

Edgar Filing: BELLSOUTH CORP - Form 425

BELLSOUTH CORP
Form 425
May 31, 2006

Filed by AT&T 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: BellSouth Corporation

Commission File No.: 1-8607

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

[Link to searchable text of slide shown above](#)

Searchable text section of graphics shown above

Edward E. Whitacre Jr.

Chairman and Chief Executive Officer AT&T Inc.

Copyright © 2006 AT&T. All rights reserved.

[LOGO]

Cautionary Language Concerning Forward-Looking Statements

We have included or incorporated by reference in this document financial estimates and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially from these estimates and statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of AT&T Inc. and are subject to significant risks and uncertainties and outside of our control.

The following factors, among others, could cause actual results to differ from those described in the forward-looking statements in this document: the ability to obtain governmental approvals of the merger on the proposed terms and schedule; the failure of AT&T stockholders to approve the issuance of AT&T common shares or the failure of BellSouth shareholders to approve the merger; the risk that the businesses of AT&T and BellSouth will not be integrated successfully or as quickly as expected; the risk that the cost savings and any other synergies from the merger, including any savings and other synergies relating to the resulting sole ownership of Cingular Wireless LLC may not be fully realized or may take longer to realize than expected; disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; and competition and its effect on pricing, spending, third-party relationships and revenues. Additional factors that may affect future results are contained in AT&T's, BellSouth's, and Cingular Wireless LLC's filings with the Securities and Exchange Commission (SEC), which are available at the SEC's Web site (<http://www.sec.gov>). AT&T is not under any obligation, and expressly disclaims any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise. This presentation may contain certain non-GAAP financial measures. Reconciliation between the non-GAAP financial measures and the GAAP financial measures are available on the company's Web site at www.att.com/investor.relations.

Note

In connection with the proposed merger, AT&T Inc. (AT&T) filed a registration statement on Form S-4 (Registration No. 333-132904), containing a joint proxy statement/prospectus of AT&T and BellSouth Corporation (BellSouth), with the Securities and Exchange Commission (the SEC) on March 31, 2006. Investors are urged to read the registration statement and the joint proxy statement/prospectus contained therein (including all amendments and supplements to it), because it contains important information. Investors may obtain free copies of the registration statement and joint proxy statement/prospectus, as well as other filings containing information about AT&T and BellSouth, without charge, at the SEC s Web site (www.sec.gov). Copies of AT&T s filings may also be obtained without charge from AT&T at AT&T s Web site (www.att.com) or by directing a request to AT&T Inc. Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of BellSouth s filings may be obtained without charge from BellSouth at BellSouth s Web site (www.bellsouth.com) or by directing a request to BellSouth at Investor Relations, 1155 Peachtree Street, N.E., Atlanta, Georgia 30309.

AT&T, BellSouth and their respective directors and executive officers and other members of management and employees are potential participants in the solicitation of proxies in respect of the proposed merger. Information regarding AT&T s directors and executive officers is available in AT&T s 2005 Annual Report on Form 10-K filed with the SEC on March 1, 2006, and AT&T s proxy statement for its 2006 annual meeting of stockholders, filed with the SEC on March 10, 2006, and information regarding BellSouth s directors and executive officers is available in BellSouth s 2005 Annual Report on Form 10-K filed with the SEC on February 28, 2006, and BellSouth s proxy statement for its 2006 annual meeting of shareholders, filed with the SEC on March 3, 2006. Additional information regarding the interests of such potential participants is included in the registration statement and joint proxy statement/prospectus contained therein, and other relevant documents filed with the SEC.

Industry Overview

Emerging Positive Trends ...

Customer **usage** of services is growing

New **technologies** are gaining traction

Progress on key **public policy issues**

Growing confidence and increased interest among investors

What Sets AT&T Apart?

[GRAPHIC]

Industry's premier assets

Expansion in **wireless**

World-class **business** capabilities

Leader in **broadband and IP**

What Sets AT&T Apart?

