

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**  
SEC Accession No. **0000950123-99-002565**

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### FILER

#### **EQUITY INCOME FUND FIRST EXCHANGE SERIES AT&T SHARES**

CIK: **718418** | IRS No.: **136824382** | State of Incorporation: **NY** | Fiscal Year End: **1231**  
Type: **10-K405** | Act: **34** | File No.: **001-08642** | Film No.: **99573597**

Business Address  
**BANK OF NEW YORK**  
**101 BARCLAY ST**  
**NEW YORK NY 10286**  
**2128152749**

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

ANNUAL REPORT UNDER SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended December 31, 1998

Commission file number 001-08642

The Equity Income Fund, First Exchange Series - AT&T Shares
(Exact name of registrant as specified in its charter)

New York 13-6824382
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

Merrill Lynch, Pierce, Fenner & Smith Incorporated
Prudential Securities Incorporated
One Seaport Plaza
199 Water Street
New York, New York 10292

Morgan Stanley Dean Witter
Smith Barney Inc.
Two World Trade Center
388 Greenwich Street
New York, New York 10048
New York, New York 10013
(Addresses of principal executive offices of Sponsors)

The Bank of New York, 101 Barclay Street, New York, N.Y. 10286
(Address of principal executive offices of Trustee)

(212) 815-2887
(Trustee's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<TABLE>
<CAPTION>

Table with 2 columns: TITLE OF EACH CLASS, NAME OF EACH EXCHANGE ON WHICH REGISTERED. Row 1: Units of Beneficial Interest in The Equity Income Fund, First Exchange Series - American Stock Exchange, Inc.

&lt;/TABLE&gt;

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No .

--- ---

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X .

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The aggregate market value of units of beneficial interest held of record on the books of the Trustee by non-affiliates of the registrant as of February 26, 1999 was \$2,523,670,115.96

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant is not applicable.

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## PART I

## ITEM 1. BUSINESS.

The Equity Income Fund, First Exchange Series - AT&T Shares (the "Fund") was formed in 1983 as a unit investment trust under New York law and in accordance with the Investment Company Act of 1940 by a trust indenture among Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Dean Witter, Prudential Securities Incorporated and Smith Barney Inc. as Sponsors and The Bank of New York as Trustee.

The Fund was formed for the purpose of permitting an investor in common shares of the predivestiture American Telephone and Telegraph Company ("AT&T") to hold an investment in AT&T and the seven regional holding companies created pursuant to the AT&T Plan of Reorganization in the form of units of beneficial interest (the "Units") of the Fund, which consists solely of shares of AT&T common stock and those securities which are distributed to holders of such AT&T common stock pursuant to the reorganization. The Fund is not sponsored by, or affiliated with, AT&T or any of the regional holding companies.

## ITEM 2. PROPERTIES.

The Fund owns no physical properties.

## ITEM 3. LEGAL PROCEEDINGS.

None.

## ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

## PART II

## ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

(a)

## (i) MARKET INFORMATION

The principal United States markets in which Units of the Fund are traded are the American Stock Exchange, Inc. and the Pacific Stock Exchange, Incorporated.

The following are the high and low sale prices of Units of the Fund during each quarter for the last two fiscal years in which the Units were traded on the American Stock Exchange, Inc., which was the principal exchange market for the Units:

QUARTER ENDED	HIGH SALE PRICE	LOW SALE PRICE
March 31, 1997	89.750	81.825
June 30, 1997	95.262	79.250
September 30, 1997	100.000	92.925
December 31, 1997	120.125	101.475
March 31, 1998	144.875	117.562
June 30, 1998	146.250	132.750
September 30, 1998	150.500	132.937
December 31, 1998	200.000	142.375

## (ii) HOLDERS

There were 4,781 record holders of Units of the Fund on the books of the Trustee on February 26, 1999, eighty-seven and fifteen hundredths of a percent (87.15%) of such Units were held of record by Cede & Co., a nominee of the Depository Trust Company, for certain of its participants on that date.

