DIVIDEND PAID MAY 1	APR	MAY	JUN
1990: Shares Released but Unallocated	<i>1-51</i> 360,820								
Employer Match Contribution	<i>A-3m</i>	\$2,700,000	\$5,400,000	\$4,050,000		\$3,000,000	\$3,000,000	\$3,000,000	
Divided by: Share Price	<i>A-3c</i>	\$51.750	\$51.750	\$51.750		\$51.750	\$51.750	\$51.750	
# of Shares to be Allocated		① 52,174	① 104,348	78,261		57,971	57,971	57,971	
Total Allocated Shares as of Record Date *	<i>A-2013</i> 885,227 ①					<i>1013</i> 1,041,749			
Value of Dividends on Allocated Shares	<i>A</i> \$610,807					<i>A</i> \$718,807			
Divided by: Share Price		\$51.750				\$51.750			
# of Shares to be Allocated		11,803 <i>A</i>				13,890 <i>A</i>			
Shares Remaining (Needed) for Allocation Period		349,017	296,843	192,495	114,234	100,344	42,373	(15,598)	(73,569)

TOTAL SHARES ALLOCATED AT END
OF YEAR:

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period 73,569
Multiply by: Share Price \$51.750

Projected Top-Off Expense \$3,807,178

178

** Share price on 12/31/91 used throughout the six month period Jan-June 1992 -
No growth assumed.
A Calculated as # of shares allocated x \$51.75 dividend per share. No dividend growth assumed.*

FOUNDER 00125
A-31-

BellSouth ESOP Top-Off Calculation
January - June 1992
SSP

Prepared by: *m. m. chery*
Date: *1/15/92*

See: TOPSSN92.LWK

	SHARES RELEASED JANUARY 1	4TH Q PY DIVIDEND PAID FEB 1	JAN	FEB	MAR	1ST Q DIVIDEND PAID MAY 1	APR	MAY	JUN
1991: Shares Released but Unallocated	<i>A-36 3/3</i> 200,233								
Employer Match Contribution Divided by: Share Price	<i>A-36 1/2</i> <i>A-36 1/2</i>		\$2,781,000 \$51.750	\$5,000,000 \$51.750	\$2,781,000 \$51.750		\$2,781,000 \$51.750	\$3,605,000 \$51.750	\$2,781,000 \$51.750
# of Shares to be Allocated			<i>1</i> 53,739	<i>1</i> 96,618	53,739		53,739	69,662	53,739
Total Allocated Shares as of Record Date *	<i>A-36 3/3</i> 581,409					<i>4/5</i> 731,766			
Value of Dividends on Allocated Shares Divided by: Share Price	<i>G</i> \$401,172 \$51.750					<i>G</i> \$504,919 \$51.750			
# of Shares to be Allocated	7,752					9,757			
Shares Remaining (Needed) for Allocation Period	192,481	138,742	42,123	(11,616)	(21,373)	(75,112)	(144,774)	(198,513)	

TOTAL SHARES ALLOCATED AT END
OF YEAR:

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period	198,513
Multiply by: Share Price	\$51.750
Projected Top-Off Expense	\$10,273,033
	<i>A-1</i>

See calculation on A-36 1/2

MSP1991
MATCH

JANUARY	3000
FEBRUARY	6000
MARCH	4500
APRIL	3000
MAY	3000
JUNE	3000
total	22500
JULY	3000
AUGUST	3000
SEPTEMBER	3000
OCTOBER	3000
NOVEMBER	2600
DECEMBER	2600
total	17200
TOTAL	39700

PROJ

1992

2700.00	A-3 1/2
5400.00	
4050.00	
3000.00	
3000.00	
3000.00	
21150.00	A-1
3100.00	
3100.00	
3100.00	
3200.00	
3200.00	
3200.00	
18900.00	
40050.00	
37185.5	

Projection of 1992 Company
Matching Contributions
\$'s in 000's

SSP1991
MATCH

JANUARY	2700
FEBRUARY	2700
MARCH	2700
APRIL	2700
MAY	3500
JUNE	2700
total	17000
JULY	2700
AUGUST	2700
SEPTEMBER	2700
OCTOBER	2700
NOVEMBER	3500
DECEMBER	2700
total	17000
TOTAL	34000

PROJ

1992

2781.00	A-3 1/2
5000.00	
2781.00	
2781.00	
3605.00	
2781.00	
19729.00	A-1
2781.00	
3605.00	
2781.00	
3605.00	
2781.00	
2781.00	
18334.00	
38063.00	
36785.32	

Note: These projections were furnished by Syrell
Seymour.

BELLSOUTH MGMT LOAN 1

ACCOUNT 109482

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I (Remaining)	SHARES RELEASED
07/01/90	\$17,036,532.70	5,198,677	0.0348852537	\$488,359,145.18	181,357
01/02/91	\$16,055,601.93	5,017,320	0.0340649839	\$471,322,612.48	170,915
07/01/91	\$16,378,387.03	4,846,406	0.0359753434	\$455,267,010.55	174,351
01/02/92	\$16,482,209.43	4,672,054	0.0375544239	\$438,888,623.52	175,456
07/01/92	\$16,797,051.97	4,496,597	0.0397651442	\$422,406,414.09	178,808
01/02/93	\$16,895,984.88	4,317,790	0.0416558060	\$405,609,362.12	179,861
07/01/93	\$17,202,933.83	4,137,929	0.0442560690	\$388,713,377.24	183,129
01/02/94	\$17,296,979.15	3,954,800	0.0465585274	\$371,510,443.41	184,130
07/01/94	\$17,596,074.38	3,770,670	0.0496764696	\$354,213,464.26	187,314
01/02/95	\$17,685,226.35	3,583,357	0.0525380661	\$336,617,389.88	188,263
07/01/95	\$17,976,499.20	3,395,094	0.0563646482	\$318,932,163.53	191,363
01/02/96	\$18,060,742.70	3,203,731	0.0600113068	\$300,955,684.33	192,260
07/01/96	\$18,344,215.45	3,011,471	0.0648446282	\$282,894,921.63	195,278
01/02/97	\$18,423,527.10	2,816,193	0.0696406182	\$264,550,706.18	196,122
07/01/97	\$18,699,211.03	2,620,071	0.0759737754	\$246,127,179.08	199,057
01/02/98	\$18,773,557.00	2,421,014	0.0825472661	\$227,427,968.05	199,848
07/01/98	\$19,041,453.75	2,221,166	0.0912583331	\$208,654,411.05	202,700
01/02/99	\$19,110,789.23	2,018,466	0.1007884139	\$189,612,957.30	203,438
07/01/99	\$19,370,888.08	1,815,028	0.1136108021	\$170,502,168.07	206,207
01/02/20	\$19,435,157.50	1,608,822	0.1285978488	\$151,131,279.99	206,891
07/01/20	\$19,687,435.35	1,401,931	0.1494913820	\$131,696,122.49	209,577
01/02/21	\$19,746,569.98	1,192,354	0.1762949864	\$112,008,687.14	210,206
07/01/21	\$19,990,989.97	982,148	0.2166760376	\$92,262,117.16	212,808
01/02/22	\$20,044,908.40	769,340	0.2773570744	\$72,271,127.19	213,382
07/01/22	\$20,281,419.13	555,958	0.3883378809	\$52,226,218.79	215,900
01/02/23	\$15,808,298.83	340,059	0.4948629823	\$31,944,799.66	168,282
07/01/23	\$16,136,500.88	171,776	1.0000000031	\$16,136,500.83	171,776
		(0)	0.0000000000	(\$0.05)	0

\$488,359,145.23

Name of file: loan1.shs

0

12 - Recalculated.

1 - Input to Amortization schedule. Calculated in current file.

2000 - Total 3.0 shares (100%):

2000 352,272
2000 212,220

6/30/00
12,042

174,351

138,784

885,227

181

21-3

F01K06W 002128

12/31/91

11/4/91

BELLSOUTH MGMT LOAN 2

ACCOUNT 109483

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I (Remaining)	SHARES RELEASED
07/01/90	✓ \$11,509,341.00	1,524,128	0.0235243654	✓ \$489,251,921.79	① 35,854
01/02/91	\$17,180,748.31	5,121,489	0.0359204915	\$477,742,580.79	↓ 183,988
07/01/91	\$12,846,000.49	4,937,523	0.0281079269	\$460,581,832.48	40138,784 A-S
01/02/92	\$17,291,147.80	4,798,739	0.0386277116	\$447,635,831.99	185,384 A-S
07/01/92	\$13,474,353.31	4,613,375	0.0313106071	\$430,344,684.19	144,448
01/02/93	\$18,234,944.70	4,468,927	0.0437424862	\$416,870,330.88	195,482
07/01/93	\$14,008,505.79	4,273,445	0.0351361326	\$398,836,386.18	150,152
01/02/94	\$18,708,885.72	4,123,293	0.0486413961	\$384,628,880.39	200,563
07/01/94	\$14,534,821.51	3,922,730	0.0397213099	\$365,919,994.67	155,816
01/02/95	\$19,177,554.21	3,766,914	0.0545770160	\$351,385,173.16	205,587
07/01/95	\$15,056,278.50	3,581,327	0.0453218940	\$332,207,618.95	161,406
01/02/96	\$19,641,853.18	3,399,921	0.0619314840	\$317,151,340.45	210,562
07/01/96	\$15,573,518.10	3,189,359	0.0523462555	\$297,509,687.27	166,951
01/02/97	\$20,097,731.28	3,022,408	0.0712846880	\$281,936,169.17	215,451
07/01/97	\$16,078,909.11	2,806,957	0.0614077491	\$261,838,437.89	172,369
01/02/98	\$20,550,202.50	2,634,588	0.0836191484	\$245,759,528.78	220,302
07/01/98	\$16,584,465.58	2,414,286	0.0736402255	\$225,209,326.28	177,789
01/02/99	\$20,998,591.79	2,236,497	0.1006523945	\$208,624,860.70	225,109
07/01/99	\$17,082,732.62	2,011,388	0.0910465934	\$187,626,268.91	183,130
01/02/20	\$21,441,528.99	1,828,258	0.1257246651	\$170,543,536.29	229,857
07/01/20	\$17,575,655.60	1,598,401	0.1178767202	\$149,102,007.30	188,414
01/02/21	\$21,879,167.78	1,409,987	0.1663481690	\$131,526,351.70	234,549
07/01/21	\$18,061,035.90	1,175,438	0.1647195601	\$109,647,183.92	193,618
01/02/22	\$22,315,536.21	981,820	0.2436562372	\$91,586,148.02	239,227
07/01/22	\$18,547,699.01	742,594	0.2677571127	\$69,270,611.81	198,835
01/02/23	\$27,270,183.02	543,759	0.5376304616	\$50,722,912.80	292,341
07/01/23	\$23,452,729.79	251,418	1.0000000004	\$23,452,729.78	251,418
		(0)	0.0000000000	(\$0.01)	0

\$489,251,921.80

Name of file: loan2shs

and then it was 50-
20' - 219,920 -

BELLSOUTH NON-MGMT LOAN
ACCOUNT 109485

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I	SHARES RELEASED
07/01/90	\$19,097,270.01	4,953,557	0.0364529702	\$523,887,900.54	180,572
01/02/91	\$18,704,193.81	5,352,770	0.0370533686	\$504,790,630.53	198,338
07/01/91	\$19,096,624.47	5,154,432	0.0392864788	\$486,086,436.72	202,489
01/02/92	\$18,882,673.72	4,951,932	0.0404353012	\$466,989,812.25	200,233
07/01/92	\$19,259,794.98	4,751,899	0.0429803543	\$448,106,938.53	204,230
01/02/93	\$19,050,482.34	4,547,470	0.0444225469	\$428,847,143.55	202,010
07/01/93	\$19,412,454.99	4,345,460	0.0473709447	\$409,796,661.21	205,848
01/02/94	\$19,207,486.26	4,139,611	0.0492014942	\$390,384,206.22	203,675
07/01/94	\$19,555,053.75	3,935,936	0.0526836446	\$371,176,719.96	207,361
01/02/95	\$19,354,338.90	3,728,575	0.0550430783	\$351,621,666.21	205,232
07/01/95	\$19,688,031.72	3,523,343	0.0592535892	\$332,267,327.31	208,771
01/02/96	\$19,491,489.69	3,314,572	0.0623569442	\$312,579,295.59	206,687
07/01/96	\$19,811,822.01	3,107,886	0.0675968826	\$293,087,805.90	210,083
01/02/97	\$19,619,375.67	2,897,802	0.0717932670	\$273,275,983.89	208,043
07/01/97	\$19,926,849.15	2,689,760	0.0785583679	\$253,656,608.22	211,303
01/02/98	\$19,738,427.49	2,478,457	0.0844497832	\$233,729,759.07	209,305
07/01/98	\$20,033,531.13	2,269,151	0.0936184236	\$213,991,331.58	212,434
01/02/99	\$19,849,071.00	2,056,717	0.1023370587	\$193,957,800.45	210,478
07/01/99	\$20,132,280.36	1,846,239	0.1156305053	\$174,108,729.45	213,482
01/02/20	\$19,951,723.83	1,632,757	0.1295764641	\$153,976,449.09	211,567
07/01/20	\$20,223,504.96	1,421,190	0.1508938363	\$134,024,725.26	214,449
01/02/21	\$20,046,800.88	1,206,741	0.1761562910	\$113,801,220.30	212,575
07/01/21	\$20,307,608.97	994,166	0.2166042849	\$93,754,419.42	215,341
01/02/22	\$20,134,712.58	778,826	0.2741400540	\$73,446,810.45	213,507
07/01/22	\$20,384,992.98	565,318	0.3823708650	\$53,312,097.87	216,161
01/02/23	\$16,282,861.86	349,157	0.4945124059	\$32,927,104.89	172,663
07/01/23	\$16,644,243.03	176,495	1.0000000000	\$16,644,243.03	176,495
		(0)	0.0000000000	(\$0.00)	0
	\$523,887,900.54				0

Original Release of Loan @ 11/30/21.

20'S = 378,710.4

3

602,419

521,015

211,144

PAID

M/C 1/14
188 17

BellSouth Corporation
Monthly Stock Activity Report
For the Month Ending December, 1991

Report Date: 03-Jan-92

DATE	BLS			
	HIGH	LOW	CLOSE	VOLUME
02-Dec-91	47.500	46.125	47.500	435,700
03-Dec-91	47.250	46.875	47.000	245,100
04-Dec-91	47.125	46.250	47.000	276,500
05-Dec-91	47.000	46.375	46.500	399,100
06-Dec-91	47.250	46.125	46.625	466,400
09-Dec-91	47.875	46.500	47.250	334,700
10-Dec-91	47.750	47.250	47.375	284,000
11-Dec-91	48.125	47.500	48.125	513,000
12-Dec-91	49.500	48.375	49.500	548,300
13-Dec-91	49.875	49.250	49.875	443,000
16-Dec-91	49.875	49.000	49.000	378,000
17-Dec-91	49.000	48.000	48.000	401,100
18-Dec-91	48.875	47.750	48.875	349,100
19-Dec-91	48.875	48.250	48.750	258,300
20-Dec-91	50.000	49.000	49.625	1,058,600
23-Dec-91	50.625	49.500	50.500	384,700
24-Dec-91	51.000	50.250	50.250	280,000
26-Dec-91	50.875	50.250	50.750	148,400
27-Dec-91	50.875	50.125	50.375	189,100
30-Dec-91	50.875	50.375	50.750	399,000
31-Dec-91	51.750	50.625	51.750	596,500
TOTAL				8,388,600
MONTH AVERAGE				399,457
MONTH AVERAGE High/Low				48.705
Trading Days				21
High for Month				51.750
Low for Month				46.125
Highest Close for Month				51.750
Lowest Close for Month				46.500
YTD High				55.000
YTD Low				45.375
YTD Volume				88,820,200

Source: Wall Street Journal

F01K06W 002131

* Review of share price on 1/14/92 - share price = 50.75. Analyst projections also indicate slight increase in share price to 50.75. However, despite current earnings projections, share price will be 50.75.

Mike
1/14/92
112

92-1
BellSouth Corporation
1991-2 Top Off Reconciliation
Prepared by: Merrill McCreary
Date Prepared: January 14, 1992

File: 91-2REC.wk1

	(MSP) Prepaid/Payable to ESOP Acct #151.51 Dr. (Cr)	(SSP) Prepaid/Payable to ESOP Acct #151.52 Dr. (Cr)
(Prior Period Cash Collected (Over)/Under Requirements (Beginning Balance)	91-2 wk1 340,029.08	91-2 wk1 360,215.70
True-up of June Top-Off Estimate	* (4,900.66)	* 4,819.49
Debt Service Payment 91-2 wk1: A1	\$15,054,635.87	\$11,472,074.04
Employer Contributions:		
July	(3,658,786.36)	(3,022,344.47)
August	(3,756,768.08)	(3,913,412.64)
September	(3,642,055.24)	(3,318,549.85)
October	(3,694,889.21)	(2,971,718.14)
November	(3,372,573.00)	(4,051,830.40)
December	(3,178,033.08)	(2,856,474.35)
Top-Off Requirements:		
October	0.00	2,228,802.90
November	2,561,173.28	3,545,503.20
December	3,097,822.82	1,927,948.50
Cash Collected (Over)/Under Requirements	(\$254,344.58) A-1,	(\$594,966.02) A-1,
Reconciliation to General Ledger @ 12/31/91:		
Cash Collected (Over)/Under Requirements	(\$254,344.58)	(\$594,966.02)
Less: Top-Off Remitted After 12/31 December	✓ (3,097,822.82)	✓ (1,927,948.50)
Add: December True-Up Remitted in January (company contributions to ASC)	α 649,944.71	× 35,290.70
185 GL Balance @ 12/31/91	GL (\$2,702,222.69)	GL (\$2,487,623.82)

FOIK86W 002132

For monthly "Contribution Breakdown" worksheets,
- Difference between June '91 Company Matching Contribution and your Contribution Breakdown (used
to estimate & calculate prior period Cash (over/under) and Actual Top-Off Contribution.
x For vouchers prepared by Service Center to remit Top-Off contributions to Bankers.
- For December Contribution Breakdown worksheets.

Based on 91-2 wk1 & 2 wk2 Acct 151.51, 152.52

BellSouth Corp.

Cost of shares allocated 1/2/12 (for period 92-1)

Initials	Date
Prepared by <i>274</i>	4/2/12
Approved by <i>1052</i>	11/1/12

COLUMN RULING
G7/04
COLUMN WHITE

		1	2	3	4
		MSP			SSP
		Team 1	Team 2	Total	
1					
2		A-36 1/3	A-36 1/3		A-36 1/3
3	Total Shares Released	175,957	195,364	360,820	700,239
4				A-3 1/2	
5	X Cost Per Share Released	52.57	53.30		54.20
6					
7	Total Cost of Shares Released	9,279,867.54	9,977,901.20	19,157,769.04	20,852,638.60
8				A-1	A-1
9					
10					
11					
12					
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31					
32					
33					
34					
35	Agreed to prior period loan payment without interest reported				
36	By Bankers Trust				
37					
38					
39					
40	186				A-5

F01K06W 002133

CARRY-FORWARD WORKPAGE
(ORIGINAL MAINTAINED IN
PERMANENT FILE)

----- TOTAL MANAGEMENT ESOP PAYMENTS -----

1 \$550,000.000 1

PAYMENT DATE	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	TOTAL PAYMENTS
01-Jul-90	11,537,250.54	(16,685,613.16)	(28,545,873.70)
01-Jan-91	12,418,491.35	(8,797,858.88)	(33,216,350.23)
01-Jul-91	14,015,466.37	(5,306,921.15)	(29,324,337.52)
01-Jan-92	17,772,919.30	(10,090,437.43)	(33,773,337.23)
01-Jul-92	18,314,875.42	(6,955,509.86)	(30,271,405.29)
01-Jan-93	12,794,709.93	(12,104,719.59)	(35,133,929.57)
01-Jul-93	11,441,126.40	(8,768,313.02)	(31,209,439.61)
01-Jan-94	11,040,177.22	(13,965,867.01)	(36,005,864.87)
01-Jul-94	11,000,529.56	(10,750,566.32)	(32,170,395.89)
01-Jan-95	10,709,735.96	(15,953,944.61)	(36,962,780.56)
01-Jul-95	10,179,092.77	(12,853,884.94)	(33,032,777.70)
01-Jan-96	10,591,069.15	(18,111,326.72)	(37,702,375.82)
01-Jul-96	10,761,803.03	(15,155,119.39)	(33,917,733.65)
01-Jan-97	10,645,145.44	(20,483,111.94)	(39,521,259.32)
01-Jul-97	17,131,454.48	(17,646,565.66)	(34,778,120.14)
01-Jan-98	16,323,750.64	(22,999,808.87)	(39,323,759.50)

01-Jan-99	(14,337,109.29)	(23,271.33)	(40,109,381.02)
01-Jul-99	(13,158,947.29)	(23,294,673.41)	(36,453,620.69)
01-Jan-2000	(13,092,805.05)	(28,783,831.45)	(40,876,636.49)
01-Jul-2000	(10,774,648.75)	(26,468,442.20)	(37,263,090.95)
01-Jan-2001	(9,562,253.14)	(32,063,484.61)	(41,625,737.75)
01-Jul-2001	(8,073,720.23)	(29,958,105.65)	(38,052,025.88)
01-Jan-2002	(6,722,636.61)	(35,637,808.00)	(42,360,444.61)
01-Jul-2002	(5,070,829.25)	(33,738,488.88)	(38,829,119.13)
01-Jan-2003	(3,546,226.04)	(39,532,255.81)	(43,078,481.85)
01-Jul-2003	(1,734,413.31)	(37,854,817.36)	(39,589,230.66)
	(627,611,066.97)	(550,000,000.00)	(977,611,066.57)

ESOP INTEREST EXPENSE — AMORTIZATION SCHEDULE

ISSUE: \$300,000,000.00 9.125% DUE 7/1/2003

EXPENSE DATE	PAYMENT DATE	INTEREST EXPENSE PER \$1,000	300,000.00 DR EXPENSE CR PAYABLE	INTEREST PAYMENTS DR PAYABLE CR CASH	PRINCIPAL PAYMENTS DR L-T DEBT CR CASH	TOTAL PAYMENTS
31-Mar-90			5,475,000.00			
30-Jun-90		36.5000000	5,475,000.00			
	01-Jul-90			(10,950,000.00)	(8,147,270.01)	(19,097,270.01)
30-Sep-90			6,657,890.40			
31-Dec-90		44.3859360	6,657,890.40			
	01-Jan-91			(13,315,780.80)	(5,388,413.01)	(18,704,193.81)
31-Mar-91			6,534,967.23			
30-Jun-91		43.5664482	6,534,967.23			
	01-Jul-91			(13,069,934.46)	(6,026,690.01)	(19,096,624.47)
30-Sep-91			6,397,483.37			
31-Dec-91		42.6498891	6,397,483.37			
	01-Jan-92			(12,794,966.73)	(6,087,906.99)	(18,882,873.72)
31-Mar-92			6,258,602.99			
30-Jun-92		41.7240199	6,258,602.99			
	01-Jul-92			(12,517,205.97)	(6,742,589.01)	(19,259,794.98)
30-Sep-92			6,104,787.68			
31-Dec-92		40.6985845	6,104,787.68			
	01-Jan-93			(12,209,575.35)	(6,840,906.99)	(19,050,482.34)
31-Mar-93			5,948,729.49			
30-Jun-93		39.6581966	5,948,729.49			
	01-Jul-93			(11,897,458.98)	(7,514,996.01)	(19,412,454.99)
30-Sep-93			5,777,293.64			
31-Dec-93		38.5152909	5,777,293.64			
	01-Jan-94			(11,554,587.27)	(7,652,898.99)	(19,207,486.26)
31-Mar-94			5,602,711.88			
30-Jun-94		37.3514125	5,602,711.88			
	01-Jul-94			(11,205,423.75)	(8,349,630.00)	(19,555,053.75)
30-Sep-94			5,412,235.95			
31-Dec-94		36.0815730	5,412,235.95			
	01-Jan-95			(10,824,471.90)	(8,529,867.00)	(19,354,338.90)
31-Mar-95			5,217,648.36			
30-Jun-95		34.7843224	5,217,648.36			
	01-Jul-95			(10,433,296.72)	(9,252,735.00)	(19,686,031.72)
30-Sep-95			5,006,570.34			
31-Dec-95		33.3771356	5,006,570.34			
	01-Jan-96			(10,013,140.68)	(9,478,349.01)	(19,491,489.69)
31-Mar-96			4,790,345.51			
30-Jun-96		31.9356367	4,790,345.51			
	01-Jul-96			(9,580,691.01)	(10,231,131.00)	(19,811,822.01)
30-Sep-96			4,556,947.83			
31-Dec-96		30.3796522	4,556,947.83			
	01-Jan-97			(9,113,895.66)	(10,505,480.01)	(19,619,375.67)
31-Mar-97			4,317,291.57			
30-Jun-97		28.7819438	4,317,291.57			
	01-Jul-97			(8,634,583.14)	(11,292,266.01)	(19,926,849.15)
30-Sep-97			4,059,686.75			
31-Dec-97		27.0645783	4,059,686.75			
	01-Jan-98			(8,119,373.49)	(11,619,054.00)	(19,738,427.49)
31-Mar-98			3,794,427.07			

01-Dec-98	25.4044461	3,310,142.01	(7,021,484.01)	(12,827,199)	(19,849,071.00)
01-Jan-99		3,218,112.68			
31-Mar-99		3,218,112.68			
30-Jun-99	21.4340863	3,218,112.68	(6,436,223.35)	(13,696,033.01)	(20,132,280.36)
01-Jul-99		2,905,671.42			
30-Sep-99		2,905,671.42			
31-Dec-99	19.3711428	2,905,671.42	(5,811,342.84)	(14,140,380.99)	(19,951,723.83)
01-Jan-2000		2,583,093.98			
31-Mar-2000		2,583,093.98			
30-Jun-2000	17.2206265	2,583,093.98	(5,166,187.95)	(15,057,317.01)	(20,223,504.96)
01-Jul-2000		2,239,598.94			
30-Sep-2000		2,239,598.94			
31-Dec-2000	14.9306596	2,239,598.94	(4,479,197.88)	(15,567,603.00)	(20,046,800.88)
01-Jan-2001		1,884,462.99			
31-Mar-2001		1,884,462.99			
30-Jun-2001	12.5630866	1,884,462.99	(3,768,925.98)	(16,538,682.99)	(20,307,608.97)
01-Jul-2001		1,507,174.29			
30-Sep-2001		1,507,174.29			
31-Dec-2001	10.0478286	1,507,174.29	(3,014,348.58)	(17,120,364.00)	(20,134,712.58)
01-Jan-2002		1,116,615.99			
31-Mar-2002		1,116,615.99			
30-Jun-2002	7.4441066	1,116,615.99	(2,233,231.98)	(18,151,761.00)	(20,384,992.98)
01-Jul-2002		702,528.93			
30-Sep-2002		702,528.93			
31-Dec-2002	4.6835262	702,528.93	(1,403,057.86)	(14,877,804.00)	(16,282,861.86)
01-Jan-2003		363,129.03			
31-Mar-2003		363,129.03			
30-Jun-2003	2.4208602	363,129.03	(726,258.06)	(15,917,984.97)	(16,644,243.03)
01-Jul-2003					
	746.2930018	223,887,900.54	(223,887,900.54)	(300,000,000.00)	(523,887,900.54)
		746.2930018			

BellSouth Corporation
Dividends Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended December 31, 1991

File: 92-IACCR.wkl

	MSP	SSP	Total
<u>TRUE-UP OF PRIOR PERIOD ESTIMATE:</u>			
1. Actual 8/1 Dividends Paid per Banker's Trust funding letter <i>A-2 1/2</i>	\$7,143,447.87	\$3,816,904.74 <i>A-2 1/2</i>	\$10,960,352.61
2. 8/1 Dividend Payment Accrual per 91-2 workpapers <i>91-2/A-7</i>	7,145,326.05	3,817,538.85	10,962,864.90
3. Difference Added/(Subtracted) from 92-1 Accrual (1 -2)	(1,878.18)	(634.11)	(2,512.29)

4. Actual 11/1 Dividends Paid per Banker's Trust funding letter <i>A-2 1/2</i>	7,139,588.70	3,815,769.69 <i>A-2 1/2</i>	10,955,358.39
5. 11/1 Dividend Payment Accrual per 91-2 workpapers <i>91-2/A-7</i>	7,145,326.05	3,817,538.85	10,962,864.90
6. Difference Added/(Subtracted) from 92-1 Accrual (4 -5)	(5,737.35)	(1,769.16)	(7,506.51)

CALCULATION OF CURRENT PERIOD ESTIMATE:

7. Estimated Dividends to be Paid:			
February 1 (\$.69 per share)	7,139,588.70 <i>A-9</i>	3,815,769.69 <i>A-5</i>	10,955,358.39
May 1 (\$.69 per share)	7,139,588.70	3,815,769.69	10,955,358.39
8. Total Estimated Dividends to be Paid in 1st & 2nd Quarters	14,279,177.40	7,631,539.38	21,910,716.78
9. TOTAL DIVIDEND EARNINGS ACCRUAL ((3 + 6 + 8))	\$14,271,561.87	\$7,629,136.11	\$21,900,697.98

A-1 / 0.2

A-1 / 0.2

* No growth in dividends for 1st quarter assumed. Estimated dividend to be paid to be same amount as paid for 3rd quarter on 11/1/91.

BellSouth Corporation
Interest Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended December 30, 1994/1995
June

	MSP	SSP	Total
<u>TRUE-UP OF PRIOR PERIOD ESTIMATE:</u>			
1. Actual 91-2 Interest Earnings per Banker's Trust funding letter A-2 1/2	\$222,808.72	A-2 1/2 \$119,000.09	\$341,808.81
2. Est. Interest Earnings Accrual per 91-2 workpapers 91-2/A-8	✓ 254,849.96	136,159.34	391,009.30
3. Difference Added/(Subtracted) from 92-1 Accrual (1 - 2)	(132,041.24)	(17,159.25)	(49,200.49)

CALCULATION OF CURRENT PERIOD ESTIMATE:

4. Dividends Paid February 1 (est.) A-7	\$7,139,588.70	A-7 \$3,815,769.69	10,955,358.39
5. Interest Rate	* 6.00%	* 6.00%	-
6. Accrual Period Z (# days/360)	41.94%	41.94%	-
7. Est. Interest Earnings (4 * 5 * 6)	179,679.65	96,030.20	275,709.85
8. Dividends Paid May 1 (est.) A-1	7,139,588.70	A-1 \$3,815,769.69	10,955,358.39
9. Interest Rate	6.00%	6.00%	-
10. Accrual Period Z (# days/360)	16.94%	16.94%	-
11. Est. Interest Earnings (8 * 9 * 10)	72,585.82	38,793.66	111,379.48
12. TOTAL INTEREST EARNINGS ACCRUAL (3 + 7 + 11)	\$220,224.23 A-1 1/2	\$117,664.61 A-1 1/2	\$337,888.84

* Same interest rate assumed as in prior year. Funds are still invested in a STIF fund that values earnings as if date funds are "cached out". (i.e. stock fund).

BELLSOUTH LEVERAGED ESOPs
ESOP Adjustment Worksheet
Date Prepared: July 20, 1992
Prepared By: Merrill McCreary
Periods: July-December 1992 (1992-2)

File: 92-2ESOP.xls

NOTE: The purpose of this w/p is to

compute the funding adjustment to and the share allocated expense adjustment.

Attachment 3d

12/8
7/1/9

CALCULATION OF CASH REQUIREMENTS

	Management	Non-Management	Total
A. Debt Service Required	130,271,405.22	119,259,794.98	249,531,200.27
Less: Dividends Paid	(114,226,759.48)	(117,626,131.16)	(231,852,890.64)
Interest Earnings	(172,376.60)	(196,815.92)	(269,192.52)
Debt Service Contribution	115,872,269.21	111,536,847.90	227,409,117.11
B. Top-Off Contribution	11,623,549.00	19,340,768.00	30,964,317.00
C. Less Prior Period Top-Off Adjustment	11,549,709.16	11,617,821.34	23,167,530.50
REQUIRED ESOP CONTRIBUTION	122,045,527.37	122,495,437.24	244,540,964.61

(5) This is actual for pd. Jan-June 92.

SHARES ALLOCATED EXPENSE CALCULATION

	Management	Non-Management	Total
A. Compensation Element (Cost of Shares Released)	117,156,233.52	111,069,266.00	228,225,499.52
B. Interest Element	122,996,909.98	112,209,575.35	235,206,485.33
C. Loss Earnings: Dividends	(114,161,441.32)	(117,618,014.00)	(231,779,455.32)
Interest Earnings	(1203,263.88)	(1113,831.77)	(2317,095.65)

CALCULATION OF ADJUSTMENTS

LESOP FUNDING ADJUSTMENT:

Employer Matching Contribution (ESP-652, ESP-401)	118,900,000	118,334,000	237,234,000
Required ESOP Contribution	122,045,527	122,495,437	244,540,964
Cash Requirements Over/(Under) Match	3,145,527	4,161,437	7,306,964

LESOP FUNDING ADJUSTMENT (as a % of Employer Match)

16.44%	22.70%
--------	--------

'True Cost of ESOP'
i.e., cost of shares +
interest - earnings
+ Top Off

25.8
4.6
1.5
31.9

Total Cash 22.0 (includes top off)
+ Shares Allocated exp. Adj 9.9
31.9

SHARES ALLOCATED EXPENSE ADJUSTMENT:

Shares Allocated Expense	125,788,438	115,546,996	241,335,434
Debt Service Contribution	115,872,269	111,536,848	227,409,117
SHARES ALLOCATED EXPENSE ADJUSTMENT	109,916,169	104,010,148	213,926,317

actual required 13,906,918

... budget ...

FOI b6 b7C b7D

BELLSOUTH LEVERAGED ESOPs
Allocation of Shares Allocated Adjustment
Date Prepared: June 17, 1992
Prepared By: Merrill McCreary
Periods: 1992-1 (January-June 1992)

NSP Shares Allocated
Adjustment - 99,916,169

Company/Company Code	January Company Match	February Company Match	March Company Match	April Company Match	May Company Match	June Company Match	Total	NSP % of Total Adjustment	Semi-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION	677,539.02	6183,594.63	6126,876.55	682,410.74	682,578.87	681,940.07				
BELLSOUTH CORPORATION - EXECUTIVE	6,283.35	6,283.35	6,283.35	6,283.35	6,283.35	6,283.35				
BELLSOUTH CORPORATION TOTAL	683,822.37	6189,878.00	6133,159.90	688,694.09	688,862.22	688,223.42	6672,640.00	3.16%	6313,212	652,202
SC-BELLSOUTH DC	7,623.83	19,362.61	12,116.05	7,625.19	7,494.54	7,112.99				
BELLSOUTH DC - EXECUTIVE	1,690.00	1,690.00	1,690.00	1,690.00	1,690.00	1,690.00				
BELLSOUTH DC TOTAL	9,313.83	21,052.61	13,806.05	9,315.19	9,184.54	8,802.99	71,475.21	0.34%	33,282	5,547
S4-BELLSOUTH TELECOMMUNICATIONS	2,146,839.15	4,594,517.08	3,630,803.93	2,571,678.46	2,576,646.43	2,581,573.11				
BST - EXECUTIVE	16,670.89	18,946.54	17,553.14	19,294.34	16,869.14	16,869.14				
BST TOTAL	2,163,510.04	4,613,463.62	3,648,357.07	2,590,972.80	2,593,515.57	2,598,442.25	18,508,261.35	86.91%	8,618,201	1,436,367
SJ-B5 COMMUNICATIONS	276,459.16	482,034.02	272,832.25	276,616.24	294,482.28	246,291.95				
B5 COMMUNICATIONS - EXECUTIVE	728.00	728.00	728.00	728.00	728.00	728.00				
BELLSOUTH COMMUNICATIONS TOTAL	277,187.16	482,762.02	273,560.25	277,344.24	295,210.28	247,019.95	1,853,083.90	8.70%	862,871	143,812
S7-B5 COMMUNICATION SYSTEMS	20,658.74	38,394.17	31,742.19	23,605.08	26,701.87	29,742.06	170,844.11	0.80%	79,552	13,259
SF-B5 FINANCIAL SERVICES	3,584.26	5,736.94	3,119.88	2,394.15	2,520.27	2,087.49	19,436.99	0.09%	9,031	1,508
CORPORATE TOTAL	62,858,076.40	65,351,281.36	64,103,745.34	62,992,325.55	63,005,994.75	62,974,326.16	621,295,749.56	61.00%	9,916,169	1,652,695

x 6
9,916,170
11

FOI10864 002141

BELLSOUTH LEVERAGED ESOPs
Allocation of Shares Allocated Adjustment
Date Prepared: June 4, 1992
Prepared By: Merrill McCreary
Period: 1992-1 (January-June 1992)

SSP:

SSP Shares Allocated
Adjustment - 44,010,148

Company/Company Code	January Company Match	February Company Match	March Company Match	April Company Match	May Company Match	June Company Match	Total	SSP % of Total Adjustment	Semi-Annual Adjustment	Monthly Adjustment
SH-BELLSOUTH CORPORATION	62,730.00	64,146.00	62,892.00	62,910.00	62,892.00	62,914.00	618,486.00	0.10%	63,939	660
S4-BELLSOUTH TELECOMMUNICATIONS	3,322,123.10	3,029,008.50	2,580,211.20	2,596,039.00	3,421,479.90	62,617,214.70	617,566,076.40	93.80% ✓	3,761,620 ✓	624,937 ✓
SJ-BS COMMUNICATIONS, INC	37,572.00	57,520.50	39,501.00	40,129.20	40,185.00	640,380.60	255,288.30	1.36%	54,668	9,111
S7-BS COMMUNICATION SYSTEMS	60,648.00	44,020.00	42,072.00	41,934.00	59,220.00	640,752.00	289,446.00	1.55%	61,982	10,330
S8-BS BAPCO	89,922.00	90,252.00	134,999.21	92,388.00	93,042.00	691,788.93	592,392.14	3.16%	126,856	21,143
SF-BS FINANCIAL SERVICES	945.00	732.00	903.00	714.00	714.00	6930.00	4,968.00	0.03%	1,664	177
CORPORATE TOTAL	63,513,940.10	63,226,479.00	62,800,578.41	62,774,114.20	63,617,562.90	62,793,982.23	618,726,656.84	100.00%	4,010,149	668,358

46
4,010,148 ✓
A-1

FOKOSH 002142



BellSouth Corporation
 MSP: 10-30,371,405.29A-1 Total Loan Payment

Martin Lebowitz
 Vice President
 Telephone: 201-860-3418

2/1 Dividends = 7,119,829.86A-7
 5/1 Dividends = 7,106,129.62
 14,226,759.48 Total Dividends
 A-1 used for Debt Service

Mailing Address:
 P.O. Box 1855, Church Street Station
 New York, New York 10008

June 23, 1992

2/1's = 172,376.60 - Total Interest Earnings
 A-1 used for Debt Service

Ms. Denise Cowell
 Assistant Staff Manager
 BellSouth Corporation
 1155 Peachtree Street, NE
 14E05 Campanile
 Atlanta, GA 30367

Certified Correct.
Denise Cowell

Dear Denise:

On July 1, 1992 we will transfer \$29,538,200.27 which presents principal & interest payments to Chemical Bank.

We will require the following funds to be transferred to Bankers Trust Company on July 1, 1992 in order to process this loan repayment. The amount needed from BellSouth Corporation will be \$27,409,117.11. ✓

The following is a detail analysis of the amount requested by each debt:

BellSouth Savings & ESOP
 9-1/8% Medium Term Notes, Series A

Account #109482

Loan amount due:
 Dividend payment 2/1
 Dividend payment 5/1
 Stif available as of
 6/18/92

\$16,797,051.98 ✓
 3,571,353.75 ✓
 3,563,625.75 ✓
 85,932.34

Sub-total amount due

\$ 9,576,140.14 ✓

BellSouth Savings & ESOP
 9-19% Medium Term Notes, Series A

Account #109483

Loan amount due:
 Dividend payment 2/1
 Dividend payment 5/1
 Stif available as of
 6/18/92

\$13,474,353.31 ✓
 3,548,476.11 ✓
 3,543,303.87 ✓
 86,444.26

Sub-total amount due

\$ 6,296,129.07 ✓

\$15,872,269.21
A-1

252-7/2/92

June 23, 1992

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation

BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A

Account #109435

Loan amount due:

Dividend payment 2/1

Dividend payment 5/1

Stif available as of
6/18/92

⑤'s = 7,626,131.16
A-1

\$19,259,794.98 ✓ A-1
(3,814,420.05) ✓ A-7
(3,811,711.11) ✓
(96,815.92) A-1/A-8

Sub-total amount due

\$11,536,847.90 ✓
A-1

Grand total amount due from
BellSouth on 7/1/92

\$27,409,117.11 ✓
<A-17

Enclosed is a copy of wire instructions for Bankers Trust Company.

Please call me if you have any questions or need additional information.

Sincerely,



cc: Ms. Nancy Gardner
Ms. Robin Lucie
Ms. Andrea Nicoletti
Mr. Jeff Skolar

BellSouth ESOP Top-Off Calculation
July - December 1992
MSP

① 90% of dividend 5% 1/100
 30% of dividend 5% 1/100
 ② Shares unallocated to individual accounts in lieu of dividends received on allocated shares

Prepared by: *Merrill McCreary*
 Date: *7/20/92*

12/2/92

See page 123, 124

	SHARES RELEASED JULY 1	2ND Q DIVIDEND PAID AUG 1	JUL	AUG	SEPT	3RD Q DIVIDEND PAID NOV 1	OCT	NOV	DEC
1990:									
Shares Released but Unallocated	323,256								
Employer Match Contribution			\$3,100,000	\$3,100,000	\$3,100,000		\$3,200,000	\$3,200,000	\$3,200,000
Divided by: Share Price			\$49.750	\$49.750	\$49.750		\$49.750	\$49.750	\$49.750
# of Shares to be Allocated			62,312	62,312	62,312		64,322	64,322	64,322
Total Allocated Shares as of Record Date *	1,246,047					1,370,670			
Value of Dividends on Allocated Shares	\$859,772					\$945,762			
Divided by: Share Price	\$49.750					\$49.750			
# of Shares to be Allocated	17,282					19,010			
Shares Remaining (Needed) for Allocation Period	305,974	243,663	181,351	119,039	100,029	35,708	(28,614)	(92,936)	
TOTAL SHARES ALLOCATED AT END OF YEAR:								1,569,303	

640 x 49.75 = 11,940

42,724, 300

1940

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period	92,936
Multiply by: Share Price	\$49.750
Projected Top-Off Expense	\$4,623,549

Shares allocated to participants as of the record date include all shares allocated during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for September's contribution are allocated to participants' accounts subsequent to the record date of October 10.

* Note, "allocated shares" for calculation of the value of dividends on allocated shares is all allocated ESOP shares through the previous quarter plus allocated ESOP shares for the first two months of the quarter to which the dividend relates. For example, the 3rd Quarter dividend is paid on November 1 to shareholders of record on October 10. Shares allocated to participants as of the record date include all shares allocated during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for September's contribution are allocated to participants' accounts subsequent to the record date of October 10.

FD1000-002145

BellSouth ESOP Top-Off Calculation
July - December 1992
SSP

Prepared by: *M. M. C. / M. C. C.*
Date: *7/30/92*
10/2/92

Note: Top-Off Calculation

	SHARES RELEASED JULY 1	2ND Q DIVIDEND PAID AUG 1	JUL	AUG	SEPT	3RD Q DIVIDEND PAID NOV 1	OCT	NOV	DEC
1990:									
Shares Released but Unallocated	204,230								
Employer Match Contribution			\$2,781,000	\$3,605,000	\$2,781,000		\$3,605,000	\$2,781,000	\$2,781,000
Divided by: Share Price			\$49.750	\$49.750	\$49.750		\$49.750	\$49.750	\$49.750
# of Shares to be Allocated			55,899	72,462	55,899		72,462	55,899	55,899
Total Allocated Shares as of Record Date *	781,642					910,003			
Value of Dividends on Allocated Shares	\$539,333					\$627,902			
Divided by: Share Price	\$49.750					\$49.750			
# of Shares to be Allocated	10,841					12,621			
Shares Remaining (Needed) for Allocation Period	193,389	137,490	65,028	9,128	(3,493)	(75,955)	(131,855)	(187,754)	
TOTAL SHARES ALLOCATED AT END OF YEAR:								985,872	

CALCULATION OF TOPOFF EXPENSE:

Total Share Deficit for Period 187,754
Multiply by: Share Price \$49.750

Projected Top-Off Expense \$9,340,768

* Note, "allocated shares" for calculation of the value of dividends on allocated shares is all allocated ESOP shares through the previous quarter plus allocated ESOP shares for the first two months of the quarter to which the dividend relates. For example, the 3rd Quarter dividend is paid on November 1 to shareholders of record on October 10. Shares allocated to participants as of the record date include all shares allocated during the 2nd Quarter plus the first two months of the 3rd Quarter. Shares for September's contribution are allocated to participants' accounts subsequent to the record date of October 10.

MSP

	1991 MATCH
JANUARY	3000
FEBRUARY	6000
MARCH	4500
APRIL	3000
MAY	3000
JUNE	3000
total	22500
JULY	3000
AUGUST	3000
SEPTEMBER	3000
OCTOBER	3000
NOVEMBER	2600
DECEMBER	2600
total	17200
TOTAL	39700

PROJ

1992
2700.00 A-3 1/2
5400.00
4050.00
3000.00
3000.00
3000.00
21150.00 A-1
3100.00 A-3 1/2
3100.00
3100.00
3200.00
3200.00
3200.00
18900.00 A-1
40050.00
37185.5

Projection of 1992 Company
Matching Contributions
\$'s in 000's

SSP

	1991 MATCH
JANUARY	2700
FEBRUARY	2700
MARCH	2700
APRIL	2700
MAY	3500
JUNE	2700
total	17000
JULY	2700
AUGUST	2700
SEPTEMBER	2700
OCTOBER	2700
NOVEMBER	3500
DECEMBER	2700
total	17000
TOTAL	34000

PROJ

1992
2781.00 A-3 1/2
5000.00
2781.00
2781.00
3605.00
2781.00
19729.00 A-1
2781.00 A-3 1/2
3605.00
2781.00
3605.00
2781.00
2781.00
18334.00 A-1
38063.00
36785.32

Note: These projections were discussed in detail
in the

Note: Arthur Andersen reviewed these projections on 7/15/92, and
determined that amounts for July thru December were
still reasonable.

7/15/92
7/16/92

BELLSOUTH MGMT LOAN 1

ACCOUNT 109482

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I (Remaining)	SHARES RELEASED
07/01/90	\$17,036,532.70	5,198,677	0.0348852537	\$488,359,145.18	181,357
01/02/91	\$16,055,601.93	5,017,320	0.0340649939	\$471,322,612.48	170,915
07/01/91	\$16,378,387.03	4,846,405	0.0359753434	\$455,267,010.55	174,351
01/02/92	\$16,482,209.43	4,672,054	0.0375544239	\$438,888,623.52	175,456
07/01/92	\$16,797,051.97	4,496,597	0.0397651442	\$422,406,414.09	178,808
01/02/93	\$16,895,984.88	4,317,790	0.0416558060	\$405,609,362.12	179,861
07/01/93	\$17,202,933.83	4,137,929	0.0442560890	\$388,713,377.24	183,129
01/02/94	\$17,296,979.15	3,954,800	0.0465585274	\$371,510,443.41	184,130
07/01/94	\$17,596,074.38	3,770,670	0.0496764696	\$354,213,464.26	187,314
01/02/95	\$17,685,226.35	3,583,357	0.0525380651	\$336,817,389.88	188,263
07/01/95	\$17,976,499.20	3,395,094	0.0563646482	\$318,932,163.53	191,363
01/02/96	\$18,060,742.70	3,203,731	0.0600113068	\$300,955,664.33	192,260
07/01/96	\$18,344,215.45	3,011,471	0.0648446262	\$282,894,921.63	195,278
01/02/97	\$18,423,527.10	2,816,193	0.0696408162	\$264,550,706.18	196,122
07/01/97	\$18,699,211.03	2,620,071	0.0759737754	\$246,127,179.08	199,057
01/02/98	\$18,773,557.00	2,421,014	0.0825472661	\$227,427,968.05	199,848
07/01/98	\$19,041,453.75	2,221,166	0.0912583331	\$208,654,411.05	202,700
01/02/99	\$19,110,789.23	2,018,466	0.1007884139	\$189,612,957.30	203,438
07/01/99	\$19,370,888.08	1,815,028	0.1136108021	\$170,502,168.07	206,207
01/02/20	\$19,435,157.50	1,608,822	0.1285978488	\$151,131,279.99	206,891
07/01/20	\$19,687,435.35	1,401,931	0.1494913820	\$131,696,122.49	209,577
01/02/21	\$19,746,569.98	1,192,354	0.1762949864	\$112,008,687.14	210,206
07/01/21	\$19,990,989.97	982,148	0.2166760376	\$92,262,117.16	212,808
01/02/22	\$20,044,908.40	769,340	0.2773570744	\$72,271,127.19	213,382
07/01/22	\$20,281,419.13	555,958	0.3883378809	\$52,226,218.79	215,900
01/02/23	\$15,808,298.83	340,059	0.4948629823	\$31,944,799.66	168,282
07/01/23	\$16,136,500.88	171,776	1.0000000031	\$16,136,500.83	171,776
		(0)	0.0000000000	(\$0.05)	0

\$488,359,145.23

Name of file: loan1.shs

Re-calculated.

Added to amortization schedule in spreadsheet in document file.

Notes: Shares 3.0000000000 (100%)

20's 352,272 Loan 1

2/3 214,920 Loan 2

6/30/91 172,092

174,351

138,734

885,227

885,227

172,092

174,351

138,734

885,227

201

12/31/91

FO1K06W 002148

A-2

BELLSOUTH MGMT LOAN 2

ACCOUNT 109483

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I (Remaining)	SHARES RELEASED
07/01/90	\$11,509,341.00	1,524,128	0.0235243654	\$489,251,921.79	35,854
01/02/91	\$17,160,748.31	5,121,489	0.0359204915	\$477,742,580.79	183,966
07/01/91	\$12,946,000.49	4,937,523	0.0281079269	\$460,581,832.48	138,784
01/02/92	\$17,291,147.80	4,798,739	0.0386277116	\$447,635,831.99	185,364
07/01/92	\$13,474,353.31	4,613,375	0.0313106071	\$430,344,684.19	144,448
01/02/93	\$18,234,944.70	4,468,927	0.0437424862	\$416,870,330.88	195,482
07/01/93	\$14,006,505.79	4,273,445	0.0351361326	\$398,635,386.18	150,152
01/02/94	\$18,708,885.72	4,123,293	0.0486413961	\$384,628,880.39	200,563
07/01/94	\$14,534,821.51	3,922,730	0.0397213099	\$365,919,994.67	155,816
01/02/95	\$19,177,554.21	3,766,914	0.0545770160	\$351,385,173.16	205,587
07/01/95	\$15,056,278.50	3,561,327	0.0453218940	\$332,207,618.95	161,406
01/02/96	\$19,641,653.18	3,399,921	0.0619314840	\$317,151,340.45	210,562
07/01/96	\$15,573,518.10	3,189,359	0.0523462555	\$297,509,887.27	166,951
01/02/97	\$20,097,731.28	3,022,408	0.0712846860	\$281,936,169.17	215,451
07/01/97	\$16,078,909.11	2,806,957	0.0614077491	\$261,838,437.89	172,369
01/02/98	\$20,550,202.50	2,634,588	0.0836191484	\$245,759,528.78	220,302
07/01/98	\$16,584,465.58	2,414,286	0.0736402255	\$225,209,326.28	177,789
01/02/99	\$20,998,591.79	2,236,497	0.1006523945	\$208,624,860.70	225,109
07/01/99	\$17,082,732.62	2,011,388	0.0910465934	\$187,626,268.91	183,130
01/02/20	\$21,441,528.99	1,828,258	0.1257246651	\$170,543,536.29	229,857
07/01/20	\$17,575,655.60	1,598,401	0.1178767202	\$149,102,007.30	188,414
01/02/21	\$21,879,167.78	1,409,987	0.1663481690	\$131,526,351.70	234,549
07/01/21	\$18,061,035.90	1,175,438	0.1647195601	\$109,647,183.92	193,618
01/02/22	\$22,315,536.21	981,820	0.2436562372	\$91,586,148.02	239,227
07/01/22	\$18,547,699.01	742,594	0.2677571127	\$69,270,611.81	198,835
01/02/23	\$27,270,183.02	543,759	0.5376304616	\$50,722,912.80	292,341
07/01/23	\$23,452,729.79	251,418	1.0000000004	\$23,452,729.78	251,418
		(0)	0.0000000000	(\$0.01)	0
	\$489,251,921.80				0

Name of file: loan2shs

With Share allocated
20's = 219,920

BELLSOUTH NON-MGMT LOAN ACCOUNT 109485

DATE	P&I PAYMENT	TOTAL SHARES	RELEASE SHARES FACTOR	TOTAL P&I	SHARES RELEASED
07/01/90	\$19,097,270.01	4,953,557	0.0364529702	\$523,887,900.54	180,572
01/02/91	\$18,704,193.81	5,352,770	0.0370533696	\$504,790,630.53	198,338
07/01/91	\$19,096,624.47	5,154,432	0.0392864788	\$486,086,436.72	202,499
01/02/92	\$18,882,873.72	4,951,932	0.0404353012	\$466,989,812.25	200,233
07/01/92	\$19,259,794.98	4,751,699	0.0429803543	\$448,106,938.53	204,230
01/02/93	\$19,050,482.34	4,547,470	0.0444225469	\$428,847,143.55	202,010
07/01/93	\$19,412,454.99	4,345,460	0.0473709447	\$409,796,661.21	205,849
01/02/94	\$19,207,486.26	4,139,611	0.0492014942	\$390,384,206.22	203,675
07/01/94	\$19,555,053.75	3,935,936	0.0526839446	\$371,176,719.96	207,361
01/02/95	\$19,354,338.90	3,728,575	0.0550430783	\$351,621,666.21	205,232
07/01/95	\$19,688,031.72	3,523,343	0.0592535892	\$332,267,327.31	208,771
01/02/96	\$19,491,489.69	3,314,572	0.0623569442	\$312,579,295.59	206,687
07/01/96	\$19,811,822.01	3,107,886	0.0675968826	\$293,087,805.90	210,083
01/02/97	\$19,619,375.67	2,897,802	0.0717932670	\$273,275,983.89	208,043
07/01/97	\$19,926,849.15	2,689,760	0.0785583679	\$253,656,608.22	211,303
01/02/98	\$19,738,427.49	2,478,457	0.0844497832	\$233,729,759.07	209,305
07/01/98	\$20,033,531.13	2,269,151	0.0936184236	\$213,991,331.58	212,434
01/02/99	\$19,849,071.00	2,056,717	0.1023370597	\$193,957,800.45	210,478
07/01/99	\$20,132,280.36	1,846,239	0.1156305053	\$174,108,729.45	213,482
01/02/20	\$19,951,723.83	1,632,757	0.1295764641	\$153,976,449.09	211,567
07/01/20	\$20,223,504.96	1,421,190	0.1508938363	\$134,024,725.26	214,449
01/02/21	\$20,046,800.88	1,206,741	0.1761562910	\$113,801,220.30	212,575
07/01/21	\$20,307,608.97	994,166	0.2166042849	\$93,754,419.42	215,341
01/02/22	\$20,134,712.58	778,826	0.2741400540	\$73,446,810.45	213,507
07/01/22	\$20,384,992.98	565,318	0.3823708650	\$53,312,097.87	216,161
01/02/23	\$16,282,861.86	349,157	0.4945124059	\$32,927,104.89	172,663
07/01/23	\$16,644,243.03	176,495	1.0000000000	\$16,644,243.03	176,495
		(0)	0.0000000000	(\$0.00)	0

\$523,887,900.54

0

Total Available Shares @ 6/30/91.

2015 = 378,910K

202,499

581,409

200,233

781,642

Printed by: MCCREARY_M - Merrill McCreary
I N T E R O F F I C E - M E M O R A N D U M

Date: 20-Jul-1992 11:21am
From: Trina M. Jones
JONES T
Dept: BSC TREASURY
Tel No: 404-249-3523

TO: Merrill McCreary

(MCCREARY_M)

Subject: Stock Price

Merrill,

BellSouth's closing stock price on July 1, 1992 was \$49.750.

Please call me if you need any other information.

A. J. Jones

Trina

*Note: Trina Jones is responsible for preparing the
Monthly Stock Estimates report.*

BellSouth Corporation
1992-1 Top Off Reconciliation
Prepared by: Merrill McCreary
Date Prepared: July 15, 1992

File: 92-1REC.wk1

	(MSP) Prepaid/Payable to ESOP Acct #151.51	(SSP) Prepaid/Payable to ESOP Acct #151.52
	Dr. (Cr)	Dr. (Cr)
Prior Period Cash Collected (Over)/Under Requirements (Beginning Balance)	(254,344.58)	(594,966.02)
Debt Service Payment 1/1/92	\$19,267,511.94	\$11,131,199.20
Employer Contributions:		
January	(3,083,864.42)	(3,056,258.98)
February	(5,774,032.59)	(3,403,290.05)
March	(4,625,519.64)	(2,954,050.09)
April	(3,033,859.55)	(2,926,135.67)
May	(3,253,616.05)	(3,815,805.36)
June	(3,209,297.93)	(2,947,092.47)
Top-Off Requirements:		
March	0.00	506,385.00
April	0.00	3,271,989.18
May	2,542,269.77	3,617,574.90
June	2,974,462.21	2,788,271.70
Cash Collected (Over)/Under Requirements	\$1,549,709.16	\$1,617,821.34
Reconciliation to General Ledger @ 12/31/91:		
Cash Collected (Over)/Under Requirements	\$1,549,709.16	\$1,617,821.34
Less: Top-Off Remitted After 6/30 June	(2,974,462.21)	(2,788,271.70)
Add: June True-Up Remitted in July	1,568,977.08	999,487.55
GL Balance @ 06/30/92	\$144,224.03	(\$170,962.81)

6 monthly "Contribution Breakdown" worksheets.

* Per memo: prepared by Linda Smith to submit "Top-Off" contributions to Bankers.

