

AT&T CORP  
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**Filed by SBC Communications Inc.**  
**Pursuant to Rule 425 under the Securities Act of 1933**  
**and deemed filed pursuant to Rule 14a-12**  
**of the Securities Exchange Act of 1934**

**Subject Company: AT&T Corp.**

**Commission File No.: 1-01105**

## **Investor Update**

SBC 2005 Q1 Earnings Conference Call

April 25, 2005

[LOGO]

[LOGO]

**Agenda**

Introduction

**Rich Dietz**  
Vice President-Investor Relations

Results

**Rick Lindner**  
Chief Financial Officer

Qs and As

### **Cautionary Language Concerning Forward-Looking Statements**

Information set forth in this presentation contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results might differ materially. A discussion of factors that may affect future results is contained in SBC's filings with the Securities and Exchange Commission. SBC disclaims any obligation to update and revise statements contained in this presentation based on new information or otherwise.

This presentation may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's Web site at [www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations).

**SEC Rule 165 Information**

**In connection with the proposed transaction, SBC filed a registration statement, including a proxy statement of AT&T Corp., with the Securities and Exchange Commission (the SEC) on March 11, 2005 (File No. 333-123283). Investors are urged to read the registration and proxy statement (including all amendments and supplements to it) because it contains important information.** Investors may obtain free copies of the registration and proxy statement, as well as other filings containing information about SBC and AT&T Corp., without charge, at the SEC's Internet site ([www.sec.gov](http://www.sec.gov)). These documents may also be obtained for free from SBC's Investor Relations Web site ([www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations)) or by directing a request to SBC Communications Inc., Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Free copies of AT&T Corp.'s filings may be accessed and downloaded for free at the AT&T Investor Relations Web Site ([www.att.com/ir/sec](http://www.att.com/ir/sec)) or by directing a request to AT&T Corp., Investor Relations, One AT&T Way, Bedminster, New Jersey 07921.

SBC, AT&T Corp. and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies from AT&T shareholders in respect of the proposed transaction. Information regarding SBC's directors and executive officers is available in SBC's proxy statement for its 2005 annual meeting of stockholders, dated March 11, 2005, and information regarding AT&T Corp.'s directors and executive officers is available in the registration and proxy statement. Additional information regarding the interests of such potential participants is included in the registration and proxy statement and other relevant documents filed with the SEC.

**EPS Summary**

	<b>1Q05</b>	<b>1Q04</b>
Reported EPS Continuing Operations(1)	\$ 0.27	\$ 0.58
Adjustments to Results:		
Cingular merger integration costs	\$ 0.01	
Cingular non-cash intangible amortization costs	\$ 0.06	
Gain on Belgacom disposition		\$ (0.22)
Foregone equity income(2)		\$ (0.02)
Adjusted EPS	\$ 0.34	\$ 0.33

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Note: Totals may not foot due to rounding.

(1) Continuing operations exclude directory operations sold during the third quarter 2004.

(2) Foregone equity income associated with SBC's investments in Belgacom, TDC & Telkom SA.

**1Q Highlights: Focused Execution**

**Wireline:** 4<sup>th</sup> consecutive quarter of revenue growth

Record DSL growth 504,000 net gain

Deepened bundle penetration

Consumer ARPU up 8.4 percent

Substantial improvement in retail line results both consumer and business

Overall consumer revenue up 3.9 percent

**Cingular Wireless:** clear operational progress across the board

1.4 million net adds <sup>nd</sup> strong quarter following AT&T Wireless acquisition

Improved churn 2.2 percent overall, 1.9 percent for postpaid

Stabilizing ARPU with wireless data revenues increasing to \$3.70 per sub up from \$1.10 in 1Q04

Improved margins

**Solid Progress on Major Initiatives**

Agreement to Acquire AT&T

Announced Jan. 31

Reviews under way state, federal, international

Integration planning teams named

Project Lightspeed

Lab tests have generated good results, initial field trial for IP video launched in early April

Alcatel/Microsoft alliance to develop integrated IPTV platform

FTTP deployment under way, FTTN planning completed and network conditioning has begun

Content expertise in place, term sheets exchanged with key providers

**Rick Lindner**

Senior Executive Vice President and Chief Financial Officer SBC Communications Inc.