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## (iii) DIVIDENDS

The following are the cash distributions which were paid to holders of Units of the Fund during the last two fiscal years:

DISTRIBUTION DATE 1997	RATE PER UNIT	TOTAL DISTRIBUTION
January 1, 1997	\$ .229	\$ 3,623,693.48
February 1, 1997	.231	3,632,133.81
March 1, 1997	.231	3,596,267.37
April 1, 1997	.231	3,579,311.04
May 1, 1997	.233	3,591,628.13
June 1, 1997	.233	3,565,001.12

July 1, 1997	.233	3,542,990.78
August 1, 1997	.235	3,543,449.85
September 1, 1997	.233	3,462,465.51
October 1, 1997	.235	3,466,592.63
November 1, 1997	.233	3,429,871.37
December 1, 1997	.233	3,413,966.79
TOTALS	\$2.790	\$42,447,371.88

<CAPTION>		
DISTRIBUTION DATE 1998	RATE PER UNIT	TOTAL DISTRIBUTION
-----	-----	-----
<S>	<C>	<C>
January 1, 1998	\$ .233	\$ 3,387,399.44
February 1, 1998	.235	3,408,767.82
March 1, 1998	.235	3,371,680.83
April 1, 1998	.237	3,383,641.65
May 1, 1998	.237	3,379,420.68
June 1, 1998	.237	3,343,488.40
July 1, 1998	.239	3,365,616.88
August 1, 1998	.240	3,369,916.32
September 1, 1998	.240	3,343,889.52
October 1, 1998	.240	3,335,564.64
November 1, 1998	.240	3,321,332.64
December 1, 1998	.240	3,296,179.44
TOTALS	\$2.853	\$40,306,898.26

</TABLE>

(b) If required pursuant to Rule 463 of the Securities Act of 1933, furnish the information required by Item 701(f) of Regulation S-K.

Not Applicable.

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ITEM 6. SELECTED FINANCIAL DATA.

SELECTED FINANCIAL DATA

(in thousands except for outstanding Units and Per Unit Data)

<TABLE>					
<CAPTION>					
	1994	1995	1996	1997	1998
	----	----	----	----	----
<S>	<C>	<C>	<C>	<C>	<C>
Net investment income	\$49,755	\$46,316	\$44,766	\$41,961	\$40,561
Net realized And unrealized Gain (loss) on investments	\$ (65,659)	\$406,598	\$ (91,579)	\$542,775	\$895,796
Net increase (decrease) in net assets resulting from operations	\$ (15,904)	\$452,914	\$ (46,813)	\$584,736	\$936,357

Income distributions to Unit holders	\$49,743	\$47,658	\$45,241	\$42,211	\$40,229
Net assets at end of year	\$1,138,226	\$1,474,906	\$1,306,794	\$1,735,234	\$2,513,292
Units outstanding at end of year	17,701,839	16,670,493	15,726,053	14,505,395	13,657,832
Per Unit Data:					
Income distributions during year	\$2.73	\$2.77	\$2.79	\$2.79	\$2.85
Net asset value at end of year	\$64.30	\$88.47	\$83.10	\$119.63	\$184.02

</TABLE>

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The Fund, as a non-managed unit investment trust, has no officers or directors. The Trustees and Sponsors of the Fund are named in Item 1.

The Fund had net investment income of \$40.6 million and net realized and unrealized gain on investments of \$895.8 million for the year 1998 as compared with net investment income of \$42.0 million and net realized and unrealized gain on investments of \$542.8 million for the year 1997 and net investment income of \$44.8 million and net realized and unrealized loss on investments of \$91.6 million for the year 1996.

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The net gain in net assets resulting from operations for the year 1998 was \$936.4 million as compared to a net increase of \$584.7 million for the year 1997 and a net decrease of \$46.8 million for the year 1996. The increase in net assets resulting from operations of \$936.4 million for the year 1998 was substantially the result of realized and unrealized gain on investments. The net increase in net assets resulting from operations of \$584.7 for the year 1997 was also the result of realized and unrealized gain on investments.

Income distributions accrued per Unit during each year amounted to \$2.85 for the year ending December 31, 1998 as compared to \$2.79 for the year ending December 31, 1997. The income distribution per Unit for the year ending December 31, 1996 was \$2.79.