* Ending difference - close on July business; then payroll date at the end of July.

* See June Contribution Breakdown Worksheet, Triller & Co's contribution remitted July 14, 1992.

contribution to fund the cut

* agreed to general ledger account to 151.51 and 151.52.

BillHenth Corporation

Cost of Shares Released on 7/1/92 (for allocation during July - December, 1992 - 1992-2)

WILSON JONES COMPANY

67284 GREEN

7284 BUFF

Initials	Date
Prepared By: <i>MA</i>	7/1/92
Approved By: <i>[Signature]</i>	

	YSP			JSP
	Loan 1	Loan 2	Total	
1				
2	A-36 4/3	A-36 2/3		A-36 3/3
3	Total Shares Released	178808	144448	323256
4			A-36 1/4	X
5	X Cost Per Share	5289	5330	5420
6				
7	9457155 ¹²	7699078 ⁴⁰	17156233 ⁵²	11069266 ⁰
8			A-1	A-1
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29	(Per Bankers Must Loan Payment worksheet, maintained in YSP)			
30	Permanent Lien under "YSP Share" tab.			
31				
32				
33				
34				
35				
36				
37				
38				
39				
40	206			

F01K06W 002153

A-5

CARRIED FORWARD WORKMAN

(CARRIED FORWARD WORKMAN)

Page 71
1988

TOTAL MANAGEMENT ESOP PAYMENTS

\$550,000.00

4,275.00
6,275.00

PAYMENT DATE	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	TOTAL PAYMENTS
01-Jul-90	(11,559,260.54)	(16,486,613.16)	(28,045,873.70)
01-Jan-91	(24,418,491.35)	(8,797,658.88)	(33,216,150.23)
01-Jul-91	24,015,466.37	(5,305,921.15)	(27,324,337.52)
01-Jan-92	27,772,919.30	(11,090,437.43)	(38,772,357.33)
01-Jul-92	23,314,895.42	(6,956,509.86)	(30,271,405.29)
01-Jan-93	22,995,909.93	(12,104,319.59)	(35,100,229.57)
01-Jul-93	22,441,126.60	(8,768,313.02)	(31,209,439.61)
01-Jan-94	22,040,177.22	(13,965,337.01)	(36,005,514.23)
01-Jul-94	22,460,529.56	(10,730,366.32)	(33,190,895.88)
01-Jan-95	20,909,735.96	(13,953,944.61)	(34,863,680.56)
01-Jul-95	20,175,992.77	(12,853,984.54)	(33,029,977.31)
01-Jan-96	19,591,069.16	(18,111,326.72)	(37,702,395.88)
01-Jul-96	19,711,603.50	(15,166,127.39)	(34,877,730.89)
01-Jan-97	19,065,146.44	(20,453,111.94)	(39,518,258.38)
01-Jul-97	17,131,454.48	(17,646,565.66)	(34,778,020.14)
01-Jan-98	16,323,950.64	(22,999,308.97)	(39,323,259.61)

NOTE: The above amounts which account for the fact that the needed match would be larger in the first 6 months because of MTIA.

01-Jan-99	14,339,109.29	(25,271.73)	(40,109,381.02)
01-Jul-99	(13,158,947.29)	(23,294,673.41)	(36,453,620.69)
01-Jan-2000	11,992,305.05	(28,783,881.45)	(40,876,686.49)
01-Jul-2000	(10,774,648.75)	(26,488,442.20)	(37,263,090.95)
01-Jan-2001	9,562,253.14	(32,063,484.61)	(41,625,737.75)
01-Jul-2001	(8,073,920.23)	(29,953,105.65)	(38,052,025.98)
01-Jan-2002	(6,722,636.61)	(35,637,808.00)	(42,360,444.61)
01-Jul-2002	(5,070,629.25)	(33,738,488.88)	(38,829,118.13)
01-Jan-2003	(3,346,226.04)	(39,532,255.81)	(43,078,481.85)
01-Jul-2003	(1,734,413.31)	(37,854,917.36)	(39,589,230.66)
	(427,611,066.97)	(550,000,000.00)	(977,611,066.97)

ESOP INTEREST EXPENSE -- AMORTIZATION SCHEDULE

ISSUE: \$300,000,000.00 9.125% DUE 7/1/2003

EXPENSE DATE	PAYMENT DATE	INTEREST EXPENSE PER \$1,000	300,000.00 DR EXPENSE CR PAYABLE	INTEREST PAYMENTS DR PAYABLE CR CASH	PRINCIPAL PAYMENTS DR L-T DEBT CR CASH	TOTAL PAYMENTS
31-Mar-90			5,475,000.00			
30-Jun-90		36.5000000	5,475,000.00			
	01-Jul-90			(10,950,000.00)	(8,147,270.01)	(19,097,270.01)
30-Sep-90			6,657,890.40			
31-Dec-90		44.3859360	6,657,890.40			
	01-Jan-91			(13,315,780.80)	(5,388,413.01)	(18,704,193.81)
31-Mar-91			6,534,967.23			
30-Jun-91		43.5664482	6,534,967.23			
	01-Jul-91			(13,069,934.46)	(6,026,690.01)	(19,096,624.47)
30-Sep-91			6,397,483.37			
31-Dec-91		42.6498891	6,397,483.37			
	01-Jan-92			(12,794,966.73)	(6,087,906.99)	(18,882,873.72)
31-Mar-92			6,258,602.99			
30-Jun-92		41.7240199	6,258,602.99			
	01-Jul-92			(12,517,205.97)	(6,742,589.01)	(19,259,794.98)
30-Sep-92			6,104,787.68			
31-Dec-92		40.6985845	6,104,787.68			
	01-Jan-93			(12,209,575.35)	(6,840,906.99)	(19,050,482.34)
31-Mar-93			5,948,729.49			
30-Jun-93		39.6581966	5,948,729.49			
	01-Jul-93			(11,897,458.98)	(7,514,996.01)	(19,412,454.99)
30-Sep-93			5,777,293.64			
31-Dec-93		38.5152909	5,777,293.64			
	01-Jan-94			(11,554,587.27)	(7,652,898.99)	(19,207,486.26)
31-Mar-94			5,602,711.88			
30-Jun-94		37.3514125	5,602,711.88			
	01-Jul-94			(11,205,423.75)	(8,349,630.00)	(19,555,053.75)
30-Sep-94			5,412,235.95			
31-Dec-94		36.0815730	5,412,235.95			
	01-Jan-95			(10,824,471.90)	(8,529,867.00)	(19,354,338.90)
31-Mar-95			5,217,648.36			
30-Jun-95		34.7843224	5,217,648.36			
	01-Jul-95			(10,435,296.72)	(9,252,735.00)	(19,688,031.72)
30-Sep-95			5,006,570.34			
31-Dec-95		33.3771356	5,006,570.34			
	01-Jan-96			(10,013,140.68)	(9,478,349.01)	(19,491,489.69)
31-Mar-96			4,790,345.51			
30-Jun-96		31.9356367	4,790,345.51			
	01-Jul-96			(9,580,691.01)	(10,231,131.00)	(19,811,822.01)
30-Sep-96			4,556,947.83			
31-Dec-96		30.3796522	4,556,947.83			
	01-Jan-97			(9,113,895.66)	(10,505,480.01)	(19,619,375.67)
31-Mar-97			4,317,291.57			
30-Jun-97		28.7819438	4,317,291.57			
	01-Jul-97			(8,634,583.14)	(11,292,266.01)	(19,926,849.15)
30-Sep-97			4,059,686.75			
31-Dec-97		27.0645783	4,059,686.75			
	01-Jan-98			(8,119,373.49)	(11,619,054.00)	(19,738,427.49)
31-Mar-98			3,794,627.07			

31-Dec-98	23.4049467	3,510,742.01	(7,021,484.01)	(12,827,99)	(19,849,071.00)
01-Jan-99					
31-Mar-99		3,218,112.68			
30-Jun-99	21.4540845	3,218,112.68			
01-Jul-99			(6,436,225.35)	(13,696,055.01)	(20,132,280.36)
30-Sep-99		2,905,671.42			
31-Dec-99	19.3711428	2,905,671.42			
01-Jan-2000			(5,811,342.84)	(14,140,380.99)	(19,951,723.83)
31-Mar-2000		2,583,093.98			
30-Jun-2000	17.2206265	2,583,093.98			
01-Jul-2000			(5,166,187.95)	(15,057,317.01)	(20,223,504.96)
30-Sep-2000		2,239,598.94			
31-Dec-2000	14.9306596	2,239,598.94			
01-Jan-2001			(4,479,197.88)	(15,567,603.00)	(20,046,800.88)
31-Mar-2001		1,884,462.99			
30-Jun-2001	12.5630866	1,884,462.99			
01-Jul-2001			(3,768,925.98)	(16,538,682.99)	(20,307,608.97)
30-Sep-2001		1,507,174.29			
31-Dec-2001	10.0478286	1,507,174.29			
01-Jan-2002			(3,014,348.58)	(17,120,364.00)	(20,134,712.58)
31-Mar-2002		1,116,615.99			
30-Jun-2002	7.4441066	1,116,615.99			
01-Jul-2002			(2,233,231.98)	(18,151,761.00)	(20,384,992.98)
30-Sep-2002		702,528.93			
31-Dec-2002	4.6833262	702,528.93			
01-Jan-2003			(1,405,057.86)	(14,877,804.00)	(16,282,861.86)
31-Mar-2003		363,129.03			
30-Jun-2003	2.4208602	363,129.03			
01-Jul-2003			(726,258.06)	(15,917,984.97)	(16,644,243.03)
	746.2930018	223,887,900.54	(223,887,900.54)	(300,000,000.00)	(523,887,900.54)
		746.2930018			

BellSouth Corporation
Dividends Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended December 31, 1992

File: 92-ZACCR.wk1

	MSP	SSP	Total
TRUE-UP OF PRIOR PERIOD ESTIMATE:			
1. Actual 2/1 Dividends Paid per Banker's Trust funding letter <i>A-2 1/2</i>	\$7,119,829.86	<i>A-2 1/2</i> \$3,814,420.05	\$10,934,249.91
2. 2/1 Dividend Payment Accrual per 92-1 workpapers <i>→ 2-1/A-7</i>	7,139,588.70	3,815,769.69	10,955,358.39
3. Difference Added/(Subtracted) from 92-2 Accrual (1 - 2)	(19,758.84)	(1,349.64)	(21,108.48)
4. Actual 5/1 Dividends Paid per Banker's Trust funding letter <i>A-2 1/2</i>	7,106,929.62	<i>A-2 1/2</i> 3,811,711.11	10,918,640.73
5. 5/1 Dividend Payment Accrual per 92-1 workpapers <i>→ 2-1/A</i>	7,139,588.70	3,815,769.69	10,955,358.39
6. Difference Added/(Subtracted) from 92-2 Accrual (4 - 5)	(32,659.08)	(4,058.58)	(36,717.66)

CALCULATION OF CURRENT PERIOD ESTIMATE:

7. Estimated Dividends to be Paid:			
August 1 (\$.69 per share)	<i>A-5</i> 7,106,929.62	<i>A-5</i> 3,811,711.11	10,918,640.73
November 1 (\$.69 per share)	7,106,929.62	3,811,711.11	10,918,640.73
8. Total Estimated Dividends to be Paid in 1st & 2nd Quarters	14,213,859.24	7,623,422.22	21,837,281.46
9. TOTAL DIVIDEND EARNINGS ACCRUAL ^(A) ((3 + 6 + 8))	\$14,161,441.32	\$7,618,014.00	\$21,779,455.32

A-1 1/2

A-1 1/2

* Dividend earnings estimated to be the same amount for 3rd and 4th quarters as paid in 1st.

(A) This was a projection based on prior yr's actual dividends less over accrual for 2 prior quarters.

BellSouth Corporation
Interest Earnings Accrual
Prepared by: Merrill McCreary
For Period Ended December 31, 1992

	MSP	SSP	Total
TRUE-UP OF PRIOR PERIOD ESTIMATE:			
1. Actual 92-1 Interest Earnings per Banker's Trust funding letter A-24	\$172,376.60	A-24 \$96,815.92	\$269,192.52
2. Est. Interest Earnings Accrual per 92-1 workpapers 92-1/A-8	(226,224.23)	117,664.61	337,888.84
3. Difference Added/(Subtracted) from 92-2 Accrual (1 - 2)	(47,847.63)	(20,848.69)	-(68,696.32)

CALCULATION OF CURRENT PERIOD ESTIMATE:

4. Dividends Paid August 1 (est.) A-1	\$7,106,929.62	A-1 \$3,811,711.11	10,918,640.73
5. Interest Rate	x 6.00%	x 6.00%	-
6. Accrual Period Z (# days/360) Aug 1 - Dec 31	41.94%	41.94%	-
7. Est. Interest Earnings (4 & 5 & 6)	178,857.73	95,928.06	274,785.79
8. Dividends Paid November 1 (est.) A-1	7,106,929.62	A-1 3,811,711.11	10,918,640.73
9. Interest Rate	x 6.00%	x 6.00%	-
10. Accrual Period Z (# days/360) Nov 1 - Dec 31	16.94%	16.94%	-
11. Est. Interest Earnings (8 & 9 & 10)	72,253.78	38,752.40	111,006.18
12. TOTAL INTEREST EARNINGS ACCRUAL (3 + 7 + 11)	\$203,263.88 A-1 / R-1	\$113,831.77 A-1 / R-1	\$317,095.65

2 Some interest rate assumed as in prior six month periods. Some are still invested in a SIF fund that values funds as to date funds are "closed out." (ie stock fund).

"N LETTER" REPORT OF SAVINGS PLAN ACTIVITY FOR CONTRIBUTIONS TAKEN (MO/YR): JANUARY 1991

Sheet 1 of 2

Company Name: BellSouth Corporation

Company Code: SH

Plan: MSP

SECTION 1: EMPLOYEE CONTRIBUTIONS

	Column A Current Month's Recordkeeper Tape	Column B Manual Adjustments To Recordkeeper File	Column C Prior Month and Other Adjustments	Column D Total (A+B+C)
1. Before-Tax Basic	<u>110,358.50</u>			<u>110,358.50</u>
2. After-Tax Basic	<u>10,416.48</u>			<u>10,416.4</u>
3. Before-Tax Supplemental	<u>35,016.36</u>			<u>35,016.36</u>
4. After-Tax Supplemental	<u>10,164.67</u>			<u>10,164.67</u>
5. Loan Repayments	<u>10,315.52</u>			<u>10,315.52</u>
6. Employee Total (1+2+3+4+5)	<u>176,271.53</u>			<u>176,271.53</u>
7. Preliminary Remittance Made on the Last Work Day (Form RF-5607 Line 3)				<u>158,998.39</u>
8. Employee Portion of Final Remittance Due on the 14th Calendar Day (6-7)				<u>17,273.14</u>

SECTION 2: EMPLOYER CONTRIBUTIONS

9. Company Match	<u>84,375.51</u>			<u>84,375.51</u>
10. LESOP Funding Adjustment (Line 9 Column D multiplied by LESOP Adjustment Rate <u>.53 %</u>)				<u>447.19</u>
11. Employer Total (9+10)				<u>84,822.70</u>
12. Preliminary Remittance Made on the Last Work Day (Form RF-5607 Line 6)				
13. Employer Portion of Final Remittance Due on the 14th Calendar Day (11-12)				
14. Total Final Remittance to be Wire Transferred on the 14th Calendar Day (8+13)				\$

*provided by Corp.
See Attachment 3a*

*Attachment IV
Item 6-084*

213

Prepared By: Lou Miller

Date: 02/11/91

Telephone: (404) 250-6926

NOTE: SHEET 2 MUST BE COMI
AND ATTACHED IF AMOI
REPORTED IN COLUMN 1

Approval: Gloria Moore

Title: Asst. Mgr. - Benefits & Taxes

BellSouth Corporation
BSC-HQ 1991 and 1992 Matching Contributions

File: PSC1.wk3

	SSP			MSP			MSP & SSP		
1991:	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Total Employer Contributions	Shares Allocated Expense Adjustment	TOTAL BSC SAVINGS PLAN EXPENSE
Month									
January	\$2,938.00	\$73.16	\$3,011.16	\$91,237.26	\$483.56	\$91,720.82	\$94,731.98	\$36,354.00	\$131,085.98
February	2,899.00	72.19	2,971.19	225,813.35	1,186.81	227,010.16	228,981.35	36,354.00	\$266,335.35
March	4,264.00	106.17	4,370.17	146,859.85	778.36	147,638.21	152,008.38	36,354.00	\$188,362.38
April	2,598.00	64.69	2,662.69	89,900.65	476.47	90,377.12	93,039.81	36,354.00	\$129,393.81
May	2,574.00	64.09	2,638.09	89,101.74	472.24	89,573.98	92,212.07	36,354.00	\$128,568.07
June	2,538.00	63.20	2,601.20	89,178.55	472.55	89,652.10	92,253.30	36,354.00	\$128,607.30
July	2,544.00	362.77	2,906.77	87,486.05	5,109.19	92,595.24	95,502.01	41,890.00	\$137,392.01
August	3,930.00	560.42	4,490.42	86,684.77	5,062.39	91,747.16	96,237.58	41,890.00	\$138,127.58
September	2,670.00	380.74	3,050.74	84,404.75	4,929.24	89,333.99	92,384.73	41,890.00	\$134,274.73
October	2,574.00	367.05	2,941.05	83,605.34	4,882.55	88,487.89	91,428.94	41,890.00	\$133,318.94
November	2,586.00	368.76	2,954.76	82,159.28	4,798.10	86,957.38	89,912.14	41,890.00	\$131,802.14
December	2,652.00	378.18	3,030.18	82,330.85	4,808.12	87,138.97	90,188.15	41,890.00	\$132,058.15
Total	\$34,767.00	\$2,861.42	\$37,628.42	\$1,238,763.44	\$33,488.58	\$1,272,233.02	\$1,308,861.44	\$468,484.00	\$1,778,325.44

X 34%

Current Tax Benefit 445,353

X 34%

159,418

Deferred Tax Benefit

1992:

	SSP			MSP			MSP & SSP		
Month	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Total Employer Contributions	Shares Allocated Expense Adjustment	TOTAL BSC SAVINGS PLAN EXPENSE
January	\$2,730.00	\$148.60	\$2,878.60	\$83,822.37	\$6,621.96	\$90,444.33	\$93,323.93	\$43,352.00	\$136,675.93
February	4,146.00	227.20	4,373.20	189,878.00	15,000.36	204,878.36	209,251.56	43,352.00	\$252,603.56
March	2,892.00	158.48	3,050.48	133,159.90	10,519.63	143,679.53	146,730.01	43,352.00	\$190,081.53
April	2,910.00	159.47	3,069.47	88,694.09	7,008.83	95,702.92	98,770.39	43,352.00	\$142,122.39
May	2,892.00	158.48	3,050.48	88,862.22	7,020.13	95,882.35	98,932.83	43,352.00	\$142,284.83
June	2,816.00	158.80	3,075.80	88,231.42	6,970.29	95,201.71	98,277.61	43,352.00	\$141,629.61
July	2,970.00	674.19	3,644.19	87,749.95	14,601.58	102,351.53	105,995.72	52,862.00	\$158,857.72
August	4,554.00	1,033.76	5,587.76	86,253.45	14,685.37	102,938.82	108,526.58	52,862.00	\$161,388.58
September	3,018.00	685.08	3,703.08	84,192.52	14,009.84	98,202.36	101,905.24	52,862.00	\$154,767.24
October	2,994.00	678.64	3,673.64	83,003.40	13,811.77	96,815.17	100,488.81	52,862.00	\$153,350.81
November	3,036.00	689.17	3,725.17	82,802.62	13,795.00	96,597.62	100,422.79	52,862.00	\$153,284.79
December	3,024.00	686.45	3,710.45	83,457.85	13,821.17	97,279.02	100,989.47	52,862.00	\$153,851.47
Total	\$38,082.00	\$5,481.32	\$43,563.32	\$1,182,207.79	\$137,863.73	\$1,320,071.52	\$1,363,614.84	\$577,284.00	\$1,940,898.84

X 34%

X 34%

Item 4-084
Attachment V

FOI005W 0002161

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Item No. 6-085
Page 1 of 2

- Request: A. For each component of BSC-HQ ESOP expense identified and quantified in response to part (A) of the immediately preceding question, provide the comparable amount of ESOP expense allocated and billed to BST by Part 32 account. Also provide the amounts allocated to each of the BST states.
- B. Please provide a narrative description of the allocation and billing of BSC-HQ ESOP expense to BST and to all other BSC affiliates. The response should address, at a minimum, the cost levels (departments, responsibility code, etc.) at BSC-HQ from which the allocations are actually made, the allocation BSES including the selection of affiliates and BST Part 32 accounts, and the specific types and sources of data utilized for the allocation bases.
- C. Provide sufficient documentation to enable a recomputation of the response to part (A) of this question starting from the total BSC-HQ ESOP expense components identified in response to part (A) of the immediately preceding question for 1992.
- D. Identify the person(s) with responsibility for making the ESOP expense allocation decisions. Also, identify the person(s) and department(s) with review and approval responsibility for the ESOP expense allocation decisions.
- E. For each component of the BST ESOP expense for 1991 and 1992 identified in response to part (A) of this question, please provide the related effect on income tax expense (segregated between current tax expense, deferred tax expense, and deferred investment tax credit expense) recognized by BST.

Response: The Company amends its response of July 14, 1993 as follows:

- A. The comparable amounts of BSC-HQ ESOP expense allocated to Southern Bell for 1991 and to BST for 1992 were \$795,002.60 and \$1,503,420.24, respectively. The charges are part of overhead cost from BSC to BST. Therefore, BST is unable to provide the state information.

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Item No. 6-085
Page 2 of 2

Response Continued:

BSC-HQ ESOP costs are expensed benefits and treated as "Corporate Overheads" which are loaded and billed based on billed direct salaries and wages. (See Response to Item No. 6-038 for 1992 monthly overhead rate calculations.)

- B. See A above.
- C. Attachment I provides details of the overhead allocation for 1991 to Southern Bell and for 1992 to BST, and is being sent in the overnight mail on October 15, 1993.
- D. BSC Corporate Accounting is responsible for overhead allocation computations. John Robinson, Operations Manager (same department), is responsible for oversight, review and approval of overhead allocations.
- E. The income tax effects on BST of BSC-HQ billed ESOP expenses are the same as the tax effects of any other expense billing from BSC-HQ.

Date Provided: October 15, 1993

BellSouth Corporation
BSC-HQ 1991 and 1992 Matching Contributions

File: PSC1.wk3

	SSP			MSP			MSP & SSP		
1991:	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Total Employer Contributions	Shares Allocated Expense Adjustment	TOTAL BSC SAVINGS PLAN EXPENSE
Month									
January	\$2,938.00	\$73.16	\$3,011.16	\$91,237.26	\$483.56	\$91,720.82	\$94,731.98	\$36,354.00	\$131,085.98
February	2,899.00	72.19	2,971.19	226,813.35	1,196.81	227,010.16	229,981.35	36,354.00	\$266,335.35
March	4,264.00	106.17	4,370.17	146,859.85	778.36	147,638.21	152,008.38	36,354.00	\$188,362.38
April	2,598.00	64.69	2,662.69	89,900.65	476.47	90,377.12	93,039.81	36,354.00	\$129,393.81
May	2,574.00	64.09	2,638.09	89,101.74	472.24	89,573.98	92,212.07	36,354.00	\$128,566.07
June	2,538.00	63.20	2,601.20	89,179.55	472.55	89,652.10	92,253.30	36,354.00	\$128,607.30
July	2,544.00	362.77	2,906.77	87,486.05	5,109.19	92,595.24	95,502.01	41,890.00	\$137,392.01
August	3,930.00	560.42	4,490.42	86,684.77	5,062.39	91,747.16	96,237.58	41,890.00	\$138,127.58
September	2,670.00	360.74	3,030.74	84,404.75	4,929.24	89,333.99	92,384.73	41,890.00	\$134,274.73
October	2,674.00	367.05	2,941.05	83,605.34	4,882.55	88,487.89	91,428.94	41,890.00	\$133,318.94
November	2,586.00	366.76	2,952.76	82,159.28	4,798.10	86,957.38	89,912.14	41,890.00	\$131,802.14
December	2,652.00	376.18	3,028.18	82,330.85	4,808.12	87,138.97	90,169.15	41,890.00	\$132,059.15
Total	\$34,767.00	\$2,861.42	\$37,628.42	\$1,238,763.44	\$33,469.58	\$1,272,233.02	\$1,309,661.44	\$469,464.00	\$1,779,325.44

X ^{page 2}
44.62%
715,002.60
allocation to 515

	SSP			MSP			MSP & SSP		
1992:	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Company Matching Contribution	LESOP Funding Adjustment	Total Employer Contributions	Total Employer Contributions	Shares Allocated Expense Adjustment	TOTAL BSC SAVINGS PLAN EXPENSE
Month									
January	\$2,730.00	\$149.60	\$2,879.60	\$83,822.37	\$6,621.96	\$90,444.33	\$93,323.93	\$43,352.00	\$136,675.93
February	4,146.00	227.20	4,373.20	189,878.00	15,000.36	204,878.36	209,251.56	43,352.00	252,603.56
March	2,892.00	156.48	3,048.48	133,159.90	10,519.63	143,679.53	146,730.01	43,352.00	190,082.01
April	2,910.00	159.47	3,069.47	88,694.09	7,006.83	95,700.92	98,770.39	43,352.00	142,122.39
May	2,892.00	156.48	3,048.48	88,862.22	7,020.13	95,882.35	98,932.83	43,352.00	142,284.83
June	2,918.00	159.80	3,077.80	88,231.42	6,970.29	95,201.71	98,277.51	43,352.00	141,629.51
July	2,970.00	674.19	3,644.19	87,749.95	14,601.58	102,351.53	105,995.72	52,862.00	158,857.72
August	4,554.00	1,033.76	5,587.76	88,253.45	14,885.37	102,938.82	108,626.58	52,862.00	161,388.58
September	3,018.00	685.08	3,703.08	84,192.52	14,009.64	98,202.16	101,805.24	52,862.00	154,767.24
October	2,994.00	679.64	3,673.64	83,003.40	13,811.77	96,815.17	100,498.81	52,862.00	153,360.81
November	3,036.00	689.17	3,725.17	82,902.62	13,795.00	96,697.62	100,422.79	52,862.00	153,284.79
December	3,024.00	686.45	3,710.45	83,457.85	13,821.17	97,279.02	100,989.47	52,862.00	153,851.47
Total	\$38,082.00	\$5,461.32	\$43,543.32	\$1,182,207.79	\$137,863.73	\$1,320,071.52	\$1,363,614.84	\$577,284.00	\$1,940,898.84

FO1K05M 001997

1991

CORPORATE SERVICE COSTS
FOR JANUARY, 1992 BILLING
BASED ON DECEMBER, 1991 DATA

Wednesday, January 22, 1992

SOUTHERN BELL TELEPHONE	ALLOCATION	OVERHEAD	ADJUSTMENTS	TOTAL	YTD ALLOCATION	YTD OVERHEAD	YTD ADJUSTMENTS	YTD TOTAL
5011								
EXEC EXECUTIVE	288877.83	168343.63	0.00	449221.46	2449793.97	1851005.00	-5104.63	4295694.34
11110 CORPORATE SECRETARY	62382.91	21890.35	0.00	84273.26	1890034.76	223715.90	59167.82	2172918.48
11112 TREASURY	516874.13	140727.97	0.00	665602.10	5433105.00	1300336.69	-3183.79	6818257.90
11130 SECURITY	39445.13	41324.57	0.00	80769.70	441386.34	400503.30	-797.90	849091.66
11131 COMPTROLLERS	307307.15	118868.83	0.00	426175.98	2479506.83	1440670.45	-7690.56	3912486.78
1151X TAX	128645.27	118406.13	0.00	247051.40	1685919.05	1293848.55	602.33	2900369.93
11171 INTERNAL AUDITING	36570.02	34895.72	0.00	71465.74	520455.31	453502.19	-811.60	981225.90
11221 FINANCIAL MANAGEMENT	57870.50	73252.78	0.00	131123.28	824046.56	788001.87	-47.00	161200.00
11231 CORPORATE PLANNING	96896.19	92522.93	0.00	189419.12	1653323.31	969001.70	-5541.10	2617583.22
1141X MARKETING	0	0	0	0	0	0	0	0
11502 BS H/A, INC. - OTHER	101091.57	33144.13	0.00	134235.70	1100769.20	252303.31	-9708.90	1343443.61
11503 BS H/A, INC. BENEFITS	504976.84	343280.09	0.00	848256.93	5530590.20	1641804.72	-13696.06	7150786.94
11511 BSC HUMAN RESOURCES	1107806.42	253351.89	0.00	1361158.31	7719320.82	3181757.55	-31568.83	10069509.54
1161E ASSI SEC - CORP COUNCIL	8551.19	10053.44	0.00	18604.63	103982.44	100529.99	-438.77	204073.66
1161X LEGAL	415452.61	174393.00	0.00	589845.69	3503251.17	1858179.29	-197.35	5361233.11
1171X FEDERAL RELATIONS	320923.87	40149.98	0.00	369073.85	3516221.92	413867.17	-15276.36	3914812.73
11902 ADVERTISING	118184.50	10436.10	0.00	128620.60	2683342.22	83994.63	-22978.00	2744358.85
11910 PUBLIC RELATIONS	45666.15	10130.67	0.00	55796.82	606765.34	106558.56	-1641.75	711682.15
11920 EXTERNAL AFFAIRS	416635.60	46970.40	0.00	463606.00	2210143.54	495547.31	-3925.66	2701765.19
11940 CORPORATE AFFAIRS	427979.14	49070.53	0.00	477049.67	2439212.42	456930.26	-22863.90	2873278.78
11111	5002137.10	1790013.22	0.00	6792150.32	46799178.62	17409018.52	-85702.97	64122574.17

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1991

CORPORATE SERVICE COSTS
FOR JANUARY, 1992 BILLING
BASED ON DECEMBER, 1991 DATA

Wednesday, January 22, 1992
20:53:19

ALL COMPANIES TOTAL	ALLOCATION	OVERHEAD	ADJUSTMENTS	TOTAL	YTD ALLOCATION	YTD OVERHEAD	YTD ADJUSTMENTS	YTD TOTAL
LXC EXECUTIVE	631538.29	351207.87	0.00	982746.16	5304131.90	4053236.63	0.09	9357368.62
H110 CORPORATE SECRETARY	132107.18	46084.14	0.00	178271.32	3889483.97	464814.54	119454.93	4473753.44
H112 TREASURY	1161831.75	309572.13	0.00	1471403.88	11612025.51	2818567.79	0.04	14438593.34
H130 SECURITY	78924.78	82683.41	0.00	161608.19	900745.12	824409.48	0.01	1725154.61
H131 COMPTROLLERS	689090.41	293410.02	0.00	982500.43	5619724.33	3348844.50	-0.01	8968568.82
H151 TAX	333979.27	260833.20	0.00	602012.47	3838263.77	2839605.50	0.09	6677869.36
H171 INTERNAL AUDITING	199615.89	169634.99	0.00	369250.88	2502770.34	2058614.95	-0.04	4561385.27
H221 FINANCIAL MANAGEMENT	146385.20	107650.09	0.00	334035.29	2038904.34	1966830.67	-0.03	4005709
H231 CORPORATE PLANNING	193828.57	185170.74	0.00	378999.31	3300127.46	1940268.00	0.05	5240350.01
H411 MARKETING	0	0	0	0	0	0	0	0
H502 US H/R, INC. - OTHER	216942.07	87442.61	0.00	354384.92	2634168.24	616894.92	0.02	3251063.18
H540 BS H/R, INC. BENEFITS	974835.65	662488.42	0.00	1637324.07	10562909.53	3154288.20	0.00	13717197.73
H511 BSC HUM. RESOURCES	2542863.83	572122.71	0.00	3114992.54	16738820.23	7859070.89	-0.20	23789890.92
H616 ASST SEC - CORP FINANCIAL	17122.96	20131.06	0.00	37254.02	206926.68	200273.78	-0.04	407200.42
H611 LEGAL	946802.08	404142.88	0.00	1350944.96	8184263.08	4215223.92	0.05	12399407.05
H711 FEDERAL RELATIONS	713794.79	105291.40	0.00	819086.19	7756005.12	916744.84	-0.01	8672749.95
H902 ADVERTISING	399571.93	33036.07	0.00	432608.00	7016583.63	247473.87	-0.02	7264057.48
H910 PUBLIC RELATIONS	91494.75	20205.68	0.00	111700.43	1210790.17	212671.51	0.02	1423461.70
H920 EXTERNAL AFFAIRS	931211.92	104195.44	0.00	1035407.36	4871484.14	1079348.53	0.10	5950032.77
H940 CORPORATE AFFAIRS	891884.14	103149.68	0.00	995033.82	5102165.35	945536.70	-0.07	6047702.06
TOTAL	11343911.46	4005740.78	0.00	15349652.24	103282292.91	38962727.30	119455.00	142364475.21

To Page 2

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1992

CORPORATE SERVICE COSTS
FOR JANUARY, 1993 BILLING
BASED ON DECEMBER, 1993 DATA

Wednesday, January 20, 1993

BELLSOUTH TELECOMM	ALLOCATION	OVERHEAD	ADJUSTMENTS	TOTAL	YTD ALLOCATION	YTD OVERHEAD	YTD ADJUSTMENTS	YTD TOTAL
TELE								
EXEC' EXECUTIVE	577843.72	334117.87	0.00	911961.59	4506300.63	3929320.11	0.00	8435636.74
H110 CORPORATE SECRETARY	1772242.96	38229.62	0.00	1810472.58	8453475.19	458838.09	0.00	8912313.28
H112 TREASURY	501876.54	207848.24	0.00	709724.78	3446835.64	2536250.58	0.00	5982294.22
H131 COMPTROLLERS	383513.31	233648.96	0.00	619162.27	3046189.36	3028674.88	0.00	6074864.24
H15X TAX	181132.04	194320.22	0.00	375452.26	2706266.88	2804602.01	0.00	5670068.89
H22X FINANCIAL MANAGEMENT	89137.42	126179.06	0.00	215316.48	1006650.45	1533065.15	0.00	2619723.60
H23X CORPORATE PLANNING	264439.00	56407.44	0.00	320846.44	1909689.90	1903804.00	0.00	3893573.90
H41X INTERNAL AUDITING	239737.70	113030.81	0.00	352768.51	1387031.97	1582316.91	0.00	2969348.88
H43X SECURITY	16252.64	10705.57	0.00	34958.21	203635.51	213409.97	0.00	417045.48
H51X BSC HUMAN RESOURCES	3356680.55	587487.20	0.00	3944175.75	13411007.57	7310173.29	0.00	20721100.86
H616 ASST SEC - CORP COUNCIL	24640.58	17340.99	0.00	41989.57	240483.87	190290.27	0.00	430782.14
H61X LEGAL	974196.94	299963.61	0.00	1274160.55	5316134.16	3870162.93	0.00	9186297.09
H71X FEDERAL RELATIONS	723204.10	136319.34	0.00	859523.44	6045207.50	1065801.75	0.00	7111009.25
H902 ADVERTISING	913900.87	25091.10	0.00	939071.97	1871125.42	291161.64	0.00	2162287.06
H910 PUBLIC RELATIONS	80141.81	23600.63	0.00	103830.44	702662.65	193789.28	0.00	976451.93
H920 EXTERNAL AFFAIRS	818914.09	85229.50	0.00	904143.59	3340565.68	1014422.35	0.00	4355000.23
H940 CORPORATE AFFAIRS	409094.17	52330.58	0.00	461424.75	3043076.03	752794.23	0.00	4595870.26
TOTAL	11329044.44	2549930.74	0.00	13878983.18	61675374.41	32046901.72	0.00	94522556.13

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1492

CORPORATE SERVICE COSTS
FOR JANUARY ,1993 BILLING
BASED ON DECEMBER ,1992 DATA

Wednesday, January 20, 1993
00:02:22

ALL COMPANIES TOTAL	ALLOCATION	OVERHEAD	ADJUSTMENTS	TOTAL	YTD ALLOCATION	YTD OVERHEAD	YTD ADJUSTMENTS	YTD TOTAL
EXEC EXECUTIVE	771904.51	441723.24	0.00	1213627.75	5963064.15	5112612.21	0.00	11075676.36
H110 CORPORATE SECRETARY	2535694.60	49677.16	0.00	2605371.76	11379148.06	500075.64	0.00	11967223.70
H112 TREASURY	636556.51	269147.35	0.00	905703.86	4250067.25	3145761.50	0.00	7403028.03
H131 COMPTROLLERS	491042.67	328172.77	0.00	819215.44	4057500.60	4046677.35	0.00	8104250.03
H151 TAX	259435.95	265620.32	0.00	525064.27	3545037.60	3600350.02	0.00	7154196.50
H221 FINANCIAL MANAGEMENT	120791.52	101109.54	0.00	309901.06	1547066.00	2105363.09	0.00	3732430.69
H231 CORPORATE PLANNING	310262.19	67097.64	0.00	306159.83	2316511.54	2409010.40	0.00	4726321.94
H411 INTERNAL AUDITING	399346.30	191146.00	0.00	590493.10	2300023.70	2530599.56	0.00	4839423.21
H431 SECURITY	22233.45	25509.02	0.00	47022.47	276440.06	203503.36	0.00	559943.42
H511 BSC HUMAN RESOURCES	4001466.09	704494.02	0.00	4705960.91	16200390.56	0725669.05	0.00	25006060.41
H616 ASST SEC - CORP COUNCIL	29664.94	20070.13	0.00	50535.07	292169.64	240415.76	0.00	532505.40
H611 LEGAL	1126422.43	401506.21	0.00	1527928.64	7360415.10	5243005.00	0.00	12611420.10
H711 FEDERAL RELATIONS	963046.21	100404.07	0.00	1144331.00	7520703.99	1320161.54	0.00	0056065.53
H902 ADVERTISING	2052105.05	36073.90	0.00	2000179.03	4245492.60	430657.26	0.00	4604149.94
H910 PUBLIC RELATIONS	96522.60	20509.60	0.00	125032.20	940062.57	234000.52	0.00	1102943.09
H920 EXTERNAL AFFAIRS	1101600.34	114021.10	0.00	1296509.52	4617446.33	1341739.13	0.00	5959203.46
H940 CORPORATE AFFAIRS	492306.06	62900.60	0.00	555366.66	4950344.52	935204.39	0.00	5005540.91
TOTAL	15607370.30	3369032.43	0.00	10977202.73	01073363.31	42406516.26	0.00	124202001.57

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Southern Bell Tel. & Tel. Co.
RPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-086
Page 1 of 2

- Request:**
- A.** Provide a chronological history of all filings made with the SEC and any other Federal Regulatory Agencies to incorporate or subsequently amend the ESOP feature in (to) the BSC Savings Plans. Indicate the reason for each filing.
 - B.** Please provide copies of all filings made with the SEC and any other Federal Regulatory Agencies to incorporate or subsequently amend the ESOP feature in (to) the BSC Savings Plans including number of shares, valuation of shares, and training.
 - C.** Provide a copy of any orders issued by the SEC and any other Federal Regulatory Agencies to incorporate or subsequently amend the ESOP feature in (to) the BSC Savings Plans.

Response: The Company amends its response of July 14, 1993 as follows:

- A.** History of all filings made with the SEC to incorporate or subsequently amend the ESOP feature into the BSC Savings Plans and reason for filing:

BellSouth Savings and Security Plan (Nonmanagement Plan)-

1. 12/26/89 Prospectus Supplement to incorporate ESOP feature into Non-Management Plan (Attachment I)
2. 06/01/90 Prospectus Supplement regarding increase in Employing Company match level by 10% due to ESOP feature (Attachment II)
3. 12/21/90 Form S-8 to register shares to be distributed as a result of ESOP feature of Plan (Attachment III)

BellSouth Management Savings and ESOP (Management Plan)-

1. 12/26/89 Prospectus Supplement to incorporate ESOP feature into Management Plan (Attachment IV)

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-086
Page 2 of 2

Response continued:

2. 06/15/90 Prospectus Supplement regarding increase in Employing Company match level by 10% due to ESOP feature (Attachment V)
 3. 12/21/90 Form S-8 to register shares to be distributed as a result of ESOP feature of Plan (Attachment VI)
- B. Copies of SEC filings listed in Part A, Attachment I, are being sent in the overnight mail on September 23, 1993.
- C. No such orders have been issued by the SEC or any other Federal regulatory agency.

Date Provided: September 23, 1993

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-086
Page 1 of 2

- Request:**
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 - B.** Please provide copies of all filings made with the SEC and any other Federal Regulatory Agencies to incorporate or subsequently amend the ESOP feature in(to) the BSC Savings Plans including number of shares, valuation of shares, and training.
 - C.** Provide a copy of any orders issued by the SEC and any other Federal Regulatory Agencies to incorporate or subsequently amend the ESOP feature in(to) the BSC Savings Plans.

Response: The Company amends its response of July 14, 1993 as follows:

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Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-086
Page 2 of 2

Response continued:

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- B. Copies of SEC filings listed in Part A, Attachment I, are being sent in the overnight mail on September 23, 1993.
- C. No such orders have been issued by the SEC or any other Federal regulatory agency.

Date Provided: September 23, 1993

Rule 424 (b)(3)
File No. 2-92419

BellSouth Savings and Security Plan

(Supplement to Prospectus dated February 4, 1987)

BELLSOUTH AND THE COMMUNICATIONS WORKERS OF AMERICA IMPLEMENT SAVINGS AND SECURITY PLAN (SSP) IMPROVEMENTS

Roy B. Howard, senior vice president-BellSouth corporate human resources, and Gene C. Russo, vice president-Communications Workers of America, recently announced a number of changes in your BellSouth Savings and Security Plan (SSP). BellSouth and the Communications Workers of America (CWA) agreed to these changes during the contract negotiations this year. These changes, effective in 1990, better reflect the long-term retirement income objectives of the SSP, provide increased security for your account, and further encourage your ownership of BellSouth.

These changes include:

- A new variable company matching level that is tied directly to BellSouth's financial performance.
- The addition of an Employee Stock Ownership Plan (ESOP) with increased match levels for future company contributions.
- The addition of two new investment options, a Diversified Equity Fund (DEF) and a Fixed Income Fund (FIF).
- Elimination of the Diversified Telephone Portfolio (DTP).
- Liberalized withdrawal and transfer provisions.

Based on BellSouth's financial performance for the previous year, the basic company matching contribution under the SSP is a percentage set by the BellSouth Board of Directors in a range from 45 percent to 70 percent. The match level will be set prior to April 1, each year for the next 12 month period from April 1 through March 31. In recognition of BellSouth's financial performance during 1988, the matching level will be increased to 55 percent from January 1 through March 31, 1990.

~~Schedule of matching contributions for 1990, the new matching contribution level will be 55 percent, an increase of 10 percentage points from the basic company match level described above, increasing the total match to amounts ranging from 55 percent to 65 percent.~~
Implementation and continuation of the ESOP and the added match level are dependent upon continuation of the favorable tax treatment available under current laws pertaining to ESOPs, including the deductibility for BellSouth's federal income tax purposes of dividends paid on BellSouth shares in the ESOP.

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The investment objective of the Fixed Income Fund (FIF) is to generate income and preserve capital, consistent with prudent investment risk, through a broad range of investments in various corporate and government bonds and notes and other securities such as mortgages. The term "fixed income" does not mean that the Fund itself will earn a fixed return, since the Fund is a blend of different fixed income securities with varying yields and maturity dates. The value of the FIF will fluctuate depending on the market price of the securities, which will be primarily influenced by prevailing interest rates. United Capital Management has been appointed investment manager for this Fund.

The FIF is a fixed income alternative to the Guaranteed Interest Fund with a longer investment time horizon. While long-term cumulative returns in similar accounts managed by United Capital have outperformed the Guaranteed Interest Fund, single year returns for the FIF may be more volatile. For example, the last two single year returns produced by United Capital have been less than the Guaranteed Interest Fund.

Beginning January 1, 1990, you may now invest in BellSouth Shares, Guaranteed Interest Fund, Fixed Income Fund, and Diversified Equity Fund. BellSouth and the CWA believe that the addition of the two new investment options, together with the two existing investment options, will provide you with even larger opportunity to diversify and protect your investments. All investments involve some degree of risk. You should review your individual financial circumstances and personal risk considerations before deciding how to direct investments of your SSP contributions.

Guaranteed Interest Fund

Guaranteed Interest Fund assets are invested in a number of investment contracts with a diversified group of insurers. Each contract has its own interest rate and maturity date. The Fund earns the composite rate for all contracts. The estimated composite effective rate of return to the Fund is determined by combining all contracts in the Fund with a forecast of cash flow and may be either higher or lower in different periods. The yield to an employee could vary from the composite rate depending on the size and timing of investments in the Fund.

BellSouth has engaged PRIMCO Capital Management to manage the Guaranteed Interest Fund. PRIMCO is the largest of firms specializing in the management of funds of this type. PRIMCO plans to use smaller size contracts placed at more frequent intervals during the year to ensure representative interest rates for the year and avoid the timing risk of less frequent placement.

As a guide to participants making investment decisions, PRIMCO estimates the composite effective annual rate of return for the Guaranteed Interest Fund in the SSP for 1990 will be between 8.70% to 9.20%.

New contracts and changes in the expected cash flow or interest rates affect the composite rate of return to the Fund. The estimated rates will be reviewed periodically as a result of new contractual arrangements and announced to participants if changes outside the expected ranges develop.

Diversified Telephone Portfolio (DTP)

The current Diversified Telephone Portfolio (DTP) investment option will be discontinued after June 30, 1990. The Company and the Union agreed to eliminate DTP since they felt it inappropriate to maintain a company-sponsored fund in the common stock of our competitors (former Bell System companies), and its status as an investment option would have been uncertain under proposed Department of Labor regulations.

If you have an investment in DTP, you will have until June 30, 1990 to transfer your balance to another account. If you have not transferred your interest in DTP by that date, your remaining DTP balances will be transferred automatically into the BellSouth Shares Fund. By calling the Transaction Processing Center (TPC) prior to July 1, 1990, you can transfer your DTP balance to the:

- ° BellSouth Shares Fund, which is invested in BellSouth Corporation common stock.
- ° Guaranteed Interest Fund
- ° Fixed Income Fund.
- ° Diversified Equity Fund.

You may make all transfers by calling the TPC at 1-904-448-6777 from any company work location. If you are away from a company work location, you may call 1-800-872-8722.

Withdrawal and Transfer Provisions

BellSouth and the CWA also agreed to additional SSP changes that provide you with even greater flexibility. These changes, which are effective January 1, 1990, are:

- Transfers of past investment fund balances (other than the new ESOP matching contributions) can be in 10 percent increments and made once in any three month period. However, you can not transfer balances between the Guaranteed Interest Fund and the Fixed Income Fund.

- Changes in investment directions and contribution levels for your own current contributions will be permitted once in any three month period.
- Withdrawal provisions will be liberalized to allow withdrawals once in a six month period from your After-Tax amounts, company match contributed prior to April 1, 1990, Before-Tax amounts (if over age 59 1/2) and investment earnings on these amounts. Withdrawals may be made from a minimum amount of \$500 (or your account balance if less, excluding the value of your ESOP account). This single simplified withdrawal option replaces the current Types A, B, C, D, and G withdrawals.
- With the new withdrawal provisions, new reduced suspension rules also go into effect. If two withdrawals are elected in the same year, a three month suspension of company matching contributions will apply. The new suspension rules will apply only to the suspension of company contributions. Employee contributions will continue during the suspension unless you voluntarily elect to suspend your contributions. Any incomplete suspensions under the current SSP provisions will be treated as follows:

For a previous partial withdrawal, your contributions will automatically be reinstated on January 1, 1990. Company contributions will automatically resume at the end of the three month suspension.

If the suspension is the result of a previous total withdrawal (Type D), you must re-enroll in the plan to resume your contributions after a suspension of at least three months is completed.

- If you retire or terminate your employment and defer distribution of your account, you will be able to make a single withdrawal each year.
- Company matching contributions on your contributions to the Union Sponsored Trust (UST) will vest immediately even if you do not have three years of service. This will apply to any match already made and any match under the ESOP when it begins. This immediate vesting of company matching contributions based on participation in the Union Sponsored Trust will allow the UST provisions to operate entirely separate from the SSP.

BellSouth encourages you to seek professional financial or tax advice with regard to the tax consequences of making a transfer or taking any withdrawal or distribution from the SSP.

Remember, if you need more information or want to make a change to your account, you may call the TPC at 1-904-448-6777 from any company work location. If you are away from a company work location, you may call 1-800-872-8722. Also, please keep in mind that you may call the TPC any business day in the month to effect transactions for the current month.

Details of these changes and Plan operations will be incorporated in a Summary Plan Description (SPD) booklet that will be sent to you shortly.

If you would like a copy of the February 4, 1987 Plan Prospectus to which this Supplement relates, please call your Benefit Office.

Rule 424 (b)(3)
Registration No. 2-92419

BELLSOUTH SAVINGS AND SECURITY PLAN

APPENDIX DATED JUNE 1, 1990 TO PROSPECTUS DATED FEBRUARY 4, 1987

COMPANIES PARTICIPATING IN THE PLAN

The BellSouth Savings and Security Plan (the "Plan") was established by the BellSouth Board of Directors on October 24, 1983 and was restated in its entirety under the authority of the BellSouth Board of Directors on January 1, 1990. As of March 31, 1990, participation in the Plan is available to eligible employees of:

BellSouth Corporation
South Central Bell Telephone Company
Southern Bell Telephone and Telegraph Company
BellSouth Services Incorporated
BellSouth Advertising & Publishing Corporation
BellSouth Mobility Inc
BellSouth Financial Services Corporation
BellSouth Enterprises, Inc.
BellSouth International, Inc.
BellSouth Information Systems, Inc.
BellSouth Human Resources Administration, Inc.
BellSouth Resources, Inc.
Sunlink Corporation
BellSouth Communications, Inc.

Other BellSouth companies may hereafter become participating companies. At March 31, 1990, 63,038 employees were eligible to participate in the Plan, of which 46,783 were participating.

ELIMINATION OF DIVERSIFIED TELEPHONE PORTFOLIO

The current Diversified Telephone Portfolio ("DTP") investment option will be discontinued after June 30, 1990. Participants with an investment in DTP will have until June 30, 1990 to withdraw or transfer that investment. Any withdrawal of DTP investment will be distributed in shares of stock of the constituent companies. This is a special withdrawal provision and will not count as a regular withdrawal. A participant may also transfer his or her DTP investment to any of the other available investment funds. If not withdrawn or transferred by June 30, 1990, a participant's DTP investment will be transferred automatically into the BellSouth Shares Fund. Withdrawal or transfer requests may be made by calling the Transaction Processing Center at 1-904-448-6777 from any company work location or 1-800-872-8722 from any other location.

VALUE OF PLAN UNITS

The interest of an employee is represented by Units. The historical values of Units are listed below.

	-----Value per Unit-----		
	BellSouth Shares Fund	Diversified Telephone Portfolio	Guaranteed Interest Fund (a)
12/31/85	1.7641	2.5389	2.1421
12/31/86	2.2046	3.0032	2.4061
12/31/87	2.2082	2.9537	2.6543
12/31/88	2.5662	3.2177	2.9082
12/31/89	3.9270	4.7665	3.1724

(a) The composite of interest rates guaranteed to the Guaranteed Interest Fund by insurance companies for assets invested in insurance contracts in 1990 is expected to be within the range of 8.70% to 9.20%. The actual amount of interest credited to individual participant accounts may vary depending on the amount and timing of contributions to and distributions from the Guaranteed Interest Fund.

(b) Effective January 1, 1990, two additional investment options, the Diversified Equity Fund and the Fixed Income Fund, were made available to participants. The Diversified Equity Fund is invested primarily in shares of common stock of various corporations. The Fixed Income Fund is invested primarily in various corporate and government bonds and notes and other securities such as mortgages.

EMPLOYING COMPANY CONTRIBUTIONS

As a result of the implementation of the employee stock ownership plan ("ESOP") feature, BellSouth increased the basic matching contribution percentage by 10 percentage points, effective April 1, 1990, subject to dividends on BellSouth common stock held by the ESOP remaining deductible for BellSouth's federal income tax purposes. For the period April 1, 1990 through March 31, 1991, the company matching contribution percentage for all participating companies is 65%.

SAVINGS AND SECURITY PLAN COMMITTEE

BellSouth administers the Plan through the Savings and Security Plan Committee, which has such powers as may be necessary to enable it to administer the Plan, except for powers vested in the Trustee. BellSouth and the Committee have delegated authority with respect to certain matters to other persons, and to officers or employees of BellSouth and other related Companies. Members of the Committee are appointed by and may be removed by the BellSouth Board of Directors.

The following persons have been designated as members of the Savings and Security Plan Committee to serve until a successor has been appointed or until removal by the Board of Directors:

<u>Name</u>	<u>Position with BellSouth</u>
H. R. Holding	Executive Vice President - Chief Financial Officer
R. B. Howard	Senior Vice President - Corporate Human Resources
P. H. Casey	Vice President and Comptroller
C. R. Yarbrough	Vice President - Public Relations
R. N. Swilley	Assistant Vice President - Benefits Planning and Administration

Members of the Committee do not receive compensation from the Plan for serving in that capacity. The address for all members of the Committee is 1155 Peachtree Street, N.E., Atlanta, Georgia 30367-6000.

TRUSTEE AND ASSET MANAGERS

Bankers Trust Company, 16 Wall Street, New York, New York 10005, is Trustee under the Trust Agreement entered into pursuant to Section 11 of the Plan and also serves as an Asset Manager pursuant to that Trust Agreement. Bankers Trust Company is also trustee of the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Enterprises Retirement Savings Plan. Bankers Trust Company is the sole Asset Manager in connection with the Diversified Equity Fund, effective January 1, 1990. United Capital Management, Inc., One United Bank Center, 1700 Lincoln Street, Suite 3301, Denver, Colorado 80274, is the sole Asset Manager for the Fixed Income Fund, effective January 1, 1990. PRIMCO Capital Management, Inc., 101 South Fifth Street, Suite 2150, Louisville, Kentucky 40202, is the sole Asset Manager for the Guaranteed Interest Fund. American Transtech, Inc., 8000 Baymeadows Way, Jacksonville, Florida 32256, is Transaction Processing Agent for the Plan. Hewitt Associates, 100 Half Day Road, Lincolnshire, Illinois 60015, is Recordkeeper for the Plan.

As of March 31, 1990, funds invested in the Guaranteed Interest Fund are invested with the following companies: Aetna Life Insurance Company, Connecticut General Life Insurance Company, Metropolitan Life Insurance Company, The Mutual Benefit Life Insurance Company, Provident National Assurance Company, Massachusetts Mutual Life Insurance Company, The Prudential Insurance Company of America, The Travelers Insurance Company, Bankers Trust Company, Pacific Mutual Life Insurance Company, Commonwealth Life Insurance Company, Connecticut Mutual Life Insurance Company, Mutual of New York, Lincoln National Life Insurance Company, Confederation Life Insurance Company, Hartford Life Insurance Company, IBM Credit Corporation and National Rural Utilities.

None of the foregoing received compensation from the Plan or the related BellSouth Master Savings Trust for services provided during 1989. Effective January 1, 1990, Asset Manager fees and expenses and insurance company management fees are paid out of the BellSouth Master Savings Trust.

BellSouth, from time to time, may exercise its authority pursuant to the Plan to change the Asset Managers under the Plan, to increase or reduce the number thereof or to change the allocation of assets among Asset Managers and to modify general investment guidelines, as it determines to be in the best interest of the Plan participants based upon investment performance, changing economic conditions and other factors.

In the selection of brokers, the Asset Managers and the Trustee seek to obtain execution of their transactions on a best execution basis. In general, the Asset Managers and the Trustee believe this entails receiving the best net realized price considering the size and trading characteristics of each transaction. Research services furnished by brokers, through whom the Asset Managers and the Trustee effect securities transactions, may be used by the Asset Managers and the Trustee in servicing all of their accounts.

BellSouth and certain of its subsidiaries, in the ordinary course of business, have banking, agency and/or trustee relationships with Bankers Trust Company.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 14-2-202 of the Georgia Business Corporation Code (the "GBCC") allows a corporation to include in its articles of incorporation a provision to limit the monetary liability of the directors of the corporation to the corporation and its shareholders. Pursuant to the GBCC, BellSouth's Articles of Incorporation limit the monetary liability of the directors of BellSouth to BellSouth for any breaches of their duty of care or any other duty as a director except: (i) for any appropriation, in violation of their duties, of any business opportunity of BellSouth; (ii) for acts or omissions not in good faith or which constitute intentional misconduct or a knowing violation of law; (iii) for liability under Section 14-2-831 of the GBCC (involving certain unlawful dividends, stock distributions or payment for stock); or (iv) for any transaction from which the director derived an improper personal benefit. Also, the Board of Directors has amended the Bylaws of BellSouth to adopt the provisions of the Georgia Business Combination Statutes, Sections 14-2-1110 through 14-2-1113 and Sections 14-2-1131 through 14-2-1133 of the GBCC. These Bylaws contain provisions which would be applicable to certain proposals for business combinations involving BellSouth. The statutes provide that neither the adoption nor the failure to adopt such Bylaws shall constitute grounds for a cause of action against the directors of the adopting company.

Pursuant to the predecessor to Section 14-2-856 of the GBCC the shareholders of BellSouth have also adopted an amendment to the Bylaws of BellSouth and have approved a form of Indemnity Agreement, which BellSouth has entered into with each of its directors. A director with whom BellSouth has entered into such an Indemnity Agreement (an "Indemnitee") shall be indemnified for any expenses or losses in connection with any event or occurrence related to

such person's capacity as an officer or director in other capacities with another entity at the request of BellSouth except for any expense or loss attributable to any of the following: (i) the appropriation by the Indemnatee in violation of the Indemnatee's duties of any business opportunity of BellSouth; (ii) an act or omission by the Indemnatee not in good faith or which involves intentional misconduct or a knowing violation of law; (iii) an act by the Indemnatee for which the Indemnatee would otherwise be liable under Section 14-2-831 of the GBCC or any successor provisions; or (iv) any transaction from which the Indemnatee derived an improper personal benefit. Each Indemnity Agreement places upon BellSouth the burden of proof of establishing that an Indemnatee is not entitled to indemnification and establishes certain procedural rights for indemnification and for the advancement of expenses related to any claim for indemnification. Under each Indemnity Agreement the Indemnatee is entitled to the benefits of any directors' and officers' liability insurance policy maintained by BellSouth and in the event of a "change in control" (which is defined in the Indemnity Agreement to mean the acquisition by any person of beneficial ownership of 20% or more of the total voting power represented by BellSouth's outstanding voting securities), BellSouth will secure its obligations under the Indemnity Agreement with a letter of credit naming the Indemnatee as the sole beneficiary thereof in an amount of not less than \$1,000,000.