**Consolidated Revenue Growth**

**SBC Consolidated Revenue  
Year-Over-Year Growth**

[CHART]

**Spike in 4Q04 driven by CPE.  
Excluding CPE, growth rates  
increase each quarter.**

**SBC Consolidated with  
100% of Cingular Pro Forma  
Year-Over-Year Growth**

[CHART]

**Wireline Revenue Growth**

**Wireline Revenue  
Year-Over-Year Growth**

[CHART]

**Wireline Revenue without CPE  
Year-Over-Year Growth**

[CHART]

**Wireline Revenue Drivers**

**1Q05 versus 1Q04**  
(dollars in millions)

[CHART]

Voice	Smallest decline in 13 quarters \$399 million improvement from \$526 million decline in 1Q04
Long Distance	6 <sup>th</sup> straight quarter with growth above 20% 52% penetration of SBC retail lines
DSL/Internet	Compares with \$113 million growth in 1Q04 1.6 million DSL net adds since 1Q04
Data Transport	Compares to \$43 million decline in 1Q04 Retail up 1.7%; Wholesale up 1.2%

**Switched Access Line Trends:  
Shifts in Mix and Economics**

**Net Change by Quarter  
(in thousands)**

**Retail Access Lines**

[CHART]

**Wholesale Access Lines**

[CHART]

**UNE-P (364)  
Resale 21**

**Increased average prices per wholesale line    percent of net inflow of  
UNE-P lines to retail is at a level to increase revenue growth**

**Consumer Line Trends**

**Net Change by Quarter  
(in thousands)**

**Consumer Primary Retail Lines**

[CHART]

**1Q05 marks first growth  
in primary consumer  
lines since 1Q00**

**Consumer Additional Retail Lines**

[CHART]

**1Q05 marks smallest decline  
in additional lines since 1Q01,  
achieved record DSL net add quarter**

Totals exclude a reclassification that moved consumer retail access lines from primary to additional. The changes made to consumer primary in-service totals were: 1Q04 (68)K and 2Q04 (68)K with offsetting changes made to consumer additional in-service totals. This reclassification does not impact total retail lines in service.

**Consumer Trends**

**Retail Revenue Growth  
Compared to Retail  
Access Line Growth**

[CHART]

**Retail Revenue Growth  
Compared to Retail Network  
Connection(1) Growth**

[CHART]

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(1) Retail network connections include retail consumer access lines, retail consumer DSL lines and retail consumer video subscribers.

**Bundles, Consumer ARPU Growth**

**Key-Product Bundles**  
Percent of consumers with bundles  
that include one or more key services  
LD, DSL, satellite and jointly billed  
wireless

[CHART]

**Consumer Wireline Revenue  
Year-Over-Year Growth**

[CHART]

*Long Distance*  
**Continued Strong Growth**

**In-Service InterLATA PICs**  
(in millions)

[CHART]

**Stable** per-minute pricing

**High percentage** of long distance customers on plans with recurring charges

**Nearly 80% of consumers**, with approximately one-third of these having unlimited plans

**More than 90% of business** customers

InterLATA and International LD revenues **up more than 36%** year over year

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(1) Includes 0.1 million increase for methodology true-up.

*DSL*

**Industry-Leading In-Service Base**

**In-Service DSL Lines**  
(in millions)

[CHART]

**Record net adds** 504,000

**14% penetration** of capable locations, **20%** in the West region

**20% DSL penetration** of consumer primary lines, **24% in West**

Nearly one-fourth of DSL installations are for **high speed-tier products**

**Consumer Bundles  
Price Comparisons**

Average Monthly Price (Initial 12-month term as of April 12, 2005)	SBC	Time Warner Cable	Cox	AOL	Vonage
<b>Voice</b>	\$ 48.95	\$ 43.90	\$ 48.95	\$ 34.99	\$ 24.99
<b>Data</b>	\$ 29.99	\$ 37.45	\$ 39.95	\$ 37.45	\$ 37.45
<b>Video</b>	\$ 52.98	\$ 70.45	\$ 69.00	\$ 70.45	\$ 70.45
<b>Wireless</b>	\$ 34.99	\$ 39.99	\$ 39.99	\$ 39.99	\$ 39.99
<b>Unallocated Discounts</b>		\$ (5.40)	\$ (2.95)		
<b>Total Before Taxes &amp; Fees</b>	<b>\$ 166.91</b>	<b>\$ 186.39</b>	<b>\$ 194.94</b>	<b>\$ 182.88</b>	<b>\$ 172.88</b>

**SBC advertising message Do the Math**

See notes section of Financial & Operational Results section of our Web site at [www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations) for details of SBC services offers (All Distance plan voice service plus calling features; SBC Yahoo! DSL Pro Internet access service; SBCIDISH Network satellite TV service (AT 120 + HBO); and Cingular Nation 450 wireless service). Competitors price and offer details available on their Internet Web sites. San Antonio is reference point for all SBC and competitive offers listed, except Cox (Oklahoma City Ultra Bundle). Wireless for all providers is based on Cingular Nation 450 plan (with \$5 discount on SBC plan). Other monthly charges may apply to DSL. Cingular Wireless service for SBC is after \$5 discount, other monthly charges may apply.