The per Unit net asset value was \$184.02 at December 31, 1998, \$119.63 at December 31, 1997 and \$83.10 at December 31, 1996. The per Unit net asset value increased \$64.39 from 1997 to 1998 and increased \$36.53 from 1996 to 1997.

There were 13,657,832 Units outstanding as of December 31, 1998, 14,505,395 Units outstanding as of December 31, 1997 and 15,726,053 Units outstanding as of December 31, 1996. There was a decrease of 847,563 Units during fiscal year 1998, a decrease of 1,220,658 Units during fiscal year 1997 and decrease of 944,440 Units during fiscal year 1996 as a result of redemptions.

YEAR 2000 PROBLEM

The Trustee has established a Year 2000 compliance program consisting of,

among other things, updating major proprietary application systems and evaluating the Year 2000 compliance efforts of vendors of major vendor-supplied systems and certain other business partners. The Trustee believes that its Year 2000 compliance program is currently on schedule to meet the needs of its customers and the compliance deadlines defined by its regulators. As of December 31, 1998, testing and renovation of the proprietary application systems that the Trustee deems "mission critical" were substantially completed and these systems are currently being used by the Trustee. In addition, all vendor supplied software systems that the Trustee deems mission critical have been tested and, based upon such testing, the Trustee believes that such systems will not be adversely affected in a material way by the date change to the Year 2000.

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Due to the general uncertainty inherent in the Year 2000 problem, resulting in part from the uncertainty of the Year 2000 readiness of suppliers, customers and other business partners, the Trustee is unable to determine at this time whether the consequences of Year 2000 failures will have a material impact on the Trustee and its ability to perform its obligations under the Trust Indenture. The Year 2000 compliance program is intended to reduce significantly the Trustee's level of uncertainty about the Year 2000 problem and, in particular, the Year 2000 compliance and readiness of the Trustee and its material business partners. The Trustee believes that, with completion of its Year 2000-compliance program as scheduled, the possibility of significant interruption of normal operations should be reduced. However, because of the unprecedented nature of the Year 2000 problem, there can be no certainty as to its impact.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES  
ABOUT MARKET RISK.

Not Applicable

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

See following pages 7 through 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS ON ACCOUNTING AND  
FINANCIAL DISCLOSURE.

None.

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INDEPENDENT ACCOUNTANTS' REPORT

The Sponsors, Trustee and Holders  
of The Equity Income Fund,  
First Exchange Series - AT&T Shares:

We have audited the accompanying statements of condition of The Equity Income Fund, First Exchange Series - AT&T Shares as of December 31, 1998 and 1997 and the related statements of operations and of changes in net assets for the years ended December 31, 1998, 1997 and 1996. These financial statements are the responsibility of the Trustee. Our responsibility is to express an opinion on these financial statements 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. Securities owned at December 31, 1998 and 1997 were confirmed to us by The Bank of New York, the Trustee. An audit also includes assessing the accounting principles used and significant estimates made by the Trustee, 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 financial position of The Equity Income Fund, First Exchange Series - AT&T Shares at December 31, 1998 and 1997 and the results of its operations and changes in its net assets for the above-stated years in conformity with generally accepted accounting principles.

March 1, 1999

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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

STATEMENTS OF CONDITION

<TABLE>  
<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>
TRUST PROPERTY:		
Investment in marketable securities - at market value (Notes 1 and 2):		
1997 cost - \$298,343,900		\$1,732,776,714
1998 cost - \$280,910,516	\$2,510,764,391	
Dividends receivable	3,188,431	3,286,297
Cash	2,732,763	2,564,043
Total	2,516,685,585	1,738,627,054
LESS LIABILITIES:		
Distribution payable (Note 3)	3,309,627	3,387,399
Accrued expenses	84,393	5,561
Total	3,394,020	3,392,960
TOTAL TRUST PROPERTY	\$2,513,291,565	\$1,735,234,094
NET ASSETS, REPRESENTED BY:		
Units of fractional undivided interest outstanding:		
1997 - 14,505,395 (Note 6)		\$1,732,733,426
1998 - 13,657,832 (Note 6)	\$2,510,730,037	
Undistributed net investment income	2,561,528	2,500,668
NET ASSETS	\$2,513,291,565	\$1,735,234,094
UNIT VALUE:		
1997 - \$1,735,234,094/14,505,395 units		\$119.63
1998 - \$2,513,291,565/13,657,832 units	\$184.02	