Section 14-2-851 of the GBCC empowers a corporation, without shareholder approval, to indemnify any person against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action to which such person is made, or is threatened to be made, a party by reason of being or having been a director of the corporation, if such person acted in a manner he believed in good faith to be in or not opposed to the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful. If the action is brought by or in the right of the corporation, indemnification is limited to reasonable expenses incurred by such person in connection with the defense or settlement of such action. Indemnification may only be made if it is determined that the person met the standard described above; provided that no indemnification shall be made in respect of any action as to which such director has been adjudged liable to the corporation in connection with a proceeding by or in the right of the corporation or a proceeding in which the director was adjudged liable based on personal benefit improperly received, unless and only to the extent that a court of competent jurisdiction shall determine upon application that, in view of the circumstances, such person is fairly and reasonably entitled to indemnification, but if the director was adjudged liable to the corporation or liable in a proceeding based on the receipt of an improper personal benefit, indemnification is limited to reasonable expenses incurred. The statute further provides that to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. BellSouth's Bylaws provide that BellSouth shall indemnify any person made or threatened to made a party to any action (including any action by or in the right of BellSouth) by reason of the fact that he is or was a director or officer of

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BellSouth (or served another business entity at BellSouth's request) against expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of BellSouth (and with respect to any criminal action, if he had no reasonable cause to believe his conduct was unlawful), to the maximum extent permitted by, and in a manner provided by, the GBCC.

Section 857 of the GBCC permits indemnification and advancement of expense to officers who are not directors, to the extent consistent with public policy. Such officers are entitled to mandatory or court ordered indemnification to the same extent as a director. The form of Indemnity Agreements approved by the shareholders and described above may be entered with officers of BellSouth at the discretion of the Board of Directors.

The directors and officers of BellSouth are covered by liability insurance policies pursuant to which (a) they are insured against loss arising from certain claims made against them, jointly or severally, during the policy period for any actual or alleged breach of duty, neglect, error, misstatement, misleading statements, omission or other wrongful act and (b) BellSouth is entitled to have paid by the insurers, or to have the insurers reimburse BellSouth for amounts paid by it in respect of such claims if BellSouth is required to indemnify officers and directors for such claims.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling BellSouth pursuant to the foregoing provisions, BellSouth has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

PLAN PROSPECTUS

If you would like a copy of the February 4, 1987 Plan Prospectus to which this Appendix relates or a copy of the Annual Report of the Plan on Form 11-K, please call your Benefit office.

F01K06W 002012

As filed with the Securities and Exchange Commission on December 21, 1990.

Registration Statement No. 33-38265

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-8
REGISTRATION STATEMENT
under
THE SECURITIES ACT OF 1933

BELLSOUTH CORPORATION

A Georgia
Corporation

I.R.S. Employer
No. 58-1533433

1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000
Telephone Number 404 249-2000

BELLSOUTH SAVINGS AND SECURITY PLAN

Agent for Service:

Greg S. Griffin
BellSouth Corporation
1155 Peachtree Street, N.E.
Room 15D04
Atlanta, Georgia 30367-6000
Telephone Number 404 249-3037

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$1 per share (a)	5,230,000 shares (b)	\$54.50 (c)	\$2,725,000 (c)	\$681:25 (c)
Interests in the Plan	(d)	(d)	(d)	(d)

- (a) Includes preferred stock purchase rights under the BellSouth Corporation Shareholder Rights Agreement.
- (b) If, prior to the completion of the distribution of the Common Stock covered by this registration statement, additional shares of such Common Stock are issued or issuable as a result of a stock split or stock dividend, this registration statement shall be deemed to cover such additional shares resulting from the stock split or stock dividend pursuant to Rule 416.
- (c) The price per share was estimated in accordance with Rule 457(c) and (h) for purposes of calculating the registration fee. The fee was computed based on 50,000 shares. An additional 5,180,000 shares registered hereby will be allocated to participants' ESOP accounts by their participating employers as matching shares without receipt of separate cash consideration.
- (d) Pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Incorporation of Contents of Prior Registration Statement

The contents of Registration Statement No. 33-30772 are hereby incorporated herein by reference.

Item 5. Interests of Named Experts and Counsel.

Walter H. Alford, Executive Vice President and General Counsel of BellSouth Corporation ("BellSouth"), is passing upon the legality of the Common Stock. Mr. Alford may be deemed to own beneficially 22,606 shares of BellSouth Common Stock, including interests through various BellSouth employee benefit plans.

Item 6. Indemnification of Directors and Officers.

Section 14-2-202 of the Georgia Business Corporation Code (the "GBCC") allows a corporation to include in its articles of incorporation a provision to limit the monetary liability of the directors of the corporation to the corporation and its shareholders. Pursuant to the GBCC, BellSouth's Articles of Incorporation limit the monetary liability of the directors of BellSouth to BellSouth for any breaches of their duty of care or any other duty as a director except: (i) for any appropriation, in violation of their duties, of any business opportunity of BellSouth; (ii) for acts or omissions not in good faith or which constitute intentional misconduct or a knowing violation of law; (iii) for liability under Section 14-2-831 of the GBCC (involving certain unlawful dividends, stock distributions or payment for stock); or (iv) for any transaction from which the director derived an improper personal benefit. Also, the Board of Directors has amended the Bylaws of BellSouth to adopt the provisions of the Georgia Business Combination Statutes, Sections 14-2-1110 through 14-2-1113 and Sections 14-2-1131 through 14-2-1133 of the GBCC. These Bylaws contain provisions which would be applicable to certain proposals for business combinations involving BellSouth. The statutes provide that neither the adoption nor the failure to adopt such Bylaws shall constitute grounds for a cause of action against the directors of the adopting company.

Pursuant to the predecessor to Section 14-2-856 of the GBCC the shareholders of BellSouth have also adopted an amendment to the Bylaws of BellSouth and have approved a form of Indemnity Agreement, which BellSouth has entered into with each of its directors. A director with whom BellSouth has entered into such an Indemnity Agreement (an "Indemnitee") shall be indemnified for any expenses or losses in connection with any event or occurrence related to such person's capacity as an officer or director in other capacities with another entity at the request of BellSouth except for any expense or loss attributable to any of the following: (i) the appropriation by the Indemnitee in violation of the Indemnitee's duties of any business opportunity of BellSouth; (ii) an act or omission by the Indemnitee not in good faith or which involves intentional misconduct or a knowing violation of law; (iii) an act by the

Indemnatee for which the Indemnatee would otherwise be liable under Section 14-2-831 of the GBCC or any successor provisions; or (iv) any transaction from which the Indemnatee derived an improper personal benefit. Each Indemnity Agreement places upon BellSouth the burden of proof of establishing that an Indemnatee is not entitled to indemnification and establishes certain procedural rights for indemnification and for the advancement of expenses related to any claim for indemnification. Under each Indemnity Agreement the Indemnatee is entitled to the benefits of any directors' and officers' liability insurance policy maintained by BellSouth and in the event of a "change in control" (which is defined in the Indemnity Agreement to mean the acquisition by any person of beneficial ownership of 20% or more of the total voting power represented by BellSouth's outstanding voting securities), BellSouth will secure its obligations under the Indemnity Agreement with a letter of credit naming the Indemnatee as the sole beneficiary thereof in an amount of not less than \$1,000,000.

Section 14-2-851 of the GBCC empowers a corporation, without shareholder approval, to indemnify any person against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action to which such person is made, or is threatened to be made, a party by reason of being or having been a director of the corporation, if such person acted in a manner he believed in good faith to be in or not opposed to the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful. If the action is brought by or in the right of the corporation, indemnification is limited to reasonable expenses incurred by such person in connection with the defense or settlement of such action. Indemnification may only be made if it is determined that the person met the standard described above; provided that no indemnification shall be made in respect of any action as to which such director has been adjudged liable to the corporation in connection with a proceeding by or in the right of the corporation or a proceeding in which the director was adjudged liable based on personal benefit improperly received, unless and only to the extent that a court of competent jurisdiction shall determine upon application that, in view of the circumstances, such person is fairly and reasonably entitled to indemnification, but if the director was adjudged liable to the corporation or liable in a proceeding based on the receipt of an improper personal benefit, indemnification is limited to reasonable expenses incurred. The statute further provides that to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. BellSouth's Bylaws provide that BellSouth shall indemnify any person made or threatened to made a party to any action (including any action by or in the right of BellSouth) by reason of the fact that he is or was a director or officer of BellSouth (or served another business entity at BellSouth's request) against expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of BellSouth (and with respect to any criminal action, if he had no reasonable cause to believe his conduct was unlawful), to the maximum extent permitted by, and in a manner provided by, the GBCC.

Section 14-2-857 of the GBCC permits indemnification and advancement of expenses to officers who are not directors, to the extent consistent with public policy. Such officers are entitled to mandatory or court ordered indemnification to the same extent as a director. The form of Indemnity Agreements approved by the shareholders and described above may be entered with officers of BellSouth at the discretion of the Board of Directors.

The directors and officers of BellSouth are covered by liability insurance policies pursuant to which (a) they are insured against loss arising from certain claims made against them, jointly or severally, during the policy period for any actual or alleged breach of duty, neglect, error, misstatement, misleading statements, omission or other wrongful act and (b) BellSouth is entitled to have paid by the insurers, or to have the insurers reimburse BellSouth for amounts paid by it in respect of such claims if BellSouth is required to indemnify officers and directors for such claims.

Item 8. Exhibits.

The registrants will submit or have submitted the plan and any amendment thereto to the Internal Revenue Service ("IRS") in a timely manner and have made or will make all changes required by the IRS in order to qualify the plan.

Exhibit
Number

- | | |
|------|--|
| 5 | Opinion of Walter H. Alford. |
| 24-a | Consent of Coopers and Lybrand. |
| 24-b | Consent of Walter H. Alford (contained in opinion filed as Exhibit 5). |
| 25 | Powers of Attorney. |

Item 9. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling BellSouth pursuant to the foregoing provisions, or otherwise, BellSouth has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than payment by BellSouth of expenses incurred or paid by a director, officer or controlling person of BellSouth in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, BellSouth will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Atlanta, State of Georgia, on this 20th day of December, 1990.

REGISTRANT BELLSOUTH CORPORATION
BY (SIGNATURE) &&PINAT9424
NAME PATRICK H. CASEY
TITLE VICE PRESIDENT AND COMPTROLLER

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:

JOHN L. CLENDENIN*

Chairman of the Board

PRINCIPAL FINANCIAL OFFICER:

HARVEY R. HOLDING*

Executive Vice President-
Chief Financial Officer

PRINCIPAL ACCOUNTING OFFICER:

PATRICK H. CASEY*

Vice President and Comptroller

DIRECTORS:

F. Duane Ackerman*
Ivan Allen, III*
Andrew F. Brimmer*
Wallace R. Bunn*
James B. Campbell*
John L. Clendenin*
Marshall M. Criser*
Gordon B. Davidson*
Phyllis Burke Davis*
John P. Laborde*
William O. McCoy*
John G. Medlin, Jr.*
C. Dixon Spangler, Jr.*
Ronald A. Terry*
Thomas R. Williams*
J. Tylee Wilson*

* by power of attorney

*BY (SIGNATURE) &&PINAT9424
NAME PATRICK H. CASEY
TITLE (AS ATTORNEY-IN-FACT)
DATE DECEMBER 20, 1990

SIGNATURE

Pursuant to the requirements of the Securities Act of 1933, the Savings and Security Plan Committee has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Atlanta, State of Georgia, on the 20th day of December, 1990.

BELLSOUTH SAVINGS AND SECURITY PLAN

BY (SIGNATURE) &&PINAT9424

NAME PATRICK H. CASEY

TITLE MEMBER, SAVINGS AND SECURITY PLAN COMMITTEE

Exhibit Index

Exhibit
Number

- 5 Opinion of Walter H. Alford.
- 24-a Consent of Coopers & Lybrand.
- 24-b Consent of Walter H. Alford (contained in opinion filed as Exhibit 5).
- 25 Powers of Attorney.

December 20, 1990

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

Re: BellSouth Savings and Security Plan

Dear Sirs:

With reference to the Registration Statement on Form S-8 which BellSouth Corporation (the "Company") proposes to file with the Securities and Exchange Commission under the Securities Act of 1933, as amended, registering 5,230,000 shares of Common Stock (par value \$1.00 per share) of the Company (the "Shares") which are to be offered under the BellSouth Savings and Security Plan (the "Plan"), I am of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Georgia.

(2) All proper corporate proceedings have been taken so that the Shares have been duly authorized and, upon issuance and payment therefor in accordance with the Plan and the resolutions of the Board of Directors of the Company relating to the adoption of the Plan and the offering and sale of Shares thereunder, will be legally issued, fully paid and non-assessable.

I hereby consent to any references to me contained in, and to the filing of this opinion with the Securities and Exchange Commission in connection with, the Registration Statement referred to above.

Very truly yours,

BY(SIGNATURE): &&PINAUS766

NAME: WALTER H. ALFORD

TITLE: EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement on Form S-8 of our report dated February 5, 1990, on our audits of the consolidated financial statements and financial statement schedules of BellSouth Corporation included or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1989.

BY(SIGNATURE): &&PINAD4455
NAME: COOPERS & LYBRAND
DATE: December 20, 1990
Atlanta, Georgia

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

NOW THEREFORE, each of the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-92419 and 33-30772), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1079
NAME JOHN L. CLENDENIN
TITLE Chairman of the Board, President
 Chief Executive Officer, Director
 (Principal Executive Officer)

DATE November 26, 1990

BY(SIGNATURE) &&PINAB1252
NAME HARVEY R. HOLDING
TITLE Executive Vice President-
 Chief Financial Officer
 (Principal Financial Officer)

DATE November 29, 1990

BY(SIGNATURE) &&PINAT9424
NAME PATRICK H. CASEY
TITLE Vice President and Comptroller
 (Principal Accounting Officer)

DATE November 27, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-92419 and 33-30772), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1157
NAME F. DUANE ACKERMAN
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-92419 and 33-30772), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1297
NAME IVAN ALLEN, III
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-92419 and 33-30772), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAD5504
NAME ANDREW F. BRIMMER
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1048
NAME WALLACE R. BUNN
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAD2103
NAME	JAMES B. CAMPBELL
TITLE	Director
DATE	November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINADO366
NAME MARSHALL M. CRISER
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAQ6717
NAME GORDON B. DAVIDSON
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set her hand on the date indicated.

BY(SIGNATURE) &&PINAP2725
NAME PHYLLIS BURKE DAVIS
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAD2029
NAME	JOHN P. LABORDE
TITLE	Director
DATE	November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1191
NAME WILLIAM O. MCCOY
TITLE Director
DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAU6427
NAME	JOHN G. MEDLIN, JR.
TITLE	Director
DATE	November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAT3189
NAME	C. DIXON SPANGLER, JR.
TITLE	Director
DATE	November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAD2008
NAME	RONALD A. TERRY
TITLE	Director
DATE	November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAB1174
NAME	THOMAS R. WILLIAMS
TITLE	Director
DATE	November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), propose to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Savings and Security Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE)	&&PINAB1389
NAME	J. TYLEE WILSON
TITLE	Director
DATE	November 26, 1990

December 21, 1990

BellSouth Corporation
1155 Peachtree Street, N.E.
Room 15D04
Atlanta, Georgia 30367-6000

Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549
ATTN: Document Control - EDGAR

Dear Sir or Madam:

Pursuant to the rules and regulations of the Securities Act of 1933, BellSouth Corporation hereby files this Registration Statement on Form S-8 to register 5,230,000 shares of BellSouth Corporation Common Stock, par value \$1 per share, under the BellSouth Savings and Security Plan.

Please acknowledge receipt and acceptance of this filing by notifying us through our MCI mailbox I. D. number 2823463. Should you have any questions, please advise us immediately on (404) 249-3021.

Sincerely,

BY(SIGNATURE): &&PINAX9584
NAME GREG S. GRIFFIN
TITLE OPERATIONS MANAGER - SEC COMPLIANCE

Rule 424(b)(3)
File No. 2-94803

BellSouth Management Savings and Employee Stock Ownership Plan

(Supplement to Prospectus dated December 15, 1987)

**BELLSOUTH IMPLEMENTS ADMINISTRATIVE CHANGES AND IMPROVEMENTS
TO MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN**

GUARANTEED INTEREST FUND

Guaranteed Interest Fund assets are invested in a number of investment contracts with a diversified group of insurance companies and other financial institutions. Each contract has its own interest rate and maturity date. The Fund earns the composite rate for all contracts. The estimated composite effective rate of return to the Fund is determined by combining all contracts in the Fund with a forecast of cash flow and may be either higher or lower in different periods. The yield to an employee account could vary from the composite rate depending on the size and timing of investments in the Fund.

BellSouth has engaged PRIMCO Capital Management to manage the Guaranteed Interest Fund. PRIMCO is the largest of firms specializing in the management of funds of this type. PRIMCO plans to use smaller size contracts placed at more frequent intervals during the year to ensure representative interest rates for the year and avoid the timing risk of less frequent placement.

As a guide to participants making investment decisions, PRIMCO estimates the range of the composite effective annual rate of return for the Guaranteed Interest Fund in the Management Savings and Employee Stock Ownership Plan for 1990 will be between 8.80% and 9.30%.

New contracts and changes in the expected cash flow or interest rates affect the composite rate of return to the Fund. The estimated rates will be reviewed periodically as a result of new contractual arrangements and announced to participants if changes outside the expected ranges develop.

INVESTMENT FUND CHANGES

Effective January 1, 1990, the current Government Obligations Fund of the BellSouth Management Savings and Employee Stock Ownership Plan will be restructured and renamed the Fixed Income Fund (FIF). United Capital Management has been appointed investment manager for the Fund.

The investment objective of the Fixed Income Fund is to generate income and preserve capital, consistent with prudent investment risk, through a broad range of investments in various corporate and government bonds and notes and other securities such as mortgages. The term "fixed income" does not mean that the Fund itself will earn a fixed return, since the Fund is blend of different fixed income securities with varying yields and maturity dates. The value of the FIF will fluctuate depending on the market price of the securities, which will be primarily influenced by prevailing interest rates.

The FIF is a fixed income alternative to the Guaranteed Interest Fund with a longer investment time horizon. While long-term cumulative returns in similar accounts managed by United Capital have outperformed the Guaranteed Interest Fund, single year returns for the FIF may be more volatile. For example, the last two single year returns produced by United Capital have been less than the Guaranteed Interest Fund.

Like all investments, the Fixed Income Fund involves risks. Participants should evaluate their individual financial circumstances and personal risk considerations before selecting investment funds for their savings plan assets.

DTP ELIMINATION

The current Diversified Telephone Portfolio (DTP) investment option will be discontinued after June 30, 1990. BellSouth is eliminating DTP since the Company felt it inappropriate to maintain a company-sponsored fund in the common stock of our competitors (former Bell System companies), and its status as an investment option would have been uncertain under proposed Department of Labor regulations.

If you have an investment in DTP, you will have until June 30, 1990 to transfer your balance to another account. If you have not transferred or withdrawn your investment in DTP by that date, your remaining DTP balances will be transferred automatically into the BellSouth Shares Fund. By calling the Transaction Processing Center (TPC) prior to July 1, 1990, you can transfer your DTP balance to the:

- BellSouth Shares Fund
- Guaranteed Interest Fund
- Fixed Income Fund
- Diversified Equity Fund

ESOP EFFECTIVE JANUARY 1, 1990; ADDITIONAL MATCH LEVEL EFFECTIVE APRIL 1, 1990

The previously announced Employee Stock Ownership Plan (ESOP) will become effective January 1, 1990. The ESOP will have rules that differ from those currently in effect for company matching contributions. Matching contributions in BellSouth shares made to your ESOP account after January 1, 1990 may only be transferred to other investment options under special ESOP diversification rules. These rules require that you reach age 55 and participate in the ESOP for 10 years before having transfer options. No withdrawals can be made from ESOP matching contributions. Withdrawals may be made for the funds transferred under the diversification rules. Your company matching contributions in your ESOP account will be distributed to you upon retirement, disability or termination of employment.

Congressional delays and the late signing of the budget bill by the President created uncertainty regarding the federal tax impact on ESOPs. Because of this uncertainty, BellSouth was unable to put in place the required loans to fund the ESOP stock purchase during 1989 as had been intended. When the planned increase in company matching contributions was first announced on June 26, 1989,

the effective date was contingent on BellSouth receiving the same ESOP tax treatment then allowed. Since BellSouth was unable to determine tax effects on ESOPs until the tax bill became law, the 10 percentage points increase in company matching contributions to the Plan will be delayed until April 1, 1990 rather than January 1, 1990 as previously announced. It is intended that the 10 percentage point increase to be effective April 1 will remain in effect as long as BellSouth's dividends to the ESOP remain deductible for BellSouth's federal income tax purposes.

You may continue to invest your own contributions in non-ESOP BellSouth shares. The BellSouth Shares Fund will also continue to hold company matching contributions made prior to January 1, 1990. These amounts may be withdrawn in accordance with applicable Plan rules.

This ESOP will be entirely separate and unrelated to the existing BellSouth tax credit ESOP or Payroll-Based Employee Stock Ownership Plan (PAYSOP) which is an inactive plan as a result of the Tax Reform Act 1986.

OTHER PLAN CHANGES

Additional Plan changes will be effective January 1, 1990 as adopted by the BellSouth Board. You may change your investment direction for your current contributions once every three months. You may also change your past Fund balances (other than ESOP matching contributions) once every three months in 10% increments.

Also, retirees and participants who have terminated employment and deferred distribution of their accounts will be able to make a single partial withdrawal each year.

Details of these changes and Plan operations will be incorporated in a Summary Plan Description (SPD) booklet that will be sent to you shortly.

If you would like a copy of the Plan Prospectus to which this supplement relates, please call your Benefit Office.

Rule 424 (b)(3)
Registration No. 2-94803

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

APPENDIX DATED JUNE 15, 1990 TO PROSPECTUS DATED DECEMBER 15, 1987

COMPANIES PARTICIPATING IN THE PLAN

The BellSouth Management Savings Plan was established by the BellSouth Board of Directors on October 24, 1983 and was most recently amended, restated and renamed the BellSouth Management Savings and Employee Stock Ownership Plan (the "Plan") under the authority of the BellSouth Board of Directors on July 1, 1989. As of March 31, 1990, participation in the Plan is available to eligible employees of:

BellSouth Corporation
South Central Bell Telephone Company
Southern Bell Telephone and Telegraph Company
BellSouth Services Incorporated
BellSouth Advertising & Publishing Corporation
BellSouth Mobility Inc
BellSouth Financial Services Corporation
BellSouth Enterprises, Inc.
BellSouth D.C., Inc.
BellSouth International, Inc.
BellSouth Information Systems, Inc.
BellSouth Human Resources Administration, Inc.
BellSouth Resources, Inc.
Sunlink Corporation
BellSouth Communications, Inc.

Other BellSouth companies may hereafter become participating companies. At March 31, 1990, 28,857 employees were eligible to participate in the Plan, of which 25,049 were participating.

ELIMINATION OF DIVERSIFIED TELEPHONE PORTFOLIO

The current Diversified Telephone Portfolio ("DTP") investment option will be discontinued after June 30, 1990. Participants with an investment in DTP will have until June 30, 1990 to withdraw or transfer that investment. Any withdrawal of DTP investment will be distributed in shares of stock of the constituent companies. This is a special withdrawal provision and will not count as a regular withdrawal. A participant may also transfer his or her DTP investment to any of the other available investment funds. If not withdrawn or transferred by June 30, 1990, a participant's DTP investment will be transferred automatically into the BellSouth Shares Fund. Withdrawal or transfer requests may be made by calling the Transaction Processing Center at 1-904-448-6777 from any company work location or 1-800-872-8722 from any other location.

VALUE OF PLAN UNITS

The interest of an employee is represented by Units. The historical values of Units are listed below.

	-----Value per Unit-----				
	BellSouth Shares Fund	Diversified Telephone Portfolio	Government Obligations (a)	Diversified Equity Fund	Guaranteed Interest Fund (b)
12/31/85	1.7202	5.5005	4.3486	3.5588	2.0311
12/31/86	2.1426	6.4919	4.7583	4.2380	2.2818
12/31/87	2.1369	6.3958	5.0127	4.4236	2.5206
12/31/88	2.4786	7.0017	5.3970	5.1694	2.7666
12/31/89	3.7960	10.5563	5.9544	6.8143	3.0209

(a) Effective January 1, 1990, the Government Obligations Fund was restructured and renamed the Fixed Income Fund to allow for investment in fixed income securities that are not limited solely to those issued or guaranteed by the United States government.

(b) The composite of interest rates guaranteed to the Guaranteed Interest Fund by insurance companies for assets invested in insurance contracts in 1990 is expected to be within the range of 8.80% to 9.30%. The actual amount of interest credited to individual participant accounts may vary depending on the amount and timing of contributions to and distributions from the Guaranteed Interest Fund.

EMPLOYING COMPANY CONTRIBUTIONS

As a result of the implementation of the employee stock ownership plan ("ESOP") feature, BellSouth increased the basic matching contribution percentage by 10 percentage points, effective April 1, 1990; subject to dividends on BellSouth common stock held by the ESOP remaining deductible for BellSouth's federal income tax purposes. For the period April 1, 1990 through March 31, 1991, the company matching contribution percentage for all participating companies is 70%.

SAVINGS PLAN COMMITTEE

BellSouth administers the Plan through the Savings Plan Committee, which has such powers as may be necessary to enable it to administer the Plan, except for powers vested in the Trustee. BellSouth and the Committee have delegated authority with respect to certain matters to other persons, and to officers or employees of BellSouth and other related Companies. Members of the Committee are appointed by and may be removed by the BellSouth Board of Directors.

The following persons have been designated as members of the Savings Plan Committee to serve until a successor has been appointed or until removal by the Board of Directors:

<u>Name</u>	<u>Position with BellSouth</u>
H. R. Holding	Executive Vice President - Chief Financial Officer
R. B. Howard	Senior Vice President - Corporate Human Resources
P. H. Casey	Vice President and Comptroller
C. R. Yarbrough	Vice President - Public Relations
R. N. Swilley	Assistant Vice President - Benefits Planning and Administration

Members of the Committee do not receive compensation from the Plan for serving in that capacity. The address for all members of the Committee is 1155 Peachtree Street, N.E., Atlanta, Georgia 30367-6000.

TRUSTEE AND ASSET MANAGERS

Bankers Trust Company, 16 Wall Street, New York, New York 10005, is Trustee under the Trust Agreement entered into pursuant to Section 12 of the Plan and also serves as an Asset Manager pursuant to that Trust Agreement. Bankers Trust Company is also trustee of the BellSouth Savings and Security Plan and the BellSouth Enterprises Retirement Savings Plan. Bankers Trust Company is the sole Asset Manager in connection with the Diversified Equity Fund. United Capital Management, Inc., One United Bank Center, 1700 Lincoln Street, Suite 3301, Denver, Colorado 80274, is the sole Asset Manager for the Fixed Income Fund, effective January 1, 1990. PRIMCO Capital Management, Inc., 101 South Fifth Street, Suite 2150, Louisville, Kentucky 40202, is the sole Asset Manager for the Guaranteed Interest Fund. American Transtech, Inc., 8000 Baymeadows Way, Jacksonville, Florida 32256, is Transaction Processing Agent for the Plan. Hewitt Associates, 100 Half Day Road, Lincolnshire, Illinois 60015, is Recordkeeper for the Plan.

As of March 31, 1990, funds invested in the Guaranteed Interest Fund are invested with the following companies: Aetna Life Insurance Company, Connecticut General Life Insurance Company, Metropolitan Life Insurance Company, The Mutual Benefit Life Insurance Company, Provident National Assurance Company, Massachusetts Mutual Life Insurance Company, The Prudential Insurance Company of America, The Travelers Insurance Company, Bankers Trust Company, Pacific Mutual Life Insurance Company, Commonwealth Life Insurance Company, Connecticut Mutual Life Insurance Company, Mutual of New York, Lincoln National Life Insurance Company, Confederation Life Insurance Company, Hartford Life Insurance Company, IBM Credit Corporation and National Rural Utilities.

None of the foregoing received compensation from the Plan or the related BellSouth Master Savings Trust for services provided during 1989. Effective January 1, 1990, Asset Manager fees and expenses and insurance company management fees are paid out of the BellSouth Master Savings Trust.

BellSouth, from time to time, may exercise its authority pursuant to the Plan to change the Asset Managers under the Plan, to increase or reduce the number thereof or to change the allocation of assets among Asset Managers and to modify general investment guidelines, as it determines to be in the best interest of the Plan participants based upon investment performance, changing economic conditions and other factors.

In the selection of brokers, the Asset Managers and the Trustee seek to obtain execution of their transactions on a best execution basis. In general, the Asset Managers and the Trustee believe this entails receiving the best net realized price considering the size and trading characteristics of each transaction. Research services furnished by brokers, through whom the Asset Managers and the Trustee effect securities transactions, may be used by the Asset Managers and the Trustee in servicing all of their accounts.

BellSouth and certain of its subsidiaries, in the ordinary course of business, have banking, agency and/or trustee relationships with Bankers Trust Company.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 14-2-202 of the Georgia Business Corporation Code (the "GBCC") allows a corporation to include in its articles of incorporation a provision to limit the monetary liability of the directors of the corporation to the corporation and its shareholders. Pursuant to the GBCC, BellSouth's Articles of Incorporation limit the monetary liability of the directors of BellSouth to BellSouth for any breaches of their duty of care or any other duty as a director except: (i) for any appropriation, in violation of their duties, of any business opportunity of BellSouth; (ii) for acts or omissions not in good faith or which constitute intentional misconduct or a knowing violation of law; (iii) for liability under Section 14-2-831 of the GBCC (involving certain unlawful dividends, stock distributions or payment for stock); or (iv) for any transaction from which the director derived an improper personal benefit. Also, the Board of Directors has amended the Bylaws of BellSouth to adopt the provisions of the Georgia Business Combination Statutes, Sections 14-2-1110 through 14-2-1113 and Sections 14-2-1131 through 14-2-1133 of the GBCC. These Bylaws contain provisions which would be applicable to certain proposals for business combinations involving BellSouth. The statutes provide that neither the adoption nor the failure to adopt such Bylaws shall constitute grounds for a cause of action against the directors of the adopting company.

Pursuant to the predecessor to Section 14-2-856 of the GBCC the shareholders of BellSouth have also adopted an amendment to the Bylaws of BellSouth and have approved a form of Indemnity Agreement, which BellSouth has entered into with each of its directors. A director with whom BellSouth has entered into such an Indemnity Agreement (an "Indemnatee") shall be indemnified

for any expenses or losses in connection with any event or occurrence related to such person's capacity as an officer or director in other capacities with another entity at the request of BellSouth except for any expense or loss attributable to any of the following: (i) the appropriation by the Indemnitee in violation of the Indemnitee's duties of any business opportunity of BellSouth; (ii) an act or omission by the Indemnitee not in good faith or which involves intentional misconduct or a knowing violation of law; (iii) an act by the Indemnitee for which the Indemnitee would otherwise be liable under Section 14-2-831 of the GBCC or any successor provisions; or (iv) any transaction from which the Indemnitee derived an improper personal benefit. Each Indemnity Agreement places upon BellSouth the burden of proof of establishing that an Indemnitee is not entitled to indemnification and establishes certain procedural rights for indemnification and for the advancement of expenses related to any claim for indemnification. Under each Indemnity Agreement the Indemnitee is entitled to the benefits of any directors' and officers' liability insurance policy maintained by BellSouth and in the event of a "change in control" (which is defined in the Indemnity Agreement to mean the acquisition by any person of beneficial ownership of 20% or more of the total voting power represented by BellSouth's outstanding voting securities), BellSouth will secure its obligations under the Indemnity Agreement with a letter of credit naming the Indemnitee as the sole beneficiary thereof in an amount of not less than \$1,000,000.

Section 14-2-851 of the GBCC empowers a corporation, without shareholder approval, to indemnify any person against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action to which such person is made, or is threatened to be made, a party by reason of being or having been a director of the corporation, if such person acted in a manner he believed in good faith to be in or not opposed to the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful. If the action is brought by or in the right of the corporation, indemnification is limited to reasonable expenses incurred by such person in connection with the defense or settlement of such action. Indemnification may only be made if it is determined that the person met the standard described above; provided that no indemnification shall be made in respect of any action as to which such director has been adjudged liable to the corporation in connection with a proceeding by or in the right of the corporation or a proceeding in which the director was adjudged liable based on personal benefit improperly received, unless and only to the extent that a court of competent jurisdiction shall determine upon application that, in view of the circumstances, such person is fairly and reasonably entitled to indemnification, but if the director was adjudged liable to the corporation or liable in a proceeding based on the receipt of an improper personal benefit, indemnification is limited to reasonable expenses incurred. The statute further provides that to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. BellSouth's Bylaws provide that BellSouth shall indemnify any person made or threatened to

made a party to any action (including any action by or in the right of BellSouth) by reason of the fact that he is or was a director or officer of BellSouth (or served another business entity at BellSouth's request) against expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of BellSouth (and with respect to any criminal action, if he had no reasonable cause to believe his conduct was unlawful), to the maximum extent permitted by, and in a manner provided by, the GBCC.

Section 857 of the GBCC permits indemnification and advancement of expenses to officers who are not directors, to the extent consistent with public policy. Such officers are entitled to mandatory or court ordered indemnification to the same extent as a director. The form of Indemnity Agreements approved by the shareholders and described above may be entered with officers of BellSouth at the discretion of the Board of Directors.

The directors and officers of BellSouth are covered by liability insurance policies pursuant to which (a) they are insured against loss arising from certain claims made against them, jointly or severally, during the policy period for any actual or alleged breach of duty, neglect, error, misstatement, misleading statements, omission or other wrongful act and (b) BellSouth is entitled to have paid by the insurers, or to have the insurers reimburse BellSouth for amounts paid by it in respect of such claims if BellSouth is required to indemnify officers and directors for such claims.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling BellSouth pursuant to the foregoing provisions, BellSouth has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in such Act and is therefore unenforceable.

PLAN PROSPECTUS

If you would like a copy of the December 15, 1987 Plan Prospectus to which this Appendix relates or a copy of the Annual Report of the Plan on Form 11-K, please call your benefit office.

As filed with the Securities and Exchange Commission on December 21, 1990.

Registration Statement No. 33-38264

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-8
REGISTRATION STATEMENT
under
THE SECURITIES ACT OF 1933

BELLSOUTH CORPORATION

A Georgia
Corporation

I.R.S. Employer
No. 58-1533433

1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000
Telephone Number 404 249-2000

BELLSOUTH MANAGMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

Agent for Service:

Greg S. Griffin
BellSouth Corporation
1155 Peachtree Street, N.E.
Room 15D04
Atlanta, Georgia 30367-6000
Telephone Number 404 249-3037

CALCULATION OF REGISTRATION FEE

TITLE OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock, par value \$1 per share (a)	9,973,000 shares (b)	\$54.50 (c)	\$2,725,000 (c)	\$681,25 (c)
Interests in the Plan	(d)	(d)	(d)	(d)

(a) Includes preferred stock purchase rights under the BellSouth Corporation Shareholder Rights Agreement.

- (b) If, prior to the completion of the distribution of the Common Stock covered by this registration statement, additional shares of such Common Stock are issued or issuable as a result of a stock split or stock dividend, this registration statement shall be deemed to cover such additional shares resulting from the stock split or stock dividend pursuant to Rule 416.
- (c) The price per share was estimated in accordance with Rule 457(c) and (h) for purposes of calculating the registration fee. The fee was computed based on 50,000 shares. An additional 9,923,000 shares registered hereby will be allocated to participants' ESOP accounts by their participating employers as matching shares without receipt of separate cash consideration.
- (d) Pursuant to Rule 416(c) under the Securities Act of 1933, this registration statement covers an indeterminate amount of interests to be offered or sold pursuant to the employee benefit plan described herein.

PART II

INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Incorporation of Contents of Prior Registration Statement

The contents of Registration Statement No. 33-30773 are hereby incorporated herein by reference.

Item 5. Interests of Named Experts and Counsel.

Walter H. Alford, Executive Vice President and General Counsel of BellSouth Corporation ("BellSouth"), is passing upon the legality of the Common Stock. Mr. Alford may be deemed to own beneficially 22,606 shares of BellSouth Common Stock, including interests through various BellSouth employee benefit plans.

Item 6. Indemnification of Directors and Officers.

Section 14-2-202 of the Georgia Business Corporation Code (the "GBCC") allows a corporation to include in its articles of incorporation a provision to limit the monetary liability of the directors of the corporation to the corporation and its shareholders. Pursuant to the GBCC, BellSouth's Articles of Incorporation limit the monetary liability of the directors of BellSouth to BellSouth for any breaches of their duty of care or any other duty as a director except: (i) for any appropriation, in violation of their duties, of any business opportunity of BellSouth; (ii) for acts or omissions not in good faith or which constitute intentional misconduct or a knowing violation of law; (iii) for liability under Section 14-2-831 of the GBCC (involving certain unlawful dividends, stock distributions or payment for stock); or (iv) for any transaction from which the director derived an improper personal benefit. Also, the Board of Directors has amended the Bylaws of BellSouth to adopt the provisions of the Georgia Business Combination Statutes, Sections 14-2-1110 through 14-2-1113 and Sections 14-2-1131 through 14-2-1133 of the GBCC. These Bylaws contain provisions which would be applicable to certain proposals for business combinations involving BellSouth. The statutes provide that neither the adoption nor the failure to adopt such Bylaws shall constitute grounds for a cause of action against the directors of the adopting company.

Pursuant to the predecessor to Section 14-2-856 of the GBCC the shareholders of BellSouth have also adopted an amendment to the Bylaws of BellSouth and have approved a form of Indemnity Agreement, which BellSouth has entered into with each of its directors. A director with whom BellSouth has entered into such an Indemnity Agreement (an "Indemnatee") shall be indemnified for any expenses or losses in connection with any event or occurrence related to such person's capacity as an officer or director in other capacities with another entity at the request of BellSouth except for any expense or loss attributable to any of the following: (i) the appropriation by the Indemnatee in violation of the Indemnatee's duties of any business opportunity of BellSouth; (ii) an act or omission by the Indemnatee not in good faith or which involves intentional misconduct or a knowing violation of law; (iii) an act by the

Indemnitee for which the Indemnitee would otherwise be liable under Section 14-2-831 of the GBCC or any successor provisions; or (iv) any transaction from which the Indemnitee derived an improper personal benefit. Each Indemnity Agreement places upon BellSouth the burden of proof of establishing that an Indemnitee is not entitled to indemnification and establishes certain procedural rights for indemnification and for the advancement of expenses related to any claim for indemnification. Under each Indemnity Agreement the Indemnitee is entitled to the benefits of any directors' and officers' liability insurance policy maintained by BellSouth and in the event of a "change in control" (which is defined in the Indemnity Agreement to mean the acquisition by any person of beneficial ownership of 20% or more of the total voting power represented by BellSouth's outstanding voting securities), BellSouth will secure its obligations under the Indemnity Agreement with a letter of credit naming the Indemnitee as the sole beneficiary thereof in an amount of not less than \$1,000,000.

Section 14-2-851 of the GBCC empowers a corporation, without shareholder approval, to indemnify any person against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with any action to which such person is made, or is threatened to be made, a party by reason of being or having been a director of the corporation, if such person acted in a manner he believed in good faith to be in or not opposed to the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe his conduct was unlawful. If the action is brought by or in the right of the corporation, indemnification is limited to reasonable expenses incurred by such person in connection with the defense or settlement of such action. Indemnification may only be made if it is determined that the person met the standard described above; provided that no indemnification shall be made in respect of any action as to which such director has been adjudged liable to the corporation in connection with a proceeding by or in the right of the corporation or a proceeding in which the director was adjudged liable based on personal benefit improperly received, unless and only to the extent that a court of competent jurisdiction shall determine upon application that, in view of the circumstances, such person is fairly and reasonably entitled to indemnification, but if the director was adjudged liable to the corporation or liable in a proceeding based on the receipt of an improper personal benefit, indemnification is limited to reasonable expenses incurred. The statute further provides that to the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith. BellSouth's Bylaws provide that BellSouth shall indemnify any person made or threatened to make a party to any action (including any action by or in the right of BellSouth) by reason of the fact that he is or was a director or officer of BellSouth (or served another business entity at BellSouth's request) against expenses (including reasonable attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of BellSouth (and with respect to any criminal action, if he had no reasonable cause to believe his conduct was unlawful), to the maximum extent permitted by, and in a manner provided by, the GBCC.

Section 14-2-857 of the GBCC permits indemnification and advancement of expenses to officers who are not directors, to the extent consistent with public policy. Such officers are entitled to mandatory or court ordered indemnification to the same extent as a director. The form of Indemnity Agreements approved by the shareholders and described above may be entered with officers of BellSouth at the discretion of the Board of Directors.

The directors and officers of BellSouth are covered by liability insurance policies pursuant to which (a) they are insured against loss arising from certain claims made against them, jointly or severally, during the policy period for any actual or alleged breach of duty, neglect, error, misstatement, misleading statements, omission or other wrongful act and (b) BellSouth is entitled to have paid by the insurers, or to have the insurers reimburse BellSouth for amounts paid by it in respect of such claims if BellSouth is required to indemnify officers and directors for such claims.

Item 8. Exhibits.

The registrants will submit or have submitted the plan and any amendment thereto to the Internal Revenue Service ("IRS") in a timely manner and have made or will make all changes required by the IRS in order to qualify the plan.

Exhibit
Number

- | | |
|------|--|
| 5 | Opinion of Walter H. Alford. |
| 24-a | Consent of Coopers and Lybrand. |
| 24-b | Consent of Walter H. Alford (contained in opinion filed as Exhibit 5). |
| 25 | Powers of Attorney. |

Item 9. Undertakings.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling BellSouth pursuant to the foregoing provisions, or otherwise, BellSouth has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than payment by BellSouth of expenses incurred or paid by a director, officer or controlling person of BellSouth in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, BellSouth will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Atlanta, State of Georgia, on this 20th day of December, 1990.

REGISTRANT BELLSOUTH CORPORATION
BY (SIGNATURE) &&PINAT9424
NAME PATRICK H. CASEY
TITLE VICE PRESIDENT AND COMPTROLLER

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

PRINCIPAL EXECUTIVE OFFICER:
JOHN L. CLENDENIN*

Chairman of the Board

PRINCIPAL FINANCIAL OFFICER:
HARVEY R. HOLDING*

Executive Vice President-
Chief Financial Officer

PRINCIPAL ACCOUNTING OFFICER:
PATRICK H. CASEY*

Vice President and Comptroller

DIRECTORS:

F. Duane Ackerman*
Ivan Allen, III*
Andrew F. Brimmer*
Wallace R. Bunn*
James B. Campbell*
John L. Clendenin*
Marshall M. Criser*
Gordon B. Davidson*
Phyllis Burke Davis*
John P. Laborde*
William O. McCoy*
John G. Medlin, Jr.*
C. Dixon Spangler, Jr.*
Ronald A. Terry*
Thomas R. Williams*
J. Tylee Wilson*

* by power of attorney

*BY (SIGNATURE) &&PINAT9424
NAME PATRICK H. CASEY
TITLE (AS ATTORNEY-IN-FACT)
DATE DECEMBER 20, 1990

SIGNATURE

Pursuant to the requirements of the Securities Act of 1933, the Savings Plan Committee has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Atlanta, State of Georgia, on the 20th day of December, 1990.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN

BY (SIGNATURE) &&PINAT9424

NAME PATRICK H. CASEY

TITLE MEMBER, SAVINGS PLAN COMMITTEE

Exhibit Index

Exhibit
Number

- 5 Opinion of Walter H. Alford.
- 24-a Consent of Coopers & Lybrand.
- 24-b Consent of Walter H. Alford (contained in opinion filed as Exhibit 5).
- 25 Powers of Attorney.

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement on Form S-8 of our report dated February 5, 1990, on our audits of the consolidated financial statements and financial statement schedules of BellSouth Corporation included or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended December 31, 1989.

BY(SIGNATURE): &&PINAD4455

NAME: COOPERS & LYBRAND

DATE: December 20, 1990

Atlanta, Georgia

December 20, 1990

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

Re: BellSouth Management Savings and Employee Stock
Ownership Plan

Dear Sirs:

With reference to the Registration Statement on Form S-8 which BellSouth Corporation (the "Company" proposes to file with the Securities and Exchange Commission under the Securities Act of 1933, as amended, registering 9,973,000 shares of Common Stock (par value \$1.00 per share) of the Company (the "Shares") which are to be offered under the BellSouth Management Savings and Employee Stock Ownership Plan (the "Plan"), I am of the opinion that:

(1) The Company is a corporation duly organized and validly existing under the laws of the State of Georgia.

(2) All proper corporate proceedings have been taken so that the Shares have been duly authorized and, upon issuance and payment therefor in accordance with the Plan and the resolutions of the Board of Directors of the Company relating to the adoption of the Plan and the offering and sale of Shares thereunder, will be legally issued, fully paid and non-assessable.

I hereby consent to any references to me contained in, and to the filing of this opinion with the Securities and Exchange Commission in connection with, the Registration Statement referred to above.

Very truly yours,

BY(SIGNATURE): &PINAU5766
NAME: WALTER H. ALFORD
TITLE: EXECUTIVE VICE PRESIDENT AND GENERAL COUNSEL

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

NOW THEREFORE, each of the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-94803 and 33-30773), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, each of the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1079
NAME JOHN L. CLENDENIN
TITLE Chairman of the Board, President
 Chief Executive Officer, Director
 (Principal Executive Officer)

DATE November 26, 1990

BY(SIGNATURE) &&PINAB1252
NAME HARVEY R. HOLDING
TITLE Executive Vice President-
 Chief Financial Officer
 (Principal Financial Officer)

DATE November 29, 1990

BY(SIGNATURE) &&PINAT9424
NAME PATRICK H. CASEY
TITLE Vice President and Comptroller
 (Principal Accounting Officer)

DATE: November 27, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-94803 and 33-30773), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1157
NAME F. DUANE ACKERMAN
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-94803 and 33-30773), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1297
NAME IVAN ALLEN, III
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-94803 and 33-30773), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAD5504
NAME ANDREW F. BRIMMER
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-94803 and 33-30773), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1048
NAME WALLACE R. BUNN
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

NOW THEREFORE, the undersigned hereby constitutes and appoints John L. Clendenin, F. Duane Ackerman, Harvey R. Holding, Patrick H. Casey and Arlen G. Yokley, and each of them, as attorneys for him in his name, place and stead in each of his respective capacities in the Company, to execute and file the Registration Statement with respect to the securities to be offered and sold under the plan therein described and thereafter to execute and file an amended registration statement or statements and a post-effective amendment or amendments (including any post-effective amendments to Registration Statement No. 2-94803 and 33-30773), to increase or deregister securities, to withdraw the registration statements or otherwise, hereby giving and granting to said attorneys full power and authority (including substitution and revocation) to do and perform all and every act and thing whatsoever requisite and necessary to be done in and about the premises as fully, to all intents and purposes, as he might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAD2103
NAME JAMES B. CAMPBELL
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINADO366
NAME MARSHALL M. CRISER
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAQ6717
NAME GORDON B. DAVIDSON
TITLE Director

DATE November 26, 1990

F01X06W 002066

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set her hand on the date indicated.

BY(SIGNATURE) &&PINAP2725
NAME PHYLLIS BURKE DAVIS
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAD2029
NAME JOHN P. LABORDE
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1191
NAME WILLIAM O. MCCOY
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAU6427
NAME JOHN G. MEDLIN, JR.
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAT3189
NAME C. DIXON SPANGLER, JR.
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELL SOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAD2008
NAME RONALD A. TERRY
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1174
NAME THOMAS R. WILLIAMS
TITLE Director

DATE November 26, 1990

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS:

WHEREAS, BELLSOUTH CORPORATION, a Georgia corporation (the "Company"), proposes to file with the Securities and Exchange Commission, under the Securities Act of 1933, as amended, a registration statement (the "Registration Statement") and any amendments thereto to register Common Stock and interests to be issued under the BellSouth Management Savings and Employee Stock Ownership Plan.

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IN WITNESS WHEREOF, the undersigned has hereunto set his hand on the date indicated.

BY(SIGNATURE) &&PINAB1389
NAME J. TYLEE WILSON
TITLE Director

DATE November 26, 1990

December 21, 1990

BellSouth Corporation
1155 Peachtree Street, N.E.
Room 15D04
Atlanta, Georgia 30367-6000

Securities and Exchange Commission
450 Fifth Street, NW
Washington, D.C. 20549
ATTN: Document Control - EDGAR

Dear Sir or Madam:

Pursuant to the rules and regulations of the Securities Act of 1933, BellSouth Corporation hereby files this Registration Statement on Form S-8 to register 9,973,000 shares of BellSouth Corporation Common Stock, par value \$1 per share, under the BellSouth Management Savings and Employee Stock Ownership Plan.

Please acknowledge receipt and acceptance of this filing by notifying us through our MCI mailbox I. D. number 2823463. Should you have any questions, please advise us immediately on (404) 249-3021.

Sincerely,

BY(SIGNATURE): &&PINAX9584
NAME GREG S. GRIFFIN
TITLE OPERATIONS MANAGER - SEC COMPLIANCE

Southern Bell Tel. & Tel. Co.
 FPSC Docket No. 920260-TL
 Audit
 Date: 06/29/93
 Amended Response to
 Item No. 6-087
 Page 1 of 1

- Request: A. Please provide a narrative description of how shares are released by the ESOP Trusts to the Savings Plans.
- B. Provide a history of shares released by the ESOP Trusts to the Savings Plans as follows:

Additional BSC Stock Allocated For Match	BSC Stock Purchased For Match	Total BSC Stock For Match
Year		
1990		
1991		
1992		

Response: The Company amends its response of July 14, 1993 as follows:

- A. Shares are released from the Trusts as the Trusts service the ESOP debt. Debt service payments are made semiannually on January 1 and July 1. A proportionate amount of shares are released at each debt service date and allocated to participants on a monthly basis to fund the employer matching contribution. When the ESOP shares for the six month period have all been used, BellSouth makes "Top-Off" contributions to the Trusts sufficient to purchase additional shares from the open market to fund the required matching contribution.

B.	Additional BSC Stock Allocated for Match	BSC Stock Purchased for Match (ESOP)	Total BSC Stock for Match
1990	369,298	397,783	767,081
1991	341,495	1,027,391	1,368,886
1992	301,478	998,097	1,299,575

Date Provided: September 23, 1993

pm

Southern Bell Tel. & Tel. Co.
FPC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-088
Page 1 of 1

Request: Please refer to the 1992 BSC Annual Report To Shareholders. Reconcile each amount provided in note H under the heading "defined contribution plans" in the table and the amounts provided in the narrative preceding the table for both 1991 and 1992.

Response: The Company amends its response of July 14, 1993 as follows:

There are no amounts listed in the narrative part of Note H to the table, and therefore, reconciliations are provided for amounts listed within the table in the annual reports.

The reconciliation of 1991 and 1992 Expense to Cash Contributions is contained in Attachment I.

The reconciliation of Actual Interest on ESOP notes to Interest Expense Recognized is contained in Attachment II.

The detail of Dividends Paid to the Trust Used for Debt Service, provided by Bankers Trust is contained in Attachment III.

These attachments are being sent in the overnight mail on September 23, 1993.

Date Provided: September 23, 1993

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-088
Page 1 of 1

Request: Please refer to the 1992 BSC Annual Report To Shareholders. Reconcile each amount provided in note H under the heading "defined contribution plans" in the table and the amounts provided in the narrative preceding the table for both 1991 and 1992.

Response: The Company amends its response of July 14, 1993 as follows:

There are no amounts listed in the narrative part of Note H to the table, and therefore, reconciliations are provided for amounts listed within the table in the annual reports.

The reconciliation of 1991 and 1992 Expense to Cash Contributions is contained in Attachment 1.

The reconciliation of Actual Interest on ESOP notes to Interest Expense Recognized is contained in Attachment II.

The detail of Dividends Paid to the Trust Used for Debt Service, provided by Bankers Trust is contained in Attachment III.

These attachments are being sent in the overnight mail on September 23, 1993.

Date Provided: September 23, 1993

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in Millions, Except Per Share Amounts)

Note H — EMPLOYEE BENEFIT PLANS (Continued)

accepting the present value of their pension benefits as a lump-sum payment instead of an annuity. Electing employees were eligible to receive certain benefits, including a special payment equivalent to five percent of their base pay times full years of service (not to exceed 100% of base pay), net of certain offsets. The retirement options were accounted for in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." Accordingly, BellSouth recognized expense of \$68.6 in 1991 and \$14.6 in 1990 related to these offers.

Defined Contribution Plans. BellSouth maintains contributory savings plans which cover substantially all employees. Effective in 1990, a leveraged ESOP feature was incorporated into both the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan (collectively, the "Plans"). The shares that were purchased by the Trusts with proceeds from the ESOP notes (see Note F) are allocated to participants' accounts throughout the thirteen-year debt repayment period of the leveraged ESOP program as described below.

BellSouth matches participants' eligible contributions to the respective Plans based on defined percentages determined annually by the Board of Directors. The match consists of BellSouth common shares that were purchased by the Trusts with proceeds from the ESOP notes, which shares are released for allocation as loan payments are made in accordance with ESOP guidelines, and that are purchased by the Trusts on the open market from time to time as required. BellSouth contributes an amount which, in addition to ESOP dividends, is sufficient to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

Effective with the incorporation of the ESOP feature into the Plans in 1990, BellSouth began recognizing expense attributable to the leveraged ESOPs based on the cost of the shares allocated for the period plus interest incurred, reduced by the dividends used to service the ESOP debt (Shares Allocated Method).

BellSouth recognized savings plan expense in 1992, 1991 and 1990 as follows:

	1992	1991	1990
Compensation expense	\$71.8	\$77.1	\$78.9
Interest expense	\$40.5	\$40.5	\$33.1
Actual interest on ESOP notes	\$72.4	\$74.8	\$60.5
Cash contributions, excluding dividends paid to the Trusts	\$84.3	\$90.7	\$90.4
Dividends paid to the Trusts, used for debt service ..	\$43.7	\$43.5	\$23.1

Postretirement Benefits Other Than Pensions. BellSouth also provides certain health care and life insurance benefits to substantially all employees that retire from BellSouth eligible for a service or disability pension benefit. The cost of providing health care and life insurance benefits for both active and retired employees was \$574.6, \$550.6 and \$503.0 in 1992, 1991 and 1990, respectively. Included in these costs were \$172.3, \$165.3 and \$153.2 in 1992, 1991 and 1990, respectively, for postretirement health care benefits other than those provided on a pay-as-you-go basis. At December 31, 1992, there were approximately 39,000 retirees and 97,000 active employees eligible to receive these benefits.

The costs of providing nonrepresented employees postretirement health care benefits are being accrued and funded over the working lives of active employees. Certain nonrepresented retiree benefits, however, are recognized on a pay-as-you-go basis. Postretirement health care benefit costs for both active and retired employees represented under the collective bargaining agreement are being

BellSouth Corporation
 Reconciliation of :Cash Contributions to the Trust" to "Total Expense"
 Prepared by: Mary Ann Tanner
 Date Prepared: 01/18/93

File: Ftnote92.wk1
 (A118)

	(MSP)	(SSP)	Total
TOTAL CASH CONTRIBUTIONS TO THE TRUSTS	HBI-1 \$43,754,335.95	HBI-1 \$40,562,989.53	page 3 HBI-1 \$84,317,325.48
Add: Shares Allocated Accrual:			
1992-1	HBI-3 8,715,366.00	HBI-3 4,491,835.00	HBI-3 13,207,201.00
1992-2	I-2 9,916,169.00	I-2 4,010,148.00	I-2 13,926,317.00
Add: December 1992 Top-Off Paid to Trusts in January 1993	HBI-1 2,904,441.00	HBI-1 2,840,349.00	5,744,790.00
Less: December 1991 Top-Off Paid to Trusts in January 1992	S (3,097,822.82) HBI-1	S (1,927,948.50) HBI-1	(5,025,771.32)
Add: December 1991 Expense Recognized in 1992 (Dec. '91 Final Remittance)	HBI 649,944.71	HBI 35,290.70	685,235.41
Less: December 1992 Expense Recognized in 1993 (Dec '92 Final Remittance)	HBI (510,784.68)	HBI (374,392.60)	(885,177.28)
Add: Over-accrual of 1992 Expense based upon Funding Adjustment	HBI-1 590,433.02	HBI-1 586,308.37	1,176,741.39
Less: Over-accrual of 1991 Expense Adjusted through 1992 Funding (i.e., cash collected (over) under) 1991 Contribution Adjustments Included in 1992 Funding Adj.	HBI-1 (254,344.58)	HBI-1 (594,966.02)	(849,310.60)
	0.00	0.00	0.00
12/91 Contribution Adjustment Included in 1992 Funding Adj.	0.00	0.00	0.00
Total 1992 Expense	62,667,737.60 =====	49,629,613.48 =====	page 2 112,297,351.08 =====
	HBI	HBI	HBI

6/14/92: 100% of 1992 Expense to Education Trust dated 1/22/92.

