

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-6**

**of the Securities Exchange Act of 1934**

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

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

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**SBC Investor Update**

Rick Lindner

Senior Executive Vice President and Chief Financial Officer

SBC Communications Inc.

[LOGO]

Lehman Brothers  
Worldwide Wireless and Wireline Conference

June 1, 2005

**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.

**Industry Overview:**

**Significant Areas of Opportunity**

**Broadband**

**2.4 million** high-speed Internet net adds in 1Q05 from RBOCs plus eight largest cable companies

Key **foundation** product

**Broadband**

**Wireless**

**12.8 million** subscribers added by five largest U.S. carriers over past two quarters

**Broadband**

**Wireless**

**Bundling => Integration**

**Wireline/wireless**

**Broadband+voice** wireless, TDM, VoIP

Next-generation **IP-based** voice, data and video

**Broadband**

**Wireless**

**Bundling => Integration**

**Business Space**

Small/medium and **enterprise**

Network security and **IP-based** solutions



**Broadband**

**Wireless**

**Bundling => Integration**

**Business Space**

**Cost Structure**

Improved **processes**, streamlined operations

Enhanced **customer experience**

**SBC: Clear Focus, Strong Execution**

**Broadband**

**Wireless**

**Bundling Integration**

**Business Space**

**Cost Structure**

Over the past year, through solid execution and major strategic actions, SBC has **substantially strengthened its position**, and led the industry forward, in these key areas.

**SBC Execution:**

**Industry-Leading DSL Growth**

1Q05 Net Gain in Total DSL and Cable Modem Lines

(in thousands)

[CHART]

**27.6 percent** DSL/Internet revenue growth in 1Q05

**5.6 million** DSL lines in service, more than 40 percent greater than closest RBOC peer

**SBC Execution: Consumer DSL**

**Penetration Approaching 20 Percent**

SBC DSL Penetration of Consumer Primary Lines

[CHART]

Penetration in the West, SBC's strongest DSL region, **exceeds 24 percent**

**Accelerated net adds** for three consecutive quarters

**Cingular Wireless:**

**Premier Set of Wireless Assets**

Customer Base	50.4 million
Coverage	292 million licensed POPs All top 100 markets
Network	Nation's largest all-digital voice and data network UMTS with HSDPA deployment expected in 15 to 20 markets by end of this year

Merger initiatives on track. Cingular expects to achieve industry leading metrics including churn and margins by end of 2007

**Cingular Execution:**

**Strong Subscriber Growth**

**Cingular Net**

**Subscriber Additions**

(in millions)

[CHART]

In 1Q05

High-quality growth with **79%** of net adds postpaid

**Churn declined** to 2.2% overall and 1.9% postpaid

Pro forma results reflect acquisitions and dispositions, including the acquisition of AT&T Wireless, as if they had occurred on Jan. 1, 2004

**Cingular Execution:**

**Rapid Subscriber Migration**

**GSM Migration**

[CHART]

In 1Q05 approximately **9 percent** of Cingular subscriber base upgraded handsets, almost all onto GSM

Since Nov. 15, 2004, **3 million** former AT&T Wireless subscribers have converted to Cingular plans

**Cingular Execution: ARPU Stabilizing,**

**Data Services Growing**

**Service ARPU**

**YOY Growth Rate**

[CHART]

**Data ARPU**

[CHART]

3Q04 data ARPU is for Cingular stand-alone.

More than **40 million** subscribers have data enabled phones

Substantial upside opportunity with **1/3<sup>rd</sup> of customer base** active data users



**Cingular Opportunities**

Data Services

EDGE today  
UMTS deployment voice, data and video ... all IP

Business Markets

Dedicated Business Markets Group

Wireline Wireless Integration

Today: bundling, shared sales channels, unified messaging  
Future: Unified experience, handsets that enable seamless transition between networks

**Bundling => Integration:**

**Penetration, 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]

Four consecutive quarters in consumer retail **ARPU growth** above 8 percent

**SBC Retail Connection Growth**

**Net Adds - SBC Consumer**

**Retail Connections**

Retail consumer access lines, retail consumer

DSL lines, and retail consumer video subscribers

(in thousands)

[CHART]

**Three straight quarters** of growth in retail connections, with 674,000 total net gain over that period

**Four straight quarters** of consumer revenue growth, with improved growth rates every quarter **up 3.9% in 1Q05**

## **Competing with Cable Telephony**

### **Exposure limited by a number of factors**

Households with cable

Upgraded cable plant

Homes with broadband service

### **Well-positioned to compete**

High bundle and broadband penetration

Reputation for service quality

Competitive pricing

### **Creating differentiated service offerings**

IP-based video

Converged services

**Bundling => Integration:**

**Home Zone**

**Planned Features**

Combines SBC Yahoo! DSL with SBC | DISH Network service

Lets SBC local phone customers view **caller ID** and call-log information on their TV screens

**Downloads movies** on demand, accesses photos and personal music collections

Enables **remote online programming**

[GRAPHIC]

**Bundling => Integration:**

**Project Lightspeed**

**Project Lightspeed**

Advanced, IP-based network to deliver IP-based TV, super highspeed broadband and IP voice services

Fiber-to-the-neighborhood and fiber-to-the-premises technologies

[LOGO]

creating a **new universe**

of communications and entertainment services

**SBC Execution: Business Space**

Access Lines            In 1Q05, **smallest business access line** decline in more than four years  
Enterprise VoIP lines not included

Data Revenues        **Up 6.7 percent** to \$2.8 billion in 1Q05 ... more than one-third greater than closest RBOC peer

Small/Medium        Small/medium business revenues **up more than 5 percent** in 1Q05

**Agreement To Acquire AT&T**

**Opportunities**

Best-in-class **network** assets

Advanced **product sets**

World-class **marketing**, sales and technical support capabilities

**Substantial synergies** driven by clear, achievable cost opportunities

**Update**

Announced Jan. 31

**Regulatory reviews** under way state, federal, international

**Integration** planning teams named, work under way, consistent with applicable legal requirements



**SBC Execution: Cost Initiatives**

**Transforming call centers** to deliver operating efficiencies and a better experience for customers: standardization, new call flow and routing strategies, enhanced desktops

Deployment of infrastructure >90 percent complete

More than 20 percent of 1Q05 customer contacts self-serve

More than 8 million 1Q05 proactive service communications via new automated outbound functionality

Similar projects under way in **network centers**

Disciplined, focused **force reductions** in concert with process improvements

**Why SBC?**

**Leadership in industry's key areas of opportunity**

Broadband

Wireless

Bundling/Integration

Business Space

Cost Structure

Leadership in industry's key areas of opportunity

**Strong execution**

Four consecutive quarters of wireline revenue growth

Solid progress in cost initiatives

Improved margins

Leadership in industry's key areas of opportunity

Strong execution

**Solid cash flow**

Expect to deliver 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.

Leadership in industry's key areas of opportunity

Strong execution

Solid cash flow

**Major transactions that offer substantial upside potential**

Cingular Wireless acquisition of AT&T Wireless

Agreement to acquire AT&T

**Why SBC: Potential Merger Impacts**

**Reported**

[CHART]

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

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

[CHART]

	2005	2006	2007	2008(1)	2009(1)
<b>AT&amp;T Wireless(1)</b>	\$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	\$0.00-\$0.02	\$0.07-\$0.09	\$0.23-\$0.26	\$0.28-\$0.31

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(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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