[GRAPHIC]

Industry's premier assets

Industry's largest synergy opportunities

Mergers: Cingular/AT&T Wireless, SBC/former AT&T, AT&T/BellSouth

Operational initiatives

Annual cost reductions expected to exceed **\$8 billion** by 2008

What Sets AT&T Apart?

[GRAPHIC]

Industry's premier assets

Industry's largest synergy opportunities

Solid earnings momentum

Four consecutive quarters of double-digit adjusted EPS growth

Adjusted earnings per share exclude merger related costs.

What Sets AT&T Apart?

[GRAPHIC]

Industry's premier assets

Industry's largest synergy opportunities

Solid earnings momentum

Positive three-year outlook

Expect to deliver **double-digit EPS growth** in each of next three years, with growing **free cash flow** after dividends

Adjusted earnings per share exclude merger related costs.

What Sets AT&T Apart?

[GRAPHIC]

Industry's premier assets

Industry's largest synergy opportunities

Solid earnings momentum

Positive three-year outlook

Strong dividend plus expanded share repurchase

Share repurchase of at least **\$10 billion** planned over this year and next, with **\$2 billion or more** expected in 2006

What Sets AT&T Apart?

[GRAPHIC]

Industry's premier assets

Industry's largest synergy opportunities

Solid earnings momentum

Positive three-year outlook

Strong dividend plus expanded share repurchase

**Cingular Opportunity:
Wireless Margin Expansion**

OIBDA Margins

[CHART]

850 basis point adjusted OIBDA margin expansion over the past five quarters

Opportunity for **additional 1,000 basis points** of margin expansion over next two years on \$35 billion revenue base

OIBDA margin is defined as operating income plus depreciation and amortization divided by wireless service revenue. 1Q06 OIBDA margin adjusted to exclude cash merger integration charges of \$64 million.

**Broadband/IP Opportunity:
Project Lightspeed**

Integrated IP video, high speed Internet and voice network

Natural extension of current fiber deployment

Logical and disciplined approach

Parallel with Cingular 3G deployment

[GRAPHIC]

Offer integrated services
and leverage applications
and content across
three screens:
high speed Internet, wireless, TV

Business Opportunity

AT&T's global network and advanced product sets deliver value to customers around the world

[GRAPHIC]

Superior Network

Global backbone network averages 5.1 petabytes per business day

30 Internet data centers on four continents

Dedicated MPLS access in 127 countries

Superior Portfolio

Broad suite of managed services, hosting and consulting services

Security and business continuity

Enterprise mobility products

VoIP and other IP-based services

BellSouth Merger

Allows for easier, faster **integration of wireless and wireline** networks and services

Single point of contact, unified effort for wireless and wireline **enterprise** sales

BellSouth's **deep fiber deployment** consistent with Project Lightspeed. Half of BellSouth's households are served by fiber with loops of less than 5,000 feet.

Cost reduction opportunities on multiple fronts

Three-Year Outlook

Expected AT&T Free Cash Flow After Dividends

(\$ in billions)

[CHART]

Double-digit adjusted EPS growth expected in each of the next three years

Following BellSouth merger, **return to revenue growth** in 2007, versus pro forma 2006

Expectations assume planned BellSouth merger closes by year-end 2006. Free cash flow after dividends is cash from operations plus proportionate share of Cingular free cash flow, less capital expenditures and dividends. After BellSouth merger, free cash flow after dividends will be cash from operations less capital expenditures and dividends.

AT&T in Summary

Premier Assets

Wireless
Business

Broadband
Directory

Cost-Reduction Opportunities

Annual cost reductions from merger synergies plus operational initiatives expected to exceed \$8 billion by 2008

Positive Outlook

Expect to deliver double-digit EPS growth in each of next three years, with growing free cash flow after dividends

Management committed to building a strong track record based on consistent execution

Page 16

Copyright © 2006 AT&T. All rights reserved.

[LOGO]

Edward E. Whitacre Jr.

Chairman and Chief Executive Officer AT&T Inc.

[LOGO]

Copyright © 2006 AT&T. All rights reserved.