NOTE>

BellSouth Corporation
Calculation of Total Expense Recognized in 1992
Prepared by: Mary Ann Tanner
Date Prepared:

01/16/93

File: Ftnote92.wk1
(a1)

	(MSP)	(SSP)	Total
Employer Contributions:			
January	462-1 3,083,864.42	HB2-1 3,056,258.98	6,140,123.40
February	5,774,032.59	3,403,290.05	9,177,322.64
March	4,625,519.64	2,954,050.09	7,579,569.73
April	3,033,859.55	2,926,135.67	5,959,995.22
May	3,253,616.05	3,815,805.36	7,069,421.41
June	3,209,297.93	2,947,092.47	6,156,390.40
July	3,493,937.33	3,435,530.57	6,929,467.90
August	3,480,603.65	4,110,908.26	7,591,511.91
September	3,465,253.42	3,421,274.52	6,886,527.94
October	3,483,093.89	4,455,702.95	7,938,796.84
November	3,504,327.85	3,455,575.23	6,959,903.08
December note ①	3,489,636.25	3,485,108.23	6,974,744.48

Shares Allocated Accrual:

1992-1	HB4-3 8,715,366.00	HB4-3 4,491,835.00	HB4-3 13,207,201.00
1992-2	HB4-2 9,916,169.00	HB4-2 4,010,148.00	HB4-2 13,926,317.00

Adjustments:

Add: December 1991 True-up	5 649,944.71	HB2-2 35,290.70	685,235.41
Less: December 1992 True-up (FROM FINAL CONTRIB BKDWN COL 6)	X (510,784.68)	X (374,392.60)	(885,177.28)

TOTAL 1992 EXPENSE

① HB2 \$62,667,737.60	HB2 \$49,629,613.48	HB2 \$112,297,351.08
=====	=====	=====

INTEREST EXPENSE RECLASSED:

1992-1	465-2 12,153,389.23	HB5-2 7,482,453.51	19,635,842.74
1992-2	HB5-1 13,593,690.76	HB5-1 7,254,186.20	20,847,876.96

TOTAL INTEREST EXPENSE	② 25,747,079.99	14,736,639.71	40,483,719.70
	=====	=====	=====

TOTAL COMPENSATION EXPENSE ① - ②	= 36,920,657.61	34,892,973.77	71,813,631.38
	=====	=====	=====

305

Total Employer Contributions	③ 43,897,042.57	④ 41,466,732.38	
	=====	=====	

NOTE: Interest expense reclassified from 1992-1 to 1992-2

F81K06W 001976

BellSouth Corporation
 Calculation of Total Cash Contributions to the Trusts in 1992
 Prepared by: Mary Ann Tanner
 Date Prepared: 01/16/93

File: Ftnote92.wk1
 (a63)

	(MSP)	(SSP)	Total
Cash Contributions Paid to the Trusts for Debt Service:			
January 1, 1992	H84-3 19,267,511.94	H84-3 11,131,199.20	H84-3 30,398,711.14
July 1, 1992	H84-2 15,872,269.21	H84-2 11,536,847.90	H84-2 27,409,117.11
Cash Contributions for Top-Off:			
December 1991	H82 3,097,822.82	H82 1,927,948.50	5,025,771.32
March	0.00	-H82-1 506,385.00	506,385.00
April	0.00	3,271,989.18	3,271,989.18
May	H83-1 2,542,269.77	3,617,574.90	6,159,844.67
June	2,974,462.21	2,788,271.70	5,762,733.91
October	0.00	2,968,637.75	2,968,637.75
November (includes correction of Oct)	0.00	2,816,135.40	2,816,135.40
TOTAL CASH CONTRIBUTIONS TO THE TRUSTS	\$43,754,335.95 =====	\$40,562,989.53 =====	\$84,317,325.48 =====

H82

H82

page 1 H 2 1/2 ✓

**DIVIDENDS PAID TO THE TRUSTS
 USED FOR DEBT SERVICE:**

Dividends Paid January - June, 1992 (used for 7/1/92 payment)	H84-2 14,226,759.48	H84-2 7,626,131.16	H84-2 21,852,890.64
Dividends Paid July - December, 1992 (used for 1/1/93 payment)	H84-1 14,204,484.90	H84-1 7,619,074.53	H84-1 21,823,559.43
TOTAL DIVIDENDS PAID	28,431,244.38 =====	15,245,205.69 =====	43,676,450.07 =====

H 2 1/2 ✓

BellSouth Corporation
 Reconciliation of "Cash Contributions to the Trust" to "Total Expense"
 Prepared by: Merrill McCreary
 Date Prepared: January 24, 1992

File: Footnote.wk1

	(MSP)	(SSP)	Total
TOTAL CASH CONTRIBUTIONS TO THE TRUSTS	\$50,192,230.41	\$40,465,300.88	\$90,657,531.29
Add: Shares Allocated Accrual:			
1991-1	9,209,289.00	5,062,698.00	14,271,987.00
1991-2	9,914,783.00	4,215,387.00	14,130,170.00
Add: December 1991 Top-Off Paid to Trusts in January 1992	3,097,822.82	1,927,948.50	5,025,771.32
Less: December 1990 Top-Off Paid to Trusts in January 1991	(3,716,170.77)	(2,895,351.88)	(6,611,522.65)
Add: December 1990 Expense Recognized in 1991	602,559.49	414,689.48	1,017,248.97
Less: December 1991 Expense Recognized in 1992	(649,944.71)	(35,290.70)	(685,235.41)
Add: Over-accrual of 1991 Expense based upon Funding Adjustment	254,344.58	594,966.02	849,310.60
Less: Over-accrual of 1990 Expense Adjusted through 1991 Funding	(829,517.99)	(167,949.73)	(997,467.72)
1990 Contribution Adjustments Included in 1991 Funding Adj.	1,185.26	(76,950.86)	(75,765.60)
12/90 Contribution Adjustment Included in 1991 Funding Adj.		(1,498.93)	(1,498.93)
	68,076,581.09	49,505,446.71	117,580,528.87

Adjusted to reconcile ending funds to Barker Trust, 12/31/91.

BellSouth Corporation
Calculation of Total Expense Recognized in 1991
Prepared by: Merrill McCreary
Date Prepared: January 24, 1992

File: Footnote.wkl

	(MSP)	(SSP)	Total
Employer Contributions:			
January	3,843,575.19	3,847,919.87	7,691,495.06
February	7,748,767.17	2,988,480.02	10,737,247.19
March	5,931,534.90	3,588,022.26	9,519,557.16
April	3,197,387.82	2,835,518.45	6,032,906.27
May	3,494,737.62	2,809,889.77	6,304,627.39
June	3,480,786.64	3,642,303.78	7,123,090.42
July	3,658,786.36	3,022,344.47	6,681,130.83
August	3,756,768.08	3,913,412.64	7,670,180.72
September	3,642,055.24	3,318,549.85	6,960,605.09
October	3,694,889.21	2,971,718.14	6,666,607.35
November	3,372,573.00	4,051,830.40	7,424,403.40
December	3,178,033.08	2,856,474.35	6,034,507.43

Shares Allocated Accrual:

1991-1	9,209,289.00	5,062,698.00	14,271,987.00
1991-2	9,914,783.00	4,215,387.00	14,130,170.00

Adjustments:

Add: December 1990 True-up	602,559.49	414,689.48	1,017,248.97
Less: December 1991 True-up	(649,944.71)	(35,290.70)	(685,235.41)

TOTAL 1991 EXPENSE	\$68,076,581.09	\$49,503,947.78	\$117,580,528.87
---------------------------	------------------------	------------------------	-------------------------

INTEREST EXPENSE RECLASSIFIED:

1991-1	12,387,929.89	7,877,905.59	20,265,835.48
1991-2	12,917,361.61	7,317,987.92	20,235,349.53

TOTAL INTEREST EXPENSE	25,305,291.50	15,195,893.51	40,501,185.01
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TOTAL COMPENSATION EXPENSE	42,771,289.59	34,308,054.27	77,079,343.86
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BellSouth Corporation
 Calculation of Total Cash Contributions to the Trusts in 1991
 Prepared by: Merrill McCreary
 Date Prepared: January 24, 1992

File: Footnote.wk1

	(MSP)	(SSP)	Total
Cash Contributions Paid to the Trusts for Debt Service:			
January 1, 1991 / 2-1-91 ✓	19,453,309.59	11,171,026.21	30,624,335.80
July 1, 1991 / 1-1-92 ✓	15,054,635.87	11,472,074.04	26,526,709.91
Cash Contributions for Top-Off:			
December 1990	3,716,170.77	2,895,351.88	6,611,522.65
April	2,469,358.41	2,851,269.07	5,320,627.48
May	3,473,912.15	2,742,139.09	6,216,051.24
June	3,463,670.34	3,559,134.49	7,022,804.83
October	0.00	2,228,802.90	2,228,802.90
November	2,561,173.28	3,545,503.20	6,106,676.48
TOTAL CASH CONTRIBUTIONS TO THE TRUSTS	\$50,192,230.41	\$40,465,300.88	\$90,657,531.29

page 1

DIVIDENDS PAID TO THE TRUSTS USED FOR DEBT SERVICE:			
Dividends Paid January - June, (used for 7/1/91 payment)	14,083,744.88	7,524,720.54	21,608,465.42
Dividends Paid July - December, (used for 1/1/92 payment)	14,283,036.57	7,632,674.43	21,915,711.00
TOTAL DIVIDENDS PAID	28,366,781.45	15,157,394.97	43,524,176.42

The above top-off contributions to Bankers and
 (Mainline Co. as to 1991 and 1992 contributions only)

Prepared By	Initials	Can
Approved By		

O WILSON JONES COMPANY

07204 GREEN

7204 BUFF

Reconciliation of Actual vs. ESOI noted 5
 Internal Capital Recognition, etc.

(in millions)		1992	1991
Actual vs. ESOI noted		72.4	74.8
Less:			
Pro-rated Goodwill Amortization	(15.9)		(16.4)
Pro-rated Intangible Assets	(14.2)		(15.4)
Pro-rated Intangible Assets	(1.2)		(.4)
Pro-rated Intangible Assets	(.2)		(.9)
Less: Difference between			
Internal Paid and Actual	(1.4)		(1.2)
Adjusted			
Internal Capital Recognition		40.5	40.5
Per Annual Report			

BellSouth Corporation
 1991-2 Interest Expense Reclass Entry
 Prepared by: Merrill McCreary
 Date: February 10, 1992

File: INT92-1.wk1

INPUT SECTION:

	/----- MSP -----/			/----- SSP -----/	
	Loan #1 Amount	Loan #2 Amount	Total	Total	
Loan Payment - Principal	\$5,127,155.55	\$1,829,354.31	\$6,956,509.86	\$6,742,589.01	
Loan Payment - Interest	11,669,896.42	11,644,999.00	23,314,895.42	12,517,205.97	
Total Loan Payment	16,797,051.97	13,474,353.31	30,271,405.28	19,259,794.98	
X Principal to Total Payment	30.5241%	13.5766%	22.9805%	35.0086%	
X Interest to Total Payment	69.4759%	86.4234%	77.0195%	64.9914%	
Dividends Used to Service Debt			\$14,271,561.87	\$7,629,136.11	
Short Term Interest Earnings used to Service Debt			\$220,224.23	\$117,664.61	

1991-2 INTEREST EXPENSE CALCULATION:

	/----- MSP -----/	/----- SSP -----/	TOTAL
Interest Expense Per Debt Schedules	\$23,314,895.42	\$12,517,205.97	\$35,832,101.39
Earnings:			
Dividends Used for Debt Service	14,271,561.87	7,629,136.11	
X of Dividends Allocated to Int. Exp.	77.02%	64.99%	
Pro-rated Dividends	(10,991,890.51)	(4,958,280.61)	(15,950,171.13)
Interest Earnings Used for Debt Service	220,224.23	117,664.61	
X of Int. Earn. Allocated to Int. Exp.	77.02%	64.99%	
Pro-rated Interest Earnings	(169,615.68)	(76,471.85)	(246,087.53)
TOTAL INTEREST EXPENSE TO BE RECLASSIFIED	\$12,153,389.23	\$7,482,453.51	\$19,635,842.74
MONTHLY AMOUNT TO BE RECLASSIFIED	\$2,025,564.87	\$1,247,075.58	\$3,272,640.46

BellSouth Corporation
 1992-2 Interest Expense Reclass Entry
 Prepared by: Merrill McCreary
 Date: July 29, 1992

File: INT92-2.wkl

INPUT SECTION:

	/----- MSP -----/			/---- SSP ----/	
	Loan #1 Amount	Loan #2 Amount	Total	Total	
Loan Payment - Principal	\$5,460,015.00	\$6,674,004.59	\$12,134,019.59	\$6,840,906.99	
Loan Payment - Interest	11,435,969.88	11,560,940.11	22,996,909.99	12,209,575.35	
Total Loan Payment	16,895,984.88	18,234,944.70	35,130,929.58	19,050,482.34	
% Principal to Total Payment	32.3155%	36.6001%	34.5394%	35.9094%	
% Interest to Total Payment	67.6845%	63.3999%	65.4606%	64.0906%	
Dividends Used to Service Debt		\$14,161,441.32		\$7,618,014.00	
Short Term Interest Earnings used to Service Debt		\$203,263.88		\$113,831.77	

1992-2 INTEREST EXPENSE CALCULATION:

	/----- MSP -----/	/----- SSP -----/	TOTAL
Interest Expense Per Debt Schedules	\$22,996,909.99	\$12,209,575.35	\$35,206,485.34
Earnings:			
Dividends Used for Debt Service	\$14,161,441.32	\$7,618,014.00	
% of Dividends Allocated to Int. Exp.	65.46%	64.09%	
Pro-rated Dividends	(9,270,161.51)	(4,882,433.65)	(14,152,595.16)
Interest Earnings Used for Debt Service	\$203,263.88	\$113,831.77	
% of Int. Earn. Allocated to Int. Exp.	65.46%	64.09%	
Pro-rated Interest Earnings	(133,057.71)	(72,955.51)	(206,013.22)
TOTAL INTEREST EXPENSE TO BE RECLASSIFIED	\$13,593,690.76	\$7,254,186.20	\$20,847,876.96
MONTHLY AMOUNT TO BE RECLASSIFIED	\$2,265,615.13	\$1,209,031.03	\$3,474,646.16

Calculation of Total Interest Expense for The
Period Jan - Jan, 1991

	Initials	Date
Prepared by	<i>[Signature]</i>	2/1
Approved by		

$$B = A$$

--- SOUTH CORPORATION
 INGS PLAN LESOPS

For Loan Payments on July 1, 1991 (Accrual Amounts Jan - Jun, 1991)

	NSP			SSP
	Loan #1 Amount	Loan #2 Amount	Total	Total
Number of Shares Released			0	0
Total Cost of Shares Released			\$0.00	\$0.00
Company Contribution - Principal				
Dividend - Principal			\$2,512,320.28	\$2,339,993.00
Short Term Interest - Principal			\$58,093.03	\$54,108.41
Total Principal				
Company Contribution - Interest				
Dividend - Interest			\$11,354,746.52	\$5,074,665.28
Short Term Interest - Interest			\$252,789.97	\$117,343.59
Total Interest				
Total Loan Payment			\$0.00	\$0.00
Ratio of Shares Released per Loan				

INPUT SECTION:

Loan Payment - Principal	\$4,302,220.45	\$1,006,700.70	\$5,308,921.15	\$6,026,690.01
Loan Payment - Interest	\$12,075,166.58	\$11,939,299.80	\$24,015,466.38	\$13,069,934.46
Total Loan Payment	\$16,377,387.03	\$12,946,000.50	\$29,324,387.53	\$19,096,624.47
% Principal to Total Payment	26.2677%	7.7762%	18.1041%	31.5589%
% Interest to Total Payment	73.7323%	92.2238%	81.8959%	68.4411%
Dividends Used to Service Debt			\$13,377,066.80	\$7,414,678.29
Short Term Interest Earnings used to Service Debt			\$320,863.00	\$171,452.00
Company Contributions used to Service Debt				

BellSouth Corporation
 1991-2 Interest Expense Reclass Entry
 Prepared by: Merrill McCreary
 Date: August 29, 1991

INPUT SECTION:

	/----- MSP -----/			/---- SSP ----/	
	Loan #1 Amount	Loan #2 Amount	Total	Total	
Loan Payment - Principal	\$4,602,331.53	\$5,398,105.90	\$10,000,437.43	\$6,087,906.99	
Loan Payment - Interest	11,879,877.90	11,893,041.90	23,772,919.80	12,794,966.73	
Total Loan Payment	16,482,209.43	17,291,147.80	33,773,357.23	18,882,873.72	
X Principal to Total Payment	27.9230X	31.2189X	29.6104X	32.2404X	
X Interest to Total Payment	72.0770X	68.7811X	70.3896X	67.7596X	
Dividends Used to Service Debt			\$14,403,710.01	\$7,732,595.87	
Short Term Interest Earnings used to Service Debt			\$1,018,402.54	\$350,355.92	

1991-2 INTEREST EXPENSE CALCULATION:

	/----- MSP -----/		/----- SSP -----/		TOTAL
Interest Expense Per Debt Schedules	\$23,772,919.80		\$12,794,966.73		\$36,567,886.53
Earnings:					
Dividends Used for Debt Service	14,403,710.01		7,732,595.87		
X of Dividends Allocated to Int. Exp.	70.39X		67.76X		
Pro-rated Dividends	(10,138,709.06)		(5,239,578.91)		(15,378,287.97)
Interest Earnings Used for Debt Service	1,018,402.54		350,355.92		
X of Int. Earn. Allocated to Int. Exp.	70.39X		67.76X		
Pro-rated Interest Earnings	(716,849.13)		(237,399.90)		(954,249.04)
TOTAL INTEREST EXPENSE TO BE RECLASSIFIED	\$12,917,361.61		\$7,317,987.92		\$20,235,349.53
MONTHLY AMOUNT TO BE RECLASSIFIED	\$2,152,893.60		\$1,219,664.65		\$3,372,558.25

100% (C) ...
 IS PERMANENT FILE

TOTAL MANAGEMENT ESOP PAYMENTS

 \$350,000,000

PAYMENT DATE	INTEREST PAYMENTS	PRINCIPAL PAYMENTS	TOTAL PAYMENTS
01-Jul-90	(11,859,260.54)	(16,686,613.16)	(28,545,873.70)
01-Jan-91	(24,418,491.35)	(8,797,858.88)	(33,216,350.23)
01-Jul-91	(24,015,466.37)	(5,308,921.15)	(29,324,387.52)
01-Jan-92	(23,772,919.80)	(10,000,437.43)	(33,773,357.23)
01-Jul-92	(23,314,895.42)	(6,956,509.86)	(30,271,405.29)
01-Jan-93	(22,996,909.98)	(12,134,019.59)	(35,130,929.57)
01-Jul-93	(22,441,126.60)	(8,768,313.02)	(31,209,439.61)
01-Jan-94	(22,040,177.86)	(13,965,687.01)	(36,005,864.87)
01-Jul-94	(21,400,529.56)	(10,730,366.32)	(32,130,895.89)
01-Jan-95	(20,909,735.96)	(15,953,044.61)	(36,862,780.56)
01-Jul-95	(20,179,092.77)	(12,853,684.94)	(33,032,777.70)
01-Jan-96	(19,591,069.16)	(18,111,326.72)	(37,702,395.88)
01-Jul-96	(18,761,603.66)	(15,156,129.89)	(33,917,733.55)
01-Jan-97	(18,068,146.44)	(20,453,111.94)	(38,521,258.38)
01-Jul-97	(17,131,454.48)	(17,646,665.66)	(34,778,120.14)
01-Jan-98	(16,323,950.64)	(22,999,808.87)	(39,323,759.50)

Calculation of Actual
 Interest Paid in 1992:
 MSP E(A) 47,087,815.22
 SSF #103-2 25,312,172.70
72,399,987.92
 H/L
 ✓

64,044,762.52
 66,340,368
 BSB

To B

BSB

To B

Ans.

ESOP INTEREST EXPENSE -- AMORTIZATION SCHEDULE

ISSUE: \$300,000,000.00 9.125% DUE 7/1/2003

EXPENSE DATE	PAYMENT DATE	INTEREST EXPENSE PER \$1,000	300,000.00 OR EXPENSE CR PAYABLE	INTEREST PAYMENTS OR PAYABLE CR CASH	PRINCIPAL PAYMENTS OR L-T DEBT CR CASH	TOTAL PAYMENTS
31-Mar-90			5,475,000.00			
30-Jun-90		36.5000000	5,475,000.00			
	01-Jul-90			(10,950,000.00)	(8,147,270.01)	(19,097,270.01)
30-Sep-90			4,657,890.40			
31-Dec-90		44.3859360	4,657,890.40			
	01-Jan-91			(13,315,780.80)	(5,388,413.01)	(18,704,193.81)
31-Mar-91			6,534,967.23			
30-Jun-91		43.5664482	6,534,967.23			
	01-Jul-91			(13,069,934.46)	(6,026,690.01)	(19,096,624.47)
30-Sep-91			6,397,483.57			
31-Dec-91		42.6498891	6,397,483.57			
	01-Jan-92			(12,794,966.73)	(6,087,906.99)	(18,882,873.72)
31-Mar-92			6,258,602.99			
30-Jun-92		41.7240199	6,258,602.99			
	01-Jul-92			(12,517,205.97)	(6,742,589.01)	(19,259,794.98)
30-Sep-92			6,104,787.68			
31-Dec-92		40.6985845	6,104,787.68			
	01-Jan-93			(12,209,575.33)	(6,840,906.99)	(19,050,482.34)
31-Mar-93			5,948,729.49			
30-Jun-93		39.6581966	5,948,729.49			
	01-Jul-93			(11,897,458.98)	(7,514,996.01)	(19,412,454.99)
30-Sep-93			5,777,293.64			
31-Dec-93		38.5152909	5,777,293.64			
	01-Jan-94			(11,554,587.27)	(7,652,898.99)	(19,207,486.26)
31-Mar-94			5,602,711.88			
30-Jun-94		37.3514125	5,602,711.88			
	01-Jul-94			(11,205,423.73)	(8,349,630.00)	(19,555,053.73)
30-Sep-94			5,412,233.95			
31-Dec-94		36.0815730	5,412,233.95			
	01-Jan-95			(10,824,471.90)	(8,529,867.00)	(19,354,338.90)
31-Mar-95			5,217,648.36			
30-Jun-95		34.7843224	5,217,648.36			
	01-Jul-95			(10,435,296.72)	(9,252,733.00)	(19,688,031.72)
30-Sep-95			5,006,570.34			
31-Dec-95		33.3771356	5,006,570.34			
	01-Jan-96			(10,013,140.68)	(9,478,349.01)	(19,491,489.69)
31-Mar-96			4,790,345.51			
30-Jun-96		31.9356367	4,790,345.51			
	01-Jul-96			(9,580,691.01)	(10,231,131.00)	(19,811,822.01)
30-Sep-96			4,556,947.83			
31-Dec-96		30.3796522	4,556,947.83			
	01-Jan-97			(9,113,895.66)	(10,505,480.01)	(19,619,375.67)
31-Mar-97			4,317,291.57			
30-Jun-97		28.7819438	4,317,291.57			
	01-Jul-97			(8,634,583.14)	(11,292,266.01)	(19,926,849.15)
30-Sep-97			4,059,686.75			
31-Dec-97		27.0645783	4,059,686.75			
	01-Jan-98			(8,119,373.49)	(11,619,054.00)	(19,738,427.49)
31-Mar-98			3,794,627.07			

ACTUAL INTEREST
PAID ON SEP 1
IN 1992

25,312,172

H33-1

H35-2

H35-1

H35-1

H35-1

H35-1

H35-1

H35-1

H35-1

H35-1

H35-1

H35-1

H35-1

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H35-1

H35-1



Bankers Trust

P.O. Box 318, Church Street Station, New York, New York 10008

December 27, 1990

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14E05 Campanile
Atlanta, GA 30367

Dear Denise:

On January 2, 1991 we will transfer \$51,920,544.04 which represents principal & interest payments to Chemical Bank.

We will require the following funds to be transferred to Bankers Trust Co. on January 2, 1991 in order to process this loan re-payment. The amount needed from BellSouth Corp. will be \$ 30,624,335.80.

The following is a detail analysis of the amount requested by each debt.

BellSouth Savings & ESOP
9-1/8% Medium Term Notes, Series A

Account #109482

Loan amount due:	\$16,055,601.93 ⁽⁵⁾
Dividend payment - 8/1	(3,483,713.19) ⁽⁷⁾
Dividend payment - 11/1	(3,486,023.29) ⁽⁹⁾
STIF income available as of 12/26/90	<u>(158,483.56)⁽⁴⁾</u>

23 = 33,210,350.23 ✓
A-1

Sub-total amount due \$ 8,927,381.89⁽¹⁾

20 = 19,453,359.59 ✓

BellSouth Savings & ESOP
9-19% Medium Term Notes, Series A

Account #109483

Loan amount due:	\$17,160,748.30 ⁽⁵⁾
Dividend payment - 8/1	(1,375,806.25) ⁽³⁾
Dividend payment - 11/1	(3,458,396.10) ⁽⁶⁾
STIF income available as of 12/26/90	<u>(1,800,618.25)⁽⁴⁾</u>

Sub-total amount due \$10,525,927.70⁽¹⁾

8/1 20 = 4,859,519.44
11/1 20 = 4,944,419.39
Total ASP
dividend
STIF
20 = 11,803,938.83 ✓
A-1
20 = 1,959,101.81 ✓
A-1

Refer to debt amortization schedules maintained in 2754 permanent files.

**BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A**

Account #109495

Loan amount due:
Dividend payment - 8/1
Dividend payment - 11/1
STIF income available
as of 12/26/90

✓ \$18,704,193.81 "A-1"
(3,374,267.66) (6)
(3,710,449.25) ↓
(448,450.69) "A-1" ✓

total STIF Dividends
2(6)'s = 7,084,716.91
A-1 ✓

Sub-total amount due

\$11,171,026.21 ✓

Grand total amount due from
BellSouth on 1/2/91

\$ 30,624,335.80

Enclosed is a copy of wire instruction for Bankers Trust Company.

Please call if you have any questions or need additional information on (201)860-2906.

Sincerely,

Jeffrey Skolar

cc: Nancy Gardner
Robin Lucie
Martin Lebowitz
Andrea Nicoletti
Jeffrey Skolar



Bankers Trust

P.O. Box 318, Church Street Station, New York, New York 10008

June 26, 1991

Mrs. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14E05 Campanile
Atlanta, GA 30367

Dear Denise:

On July 1, 1991 we will transfer \$48,421,011.90 which represents principal & interest payments to Chemical Bank. (A-1)

We will require the following funds to be transferred to Bankers Trust Company on July 1, 1991 in order to process this loan re-payment. The amount needed from BellSouth Corporation will be \$26,526,709.91.

The following is a detail analysis of the amount requested by each debt.

**BellSouth Savings & ESOP
9-1/8% Medium Term Notes, Series A**

Account #109482

Loan amount due:	\$16,378,387.03 ^③
Dividend payment - 2/1	(3,483,018.45) ^①
Dividend payment - 5/1	(3,586,816.65) ^②
STIF income available as of 6/24/91	<u>(93,909.29)^③</u>

$\Sigma \textcircled{1} = 29,324,387.52$ - Fee
A-1

Sub-total amount due

\$ 9,214,642.64

**BellSouth Savings & ESOP
9-19% Medium Term Notes, Series A**

Account #109483

Loan amount due:	\$12,946,000.49 ^④
Dividend payment - 2/1	(3,455,400.38) ^①
Dividend payment - 5/1	(3,558,509.40) ^②
STIF income available as of 6/24/91	<u>(92,097.48)^③</u>

$\Sigma \textcircled{1} = 6,938,418.93$ 2/1 Acc. In
7,145,326.05 5/1 Acc. In
14,093,744.98 Total Acc.
A-1

Sub-total amount due

\$ 5,839,993.23

$\Sigma = 186,006.77$ Total =
A-1/2 - 8 Bonds, 144.7
Set - 30.
A-2 1/2

**BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A**

Account #109495

Loan amount due:
Dividend payment - 2/1
Dividend payment - 5/1
STIF income available
as of 6/24

(A-1) \$19,096,624.47
(3,707,181.69) 7/1
(3,817,538.85) 7,524,720.54
99,829.89 A-1 / A-2

*total dividends
used for Debt Sec*

Sub-total amount due

\$11,472,074.04

**Grand total amount due from
BellSouth on 7/1/91**

\$26,526,709.91

Enclosed is a copy of wire instruction for Bankers Trust Company.

Please call if you have any questions or need additional information on (201)860-2906.

Sincerely,

Turner McClendon III

Turner McClendon III
Assistant Treasurer

cc: Ms. Nancy Gardner
Ms. Robin Lucie
Ms. Andrea Nicoletti
Mr. Martin Lebowitz
Mr. Jeff Skolar

Bankers Trust Company

Martin Lebowitz
Vice President
Telephone: 201-860-3418

December 19, 1991

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14805 Campanile
Atlanta, GA 30367

Dear Denise:

On January 2, 1992 we will transfer \$52,656,230.95 which presents principal & interest payments to Chemical Bank.

We will require the following funds to be transferred to Bankers Trust Company on January 2, 1992 in order to process this loan repayment. The amount needed from BellSouth Corporation will be \$30,398,711.14.

The following is a detail analysis of the amount requested by each debt:

BellSouth Savings & ESOP
9-1/8% Medium Term Notes, Series A

Account #109482

Loan amount due:
Dividend payment 8/1
Dividend payment 11/1
Stif available as of
12/18/91

\$16,482,209.43
(3,585,605.70)
(3,583,181.04)
(111,757.82)

Sub-total amount due

\$ 9,201,664.87

BellSouth Savings & ESOP
9-19% Medium Term Notes, Series A

Account #109483

Loan amount due:
Dividend payment 8/1
Dividend payment 11/1
Stif available as of
12/18/91

\$17,291,147.80
(3,557,842.17)
(3,556,407.66)
(111,050.97)

Sub-total amount due

\$10,065,247.07

Certified Correct:
Denise Cowell

F01K06W 001993

December 19, 1991

Ms. Denise Cowall
Assistant Staff Manager
BellSouth Corporation

BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A

Account #109498

Loan amount due:

Dividend payment 8/1

Dividend payment 11/1

Stif available as of
12/18/91

$20'3 = 7,632,674.43$
A-1

\$18,882,873.72 A-1
(3,816,904.74) A-7
(3,815,769.69) A-7
(119,000.09) A-1/A-8

Sub-total amount due

\$11,131,199.20 ✓

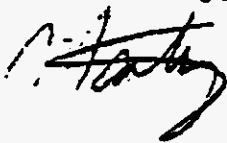
Grand total amount due from
BellSouth on 1/2/92

\$30,398,711.14 ✓

Enclosed is a copy of wire instructions for Bankers Trust Company.

Please call me if you have any questions or need additional
information.

Sincerely,



cc: Ms. Nancy Gardner
Ms. Robin Lucie
Ms. Andrea Nicloetti
Mr. Martin Lebowitz
Mr. Jeff Skolar
Mr. Turner McClendon

FBIK06W 001994

Martin Lebowitz
Vice President
Telephone: 201-860-3418

June 23, 1992

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation
1155 Peachtree Street, NE
14B05 Campanile
Atlanta, GA 30367

Dear Denise:

On July 1, 1992 we will transfer \$29,532,200.27 which represents principal & interest payments to Chemical Bank.

We will require the following funds to be transferred to Bankers Trust Company on July 1, 1992 in order to process this loan repayment. The amount needed from BellSouth Corporation will be \$27,409,117.11.

The following is a detail analysis of the amount requested by each debt:

**BellSouth Savings & ESOP
9-1/8% Medium Term Notes, Series A**

Account #109482

Loan amount due:
Dividend payment 2/1
Dividend payment 5/1
Stif available as of
6/18/92

\$16,797,051.98 ✓
+ 3,571,353.75 ✓
+ 3,563,625.75 ✓
= 85,932.34 ✓

Sub-total amount due

\$ 9,576,140.14 ✓

**BellSouth Savings & ESOP
9-19% Medium Term Notes, Series A**

Account #109483

Loan amount due:
Dividend payment 2/1
Dividend payment 5/1
Stif available as of
6/18/92

\$13,474,353.31 ✓
+ 3,548,476.11 ✓
+ 3,543,303.87 ✓
= 86,444.26 ✓

Sub-total amount due

\$ 6,296,129.07 ✓

\$15,872,269.21
A-1

Certified Correct.
Denise Cowell

June 23, 1992

Ms. Denise Cowell
Assistant Staff Manager
BellSouth Corporation

BellSouth Savings & Security
9-1/8% Medium Term Notes, Series A

Account #109498

Loan amount due:

Dividend payment 2/1

Dividend payment 5/1

Stif available as of

6/18/92

\$19,259,794.98 ✓ A-1
(3,814,420.05) ✓ A-7
(3,811,711.11) ✓ A-7
(96,815.92) A-1/A-8

Sub-total amount due

\$11,536,847.90 ✓
A-1

Grand total amount due from
BellSouth on 7/1/92

\$27,409,117.11 ✓
<A-17

Enclosed is a copy of wire instructions for Bankers Trust Company.

Please call me if you have any questions or need additional information.

Sincerely,



cc: Ms. Nancy Gardner
Ms. Robin Lucie
Ms. Andrea Nicoletti
Mr. Jeff Skolar

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-089
Page 1 of 1

Request: Please provide the BSC-BQ accounting entries to record the tax benefit of the BSC dividends paid to the trusts for 1991 and 1992.

Response: The Company amends its response of July 14, 1993 as follows:

BSC-BQ accounting entries to record the tax benefit of the BSC dividends paid to the trusts for 1991 and 1992 are contained in Attachment A which is being mailed in overnight mail on September 23, 1993.

Data Provided: September 23, 1993

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Item No. 6-089
Page 1 of 1

Request: Please provide the BSC-HQ accounting entries to record the tax benefit of the BSC dividends paid to the trusts for 1991 and 1992.

Response: The Company amends its response of July 14, 1993 as follows:

BSC-HQ accounting entries to record the tax benefit of the BSC dividends paid to the trusts for 1991 and 1992 are contained in Attachment A which is being mailed in overnight mail on September 23, 1993.

Date Provided: September 23, 1993

03-Jul-91

ITEM NO. 6-089
ATTACHMENT I

BSHQje

0

JUNE 1991

BELLSOUTH HEADQUARTERS
BSHQRF-4700-PT
PAGE 1 OF 1

ITEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1	DESCRIPTION 2	PROJ.#
1000	10	316.1	HA0000		6,422,143.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1000	60	319.1	HA0000		0.00	(6,422,143.00)	FEDERAL DEFERRED CURRENT		
1001	60	541.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX		
1001	10	316.1	HA0000		7,346,878.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1001	60	344.6	HA0000		0.00	(7,346,878.00)	RETAINED EARNINGS - LESOP	RECEIVED	
1002	60	541.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC AMORTIZED		
1002	60	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ESOP		
1002	60	541.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC REALIZED		
1002	60	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC		
1003	60	542.11	HA0000		0.00	0.00	GA STATE INCOME TAX EXPENSE		
1003	60	542.12	HA0000		0.00	0.00	AL STATE INCOME TAX EXPENSE		
1003	60	542.13	HA0000		0.00	0.00	FL STATE INCOME TAX EXPENSE		
1003	60	542.14	HA0000		0.00	0.00	KY STATE INCOME TAX EXPENSE		
1003	60	542.15	HA0000		0.00	0.00	LA STATE INCOME TAX EXPENSE		
1003	60	542.16	HA0000		0.00	0.00	MS STATE INCOME TAX EXPENSE		
1003	60	542.17	HA0000		0.00	0.00	NC STATE INCOME TAX EXPENSE		
1003	60	542.18	HA0000		0.00	0.00	SC STATE INCOME TAX EXPENSE		
1003	60	542.1a	HA0000		0.00	0.00	DC STATE INCOME TAX EXPENSE		
1003	60	316.21	HA0000		0.00	0.00	GA STATE INCOME TAX PAYABLE		
1003	60	316.22	HA0000		0.00	0.00	AL STATE INCOME TAX PAYABLE		
1003	60	316.23	HA0000		0.00	0.00	FL STATE INCOME TAX PAYABLE		
1003	60	316.24	HA0000		0.00	0.00	KY STATE INCOME TAX PAYABLE		
1003	60	316.25	HA0000		0.00	0.00	LA STATE INCOME TAX PAYABLE		
1003	60	316.26	HA0000		0.00	0.00	MS STATE INCOME TAX PAYABLE		
1003	60	316.27	HA0000		0.00	0.00	NC STATE INCOME TAX PAYABLE		
1003	60	316.28	HA0000		0.00	0.00	SC STATE INCOME TAX PAYABLE		
1003	60	316.2a	HA0000		0.00	0.00	DC STATE INCOME TAX PAYABLE		
1003	60	316.9	HA0000		0.00	0.00	OTHER TAXES - PAYABLE		
1004	60	542.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX		
1004	60	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT		
1004	60	321.221	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM		

328

TOTALS 13,769,021.00 (13,769,021.00)

PREPARED BY:

Juliana Walker

CORRECT:

Juliana Walker

APPROVED:

*Juliana Walker*JOURNAL ENTRY EFFECT ON NET INCOME:
(Increase)Decre 0.00

F01K06W 001967

07-Oct-91

3-2 QH

SEPTEMBER 1991

BELLSOUTH HEADQUARTERS
BSHQRF-4700-PT
PAGE 1 OF 1

ITEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1	DESCRIPTION 2	PROJ.#
1000	60	316.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1000	60	319.1	HA0000		0.00	0.00	FEDERAL DEFERRED CURRENT		
1001	60	541.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX		
1001	10	316.1	HA0000		3,726,520.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1001	60	351.2	HA0000		0.00	(3,726,520.00)	OTHER RETAINED EARNINGS ADJ		
1002	60	541.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC AMORTIZED		
1002	60	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ESOP		
1002	60	541.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC REALIZED		
1002	60	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC		
1003	60	542.11	HA0000		0.00	0.00	GA STATE INCOME TAX EXPENSE		
1003	60	542.12	HA0000		0.00	0.00	AL STATE INCOME TAX EXPENSE		
1003	60	542.13	HA0000		0.00	0.00	FL STATE INCOME TAX EXPENSE		
1003	60	542.14	HA0000		0.00	0.00	KY STATE INCOME TAX EXPENSE		
1003	60	542.15	HA0000		0.00	0.00	LA STATE INCOME TAX EXPENSE		
1003	60	542.16	HA0000		0.00	0.00	MS STATE INCOME TAX EXPENSE		
1003	60	542.17	HA0000		0.00	0.00	NC STATE INCOME TAX EXPENSE		
1003	60	542.18	HA0000		0.00	0.00	SC STATE INCOME TAX EXPENSE		
1003	60	542.1a	HA0000		0.00	0.00	DC STATE INCOME TAX EXPENSE		
1003	60	316.21	HA0000		0.00	0.00	GA STATE INCOME TAX PAYABLE		
1003	60	316.22	HA0000		0.00	0.00	AL STATE INCOME TAX PAYABLE		
1003	60	316.23	HA0000		0.00	0.00	FL STATE INCOME TAX PAYABLE		
1003	60	316.24	HA0000		0.00	0.00	KY STATE INCOME TAX PAYABLE		
1003	60	316.25	HA0000		0.00	0.00	LA STATE INCOME TAX PAYABLE		
1003	60	316.26	HA0000		0.00	0.00	MS STATE INCOME TAX PAYABLE		
1003	60	316.27	HA0000		0.00	0.00	NC STATE INCOME TAX PAYABLE		
1003	60	316.28	HA0000		0.00	0.00	SC STATE INCOME TAX PAYABLE		
1003	60	316.2a	HA0000		0.00	0.00	DC STATE INCOME TAX PAYABLE		
1003	60	316.9	HA0000		0.00	0.00	OTHER TAXES - PAYABLE		
1004	60	542.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX		
1004	60	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT		
1004	60	321.221	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM		

TOTALS 3,726,520.00 (3,726,520.00)

329

PREPARED BY: [Signature]CORRECT: [Signature]APPROVED: [Signature]

JOURNAL ENTRY EFFECT ON NET INCOME:
(Increase)Decre 0.00

F01K86W 001968

Dec-91

BELLSOUTH CORPORATION

RF-4700-PT

PAGE 1 OF 1

TEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1	DESCRIPTION 2
1000	60	541.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL	
1000	60	316.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL	
1001	60	541.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX	
1001	10	319.1	HA0000		3,724,822.00	0.00	DEF.FED.INCOME TAX-CURRENT	
1001	60	321.211	HA0000		0.00	0.00	DEF.FED.INCOME TAX-LONG TERM	
1002	60	541.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC AMORTIZED	
1002	60	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ESOP	
1002	60	541.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC REALIZED	
1002	60	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC	
1003	60	542.11	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	GEORGIA
1003	60	542.12	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.13	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.14	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.15	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.16	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.17	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.18	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	542.19	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.21	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.22	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.23	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.24	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.25	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.26	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.27	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.28	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.29	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL	
1003	60	316.9	HA0000		0.00	0.00	OTHER TAXES ACCRUED	
1004	60	542.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX	
1004	60	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT	
1004	60	321.22	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM	
1004	60	541.4	HA0000		0.00	0.00	SUPERFUND TAX	
1004	60	752.23	HA0000		0.00	0.00	INTEREST EXPENSE	
1004	60	344.5	HA0000		0.00	0.00	TAX BENEFIT OF NISO	
1004	60	351.2	HA0000		0.00	(3,724,822.00)	OTHER RETAINED EARN ADJUST	

TOTALS 3,724,822.00 (3,724,822.00)

PREPARED BY: H. AlfordCORRECT: [Signature]APPROVED: [Signature]

JOURNAL ENTRY EFFECT ON NET INCOME:

0 (Increase)Decrease in net inc. 0.00

31-Mar-92

151 971.
1792
for Mr. W. for L

BSHQ JOURNAL ENTRY

MARCH, 1992

BELLSOUTH HEADQUARTERS

RF-4700-PT

BSHQ

PAGE 1 OF 2

ITEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1	DESCRIPTION 2	PROJ.#
1000	10	316.1	HA0000		3,717,645	0.00	FEDERAL INCOME TAX ACCRUAL		
1000	10	319.1	HA0000		0	0.00	FEDERAL DEFERRED CURRENT		
1001	60	541.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX		
1001	60	316.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1001	60	351.2	HA0000		0.00	(3,717,645)	OTHER RETAINED EARNINGS ADJ		
1002	60	541.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC AMORTIZED		
1002	60	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ESOP		
1002	60	541.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC REALIZED		
1002	60	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC		
1003	60	542.11	HA0000		0.00	0.00	GA STATE INCOME TAX EXPENSE		
1003	60	542.12	HA0000		0.00	0.00	AL STATE INCOME TAX EXPENSE		
1003	60	542.13	HA0000		0.00	0.00	FL STATE INCOME TAX EXPENSE		
1003	60	542.14	HA0000		0.00	0.00	KY STATE INCOME TAX EXPENSE		
1003	60	542.15	HA0000		0.00	0.00	LA STATE INCOME TAX EXPENSE		
1003	60	542.16	HA0000		0.00	0.00	MS STATE INCOME TAX EXPENSE		
1003	60	542.17	HA0000		0.00	0.00	NC STATE INCOME TAX EXPENSE		
1003	60	542.18	HA0000		0.00	0.00	SC STATE INCOME TAX EXPENSE		
1003	60	542.1a	HA0000		0.00	0.00	DC STATE INCOME TAX EXPENSE		
1003	60	316.21	HA0000		0.00	0.00	GA STATE INCOME TAX PAYABLE		
1003	60	316.22	HA0000		0.00	0.00	AL STATE INCOME TAX PAYABLE		
1003	60	316.23	HA0000		0.00	0.00	FL STATE INCOME TAX PAYABLE		
1003	60	316.24	HA0000		0.00	0.00	KY STATE INCOME TAX PAYABLE		
1003	60	316.25	HA0000		0.00	0.00	LA STATE INCOME TAX PAYABLE		
1003	60	316.26	HA0000		0.00	0.00	MS STATE INCOME TAX PAYABLE		
1003	60	316.27	HA0000		0.00	0.00	NC STATE INCOME TAX PAYABLE		
1003	60	316.28	HA0000		0.00	0.00	SC STATE INCOME TAX PAYABLE		
1003	60	316.2a	HA0000		0.00	0.00	DC STATE INCOME TAX PAYABLE		
1003	60	316.9	HA0000		0.00	0.00	OTHER TAXES - PAYABLE		
1004	60	542.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX		
1004	60	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT		
1004	60	321.221	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM		

331

TOTALS 3,717,645.00 (3,717,645.00)

PREPARED BY: [Signature]

CORRECT: [Signature]

APPROVED: [Signature]

JOURNAL ENTRY EFFECT ON NET INCOME:

(Increase)Decre 0.00

F01K06W 001970

13-May-72

ISNR JOURNAL ENTRY

MAY, 1972				SOUTHWEST HEADQUARTERS 2500		RF-4700-PF PAGE 1 OF 2			
ITEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1	DESCRIPTION 2	PROJ.
1000	DR	316.1	HA0000		3,712.338	0.00	FEDERAL INCOME TAX ACCRUAL		
1000	DR	319.1	HA0000		0	0.00	FEDERAL DEFERRED CURRENT		
1001	DR	341.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX		
1001	DR	316.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1001	DR	331.2	HA0000		0.00	(3,712.338)	OTHER RETAINED EARNINGS ADJ		
1002	DR	341.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC AMORTIZED		
1002	DR	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ESOP		
1002	DR	341.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC REALIZED		
1002	DR	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC		
1003	DR	342.11	HA0000		0.00	0.00	GA STATE INCOME TAX EXPENSE		
1003	DR	342.12	HA0000		0.00	0.00	AL STATE INCOME TAX EXPENSE		
1003	DR	342.13	HA0000		0.00	0.00	FL STATE INCOME TAX EXPENSE		
1003	DR	342.14	HA0000		0.00	0.00	KY STATE INCOME TAX EXPENSE		
1003	DR	342.15	HA0000		0.00	0.00	LA STATE INCOME TAX EXPENSE		
1003	DR	342.16	HA0000		0.00	0.00	MS STATE INCOME TAX EXPENSE		
1003	DR	342.17	HA0000		0.00	0.00	NC STATE INCOME TAX EXPENSE		
1003	DR	342.18	HA0000		0.00	0.00	SC STATE INCOME TAX EXPENSE		
1003	DR	342.19	HA0000		0.00	0.00	DC STATE INCOME TAX EXPENSE		
1003	DR	316.21	HA0000		0.00	0.00	GA STATE INCOME TAX PAYABLE		
1003	DR	316.22	HA0000		0.00	0.00	AL STATE INCOME TAX PAYABLE		
1003	DR	316.23	HA0000		0.00	0.00	FL STATE INCOME TAX PAYABLE		
1003	DR	316.24	HA0000		0.00	0.00	KY STATE INCOME TAX PAYABLE		
1003	DR	316.25	HA0000		0.00	0.00	LA STATE INCOME TAX PAYABLE		
1003	DR	316.26	HA0000		0.00	0.00	MS STATE INCOME TAX PAYABLE		
1003	DR	316.27	HA0000		0.00	0.00	NC STATE INCOME TAX PAYABLE		
1003	DR	316.28	HA0000		0.00	0.00	SC STATE INCOME TAX PAYABLE		
1003	DR	316.29	HA0000		0.00	0.00	DC STATE INCOME TAX PAYABLE		
1003	DR	316.9	HA0000		0.00	0.00	OTHER TAXES - PAYABLE		
1004	DR	342.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX		
1004	DR	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT		
1004	DR	321.221	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM		

TOTALS 3,712.338.00 (3,712.338.00)

332

PREPARED BY:

CORRECT:

JOURNAL ENTRY EFFECT ON NET INCOME:

(Increases)Decre 0.00

CAIKREH 001971

01-Sep-92

BSHQ JOURNAL ENTRY

AUGUST, 1992

BELLSOUTH HEADQUARTERS
BSHQRF-4700-PT
PAGE 1 OF 2

ITEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1	DESCRIPTION 2	PROJ.#
1000	10	316.1	HA0000		3,710,745	0.00	FEDERAL INCOME TAX ACCRUAL		
1000	10	319.1	HA0000		0	0.00	FEDERAL DEFERRED CURRENT		
1001	60	541.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX		
1001	60	316.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL		
1001	60	351.2	HA0000		0.00	(3,710,745)	OTHER RETAINED EARNINGS ADJ		
1002	60	541.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC AMORTIZED		
1002	60	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ESOP		
1002	60	541.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC REALIZED		
1002	60	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC		
1003	60	542.11	HA0000		0.00	0.00	GA STATE INCOME TAX EXPENSE		
1003	60	542.12	HA0000		0.00	0.00	AL STATE INCOME TAX EXPENSE		
1003	60	542.13	HA0000		0.00	0.00	FL STATE INCOME TAX EXPENSE		
1003	60	542.14	HA0000		0.00	0.00	KY STATE INCOME TAX EXPENSE		
1003	60	542.15	HA0000		0.00	0.00	LA STATE INCOME TAX EXPENSE		
1003	60	542.16	HA0000		0.00	0.00	MS STATE INCOME TAX EXPENSE		
1003	60	542.17	HA0000		0.00	0.00	NC STATE INCOME TAX EXPENSE		
1003	60	542.18	HA0000		0.00	0.00	SC STATE INCOME TAX EXPENSE		
1003	60	542.1a	HA0000		0.00	0.00	DC STATE INCOME TAX EXPENSE		
1003	60	316.21	HA0000		0.00	0.00	GA STATE INCOME TAX PAYABLE		
1003	60	316.22	HA0000		0.00	0.00	AL STATE INCOME TAX PAYABLE		
1003	60	316.23	HA0000		0.00	0.00	FL STATE INCOME TAX PAYABLE		
1003	60	316.24	HA0000		0.00	0.00	KY STATE INCOME TAX PAYABLE		
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1003	60	316.27	HA0000		0.00	0.00	NC STATE INCOME TAX PAYABLE		
1003	60	316.28	HA0000		0.00	0.00	SC STATE INCOME TAX PAYABLE		
1003	60	316.2a	HA0000		0.00	0.00	DC STATE INCOME TAX PAYABLE		
1003	60	316.9	HA0000		0.00	0.00	OTHER TAXES - PAYABLE		
1004	60	542.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX		
1004	60	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT		
1004	60	321.221	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM		

333

TOTALS 3,710,745.00 (3,710,745.00)

PREPARED BY:

CORRECT:

APPROVED:

JOURNAL ENTRY EFFECT ON NET INCOME:
(Increase)Decrease 0.00

F01K06W 001972

1/12/92
 Accrual
 Part 4.60 made in 1/92

BELLSOUTH HEADQUARTERS JOURNAL ENTRY

RF-4700-PT

PAGE 1 OF 1

ITEM NO.	DR CR	ACCOUNT NUMBER	CENTER	EFF DT	DEBIT AMOUNT	CREDIT AMOUNT	DESCRIPTION 1
1000	60	541.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL
1000	60	531.1	HA0000		0.00	0.00	FIT EXTRAORDINARY ITEMS
1000	60	316.1	HA0000		0.00	0.00	FEDERAL INCOME TAX ACCRUAL
1000	10	319.1	HA0000		3,709,266.00	0.00	FEDERAL INCOME TAX ACCRUAL
1001	60	541.2	HA0000		0.00	0.00	DEFERRED FED. INCOME TAX
1001	60	351.2	HA0000		0.00	(3,709,266.00)	OTHER RETAINED EARNINGS ADJ.
1001	60	321.211	HA0000		0.00	0.00	DEF.FED.INCOME TAX-LONG TERM
1002	60	541.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC
1002	60	321.32	HA0000		0.00	0.00	DEFERRED CREDITS-ITC
1002	60	541.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC
1002	60	321.31	HA0000		0.00	0.00	DEFERRED CREDITS-ITC
1003	60	542.11	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.12	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.13	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.14	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.15	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.16	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.17	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.18	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	542.19	HA0000		0.00	0.00	STATE INCOME TAX ACCRUAL
1003	60	531.2	HA0000		0.00	0.00	SIT EXTRAORDINARY ITEMS
1004	60	542.2	HA0000		0.00	0.00	DEFERRED STATE INCOME TAX
1004	60	319.2	HA0000		0.00	0.00	DEF.STATE INC.TAX CURRENT
1004	60	321.22	HA0000		0.00	0.00	DEF.STATE INC.TAX LONG TERM

TOTALS 3,709,266.00 (3,709,266.00)

PREPARED BY: [Signature]

JOURNAL ENTRY EFFECT ON NET INCOME:

(Increase)Decrease in net inc.

0.00

CORRECT: [Signature] 12/3/92APPROVED: [Signature]

Southern Bell Tel. & Tel. Co.
FPSC Docket No. 920260-TL
Audit
Date: 06/29/93
Amended Response to
Itax No. 6-090
Page 1 of 1

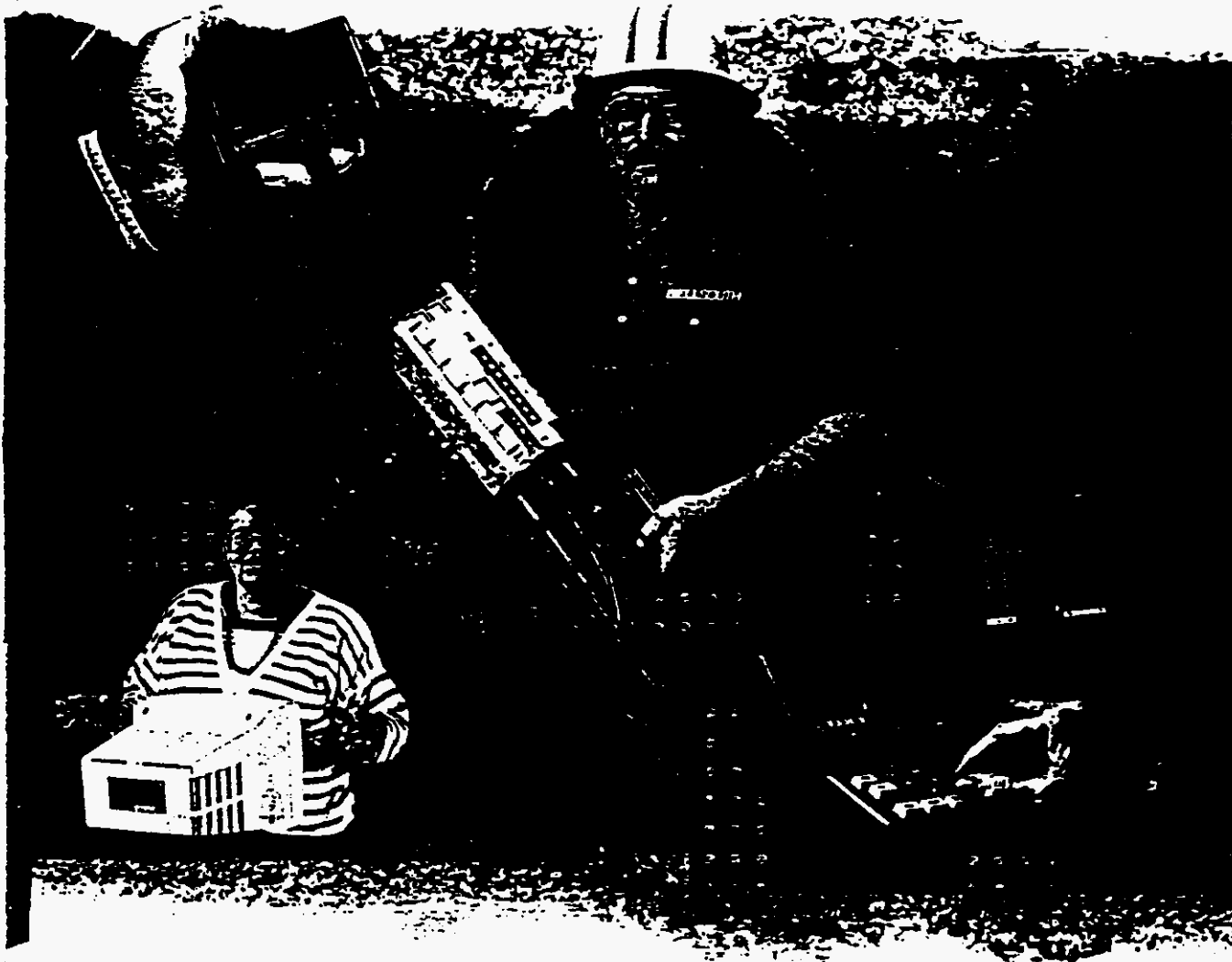
Request: Describe specifically how the tax benefit of the BSC dividends paid to the trusts is allocated to BSC and any other BSC affiliates. If the tax benefit is not allocated to BSC, provide the rationale for this determination and any written documentation (including internal correspondence) that addresses this specific allocation issue.

Response: The Company amends its response of July 13, 1993 as follows:

The tax effect of the BSC dividends paid to the trusts and used for debt service are not allocated to BSC or any other BSC affiliates. The tax effect is directly related to dividends on BellSouth stock used by the Trusts for debt service, and therefore, is retained by BSC.

Date Provided: September 23, 1993

ANNUAL REPORT 1991



Managing Change: BellSouth Answers The Tough Questions

NOTE D PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is summarized as follows at December 31:

	1991	1990
Land	\$ 176.0	\$ 173.8
Building and building improvements	2,667.7	2,558.9
Operating and other equipment	1,483.4	1,269.4
Furniture and fixtures	2,141.1	2,001.2
Central office equipment	13,182.3	12,467.9
Outside plant	17,050.8	16,340.8
Station equipment	1,267.2	1,399.1
Capital leases	83.7	116.2
Plant under construction	325.4	459.2
Other	25.7	25.1
	<u>38,403.3</u>	<u>36,811.6</u>
Less: Accumulated depreciation	<u>14,344.8</u>	<u>12,904.9</u>
Total property, plant and equipment, net	<u>\$ 24,058.5</u>	<u>\$ 23,906.7</u>

NOTE E OTHER CURRENT LIABILITIES

Other current liabilities are summarized as follows at December 31:

	1991	1990
Taxes accrued	\$ 399.2	\$ 277.2
Advanced billing and customer deposits	474.0	474.5
Dividends payable	335.8	322.9
Salaries and wages payable	274.1	303.0
Interest and rents accrued	267.4	243.5
Compensated absences	296.9	320.4
Other	172.7	174.5
Total other current liabilities	<u>\$ 2,220.1</u>	<u>\$ 2,116.0</u>

NOTE F DEBT

Long-Term: Long-term debt consists primarily of debentures issued by BellSouth Telecommunications. Interest rates and maturities of the amounts outstanding are summarized as follows at December 31:

Description	Interest Rates	Maturities	1991	1990
Debentures:	3 ¼%– 6 ¾%	1993–2004	\$ 675.0	\$ 675.0
	7 ¾%– 8 ¾%	1999–2017	2,785.0	2,785.0
	8 ¾%–10 ¾%	2001–2029	2,925.0	2,925.0
			<u>6,385.0</u>	<u>6,385.0</u>
Guarantee of ESOP debt	9.125%– 9.19%	2003	769.9	799.6
Medium-term notes	7.20%–10.15%	1992–1999	202.5	236.4
Capital leases and other			438.7	413.1
Unamortized discount, net			<u>(51.5)</u>	<u>(53.1)</u>
Total			<u>\$ 7,744.6</u>	<u>\$ 7,781.0</u>

Maturities of long-term debt outstanding at December 31, 1991 are summarized below:

	1992	1993	1994	1995	1996	Thereafter	Total
Maturities	\$ 235.2	\$ 453.4	\$ 115.1	\$ 119.2	\$ 64.4	\$ 7.0+4.0	\$ 8,031.3

As further discussed in Note H, BellSouth incorporated an Employee Stock Ownership Plan ("ESOP") feature into certain of its existing savings plans. In 1990, the ESOP trusts (the "Trusts") borrowed \$850.0 aggregate principal amount through the issuance of amortizing notes. Although the obligations are owed by the Trusts, they are guaranteed by BellSouth, and thus are reflected as an addition to long-term debt and a reduction to shareholders' equity. The Trusts service the debt with contributions from BellSouth and dividends paid on the shares held by the Trusts. As the ESOP obligations are repaid, the amount guaranteed decreases and long-term debt is reduced accordingly.