</TABLE>



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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

## STATEMENTS OF OPERATIONS

<TABLE>  
<CAPTION>

	Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
INVESTMENT INCOME:			
Dividend income	\$ 41,091,956	\$ 42,399,400	\$ 45,286,433
Trustee's fees and expenses	(452,453)	(386,416)	(465,437)
Sponsors' fees	(78,070)	(52,443)	(54,909)
Net investment income	40,561,433	41,960,541	44,766,087
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:			
Realized gain on securities sold	100,374,644	86,260,735	53,301,227
Unrealized appreciation (depreciation) of investments	795,421,062	456,514,395	(144,879,937)
Net realized and unrealized gain (loss) on investments	895,795,706	542,775,130	(91,578,710)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$936,357,139	\$584,735,671	\$ (46,812,623)

&lt;/TABLE&gt;

See Notes to Financial Statements.

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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

## STATEMENTS OF CHANGES IN NET ASSETS

<TABLE>  
<CAPTION>

	Years Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
OPERATIONS:			
Net investment income	\$ 40,561,433	\$ 41,960,541	\$ 44,766,087
Realized gain on securities sold	100,374,644	86,260,735	53,301,227
Unrealized appreciation (depreciation) of investments	795,421,062	456,514,395	(144,879,937)
Net increase (decrease) in net assets			

resulting from operations	936,357,139	584,735,671	(46,812,623)
INCOME DISTRIBUTIONS TO HOLDERS (Note 3)	(40,229,125)	(42,211,078)	(45,241,306)
CAPITAL SHARE TRANSACTIONS:			
Redemptions of 847,563, 1,220,658 and 944,440 units, respectively (Note 5)	(118,070,543)	(114,084,794)	(76,057,777)
NET INCREASE (DECREASE) IN NET ASSETS	778,057,471	428,439,799	(168,111,706)
NET ASSETS AT BEGINNING OF YEAR	1,735,234,094	1,306,794,295	1,474,906,001
NET ASSETS AT END OF YEAR	\$2,513,291,565	\$1,735,234,094	\$1,306,794,295
PER UNIT:			
Income distributions during year	\$2.85	\$2.79	\$2.79
Net asset value at end of year	\$184.02	\$119.63	\$83.10
UNITS OUTSTANDING AT END OF YEAR	13,657,832	14,505,395	15,726,053

See Notes to Financial Statements.

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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Fund is registered under the Investment Company Act of 1940 as a Unit Investment Trust. A summary of the significant accounting policies, which are in conformity with generally accepted accounting principles, followed by the Fund in the preparation of its financial statements since July 7, 1983, its initial date of deposit, is as follows:

(a) Securities are stated at market value based on the last sales price reported at the close of business on the New York Stock Exchange. Substantially all of the aggregate cost of securities represents the market value of the shares of common stock of American Telephone and Telegraph Company (AT&T) on the days the shares were exchanged for units of the Fund; such aggregate cost was subsequently allocated among the portfolio holdings in shares of AT&T and the seven regional holding companies following their divestiture by AT&T in accordance with its Plan of Reorganization. Realized gains or losses on sales of securities are determined using the identified cost basis.

(b) The Fund is not subject to income taxes. Accordingly, no provision for such taxes is required.

(c) Dividend income has been recognized on the ex-dividend date.

2. MARKETABLE SECURITIES, AT DECEMBER 31, 1997:

<TABLE>  
<CAPTION>

Name of Issuer	Total Shares	Cost	Market Value
----------------	-----------------	------	-----------------

<S>	<C>	<C>	<C>
AT&T	4,762,732	\$ 58,829,554	\$ 291,717,335
Airtouch Communications	1,905,120	10,737,194	79,181,550
Ameritech Corp.	2,857,659	31,359,314	230,041,549
Bell Atlantic Corporation	3,368,236	61,851,410	306,509,476
BellSouth Corporation	4,286,460	34,504,478	241,381,279
Lucent Technologies	1,543,554	25,524,130	123,291,376
NCR Corp.	297,713	3,179,421	8,280,143
SBC Communications Inc.	4,251,128	45,168,484	311,395,126
U.S. West Incorporated	1,905,120	16,263,966	85,968,540
U.S. West Media Group	1,905,120	10,925,949	55,010,340
		\$298,343,900	\$1,732,776,714

