

AT&T CORP  
Form 425  
February 18, 2005

**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**

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**Investor Update**

**Rick Lindner**

Senior Executive Vice President and Chief Financial Officer

SBC Communications Inc.

Feb. 18, 2005

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### **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).

**In connection with the proposed transaction, SBC intends to file a registration statement, including a proxy statement of AT&T Corp., and other materials with the Securities and Exchange Commission (the SEC). Investors are urged to read the registration statement and other materials when they are available because they contain important information.** Investors will be able to obtain free copies of the registration statement and proxy statement, when they become available, 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 78258. 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 2004 annual meeting of stockholders, dated March 11, 2004, and information regarding AT&T Corp.'s directors and executive officers is available in AT&T Corp.'s proxy statement for its 2004 annual meeting of shareholders, dated March 25, 2004. Additional information regarding the interests of such potential participants will be included in the registration and proxy statement and the other relevant documents filed with the SEC when they become available.

**SBC Segments**

**Wireline**

52 million access lines  
\$37 billion 2004 revenues  
Local, LD, data

**Cingular Wireless**

49 million subscribers  
290 million POPs  
\$32 billion 2004 pro forma  
revenues

**Directory**

\$3.8 billion 2004 revenues  
704 titles, 13 states  
YellowPages.com

**International**

Telmex  
América Móvil

**4Q04 Results: Strong Execution in Both Wireline and Wireless**

**425,000**  
DSL net adds

**10.5%**  
data revenue growth

**3.6%**  
wireline growth revenue

**1.8 million**  
wireless pro forma net adds

Third straight quarter of **positive revenue growth**

Outstanding execution at **Cingular Wireless**

**Wireline Revenue Trends**

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

[CHART]

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

[CHART]

**Strong Long Distance Growth**

**In-Service InterLATA PICs**

(in millions)

[CHART]

**Stable** per-minute pricing

**Nearly 80%** of consumers long distance customers on plans with recurring charges

Long distance revenues up **23.5 percent** in 4Q04

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



**Industry-Leading DSL Growth**

**In-Service DSL Lines**

(in millions)

[CHART]

**425,000** 4Q net adds

**13% penetration** of capable locations, 18% in the West region

**77% of locations** DSL capable

DSL/Internet revenues **up 27%**

**Video Strategy**

**SBC | DISH Subscribers**

(in thousands)

[CHART]

**Project Lightspeed**

**Integrated IP-based services** voice, high-speed Internet access, IPTV

**Speed to market** 18 million households in 3 years, FTTP one-fourth FTTP's time to market

**Capital efficient** one-fifth the cost to deploy versus FTTP in overbuild

**Operational cost savings**

## Increased Bundle Penetration

### Key-Product Bundles

Percent of consumers with bundles that include one or more key services – LD, DSL, satellite and jointly billed wireless

[CHART]

Total customers with **two or more key products** more than doubled in 2004

Consumer ARPU **up 8.2%**

**Improved Access Line Trends**

**UNE-P and Resale Lines  
Net Change by Quarter  
(in thousands)**

[CHART]

**Consumer Primary Retail Lines  
Net Change by Quarter  
(in thousands)**

[CHART]

**BusinessRetail Access Lines  
Net Change by Quarter  
(in thousands)**

[CHART]

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(1) Totals exclude a reclassification that moved consumer retail access lines from primary to additional. The changes made to consumer primary in-service totals were: 4Q03 (65)K, 1Q04 (68)K and 2Q04 (68)K. Previous periods were not adjusted. This reclassification does not impact total retail lines in service.

**Business Revenues**

**Business Wireline Revenue**

**Year-Over-Year Growth**

[CHART]

|              | <b>% of<br/>Total</b> | <b>Revenue<br/>Growth<br/>YoY</b> |
|--------------|-----------------------|-----------------------------------|
| Enterprise   | 60%                   | 5%                                |
| ISP          | 2%                    | (14)%                             |
| Small/Medium | 38%                   | 2%                                |

**Data Revenue Growth**

**Quarterly Data Revenue**

(dollars in millions)

[CHART]

Total data revenue up **10.5%** year over year

Strongest data revenue growth rate in **more than three years**

**Peer Comparisons**

(4Q 2004 results)

**Long Distance**  
Lines in Service  
(in millions)

[CHART]

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

[CHART]

**Data Revenues**  
2004 Data Revenues  
(in billions)

[CHART]

**Wireline Revenues**  
4Q Year-over-year Growth

[CHART]

## Operating Income Growth

### SBC Adjusted Operating Income Growth(1)

[CHART]

| 4Q03    | 1Q04    | 2Q04    | 3Q04 | 4Q04 |
|---------|---------|---------|------|------|
| (46.9)% | (18.2)% | (15.2)% | 8.8% | 6.6% |

### Reported Results

Solid, continuous **progress on costs**

Operating income growth rates **track with revenue growth trends**

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(1) 4Q03 excludes \$139 million severance charge; 2Q04 excludes \$263 million strike and labor settlement charges; 4Q04 excludes \$244 million severance and pension charges.



**AT&T Wireless Acquisition**

**Scale, Coverage and Spectrum**

**Cingular Licensed Spectrum**

[GRAPHIC]

|                                     |                        |
|-------------------------------------|------------------------|
| Subscribers                         | >49 million            |
| POPs                                | 290 million            |
| Coverage                            | all top<br>100 markets |
| Average spectrum in top 100 markets | 58Mhz                  |
| 2004 pro forma revenues             | \$32 billion           |

**Cingular Subscriber Growth**

**4Q04 PRO FORMA RESULTS**

|                   |                    |
|-------------------|--------------------|
| Record gross adds | <b>5.5 million</b> |
| Pro forma churn   | <b>2.6%</b>        |
| Subscribers       | <b>65%, with</b>   |
| GSM equipped      | <b>8% of base</b>  |