Medium-term notes consist of notes issued by BellSouth Capital Funding Corporation ("Capital Funding") to finance the businesses of BellSouth Enterprises. BellSouth has agreed to ensure the timely payment of principal, premium, if any, and interest on Capital Funding's debt securities.

In 1989, \$600.0 of Forty Year 8 1/2 % Debentures, due August 1, 2029, were sold primarily to refinance \$536.1 of long-term debt. Expenses of approximately \$22.3 associated with the refinancing were charged to income as an extraordinary item.

Debt Maturing Within One Year: Debt maturing within one year is summarized as follows at December 31:

Description	1991	1990	1989
Notes Payable:			
Bank loans (a)	\$ 152.2	\$ 188.4	\$ 192.1
Commercial paper (b)	1,280.4	723.5	757.5
	1,432.6	911.9	949.6
Current maturities of long-term debt	235.2	210.6	228.6
Total	\$ 1,667.8	\$ 1,122.5	\$ 1,178.2

Bank Loans:

Maximum amount outstanding during the period	\$ 508.5	\$ 283.9	\$ 320.9
Average amount outstanding during the period (c)	\$ 121.7	\$ 204.7	\$ 201.1
Weighted average interest rate	8.48%	8.39%	10.42%
Weighted average interest rate during the period (d)	8.21%	10.02%	10.61%

Commercial Paper:

Maximum amount outstanding during the period	\$ 1,376.0	\$ 855.7	\$ 877.7
Average amount outstanding during the period (c)	\$ 892.6	\$ 731.6	\$ 652.2
Weighted average interest rate	5.14%	8.39%	8.81%
Weighted average interest rate during the period (d)	5.94%	8.27%	9.23%

(a) Includes lines of credit.

(b) Due in 270 days or less.

(c) Determined by computing the average face amount of daily ending balances in each category.

(d) Determined by dividing the average daily face amount described in (c) into aggregate related interest expense.

BellSouth has committed credit lines aggregating \$1,607.8 with various banks. Of this amount, approximately \$311.9 is maintained to support bank loans while the remainder is maintained generally to support commercial paper borrowings. There were borrowings under the committed lines totaling \$261.9 at December 31, 1991. BellSouth also maintains uncommitted lines of credit of \$285.0. There are no significant commitment fees or requirements for compensating balances associated with any lines of credit.

NOTE G EMPLOYEE STOCK OPTION PLAN

The BellSouth Corporation Stock Option Plan provides for the grant of stock options and related stock appreciation rights ("SARs") to key employees, as determined by the Board of Directors, to purchase shares of BellSouth common stock within prescribed periods at prices equal to the fair market value on the date of grant. SARs entitle an optionee to surrender unexercised stock options for cash or stock equal to the excess of the fair market value of the surrendered shares over the option price of such shares. Of the 3,101,490 shares covered by outstanding options under the plan at December 31, 1991, 387,832 were accompanied by SARs.

The following table summarizes the activity for stock options outstanding:

	Average Option Price	Shares Under Option
Balance at December 31, 1988	\$ 36.50	1,483,181
Granted	\$ 39.65	918,006
Exercised	\$ 34.37	(211,995)
Forfeited/Cancelled	\$ 36.22	(158,436)
Balance at December 31, 1989	\$ 38.04	2,030,756
Granted	\$ 58.11	624,521
Exercised	\$ 37.56	(175,277)
Forfeited/Cancelled	\$ 41.66	(65,672)
Balance at December 31, 1990	\$ 43.16	2,414,328
Granted	\$ 54.51	924,942
Exercised	\$ 37.04	(193,065)
Forfeited/Cancelled	\$ 47.74	(44,715)
Balance at December 31, 1991	\$ 47.00	3,101,490
Exercisable at December 31, 1991		1,369,838
Available for grant at December 31, 1990		1,859,062
Available for grant at December 31, 1991		4,866,981

NOTE H EMPLOYEE BENEFIT PLANS

Pension Plans. Substantially all employees of BellSouth are covered by noncontributory defined benefit pension plans. Plans covering salaried employees generally provide benefits based on years of credited service and employees' average compensation for a specified period. Pension benefits for hourly employees generally are based on specified benefit amounts and years of service. BellSouth's funding policy is to make contributions to trust funds with the objective of accumulating sufficient assets to pay all pension benefits for which BellSouth is liable. Contributions are actuarially determined using the aggregate cost method, an acceptable funding method under the Employee Retirement Income Security Act of 1974 ("ERISA"), subject to ERISA and Internal Revenue Service limitations. Pension plan assets consist primarily of equity securities and fixed income investments.

Net periodic pension cost is computed in accordance with Statement of Financial Accounting Standards ("SFAS") 87, "Employers' Accounting for Pensions." Accordingly, net periodic pension cost is determined using a different actuarial cost method and different actuarial assumptions than those used for funding purposes. Pension cost computed under SFAS 87 includes the effect of anticipated future improvements to the pension plans that are consistent with past practice.

The components of net periodic pension cost are summarized as follows:

	1991	1990	1989
Service cost—benefits earned during the year	\$ 242.9	\$ 235.1	\$ 230.1
Interest cost on projected benefit obligation	719.8	685.3	652.3
Actual return on plan assets	(2,200.9)	59.0	(1,920.5)
Net amortization and deferral	1,382.0	(852.2)	1,190.2
Net periodic pension cost	\$ 143.8	\$ 127.2	\$ 152.1

The following table sets forth the funded status of the plans at December 31:

	1991	1990
Actuarial present value of:		
Vested benefit obligation	\$ 7,625.6	\$ 7,135.7
Accumulated benefit obligation	\$ 8,024.8	\$ 7,552.8
Projected benefit obligation	\$ 9,856.7	\$ 9,369.7
Plans' assets at market value	11,650.8	10,431.9
Plans' assets in excess of projected benefit obligation	1,794.1	1,062.2
Unrecognized net gain due to past experience different from assumptions made	(1,745.7)	(781.1)
Unrecognized prior service cost	(93.0)	(104.7)
Unrecognized net asset at transition	(234.5)	(265.0)
Accrued pension cost	\$ (279.1)	\$ (88.6)

The projected benefit obligation for 1991 and 1990 was determined using a discount rate of 7.75% for 1991 and 8.0% for 1990 and an assumed rate of compensation increase of 5.7%. The expected long-term rate of return on plan assets was 8.0% for 1991 and 1990. The 1991 accrued pension cost of \$279.1 is included in Other Liabilities and Deferred Credits. The 1990 accrued pension cost of \$88.6 consists of \$188.2 included in Other Liabilities and Deferred Credits, net of prepaid pension cost of \$99.6 included in Deferred Charges and Other Assets.

BellSouth offered special early retirement options to management employees in 1991 and 1990. In July 1991, approximately 3,100 managers elected to retire under a special voluntary early retirement offer. All employees who elected to retire under this option agreed to voluntarily separate from employment on or before October 31, 1991 and became immediately service pension eligible. The 1990 offer was accepted by 1,150 management employees who were service pension eligible and elected, by December 31, 1990, to voluntarily separate from employment on or before April 30, 1991. In addition, managers retiring under both the 1991 and 1990 early retirement offers had the option in 1991 of accepting the present value of their pension benefits as a lump-sum payment instead of an annuity. Electing employees were eligible to receive certain benefits, including a special payment equivalent to five percent of their base pay times full years of service (not to exceed 100% of base pay), net of certain offsets. The retirement options were accounted for in accordance with SFAS 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits." Accordingly, BellSouth recognized expense of \$68.6 in 1991 and \$14.6 in 1990.

Defined Contribution Plans. BellSouth maintains contributory savings plans which cover substantially all employees. Effective in 1990, a leveraged ESOP feature was incorporated into both the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan (collectively, the "Plans"). The shares that were purchased by the Trusts with proceeds from the ESOP notes (see Note F) are allocated to participants' accounts throughout the thirteen-year debt repayment period of the leveraged ESOP program as described below.

BellSouth matches participants' eligible contributions to the respective Plans based on defined percentages determined annually by the Board of Directors. The match consists of BellSouth common stock allocated to employee ESOP accounts and additional shares of BellSouth common stock purchased by the Trusts on the open market. BellSouth contributes an amount necessary, net of ESOP dividends, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

Effective with the incorporation of the ESOP feature into the Plans in 1990, BellSouth began recognizing expense attributable to the leveraged ESOPs based on the cost of the shares allocated for the period plus interest incurred, reduced by the dividends used to service the ESOP debt (Shares Allocated Method). Prior to 1990, BellSouth's required matching contributions were accounted for as compensation expense. In 1989, matching contributions totaled \$68.3.

BellSouth recognized savings plan expense in 1991 and 1990 as follows:

	1991	1990
Compensation expense	\$ 77.1	\$ 78.9
Interest expense	\$ 40.5	\$ 33.1
Actual interest on ESOP notes	\$ 74.8	\$ 60.5
Cash contributions, excluding dividends paid to the Trusts	\$ 90.7	\$ 90.4
Dividends paid to the Trusts, used for debt service	\$ 43.5	\$ 23.1

Postretirement Benefits Other Than Pensions. BellSouth also provides certain health care and life insurance benefits to substantially all employees that retire from BellSouth eligible for a service or disability pension benefit. The cost of providing health care and life insurance benefits for both active and retired employees was \$550.6, \$503.0 and \$483.8 in 1991, 1990 and 1989, respectively. Included in these costs were \$165.3, \$153.2 and \$84.8 in 1991, 1990 and 1989, respectively, for postretirement health care benefits other than those provided on a pay-as-you-go basis. At December 31, 1991, there were approximately 39,500 retirees and 96,100 active employees eligible to receive these benefits.

During 1989, the costs of providing postretirement health care benefits were accrued and funded over the working lives of active employees. Certain retiree benefits, however, were recognized on a pay-as-you-go basis. Beginning in 1990, BellSouth began to accrue and fund for both active and retired employees represented under the collective bargaining agreement into a separate tax advantaged trust. These contributions are funded over the working lives of active employees and the remaining lives of the retirees. Costs for nonrepresented employees continue to be accrued and funded as in 1989. Postretirement life insurance benefit costs are accrued and funded over the working lives of active employees based on that group's historical claims experience.

In December 1990, the Financial Accounting Standards Board ("the Board") issued SFAS 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," which BellSouth is required to adopt by 1993. The statement requires employers, among other things, to accrue the cost of providing postretirement benefits other than pensions during the period employees are expected to earn the benefit.

Currently, BellSouth plans to adopt SFAS 106, effective January 1993. Because BellSouth's other postretirement benefit plans are subject to bargaining in 1992 and certain application methods have not been determined, a final estimate of the effect of implementing SFAS 106 on the statement of position and operations is not available. However, BellSouth anticipates that the transition benefit obligation will be between \$1.4 and \$2.0 billion, while the

postretirement expense is expected to be less than two times the projected 1993 expense under the current accounting method. Since BellSouth is primarily regulated, the effect on the financial statements will depend on the ratemaking treatment authorized.

NOTE I LEASES

BellSouth has entered into operating leases for facilities and equipment used in operations. Rental expenses under operating leases were \$288.8, \$282.0 and \$287.7 for 1991, 1990 and 1989, respectively. Capital leases currently in effect are not significant.

The following table summarizes the approximate future minimum rentals under non-cancelable operating leases in effect at December 31, 1991:

	1992	1993	1994	1995	1996	Thereafter	Total
Minimum rentals	\$ 153.0	\$ 134.5	\$ 107.2	\$ 89.3	\$ 72.1	\$ 516.0	\$ 1,072.1

NOTE J INCOME TAXES

The provision for income taxes is summarized as follows:

	1991	1990	1989
Federal:			
Current	\$ 953.6	\$ 928.1	\$ 719.1
Deferred, net	(242.0)	(169.2)	20.1
Investment tax credits, net	(108.8)	(128.4)	(125.2)
	<u>602.8</u>	<u>630.5</u>	<u>614.0</u>
State:			
Current	171.9	144.7	132.3
Deferred, net	(21.3)	2.5	11.4
	<u>150.6</u>	<u>147.2</u>	<u>143.7</u>
Total provision for income taxes	\$ 753.4	\$ 777.7	\$ 757.7
Amortization of investment tax credits	\$ 105.3	\$ 126.5	\$ 125.2

Deferred tax expense, resulting from timing differences in the recognition of revenue and expense items for tax and financial reporting purposes, were as follows:

	1991	1990	1989
Property, plant and equipment	\$ (114.7)	\$ 3.4	\$ 73.8
Pension benefits	(63.3)	(44.4)	(14.9)
Other timing differences	(83.3)	(125.7)	(27.4)
Total	\$ (261.3)	\$ (166.7)	\$ 31.5

A reconciliation of the Federal statutory income tax rate to BellSouth's effective tax rate follows:

	1991	1990	1989
Federal statutory tax rate	34.0%	34.0%	34.0%
State income taxes, net of Federal income tax benefit	4.4%	4.0%	3.8%
Amortization of investment tax credits	(4.7%)	(5.3%)	(5.1%)
Miscellaneous items, net	(0.4%)	(0.4%)	(1.8%)
Effective tax rate	<u>33.3%</u>	<u>32.3%</u>	<u>30.9%</u>

EMPLOYERS' ACCOUNTING FOR EMPLOYEE STOCK OWNERSHIP PLANS

*How can employers more accurately
reflect the economic substance of
their transactions with ESOPs?*

by D. Gerald Searfoss and Dionne D. McNamee

According to the provisions of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code, an employee stock ownership plan (ESOP) is an employee benefit plan characterized as either a stock bonus plan or a combination stock bonus and money purchase plan designed to invest primarily in employer stock. Two characteristics distin-

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Ms. McNamee is an employee of the American Institute of CPAs and her views, as expressed in this article, do not necessarily reflect the views of the AICPA. Official positions are determined through certain specific committee procedures, due process and deliberation.

guish ESOPs from other retirement plans:

- ESOPs invest primarily in the sponsoring corporation's stock.

- ESOPs are permitted to borrow from or with the assistance of a related party, namely the employer sponsor.

A leveraged ESOP borrows money to acquire employer shares. The debt generally is repaid by the ESOP using employer contributions and dividends. As debt is repaid, shares are released from a suspense account and must be allocated to individual participant accounts by the end of the ESOP's fiscal year. (For a glossary of ESOP terms, see the sidebar on page 55.)

EVOLUTION OF ESOPs

The first leveraged ESOPs were formed in the 1970s. These plans generally were straightforward and had the characteristics of defined contribution retirement plans. The accounting treatment was fairly straightforward as well. At that time, the contentious ac-

counting matter was whether employers should report ESOPs' debt in their balance sheets. In 1976, the American Institute of CPAs accounting standards executive committee (AcSEC) issued Statement of Position no. 76-3, *Accounting Practices for Certain Employee Stock Ownership Plans*, to provide guidance on accounting for ESOPs.

As financial innovation and additional favorable tax legislation in the 1980s made ESOPs more desirable, additional companies began to recognize their value as

- Corporate financing techniques.

- Effective tools to motivate and compensate employees.

- Ways for closely held business owners to sell their shares to employees.

As a result, ESOPs proliferated in the following years. The number of companies with ESOPs has grown from 2,500 in 1976 to approximately 10,000 today.

During this time, the nature and the terms of ESOPs also became

more diverse; for example, ESOPs were developed with

■ Unusual debt terms, such as interest-only loans or negative amortizing loans.

■ Special classes of stock, some of which paid unusually high dividends.

■ The goal of funding employee benefits established independently of the ESOP, such as employers' matches of IRC section 401(k) plans and employers' contributions to profit-sharing plans.

As ESOPs changed, more contentious accounting issues arose and the Financial Accounting Standards Board emerging issues task force (EITF) found itself dealing with a number of ESOP issues. Although the EITF reached consensus on some issues, it felt constrained by the conclusions in SOP no. 76-3, which many believed were inadequate in the current environment. The consensus were viewed as short-term solutions. Because AcSEC issued SOP no. 76-3, it was deemed the appropriate body to develop guidance to resolve the issues. Accordingly, late in 1989 AcSEC formed an ESOP task force to reconsider existing ESOP guidance and develop new rules.

EXISTING GUIDANCE

There currently are two primary sources of guidance on accounting

for ESOPs—SOP no. 76-3 and EITF issue no. 89-8, *Expense Recognition for Employee Stock Ownership Plans*.

Under SOP no. 76-3

■ An ESOP's debt is recorded as a liability in the employer's financial statements, with the offsetting debit as a contra-equity account.

■ The debt and contra-equity accounts are reduced simultaneously as the ESOP makes payments on the debt.

■ Contributions to the ESOP are charged to interest expense and compensation expense.

■ Dividends on ESOP shares are charged to retained earnings.

■ All shares held by an ESOP are considered outstanding.

Under issue no. 89-8, which modified SOP no. 76-3 somewhat, the shares-allocated method is used to determine the amount of compensation expense (shares allocated times the cost per share to the ESOP minus dividends). To the extent the shares-allocated method results in compensation expense that is more or less than the amount determined based on the employer contribution, the expense and contra-equity accounts are adjusted.

What's wrong with existing guidance? The most significant defects identified by the task force were

■ *Measurement of compensation cost.* Under the existing ac-

counting guidance, employers essentially fix the cost of providing future employee benefits by investing in their own stock. The shortcomings are most apparent when the ESOP is used to fund a benefit established outside the ESOP. (See exhibit 1, page 56.)

■ *Treatment of dividends on unallocated shares used for debt service.* Under the existing accounting guidance, dividends on unallocated employer shares are used by the employer for purposes of reducing compensation expense. (See exhibit 2, page 56.)

PROPOSED AICPA SOP

The objectives of AcSEC's reconsideration of SOP no. 76-3 were to

■ Review accounting for ESOPs on a comprehensive basis.

■ Address current ESOP issues not previously addressed.

■ Provide guidance that reflects the economic substance of employers' transactions with ESOPs and thereby enhances the understandability and relevance of ESOP accounting.

In December 1992, AcSEC issued an exposure draft of an SOP, *Employers' Accounting for Employee Stock Ownership Plans*, which it believes accomplishes these objectives. The proposed SOP deals with both leveraged and nonleveraged ESOPs. However, because most of

■ **SINCE THE INCEPTION** of leveraged ESOPs in the 1970s, there has been concern about whether employers should report ESOPs' debt on their balance sheets. SOP no. 76-3, *Accounting Practices for Certain Employee Stock Ownership Plans*, provided guidance on ESOP accounting.

■ **AS ESOPs HAVE EVOLVED**, more and more contentious accounting issues have arisen; many believe SOP no. 76-3 is inadequate in the current environment. In 1989 AcSEC formed an ESOP task force to develop new guidance.

■ **IN DECEMBER 1992**, AcSEC issued an exposure draft of an SOP, *Employers' Accounting for Employee Stock Ownership Plans*. Most of the proposed changes involve leveraged ESOPs.

■ **THE PREMISE UNDERLYING** the conclusions in the proposed SOP is that employers' ac-

counting for ESOP debt should be separate from their accounting for the ESOP shares. The most significant changes the proposed SOP would make are that employers would use the fair value of shares released to measure compensation cost and would charge dividends only on allocated ESOP shares to retained earnings.

■ **THE PROPOSED SOP WOULD** be effective for fiscal years ending after December 15, 1993, as of the beginning of the fiscal year in which the SOP is adopted. Transition rules describe ESOP shares to which the proposed SOP must be applied and shares to which it may be applied.

■ **THE DEADLINE FOR RECEIVING** comments on the proposed SOP is March 19, 1993. AcSEC expects to issue a final SOP in the fourth quarter of this year.

■ ESOP ACCOUNTING

the contentious accounting issues involve leveraged ESOPs and the proposed SOP would not change existing accounting for nonleveraged plans, this article deals only with leveraged ESOPs.

OVERVIEW OF PROPOSED SOP

The primary concept underlying the conclusions in the proposed SOP is that employers' accounting for ESOP debt (the financing element, if an outside loan is involved) should be separate from their accounting for the ESOP shares (the compensation element). Although the financing and compensation elements are related, each should be analyzed and reported separately. The proposed SOP contains a detailed discussion of the basis for the conclusions.

Accounting for the establishment of an ESOP. Employers would report the issuance of new shares, the sale of treasury shares or the ESOP's purchase of shares on the market when the issuance, sale or purchase of the shares occurs and would charge unearned compensation, which is a contra-equity account. Employers would report loans from outside lenders to ESOPs as liabilities on their balance sheets. Employers with leveraged ESOPs financed solely by an employer loan (internally leveraged) would not report the loan receivable from the ESOP as an asset and would not report the ESOP's debt as a liability. (See exhibit 3, page 57.)

Accounting for contributions. Because ESOP contributions are used to repay what is effectively the employer's debt, under the proposed SOP employers would report ESOP contributions as a reduction of debt and of accrued interest payable. (See exhibit 4, page 57.)

Accounting for dividends. Once shares are allocated to participants' accounts, the employer does not control the use of such dividends, except to the extent it chooses to pay them to participants in stock rather than cash. Accordingly, under the proposed SOP employers would charge dividends on allocated ESOP shares to retained

GLOSSARY OF ESOP TERMS

Allocated shares. The shares in an ESOP trust that have been assigned to individual participant accounts based on a known formula. IRS rules require allocations to be nondiscriminatory (that is, generally based on compensation, length of service or a combination of both). For any particular participant such shares may be vested, unvested or partially vested.

Dividends on allocated shares used for debt service. The allocation of shares to participant accounts replacing the cash dividends on allocated shares that were or will be used for debt service. Under the IRC, dividends on shares held by an ESOP that have been allocated to participant accounts cannot be used for debt service unless the employers allocate to those participants shares whose dollar value is no less than the dollar value of the dividends that were used for debt service. (The Internal Revenue Service has not issued guidance on what employers would be required to do to make up the difference between the value of any dividends withdrawn and the shares allocated. In practice, plan sponsors apply a wide variety of techniques to satisfy the code requirements.)

Released shares. Shares that have been released from suspense and from serving as collateral for ESOP debt as a result of payment of debt service. These shares are required to be allocated to participant accounts by the end of the ESOP's fiscal year. Formulas used to determine the number of shares released can be based either on (1) the ratio of the current principal amount to the total original principal amount (in which case the unearned compensation and debt balance move in tandem) or (2) the ratio of the current principal plus interest amount to the total original principal plus interest to be paid. Shares are released more rapidly under the second method. The tax law permits the first method only if the ESOP debt meets certain criteria.

Shares committed to be released. Shares not legally released but that will be released by a future scheduled and committed debt service payment and will be allocated to employees for service rendered in the current accounting period. The period of employee service to which shares relate is generally defined in the ESOP documents.

Suspense shares. Shares that have not been released, committed to be released or allocated to participant accounts. Suspense shares generally collateralize ESOP debt.

Top-up shares. The shares or cash an employer contributes to an ESOP because the fair value of the shares released is less than the employer's liability for a particular benefit, such as a savings plan match.

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Top-up shares. The shares or cash an employer contributes to an ESOP because the fair value of the shares released is less than the employer's liability for a particular benefit, such as a savings plan match.

■ ESOP ACCOUNTING

EXHIBIT 1

Problems with existing accounting measurement of compensation cost**Facts**

- ESOP shares are used to fund an employer match under its 401(k) savings plan equal to 50% of employee contributions.
- The fair value of ESOP shares on the release date is used to determine how many shares are allocated to particular participants and whether the employer must provide cash or additional shares to fund the difference between the fair value of the shares committed to be released and the employer's obligation under the savings plan.
- The fair value per share on the release date is \$6.25.
- Employees contribute \$10,000 to their 401(k) accounts and, accordingly, the employer is obligated to match \$5,000.
- Eight hundred shares are released to employee accounts (\$5,000 ÷ \$6.25).
- The cost per share to the ESOP was \$5, so the cost of the 800 shares is \$4,000.

	Existing accounting	Proposed SOP
Compensation expense	\$4,000	\$5,000
Unearned compensation	\$4,000	\$4,000
Paid-in-capital		\$1,000

AcSEC believes recognizing \$5,000 of compensation cost is appropriate because it more accurately reflects the value of the services.

EXHIBIT 2

Problems with existing accounting for dividends on unallocated shares**Facts**

- The ESOP uses dividends on ESOP shares to repay the debt to the bank.
- Debt service for year 1 is \$5,000 (\$4,000 in principal and \$1,000 in interest), which is paid with cash received from the employer comprising \$2,000 in dividends on ESOP shares and \$3,000 in contributions. (Stock held by the ESOP is a special class of preferred held only by the ESOP.)
- No shares have been allocated in year 1.
- The cost of the shares to the ESOP and the fair value of the shares released as a result of the debt service payment are the same.

	Current practice	Proposed SOP
Compensation expense	\$2,000	\$4,000
Interest expense	\$1,000	\$1,000
Dividends	\$2,000	\$0

AcSEC believes it is inappropriate to use dividends on unallocated shares to reduce compensation expense because the employer controls the use of those dividends.

earnings and credit dividends payable just as they account for dividends on other outstanding shares. However, employers control the use of dividends on unallocated shares and generally decide to use them for debt service. Under the proposed SOP, employers accordingly would report dividends on unallocated shares either as a reduction of debt and of accrued interest or as compensation cost. The determination is made on the basis of whether the dividends are used for debt service or paid to participants. (See exhibit 4.)

Accounting for employee benefits established independently of the ESOP but funded by the ESOP. Some employers agree to provide a specified or determinable benefit to employees and use the ESOP to partially or fully fund that benefit, such as the employers' contribution to a 401(k) plan or to a formula profit-sharing plan. Under the proposed SOP, the employer should recognize compensation cost and liabilities associated with providing the benefits to employees as it would have had an ESOP, not been used to fund the benefit. (See exhibit 5, page 58.)

Accounting for release of shares. The proposed SOP recognizes ESOP shares are released for different purposes: to compensate employees directly, to settle employer liabilities for other employee benefits and to replace dividends on allocated shares used for debt service. Under the proposed SOP, the purpose for which the shares are released determines the accounts to be charged.

- For ESOP shares committed to be released to compensate employees directly, employers would recognize compensation cost equal to the fair value of the shares committed to be released.

- For ESOP shares committed to be released to settle or fund liabilities for other employee benefits, employers would report satisfaction of the liabilities when the shares are committed to be released to settle the liabilities.

- For ESOP shares committed to be released to replace dividends on

■ ESOP ACCOUNTING

allocated shares used for debt service, employers would report satisfaction of the liability to pay dividends when the shares are committed to be released for that purpose.

As shares are committed to be released, employers would reduce unearned compensation based on the cost of the shares to the ESOP. The difference between the amount reported based on the fair value of the shares and the amount credited to unearned compensation would be charged or credited, as appropriate, to additional paid-in-capital. (See exhibit 6, page 58.)

Earnings per share (EPS). Under the proposed SOP, ESOP shares would be considered exchanged for employee service or for employer obligations as they are committed to be released. Accordingly, for purposes of computing primary and fully diluted EPS under the proposed SOP, ESOP shares that have been committed to be released should be considered outstanding. Likewise, ESOP shares that have not been committed to be released should not be considered outstanding.

TRANSITION

The proposed SOP would be effective for fiscal years ending after December 15, 1993, as of the beginning of the fiscal year in which it is adopted.

ESOP shares to which the SOP must be applied. The proposed SOP would be applied prospectively to shares acquired by ESOPs after September 23, 1992 (new ESOP shares), that have not yet been committed to be released as of the beginning of the year in which the SOP is adopted.

AcSEC concluded that the date for the grandfathering provision should be the date when all approvals for issuing the ED were received. Representatives of AcSEC met with the FASB on September 23, 1992, and received the final clearance necessary to issue the ED.

ESOP shares to which the SOP may be applied. Employers would be allowed to elect to apply the pro-

EXHIBIT 3**Accounting for the establishment of an ESOP****Facts:**

- Company A establishes an ESOP, which borrows \$1,000,000 from First National Bank.
- The ESOP uses the proceeds to buy 100,000 newly issued common shares from company A for \$10 per share.

Under the proposed SOP, company A would make the following journal entries:

1. Cash	\$1,000,000	
Debt		\$1,000,000
2. Unearned compensation (contra equity)	1,000,000	
Common stock/paid-in-capital		1,000,000

Under current practice, the combined entry would be the same; however, the cash has been considered associated with the stock and the unearned compensation associated with the debt.

If company A rather than the bank loans the ESOP \$1,000,000, company A would make the following journal entry:

Unearned compensation (contra equity)	\$1,000,000	
Common stock/paid-in-capital		\$1,000,000

Under the proposed SOP, for internally leveraged ESOPs debt service would be significant only to the extent it determines the number of shares released.

EXHIBIT 4**Accounting for contributions and dividends****Additional facts**

- Company A disburses to the ESOP \$263,800, which comprises a \$213,800 contribution and \$50,000 in dividends (\$.50 per share), all of which is used by the ESOP for debt service.
- The principal amount is \$163,800 and interest is \$100,000.
- Twenty thousand shares are released and allocated to participants' accounts. (See exhibit 6 for accounting for release of shares.)

Under the proposed SOP, company A would make the following journal entries:

1. Debt	\$163,800	
Interest expense	100,000	
Cash		\$263,800
2. Retained earnings	10,000	
Dividends payable		10,000*

Under the proposed SOP, only dividends on allocated shares are charged to retained earnings.

*Dividend of \$.50 per share times 20,000 allocated shares.

■ ESOP ACCOUNTING

posed SOP to shares acquired by ESOPs before September 23, 1992 (old ESOP shares). For employers electing to apply the proposed SOP to old ESOP shares, the proposed SOP would be applied prospectively to the shares that have not yet been committed to be released as of the beginning of the year in which the SOP is adopted.

However, this opportunity to apply the proposed SOP to old ESOP shares would be available only for financial statements for years ending on or before December 31, 1994. An exception would permit employers that initially elected not to apply the proposed SOP to old ESOP shares that establish a significant new ESOP or add a significant

number of shares to an existing ESOP after December 31, 1994, apply the proposed SOP to the old ESOP shares that have not been committed to be released as of the beginning of the year in which the new ESOP shares are purchased.

The principal argument in favor of the grandfathering provision would be fair to companies that established ESOPs at great cost with a reasonable expectation the accounting in SOP no. 76-3 would remain in place. The argument against the provision is it would have a negative effect on the comparability of financial statements of employers with ESOPs for a long time (many current ESOPs have remaining terms that are longer than 10 years).

Disclosures. All employers with ESOPs would be required to make the disclosures required by the proposed SOP regardless of whether they adopt the accounting provisions. In addition, public companies that retain their current accounting for ESOPs would have to disclose pro forma income before extraordinary items, net income and EPS computed as if the employer had adopted the proposed SOP's provisions. (To determine which companies are public, the proposed SOP uses the definition of nonpublic companies that is found in FASB Statement no. 21, *Suspension of Reporting of Earnings Per Share and Segment Information by Public Enterprises*.)

INITIAL REACTIONS

Initial reaction to the proposed SOP has been mixed. At one end of the spectrum are those who argue current ESOP accounting is fine; at the other end are those who believe the proposed SOP should be finalized.

Opponents of the proposed SOP believe ESOPs would be less reliable because the proposed guidelines would result in less predictable earnings and EPS, lower earnings in times of rising share price, less reliable amounts being reported as compensation expense in the financial statements (for companies with nontraded shares

EXHIBIT 5

Accounting for employee benefits established independently but funded by the ESOP

Additional fact

- Company A's obligation for the employer match of its 401(k) savings plan is \$210,000.

Under the proposed SOP, company A would make the following journal entry:

Compensation expense	\$210,000	
401(k) liability		\$210,000

EXHIBIT 6

Accounting for release of shares

Additional facts

- Company A uses its ESOP to fund the 401(k) obligation.
- The average fair value per share of the employers' stock is \$10.50.
- Twenty thousand shares are released and allocated. ESOP shares are used to replace dividends on allocated shares used for debt service.
- If the shares released based on debt service are insufficient to fund the employer's 401(k) obligation, company A contributes additional shares (top-up) from the treasury to its ESOP.

Under the proposed SOP, company A would make the following journal entry:

Dividends payable	10,000*	
401(k) liability	\$210,000†	
Unearned compensation		\$200,000‡
Additional paid-in capital		10,000§
Treasury stock (952 shares)		10,000

*\$10,000 divided by \$10.50 equals 952 shares used to settle dividend payable.

†The \$210,000 401(k) liability is settled with 20,000 shares (\$210,000 divided by \$10.50 average fair value per share) comprising 19,048 of the shares released (net of 952 shares used to settle dividend payable) plus 952 shares from the treasury (top-up shares).

‡20,000 shares released times \$10 cost per share equals \$200,000.

§20,000 shares released times \$.50 difference between cost and average fair value per share equals \$10,000.

||Treasury shares used of top-up (952) times \$10.50 per share equals \$10,000.

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■ ESOP ACCOUNTING

ponents believe employees prefer and there will be a n impact on companies' growth.

Some proponents of the pr SOP believe the new guidar vides more straightforward evant accounting for ESOP ing ESOP accounting es explain to employees, exec ficers, analysts, sharehold potential investors. Son panies favor the proposed cause the current value shares is below the cos shares to the ESOP. If the is adopted, these compan improve current earnings l ing the guidance, althou values could change in th

In other instances comp willing to accept the pr written because the new would have a positive earnings (even when curr values are above the shar the ESOP) because ESC would not be considered ing until committed to be Under existing guidance are considered outstand the date the ESOP purcha

There is, however, group in between that a some of the proposal's and disagrees with other ample, a minority of A lies the provisions using fair value of share ure compensation cost used for some ESOPs others. The proposed SC their belief the provisio apply only to ESOPs th shares to settle or fund li other employee benefits employer's match of a

DIVERSE VIEWS

Based on the initial re AcSEC has received th are many diverse view counting for ESOPs. J for commenting on th SOP (product no. 80 March 19, 1993. Copie tained by calling the A department at 1-800- The first copy is free. to issue a final SOP i quarter of 1993.

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June 22, 1993

RECEIVED

JUN 22 1993

Mr. Whitfield Burcham
Director, Utility Rate Division
Tennessee Public Service Commission
460 James Robertson Pkwy.
Nashville, Tennessee 37243

TN PUBLIC SERVICE COMM.
UTILITY RATE DIVISION

Dear Mr. Burcham:

Attached is our response to Item Nos. 1, 2, 4 & 5 of your oral request dated June 14, 1993 regarding accounting information.

If you have any questions, please contact Judith Johnson on 665-6620.

Yours truly,

Judith B. Johnson
for

Attachment

GGT 24 1993

TENNESSEE PUBLIC SERVICE COMMISSION
ORAL DATA REQUESTS OF THE TPSC STAFF
RE: ACCOUNTING INFORMATION
DATED 6/14/93
Item No. 1
Sheet 1 of 1

Item No. 1: Provide the tax effect of each line on enclosed Attachment 1 to the response to Item 1 of the 5/17/93 Staff Request.

Response: Attachment 1 provides the calculation of the total 1992 BellSouth Corporation "Total Savings Plan Benefit Expense." Because the leveraged ESOPs are funding vehicles for the BellSouth Savings Plans, all costs are recognized by subsidiary companies as "benefit expense."

The tax effect of each component of the costs or "benefit expense" cannot be identified in BSC's accounting system; however, the tax effect may be estimated using an effective tax rate of 39.4% as reported in the 1992 BellSouth Annual Report. It should be noted, however, that some of the costs are capitalized by the subsidiaries (i.e. BST records the costs in Accounts 8701.3100 and 8701.3200 which are ultimately cleared to capital and expense).

TENNESSEE PUBLIC SERVICE COMMISSION
ORAL DATA REQUESTS OF THE TPSC STAFF
RE: ACCOUNTING INFORMATION
DATED 6/14/93
Item No. 2(A)
Sheet 1 of 1

Item No. 2: (A) How does BellSouth account for the tax deduction received on the dividends paid to the ESOP Trust for unallocated shares of stock? Identify the account used to record this benefit.

Response: The tax benefit associated with the dividends on BellSouth Corporation Stock held by the ESOP Trusts is recorded directly to Retained Earnings of BellSouth Corporation in accordance with APB No. 11.

TENNESSEE PUBLIC SERVICE COMMISSION
ORAL DATA REQUESTS OF THE TPSC STAFF
RE: ACCOUNTING INFORMATION
DATED 6/14/93
Item No. 2(B)
Sheet 1 of 1

Item No. 2: (B) How is this tax saving flowed to BST and to
 its regulated Tennessee operation?

Response: The tax benefit associated with the dividends paid
 by BellSouth Corporation on the stock held by the
 ESOP Trusts is retained by BellSouth Corporation.
 Likewise, the debt associated with the ESOPs is
 recorded on the books of BellSouth Corporation and
 is not allocated to BST.

TENNESSEE PUBLIC SERVICE COMMISSION
ORAL DATA REQUESTS OF THE TPSC STAFF
RE: ACCOUNTING INFORMATION
DATED 6/14/93
Item No. 4
Sheet 1 of 1

Item No. 4: (A) Provide the income statements and the balance sheets for the ESOP Trust for each year since established.

Response: In 1990, the leveraged ESOP feature was incorporated into the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan. Attached are the Annual Reports (Form 11-K) for these plans for 1990 and 1991. The Annual Report for 1992 is not yet available.

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 1991

BellSouth Management Savings and
Employee Stock Ownership Plan

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

REPORT OF INDEPENDENT ACCOUNTANTS

Management Savings Plan Committee of the
BellSouth Management Savings and Employee Stock Ownership Plan:

We have audited the accompanying statements of net assets available for plan benefits of the BellSouth Management Savings and Employee Stock Ownership Plan as of December 31, 1991 and 1990, the related statements of changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1991, and the accompanying schedule of investments of the BellSouth Master Savings Trust as of December 31, 1991. These financial statements and financial statement schedule are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1991 and 1990, and the changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND
Atlanta, Georgia

June 12, 1992

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1991
(In Thousands)

ASSETS	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
Allocated share of trust net assets	\$755,284	\$110,364	\$213,165	\$542,988	\$24,138	\$ -	\$ -	\$1,645,939
Investment in BellSouth Savings and Employee Stock Ownership Trust								
BellSouth shares of common stock allocated to participants	-	-	-	-	-	89,469	-	89,469
BellSouth shares of common stock held for future allocation	-	-	-	-	-	-	490,113	490,113
Temporary cash investments	-	-	-	-	-	2,569	14,629	17,198
Total Investments	755,284	110,364	213,165	542,988	24,138	92,038	504,742	2,242,719
Allotments and contributions receivable	9,508	1,318	3,425	6,325	-	3,157	-	23,733
Fund, BellSouth Savings and Security Plan, BellSouth Enterprises Retirement Savings Plan and other transfers receivable - net	-	2,777	8,199	2,782	-	-	-	13,758
Total Assets	764,792	114,459	224,789	552,095	24,138	95,195	504,742	2,280,210
LIABILITIES								
Distributions payable	19,604	2,647	5,396	15,400	-	1,493	-	44,540
Fund, BellSouth Savings and Security Plan, BellSouth Enterprises Retirement Savings Plan and other transfers payable - net	12,606	-	-	-	-	40	-	12,646
Notes payable	-	-	-	-	-	-	519,206	519,206
Total Liabilities	32,210	2,647	5,396	15,400	-	1,533	519,206	576,392
Net Assets Available for Plan Benefits	\$732,582	\$111,812	\$219,393	\$536,695	\$24,138	\$93,662	(\$ 14,464)	\$1,703,818

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1990
(In Thousands)

ASSETS	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
Allocated share of trust net assets	\$783,897	\$86,225	\$144,330	\$460,181	\$18,982	\$ -	\$ -	\$1,493,615
Investment in BellSouth Savings and Employee Stock Ownership Trust								
BellSouth shares of common stock allocated to participants	-	-	-	-	-	40,652	-	40,652
BellSouth shares of common stock held for future allocation	-	-	-	-	-	-	555,100	555,100
Temporary cash investments	-	-	-	-	-	4,304	13,796	18,100
Total Investments	783,897	86,225	144,330	460,181	18,982	44,956	568,896	2,107,467
Allocments and contributions receivable	3,114	370	823	2,887	-	3,779	-	10,973
Fund, BellSouth Savings and Security Plan, BellSouth Enterprises Retirement Savings Plan and other transfers receivable - net	-	706	275	4,849	-	-	-	5,830
Total Assets	787,011	87,301	145,428	467,917	18,982	48,735	568,896	2,124,270
LIABILITIES								
Distributions payable	4,238	407	515	2,223	-	29	-	7,412
Fund, BellSouth Savings and Security Plan, BellSouth Enterprises Retirement Savings Plan and other transfers payable - net	6,186	-	-	-	115	-	-	6,301
Notes payable	-	-	-	-	-	-	533,313	533,313
Total Liabilities	10,424	407	515	2,223	115	29	533,313	547,026
Net Assets Available for Plan Benefits	\$776,587	\$86,894	\$144,913	\$465,694	\$18,867	\$48,706	\$ 35,583	\$1,577,244

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1991
(In Thousands)

	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
Net Assets Available for Plan Benefits, December 31, 1990	<u>\$776,587</u>	<u>\$86,694</u>	<u>\$144,913</u>	<u>\$465,694</u>	<u>\$10,867</u>	<u>\$48,706</u>	<u>\$35,583</u>	<u>\$1,577,244</u>
Employee allotments	63,397	15,340	25,026	86,883	-	-	-	190,646
Transfer of participants balances - net	(26,654)	3,931	23,165	(1,483)	5,271	-	-	4,230
Employing company contributions	-	-	-	-	-	15,062	-	15,062
Supplemental contributions	-	-	-	-	-	-	34,508	34,508
Allocation of shares to participants	-	-	-	-	-	33,955	(33,955)	-
Transfer for loan repayment	-	-	-	-	-	(1,335)	1,335	-
Total Allotments, Contributions, Allocations and Transfers	36,743	19,271	48,191	85,400	5,271	47,682	1,888	244,446
Allocated share of Trust investment activities	(2,477)	15,807	46,189	42,325	-	2,115	(3,501)	100,458
Total Additions	<u>34,266</u>	<u>35,078</u>	<u>94,380</u>	<u>127,725</u>	<u>5,271</u>	<u>49,797</u>	<u>(1,613)</u>	<u>344,904</u>
Less: Distributions to Participants	78,271	10,160	19,900	56,724	-	4,841	-	169,896
Interest on Notes Payable	-	-	-	-	-	-	48,434	48,434
Net Assets Available for Plan Benefits, December 31, 1991	<u>\$732,582</u>	<u>\$111,812</u>	<u>\$219,393</u>	<u>\$536,695</u>	<u>\$24,138</u>	<u>\$93,662</u>	<u>(\$14,464)</u>	<u>\$1,703,818</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1990
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Employee Stock Ownership Plan		Total
							Allocated	Unallocated	
Net Assets Available for Plan Benefits, December 31, 1989	\$656,954	\$169,105	\$76,166	\$137,290	\$390,972	\$11,286	\$ -	\$ -	\$1,441,773
Employee allotments	39,321	-	5,192	11,058	43,201	-	-	-	98,772
Transfer of participants balances - net	99,445	(126,275)	741	6,342	13,259	7,581	-	-	1,093
Employing company contributions	-	-	-	-	-	-	35,887	-	35,887
Supplemental contributions	-	-	-	-	-	-	-	22,586	22,586
Allocation of shares to participants	-	-	-	-	-	-	11,591	(11,591)	-
Transfer for loan repayment	-	-	-	-	-	-	(97)	97	-
Total Allotments, Contributions, Allocations and Transfers	138,766	(126,275)	5,933	17,400	56,460	7,581	47,381	11,092	158,338
Allocated share of Trust investment activities	16,722	(36,628)	8,432	(4,570)	37,424	-	1,435	36,350	59,165
Total Additions	155,488	(162,903)	14,365	12,830	93,884	7,581	48,816	47,442	217,503
Less: Distributions to Participants	35,855	6,202	3,637	5,207	19,162	-	110	-	70,173
Interest on Notes Payable	-	-	-	-	-	-	-	11,859	11,859
Net Assets Available for Plan Benefits, December 31, 1990	\$776,587	\$ -	\$86,894	\$144,913	\$465,694	\$18,867	\$48,706	\$35,583	\$1,577,244

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1989
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Government Obligations	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Total
Net Assets Available for Plan Benefits, December 31, 1988	<u>\$412,887</u>	<u>\$130,757</u>	<u>\$67,849</u>	<u>\$109,097</u>	<u>\$308,555</u>	<u>\$ 4,305</u>	<u>\$1,033,450</u>
Employee allotments	33,789	-	5,094	9,110	43,240	-	91,233
Employing company contributions	41,407	-	-	-	-	-	41,407
Transfer of participants' balances - net	<u>(13,032)</u>	<u>(20,420)</u>	<u>1,456</u>	<u>(6,892)</u>	<u>33,751</u>	<u>6,981</u>	<u>1,044</u>
Total Allotments, Contributions and Transfers	61,364	(20,420)	6,550	2,218	76,991	6,981	133,684
Investment income:							
Dividends on BellSouth Shares of common stock	12,715	558	-	33	-	-	13,306
Other dividends	-	1,941	-	1,096	-	-	3,037
Interest	224	39	1,840	45	9,355	-	11,503
Net appreciation in the fair value of investments	57,968	22,897	330	12,445	-	-	93,640
Allocated share of Trust investment activities	<u>152,344</u>	<u>43,596</u>	<u>4,919</u>	<u>20,173</u>	<u>21,587</u>	<u>-</u>	<u>242,619</u>
Total Additions	<u>284,615</u>	<u>48,611</u>	<u>13,639</u>	<u>36,010</u>	<u>107,933</u>	<u>6,981</u>	<u>497,769</u>
Less: Distributions to participants	<u>40,548</u>	<u>10,263</u>	<u>5,322</u>	<u>7,817</u>	<u>25,516</u>	<u>-</u>	<u>89,466</u>
Net Assets Available for Plan Benefits, December 31, 1989	<u>\$658,954</u>	<u>\$169,105</u>	<u>\$76,166</u>	<u>\$137,290</u>	<u>\$390,972</u>	<u>\$11,286</u>	<u>\$1,441,773</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except Unit Values)

1. Plan Description -

Effective July 1, 1989, the BellSouth Management Savings Plan was restated and renamed the BellSouth Management Savings and Employee Stock Ownership Plan (the "Plan"). The Plan was established by BellSouth Corporation ("BellSouth") to provide a convenient way for management employees to save for their retirement on a regular and long-term basis. The Plan provides for before-tax contributions in accordance with Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), and for after-tax contributions.

Participants may invest their contributions in various combinations of four funds: BellSouth Shares Fund, Fixed Income Fund, Diversified Equity Fund and Guaranteed Interest Fund. Effective January 1, 1990, the Government Obligations Fund was restructured and renamed the Fixed Income Fund to allow for investment in fixed income securities that are not limited to those issued or guaranteed by the United States government. Additionally, participants are now able to invest in both the Guaranteed Interest Fund and the Fixed Income Fund at the same time.

The Diversified Telephone Portfolio ("DTP") was created as of January 1, 1984 with the transfer of the net assets of the American Telephone and Telegraph Company ("AT&T") Shares Fund under the Bell System Savings Plan for Salaried Employees. No new contributions were allowed to the DTP under the Plan and all earnings of the DTP were invested in shares of BellSouth common stock. Effective October 31, 1990, the DTP was eliminated from the Plan. Participants were given until June 30, 1990 to transfer DTP balances to the other investment funds: DTP balances remaining in the DTP on July 1, 1990 were transferred automatically to the existing BellSouth Shares Fund.

The assets of the Plan are held in the BellSouth Master Savings Trust (the "Master Savings Trust") effective May 1, 1989, and are commingled with the assets of the BellSouth Enterprises Retirement Savings Plan and the assets of the BellSouth Savings and Security Plan for investment purposes.

The Plan provides for matching company contributions in amounts ranging from 65% to 85% of the amount of participant basic contributions. Effective January 1, 1990, an employee stock ownership plan ("ESOP") feature was added to the Plan, and all Employing Company Contributions are made thereafter to the ESOP. Amounts in participants' ESOP accounts may only be transferred to other investment options under special ESOP diversification rules. These rules require that a participant reach age 55 and participate in the ESOP for 10 years before having such transfer options. No withdrawals may be made from participants' ESOP accounts unless the participant is a former employee. Withdrawals may be made from the funds transferred under the diversification rules. Amounts in participants' ESOP accounts will be distributed to the participant upon retirement, disability or termination of employment.

Matching contributions to participants of the Plan consist of BellSouth common stock allocated to employee ESOP accounts and additional shares of BellSouth common stock purchased by the BellSouth Savings and Employee Stock Ownership Trust (a part of the Master Savings Trust) on the open market. BellSouth contributes an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

Active participating employees may request loans from their before-tax accounts in an amount equal to the lesser of one-half of the amounts therein or \$50,000, repayable with interest within five years through payroll deductions.

1. Plan Description (continued)

The following are the material changes announced for implementation effective January 1, 1992:

The names of the investment funds in the Plan changed as follows:

<u>Previous Name</u>	<u>New Name</u>
BellSouth Shares Fund	BellSouth Stock Fund
Diversified Equity Fund	Indexed Stock Fund
Fixed Income Fund	Bond Fund
Guaranteed Interest Fund	Interest Income Fund

Assets totaling \$75,544,777, (other than ESOP amounts) attributable to Plan participants employed by BellSouth Enterprises, Inc. were transferred to the BellSouth Enterprises Retirement Savings Plan. ESOP amounts for these participants were not transferred because the BellSouth Enterprises Retirement Savings Plan does not have an ESOP feature.

Participants should refer to the Plan Prospectus dated December 15, 1987, Plan amendments described in Form S-8, Registration Statement No. 33-30773, filed with the Securities and Exchange Commission on September 1, 1989 and supplements to the Plan Prospectus dated December 26, 1989, June 15, 1990, and August 21 and December 19, 1991 for a more complete description of the Plan's provisions.

Bankers Trust Company is the Trustee for the Master Savings Trust.

2. Accounting Policies -

The values of investments in the Master Savings Trust are determined as follows:

Shares of BellSouth common stock and other securities listed on a national stock exchange are valued on the basis of the closing price per share on December 31, 1991 and December 31, 1990, as reported on the New York Stock Exchange composite tape or, if no sales were made on that date, at the closing price on the next preceding day on which sales were made;

Over-the-counter securities and government obligations are valued based on the bid prices on December 31, 1991 and 1990 from published sources where available and, if not available, from other sources considered reliable; and

Contracts with insurance companies are valued at principal plus reinvested interest.

Purchases and sales of securities are reflected as of the trade date.

Realized gains and losses on sales of investments are determined on the basis of average cost.

Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

With respect to the statement of changes in net assets for the period ended December 31, 1989, and the Master Trust investment activity in 1991 and 1990 as presented herein in Note 8, the Plan presents the net appreciation (depreciation) in the fair value of its investments which represents the sum of realized gains, realized losses and unrealized appreciation (depreciation) on those investments.

1. Units of the Plan -

The interest of a participant in each type of investment of the Plan is represented by units as described in Section 8 of the Plan. The number and value of units as of December 31, 1991 and December 31, 1990, were as follows:

Type of Investment	December 31, 1991		December 31, 1990	
	Number of Units	Value per Unit	Number of Units	Value per Unit
BellSouth Shares Fund	194,374,336	\$3.7689	205,843,527	\$3.7727
Diversified Equity Fund	25,526,513	8.5947	22,001,956	6.5863
Fixed Income Fund	14,389,195	7.7706	13,174,913	6.5954
Guaranteed Interest Fund	149,423,659	3.5918	141,177,025	3.2986

The number and value of units by month for each fund during 1991 was as follows:

1991	BellSouth Shares		Fixed Income		Diversified Equity		Guaranteed Interest	
	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit
January	205,215,784	\$3.6634	13,160,170	\$6.6717	22,102,325	\$6.8870	141,026,524	\$3.3233
February	206,284,276	3.6106	13,246,005	6.7036	22,250,491	7.3824	142,223,992	3.3458
March	206,537,415	3.7154	13,259,320	6.7326	22,463,411	7.5561	143,123,691	3.3707
April	206,002,215	3.6937	13,112,555	6.8107	22,515,893	7.5769	142,734,239	3.3948
May	207,102,548	3.5251	13,108,892	6.8243	22,516,657	7.9042	141,796,813	3.4198
June	206,790,744	3.4197	13,143,214	6.7941	22,567,454	7.5360	142,138,321	3.4443
July	204,317,534	3.4955	13,088,207	6.8863	22,687,566	7.8900	142,419,263	3.4694
August	203,452,019	3.5049	13,289,726	7.1020	22,870,294	8.0784	145,478,676	3.4945
September	201,827,279	3.5957	13,421,698	7.2993	23,190,476	7.9398	147,260,409	3.5188
October	197,445,450	3.5638	13,662,919	7.3449	23,581,750	8.0481	147,262,922	3.5431
November	197,103,722	3.3864	13,814,420	7.3936	24,324,443	7.7096	146,876,750	3.5667
December	194,374,336	3.7689	14,389,195	7.7706	25,526,513	8.5947	149,423,659	3.5918

At December 31, 1991, the number of participants by investment direction described in Section 7 of the Plan was as follows:

Fund Description	No. Participants
Entirely in BellSouth Shares	7,839
Entirely in Fixed Income	825
Entirely in Diversified Equity	2,109
Entirely in Guaranteed Interest	8,783
Equally in BellSouth Shares and Fixed Income	616
Equally in BellSouth Shares and Diversified Equity	1,471
Equally in BellSouth Shares and Guaranteed Interest	3,144
Equally in Fixed Income and Diversified Equity	524
Equally in Fixed Income and Guaranteed Interest	125
Equally in Diversified Equity and Guaranteed Interest	1,374
Equally in BellSouth Shares, Fixed Income and Diversified Equity	332
Equally in BellSouth Shares, Diversified Equity and Guaranteed Interest	704
Equally in BellSouth Shares, Fixed Income and Guaranteed Interest	29
Equally in Fixed Income, Diversified Equity and Guaranteed Interest	139
Equally in BellSouth Shares, Fixed Income, Diversified Equity and Guaranteed Interest	84
Total Participants	28,098

Units of the Plan - (continued)

Since all employing company contributions are made to the ESOP, all employees participating in the Plan are participants in the ESOP.

4. Federal Tax Effects

On February 26, 1988, BellSouth received a determination from the Internal Revenue Service ("IRS") confirming that the Plan as amended through August 7, 1987, continues to meet the requirements of Section 401(a) of the Code and is exempt from Federal income taxes, under Section 501(a) of the Code. The opinion of BellSouth is that this Plan is a qualified plan under Code Sections 401(a) and (k) and that the following are the Federal income and estate tax consequences under present law of participation in the Plan so long as the Plan is a qualified plan for Federal income tax purposes.

Before-tax contributions will reduce the amount of a participant's compensation which will currently be taxable for Federal income tax purposes. After-tax contributions do not so reduce compensation for Federal income tax purposes and no deduction is allowed to the participant with respect thereto. A participant's before-tax contributions and after-tax contributions will be subject to the FICA tax and the FUTA tax for the participant's taxable year in which such contributions are made to the Plan. Employing company contributions and qualifying rollover contributions are not taxable for Federal income tax purposes when made. Earnings and losses on all accounts are not currently recognizable for Federal income tax purposes. Generally, employing company contributions, qualifying rollover contributions, before-tax contributions and account earnings and losses are taxable for Federal income tax purposes when actually received as a Plan distribution.

If a participant or a beneficiary receives distributions or withdrawals from the participant's account, the value of what the participant or beneficiary receives, as a general rule, will be taxable to the recipient as ordinary income in the taxable year in which the distribution or withdrawal is made except to the extent that such distribution or withdrawal represents a return of the participant's undistributed after-tax contributions under this Plan, the Bell System Savings Plan for Salaried Employees or any other qualified savings plan which makes a trust-to-trust transfer to this Plan (all such after-tax contributions are referred to hereinafter as "aggregate after-tax contributions.") There are complex rules under the Code for determining what portion of a distribution or withdrawal is not taxable because it represents a return of aggregate after-tax contributions, but a discussion of these rules is beyond the scope of this summary. If a participant or a beneficiary receives BellSouth shares, the value of what the participant or beneficiary receives (as used in determining this taxable amount) will not include any increase in value over the cost to the trust fund of those shares attributable to the participant's own aggregate after-tax contributions (but not to earnings thereon).

If before-tax contributions, after-tax contributions and employing company matching contributions made by or on behalf of a "highly compensated employee" exceed the contributions permitted by Code Sections 401(k) and 401(m) for any plan year, such excess contributions (together with any earnings allocable to such contributions) will be distributed (or, if forfeitable, will be forfeited) before the end of the immediately following plan year. Distribution (or forfeiture) shall be made to the extent necessary to satisfy the requirements of the Code and IRS regulations in accordance with procedures established by the Savings Plan Committee. Distributions under this procedure made on or before March 15 generally will be taxable for Federal income tax purposes (except to the extent the distribution represents a return of after-tax contributions) for the taxable year for which such contribution was made. However, certain distributions of small amounts (less than \$100) are taxable for the taxable year in which the distribution is made. Any distribution which is made after the March 15 deadline will be taxable for Federal income tax purposes for the taxable year in which the distribution is made. BellSouth will be subject to a 10% excise tax on excess contributions distributed after the March 15 deadline. BellSouth has the power to reduce the before-tax contributions, after-tax contributions and employing company matching contributions to minimize the risk that such contributions will exceed the contributions permissible under the Code's special nondiscrimination tests, but there nevertheless is a risk that excess contributions will be made. The term "highly compensated employee" is defined in Code Section 414(q) and a participant ordinarily will not be treated as highly compensated under that definition, if the participant's annual compensation is under \$60,535 as adjusted to reflect cost of living changes.