</TABLE>

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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

NOTES TO FINANCIAL STATEMENTS

MARKETABLE SECURITIES, AT DECEMBER 31, 1998:

<TABLE>  
<CAPTION>

Name of Issuer	Total Shares	Cost	Market Value
<S>	<C>	<C>	<C>
AT&T	4,484,416	\$ 55,391,778	\$ 337,452,304
Airtouch Communications	1,793,809	10,109,849	129,378,474
Ameritech Corp.	5,381,333	29,526,775	341,041,979
Bell Atlantic Corporation	6,342,826	58,237,121	336,169,778
BellSouth Corporation	8,071,942	32,488,131	402,588,107
Lucent Technologies	2,906,729	24,032,761	319,740,190
NCR Corp.	280,342	2,993,908	11,704,279
SBC Communications Inc.	8,005,395	42,528,895	429,289,307
U.S. West Incorporated	1,842,800	15,698,478	119,090,950
Mediaone Group	1,793,809	9,902,820	84,309,023
		\$280,910,516	\$2,510,764,391

</TABLE>

### 3. DISTRIBUTIONS

Any monthly distributions to Holders, who have not elected to participate in the Fund's Reinvestment Plan, are made on or about the first day of each month. The income distribution payable at December 31, 1997 and 1998 to holders of record at December 15, 1997 and December 15, 1998 was at the rate of \$.233 and \$.242 per unit, respectively.

### 4. REINVESTMENT PLAN

Holdes could reinvest any distributions in the Fund prior to April 1, 1984, or in certain subsequent series of The Equity Income Fund after March 31, 1984, by executing an appropriate notice of election to participate in the Fund's Reinvestment Plan. The Sponsors (Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley Dean Witter, Prudential Securities Incorporated and Smith Barney Inc.) may, in their sole discretion, cancel the Fund's Reinvestment Plan at any time.

5. REDEMPTIONS

Holders may request redemptions of units by presentation thereof to the Trustee, The Bank of New York. Redemptions of units are made in kind by the Trustee; fractional undivided interests are redeemed in cash. Under certain circumstances, Holders may request redemptions of units in cash. Units of the Fund are listed and traded on the American and Pacific Stock Exchanges.

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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

NOTES TO FINANCIAL STATEMENTS

6. NET CAPITAL

<TABLE>  
<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>
Cost at dates of deposit, including subsequent reinvested distributions, of remaining units outstanding	\$ 290,151,777	\$ 308,157,703
Less sales charge	4,352,273	4,622,362
Net amount applicable to Holders	285,799,504	303,535,341
Redemptions of units - net cost of units redeemed less redemption amounts	(650,990,278)	(550,927,021)
Realized gain on securities sold	646,066,936	545,692,292
Unrealized appreciation of investments	2,229,853,875	1,434,432,814
Net capital applicable to Holders	\$2,510,730,037	\$1,732,733,426

</TABLE>

7. INCOME TAXES

All Fund items of income received, expenses paid, and realized gains and losses on securities sold are attributable to the Holders, on a pro rata basis, for Federal income tax purposes in accordance with the grantor trust rules of the United States Internal Revenue Code.

8. QUARTERLY RESULTS OF OPERATIONS - UNAUDITED

A summary of the Fund's 1998 and 1997 quarterly results of operations, in thousands of dollars, is as follows:

Year Ended December 31, 1997

<TABLE>  
<CAPTION>

For the Quarter Ended					
March 31	June 30	September 30	December 31 1997	Total	

<S>	<C>	<C>	<C>	<C>	<C>
Net investment income	\$12,165	\$ 8,819	\$ 10,536	\$ 10,441	\$ 41,961
Net realized and unrealized gain (loss) on investments	(19,417)	185,607	92,210	284,375	542,775
Net increase (decrease) in net assets resulting from operations	\$ (7,252)	\$194,426	\$102,746	\$294,816	\$584,736