**Business Wireline**  
**Revenue & Access Line Trends**

**Business Retail Access Lines**  
**Net Change by Quarter**  
(in thousands)

[CHART]

**Business Wireline Revenue**  
**Year-Over-Year Growth**  
**Excluding CPE**

[CHART]

(1.3)%    0.5%    0.1%    3.6%    0.4%

**Reported Results**

**Industry-Leading Data Revenue**

**Quarterly Data Revenue**

(dollars in millions)

[CHART]

Total data revenue up 6.7% year over year

Year-over-year increases in all categories

Sequential increase in DSL/Internet and hi-cap data transport

**SBC Operating Income Margin**

**SBC Adjusted Operating  
Income Margin(1)**

[CHART]

15.1%	14.1%	16.5%	12.1%	15.2%
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**Reported Results**

Storms resulted in \$100 million expense pressure

Pension & OPEB costs were up \$79 million year over year

Continued strong growth in long distance and DSL

Continued focus on reducing headcount

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(1) 2Q04 excludes \$263 million strike and labor settlement charges and 4Q04 excludes \$244 million severance and pension charges.

*Cingular Wireless*  
**Solid Execution**

		1Q05		4Q04
<b>Net Adds(1) (in thousands)</b>		1,419		1,757
<b>Total Revenues(1) (in millions)</b>	\$	8,229	\$	8,088
<b>Total Churn(1)</b>		2.2%		2.4%
<b>Postpaid Churn(1)</b>		1.9%		2.1%
<b>Service ARPU(1)</b>	\$	49.59	\$	49.97
<b>Adjusted(2) OIBDA Margin</b>		25.5%		23.4%

**Strength of customer additions** continues; sequential decreases driven by normal seasonal patterns

Network and customer service quality continue to drive **churn reductions and margin improvement**

Postpaid adds were **79% of total net adds** versus 68% last quarter, **84% of minutes** on GSM network

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(1) Pro forma results for 4Q04. Includes results from AT&T Wireless for the period Oct. 1, 2004 through Oct. 25, 2004.

(2) OIBDA Margin is defined as operating income plus depreciation and amortization divided by wireless service revenue. Adjusted to exclude charge of \$245 million in 4Q04 and \$105 million in 1Q05 from merger integration. Reported OIBDA margin 1Q05 24.1% / 4Q04 19.5%.

**Cash Flow**

	1Q05	1Q04	YOY Change
<b>Cash From Operations</b>	\$ 1,256	\$ 1,998	\$ (742)
<b>Capital Expenditures</b>	\$ 1,050	\$ 936	\$ 114
<b>Dividends</b>	\$ 1,066	\$ 1,034	\$ 32
<b>Cash From Cingular</b>	\$ 596	\$ 0	\$ 596
<b>Free Cash Flow</b>	\$ (264)	\$ 28	\$ (292)

Increase in cash tax payments

\$232 million voluntary benefit funding in 1Q04

Volume growth

Investment in Lightspeed and efficiency projects

3.2% dividend increase

New cash sweep process

**Continue to expect approximately \$3 billion of free cash flow for 2005**

Free cash flow is cash from operations less capital expenditures less dividends plus cash from Cingular.

**1Q05 in Summary**

**Solid progress at Cingular Wireless**, with reduced churn, improved margins, stabilizing ARPU

Improved **access line trends**

**Accelerated DSL growth** with 504,000 net adds

Deepened bundle penetration, **8.4 percent growth in consumer ARPU**

Continued solid **data growth**

Clear, consistent focus on **cost initiatives, margins**

**Major initiatives on track:** Project Lightspeed and AT&T transaction

**Potential EPS Merger Impacts**

**Reported**

[CHART]

**Excluding Integration Costs &  
Non-Cash Intangible Amortization**

[CHART]

	2005	2006	2007	2008(1)	2009(1)	2005	2006	2007	2008(1)	2009(1)
<b>AT&amp;T</b>										
<b>Wireless(1)</b>	\$(0.21)-\$(0.19)	\$(0.03)-\$(0.01)	\$0.27-\$0.30	\$0.27-\$0.30	\$0.27-\$0.30	\$0.07-\$0.09	\$0.15-\$0.17	\$0.40-\$0.43	\$0.40-\$0.43	\$0.40-\$0.43
<b>AT&amp;T</b>	NA	\$(0.31)-\$(0.28)	\$(0.15)-\$(0.12)	\$0.09-\$0.11	\$0.23-\$0.27	NA	\$0.00-\$0.02	\$0.07-\$0.09	\$0.23-\$0.26	\$0.28-\$0.31

(1) 2008 & 2009 AT&T Wireless estimates are illustrative only and based on previously released estimates for 2007.

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The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the ability to obtain governmental approvals of the transaction on the proposed terms and schedule; the failure of AT&T shareholders to approve the transaction; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues. Additional factors that may affect future results are contained in SBC's filings with the Securities and Exchange Commission (SEC), which are available at the SEC's Web site <http://www.sec.gov>. SBC disclaims any obligation to update and revise statements contained in this presentation based on new information or otherwise.

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