4. Federal Tax Effects - (continued)

The Plan will limit a participant's before-tax contributions to \$8,475 as adjusted to reflect cost of living changes. However, if a participant actually defers in the aggregate more than \$8,475 as adjusted, of the participant's compensation in any taxable year under (1) the Plan, (2) any other plan which satisfies the requirements of Code Section 401(k), (3) any Code Section 403(b) annuity contract or (4) any simplified employee pension plan under Code Section 408(k), such elective deferrals in excess of \$8,475 as adjusted, will be taxable to the participant for Federal income tax purposes in the participant's taxable year for which the excess elective deferrals were made. Income allocable to the distributed excess deferral will be taxable to the participant in the participant's taxable year in which the distribution is made. The participant will have the right under the Plan to elect on or before March 1 of the participant's immediately following taxable year that the Plan distribute any such excess elective deferrals attributable to the participant's before-tax contributions, and any such distribution shall be made on or before April 15 of such taxable year. Any such excess elective deferrals which are not distributed (by the Plan or through any other arrangement under which the participant elected such deferrals) on or before the April 15 deadline also shall be taxable to the participant for Federal income tax purposes in the participant's taxable year in which such excess ultimately is distributed to the participant. Thus excess elective deferrals which are not distributed by the April 15 deadline will be subject to double income taxation.

Upon receipt of a distribution or withdrawal of a participant's entire account in a lump-sum (1) by an active employee who has attained age 59 1/2 years or (2) by an employee who receives the distribution on or after the date on which he has attained age 59 1/2 on account of his termination of employment or (3) by a participant's estate, to one or more individual beneficiaries or to one or more trusts on account of the participant's death, the recipient may be able to utilize the special 5-year income averaging method for calculating the tax payable thereon and, further, may be able to utilize potentially more favorable special 10-year income averaging and capital gains treatment if the distribution or withdrawal satisfies certain transition rules under the Tax Reform Act of 1986 ("TRA '86"). A discussion of those transition rules is beyond the scope of this summary. If the distribution is made on account of a participant's death, the applicable portion of the \$5,000 death benefit exclusion will be added to the participant's aggregate after-tax contributions to be offset against the value of the distribution; however, a single \$5,000 exclusion must be apportioned among all qualified death benefits paid on account of the death of a participant. If the distribution includes BellSouth shares, any increase in the value of such shares over their cost to the trust fund may further reduce the taxable amount of the distribution if such distribution satisfies the requirements (except the 5-year participation requirement) for special income averaging treatment. The amount of this reduction attributable to any such shares, will be taxable, to the extent realized, when such shares are sold.

If a lump-sum distribution or withdrawal is received by an active employee who has attained age 59 1/2 years, or on account of an employee's termination of employment, or by the spouse of a participant on account of the participant's death, the distributee may not be required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which such property is received, to an individual retirement account or an individual retirement annuity or, in the case of a distribution to an employee who terminates employment, to the qualified employees' trust or qualified annuity plan of another employer. In addition, if a participant (or a spouse, following the participant's death) receives a distribution or withdrawal which constitutes at least 50% of the entire interest of the participant's account immediately before the distribution (a "partial distribution") and elects to take advantage of the partial distribution rollover rules in Code Section 402, such distributee is not required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which the property is received, to an individual retirement account or an individual retirement annuity. The amount transferred under these rules may not exceed the amount of cash plus the fair market value of any shares distributed (or if such shares are sold, the proceeds of such sale), less the part of the distribution representing aggregate after-tax contributions that have not been used previously to offset taxable distributions or withdrawals. Any part of the distribution which remains includable in taxable income after a transfer is taxable as ordinary income but is not eligible for the special income averaging method. In the case of a partial distribution for which rollover treatment is elected, the special exclusion described above for appreciation in BellSouth shares will not apply.

4. Federal Tax Effects - (continued)

The taxable portion of any distribution (other than timely refunds of excess elective deferrals or timely distributions of excess before-tax contributions and excess after-tax contributions discussed above) made to a participant before the participant attains age 59 1/2 ordinarily will be subject to a 10% excise tax except to the extent such distribution is payable on account of the participant's death or disability, separation from service on or after age 55, under a qualified domestic relations order, or such distribution matches the participant's Federal income tax deduction for medical expenses. Similarly, if a participant receives distributions in a taxable year from the Plan, any other qualified plan or an individual retirement account (or from any combination of such plans and individual retirement accounts) which in the aggregate exceed \$150,000, the participant will, as a general rule, be subject to a 15% excise tax on such excess. The \$150,000 limit may be adjusted for inflation by the Secretary of the Treasury. Certain amounts that are not taxable are not taken into account for purposes of determining whether there is an excess distribution including amounts that are not taxable because they are rolled over or represent a return of the participant's aggregate after-tax contributions. Additionally, a special limit applies to certain lump-sum distributions, and there also is a special estate tax rule for amounts that remain undistributed after death. The limit is subject to adjustment for benefits accrued as of August 1, 1986, under the transition rules in TRA '86, but a description of those transition rules is beyond the scope of this summary. Finally, the 10% excise tax does not, in effect, apply to that part of a distribution which also is subject to the 15% excise tax.

Distributions made from the Plan are subject to Federal income tax withholding unless the participant makes an election not to have Federal income tax withheld from such distributions.

Since the Committee's records may not show the amount of aggregate after-tax contributions a participant uses from time to time in the participant's tax returns as offsets in determining the amount of distributions and withdrawals subject to income tax, such participant must keep records in order that the tax principles described above may be applied accurately.

Under the Plan, the balance of a participant's or former participant's account is required to be distributed upon the participant's or former participant's death. With respect to Federal estate tax, this distributed balance must be included in determining the taxable amount of the participant's or former participant's estate.

The employing companies making contributions generally will be entitled to Federal income tax deductions in the year for which the contributions under the Plan are made. However, if a contribution is not deductible, the employing company's contribution will be subject to a 10% excise tax on the non-deductible contribution.

The foregoing discussion is not intended to cover all Federal tax aspects of participation in the Plan. Also, participation in the Plan is subject to applicable state and local tax requirements. Furthermore, the above discussion is based on current Federal income tax law. The law governing the Federal income taxation of savings plans and their participants is constantly changing as a result of amendments to the Code, changes in regulations and IRS administrative policies and judicial decisions. Accordingly, no assurance can be given that currently existing tax laws will not change in a way that would adversely affect the Plan and its participants.

Finally, the foregoing relies in part upon private rulings issued by the IRS to AT&T in 1983 which concern the Bell System Savings Plan for Salaried Employees. A private ruling of this nature may or may not bind the IRS in the individual case of a distribution to an employee from the Plan, and the IRS may take a position in an individual case contrary to the conclusions stated herein to the extent those conclusions are based on such private rulings.

BELLSOUTH EXPECTS AND STRONGLY ENCOURAGES EACH PARTICIPANT TO DISCUSS THE TAX CONSEQUENCES OF PLAN PARTICIPATION WITH A TAX ADVISOR.

5. Contributions -

Employing company contributions reflect reductions for forfeited contributions as described in the Plan document.

Employee contributions to the Plan are accrued based upon authorized basic and supplementary contributions. An eligible employee may authorize a basic contribution of 2%, 3%, 4%, 5% or 6% of compensation. A supplementary contribution of not less than 1% in increments of 1 percentage point and not more than 9% of compensation may be authorized by employees electing the maximum 6% basic contribution.

Interest in BellSouth Master Savings Trust (continued)

The financial position of the Master Savings Trust at December 31, 1991 and 1990 was as follows:

	<u>1991</u>	<u>1990</u>
Assets: Investments at value:		
BellSouth Shares Fund:		
BellSouth common shares.....	\$ 1,287,890	\$ 1,331,952
Temporary cash investments.....	3,285	423
Fixed Income Fund:		
Securities.....	108,032	83,956
Temporary cash investments.....	1,246	878
Diversified Equity Fund:		
Equity Index Fund	221,035	147,013
Temporary cash investments.....	509	7
Guaranteed Interest Fund:		
Contracts	738,313	659,759
Temporary cash investments.....	39,869	7,994
Loan Fund:		
Loans to participants.....	24,231	18,895
Distributable shares.....	6,576	1,197
Dividends and interest income receivable.....	2,040	1,800
Receivable for investments sold.....	0	136
	<u>2,433,026</u>	<u>2,254,010</u>
Liabilities:		
Payable for investments purchased.....	<u>208</u>	<u>150</u>
Allocated share of trust net assets (excluding ESOP Trusts).....	2,432,818	2,253,860
Investment in ESOP Trusts:		
BellSouth shares of common stock allocated to participants.....	148,094	62,841
Distributable shares.....	336	0
BellSouth common shares held for future allocation.....	746,376	848,164
Temporary cash investments.....	<u>30,135</u>	<u>28,924</u>
Total Investments.....	3,357,759	3,193,789
Liabilities:		
Notes payable.....	<u>799,644</u>	<u>825,166</u>
Trust net assets.....	<u>\$ 2,558,115</u>	<u>\$ 2,368,623</u>
Investments at cost:.....	<u>\$ 2,959,606</u>	<u>\$ 2,724,492</u>

See Schedule I, BellSouth Master Savings Trust Schedule of Investments

5. Contributions - (continued)

For the benefit period ending March 31, 1991, employing company matching contributions were accrued based on an amount equal to 70% of the authorized basic contribution of each participating employee. Beginning April 1, 1991, employing company matching contributions are accrued based on an amount equal to 65% of the authorized basic contribution of each participating employee.

Company contributions to the Plan vest immediately when made.

Effective January 1, 1990, all company matching contributions are made through the ESOP.

Effective April 1, 1990, company matching contributions to participants' ESOP accounts are increased by 10 percentage points, subject to dividends on BellSouth stock held by the ESOP remaining deductible for BellSouth's Federal income tax purposes.

Effective August 21, 1991, BellSouth employees who accepted an offer to retire under either the 1991 or 1990 Voluntary Enhanced Early Retirement Plan could elect to roll their lump sum pension distribution from the BellSouth Management Pension Plan into the Plan. The amount of these rollovers was approximately \$83,446.7, was invested according to the participants' current investment directions and is included in employee allotments in the 1991 statement of changes in net assets.

Effective January 1, 1992, contributions previously made to the Plan by certain employees of BellSouth Enterprises, Inc. are invested in the BellSouth Enterprises Retirement Savings Plan. Employing Company Contributions made to the ESOP for these participants prior to January 1, 1992 were not transferred but were held in the Plan since the BellSouth Enterprises Retirement Savings Plan does not include an ESOP feature.

6. Termination Priorities -

In the event the Plan is terminated, subject to conditions set forth in the Employee Retirement Income Security Act of 1974, as amended, the Plan provides that the net assets be distributed to participating employees in an amount equal to their respective interests in such assets.

7. Plan Expenses -

Expenses that relate primarily to the costs of administering the Plan are paid by the participating companies. Investment manager and insurance company management fees are paid by the Master Savings Trust.

8. Interest in BellSouth Master Savings Trust

The assets of the Plan are held in the Master Savings Trust effective May 1, 1989, and are commingled with the assets of the BellSouth Enterprises Retirement Savings Plan and the assets of the BellSouth Savings and Security Plan.

The Plan's allocated share of the total net assets of all funds in the Master Savings Trust at December 31, 1991 and 1990 was 67.1982% and 66.2596%, respectively. The Plan's allocated share of the net assets of each fund in the Master Savings Trust at December 31, 1991 and 1990 was as follows:

	<u>1991</u>	<u>1990</u>
BellSouth Shares Fund.....	57.6440%	58.7810%
Diversified Equity Fund.....	95.7989%	98.1826%
Fixed Income Fund.....	99.1795%	99.6065%
Guaranteed Interest Fund.....	69.6969%	68.9233%
Loan Fund.....	99.6161%	99.7164%

8. Interest in BellSouth Master Savings Trust (continued)

Assets in the BellSouth Shares Fund, Fixed Income Fund and Diversified Equity Fund are invested in securities which fluctuate in market value, and the value of the units may fluctuate as of the end of each month.

Assets in the Guaranteed Interest Fund are invested in guaranteed contracts of insurance companies. The value of the Guaranteed Interest Fund is based upon the principal invested and the interest credited, and the value of the units should increase as of the end of each month. Since these contracts are unsecured general obligations of such companies, their security is subject to the ability of the insurance companies to repay their debts generally as they come due.

In three separate transactions during 1990, the BellSouth Savings and Employee Stock Ownership Trust and the Savings and Security ESOP Trust (the "ESOP Trusts") issued medium-term notes in the amount of \$850 million to fund the ESOP. Assets held in each investment fund of the Plan, other than the assets held by the ESOP Trusts described below, are unavailable to service the ESOP debt.

Assets held by the ESOP Trusts are generally unavailable to satisfy claims of holders of debt securities issued by the ESOP Trusts to finance the acquisition of common stock for the benefit of ESOP participants. The debt securities are guaranteed by and are subject to direct recourse against BellSouth. BellSouth contributes to the Trusts an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation. Such contributions are subject to the claims of such holders but are held at BellSouth and paid to the ESOP Trust twice yearly to fund, on a same day basis, required payments by the ESOP Trusts on the notes. Such contributions would not remain in the Plan Trusts unless there were a default on the debt securities by the ESOP Trustee after having received the required contributions from BellSouth. Therefore, holders of the debt securities should not rely on the assets of the ESOP Trusts in arriving at an investment decision with respect to the debt securities. For the year ended December 31, 1991, BellSouth made cash contributions to the ESOP Trusts in the amount of \$57,151.1 for the purpose of servicing the guaranteed debt and expects to make similar contributions during the life of the Plan.

A description of each debt issue is as follows:

BellSouth Savings and Employee Stock Ownership Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$275,000	9.125%	July 1, 2003
Amortizing Medium-Term Notes, Series A	\$275,000	9.19%	July 1, 2003

BellSouth Savings and Security ESOP Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$300,000	9.125%	July 1, 2003

Maturities of the ESOP Trusts' long-term debt outstanding at December 31, 1991 are as follows:

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>Thereafter</u>	<u>Total</u>
Maturities	<u>\$29,787</u>	<u>\$35,258</u>	<u>\$40,699</u>	<u>\$46,589</u>	<u>\$52,977</u>	<u>\$594,334</u>	<u>\$799,644</u>

Interest in BellSouth Master Savings Trust (continued)

Investment activities of the Master Savings Trust are allocated to the Plan based upon the total of each individual plan participant's share of the Master Savings Trust investment activities during the period ended December 31, 1991.

The Master Savings Trust investment activities for the fiscal year ended December 31, 1991 and 1990 were as follows:

	<u>1991</u>	<u>1990</u>
Investment Activities:		
Dividends on BellSouth Corporation common shares.....	\$ 114,302	\$ 79,878
Other dividends.....	0	5,894
Guaranteed interest fund income.....	59,734	52,992
Other interest.....	7,510	6,420
Net depreciation in the fair value investments.....	(62,567)	(67,224)
Investment Manager Fees.....	(823)	(197)
Net investment activities.....	<u>\$ 118,156</u>	<u>\$ 77,763</u>

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1991		
	Number of Shares or Principal Amount	Cost	Value
BELLSOUTH SHARES FUND			
Shares of BellSouth common stock* - 99.7%	24,880,583	\$ 936,341	\$1,287,890
Temporary Cash Investments - 0.3%	2,130,407	3,281	3,285
Total BellSouth Shares Fund - 100.0%		\$ 939,622	\$1,291,175
FIXED INCOME FUND			
U. S. Government Treasury Notes - 20.4%:			
U. S. Treasury Notes, 8.875%, 07/15/95	\$ 2,000	\$ 2,077	\$ 2,208
U. S. Treasury Notes, 8.850, 05/15/97	\$ 5,000	5,127	5,520
U. S. Treasury Notes, 8.875%, 11/15/98	\$ 3,500	3,563	3,964
U. S. Treasury Notes, 9.125%, 05/15/99	\$ 4,000	4,133	4,594
U. S. Treasury Notes, 7.875%, 11/15/99	\$ 3,500	3,329	3,768
U. S. Treasury Notes, 8.50%, 02/15/00	\$ 2,000	1,993	2,232
		\$ 20,222	\$ 22,286
U. S. Government Treasury Bonds - 63.5%			
U. S. Treasury Bonds, 11.625%, 11/15/02	\$ 2,250	\$ 2,746	\$ 3,049
U. S. Treasury Bonds, 12.50%, 08/15/14	\$ 2,750	3,625	4,138
U. S. Treasury Bonds, 9.875%, 11/15/15	\$ 2,400	2,670	3,041
U. S. Treasury Bonds, 7.25%, 05/15/16	\$ 11,500	10,143	11,209
U. S. Treasury Bonds, 7.50%, 11/15/16	\$ 10,400	9,374	10,416
U. S. Treasury Bonds, 8.75%, 05/15/17	\$ 7,000	7,188	8,008
U. S. Treasury Bonds, 8.875%, 08/15/17	\$ 9,000	9,328	10,418
U. S. Treasury Bonds, 8.875%, 02/15/19	\$ 9,500	10,359	11,017
U. S. Treasury Bonds, 8.125%, 08/15/19	\$ 7,500	7,431	8,041
		\$ 62,864	\$ 69,337

Figures on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
FIXED INCOME FUND (continued)			
Domestic Corporate Obligations - 15.0%			
Cleveland Elec. Illum. Co.			
8.70%, 06/03/96	\$ 2,000	\$ 2,000	\$ 2,141
Commonwealth Edison Co.			
8.92%, 08/15/96	\$ 1,000	1,005	1,080
Detroit Edison Co.			
10.125%, 08/15/96	\$ 500	521	523
Houston Inds Inc.			
7.25%, 12/01/96	\$ 1,500	1,500	1,526
Illinois Pwr. Co.			
9.25%, 12/16/96	\$ 2,000	2,085	2,184
Pacificorp Secd.			
8.690, 07/16/96	\$ 2,000	2,000	2,176
Pennsylvania Elec. Co.			
7.45%, 10/28/96	\$ 1,000	1,000	1,020
Public Svc. Elec. & Gas Co.			
7.50%, 04/01/96	\$ 1,000	977	1,017
Arizona Public Service Co.			
9.0%, 05/01/96	\$ 1,000	998	1,027
Hanna M A Co.			
9.0%, 09/15/98	\$ 1,000	1,000	1,059
Long Island Ltg. Co.			
8.75%, 05/01/96	\$ 1,500	1,495	1,605
USX-Marathon Group, Inc.			
8.875%, 09/15/97	\$ 1,000	998	1,047
		<u>\$ 15,579</u>	<u>\$ 16,405</u>
Pooled Corporate Obligations	2,462	<u>\$ 4</u>	<u>\$ 4</u>
Temporary Cash Investments - 1.1%	808,283	<u>1,241</u>	<u>1,246</u>
Total Fixed Income Fund - 100.0%		<u>\$ 99,910</u>	<u>\$ 109,278</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
DIVERSIFIED EQUITY FUND			
Bankers Trust Pyramid Cash Plus Fund - .22%	330,593	\$ 509	\$ 509
Bankers Trust Pyramid Equity Index Fund* - 99.82%	265,660	164,392	221,034
Total Corporate Obligations	583	1	1
Total Diversified Equity Fund - 100.02%		\$ 164,902	\$ 221,544

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1991		
	Number of Shares or Principal Amount	Cost	Value
GUARANTEED INTEREST FUND			
Annuity Contracts with Insurance Companies - 94.9%:			
Aetna Life Insurance Company (6.58% - 9.86%)	\$ 71,681	\$ 71,681	\$ 71,681
Connecticut General Life Insurance Company (8.26% - 8.85%)	\$ 19,348	19,348	19,348
Metropolitan Life Insurance Company (6.66% - 9.47%)	\$ 87,945	87,945	87,945
The Mutual Benefit Life Insurance Company (12.75%)	\$ 2,993	2,993	2,993
Provident National Insurance Company (8.53% - 10.94%)	\$ 25,301	25,301	25,301
The Prudential Insurance Company of America (7.59% - 9.43%)*	\$ 205,423	205,423	205,423
Travelers Insurance Company (9.20% - 9.97%)	\$ 19,035	19,035	19,035
Mutual New York Life Insurance Company (7.62% - 8.45%)	\$ 44,726	44,726	44,726
Massachusetts Mutual (9.14% - 9.70%)	\$ 34,955	34,955	34,955
Hartford Life Insurance Company (6.70% - 8.71%)	\$ 51,778	51,778	51,778
Pacific Mutual Life Insurance Company (9.12% - 9.39%)	\$ 34,335	34,335	34,335
Commonwealth Life Insurance Company (7.67% - 9.37%)	\$ 26,354	26,354	26,354
Confederation Life (8.45% - 9.44%)	\$ 42,390	42,390	42,390
Canada Life (7.79% - 9.58%)	\$ 15,403	15,403	15,403
Northwestern National Life Insurance Company (6.27% - 8.92%)	\$ 23,500	23,500	23,500
Lincoln National Life Insurance Company (9.36%)	\$ 11,699	11,699	11,699
Peoples Security Life Insurance Company (8.21%)	\$ 10,802	10,802	10,802
State Mutual Life (8.68%)	\$ 10,645	10,645	10,645
		<u>\$ 738,313</u>	<u>\$ 738,313</u>

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
GUARANTEED INTEREST FUND (continued)			
Temporary Cash Investments - 5.1%	\$ 25,855	<u>39,602</u>	<u>39,869</u>
Total Guaranteed Interest Fund - 100.0%		<u>\$ 777,915</u>	<u>\$ 778,182</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
LOAN FUND			
Loans to Participants- 100.0%	\$24,231	<u>\$ 24,231</u>	<u>\$ 24,231</u>
Total Loan Fund		<u>\$ 24,231</u>	<u>\$ 24,231</u>
EMPLOYEE STOCK OWNERSHIP PLAN			
Shares of BellSouth Common Stock*	17,290,948	<u>\$ 923,268</u>	<u>\$ 894,806</u>
Temporary Cash Investments	19,549,444	<u>29,758</u>	<u>30,135</u>
Total Employee Stock Ownership Fund		<u>\$ 953,026</u>	<u>\$ 924,941</u>
TOTAL INVESTMENTS		<u>\$ 2,959,606</u>	<u>\$3,349,351</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST

SCHEDULE I - INVESTMENTS
NOTES

Percentages represent the percentage of the investments of each fund of the Master Savings Trust.

- * Investment represents 5% or more of the Net Assets of the Master Savings Trust.
- + The contracts with these insurance companies (interest rates indicated in parentheses) guaranteed the repayment of principal and the crediting of interest resulting in a composite effective annual interest rate of 8.88% for the year 1991. The timing of the remittance of participating employee contributions and other participating employee-directed transactions may cause the actual yield to vary from this rate. The composite interest rate is subject to annual adjustment.

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 1990

BellSouth Management Savings and
Employee Stock Ownership Plan
(Formerly BellSouth Management Savings Plan)

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

REPORT OF INDEPENDENT ACCOUNTANTS

Management Savings Plan Committee of the
BellSouth Management Savings and Employee Stock Ownership Plan:

We have audited the accompanying statements of net assets available for plan benefits of the BellSouth Management Savings and Employee Stock Ownership Plan (formerly the BellSouth Management Savings Plan) as of December 31, 1990 and 1989, the related statements of changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1990, and the accompanying schedule of investments of the BellSouth Master Savings Trust as of December 31, 1990. These financial statements and financial statement schedule are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1990 and 1989, and the changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1990 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND
Atlanta, Georgia
June 21, 1991

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of BellSouth Corporation on Form S-8 (File Nos. 2-94803, 33-30773 and 33-38264) of our report dated June 21, 1991, on our audits of the financial statements of the BellSouth Management Savings and Employee Stock Ownership Plan (formerly the BellSouth Management Savings Plan) as of December 31, 1990 and 1989, and for the years ended December 31, 1990, 1989, and 1988, and the accompanying financial statement schedule as of December 31, 1990, which report is included in this Annual Report on Form 11-K.

COOPERS & LYBRAND
Atlanta, Georgia
June 21, 1991

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
(FORMERLY BELLSOUTH MANAGEMENT SAVINGS PLAN)
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1990
(In Thousands)

ASSETS	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
Allocated share of trust net assets	\$783,897	\$86,225	\$144,330	\$460,181	\$18,982	\$ -	\$ -	\$1,493,615
Investment in BellSouth Savings and Employee Stock Ownership Trust								
BellSouth shares of common stock allocated to participants	-	-	-	-	-	40,652	-	40,652
BellSouth shares of common stock held for future allocation	-	-	-	-	-	-	555,100	555,100
Temporary cash investments	-	-	-	-	-	4,304	13,796	18,100
Total Investments	783,897	86,225	144,330	460,181	18,982	44,956	568,896	2,107,467
Allocments and contributions receivable	3,114	370	823	2,887	-	3,779	-	10,973
Fund, BellSouth Savings and Security Plan, BellSouth Enterprises Retirement Savings Plan and other transfers receivable - net	-	706	275	4,849	-	-	-	5,830
Total Assets	<u>787,011</u>	<u>87,301</u>	<u>145,428</u>	<u>467,917</u>	<u>18,982</u>	<u>48,735</u>	<u>568,896</u>	<u>2,124,270</u>
LIABILITIES								
Distributions payable	4,230	407	515	2,223	-	29	-	7,412
Fund, BellSouth Savings and Security Plan, BellSouth Enterprises Retirement Savings Plan and other transfers payable - net	6,186	-	-	-	115	-	-	6,301
Notes payable	-	-	-	-	-	-	533,313	533,313
Total Liabilities	<u>10,424</u>	<u>407</u>	<u>515</u>	<u>2,223</u>	<u>115</u>	<u>29</u>	<u>533,313</u>	<u>547,026</u>
Net Assets Available for Plan Benefits	<u>\$776,587</u>	<u>\$86,894</u>	<u>\$144,913</u>	<u>\$465,694</u>	<u>\$18,867</u>	<u>\$48,706</u>	<u>\$ 35,583</u>	<u>\$1,577,244</u>

The accompanying notes are an integral part of these financial statements.

BELL SOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
(FORMERLY BELL SOUTH MANAGEMENT SAVINGS PLAN)
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1989
(In Thousands)

ASSETS	BellSouth Shares Fund	Diversified Telephone Portfolio	Government Obligations	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Total
Allocated share of trust net assets	\$655,218	\$173,463	\$76,487	\$137,321	\$388,873	\$11,490	\$1,442,852
Allotments and contributions receivable	5,484	-	163	712	3,084	-	9,643
Fund, BellSouth Savings and Security Plan and other transfers receivable - net	<u>949</u>	<u>-</u>	<u>-</u>	<u>131</u>	<u>1,259</u>	<u>-</u>	<u>2,339</u>
Total Assets	<u>661,651</u>	<u>173,463</u>	<u>76,650</u>	<u>138,164</u>	<u>393,216</u>	<u>11,490</u>	<u>1,454,834</u>
LIABILITIES							
Distributions payable	4,697	1,661	456	874	2,244	-	9,932
Fund, BellSouth Savings and Security Plan and other transfers payable - net	<u>-</u>	<u>2,697</u>	<u>228</u>	<u>-</u>	<u>-</u>	<u>204</u>	<u>3,129</u>
Total Liabilities	<u>4,697</u>	<u>4,358</u>	<u>684</u>	<u>874</u>	<u>2,244</u>	<u>204</u>	<u>13,061</u>
Net Assets Available for Plan Benefits	<u>\$656,954</u>	<u>\$169,105</u>	<u>\$76,166</u>	<u>\$137,290</u>	<u>\$390,972</u>	<u>\$11,286</u>	<u>\$1,441,773</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
(FORMERLY BELLSOUTH MANAGEMENT SAVINGS PLAN)
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1990
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Employee Stock Ownership Plan		Total
							Allocated	Unallocated	
Net Assets Available for Plan Benefits, December 31, 1989	<u>\$656,954</u>	<u>\$169,105</u>	<u>\$76,166</u>	<u>\$137,290</u>	<u>\$390,972</u>	<u>\$11,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,441,773</u>
Employee allotments	39,321	-	5,192	11,058	43,201	-	-	-	98,772
Transfer of participants balances - net	99,445	(126,275)	741	6,342	13,259	7,581	-	-	1,093
Employing company contributions	-	-	-	-	-	-	35,887	-	35,887
Supplemental contributions	-	-	-	-	-	-	-	22,586	22,586
Allocation of shares to participants	-	-	-	-	-	-	11,591	(11,591)	-
Transfer for loan repayment	-	-	-	-	-	-	(97)	97	-
Total Allotments, Contributions, Allocations and Transfers	138,766	(126,275)	5,933	17,400	56,460	7,581	47,381	11,092	158,338
Allocated share of Trust Investment activities	<u>16,722</u>	<u>(36,628)</u>	<u>8,432</u>	<u>(4,570)</u>	<u>37,424</u>	<u>-</u>	<u>1,435</u>	<u>36,350</u>	<u>59,165</u>
Total Additions	<u>155,488</u>	<u>(162,903)</u>	<u>14,365</u>	<u>12,830</u>	<u>93,884</u>	<u>7,581</u>	<u>48,816</u>	<u>47,442</u>	<u>217,503</u>
Less: Distributions to Participants	35,855	6,202	3,637	5,207	19,162	-	110	-	70,173
Interest on Notes Payable	-	-	-	-	-	-	-	11,859	11,859
Net Assets Available for Plan Benefits, December 31, 1990	<u>\$776,587</u>	<u>\$ -</u>	<u>\$86,894</u>	<u>\$144,913</u>	<u>\$465,694</u>	<u>\$18,867</u>	<u>\$48,706</u>	<u>\$35,583</u>	<u>\$1,577,244</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
(FORMERLY BELLSOUTH MANAGEMENT SAVINGS PLAN)
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1989
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Government Obligations	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Total
Net Assets Available for Plan Benefits, December 31, 1988	<u>\$412,887</u>	<u>\$130,757</u>	<u>\$67,849</u>	<u>\$109,097</u>	<u>\$308,555</u>	<u>\$ 4,305</u>	<u>\$1,033,450</u>
Employee allotments	33,789	-	3,094	9,110	43,240	-	91,233
Employing company contributions	41,407	-	-	-	-	-	41,407
Transfer of participants' balances - net	<u>(13,832)</u>	<u>(20,420)</u>	<u>1,456</u>	<u>(6,892)</u>	<u>33,751</u>	<u>6,981</u>	<u>1,044</u>
Total Allotments, Contributions and Transfers	61,364	(20,420)	6,550	2,218	76,991	6,981	133,684
Investment income:							
Dividends on BellSouth Shares of common stock	12,715	558	-	33	-	-	13,306
Other dividends	-	1,941	-	1,096	-	-	3,037
Interest	224	39	1,840	45	9,353	-	11,503
Net appreciation in the fair value of investments	57,968	22,897	330	12,445	-	-	93,640
Allocated share of Trust investment activities	<u>152,344</u>	<u>43,596</u>	<u>4,919</u>	<u>20,173</u>	<u>21,587</u>	<u>-</u>	<u>242,619</u>
Total Additions	<u>284,615</u>	<u>48,611</u>	<u>13,639</u>	<u>36,010</u>	<u>107,933</u>	<u>6,981</u>	<u>497,789</u>
Less: Distributions to participants	<u>40,548</u>	<u>10,263</u>	<u>5,322</u>	<u>7,817</u>	<u>25,516</u>	<u>-</u>	<u>89,466</u>
Net Assets Available for Plan Benefits, December 31, 1989	<u>\$656,954</u>	<u>\$169,105</u>	<u>\$76,166</u>	<u>\$137,290</u>	<u>\$390,972</u>	<u>\$11,286</u>	<u>\$1,441,773</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH MANAGEMENT SAVINGS AND EMPLOYEE STOCK OWNERSHIP PLAN
(FORMERLY BELLSOUTH MANAGEMENT SAVINGS PLAN)
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1988
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Government Obligations	Diversified Equity Fund	Guaranteed Interest Fund	Loan Fund	Total
Net Assets Available for Plan Benefits, December 31, 1987	<u>\$323,239</u>	<u>\$137,800</u>	<u>\$ 63,102</u>	<u>\$103,509</u>	<u>\$221,343</u>	<u>\$1,629</u>	<u>\$850,622</u>
Employee allotments	32,728	-	4,860	8,922	39,568	-	86,078
Employing company contributions	43,828	-	-	-	-	-	43,828
Transfers of participants' balances - net	<u>(5,394)</u>	<u>(16,664)</u>	<u>339</u>	<u>(12,214)</u>	<u>38,823</u>	<u>2,676</u>	<u>7,566</u>
Total Allotments, Contributions and Transfers	71,162	(16,664)	5,199	(3,292)	78,391	2,676	137,472
Investment income:							
Dividends on BellSouth shares of common stock	21,448	1,122	-	66	-	-	22,636
Other dividends	-	6,229	-	3,987	-	-	10,216
Interest	475	575	5,060	66	24,196	-	30,372
Net appreciation (depreciation) in the fair value of investments	<u>30,064</u>	<u>12,476</u>	<u>(271)</u>	<u>12,739</u>	<u>-</u>	<u>-</u>	<u>55,008</u>
Total Additions	<u>123,149</u>	<u>3,738</u>	<u>9,988</u>	<u>13,566</u>	<u>102,587</u>	<u>2,676</u>	<u>255,704</u>
Less: Distributions to participants	<u>33,501</u>	<u>10,781</u>	<u>5,241</u>	<u>7,978</u>	<u>15,375</u>	<u>-</u>	<u>72,876</u>
Net Assets Available for Plan Benefits, December 31, 1988	<u>\$412,887</u>	<u>\$130,757</u>	<u>\$ 67,849</u>	<u>\$109,097</u>	<u>\$308,555</u>	<u>\$4,305</u>	<u>\$1,033,450</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except Unit Values)

1. Plan Description -

Effective July 1, 1989, the BellSouth Management Savings Plan was restated and renamed the BellSouth Management Savings and Employee Stock Ownership Plan (the "Plan"). The Plan was established by BellSouth Corporation ("BellSouth") to provide a convenient way for management employees to save for their retirement on a regular and long-term basis. The Plan provides for before-tax contributions in accordance with Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), and for after-tax contributions.

Participants may invest their contributions in various combinations of four funds: BellSouth Shares Fund, Fixed Income Fund, Diversified Equity Fund and Guaranteed Interest Fund. Effective January 1, 1990, the Government Obligations Fund was restructured and renamed the Fixed Income Fund to allow for investment in fixed income securities that are not limited to those issued or guaranteed by the United States government. Additionally, participants are now able to invest in both the Guaranteed Interest Fund and the Fixed Income Fund at the same time.

The Diversified Telephone Portfolio ("DTP") was created as of January 1, 1984 with the transfer of the net assets of the American Telephone and Telegraph Company ("AT&T") Shares Fund under the Bell System Savings Plan for Salaried Employees. No new contributions were allowed to the DTP under the Plan and all earnings of the DTP were invested in shares of BellSouth common stock. Effective October 31, 1990, the DTP was eliminated from the Plan. Participants were given until June 30, 1990 to transfer DTP balances to the other investment funds. DTP balances remaining in the DTP on July 1, 1990 were transferred automatically to the existing BellSouth Shares Fund.

The assets of the Plan were transferred to the BellSouth Master Savings Trust (the "Master Savings Trust") effective May 1, 1989 and were commingled with the assets of the BellSouth Enterprises Retirement Savings Plan for investment purposes. Effective January 1, 1990, the assets of the BellSouth Savings and Security Plan were transferred to the Master Savings Trust and commingled with the assets of the Plan and the BellSouth Enterprises Retirement Savings Plan for investment purposes.

The Plan provides for matching company contributions in amounts ranging from 65% to 85% of the amount of participant basic contributions. Effective January 1, 1990, an employee stock ownership plan ("ESOP") feature was added to the Plan, and all Employing Company Contributions are made thereafter to the ESOP. Amounts in participants' ESOP accounts may only be transferred to other investment options under special ESOP diversification rules. These rules require that a participant reach age 55 and participate in the ESOP for 10 years before having such transfer options. No withdrawals can be made from participants' ESOP accounts. Withdrawals may be made from the funds transferred under the diversification rules. Amounts in participants' ESOP accounts will be distributed to the participant upon retirement, disability or termination of employment.

Matching contributions to participants of the Plan consist of BellSouth common stock allocated to employee ESOP accounts and additional shares of BellSouth common stock purchased by the BellSouth Savings and Employee Stock Ownership Trust (a part of the Master Savings Trust) on the open market. BellSouth contributes an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

Active participating employees may request loans from their before-tax accounts in an amount equal to the lesser of one-half of the amounts therein or \$50,000, repayable with interest within five years through payroll deductions.

1. Plan Description (continued)

The following are the additional material changes made to the Plan during 1990:

Effective January 1, 1990, retirees and other participants who have terminated employment and deferred distribution of their accounts may make a single partial withdrawal each year.

Effective January 1, 1990, investment manager fees and expenses and insurance company management fees are paid by the Master Savings Trust.

Effective April 1, 1990, company matching contributions to participants' ESOP accounts are increased by 10 percentage points, subject to dividends on BellSouth stock held by the ESOP remaining deductible for BellSouth's federal income tax purposes.

Participants should refer to the Plan Prospectus dated December 15, 1987, Plan amendments described in Form S-8, Registration Statement No. 33-30773, filed with the Securities and Exchange Commission on September 1, 1989 and supplements to the Plan Prospectus dated December 26, 1989 and June 15, 1990 for a more complete description of the Plan's provisions.

Bankers Trust Company is the Trustee for the Master Savings Trust.

1. Accounting Policies -

The values of investments in the Master Savings Trust are determined as follows:

Shares of BellSouth common stock and other securities listed on a national stock exchange are valued on the basis of the closing price per share on December 31, 1990 and December 31, 1989, as reported on the New York Stock Exchange composite tape or, if no sales were made on that date, at the closing price on the next preceding day on which sales were made;

Over-the-counter securities and government obligations are valued based on the bid prices on December 31, 1990 and 1989 from published sources where available and, if not available, from other sources considered reliable; and

Contracts with insurance companies and financial institutions are valued at principal plus reinvested interest.

Purchases and sales of securities are reflected as of the trade date.

Realized gains and losses on sales of investments are determined on the basis of average cost.

Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

With respect to the statement of changes in net assets, the Plan presents the net appreciation (depreciation) in the fair value of its investments which represents the sum of realized gains, realized losses and unrealized appreciation (depreciation) on those investments.

Certain components of the prior years' financial statements have been reclassified to conform with the current-year presentation.

1. Units of the Plan -

The interest of a participant in each type of investment of the Plan is represented by units as described in Section 8 of the Plan. The number and value of units as of December 31, 1990 and December 31, 1989, were as follows:

Type of Investment	December 31, 1990		December 31, 1989	
	Number of Units	Value per Unit	Number of Units	Value per Unit
BellSouth Shares Fund	205,843,527	\$3.7727	173,063,210	\$ 3.7960
DTP	-0-	-0-	16,019,372	10.5563
Fixed Income Fund	13,174,913	6.5954	12,791,512	9.9544
Diversified Equity Fund	22,001,956	6.5863	20,147,327	6.8143
Guaranteed Interest Fund	141,177,025	3.2986	129,421,987	3.0209

The number and value of units by month for each fund during 1990 was as follows:

1990	BellSouth Shares		Fixed Income		Diversified Equity		Guaranteed Interest	
	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit
January	173,575,939	3.4779	12,547,561	5.9396	20,156,202	6.3561	128,011,571	3.0423
February	174,858,913	3.4788	12,573,787	5.9652	20,330,771	6.4405	129,185,151	3.0635
March	176,402,830	3.6171	12,578,388	6.0043	20,503,210	6.6071	129,698,348	3.0863
April	177,288,277	3.5690	12,556,967	5.9767	20,649,415	6.4483	129,962,245	3.1049
May	178,663,246	3.7779	12,819,468	6.0830	20,952,399	7.0740	134,080,772	3.1325
June	180,628,455	3.4925	12,987,930	6.1535	21,340,244	7.0246	135,600,471	3.1351
July	180,549,966	3.7129	13,055,125	6.2374	21,302,133	6.9997	136,499,844	3.1785
August	181,730,499	3.4676	12,937,123	6.2070	21,487,378	6.3643	136,074,167	3.2024
September	181,610,989	3.5614	13,020,034	6.2705	21,575,350	6.8474	137,138,073	3.2258
October	207,708,993	3.6327	12,997,313	6.3554	21,828,924	6.0319	137,582,890	3.2501
November	207,267,862	3.6862	13,018,657	6.4923	21,853,380	6.4169	138,910,717	3.2739
December	205,843,527	3.7727	13,174,913	6.5954	22,001,956	6.5863	141,177,025	3.2986

At December 31, 1990, the number of participants by investment direction described in Section 7 of the Plan was as follows:

Fund Description	No. Participants
Entirely in BellSouth Shares	9,005
Entirely in Fixed Income.....	860
Entirely in Diversified Equity	1,302
Entirely in Guaranteed Interest	9,565
Equally in BellSouth Shares and Fixed Income.....	673
Equally in BellSouth Shares and Diversified Equity	1,417
Equally in BellSouth Shares and Guaranteed Interest	3,453
Equally in Fixed Income and Diversified Equity	410
Equally in Fixed Income and Guaranteed Interest.....	39
Equally in Diversified Equity and Guaranteed Interest	1,051
Equally in BellSouth Shares, Fixed Income and Diversified Equity	311
Equally in BellSouth Shares, Diversified Equity and Guaranteed Interest	669
Equally in BellSouth Shares, Fixed Income and Guaranteed Interest.....	16
Equally in Fixed Income, Diversified Equity and Guaranteed Interest.....	34
Equally in BellSouth Shares, Fixed Income, Diversified Equity and Guaranteed Interest.....	25
Total Participants	28,830

Since all employing company contributions are made to the ESOP.

4. Federal Tax Effects

On February 26, 1988, BellSouth received a determination from the Internal Revenue Service ("IRS") confirming that the Plan as amended through August 7, 1987, continues to meet the requirements of Section 401(a) of the Code and is exempt from Federal income taxes, under Section 501(a) of the Code. The opinion of BellSouth is that this Plan is a qualified plan under Code Sections 401(a) and (k) and that the following are the Federal income and estate tax consequences under present law of participation in the Plan so long as the Plan is a qualified plan for Federal income tax purposes.

Before-tax contributions will reduce the amount of a participant's compensation which will currently be taxable for Federal income tax purposes. After-tax contributions do not so reduce compensation for Federal income tax purposes and no deduction is allowed to the participant with respect thereto. A participant's before-tax contributions and after-tax contributions will be subject to the FICA tax and the FUTA tax for the participant's taxable year in which such contributions are made to the Plan. Employing company contributions and qualifying rollover contributions are not taxable for Federal income tax purposes when made. Earnings and losses on all accounts are not currently recognizable for Federal income tax purposes. Generally, employing company contributions, qualifying rollover contributions, before-tax contributions and account earnings and losses are taxable for Federal income tax purposes when actually received as a Plan distribution.

If a participant or a beneficiary receives distributions or withdrawals from the participant's account, the value of what the participant or beneficiary receives, as a general rule, will be taxable to the recipient as ordinary income in the taxable year in which the distribution or withdrawal is made except to the extent that such distribution or withdrawal represents a return of the participant's undistributed after-tax contributions under this Plan, the Bell System Savings Plan for Salaried Employees or any other qualified savings plan which makes a trust-to-trust transfer to this Plan (all such after-tax contributions are referred to hereinafter as "aggregate after-tax contributions.") There are complex rules under the Code for determining what portion of a distribution or withdrawal is not taxable because it represents a return of aggregate after-tax contributions, but a discussion of these rules is beyond the scope of this summary. If a participant or a beneficiary receives BellSouth shares, the value of what the participant or beneficiary receives (as used in determining this taxable amount) will not include any increase in value over the cost to the trust fund of those shares attributable to the participant's own aggregate after-tax contributions (but not to earnings thereon). Similarly, if a participant or a beneficiary receives shares from the DTP, the value of what the participant or beneficiary receives (as used in determining the taxable amount above) will not include any increase in value over the cost of the Bell System Savings Plan for Salaried Employees for the former AT&T shares from which the DTP was created which is attributable to the participant's own aggregate after-tax contributions (but not the earnings thereon). The amount of this increase attributable to any such BellSouth or DTP shares will be taxable, to the extent realized, when such shares are sold.

If before-tax contributions, after-tax contributions and employing company matching contributions made by or on behalf of a "highly compensated employee" exceed the contributions permitted by Code Sections 401(k) and 401(m) for any plan year, such excess contributions (together with any earnings allocable to such contributions) will be distributed (or, if forfeitable, will be forfeited) before the end of the immediately following plan year. Distribution (or forfeiture) shall be made to the extent necessary to satisfy the requirements of the Code and IRS regulations in accordance with procedures established by the Savings Plan Committee. Distributions under this procedure made on or before March 15 generally will be taxable for Federal income tax purposes (except to the extent the distribution represents a return of after-tax contributions) for the taxable year for which such contribution was made. However, certain distributions of small amounts (less than \$100) are taxable for the taxable year in which the distribution is made. Any distribution which is made after the March 15 deadline will be taxable for Federal income tax purposes for the taxable year in which the distribution is made. BellSouth will be subject to a 10% excise tax on excess contributions distributed after the March 15 deadline. BellSouth has the power to reduce the before-tax contributions, after-tax contributions and employing company matching contributions to minimize the risk that such contributions will exceed the contributions permissible under the Code's special nondiscrimination tests, but there nevertheless is a risk that excess contributions will be made. The term "highly compensated employee" is defined in Code Section 414(q) and a participant ordinarily will not be treated as highly compensated under that definition, if the participant's annual compensation is under \$56,990 as adjusted to reflect cost of living changes.

The Plan will limit a participant's before-tax contributions to \$7,979, as adjusted to reflect cost of living changes. However, if a participant actually defers in the aggregate more than \$7,979, as adjusted, of the participant's compensation in any taxable year under (1) the Plan, (2) any other plan which satisfies the requirements of Code Section 401(k), (3) any Code Section 403(b) annuity contract or (4) any simplified employee pension plan under Code Section 408(k), such elective deferrals in excess of \$7,979, as adjusted, will be taxable to the participant for Federal income tax purposes in the participant's taxable year for which the excess elective deferrals were made. Income allocable to the distributed excess deferral will be taxable to the participant in the participant's taxable year in which the distribution is made. The participant will have the right under the Plan to elect on or before March 1 of the participant's immediately following taxable year that the Plan distribute any such excess elective deferrals attributable to the participant's before-tax contributions, and any such distribution shall be made on or before April 15 of such taxable year. Any such excess elective deferrals which are not distributed (by the Plan or through any other arrangement under which the participant elected such deferrals) on or before the April 15 deadline also shall be taxable to the participant for Federal income tax purposes in the participant's taxable year in which such excess ultimately is distributed to the participant. Thus excess elective deferrals which are not distributed by the April 15 deadline will be subject to double income taxation.

Upon receipt of a distribution or withdrawal of a participant's entire account in a lump-sum (1) by an active employee who has attained age 59 1/2 years or (2) by an employee who receives the distribution on or after the date on which he has attained age 59 1/2 on account of his termination of employment or (3) by a participant's estate, to one or more individual beneficiaries or to one or more trusts on account of the participant's death, the recipient may be able to utilize the special 5-year income averaging method for calculating the tax payable thereon and, further, may be able to utilize potentially more favorable special 10-year income averaging and capital gains treatment if the distribution or withdrawal satisfies certain transition rules under the Tax Reform Act of 1986 ("TRA '86"). A discussion of those transition rules is beyond the scope of this summary. If the distribution is made on account of a participant's death, the applicable portion of the \$5,000 death benefit exclusion will be added to the participant's aggregate after-tax contributions to be offset against the value of the distribution; however, a single \$5,000 exclusion must be apportioned among all qualified death benefits paid on account of the death of a participant. If the distribution includes BellSouth shares or shares from the DTP, any increase in the value of such shares over their cost to the trust fund (or, in the case of the DTP shares, the cost to the Bell System Savings Plan for Salaries Employees of the former AT&T Shares from which the DTP was created) may further reduce the taxable amount of the distribution if such distribution satisfies the requirements (except the 5-year participation requirement) for special income averaging treatment. The amount of this reduction attributable to any such shares, will be taxable, to the extent realized, when such shares are sold.

If a lump-sum distribution or withdrawal is received by an active employee who has attained age 59 1/2 years, or on account of an employee's termination of employment, or by the spouse of a participant on account of the participant's death, the distributee may not be required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which such property is received, to an individual retirement account or an individual retirement annuity or, in the case of a distribution to an employee who terminates employment, to the qualified employees' trust or qualified annuity plan of another employer. In addition, if a participant (or a spouse, following the participant's death) receives a distribution or withdrawal which constitutes at least 50% of the entire interest of the participant's account immediately before the distribution (a "partial distribution") and elects to take advantage of the partial distribution rollover rules in Code Section 402, such distributee is not required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which the property is received, to an individual retirement account or an individual retirement annuity. The amount transferred under these rules may not exceed the amount of cash plus the fair market value of any shares distributed (or if such shares are sold, the proceeds of such sale), less the part of the distribution representing aggregate after-tax contributions that have not been used previously to offset taxable distributions or withdrawals. Any part of the distribution which remains includable in taxable income after a transfer is taxable as ordinary income but is not eligible for the special income averaging method. In the case of a partial distribution for which rollover treatment is elected, the special exclusion described above for appreciation in BellSouth shares will not apply.

The taxable portion of any distribution (other than timely refunds of excess elective deferrals or timely distributions of excess before-tax contributions and excess after-tax contributions discussed above) made to a participant before the participant attains age 59 1/2 ordinarily will be subject to a 10% excise tax except to the extent such distribution is payable on account of the participant's death or disability, separation from service on or after age 55, under a qualified domestic relations order, or such distribution matches the participant's Federal income tax deduction for medical expenses. Similarly, if a participant receives distributions in a taxable year from the Plan, any other qualified plan or an individual retirement account (or from any combination of such plans and individual retirement accounts) which in the aggregate exceed \$150,000, the participant will, as a general rule, be subject to a 15% excise tax on such excess. The \$150,000 limit may be adjusted for inflation by the Secretary of the Treasury. Certain amounts that are not taxable are not taken into account for purposes of determining whether there is an excess distribution including amounts that are not taxable because they are rolled over or represent a return of the participant's aggregate after-tax contributions. Additionally, a special limit applies to certain lump-sum distributions, and there also is a special estate tax rule for amounts that remain undistributed after death. The limit is subject to adjustment for benefits accrued as of August 1, 1986, under the transition rules in TRA '86, but a description of those transition rules is beyond the scope of this summary. Finally, the 10% excise tax does not, in effect, apply to that part of a distribution which also is subject to the 15% excise tax.

Distributions made from the Plan are subject to Federal income tax withholding unless the participant makes an election not to have Federal income tax withheld from such distributions.

Since the Committee's records may not show the amount of aggregate after-tax contributions a participant uses from time to time in the participant's tax returns as offsets in determining the amount of distributions and withdrawals subject to income tax, such participant must keep records in order that the tax principles described above may be applied accurately.

With respect to Federal estate tax, if amounts are distributed under the Plan as a result of the death of the participant or former participant, the entire amount will be included in determining the taxable amount of the participant's estate.

The employing companies making contributions will be entitled to Federal income tax deductions in the year for which the contributions under the Plan are made. However, if a contribution is not deductible, the employing company's contribution will be subject to a 10% excise tax on the non-deductible contribution.

The foregoing discussion is not intended to cover all Federal tax aspects of participation in the Plan. Also, participation in the Plan is subject to applicable state and local tax requirements. Furthermore, the above discussion is based on current Federal income tax law. The law governing the Federal income taxation of savings plans and their participants is constantly changing as a result of amendments to the Code, changes in regulations and IRS administrative policies and judicial decisions. Accordingly, no assurance can be given that currently existing tax laws will not change in a way that would adversely affect the Plan and its participants.

Finally, the foregoing relies in part upon private rulings issued by the IRS to AT&T in 1983 which concern the Bell System Savings Plan for Salaried Employees. A private ruling of this nature may or may not bind the IRS in the individual case of a distribution to an employee from the Plan, and the IRS may take a position in an individual case contrary to the conclusions stated herein to the extent those conclusions are based on such private rulings.

HELLSOUTH EXPECTS AND STRONGLY ENCOURAGES EACH PARTICIPANT TO DISCUSS THE TAX CONSEQUENCES OF PLAN PARTICIPATION WITH A TAX ADVISOR.

5. Contributions -

Employing company contributions reflect reductions for forfeited contributions as described in the Plan document.

Employee contributions to the Plan are accrued based upon authorized basic and supplementary contributions. An eligible employee may authorize a basic contribution of 2%, 3%, 4%, 5% or 6% of compensation. A supplementary contribution of not less than 1% in increments of 1 percentage point and not more than 9% of compensation may be authorized by employees electing the maximum 6% basic contribution.

For the benefit period ending March 31, 1990, employing company matching contributions were accrued based on an amount equal to 60% of the authorized basic contribution of each participating employee. Beginning April 1, 1990, employing company matching contributions are accrued based on an amount equal to 70% of the authorized basic contribution of each participating employee.

Effective July 1, 1989, company contributions to the Plan vest immediately when made.

Effective January 1, 1990, all company matching contributions are made through the ESOP.

6. Termination Priorities -

In the event the Plan is terminated, subject to conditions set forth in the Employee Retirement Income Security Act of 1974, as amended, the Plan provides that the net assets be distributed to participating employees in an amount equal to their respective interests in such assets.

7. Plan Expenses -

Expenses are paid by BellSouth and relate primarily to the costs of administering the Plan. Effective January 1, 1990, investment manager and insurance company management fees are paid by the Master Savings Trust.

8. Interest in BellSouth Master Savings Trust

The assets of the Plan were transferred to the Master Savings Trust effective May 1, 1989 and commingled with the assets of the BellSouth Enterprises Retirement Savings Plan. Effective January 1, 1990, the assets of the BellSouth Savings and Security Plan were transferred to the Master Savings Trust and commingled with the assets of the Plan and the BellSouth Enterprises Retirement Savings Plan.

The Plan's allocated share of the total net assets of all funds in the Master Savings Trust at December 31, 1990 and 1989 was 66.2596% and 99.8980%, respectively. The Plan's allocated share of the net assets of each fund in the Master Savings Trust at December 31, 1990 and 1989 was as follows:

	<u>1990</u>	<u>1989</u>
BellSouth Shares Fund.....	58.78101%	99.92220%
Diversified Equity Fund.....	98.18262%	99.83867%
Diversified Telephone Portfolio.....	00.00000%	100.00000%
Fixed Income Fund.....	99.60658%	100.00000%
Guaranteed Interest Fund.....	68.92334%	99.80990%
Loan Fund.....	99.73649%	100.00000%

8. Interest in BellSouth Master Savings Trust (continued)

The financial position of the Master Savings Trust at December 31, 1990 and 1989 was as follows:

	<u>1990</u>	<u>1989</u>
Assets: Investments at value:		
BellSouth Shares Fund:		
BellSouth common shares.....	\$ 1,331,952	\$ 655,680
Temporary cash investments.....	423	1,791
Fixed Income Fund:		
Securities.....	83,956	74,213
Temporary cash investments.....	878	4,797
Diversified Telephone Portfolio:		
BellSouth Corporation common shares....	0	23,129
Other common shares.....	0	147,329
Temporary cash investments.....	0	1,298
Diversified Equity Fund:		
Equity Index Fund	147,013	137,531
Temporary cash investments.....	7	0
Common stocks.....	0	12
Guaranteed Interest Fund:		
Contracts	659,759	387,061
Temporary cash investments.....	7,994	2,552
Loan Fund:		
Loans to participants.....	18,895	11,490
Distributable shares.....	1,197	1,637
Dividends and interest income receivable.....	1,800	2,291
Receivable for investments sold.....	136	-
	<u>2,254,010</u>	<u>1,450,811</u>
Liabilities:		
Payable for investments purchased.....	<u>150</u>	<u>6,485</u>
Allocated share of trust net assets (excluding ESOP Trusts).....	<u>2,253,860</u>	<u>1,444,326</u>
Investment in ESOP Trusts:		
BellSouth shares of common stock allocated to participants.....	<u>62,841</u>	<u>-</u>
BellSouth common shares held for future allocation.....	<u>848,164</u>	<u>-</u>
Temporary cash investments.....	<u>28,924</u>	<u>-</u>
Total Investments.....	<u>3,193,789</u>	<u>1,444,326</u>
Liabilities:		
Notes payable.....	<u>825,166</u>	<u>-</u>
Trust net assets.....	<u>\$ 2,368,623</u>	<u>\$ 1,444,326</u>
Investments at cost:	<u>\$ 2,724,492</u>	<u>\$ 1,040,112</u>

See Schedule I, BellSouth Master Savings Trust Schedule of Investments

8. Interest in BellSouth Master Savings Trust (continued)

Assets in the BellSouth Shares Fund, Fixed Income Fund and Diversified Equity Fund are invested in securities which fluctuate in market value, and the value of the units may fluctuate as of the end of each month.

Assets in the Guaranteed Interest Fund are invested in guaranteed contracts of insurance companies or other financial institutions. The value of the Guaranteed Interest Fund is based upon the principal invested and the interest credited, and the value of the units should increase as of the end of each month. Since these contracts are unsecured general obligations of such companies or institutions, their security is subject to the ability of the insurance companies or financial institutions to repay their debts generally as they come due.

In three separate transactions during 1990, the BellSouth Savings and Employee Stock Ownership Trust and the Savings and Security ESOP Trust (the "ESOP Trusts") issued medium-term notes in the amount of \$450 million to fund the ESOP. Assets held in each investment fund of the Plan, other than the assets held by the ESOP Trusts described below, are unavailable to service the ESOP debt.