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THE EQUITY INCOME FUND,  
FIRST EXCHANGE SERIES - AT&T SHARES

NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 1998

<TABLE>  
<CAPTION>

	For the Quarter Ended				
<S>	March 31 <C>	June 30 <C>	September 30 <C>	December 31 1998 <C>	Total <C>
Net investment income	\$ 10,234	\$ 10,184	\$10,101	\$ 10,042	\$ 40,561
Net realized and unrealized gain (loss) on investments	334,314	(54,139)	73,352	542,269	895,796
Net increase (decrease) in net assets resulting from operations	\$344,548	\$ (43,955)	\$83,453	\$552,311	\$936,357

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

None.

ITEM 11. EXECUTIVE COMPENSATION.

None.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

None.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

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PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

<TABLE>  
<CAPTION>

	Page
<S>      <C>	<C>
a. 1.1 - Statements of Condition as of December 31, 1997 and 1998 .....	8
1.2 - Statements of Operations for the years ended December 31, 1996, December 31, 1997 and December 31, 1998 .....	9
1.3 - Statements of Changes in Net Assets for the years ended December 31, 1996, December 31, 1997 and December 31, 1998 .....	10
2 - Financial schedules are not filed because of the absence of conditions under which they are required or because the required information, where material, is included in the financial statements or the footnotes thereto.	
b. None.	
c. 4.1 - Form of Trust Indenture (incorporated by reference to Exhibit 1.1 to the Registration Statement of The Equity Income Fund, First Exchange Series - AT&T Shares, 1933 Act File No. 2-83192)	
4.1.1 - Form of Certificate of Amendment to Trust Indenture dated August 8, 1983 (incorporated by reference to Registration Statement on Form 8-A of The Equity Income Fund, First Exchange Series - AT&T Shares, 1934 Act File No. 001-08642)	
4.1.2 - Form of Standard Terms and Conditions of Trust effective January 1, 1983 (incorporated by reference to Exhibit 1.1.1 to the Registration Statement of The Equity Income Fund, First Exchange Series - AT&T Shares, 1933 Act File No. 2-83192)	

- 9. - None.
- 11. - Computation of per Unit earnings (See Statement of Changes in Net Assets, Item 1.3, above)
- 13.1 - Form 10-Q, for the quarter ended March 31, 1997, incorporated by reference to 1934 Act File No. 001-08642.

</TABLE>

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<TABLE>

<S>

<C>

- 13.2 - Form 10-Q, for the quarter ended June 30, 1997, incorporated by reference to 1934 Act File No. 001-08642.
- 13.3 - Form 10-Q, for the quarter ended September 30, 1997, incorporated by reference to 1934 Act File No. 001-08642.
- 13.4 - Form 10-K for the fiscal year ended December 31, 1997, incorporated by reference to 1934 Act File No. 001-08642.
- 13.5 - Form 10-Q for the quarter ended March 31, 1998, incorporated by reference to 1934 Act File No. 001-08642.
- 13.6 - Form 10-Q for the quarter ended June 30, 1998, incorporated by reference to 1934 Act File No. 001-08642.
- 13.7 - Form 10-Q for the quarter ended September 30, 1998, incorporated by reference to 1934 Act File No. 001-08642.
- 18. - None.
- 21. - None.
- 22. - None.
- 23 - Consents (incorporated by reference to Registration Statement of The Equity Income Fund, First Exchange Series - AT&T Shares, 1933 Act File No. 2-83192).
- 27. - Financial Data Schedule.

d. None.

</TABLE>

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#### SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustee of the Fund has duly caused this report to be signed on behalf of the Fund by the undersigned, thereunto duly authorized.

The Equity Income Fund, First  
Exchange Series - AT&T Shares

By: The Bank of New York,  
as Trustee

Date: March 24, 1999

By: /s/ Alfred Irving

-----  
Name: Alfred Irving  
Title: Vice President



<TABLE> <S> <C>

<ARTICLE> 6

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM AT&T- FIRST EXCHANGE SERIES IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS

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<PERIOD-TYPE>	YEAR
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