Assets held by the ESOP Trusts are generally unavailable to satisfy claims of holders of debt securities issued by the ESOP Trusts to finance the acquisition of common stock for the benefit of ESOP participants. The debt securities are guaranteed by and are subject to direct recourse against BellSouth. BellSouth contributes to the Trusts an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation. Such contributions are subject to the claims of such holders but are held at BellSouth and paid to the ESOP Trust twice yearly to fund, on a same day basis, required payments by the ESOP Trusts on the notes. Such contributions would not remain in the Plan Trusts unless there were a default on the debt securities by the ESOP Trusts after having received the required contributions from BellSouth. Therefore, holders of the debt securities should not rely on the assets of the ESOP Trusts in arriving at an investment decision with respect to the debt securities. For the year ended December 31, 1990, BellSouth made cash contributions in the amount of \$34.9 million for the purpose of servicing the guaranteed debt and expects to make similar contributions during the life of the Plan.

A description of each debt issue is as follows:

BellSouth Savings and Employee Stock Ownership Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$275,000,000	9.125%	July 1, 2003
Amortizing Medium-Term Notes, Series A	\$275,000,000	9.19%	July 1, 2003

BellSouth Savings and Security ESOP Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$300,000,000	9.125%	July 1, 2003

Maturities of the ESOP Trusts' long-term debt outstanding at December 31, 1990 are as follows:

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Thereafter</u>	<u>Total</u>
Maturities	<u>\$25.3</u>	<u>\$29.8</u>	<u>\$35.3</u>	<u>\$40.7</u>	<u>\$46.6</u>	<u>\$647.2</u>	<u>\$825.1</u>

Investment activities of the Master Savings Trust are allocated to the Plan based upon the total of each individual plan participant's share of the Master Savings Trust investment activities during the period ended December 31, 1990.

The Master Savings Trust investment activities for the fiscal year ended December 31, 1990 and the period May 1, 1989 through December 31, 1989 were as follows:

	<u>1990</u>	<u>1989</u>
Investment Activities:		
Dividends on BellSouth Corporation common shares.....	\$ 79,878	\$ 14,290
Other dividends.....	5,894	4,751
Guaranteed interest fund income.....	52,992	21,616
Other interest.....	6,420	4,160
Net appreciation (depreciation) in the fair value of investments.....	(67,224)	197,898
Investment Manager Fees.....	(197)	-
Net investment activities.....	<u>\$ 77,763</u>	<u>\$ 242,715</u>

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1990		
	Number of Shares or Principal Amount	Cost	Value
BELLSOUTH SHARES FUND			
Shares of BellSouth Common Stock* - 99.9%	24,327,554	\$ 899,145	\$1,331,952
Temporary Cash Investments - 0.1%	291,603	422	423
Total BellSouth Shares Fund - 100.0%		\$ 899,567	\$1,332,375

FIXED INCOME FUND

U. S. Government Treasury Notes - 70.2%:			
U. S. Treasury Notes, 7.75%, 11/30/91	\$ 2,500	\$ 2,499	\$ 2,516
U. S. Treasury Notes, 7.875, 08/15/92	\$ 600	600	605
U. S. Treasury Notes, 9.625%, 03/31/93	\$ 3,000	3,101	3,141
U. S. Treasury Notes, 9.00%, 11/15/93	\$ 3,000	3,062	3,121
U. S. Treasury Notes, 7.625%, 12/31/93	\$ 3,000	2,998	3,015
U. S. Treasury Notes, 7.00%, 04/15/94	\$ 6,000	5,775	5,918
U. S. Treasury Notes, 9.50%, 05/15/94	\$ 5,000	5,170	5,286
U. S. Treasury Notes, 9.5%, 10/15/94	\$ 4,000	4,175	4,243
U. S. Treasury Notes, 8.625%, 01/15/95	\$ 5,000	5,129	5,167
U. S. Treasury Notes, 8.875%, 07/15/95	\$ 5,000	5,192	5,220
U. S. Treasury Notes, 8.625%, 10/15/95	\$ 1,500	1,539	1,553
U. S. Treasury Notes, 8.875%, 11/15/98	\$ 3,250	3,291	3,395
U. S. Treasury Notes, 9.125%, 05/15/99	\$ 4,000	4,133	4,239
U. S. Treasury Notes, 7.875%, 11/15/99	\$ 3,500	3,329	3,444
U. S. Treasury Notes, 8.50%, 02/15/00	\$ 8,500	8,473	8,697
		<u>\$ 58,466</u>	<u>\$ 59,560</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1990		
	Number of Shares or Principal Amount	Cost	Value
FIXED INCOME FUND (continued)			
U. S. Government Treasury Bonds - 21.5%			
U. S. Treasury Bonds, 11.75%, 02/15/01	\$ 2,500	3,032	3,111
U. S. Treasury Bonds, 11.625%, 11/15/02	\$ 2,250	2,746	2,815
U. S. Treasury Bonds, 12.50%, 08/15/14	\$ 2,750	3,625	3,790
U. S. Treasury Bonds, 9.875%, 11/15/15	\$ 1,400	1,507	1,622
U. S. Treasury Bonds, 7.50%, 11/15/16	\$ 2,900	2,441	2,645
U. S. Treasury Bonds, 8.875%, 08/15/17	\$ 4,000	3,970	4,227
		<u>\$ 17,321</u>	<u>\$ 18,210</u>
Federal Agency Obligations; National - 1.3%			
Mortgage Associations - 12.8%:			
Federal National Mtg. Assn., 8.45%, 07/12/93	\$ 1,100	<u>\$ 1,100</u>	<u>\$ 1,123</u>
Other Federal Agencies - 3.5%			
Federal Home Loan Banks			
Strips Series A-1, 9.50%, 08/25/92	\$ 2,000	\$ 1,565	\$ 1,777
Student Loan Marketing Assn., 9.375%, 02/03/94	\$ 1,200	<u>1,202</u>	<u>1,225</u>
		<u>\$ 2,767</u>	<u>\$ 3,002</u>
Domestic Corporate Obligations - 2.4%			
New York Telephone Co. Note, 9.625%, 10/15/92	\$ 2,000	<u>\$ 2,057</u>	<u>\$ 2,061</u>
Temporary Cash Investments - 1.1%	606	<u>874</u>	<u>878</u>
Total Government Obligations Fund - 100.0%		<u>\$ 82,585</u>	<u>\$ 84,834</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
DIVERSIFIED EQUITY FUND			
Bankers Trust Pyramid Cash Plus Fund - .1%	4,878	\$ 7	\$ 7
Bankers Trust Pyramid Equity Index Fund* - 99.9%	230,491	\$ 136,353	\$ 147,012
Total Corporate Obligations		\$ 1	\$ 1
Total Diversified Equity Fund - 100.0%		\$ 136,361	\$ 147,020

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1990		
	Number of Shares or Principal Amount	Cost	Value
GUARANTEED INTEREST FUND			
Annuity Contracts with Insurance Companies and Financial Institutions+ - 98.8%:			
Aetna Life Insurance Company (6.58% - 9.86%)	\$ 32,762	\$ 32,762	\$ 32,762
Connecticut General Life Insurance Company (8.26% - 8.85%)	\$ 18,661	18,661	18,661
Metropolitan Life Insurance Company (8.20% - 9.47%)	\$ 49,554	49,554	49,554
The Mutual Benefit Life Insurance Company (12.75%)	\$ 2,868	2,868	2,868
Provident National Insurance Company (10.94%)	\$ 32,684	32,684	32,684
The Prudential Insurance Company of America (8.31% - 9.43%)*	\$ 203,412	203,412	203,412
Travelers Insurance Company (9.20% - 10.75%)	\$ 73,352	73,352	73,352
Mutual New York Life Insurance Company (8.68%)	\$ 10,007	10,007	10,007
Bankers Trust Company (9.71%)	\$ 109,896	109,896	109,896
Massachusetts Mutual (9.14% - 9.70%)	\$ 33,465	33,465	33,465
Hartford Life Insurance Company (8.71%)	\$ 10,861	10,861	10,861

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
GUARANTEED INTEREST FUND (continued)			
Pacific Mutual Life Insurance Company (9.12% - 9.39%)	\$ 31,414	31,414	31,414
Commonwealth Life Insurance Company (9.37%)	\$ 5,412	5,412	5,412
Confederation Life (9.38% - 9.44%)	\$ 19,061	19,061	19,061
Canada Life (9.58%)	\$ 5,214	5,214	5,214
Northwestern National Life Insurance Company (8.92%)	\$ 10,438	10,438	10,438
Lincoln National Life Insurance Company (9.36%)	\$ 10,698	10,698	10,698
		<u>\$ 659,759</u>	<u>\$ 659,759</u>
Temporary Cash Investments - 1.2%	\$ 2,090	<u>7,967</u>	<u>7,994</u>
Total Guaranteed Interest Fund - 100.0%		<u>\$ 667,726</u>	<u>\$ 667,753</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
LOAN FUND			
Loans to Participants- 100.0%	\$18,895	<u>\$ 18,895</u>	<u>\$ 18,895</u>
Total Loan Fund		<u>\$ 18,895</u>	<u>\$ 18,895</u>
EMPLOYEE STOCK OWNERSHIP PLAN			
Shares of BellSouth Common Stock*	16,643,462	\$ 890,933	\$ 911,005
Temporary Cash Investments	19,963,674	<u>28,425</u>	<u>28,924</u>
Total Employee Stock Ownership Fund		<u>\$ 919,358</u>	<u>\$ 939,929</u>
TOTAL INVESTMENTS		<u>\$2,724,492</u>	<u>\$3,190,806</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST

SCHEDULE I - INVESTMENTS
NOTES

Percentages represent the percentage of the investments of each fund of the Master Savings Trust.

- * Investment represents 5% or more of the Net Assets of the Master Savings Trust.
- + The contracts with these insurance companies (interest rates indicated in parentheses) guaranteed the repayment of principal and the crediting of interest resulting in a composite effective annual interest rate of 9.30% for the year 1990. The timing of the remittance of participating employee contributions and other participating employee-directed transactions may cause the actual yield to vary from this rate. The composite interest rate is subject to annual adjustment.

SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 1991

BellSouth Savings and Security Plan

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

REPORT OF INDEPENDENT ACCOUNTANTS

Savings and Security Plan Committee of the
BellSouth Savings and Security Plan:

We have audited the accompanying statements of net assets available for plan benefits of the BellSouth Savings and Security Plan as of December 31, 1991 and 1990, the related statements of changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1991, and the accompanying schedule of investments of the BellSouth Master Savings Trust as of December 31, 1991. These financial statements and financial statement schedule are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1991 and 1990, and the changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1991 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND
Atlanta, Georgia

June 12, 1992

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of BellSouth Corporation on Form S-8 (File Nos. 33-30772 and 33-38265) of our report dated June 12, 1992, on our audits of the financial statements of the BellSouth Savings and Security Plan as of December 31, 1991 and 1990, and for each of the three years in the period ended December 31, 1991, and the accompanying financial statement schedule as of December 31, 1991, which report is included in this Annual Report on Form 11-K.

COOPERS & LYBRAND
Atlanta, Georgia

June 12, 1992

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1991
(In Thousands)

ASSETS	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Employee Stock Ownership Plan		Total
					Allocated	Unallocated	
Allocated share of trust net assets	\$ 538,814	\$ 826	\$ 6,644	\$ 229,132	\$ -	\$ -	\$ 775,416
Investment in BellSouth Savings and Security ESOP Trust							
BellSouth shares of common stock allocated to participants	-	-	-	-	58,962	-	58,962
BellSouth shares of common stock held for future allocation	-	-	-	-	-	256,262	256,262
Temporary cash investments	-	-	-	-	5,092	7,845	12,937
Total Investments	538,814	826	6,644	229,132	64,054	264,107	1,103,577
Allotments and contributions receivable	1,749	20	144	1,703	1,919	-	5,535
Fund, BellSouth Management Savings and Employee Stock Ownership Plan, BellSouth Enterprises Retirement Savings Plan and other transfers receivable - net	-	85	1,092	-	-	-	1,177
Total Assets	540,563	931	7,840	230,835	65,973	264,107	1,110,249
LIABILITIES							
Distributions payable	5,562	6	169	3,159	198	27	9,121
Fund, BellSouth Management Savings and Employee Stock Ownership Plan, BellSouth Enterprises Retirement Savings Plan and other transfers payable - net	788	-	-	376	-	-	1,164
Notes payable	-	-	-	-	-	280,438	280,438
Total Liabilities	6,350	6	169	3,535	198	280,465	290,723
Net Assets Available for Plan Benefits	\$ 534,213	\$ 925	\$ 7,671	\$ 227,300	\$ 65,775	\$ (16,358)	\$ 819,926

The accompanying notes are an integral part of these financial statements.

BELLSouth SAVINGS AND SECURITY PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1990
(In Thousands)

ASSETS	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Employee Stock Ownership Plan		Total
					Allocated	Unallocated	
Allocated share of trust net assets	\$ 547,696	\$ 340	\$ 1,530	\$ 202,055	\$ -	\$ -	\$ 751,621
Investment in BellSouth Savings and Security ESOP Trust							
BellSouth shares of common stock allocated to participants	-	-	-	-	22,189	-	22,189
BellSouth shares of common stock held for future allocation	-	-	-	-	-	293,064	293,064
Temporary cash investments	-	-	-	-	3,273	7,551	10,824
Total Investments	547,696	340	1,530	202,055	25,462	300,615	1,077,698
Allotments and contributions receivable	2,688	14	24	2,491	2,825	-	8,042
Fund, BellSouth Management Savings and Employee Stock Ownership Plan, BellSouth Enterprises Retirement Savings Plan and other transfers receivable - net	-	19	69	391	-	-	479
Total Assets	550,384	373	1,623	204,937	28,287	300,615	1,086,219
LIABILITIES							
Distributions payable	5,087	-	8	2,699	28	-	7,822
Fund, BellSouth Management Savings and Employee Stock Ownership Plan, BellSouth Enterprises Retirement Savings Plan and other transfers payable - net	387	-	-	-	-	-	387
Notes payable	-	-	-	-	-	291,453	291,453
Total Liabilities	5,474	-	8	2,699	28	291,453	300,062
Net Assets Available for Plan Benefits	\$ 544,910	\$ 373	\$ 1,615	\$ 202,238	\$ 28,259	\$ 8,762	\$ 786,157

The accompanying notes are an integral part of these financial statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1991
(In Thousands)

	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Employee Stock Ownership Plan		Total
					Allocated	Unallocated	
Net Assets Available for Plan Benefits, December 31, 1990	<u>\$ 544,910</u>	<u>\$ 373</u>	<u>\$ 1,615</u>	<u>\$ 202,238</u>	<u>\$ 28,259</u>	<u>\$ 8,762</u>	<u>\$ 786,157</u>
Employee allotments	32,759	229	714	32,219	-	-	65,921
Transfer of participants' balances - net	(2,471)	263	4,789	(2,716)	-	-	(135)
Employing company contributions	-	-	-	-	16,845	-	16,845
Supplemental contributions	-	-	-	-	-	22,643	22,643
Allocation of shares to participants	-	-	-	-	20,380	(20,380)	- 0 -
Transfer for loan repayment	-	-	-	-	(944)	944	- 0 -
Total Allotments, Contributions, Allocations and Transfers	30,288	492	5,503	29,501	36,281	3,207	105,274
Allocated share of Trust Investment activities	<u>(2,124)</u>	<u>101</u>	<u>847</u>	<u>10,124</u>	<u>1,867</u>	<u>(1,941)</u>	<u>18,874</u>
Total Additions	<u>28,164</u>	<u>593</u>	<u>6,350</u>	<u>47,627</u>	<u>38,148</u>	<u>1,266</u>	<u>122,148</u>
Less: Distributions to Participants	30,861	41	294	22,565	632	-	62,393
Interest on note	-	-	-	-	-	26,386	26,386
Net Assets Available for Plan Benefits, December 31, 1991	<u>\$ 534,211</u>	<u>\$ 925</u>	<u>\$ 7,671</u>	<u>\$ 227,300</u>	<u>\$ 65,775</u>	<u>\$ (16,394)</u>	<u>\$ 819,526</u>

The accompanying notes are an integral part of these financial statements.

BELL SOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1990
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
Net Assets Available for Plan Benefits, December 31, 1989	\$ 452,692	\$ 127,307	\$ -	\$ -	\$ 174,431	\$ -	\$ -	\$ 754,430
Employee allotments	32,173	-	83	171	31,069	-	-	63,496
Transfer of participants' balances - net	84,804	(93,441)	276	1,551	8,057	-	-	1,247
Employing company contributions	8,202	-	-	-	-	18,076	-	26,278
Supplemental contributions	-	-	-	-	-	-	12,355	12,355
Allocation of shares to participants	-	-	-	-	-	9,831	(9,831)	-
Transfer for loan repayment	-	-	-	-	-	(74)	74	-
Total Allotments, Contributions, Allocations and Transfers	125,179	(93,441)	359	1,722	39,126	27,833	2,598	103,376
Allocated share of Trust Investment activities	11,965	(27,714)	21	(46)	16,285	499	17,114	16,124
Total Additions	137,144	(121,155)	380	1,676	55,411	28,332	19,712	121,500
Less: Distributions to participants	44,926	6,152	7	61	27,604	73	-	78,823
Interest on note payable	-	-	-	-	-	-	10,950	10,950
Net Assets Available for Plan Benefits, December 31, 1990	\$ 544,910	\$ -	\$ 373	\$ 1,615	\$ 202,238	\$ 28,259	\$ 8,762	\$ 786,157

The accompanying notes are an integral part of these financial statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1989
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Guaranteed Interest Fund	Total
Net Assets Available for Plan Benefits, December 31, 1988	<u>\$ 269,689</u>	<u>\$ 93,075</u>	<u>\$ 149,523</u>	<u>\$ 512,287</u>
Employee allotments	28,927	-	30,074	58,951
Employing company contributions	26,907	-	-	26,907
Transfers of participants' balances - net	<u>7,414</u>	<u>(7,245)</u>	<u>1,042</u>	<u>1,211</u>
Total Allotments, Contributions and Transfers	63,248	(7,245)	31,066	87,069
Investment income:				
Dividends on BellSouth shares of common stock	17,480	698	-	18,178
Other dividends	-	4,077	-	4,077
Interest	395	466	13,850	14,711
Net appreciation in the fair value of investments	<u>130,383</u>	<u>42,807</u>	<u>-</u>	<u>173,190</u>
Total Additions	<u>211,506</u>	<u>40,803</u>	<u>44,916</u>	<u>297,225</u>
Less: Distributions to participants	<u>28,503</u>	<u>6,371</u>	<u>20,008</u>	<u>55,082</u>
Net Assets Available for Plan Benefits, December 31, 1989	<u>\$ 452,692</u>	<u>\$ 127,307</u>	<u>\$ 174,431</u>	<u>\$ 754,430</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except Unit Values)

1. Plan Description -

The BellSouth Savings and Security Plan (the "Plan") was established by BellSouth Corporation ("BellSouth") to provide a convenient way for non-salaried employees to save for their retirement on a regular and long-term basis. The Plan provides for before-tax contributions in accordance with Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), and for after-tax contributions.

Effective January 1, 1990, the Plan was restated in its entirety.

Participants are able to invest their contributions in the BellSouth Shares Fund, the Guaranteed Interest Fund, the Diversified Equity Fund and the Fixed Income Fund in various combinations. The Diversified Equity Fund and the Fixed Income Fund were added to the Plan effective January 1, 1990.

The Diversified Telephone Portfolio ("DTP") was created as of January 1, 1984 with the transfer of the net assets of the American Telephone and Telegraph ("AT&T") Shares Fund under the Bell System Savings and Security Plan. No new contributions were allowed to the DTP under the Plan and all earnings of the DTP were invested in shares of BellSouth common stock. Effective October 31, 1990, the DTP was eliminated from the Plan. Participants were given until June 30, 1990 to transfer DTP balances to the other investment funds. DTP balances remaining in the DTP on July 1, 1990 were transferred automatically to the existing BellSouth Shares Fund.

As of January 1, 1990, the assets of the Plan are held in the BellSouth Master Savings Trust (the "Master Savings Trust") and are commingled with the assets of the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Enterprises Retirement Savings Plan for investment purposes.

The Plan provides for company matching contributions in amounts ranging from 55% to 80% of the amount of participant basic contributions. All Employing Company Contributions are made to an employee stock ownership plan ("ESOP") within the Plan. The ESOP feature was added to the Plan effective April 1, 1990. Amounts in participants' ESOP accounts may only be transferred to other investment options under special ESOP diversification rules. These rules require that a participant reach age 55 and participate in the ESOP for 10 years before having such transfer options. No withdrawals can be made from participants' ESOP accounts. Withdrawals may be made from the funds transferred under the diversification rules. Amounts in participants' ESOP accounts will be distributed to the participant upon retirement, disability or termination of employment. Matching contributions to participants of the Plan consist of BellSouth common stock allocated to employee ESOP accounts and additional shares of BellSouth common stock purchased by the BellSouth Savings and Security ESOP Trust (a part of the Master Savings Trust) on the open market. BellSouth contributes an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

The following material change was announced during 1991 for implementation during 1992:

Effective January 1, 1992, the names of the investment funds in the Plan changed as follows:

<u>Previous Name</u>	<u>New Name</u>
BellSouth Shares Fund	BellSouth Stock Fund
Diversified Equity Fund	Indexed Stock Fund
Fixed Income Fund	Bond Fund
Guaranteed Interest Fund	Interest Income Fund

Participants should refer to the Plan Prospectus dated February 4, 1987, Plan amendments described in Form S-4, Registration Statement No. 33-30772, filed with the Securities and Exchange Commission on August 21, 1989 and supplements to the Plan Prospectus dated December 26, 1989, June 1 and July 12, 1990 and December 19, 1991 for a more complete description of the Plan's provisions.

Bankers Trust Company is the Trustee for the Master Savings Trust.

2. Accounting Policies -

The values of investments in the Master Savings Trust are determined as follows:

Shares of BellSouth common stock and other securities listed on a national stock exchange are valued on the basis of the closing price per share on December 31, 1991 and December 31, 1990, as reported on the New York Stock Exchange composite tape or, if no sales were made on that date, at the closing price on the next preceding day on which sales were made;

Over-the-counter securities and government obligations are valued based on the bid prices on December 31, 1991 from published sources where available and, if not available, from other sources considered reliable; and

Contracts with insurance companies are valued at principal plus reinvested interest.

Purchases and sales of securities are reflected as of the trade date.

Realized gains and losses on sales of investments are determined on the basis of average cost.

Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

With respect to the statement of changes in net assets for the period ended December 31, 1989 and the Master Trust investment activity in 1991 and 1990 as presented herein in Note 8, the Plan presents the net appreciation in the fair value of its investments which represents the sum of realized gains, realized losses and unrealized appreciation (depreciation) on those investments.

3. Units of the Plan -

The interest of a participant in each type of investment of the Plan is represented by units as described in Section 4 of the Plan. The number and value of units as of December 31, 1991 and December 31, 1990, were as follows:

Type of Investment	December 31, 1991		December 31, 1990	
	Number of Units	Value per Unit	Number of Units	Value per Unit
BellSouth Shares	137,346,766	\$3.8895	139,582,432	\$3.9038
Fixed Income Fund	718,205	1.2881	340,533	1.6964
Diversified Equity Fund	5,826,717	1.3166	1,590,398	1.0156
Guaranteed Interest Fund	60,256,572	3.7722	58,365,159	3.4650

The number and value of units by month for each fund during 1991 was as follows:

1991	BellSouth Shares		Fixed Income		Diversified Equity		Guaranteed Interest	
	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit
January	136,594,278	\$3.7906	364,500	\$1.1086	1,646,990	\$1.0601	58,005,365	\$3.4909
February	136,401,238	\$3.7358	362,495	\$1.1137	1,741,779	\$1.1342	58,191,442	\$3.5146
March	136,293,716	\$3.8455	392,283	\$1.1183	1,762,191	\$1.1601	58,441,211	\$3.5496
April	136,250,138	\$3.8230	395,152	\$1.1311	1,787,676	\$1.1633	58,572,835	\$3.5661
May	137,989,407	\$3.6490	421,952	\$1.1334	1,908,684	\$1.2132	58,384,368	\$3.3923
June	138,173,692	\$3.5386	463,027	\$1.1282	1,990,141	\$1.1580	58,936,824	\$3.6129
July	138,036,974	\$3.6167	498,090	\$1.1433	2,350,652	\$1.2122	59,116,756	\$3.6442
August	138,083,214	\$3.6241	528,144	\$1.1782	2,702,465	\$1.2401	59,591,303	\$3.6701
September	137,883,121	\$3.7187	575,073	\$1.2107	3,349,448	\$1.2187	59,853,522	\$3.6957
October	137,777,756	\$3.6857	602,550	\$1.2182	4,221,728	\$1.2359	59,997,261	\$3.7214
November	137,858,116	\$3.5065	631,406	\$1.2265	5,080,450	\$1.1876	60,235,591	\$3.7462
December	137,346,766	\$3.8895	718,205	\$1.2881	5,826,717	\$1.3166	60,256,572	\$3.7722

3. Units of the Plan - (continued)

At December 31, 1991, the number of BellSouth participants by investment direction described in Section 7 of the Plan was as follows:

<u>Fund Description</u>	<u>No. Participants</u>
Entirely in BellSouth Shares.....	19,094
Entirely in Fixed Income.....	68
Entirely in Diversified Equity.....	951
Entirely in Guaranteed Interest.....	21,552
Equally in BellSouth Shares and Fixed Income.....	103
Equally in BellSouth Shares and Diversified Equity.....	314
Equally in BellSouth Shares and Guaranteed Interest.....	10,315
Equally in Fixed Income and Diversified Equity.....	68
Equally in Fixed Income and Guaranteed Interest.....	24
Equally in Diversified Equity and Guaranteed Interest.....	198
Equally in BellSouth Shares, Fixed Income and Diversified Equity.....	45
Equally in BellSouth Shares, Diversified Equity and Guaranteed Interest.....	92
Equally in BellSouth Shares, Fixed Income and Guaranteed Interest.....	14
Equally in Fixed Income, Diversified Equity and Guaranteed Interest.....	41
Equally in BellSouth Shares, Fixed Income, Diversified Equity and Guaranteed Interest....	79
Total Participants	<u>52,558</u>

Of the participants eligible to participate in the Plan, 135 have elected to participate in a Union-sponsored trust.

Since all employing company contributions are made to the ESOP, all employees participating in the Plan are participants in the ESOP.

4. Federal Tax Effects -

On July 12, 1989, BellSouth received a determination from the Internal Revenue Service ("IRS") confirming that the Plan as amended through April 26, 1988, continues to meet the requirements of Section 401(a) of the Code and is exempt from Federal income taxes under Section 501(a) of the Code. The opinion of BellSouth is that this Plan is a qualified plan under Code Sections 401(a) and (k) and that the following are the Federal income and estate tax consequences under present law of participation in the Plan so long as the Plan is a qualified plan for Federal income tax purposes.

Before-tax contributions will reduce the amount of a participant's compensation which will currently be taxable for Federal income tax purposes. After-tax contributions do not so reduce compensation for Federal income tax purposes and no deduction is allowed to the participant with respect thereto. A participant's before-tax contributions and after-tax contributions will be subject to the FICA tax and the FUTA tax for the participant's taxable year in which such contributions are made to the Plan. Employing company contributions and qualifying rollover contributions are not taxable for Federal income tax purposes when made. Earnings and losses on all accounts are not currently recognizable for Federal income tax purposes. Generally, employing company contributions, qualifying rollover contributions, before-tax contributions and account earnings and losses are taxable for Federal income tax purposes when actually received as a Plan distribution.

If a participant or beneficiary receives distributions or withdrawals from the participant's account, the value of what the participant or beneficiary receives, as a general rule, will be taxable to the recipient as ordinary income in the taxable year in which the distribution or withdrawal is made except to the extent that such distribution or withdrawal represents a return of the participant's undistributed after-tax contributions under this Plan, the Bell System Savings and Security Plan or any other qualified savings plan which makes a trust-to-trust transfer to this Plan (all such after-tax contributions are referred to hereinafter as "aggregate after-tax contributions"). There are complex rules under the Code for determining what

4. Federal Tax Effects - (continued)

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portion of a distribution or withdrawal is not taxable because it represents a return of aggregate after-tax contributions, but a discussion of those rules is beyond the scope of this summary. If a participant or beneficiary receives BellSouth shares, the value of what the participant or beneficiary receives (as used in determining this taxable amount) will not include any increase in value over the cost to the trust fund of those shares attributable to the participant's own aggregate after-tax contributions (but not to earnings thereon).

If before-tax contributions, after-tax contributions and employing company matching contributions made by or on behalf of a "highly compensated employee" exceed the contributions permitted by Code Sections 401(k) and 401(m) for any plan year, such excess contributions (together with any earnings allocable to such contributions) will be distributed (or, if forfeitable, will be forfeited) before the end of the immediately following plan year. Distribution (or forfeiture) shall be made to the extent necessary to satisfy the requirements of the Code and IRS regulations in accordance with procedures established by the Savings and Security Plan Committee. Distributions under this procedure made on or before March 15 generally will be taxable for federal income tax purposes (except to the extent the distribution represents a return of after-tax contributions) for the taxable year for which such contribution was made. However, certain distributions of small amounts (less than \$100) are taxable for the taxable year in which the distribution is made. Any distribution which is made after the March 15 deadline will be taxable for federal income tax purposes for the taxable year in which the distribution is made. BellSouth will be subject to a 10% excise tax on excess contributions distributed after the March 15 deadline. BellSouth has the power to reduce the before-tax contributions, after-tax contributions and employing company matching contributions to minimize the risk that such contributions will exceed the contributions permissible under the Code's special nondiscrimination tests, but there nevertheless is a risk that excess contributions will be made. The term "highly compensated employee" is defined in Code Section 414(q) and a participant ordinarily will not be treated as highly compensated under that definition, if the participant's annual compensation is under \$60,335 as adjusted, to reflect cost of living changes.

The Plan will limit a participant's before-tax contributions to \$8,475, as adjusted to reflect cost of living changes. However, if a participant actually defers in the aggregate more than \$8,475, as adjusted, of the participant's compensation in any taxable year under (1) the Plan, (2) any other plan which satisfies the requirements of Code Section 401(k), (3) any Code Section 403(b) annuity contract or (4) any simplified employee pension plan under Code Section 408(k), such elective deferrals in excess of \$8,475, as adjusted, will be taxable to the participant for federal income tax purposes in the participant's taxable year for which the excess elective deferrals were made. Income allocable to the distributed excess deferral will be taxable to the participant in the participant's taxable year in which the distribution is made. The participant will have the right under the Plan to elect on or before March 1 of the participant's immediately following taxable year that the Plan distribute any such excess elective deferrals attributable to the participant's before-tax contributions, and any such distribution shall be made on or before April 15 of such taxable year. Any such excess elective deferrals which are not distributed (by the Plan or through any other arrangement under which the participant elected such deferrals) on or before the April 15 deadline also shall be taxable to the participant for federal income tax purposes in the participant's taxable year in which such excess ultimately is distributed to the participant. Thus excess elective deferrals which are not distributed by the April 15 deadline will be subject to double income taxation.

Upon receipt of a distribution or withdrawal of a participant's entire account in a lump-sum (1) by an active employee who has attained age 59 1/2 years or (2) by an employee who receives the distribution on or after the date on which he has attained age 59 1/2 on account of his termination of employment or (3) by a participant's estate, to one or more individual beneficiaries or to one or more trusts on account of the participant's death, the recipient may be able to utilize the special 5-year income averaging method for calculating the tax payable thereon and, further, may be able to utilize potentially more favorable special 10-year income averaging and capital gains treatment if the distribution or withdrawal satisfies certain transition rules under the Tax Reform Act of 1986 ("TRA '86"). A discussion of those transition rules is beyond the scope of this summary. If the distribution is made on account of a participant's death the applicable portion of the \$5,000 death benefit exclusion will be added to the participant's aggregate after-tax contributions to be offset against the value of the distribution; however, a single \$5,000 exclusion must be apportioned among all qualified death benefits paid on account of a death of a participant. If the distribution includes BellSouth shares, any increase in the value of such shares over their cost to the trust fund may further reduce the taxable amount of the distribution if such distribution satisfies the requirements (except the 5-year participation requirement) for special income averaging treatment. The amount of this reduction attributable to any such shares, will be taxable, to the extent realized, when such shares are sold.

4. Federal Tax Effects - (continued)

If a lump-sum distribution or withdrawal is received by an employee who has attained age 59 1/2 years, or on account of employee's termination of employment, or by the spouse of a participant on account of the participant's death, the distributee may not be required to include in taxable income for the year of distribution that part of such distribution which is transferred, within 60 days after the day on which such property is received, to an individual retirement account or an individual retirement annuity or, in the case of a distribution to an employee who terminates employment, to the qualified employees' trust or the qualified annuity plan of another employer. In addition, if a participant (or spouse, following the participant's death) receives a distribution or withdrawal which constitutes at least 50% of the entire interest of the participant's account immediately before the distribution (a "partial distribution") and elects to take advantage of the partial distribution rollover rule in Code Section 402, such distributee is not required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which the property is received, to an individual retirement account or an individual retirement annuity. The amount transferred under these rules may not exceed the amount of cash plus the fair market value of any shares distributed (or if such shares are sold, the proceeds of such sales) less the part of the distribution representing aggregate after-tax contributions that have not been used previously to offset taxable distributions or withdrawals. Any part of the distribution which remains includable in taxable income after a transfer is taxable as ordinary income but is not eligible for the special income averaging method. In the case of a partial distribution for which rollover treatment is elected, the special exclusion described above for appreciation in BellSouth will not apply.

The taxable portion of any distribution (other than timely refunds of excess elective deferrals or timely distributions of excess before-tax contributions and excess after-tax contributions discussed above) made to a participant before the participant attains age 59 1/2 ordinarily will be subject to a 10% excise tax except to the extent such distribution is payable on account of the participant's death or disability, separation from service on or after age 55, under a qualified domestic relations order, or such distribution matches the participant's Federal income tax deduction for medical expenses. Similarly, if a participant receives distributions in a taxable year from the Plan, any other qualified plan or an individual retirement account (or from any combination of such plans and individual retirement accounts) which in the aggregate exceed \$150,000, the participant will, as a general rule, be subject to a 15% excise tax on such excess. The \$150,000 limit may be adjusted for inflation by the Secretary of the Treasury. Certain amounts that are not taxable are not taken into account for purposes of determining whether there is an excess distribution including amounts that are not taxable because they are rolled over or represent a return of the participant's aggregate after-tax contributions. Additionally, a special limit applies to certain lump-sum distributions, and there also is a special estate tax rule for amounts that remain undistributed after death. The limit is subject to adjustment for benefits accrued as of August 1, 1986, under the transition rules in TRA '86, but a description of those transition rules is beyond the scope of this summary. Finally, the 10% excise tax does not, in effect, apply to that part of a distribution which also is subject to the 15% excise tax.

Distributions made from the Plan are subject to Federal income tax withholding unless the participant makes an election not to have Federal income tax withheld from such distributions.

Since the Committee's records may not show the amount of aggregate after-tax contributions a participant uses from time to time in the participant's tax returns as offsets in determining the amount of distributions and withdrawals subject to income tax, such participant must keep records in order that the tax principles described above may be applied accurately.

Under the Plan, the balance of a participant's or former participant's account is required to be distributed upon the participant's or former participant's death. With respect to Federal estate tax, this distributed balance must be included in determining the taxable amount of the participant's or former participant's estate.

The employing companies making contributions generally will be entitled to Federal income tax deductions in the year for which the contributions under the Plan are made. However, if a contribution is not deductible, the employing company's contribution will be subject to a 10% excise tax on the nondeductible contribution.

The foregoing discussion is not intended to cover all Federal tax aspects of participation in the Plan. Also, participation in the Plan is subject to applicable state and local tax requirements. Furthermore, the above discussion is based on current Federal income tax law. The law governing the Federal income taxation of savings plans and their participants is constantly changing as a result of amendments to the Code, changes in regulations and IRS administrative policies and judicial decisions. Accordingly, no assurance can be given that currently existing tax laws will not change in a way that would adversely affect the Plan and its participants.

4. Federal Tax Effects - (continued)

Finally, the foregoing relies in part upon private rulings issued by the IRS to AT&T in 1983 which concern the Bell System Savings and Security Plan. A private ruling of this nature may or may not bind the IRS in the individual case of a distribution to an employee from the Plan and the IRS may take a position in an individual case contrary to the conclusions stated herein to the extent those conclusions are based on such private rulings.

BELLSOUTH EXPECTS AND STRONGLY ENCOURAGES PARTICIPANTS TO DISCUSS THE TAX CONSEQUENCES OF PLAN PARTICIPATION WITH A TAX ADVISOR.

5. Contributions -

Employing company contributions reflect reductions for forfeited contributions as described in the Plan document.

Employee contributions to the Plan are accrued on the basis of authorized basic and supplementary contributions. An eligible employee may authorize a basic contribution of up to \$45 per week, depending on his or her weekly pay rate. A supplementary contribution may be authorized which, when added to the basic contribution, results in a total contribution of not more than 15% of the employee's basic weekly pay rate.

All company matching contributions are made through the ESOP which was added to the Plan effective April 1, 1990.

Effective January 1, 1992, contributions previously made to the Plan by certain employees of BellSouth Enterprises, Inc. (other than nonmanagement employees of BellSouth Advertising and Publishing Co.) are invested in the BellSouth Enterprises Retirement Savings Plan. Employing Company Contributions made to the ESOP for these participants prior to January 1, 1992 were not transferred, but were held in the Plan, since the BellSouth Enterprises Retirement Savings Plan does not include an ESOP feature.

6. Termination Priorities -

In the event that the Plan is terminated, subject to conditions set forth in the Employee Retirement Income Security Act of 1974, as amended, the Plan provides that the net assets be distributed to participating employees in an amount equal to their respective interests in such assets.

7. Plan Expenses -

Expenses that relate primarily to the cost of administering the Plan are paid by the participating companies. Investment manager and insurance company management fees are paid by the Master Savings Trust.

8. Interest in BellSouth Master Savings Trust

As of January 1, 1990, the assets of the Plan are held in the Master Savings Trust and are commingled with the assets of the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Enterprises Retirement Savings Plan.

The Plan's allocated share of the total net assets of all funds in the Master Savings Trust at December 31, 1991 and 1990 was 12.3222% and 31.3576%, respectively. The Plan's allocated share of the net assets of each fund in the Master Savings Trust at December 31, 1991 and 1990 was as follows:

	<u>1991</u>	<u>1990</u>
BellSouth Shares Fund.....	42.03214%	41.06965%
Diversified Equity Fund.....	3.35120%	1.04076%
Fixed Income Fund.....	0.82049%	.39342%
Guaranteed Interest Fund.....	29.51791%	30.26148%

8. Interest in BellSouth Master Savings Trust - (continued)

The financial position of the Master Savings Trust at December 31, 1991 and 1990 was as follows:

	<u>1991</u>	<u>1990</u>
Assets: Investments at value:		
BellSouth Shares Fund:		
BellSouth common shares.....	\$ 1,287,690	\$ 1,331,952
Temporary cash investments.....	3,285	423
Fixed Income Fund:		
Securities.....	108,032	83,956
Temporary cash investments.....	1,246	878
Diversified Equity Fund:		
Equity Index Fund	221,035	147,013
Temporary cash investments.....	509	7
Guaranteed Interest Fund:		
Contracts	738,313	659,759
Temporary cash investments.....	39,869	7,994
Loan Fund:		
Loans to participants.....	24,231	18,895
Distributable shares.....	8,576	1,197
Dividends and interest income receivable.....	2,040	1,800
Receivable for investments sold.....	0	136
	<u>2,433,028</u>	<u>2,254,010</u>
Liabilities:		
Payable for investments purchased.....	<u>208</u>	<u>150</u>
Allocated share of trust net assets (excluding ESOP Trusts).....	2,432,816	2,253,860
Investment in ESOP Trusts:		
BellSouth shares of common stock allocated to participants.....	148,094	62,841
Distributable shares.....	336	0
BellSouth common shares held for future allocation.....	746,376	848,164
Temporary cash investments.....	<u>30,135</u>	<u>28,924</u>
Total Investments.....	3,357,759	3,193,789
Liabilities:		
Notes payable.....	<u>799,644</u>	<u>825,166</u>
Trust net assets.....	<u>\$ 2,558,115</u>	<u>\$ 2,368,623</u>
Investments at cost:.....	<u>\$ 2,959,606</u>	<u>\$ 2,724,492</u>

See Schedule I, BellSouth Master Savings Trust Schedule of Investments

8. Interest in BellSouth Master Savings Trust (continued)

Assets in the BellSouth Shares Fund, Fixed Income Fund and Diversified Equity Fund are invested in securities which fluctuate in market value, and the value of the units may fluctuate as of the end of each month.

Assets in the Guaranteed Interest Fund are invested in guaranteed contracts of insurance companies. The value of the Guaranteed Interest Fund is based upon the principal invested and the interest credited, and the value of the units should increase as of the end of each month. Since these contracts are unsecured general obligations of such companies, their security is subject to the ability of the insurance companies to repay their debts generally as they come due.

In three separate transactions during 1990, the BellSouth Savings and Employee Stock Ownership Trust and the Savings and Security ESOP Trust (the "ESOP Trusts") issued medium-term notes in the amount of \$850 million to fund the ESOP. Assets held in each investment fund of the Plan, other than the assets held by the ESOP Trusts described below, are unavailable to service the ESOP debt.

Assets held by the ESOP Trusts are generally unavailable to satisfy claims of holders of debt securities issued by the ESOP Trusts to finance the acquisition of common stock for the benefit of ESOP participants. The debt securities are guaranteed by and are subject to direct recourse against BellSouth. BellSouth contributes to the Trusts an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation. Such contributions are subject to the claims of such holders but are held at BellSouth and paid to the ESOP Trust twice yearly to fund, on a same day basis, required payments by the ESOP Trusts on the notes. Such contributions would not remain in the Plan Trusts unless there were a default on the debt securities by the ESOP Trusts after having received the required contributions from BellSouth. Therefore, holders of the debt securities should not rely on the assets of the ESOP Trusts in arriving at an investment decision with respect to the debt securities. For the year ended December 31, 1991, BellSouth made cash contributions to the ESOP Trusts in the amount of \$57,151.1 for the purpose of servicing the guaranteed debt and expects to make similar contributions during the life of the Plan.

A description of each debt issue is as follows:

BellSouth Savings and Employee Stock Ownership Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$275,000	9.125%	July 1, 2003
Amortizing Medium-Term Notes, Series A	\$275,000	9.19%	July 1, 2003

BellSouth Savings and Security ESOP Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$300,000	9.125%	July 1, 2003

Maturities of the ESOP Trusts' long-term debt outstanding at December 31, 1991 are as follows:

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>Thereafter</u>	<u>Total</u>
Maturities	<u>\$29,787</u>	<u>\$35,258</u>	<u>\$40,699</u>	<u>\$46,589</u>	<u>\$52,977</u>	<u>\$394,334</u>	<u>\$799,644</u>

8. Interest in BellSouth Master Savings Trust (continued)

Investment activities of the Master Savings Trust are allocated to the Plan based upon the total of each individual plan participant's share of the Master Savings Trust investment activities during the period ended December 31, 1991.

The Master Savings Trust investment activities for the fiscal year ended December 31, 1991 and 1990 were as follows:

	<u>1991</u>	<u>1990</u>
Investment Activities:		
Dividends on BellSouth Corporation common shares.....	\$ 114,302	\$ 79,478
Other dividends.....	0	5,494
Guaranteed Interest Fund income.....	59,734	52,992
Other interest.....	7,510	6,420
Net depreciation in the fair value investments.....	(62,567)	(67,224)
Investment Manager Fees.....	(823)	(197)
Net investment activities.....	<u>\$ 118,156</u>	<u>\$ 77,763</u>

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1991		
	Number of Shares or Principal Amount	Cost	Value
BELLSOUTH SHARES FUND			
Shares of BellSouth common stock* - 99.7%	24,880,583	\$ 936,341	\$1,287,890
Temporary Cash Investments - 0.3%	2,130,407	3,281	3,285
Total BellSouth Shares Fund - 100.0%		\$ 939,622	\$1,291,175

FIXED INCOME FUND

U. S. Government Treasury Notes - 20.4%:			
U. S. Treasury Notes, 8.875%, 07/15/95	\$ 2,000	\$ 2,077	\$ 2,208
U. S. Treasury Notes, 8.850, 05/15/97	\$ 5,000	5,127	5,520
U. S. Treasury Notes, 8.875%, 11/15/98	\$ 3,500	3,563	3,964
U. S. Treasury Notes, 9.125%, 05/15/99	\$ 4,000	4,133	4,594
U. S. Treasury Notes, 7.875%, 11/15/99	\$ 3,500	3,329	3,768
U. S. Treasury Notes, 8.50%, 02/15/00	\$ 2,000	1,993	2,232
		<u>\$ 20,222</u>	<u>\$ 22,286</u>
U. S. Government Treasury Bonds - 63.5%			
U. S. Treasury Bonds, 11.625%, 11/15/02	\$ 2,250	\$ 2,746	\$ 3,049
U. S. Treasury Bonds, 12.50%, 08/15/14	\$ 2,750	3,625	4,138
U. S. Treasury Bonds, 9.875%, 11/15/15	\$ 2,400	2,670	3,041
U. S. Treasury Bonds, 7.25%, 05/15/16	\$ 11,500	10,143	11,209
U. S. Treasury Bonds, 7.50%, 11/15/16	\$ 10,400	9,374	10,416
U. S. Treasury Bonds, 8.75%, 05/15/17	\$ 7,000	7,188	8,008
U. S. Treasury Bonds, 8.875%, 08/15/17	\$ 9,000	9,328	10,418
U. S. Treasury Bonds, 8.875%, 02/15/19	\$ 9,500	10,359	11,017
U. S. Treasury Bonds, 8.125%, 08/15/19	\$ 7,500	7,431	8,041
		<u>\$ 62,864</u>	<u>\$ 69,337</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
FIXED INCOME FUND (continued)			
Domestic Corporate Obligations - 15.0%			
Cleveland Elec. Illum. Co. 8.70%, 06/03/96	\$ 2,000	\$ 2,000	\$ 2,141
Commonwealth Edison Co. 8.92%, 08/15/96	\$ 1,000	1,005	1,080
Detroit Edison Co. 10.125%, 08/15/96	\$ 500	521	523
Houston Inds Inc. 7.25%, 12/01/96	\$ 1,500	1,500	1,526
Illinois Pwr. Co. 9.25%, 12/16/96	\$ 2,000	2,085	2,184
Pacificorp Secd. 8.690, 07/16/96	\$ 2,000	2,000	2,176
Pennsylvania Elec. Co. 7.45%, 10/28/96	\$ 1,000	1,000	1,020
Public Svc. Elec. & Gas Co. 7.50%, 04/01/96	\$ 1,000	977	1,017
Arizona Public Service Co. 9.0%, 05/01/96	\$ 1,000	998	1,027
Hanna H A Co. 9.0%, 09/15/98	\$ 1,000	1,000	1,059
Long Island Ltg. Co. 8.75%, 05/01/96	\$ 1,500	1,495	1,605
USX-Marathon Group, Inc. 8.875%, 09/15/97	\$ 1,000	998	1,047
		<u>\$ 15,579</u>	<u>\$ 16,405</u>
Pooled Corporate Obligations	2,462	\$ 4	\$ 4
Temporary Cash Investments - 1.1%	808,283	<u>1,241</u>	<u>1,246</u>
Total Fixed Income Fund - 100.0%		<u>\$ 99,910</u>	<u>\$ 109,278</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991 -</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
.DIVERSIFIED EQUITY FUND			
Bankers Trust Pyramid Cash Plus Fund - .2%	330,593	\$ 509	\$ 509
Bankers Trust Pyramid Equity Index Fund* - 99.8%	265,660	164,392	221,034
Total Corporate Obligations	583	1	1
Total Diversified Equity Fund - 100.0%		\$ 164,902	\$ 221,544

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1991		
	Number of Shares or Principal Amount	Cost	Value
GUARANTEED INTEREST FUND			
Annuity Contracts with Insurance Companies - 94.9%:			
Aetna Life Insurance Company (6.58% - 9.86%)	\$ 71,681	\$ 71,681	\$ 71,681
Connecticut General Life Insurance Company (8.26% - 8.85%)	\$ 19,348	19,348	19,348
Metropolitan Life Insurance Company (6.66% - 9.47%)	\$ 87,945	87,945	87,945
The Mutual Benefit Life Insurance Company (12.75%)	\$ 2,993	2,993	2,993
Provident National Insurance Company (8.53% - 10.94%)	\$ 25,301	25,301	25,301
The Prudential Insurance Company of America (7.59% - 9.43%)*	\$ 205,423	205,423	205,423
Travelers Insurance Company (9.20% - 9.97%)	\$ 19,035	19,035	19,035
Mutual New York Life Insurance Company (7.62% - 8.45%)	\$ 44,726	44,726	44,726
Massachusetts Mutual (9.14% - 9.70%)	\$ 34,955	34,955	34,955
Hartford Life Insurance Company (6.70% - 8.71%)	\$ 51,778	51,778	51,778
Pacific Mutual Life Insurance Company (9.12% - 9.39%)	\$ 34,335	34,335	34,335
Commonwealth Life Insurance Company (7.67% - 9.37%)	\$ 26,354	26,354	26,354
Confederation Life (8.45% - 9.44%)	\$ 42,390	42,390	42,390
Canada Life (7.79% - 9.58%)	\$ 15,403	15,403	15,403
Northwestern National Life Insurance Company (6.27% - 8.92%)	\$ 23,500	23,500	23,500
Lincoln National Life Insurance Company (9.36%)	\$ 11,699	11,699	11,699
Peoples Security Life Insurance Company (8.21%)	\$ 10,802	10,802	10,802
State Mutual Life (8.68%)	\$ 10,645	10,645	10,645
		<u>\$ 738,313</u>	<u>\$ 738,313</u>

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
GUARANTEED INTEREST FUND (continued)			
Temporary Cash Investments - 5.1%	\$ 25,855	<u>39,602</u>	<u>39,869</u>
Total Guaranteed Interest Fund - 100.0%		<u>\$ 777,915</u>	<u>\$ 778,182</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1991</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
LOAN FUND			
Loans to Participants- 100.0%	\$24,231	<u>\$ 24,231</u>	<u>\$ 24,231</u>
Total Loan Fund		<u>\$ 24,231</u>	<u>\$ 24,231</u>
EMPLOYEE STOCK OWNERSHIP PLAN			
Shares of BellSouth Common Stock*	17,290,948	<u>\$ 923,268</u>	<u>\$ 894,806</u>
Temporary Cash Investments	19,549,444	<u>29,758</u>	<u>30,135</u>
Total Employee Stock Ownership Fund		<u>\$ 953,026</u>	<u>\$ 924,941</u>
TOTAL INVESTMENTS		<u>\$ 2,959,606</u>	<u>\$3,349,351</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST

SCHEDULE I - INVESTMENTS
NOTES

Percentages represent the percentage of the investments of each fund of the Master Savings Trust.

- * Investment represents 5% or more of the Net Assets of the Master Savings Trust.
- + The contracts with these insurance companies (interest rates indicated in parentheses) guaranteed the repayment of principal and the crediting of interest resulting in a composite effective annual interest rate of 9.30% for the year 1991. The timing of the remittance of participating employee contributions and other participating employee-directed transactions may cause the actual yield to vary from this rate. The composite interest rate is subject to annual adjustment.

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 1990

BellSouth Savings and Security Plan

BellSouth Corporation
1155 Peachtree Street, N.E.
Atlanta, Georgia 30367-6000

REPORT OF INDEPENDENT ACCOUNTANTS

Savings and Security Plan Committee of the
BellSouth Savings and Security Plan:

We have audited the accompanying statements of net assets available for plan benefits of the BellSouth Savings and Security Plan as of December 31, 1990 and 1989, the related statements of changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1990, and the related schedule of investments as of December 31, 1990. These financial statements and financial statement schedule are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 1990 and 1989, and the changes in net assets available for plan benefits for each of the three years in the period ended December 31, 1990 in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND
Atlanta, Georgia
June 21, 1991

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of BellSouth Corporation on Form S-8 (File Nos. 2-92419, 33-30772 and 33-38265) of our report dated June 21, 1991, on our audits of the financial statements of the BellSouth Savings and Security Plan as of December 31, 1990 and 1989, and for the years ended December 31, 1990, 1989 and 1988, and the accompanying financial statement schedule as of December 31, 1990, which report is included in this Annual Report on Form 11-K.

COOPERS & LYBRAND
Atlanta, Georgia
June 21, 1991

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1990
(In Thousands)

ASSETS	BellSouth Shares Fund	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Employee Stock Ownership Plan		Total
					Allocated	Unallocated	
Allocated share of trust net assets	\$ 547,696	\$ 340	\$ 1,530	\$ 202,055	\$ -	\$ -	\$ 751,621
Investment in BellSouth Savings and Security ESOP Trust							
BellSouth shares of common stock allocated to participants	-	-	-	-	22,189	-	22,189
BellSouth shares of common stock held for future allocation	-	-	-	-	-	293,064	293,064
Temporary cash investments	-	-	-	-	3,273	7,551	10,824
Total Investments	547,696	340	1,530	202,055	25,462	300,615	1,077,698
Allotments and contributions receivable	2,688	14	24	2,491	2,825	-	8,042
Fund, BellSouth Management Savings and Employee Stock Ownership Plan, BellSouth Enterprises Retirement Savings Plan and other transfers receivable - net	-	19	69	391	-	-	479
Total Assets	550,384	373	1,623	204,937	28,287	300,615	1,086,219
LIABILITIES							
Distributions payable	5,087	-	8	2,699	28	-	7,822
Fund, BellSouth Management Savings and Employee Stock Ownership Plan, BellSouth Enterprises Retirement Savings Plan and other transfers payable - net	387	-	-	-	-	-	387
Notes payable	-	-	-	-	-	291,853	291,853
Total Liabilities	5,474	-	8	2,699	28	291,853	300,062
Net Assets Available for Plan Benefits	\$ 544,910	\$ 373	\$ 1,615	\$ 202,238	\$ 28,259	\$ 8,762	\$ 786,157

The accompanying notes are an integral part of these financial statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS
December 31, 1989
(In Thousands)

ASSETS	BellSouth Shares Fund	Diversified Telephone Portfolio	Guaranteed Interest Fund	Total
Investments at value (cost \$472,670):				
BellSouth shares of common stock	\$ 449,420	\$ 16,203	\$ -	\$ 465,623
DTP common shares, excluding BellSouth shares of common stock	-	110,592	-	110,592
Contracts with insurance companies	-	-	173,701	173,701
Temporary cash investments	1,667	1,436	-	3,103
Total Investments	<u>451,087</u>	<u>128,231</u>	<u>173,701</u>	<u>753,019</u>
BellSouth shares of common stock distributable (at value)	293	8	-	301
DTP common shares distributable, excluding BellSouth shares of common stock (at value)	-	52	-	52
Allotments and contributions receivable	4,548	-	2,245	6,793
Fund, BellSouth Management Savings and Employee Stock Ownership Plan and other transfers receivable - net	1,206	-	250	1,456
Dividends and interest receivable	<u>19</u>	<u>654</u>	<u>1</u>	<u>674</u>
Total Assets	<u>457,153</u>	<u>128,945</u>	<u>176,197</u>	<u>762,295</u>
LIABILITIES				
Distributions payable	2,461	745	1,766	4,972
Fund, BellSouth Management Savings and Employee Stock Ownership Plan and other transfers payable - net	-	893	-	893
Payable for Investments Purchased	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Total Liabilities	<u>4,461</u>	<u>1,638</u>	<u>1,766</u>	<u>7,865</u>
Net Assets Available for Plan Benefits	<u>\$ 452,692</u>	<u>\$ 127,307</u>	<u>\$ 174,431</u>	<u>\$ 754,430</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1990
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Fixed Income Fund	Diversified Equity Fund	Guaranteed Interest Fund	Employee Stock Ownership Plan		Total
						Allocated	Unallocated	
Net Assets Available for Plan Benefits, December 31, 1989	\$ 452,692	\$ 127,307	\$ -	\$ -	\$ 174,431	\$ -	\$ -	\$ 754,430
Employee allotments	32,173	-	83	171	31,069	-	-	63,496
Transfer of participants' balances - net	84,804	(93,441)	276	1,551	8,057	-	-	1,247
Employing company contributions	8,202	-	-	-	-	18,076	-	26,278
Supplemental contributions	-	-	-	-	-	-	12,355	12,355
Allocation of shares to participants	-	-	-	-	-	9,831	(9,831)	-
Transfer for loan repayment	-	-	-	-	-	(74)	74	-
Total Allotments, Contributions, Allocations and Transfers	125,179	(93,441)	359	1,722	39,126	27,833	2,590	103,376
Allocated share of Trust investment activities	11,965	(27,714)	21	(46)	16,285	499	17,114	18,124
Total Additions	137,144	(121,155)	380	1,676	55,411	28,332	19,712	121,500
Less: Distributions to participants	44,926	6,152	7	61	27,604	73	-	78,823
Interest on note payable	-	-	-	-	-	-	10,950	10,950
Net Assets Available for Plan Benefits, December 31, 1990	\$ 544,910	\$ -	\$ 373	\$ 1,615	\$ 202,238	\$ 28,259	\$ 8,762	\$ 786,157

The accompanying notes are an integral part of these financial statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1989
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Guaranteed Interest Fund	Total
Net Assets Available for Plan Benefits, December 31, 1988	<u>\$ 269,689</u>	<u>\$ 93,075</u>	<u>\$ 149,523</u>	<u>\$ 512,287</u>
Employee allotments	28,927	-	30,024	58,951
Employing company contributions	26,907	-	-	26,907
Transfers of participants' balances - net	<u>7,414</u>	<u>(7,245)</u>	<u>1,042</u>	<u>1,211</u>
Total Allotments, Contributions and Transfers	63,248	(7,245)	31,066	87,069
Investment income:				
Dividends on BellSouth shares of common stock	17,480	698	-	18,178
Other dividends	-	4,077	-	4,077
Interest	395	466	13,850	14,711
Net appreciation in the fair value of investments	<u>130,383</u>	<u>42,807</u>	<u>-</u>	<u>173,190</u>
Total Additions	<u>211,506</u>	<u>40,803</u>	<u>44,916</u>	<u>297,225</u>
Less: Distributions to participants	<u>28,503</u>	<u>6,571</u>	<u>20,008</u>	<u>55,082</u>
Net Assets Available for Plan Benefits, December 31, 1989	<u>\$ 452,692</u>	<u>\$ 127,307</u>	<u>\$ 174,431</u>	<u>\$ 754,430</u>

The accompanying notes are an integral part of these financial statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS
Year Ended December 31, 1988
(In Thousands)

	BellSouth Shares Fund	Diversified Telephone Portfolio	Guaranteed Interest Fund	Total
Net Assets Available for Plan Benefits, December 31, 1987	<u>\$208,878</u>	<u>\$ 93,245</u>	<u>\$124,121</u>	<u>\$426,244</u>
Employee Allotments	27,695	-	29,234	56,929
Employing company contributions	26,871	-	-	26,871
Transfers of participants' balances - net	<u>2,337</u>	<u>(9,041)</u>	<u>1,025</u>	<u>(5,679)</u>
Total Allotments, Contributions and Transfers	56,903	(9,041)	30,259	78,121
Investment income:				
Dividends on BellSouth shares of common stock	13,668	684	-	14,352
Other dividends	-	4,080	-	4,080
Interest	401	884	12,157	13,442
Net appreciation in the fair value of investments	<u>19,650</u>	<u>8,108</u>	<u>-</u>	<u>27,758</u>
Total Additions	<u>90,622</u>	<u>4,715</u>	<u>42,416</u>	<u>137,753</u>
Less: Distributions to participants	<u>29,811</u>	<u>4,885</u>	<u>17,014</u>	<u>51,710</u>
Net Assets Available for Plan Benefits, December 31, 1988	<u>\$269,689</u>	<u>\$ 93,079</u>	<u>\$149,523</u>	<u>\$512,291</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS
(Dollars in Thousands, Except Unit Values)

1. Plan Description -

The BellSouth Savings and Security Plan (the "Plan") was established by BellSouth Corporation ("BellSouth") to provide a convenient way for non-salaried employees to save for their retirement on a regular and long-term basis. The Plan provides for before-tax contributions in accordance with Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"), and for after-tax contributions.

Participants are able to invest their contributions in the BellSouth Shares Fund, the Guaranteed Interest Fund, the Diversified Equity Fund and the Fixed Income Fund in various combinations. The Diversified Equity Fund and the Fixed Income Fund were added to the Plan effective January 1, 1990.

The Diversified Telephone Portfolio ("DTP") was created as of January 1, 1984 with the transfer of the net assets of the American Telephone and Telegraph ("AT&T") Shares Fund under the Bell System Savings and Security Plan. No new contributions were allowed to the DTP under the Plan and all earnings of the DTP were invested in shares of BellSouth common stock. Effective October 31, 1990, the DTP was eliminated from the Plan. Participants were required to transfer DTP balances to the other investment funds by June 30, 1990 or have their balances automatically transferred to the existing BellSouth Shares Fund.

Effective January 1, 1990, the assets of the Plan were transferred to the BellSouth Master Savings Trust (the "Master Savings Trust") and were commingled with the assets of the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Enterprises Retirement Savings Plan for investment purposes.

The Plan provides for company matching contributions in amounts ranging from 5% to 80% of the amount of participant basic contributions. Effective April 1, 1990, an employee stock ownership plan ("ESOP") feature was added to the Plan, and all Employing Company Contributions are made thereafter to the ESOP. Amounts in participants' ESOP accounts may only be transferred to other investment options under special ESOP diversification rules. These rules require that a participant reach age 55 and participate in the ESOP for 10 years before having such transfer options. No withdrawals can be made from participants' ESOP accounts. Withdrawals may be made from the funds transferred under the diversification rules. Amounts in participants' ESOP accounts will be distributed to the participant upon retirement, disability or termination of employment.

Matching contributions to participants of the Plan consist of BellSouth common stock allocated to employee ESOP accounts and additional shares of BellSouth common stock purchased by the BellSouth Savings and Security ESOP Trust (a part of the Master Savings Trust) on the open market. BellSouth contributes an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation.

The following are the additional material changes made to the Plan during 1990:

Effective January 1, 1990, the Plan was restated in its entirety.

Effective January 1, 1990, all company matching contributions attributable to employee contributions invested in the Union-Sponsored Trust are immediately vested.

Effective January 1, 1990, permitted transfers of investment fund balances may be made in 10 percent increments once every three months.

Effective January 1, 1990, changes in investment directions for participants' own current contributions are permitted once every three months.

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1. Plan Description - (continued)

Effective January 1, 1990, withdrawal provisions applicable to active employees were simplified. The various types of withdrawals previously allowed (excluding hardship withdrawals) were combined into a single withdrawal form allowing one withdrawal in a six-month period. Employee contributions to the Plan are suspended for three months for any participant who makes more than one withdrawal in any plan year. If non-vested amounts of a participant's account exceed his Before-Tax Basic Account and any withdrawal exceeds the value of his After-Tax Supplemental Account and Rollover Account, all non-vested amounts shall be forfeited. These withdrawal rules shall not apply to any portion of a withdrawal from the Union-Sponsored Trust (such withdrawals being subject to the terms set forth in such trust).

Effective January 1, 1990, retirees and other participants who have terminated employment and deferred distribution of their accounts may make a single partial withdrawal each year.

Effective January 1, 1990, two additional investment options, the Diversified Equity Fund and the Fixed Income Fund, were made available to participants. The Diversified Equity Fund is invested primarily in shares of common stock of various corporations. The Fixed Income Fund is invested primarily in various corporate and government bonds and notes and other securities such as mortgages.

Effective January 1, 1990, the maximum amount of a participant's basic weekly contribution was increased to \$45 for those participants whose basic weekly rate of pay is \$800 and over.

Effective January 1, 1990, investment manager fees and expenses and insurance company management fees are paid by the Master Savings Trust.

Participants should refer to the Plan Prospectus dated February 4, 1987, Plan amendments described in Form S-8, Registration Statement No. 33-30772, filed with the Securities and Exchange Commission on August 31, 1989 and supplements to the Plan Prospectus dated December 26, 1989 and June 15, 1990 for a more complete description of the Plan's provisions.

Bankers Trust Company is the Trustee for the Master Savings Trust.

2. Accounting Policies -

The values of investments in the Master Savings Trust are determined as follows:

Shares of BellSouth common stock and other securities listed on a national stock exchange are valued on the basis of the closing price per share on December 31, 1990 and December 31, 1989, as reported on the New York Stock Exchange composite tape or, if no sales were made on that date, at the closing price on the next preceding day on which sales were made;

Over-the-counter securities and government obligations are valued based on the bid prices on December 31, 1990 from published sources where available and, if not available, from other sources considered reliable; and

Contracts with insurance companies and financial institutions are valued at principal plus reinvested interest.

Purchases and sales of securities are reflected as of the trade date.

Realized gains and losses on sales of investments are determined on the basis of average cost.

Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

With respect to the statement of changes in net assets, the Plan presents the net appreciation in the fair value of its investments which represents the sum of realized gains, realized losses and unrealized appreciation (depreciation) on those investments.

Certain components of the prior years' financial statements have been reclassified to conform with the current-year presentation.

3. Units of the Plan -

The interest of a participant in each type of investment of the Plan is represented by units as described in Section 8 of the Plan. The number and value of units as of December 31, 1990 and December 31, 1989, were as follows:

Type of Investment	December 31, 1990		December 31, 1989	
	Number of Units	Value per Unit	Number of Units	Value per Unit
BellSouth Shares	139,582,432	\$3.9038	115,276,343	\$3.9270
Fixed Income Fund	340,533	1.0964	-	-
Diversified Equity Fund	1,590,398	1.0156	-	-
Guaranteed Interest Fund	58,365,159	3.4650	54,983,938	3.1724
OTP	-	-	26,708,260	4.7665

The number and value of units by month for each fund during 1990 was as follows:

1990	BellSouth Shares		Fixed Income		Diversified Equity		Guaranteed Interest	
	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit
January	114,570,797	\$3.5980	12,101	\$1.0000	220,847	\$1.0000	53,273,159	\$3.1960
February	115,242,662	\$3.5994	12,811	\$1.0024	300,929	\$1.0007	53,489,565	\$3.2184
March	116,205,078	\$3.7456	18,482	\$1.0071	404,957	\$1.0292	53,204,425	\$3.2432
April	116,325,194	\$3.6957	21,947	\$1.0031	443,854	\$1.0099	53,323,171	\$3.2668
May	117,448,326	\$3.9146	59,089	\$1.0180	816,936	\$1.0823	55,186,665	\$3.2914
June	118,274,327	\$3.6169	272,150	\$1.0272	1,342,890	\$1.0744	56,462,782	\$3.3148
July	118,225,958	\$3.8465	260,625	\$1.0378	1,392,317	\$1.0714	56,592,726	\$3.3391
August	118,068,690	\$3.5911	267,789	\$1.0325	1,426,488	\$0.9807	56,781,945	\$3.3642
September	118,109,868	\$3.6889	278,978	\$1.0434	1,465,225	\$0.9341	57,282,960	\$3.3888
October	139,508,448	\$3.7628	294,349	\$1.0573	1,500,801	\$0.9318	57,521,666	\$3.4141
November	139,664,188	\$3.8144	321,212	\$1.0799	1,538,952	\$0.9900	57,844,830	\$3.4391
December	139,582,432	\$3.9038	340,533	\$1.0964	1,590,398	\$1.0156	58,365,159	\$3.4650

At December 31, 1990, the number of BellSouth participants by investment direction described in Section 7 of the Plan was as follows:

Fund Description	No. Participants
Entirely in BellSouth Shares.....	19,538
Entirely in Fixed Income.....	38
Entirely in Diversified Equity.....	69
Entirely in Guaranteed Interest.....	21,530
Equally in BellSouth Shares and Fixed Income.....	70
Equally in BellSouth Shares and Diversified Equity.....	108
Equally in BellSouth Shares and Guaranteed Interest.....	10,543
Equally in Fixed Income and Diversified Equity.....	20
Equally in Fixed Income and Guaranteed Interest.....	10
Equally in Diversified Equity and Guaranteed Interest.....	27
Equally in BellSouth Shares, Fixed Income and Diversified Equity.....	29
Equally in BellSouth Shares, Diversified Equity and Guaranteed Interest.....	38
Equally in BellSouth Shares, Fixed Income and Guaranteed Interest.....	11
Equally in Fixed Income, Diversified Equity and Guaranteed Interest.....	5
Equally in BellSouth Shares, Fixed Income, Diversified Equity and Guaranteed Interest....	22
Total Participants	52,078

3. Units of the Plan - (continued)

Of the participants eligible to participate in the Plan, 161 have elected to participate in a Union-sponsored trust.

Since all employing company contributions are made to the ESOP, all employees participating in the Plan are participants in the ESOP.

4. Federal Tax Effects -

On July 12, 1989, BellSouth received a determination from the Internal Revenue Service ("IRS") confirming that the Plan as amended through April 26, 1988, continues to meet the requirements of Section 401(a) of the Code and is exempt from Federal income taxes under Section 501(a) of the Code. The opinion of BellSouth is that this Plan is a qualified plan under Code Sections 401(a) and (k) and that the following are the Federal income and estate tax consequences under present law of participation in the Plan so long as the Plan is a qualified plan for Federal income tax purposes.

Before-tax contributions will reduce the amount of a participant's compensation which will currently be taxable for Federal income tax purposes. After-tax contributions do not so reduce compensation for Federal income tax purposes and no deduction is allowed to the participant with respect thereto. A participant's before-tax contributions and after-tax contributions will be subject to the FICA tax and the FUTA tax for the participant's taxable year in which such contributions are made to the Plan. Employing company contributions and qualifying rollover contributions are not taxable for Federal income tax purposes when made. Earnings and losses on all accounts are not currently recognizable for Federal income tax purposes. Generally, employing company contributions, qualifying rollover contributions, before-tax contributions and account earnings and losses are taxable for Federal income tax purposes when actually received as a Plan distribution.

If a participant or beneficiary receives distributions or withdrawals from the participant's account, the value of what the participant or beneficiary receives, as a general rule, will be taxable to the recipient as ordinary income in the taxable year in which the distribution or withdrawal is made except to the extent that such distribution or withdrawal represents a return of the participant's undistributed after-tax contributions under this Plan, the Bell System Savings and Security Plan or any other qualified savings plan which makes a trust-to-trust transfer to this Plan (all such after-tax contributions are referred to hereinafter as "aggregate after-tax contributions"). There are complex rules under the Code for determining what portion of a distribution or withdrawal is not taxable because it represents a return of aggregate after-tax contributions, but a discussion of those rules is beyond the scope of this summary. If a participant or beneficiary receives BellSouth shares, the value of what the participant or beneficiary receives (as used in determining this taxable amount) will not include any increase in value over the cost to the trust fund of those shares attributable to the participant's own aggregate after-tax contributions (but not to earnings thereon). Similarly, if a participant or beneficiary receives shares from the DTP, the value of what the participant or beneficiary receives (as used in determining the taxable amount above) will not include any increase in value over the cost of the Bell System Savings and Security Plan for the former AT&T shares from which the DTP was created which is attributable to the participant's own after-tax contributions (but not the earnings thereon). The amount of this increase attributable to any such BellSouth or DTP shares will be taxable, to the extent realized, when such shares are sold.

If before-tax contributions, after-tax contributions and employing company matching contributions made by or on behalf of a "highly compensated employee" exceed the contributions permitted by Code Sections 401(k) and 401(m) for any plan year, such excess contributions (together with any earnings allocable to such contributions) will be distributed (or, if forfeitable, will be forfeited) before the end of the immediately following plan year. Distribution (or forfeiture) shall be made to the extent necessary to satisfy the requirements of the Code and IRS regulations in accordance with procedures established by the Savings and Security Plan Committee. Distributions under this procedure made on or before March 15 generally will be taxable for Federal income tax purposes (except to the extent the distribution represents a return of after-tax contributions) for the taxable year for which such contribution was made. However, certain distributions of small amounts (less than \$100) are taxable for the taxable year in which the distribution is made. Any distribution which is made after the March 15 deadline will be taxable for Federal income tax purposes for the taxable year in which the distribution is made. BellSouth will be subject to a 10% excise tax on excess contributions distributed after the March 15 deadline. BellSouth has the power to reduce the before-tax contributions, after-tax contributions and employing company matching contributions to minimize the risk that such contributions will exceed the contributions permissible under the Code's special nondiscrimination tests, but

there nevertheless is a risk that excess contributions will be made. The term "highly compensated employee" is defined in Code Section 414(q) and a participant ordinarily will not be treated as highly compensated under that definition, if the participant's annual compensation is under \$56,990, as adjusted, to reflect cost of living changes.

The Plan will limit a participant's before-tax contributions to \$7,979, as adjusted to reflect cost of living changes. However, if a participant actually defers in the aggregate more than \$7,979, as adjusted, of the participant's compensation in any taxable year under (1) the Plan, (2) any other plan which satisfies the requirements of Code Section 401(k), (3) any Code Section 401(b) annuity contract or (4) any simplified employee pension plan under Code Section 408(k), such elective deferrals in excess of \$7,979, as adjusted, will be taxable to the participant for Federal income tax purposes in the participant's taxable year for which the excess elective deferrals were made. Income allocable to the distributed excess deferral will be taxable to the participant in the participant's taxable year in which the distribution is made. The participant will have the right under the Plan to elect on or before March 1 of the participant's immediately following taxable year that the Plan distribute any such excess elective deferrals attributable to the participant's before-tax contributions, and any such distribution shall be made on or before April 15 of such taxable year. Any such excess elective deferrals which are not distributed (by the Plan or through any other arrangement under which the participant elected such deferrals) on or before the April 15 deadline also shall be taxable to the participant for Federal income tax purposes in the participant's taxable year in which such excess ultimately is distributed to the participant. Thus excess elective deferrals which are not distributed by the April 15 deadline will be subject to double income taxation.

Upon receipt of a distribution or withdrawal of a participant's entire account in a lump-sum (1) by an active employee who has attained age 59 1/2 years or (2) by an employee who receives the distribution on or after the date on which he has attained age 59 1/2 on account of his termination of employment or (3) by a participant's estate, to one or more individual beneficiaries or to one or more trusts on account of the participant's death, the recipient may be able to utilize the special 5-year income averaging method for calculating the tax payable thereon and, further, may be able to utilize potentially more favorable special 10-year income averaging and capital gains treatment if the distribution or withdrawal satisfies certain transition rules under the Tax Reform Act of 1986 ("TRA '86"). A discussion of those transition rules is beyond the scope of this summary. If the distribution is made on account of a participant's death the applicable portion of the \$5,000 death benefit exclusion will be added to the participant's aggregate after-tax contributions to be offset against the value of the distribution; however, a single \$5,000 exclusion must be apportioned among all qualified death benefits paid on account of a death of a participant. If the distribution includes BellSouth shares or shares from the DTP, any increase in the value of such shares over their cost to the trust fund (or, in the case of DTP shares, the cost to the Bell System Savings and Security Plan of the former AT&T shares from which the DTP was created) may further reduce the taxable amount of the distribution if such distribution satisfies the requirements (except the 5-year participation requirement) for special income averaging treatment. The amount of this reduction attributable to any such shares, will be taxable, to the extent realized, when such shares are sold.

If a lump-sum distribution or withdrawal is received by an employee who has attained age 59 1/2 years, or on account of employee's termination of employment, or by the spouse of a participant on account of the participant's death, the distributee may not be required to include in taxable income for the year of distribution that part of such distribution which is transferred, within 60 days after the day on which such property is received, to an individual retirement account or an individual retirement annuity or, in the case of a distribution to an employee who terminates employment, to the qualified employees' trust or the qualified annuity plan of another employer. In addition, if a participant (or spouse, following the participant's death) receives a distribution or withdrawal which constitutes at least 50% of the entire interest of the participant's account immediately before the distribution (a "partial distribution") and elects to take advantage of the partial distribution rollover rule in Code Section 402, such distributee is not required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which the property is received, to an individual retirement account or an individual retirement annuity. The amount transferred under these rules may not exceed the amount of cash plus the fair market value of any shares distributed (or if such shares are sold, the proceeds of such sales) less the part of the distribution representing aggregate after-tax contributions that have not been used previously to offset taxable distributions or withdrawals. Any part of the distribution which remains includable in taxable income after a transfer is taxable as ordinary income but is not eligible for the special income averaging method. In the case of a partial distribution for which rollover treatment is elected, the special exclusion described above for appreciation in BellSouth will not apply.

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The taxable portion of any distribution (other than timely refunds of excess elective deferrals or timely distributions of excess before-tax contributions and excess after-tax contributions discussed above) made to a participant before the participant attains age 59 1/2 ordinarily will be subject to a 10% excise tax except to the extent such distribution is payable on account of the participant's death or disability, separation from service on or after age 55, under a qualified domestic relations order, or such distribution matches the participant's Federal income tax deduction for medical expenses. Similarly, if a participant receives distributions in a taxable year from the Plan, any other qualified plan or an individual retirement account (or from any combination of such plans and individual retirement accounts) which in the aggregate exceed \$150,000, the participant will, as a general rule, be subject to a 15% excise tax on such excess. The \$150,000 limit may be adjusted for inflation by the Secretary of the Treasury. Certain amounts that are not taxable are not taken into account for purposes of determining whether there is an excess distribution including amounts that are not taxable because they are rolled over or represent a return of the participant's aggregate after-tax contributions. Additionally, a special limit applies to certain lump-sum distributions, and there also is a special estate tax rule for amounts that remain undistributed after death. The limit is subject to adjustment for benefits accrued as of August 1, 1986, under the transition rules in TRA '86, but a description of those transition rules is beyond the scope of this summary. Finally, the 10% excise tax does not, in effect, apply to that part of a distribution which also is subject to the 15% excise tax.

Distributions made from the Plan are subject to Federal income tax withholding unless the participant makes an election not to have Federal income tax withheld from such distributions.

Since the Committee's records may not show the amount of aggregate after-tax contributions a participant uses from time to time in the participant's tax returns as offsets in determining the amount of distributions and withdrawals subject to income tax, such participant must keep records in order that the tax principles described above may be applied accurately.

With respect to Federal estate tax, if amounts are distributed under the Plan as a result of the death of a participant or a former participant, the entire amount will be included in determining the taxable amount of the participant's estate.

The employing companies making contributions will be entitled to Federal income tax deductions in the year for which the contributions under the Plan are made. However, if a contribution is not deductible, the employing company's contribution will be subject to a 10% excise tax on the nondeductible contribution.

The foregoing discussion is not intended to cover all Federal tax aspects of participation in the Plan. Also, participation in the Plan is subject to applicable state and local tax requirements. Furthermore, the above discussion is based on current Federal income tax law. The law governing the Federal income taxation of savings plans and their participants is constantly changing as a result of amendments to the Code, changes in regulations and IRS administrative policies and judicial decisions. Accordingly, no assurance can be given that currently existing tax laws will not change in a way that would adversely affect the Plan and its participants.

Finally, the foregoing relies in part upon private rulings issued by the IRS to AT&T in 1983 which concern the Bell System Savings and Security Plan. A private ruling of this nature may or may not bind the IRS in the individual case of a distribution to an employee from the Plan and the IRS may take a position in an individual case contrary to the conclusions stated herein to the extent those conclusions are based on such private rulings.

BELLSOUTH EXPECTS AND STRONGLY ENCOURAGES PARTICIPANTS TO DISCUSS THE TAX CONSEQUENCES OF PLAN PARTICIPATION WITH A TAX ADVISOR.

5. Contributions -

Employing company contributions reflect reductions for forfeited contributions as described in the Plan document.

Employee contributions to the Plan are accrued on the basis of authorized basic and supplementary contributions. An eligible employee may authorize a basic contribution of up to \$45 per week, depending on his or her weekly pay rate. A supplementary contribution may be authorized which, when added to the basic contribution, results in a total contribution of not more than 15% of the employee's basic weekly pay rate.

Effective April 1, 1990, all company matching contributions are made through the ESOP.

1. Units of the Plan -

The interest of a participant in each type of investment of the Plan is represented by units as described in Section 8 of the Plan. The number and value of units as of December 31, 1990 and December 31, 1989, were as follows:

Type of Investment	December 31, 1990		December 31, 1989	
	Number of Units	Value per Unit	Number of Units	Value per Unit
BellSouth Shares	139,582,432	\$3.9038	115,276,343	\$1.9270
Fixed Income Fund	340,533	1.0964	-	-
Diversified Equity Fund	1,590,398	1.0156	-	-
Guaranteed Interest Fund	58,365,159	3.4650	54,983,938	3.1724
DTP	-	-	26,708,260	4.7665

The number and value of units by month for each fund during 1990 was as follows:

1990	BellSouth Shares		Fixed Income		Diversified Equity		Guaranteed Interest	
	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit	Number of Units	Value Per Unit
January	114,570,797	\$3.5980	12,101	\$1.0000	220,847	\$1.0000	53,273,159	\$3.1960
February	115,242,662	\$3.5994	12,811	\$1.0024	300,929	\$1.0067	53,469,865	\$3.2184
March	116,205,078	\$3.7456	18,482	\$1.0071	404,957	\$1.0292	53,204,425	\$3.2432
April	116,325,194	\$3.6957	21,947	\$1.0031	443,954	\$1.0099	53,323,171	\$3.2668
May	117,448,326	\$3.9146	59,089	\$1.0180	816,936	\$1.0023	55,186,665	\$3.2914
June	118,274,327	\$3.6169	272,150	\$1.0272	1,342,890	\$1.0744	56,462,782	\$3.3148
July	118,225,958	\$3.8465	260,625	\$1.0378	1,392,317	\$1.0714	56,852,726	\$3.3391
August	118,068,690	\$3.5911	267,789	\$1.0325	1,426,488	\$0.9807	56,781,945	\$3.3642
September	118,109,868	\$3.6889	278,978	\$1.0434	1,465,225	\$0.9341	57,282,960	\$3.3888
October	139,508,448	\$3.7628	294,349	\$1.0573	1,500,801	\$0.9318	57,521,666	\$3.4141
November	139,664,188	\$3.8144	321,212	\$1.0799	1,538,952	\$0.9900	57,844,830	\$3.4391
December	139,582,432	\$3.9038	340,533	\$1.0964	1,590,398	\$1.0156	58,365,159	\$3.4650

At December 31, 1990, the number of BellSouth participants by investment direction described in Section 7 of the Plan was as follows:

Fund Description	No. Participants
Entirely in BellSouth Shares.....	19,858
Entirely in Fixed Income.....	38
Entirely in Diversified Equity.....	69
Entirely in Guaranteed Interest.....	21,830
Equally in BellSouth Shares and Fixed Income.....	70
Equally in BellSouth Shares and Diversified Equity.....	100
Equally in BellSouth Shares and Guaranteed Interest.....	10,543
Equally in Fixed Income and Diversified Equity.....	20
Equally in Fixed Income and Guaranteed Interest.....	10
Equally in Diversified Equity and Guaranteed Interest.....	27
Equally in BellSouth Shares, Fixed Income and Diversified Equity.....	29
Equally in BellSouth Shares, Diversified Equity and Guaranteed Interest.....	38
Equally in BellSouth Shares, Fixed Income and Guaranteed Interest.....	11
Equally in Fixed Income, Diversified Equity and Guaranteed Interest.....	5
Equally in BellSouth Shares, Fixed Income, Diversified Equity and Guaranteed Interest....	22
Total Participants	52,078

3. Units of the Plan - (continued)

Of the participants eligible to participate in the Plan, 161 have elected to participate in a Union-sponsored trust.

Since all employing company contributions are made to the ESOP, all employees participating in the Plan are participants in the ESOP.

4. Federal Tax Effects -

On July 12, 1989, BellSouth received a determination from the Internal Revenue Service ("IRS") confirming that the Plan as amended through April 26, 1988, continues to meet the requirements of Section 401(a) of the Code and is exempt from Federal income taxes under Section 501(a) of the Code. The opinion of BellSouth is that this Plan is a qualified plan under Code Sections 401(a) and (k) and that the following are the Federal income and estate tax consequences under present law of participation in the Plan so long as the Plan is a qualified plan for Federal income tax purposes.

Before-tax contributions will reduce the amount of a participant's compensation which will currently be taxable for Federal income tax purposes. After-tax contributions do not so reduce compensation for Federal income tax purposes and no deduction is allowed to the participant with respect thereto. A participant's before-tax contributions and after-tax contributions will be subject to the FICA tax and the FUTA tax for the participant's taxable year in which such contributions are made to the Plan. Employing company contributions and qualifying rollover contributions are not taxable for Federal income tax purposes when made. Earnings and losses on all accounts are not currently recognizable for Federal income tax purposes. Generally, employing company contributions, qualifying rollover contributions, before-tax contributions and account earnings and losses are taxable for Federal income tax purposes when actually received as a Plan distribution.

If a participant or beneficiary receives distributions or withdrawals from the participant's account, the value of what the participant or beneficiary receives, as a general rule, will be taxable to the recipient as ordinary income in the taxable year in which the distribution or withdrawal is made except to the extent that such distribution or withdrawal represents a return of the participant's undistributed after-tax contributions under this Plan, the Bell System Savings and Security Plan or any other qualified savings plan which makes a trust-to-trust transfer to this Plan (all such after-tax contributions are referred to hereinafter as "aggregate after-tax contributions"). There are complex rules under the Code for determining what portion of a distribution or withdrawal is not taxable because it represents a return of aggregate after-tax contributions, but a discussion of those rules is beyond the scope of this summary. If a participant or beneficiary receives BellSouth shares, the value of what the participant or beneficiary receives (as used in determining this taxable amount) will not include any increase in value over the cost to the trust fund of those shares attributable to the participant's own aggregate after-tax contributions (but not to earnings thereon). Similarly, if a participant or beneficiary receives shares from the DTP, the value of what the participant or beneficiary receives (as used in determining the taxable amount above) will not include any increase in value over the cost of the Bell System Savings and Security Plan for the former AT&T shares from which the DTP was created which is attributable to the participant's own after-tax contributions (but not the earnings thereon). The amount of this increase attributable to any such BellSouth or DTP shares will be taxable, to the extent realized, when such shares are sold.

If before-tax contributions, after-tax contributions and employing company matching contributions made by or on behalf of a "highly compensated employee" exceed the contributions permitted by Code Sections 401(k) and 401(m) for any plan year, such excess contributions (together with any earnings allocable to such contributions) will be distributed (or, if forfeitable, will be forfeited) before the end of the immediately following plan year. Distribution (or forfeiture) shall be made to the extent necessary to satisfy the requirements of the Code and IRS regulations in accordance with procedures established by the Savings and Security Plan Committee. Distributions under this procedure made on or before March 15 generally will be taxable for Federal income tax purposes (except to the extent the distribution represents a return of after-tax contributions) for the taxable year for which such contribution was made. However, certain distributions of small amounts (less than \$100) are taxable for the taxable year in which the distribution is made. Any distribution which is made after the March 15 deadline will be taxable for Federal income tax purposes for the taxable year in which the distribution is made. BellSouth will be subject to a 10% excise tax on excess contributions distributed after the March 15 deadline. BellSouth has the power to reduce the before-tax contributions, after-tax contributions and employing company matching contributions to minimize the risk that such contributions will exceed the contributions permissible under the Code's special nondiscrimination tests, but

there nevertheless is a risk that excess contributions will be made. The term "highly compensated employee" is defined in Code Section 414(q) and a participant ordinarily will not be treated as highly compensated under that definition, if the participant's annual compensation is under \$56,990, as adjusted, to reflect cost of living changes.

The Plan will limit a participant's before-tax contributions to \$7,979, as adjusted to reflect cost of living changes. However, if a participant actually defers in the aggregate more than \$7,979, as adjusted, of the participant's compensation in any taxable year under (1) the Plan, (2) any other plan which satisfies the requirements of Code Section 401(k), (3) any Code Section 403(b) annuity contract or (4) any simplified employee pension plan under Code Section 408(k), such elective deferrals in excess of \$7,979, as adjusted, will be taxable to the participant for Federal income tax purposes in the participant's taxable year for which the excess elective deferrals were made. Income allocable to the distributed excess deferral will be taxable to the participant in the participant's taxable year in which the distribution is made. The participant will have the right under the Plan to elect on or before March 1 of the participant's immediately following taxable year that the Plan distribute any such excess elective deferrals attributable to the participant's before-tax contributions, and any such distribution shall be made on or before April 15 of such taxable year. Any such excess elective deferrals which are not distributed (by the Plan or through any other arrangement under which the participant elected such deferrals) on or before the April 15 deadline also shall be taxable to the participant for Federal income tax purposes in the participant's taxable year in which such excess ultimately is distributed to the participant. Thus excess elective deferrals which are not distributed by the April 15 deadline will be subject to double income taxation.

Upon receipt of a distribution or withdrawal of a participant's entire account in a lump-sum (1) by an active employee who has attained age 59 1/2 years or (2) by an employee who receives the distribution on or after the date on which he has attained age 59 1/2 on account of his termination of employment or (3) by a participant's estate, to one or more individual beneficiaries or to one or more trusts on account of the participant's death, the recipient may be able to utilize the special 5-year income averaging method for calculating the tax payable thereon and, further, may be able to utilize potentially more favorable special 10-year income averaging and capital gains treatment if the distribution or withdrawal satisfies certain transition rules under the Tax Reform Act of 1986 ("TRA '86"). A discussion of those transition rules is beyond the scope of this summary. If the distribution is made on account of a participant's death the applicable portion of the \$5,000 death benefit exclusion will be added to the participant's aggregate after-tax contributions to be offset against the value of the distribution; however, a single \$5,000 exclusion must be apportioned among all qualified death benefits paid on account of a death of a participant. If the distribution includes BellSouth shares or shares from the DTP, any increase in the value of such shares over their cost to the trust fund (or, in the case of DTP shares, the cost to the Bell System Savings and Security Plan of the former AT&T shares from which the DTP was created) may further reduce the taxable amount of the distribution if such distribution satisfies the requirements (except the 5-year participation requirement) for special income averaging treatment. The amount of this reduction attributable to any such shares, will be taxable, to the extent realized, when such shares are sold.

If a lump-sum distribution or withdrawal is received by an employee who has attained age 59 1/2 years, or on account of employee's termination of employment, or by the spouse of a participant on account of the participant's death, the distributee may not be required to include in taxable income for the year of distribution that part of such distribution which is transferred, within 60 days after the day on which such property is received, to an individual retirement account or an individual retirement annuity or, in the case of a distribution to an employee who terminates employment, to the qualified employee's trust or the qualified annuity plan of another employer. In addition, if a participant (or spouse, following the participant's death) receives a distribution or withdrawal which constitutes at least 50% of the entire interest of the participant's account immediately before the distribution (a "partial distribution") and elects to take advantage of the partial distribution rollover rule in Code Section 402, such distributee is not required to include in taxable income for the year of distribution that part of the distribution which is transferred, within 60 days after the day on which the property is received, to an individual retirement account or an individual retirement annuity. The amount transferred under these rules may not exceed the amount of cash plus the fair market value of any shares distributed (or if such shares are sold, the proceeds of such sales) less the part of the distribution representing aggregate after-tax contributions that have not been used previously to offset taxable distributions or withdrawals. Any part of the distribution which remains includable in taxable income after a transfer is taxable as ordinary income but is not eligible for the special income averaging method. In the case of a partial distribution for which rollover treatment is elected, the special exclusion described above for appreciation in BellSouth will not apply.

The taxable portion of any distribution (other than timely refunds of excess elective deferrals or timely distributions of excess before-tax contributions and excess after-tax contributions discussed above) made to a participant before the participant attains age 59 1/2 ordinarily will be subject to a 10% excise tax except to the extent such distribution is payable on account of the participant's death or disability, separation from service on or after age 55, under a qualified domestic relations order, or such distribution matches the participant's Federal income tax deduction for medical expenses. Similarly, if a participant receives distributions in a taxable year from the Plan, any other qualified plan or an individual retirement account (or from any combination of such plans and individual retirement accounts) which in the aggregate exceed \$150,000, the participant will, as a general rule, be subject to a 15% excise tax on such excess. The \$150,000 limit may be adjusted for inflation by the Secretary of the Treasury. Certain amounts that are not taxable are not taken into account for purposes of determining whether there is an excess distribution including amounts that are not taxable because they are rolled over or represent a return of the participant's aggregate after-tax contributions. Additionally, a special limit applies to certain lump-sum distributions, and there also is a special estate tax rule for amounts that remain undistributed after death. The limit is subject to adjustment for benefits accrued as of August 1, 1986, under the transition rules in TRA '86, but a description of those transition rules is beyond the scope of this summary. Finally, the 10% excise tax does not, in effect, apply to that part of a distribution which also is subject to the 15% excise tax.

Distributions made from the Plan are subject to Federal income tax withholding unless the participant makes an election not to have Federal income tax withheld from such distributions.

Since the Committee's records may not show the amount of aggregate after-tax contributions a participant uses from time to time in the participant's tax returns as offsets in determining the amount of distributions and withdrawals subject to income tax, such participant must keep records in order that the tax principles described above may be applied accurately.

With respect to Federal estate tax, if amounts are distributed under the Plan as a result of the death of a participant or a former participant, the entire amount will be included in determining the taxable amount of the participant's estate.

The employing companies making contributions will be entitled to Federal income tax deductions in the year for which the contributions under the Plan are made. However, if a contribution is not deductible, the employing company's contribution will be subject to a 10% excise tax on the nondeductible contribution.

The foregoing discussion is not intended to cover all Federal tax aspects of participation in the Plan. Also, participation in the Plan is subject to applicable state and local tax requirements. Furthermore, the above discussion is based on current Federal income tax law. The law governing the Federal income taxation of savings plans and their participants is constantly changing as a result of amendments to the Code, changes in regulations and IRS administrative policies and judicial decisions. Accordingly, no assurance can be given that currently existing tax laws will not change in a way that would adversely affect the Plan and its participants.

Finally, the foregoing relies in part upon private rulings issued by the IRS to AT&T in 1983 which concern the Bell System Savings and Security Plan. A private ruling of this nature may or may not bind the IRS in the individual case of a distribution to an employee from the Plan and the IRS may take a position in an individual case contrary to the conclusions stated herein to the extent those conclusions are based on such private rulings.

BELLSOUTH EXPECTS AND STRONGLY ENCOURAGES PARTICIPANTS TO DISCUSS THE TAX CONSEQUENCES OF PLAN PARTICIPATION WITH A TAX ADVISOR.

5. Contributions -

Employing company contributions reflect reductions for forfeited contributions as described in the Plan document.

Employee contributions to the Plan are accrued on the basis of authorized basic and supplementary contributions. An eligible employee may authorize a basic contribution of up to \$45 per week, depending on his or her weekly pay rate. A supplementary contribution may be authorized which, when added to the basic contribution, results in a total contribution of not more than 15% of the employee's basic weekly pay rate.

Effective April 1, 1990, all company matching contributions are made through the ESOP.

6. Termination Priorities -

In the event that the Plan is terminated, subject to conditions set forth in the Employee Retirement Income Security Act of 1974, as amended, the Plan provides that the net assets be distributed to participating employees in an amount equal to their respective interests in such assets.

7. Plan Expenses -

Expenses are paid by BellSouth and relate primarily to the cost of administering the Plan. Effective January 1, 1990, investment manager and insurance company management fees are paid by the Master Savings Trust.

8. Interest in BellSouth Master Savings Trust

The assets of the Plan were transferred to the Master Savings Trust effective January 1, 1990, and commingled with the assets of the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Enterprises Retirement Savings Plan.

The Plan's allocated share of the total net assets of all funds in the Master Savings Trust at December 31, 1990 was 33.3576%. The Plan's allocated share of the net assets of each fund in the Master Savings Trust at December 31, 1990 was as follows:

	<u>1990</u>
BellSouth Shares Fund.....	41.06965%
Diversified Equity Fund.....	1.04076%
Fixed Income Fund.....	.39142%
Guaranteed Interest Fund.....	30.26148%

The financial position of the Master Savings Trust at December 31, 1990 was as follows:

	<u>1990</u>
Assets: Investments at value:	
BellSouth Shares Fund:	
BellSouth common shares.....	\$ 1,331,952
Temporary cash investments.....	423
Fixed Income Fund:	
Securities.....	83,956
Temporary cash investments.....	878
Diversified Equity Fund:	
Equity Index Fund.....	147,013
Temporary cash investments.....	7
Guaranteed Interest Fund:	
Contracts	659,759
Temporary cash investments.....	7,994
Loan Fund:	
Loans to participants.....	18,895
Distributable shares.....	1,197
Dividends and interest income receivable.....	1,800
Receivable for investments sold.....	136
	<u>2,254,010</u>

8. Interest in BellSouth Master Savings Trust (continued)

Liabilities:

Payable for investments purchased.....	<u>150</u>
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Allocated share of trust net assets (excluding ESOP Trusts).....	2,253,860
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Investment in ESOP Trusts:

BellSouth common shares allocated to participants.....	62,841
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BellSouth common shares held for future allocation.....	848,164
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Temporary cash investments.....	<u>28,924</u>
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Total Investments.....	3,193,789
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Liabilities:

Notes payable.....	<u>825,166</u>
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Trust net assets.....	<u>\$ 2,368,623</u>
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Investments at cost.....	<u>\$ 2,724,492</u>
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See Schedule I, BellSouth Master Savings Trust Schedule of Investments

Assets in the BellSouth Shares Fund, Fixed Income Fund and Diversified Equity Fund are invested in securities which fluctuate in market value, and the value of the units may fluctuate as of the end of each month.

Assets in the Guaranteed Interest Fund are invested in guaranteed contracts of insurance companies or other financial institutions. The value of the Guaranteed Interest Fund is based upon the principal invested and the interest credited, and the value of the units should increase as of the end of each month. Since these contracts are unsecured general obligations of such companies or institutions, their security is subject to the ability of the insurance companies or financial institutions to repay their debts generally as they come due.

In three separate transactions during 1990, the BellSouth Savings and Employee Stock Ownership Trust and the Savings and Security ESOP Trust (the "ESOP Trusts") issued medium-term notes in the amount of \$450 million to fund the ESOP. Assets held in each investment fund of the Plan, other than the assets held by the ESOP Trusts described below are unavailable to service the ESOP debt.

Assets held by the ESOP Trusts are generally unavailable to satisfy claims of holders of debt securities issued by the ESOP Trusts to finance the acquisition of common stock for the benefit of ESOP participants. The debt securities are guaranteed by and are subject to direct recourse against BellSouth. BellSouth contributes to the Trusts an amount necessary, net of ESOP dividends and interest, to service the ESOP loan payments and to purchase any additional shares required to meet the match obligation. Such contributions are subject to the claims of such holders but are held at BellSouth and paid to the ESOP Trust twice yearly to fund, on a same day basis, required payments by the ESOP Trusts on the notes. Such contributions would not remain in the Plan Trusts unless there were a default on the debt securities by the ESOP Trusts after having received the required contributions from BellSouth. Therefore, holders of the debt securities should not rely on the assets of the ESOP Trusts in arriving at an investment decision with respect to the debt securities. For the year ended December 31, 1990, BellSouth made cash contributions in the amount of \$14.9 million for the purpose of servicing the guaranteed debt and expects to make similar contributions during the life of the Plan.

1. Interest in BellSouth Master Savings Trust (continued)

A description of each debt issue is as follows:

BellSouth Savings and Employee Stock Ownership Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$275,000,000	9.125%	July 1, 2003
Amortizing Medium-Term Notes, Series A	\$275,000,000	9.19%	July 1, 2003

BellSouth Savings and Security ESOP Trust:

<u>Title</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Due Date</u>
Amortizing Medium-Term Notes, Series A	\$300,000,000	9.125%	July 1, 2003

Maturities of the ESOP Trusts' long-term debt outstanding at December 31, 1990 are as follows:

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>Thereafter</u>	<u>Total</u>
Maturities:	<u>\$25.5</u>	<u>\$29.8</u>	<u>\$35.3</u>	<u>\$40.7</u>	<u>\$46.6</u>	<u>\$647.2</u>	<u>\$825.1</u>

Investment activities of the Master Savings Trust are allocated to the Plan based upon the total of each individual plan participant's share of the Master Savings Trust investment activities during the period ended December 31, 1990.

The Master Savings Trust investment activities for the fiscal year ended December 31, 1990 were as follows:

	<u>1990</u>
Investment Activities:	
Dividends on BellSouth Corporation common shares.....	\$ 79,178
Other dividends.....	5,894
Guaranteed Interest Fund Income.....	52,992
Other interest.....	6,420
Net appreciation (depreciation) in the fair value of investments.....	(67,224)
Investment Manager Fees.....	(197)
Net investment activities.....	<u>\$ 77,763</u>

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
BELLSOUTH SHARES FUND			
Shares of BellSouth Common Stock* - 99.9%	24,327,554	\$ 899,145	\$1,331,952
Temporary Cash Investments - 0.1%	291,603	422	423
Total BellSouth Shares Fund - 100.0%		<u>\$ 899,567</u>	<u>\$1,332,375</u>
FIXED INCOME FUND			
U. S. Government Treasury Notes - 70.2%:			
U. S. Treasury Notes, 7.75%, 11/30/91	\$ 2,500	\$ 2,499	\$ 2,516
U. S. Treasury Notes, 7.875, 08/15/92	\$ 600	600	605
U. S. Treasury Notes, 9.625%, 03/31/93	\$ 3,000	3,101	3,141
U. S. Treasury Notes, 9.00%, 11/15/93	\$ 3,000	3,062	3,121
U. S. Treasury Notes, 7.625%, 12/31/93	\$ 3,000	2,998	3,015
U. S. Treasury Notes, 7.00%, 04/15/94	\$ 6,000	5,775	5,918
U. S. Treasury Notes, 9.50%, 05/15/94	\$ 5,000	5,170	5,286
U. S. Treasury Notes, 9.5%, 10/15/94	\$ 4,000	4,175	4,243
U. S. Treasury Notes, 8.625%, 01/15/95	\$ 5,000	5,129	5,167
U. S. Treasury Notes, 8.875%, 07/15/95	\$ 5,000	5,192	5,220
U. S. Treasury Notes, 8.625%, 10/15/95	\$ 1,500	1,539	1,553
U. S. Treasury Notes, 8.875%, 11/15/98	\$ 3,250	3,291	3,395
U. S. Treasury Notes, 9.125%, 05/15/99	\$ 4,000	4,133	4,239
U. S. Treasury Notes, 7.875%, 11/15/99	\$ 3,500	3,329	3,444
U. S. Treasury Notes, 8.50%, 02/15/00	\$ 8,500	8,473	8,697
		<u>\$ 58,466</u>	<u>\$ 59,560</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

Name of Issuer and Title of Issue	December 31, 1990		
	Number of Shares or Principal Amount	Cost	Value
FIXED INCOME FUND (continued)			
U. S. Government Treasury Bonds - 21.5%			
U. S. Treasury Bonds, 11.75%, 02/15/01	\$ 2,500	3,032	3,111
U. S. Treasury Bonds, 11.625%, 11/15/02	\$ 2,250	2,746	2,815
U. S. Treasury Bonds, 12.50%, 08/15/14	\$ 2,750	3,625	3,790
U. S. Treasury Bonds, 9.875%, 11/15/15	\$ 1,400	1,507	1,622
U. S. Treasury Bonds, 7.50%, 11/15/16	\$ 2,900	2,441	2,645
U. S. Treasury Bonds, 8.875%, 08/15/17	\$ 4,000	3,970	4,227
		<u>\$ 17,321</u>	<u>\$ 18,210</u>
Federal Agency Obligations; National - 1.3%			
Mortgage Associations - 12.8%:			
Federal National Mtg. Assn., 8.45%, 07/12/93	\$ 1,100	<u>\$ 1,100</u>	<u>\$ 1,123</u>
Other Federal Agencies - 3.5%			
Federal Home Loan Banks			
Strips Series A-1, 9.50%, 08/25/92	\$ 2,000	\$ 1,565	\$ 1,777
Student Loan Marketing Assn., 9.375%, 02/03/94	\$ 1,200	<u>1,202</u>	<u>1,225</u>
		<u>\$ 2,767</u>	<u>\$ 3,002</u>
Domestic Corporate Obligations - 2.4%			
New York Telephone Co. Note, 9.625%, 10/15/92	\$ 2,000	<u>\$ 2,057</u>	<u>\$ 2,061</u>
Temporary Cash Investments - 1.1%	606	<u>874</u>	<u>878</u>
Total Government Obligations			
Fund - 100.0%		<u>\$ 82,585</u>	<u>\$ 84,834</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
DIVERSIFIED EQUITY FUND			
Bankers Trust Pyramid Cash Plus Fund - .1%	4,878	\$.7	\$ 7
Bankers Trust Pyramid Equity Index Fund* - 99.9%	230,491	\$ 136,353	\$ 147,012
Total Corporate Obligations		<u>\$ 1</u>	<u>\$ 1</u>
Total Diversified Equity Fund - 100.0%		<u>\$ 136,361</u>	<u>\$ 147,020</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
GUARANTEED INTEREST FUND			
Annuity Contracts with Insurance Companies and Financial Institutions+ - 98.8%:			
Aetna Life Insurance Company (6.58% - 9.86%)	\$ 32,762	\$ 32,762	\$ 32,762
Connecticut General Life Insurance Company (8.26% - 8.85%)	\$ 18,661	18,661	18,661
Metropolitan Life Insurance Company (8.20% - 9.47%)	\$ 49,554	49,554	49,554
The Mutual Benefit Life Insurance Company (12.75%)	\$ 2,868	2,868	2,868
Provident National Insurance Company (10.94%)	\$ 32,684	32,684	32,684
The Prudential Insurance Company of America (8.31% - 9.43%)*	\$ 203,412	203,412	203,412
Travelers Insurance Company (9.20% - 10.75%)	\$ 73,352	73,352	73,352
Mutual New York Life Insurance Company (8.68%)	\$ 10,007	10,007	10,007
Bankers Trust Company (9.71%)	\$ 109,896	109,896	109,896
Massachusetts Mutual (9.14% - 9.70%)	\$ 33,465	33,465	33,465
Hartford Life Insurance Company (8.71%)	\$ 10,861	10,861	10,861

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
GUARANTEED INTEREST FUND (continued)			
Pacific Mutual Life Insurance Company (9.12% - 9.39%)	\$ 31,414	31,414	31,414
Commonwealth Life Insurance Company (9.37%)	\$ 5,412	5,412	5,412
Confederation Life (9.38% - 9.44%)	\$ 19,061	19,061	19,061
Canada Life (9.58%)	\$ 5,214	5,214	5,214
Northwestern National Life Insurance Company (8.92%)	\$ 10,438	10,438	10,438
Lincoln National Life Insurance Company (9.36%)	\$ 10,698	10,698	10,698
		<u>\$ 659,759</u>	<u>\$ 659,759</u>
Temporary Cash Investments - 1.2%	\$ 2,090	<u>7,967</u>	<u>7,994</u>
Total Guaranteed Interest Fund - 100.0%		<u>\$ 667,726</u>	<u>\$ 667,753</u>

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST
SCHEDULE I - INVESTMENTS
(Dollars in Thousands)

<u>Name of Issuer and Title of Issue</u>	<u>December 31, 1990</u>		
	<u>Number of Shares or Principal Amount</u>	<u>Cost</u>	<u>Value</u>
LOAN FUND			
Loans to Participants- 100.0%	\$18,895	\$ 18,895	\$ 18,895
Total Loan Fund		\$ 18,895	\$ 18,895
EMPLOYEE STOCK OWNERSHIP PLAN			
Shares of BellSouth Common Stock*	16,643,462	\$ 890,933	\$ 911,005
Temporary Cash Investments	19,963,674	28,425	28,924
Total Employee Stock Ownership Fund		\$ 919,358	\$ 939,929
TOTAL INVESTMENTS		\$2,724,492	\$3,190,806

The notes on Sheet 7 are an integral part of this schedule.

BELLSOUTH MASTER SAVINGS TRUST

SCHEDULE I - INVESTMENTS
NOTES

Percentages represent the percentage of the investments of each fund of the Master Savings Trust.

- * Investment represents 5% or more of the Net Assets of the Master Savings Trust.
- + The contracts with these insurance companies (interest rates indicated in parentheses) guaranteed the repayment of principal and the crediting of interest resulting in a composite effective annual interest rate of 9.30% for the year 1990. The timing of the remittance of participating employee contributions and other participating employee-directed transactions may cause the actual yield to vary from this rate. The composite interest rate is subject to annual adjustment.

TENNESSEE PUBLIC SERVICE COMMISSION
ORAL DATA REQUESTS OF THE TPSC STAFF
RE: ACCOUNTING INFORMATION
DATED 6/14/93
Item No. 5
Sheet 1 of 2

Item No. 5: For each year since the ESOP Trust was established identify the following:

	Total	Tennessee	Tennessee Regulated
(A) The Cash Contribution paid to the Trust:			
(i) Debt service			
(a) Interest			
(b) Principal			
(ii) Dividends on unallocated shares used in computing the Debt Service Contribution.			
(iii) Employer Matching Contributions "Top- UP" purchases,			
(iv) The number and value of shares released to saving plan.			
(B) The Shares Allocated Accrual			
(i) The value of shares released to the saving plan.			
(ii) The interest element (explain how computed)			
(iii) Dividends earned used in computing the Shares Allocated Accrual.			

TENNESSEE PUBLIC SERVICE COMMISSION
ORAL DATA REQUESTS OF THE TPSC STAFF
RE: ACCOUNTING INFORMATION

DATED 6/14/93

Item No. 5

Sheet 2 of 2

- (C) The Debt Service Contribution
 - (i) Debt Service Required
 - (a) Interest
 - (b) Principal payment
 - (ii) Dividends Paid
 - (iii) Interest earned recognized as an offset in computing the Debt Service Contribution.
- (D) The Shares Allocated Timing Difference.
- (E) The tax saving result from the deduction for dividends paid to the ESOP Trust.

Response: Attachment 1 provides the BellSouth Corporation amount for each component of the savings plan costs for 1990, 1991, and 1992 in the format requested. Attachments 2, 3, and 4 take these components, calculate the total BellSouth Corporation Savings Plan costs and then allocates to Tennessee Combined and Tennessee Intrastate.

BellSouth Corporation

	1990	1991	1992
(A) The Cash Contribution paid to the trusts:			
(i) Debt Service			
(a) Interest	22,809,261	74,819,673	72,399,988
(b) Principal	24,833,883	25,521,883	29,787,443
(ii) Dividends on unallocated shares used in computing the debt service contribution	4,205,951	40,497,121	43,768,602
(iii) Employer Matching Contributions--"Top-Up" purchases	13,302,069	32,027,327	27,356,006
(iv) The number and value of shares released to savings plan	397,783 shares 21,422,691	1,068,853 shares 57,189,059	1,068,539 shares 58,237,898
(v) Interest Earnings	8,495,743	2,693,390	611,002
(B) The Shares Allocated Accrual			
(i) The value of shares released to the saving plan	21,422,691	57,189,059	58,237,898
(ii) The interest element (Debt Amortization Schedule)	60,543,533	73,653,287	71,038,586
(iii) Dividends earned used in computing the Shares Allocated Accrual	23,200,751	43,428,051	43,680,153
(v) Interest Earnings	9,719,048	1,861,093	654,985
(C) The Debt Service Contribution			
(i) Debt Service Required			
(a) Interest	22,809,261	74,819,673	72,399,988
(b) Principal Payment	24,833,883	25,521,883	29,787,443
(ii) Dividends Paid	4,205,951	40,497,121	43,768,602
(iii) Interest earned recognized as an offset in computing the Debt Service Contribution	8,495,743	2,693,390	611,002
460			
(D) The Shares Allocated Timing Difference	14,104,975	28,402,157	27,133,519
(E) The tax saving result from the deduction for dividends paid to the ESOP Trust	7,800,000	14,800,000	14,800,000

			97,945,076	7,695,455	2,119,574
Employer Matching Contribution + LESOP Funding Adj. (Debt Service Contribution + "Top-Up")					
Shares Allocated Accrual:	21,422,691				
Cost of Shares Released:	60,543,533				
Interest Element	(23,200,751)				
Dividends Earned	(9,719,048)				
Interest Earned		49,046,425			
Shares Allocated Expense					
Debt Service Contribution:	47,643,144				
Debt Service Required	(4,205,951)				
Dividends Paid	(8,495,743)				
Interest Earned		34,941,450			
Debt Service Contribution			14,104,975	1,350,354	51,066
Shares Allocated Expense Adjustment				9,045,809	2,170,640
Total Savings Plans Clearing Amount					0.2752
Tennessee Prorate Factor				9,045,808	597,360
Total Tennessee Savings Plans Clearing Amount					9,643,169
Expense Factor					0.8118
Total Tennessee Savings Plans Expense Amount					7,828,325
Intrastate Factor					0.7748
Total Tennessee Intrastate Savings Plans Expense Amount					6,065,368

- Notes: 1. In July 1990, the ESOP was incorporated in the BellSouth Management Savings and Employee Stock Ownership Plan and the BellSouth Savings and Security Plan. The above employer matching contribution represents the full year of 1990 (i.e., pre and post ESOP).
2. The LESOP funding adjustment is the difference between the required LESOP cash contribution and the Company matching contribution.

BellSouth Telecommunications, Inc. - Tennessee
Estimated Intrastate Savings Plans Expense
1991

		BellSouth Corporation	Tennessee	SOB Headqtrs	Total
Employer Matching Contribution + LESOP Funding Adj.(Debt Service Contribution + "Top-Up")		89,178,372	7,005,439	2,027,899	
Shares Allocated Accrual:					
Cost of Shares Released	57,189,059				
Interest Element	73,863,287				
Dividends Earned	(43,428,051)				
Interest Earned	(1,861,093)				
Shares Allocated Expense			85,553,202		
Debt Service Contribution:					
Debt Service Required	100,341,556				
Dividends Paid	(40,497,121)				
Interest Earned	(2,693,390)				
Debt Service Contribution			57,151,045		
Shares Allocated Expense Adjustment		26,402,157	1,755,156	82,563	
Total Savings Plans Clearing Amount			8,760,595	2,110,562	
Tennessee Prorate Factor				0.2755	
Total Tennessee Savings Plans Clearing Amount			8,760,595	581,460	9,342,055
Expense Factor					0.6216
Total Tennessee Savings Plans Expense Amount					7,675,432
Intrastate Factor					0.7760
Total Tennessee Intrastate Savings Plans Expense Amount					5,966,135

Note: The LESOP funding adjustment is the difference between the required LESOP cash contribution and the Company matching contribution.

BellSouth Telecommunications, Inc. - Tennessee
 Estimated Intrastate Savings Plans Expense
 1992

	BellSouth Corporation	Tennessee	BST Headqtrs	Total
Employer Matching Contribution + LESOP Funding Adj. (Debt Service Contribution + "Top-Up")	85,163,833	6,507,926	16,651,580	
Shares Allocated Accrual:				
Cost of Shares Released	58,237,898			
Interest Element	71,038,586			
Dividends Earned	(43,880,153)			
Interest Earned	(654,985)			
Shares Allocated Expense		84,941,346		
Debt Service Contribution:				
Debt Service Required	102,187,431			
Dividends Paid	(43,768,602)			
Interest Earned	(611,002)			
Debt Service Contribution		57,807,827		
Shares Allocated Expense Adjustment	27,133,519	2,142,818	3,998,349	
Total Savings Plans Clearing Amount		8,650,744	20,647,929	
Tennessee Prorate Factor			0.1154	
Total Tennessee Savings Plans Clearing Amount		8,650,744	2,382,771	11,033,515
Expense Factor				0.8124
Total Tennessee Savings Plans Expense Amount				8,983,628
Intrastate Factor				0.7713
Total Tennessee Intrastate Savings Plans Expense Amount				6,913,648

Notes: 1. The increase in expense for 1992 over 1991 was due primarily to the inclusion of BSS employees (primarily classified as HQ employees) due to the merger. Prior to the merger the Savings Plan expense for the BSS employees was included as an overhead loading in the affiliate billing to SB and SCB and not separately identifiable, therefore, the 1992 increase in Savings Plan expense due to the BSS merger does not represent an increase in total expense.

2. The LESOP funding adjustment is the difference between the required LESOP cash contribution and the Company matching contribution.

ESOP Detail and Background Reference:

ESOPs The Handbook of Employee Stock Ownership Plans

Author: Gerald Kalish

Publisher: Probus Publishing Company
Chicago Illinois

1989