BELLSOUTH CORP Form 425 March 29, 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











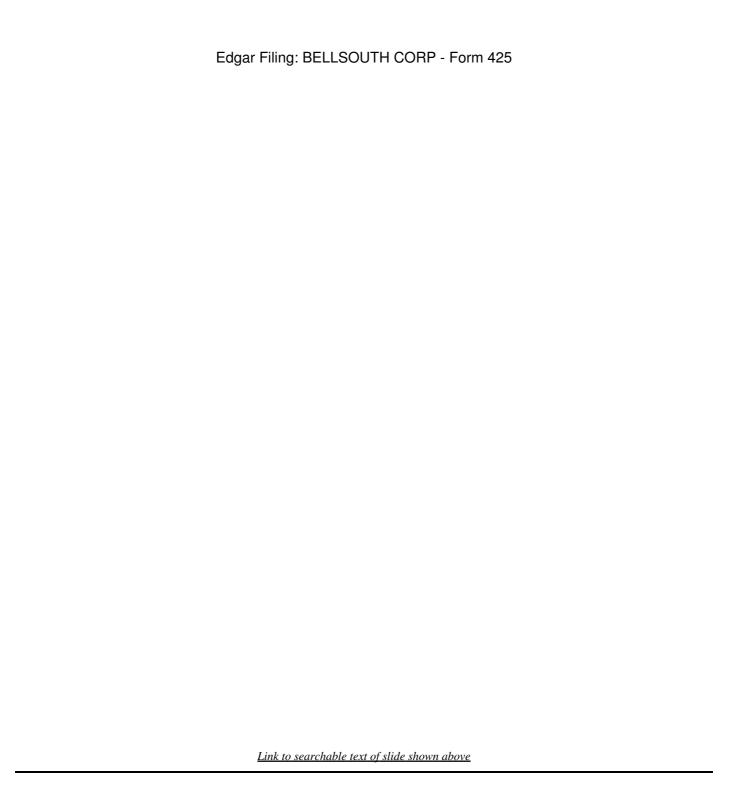


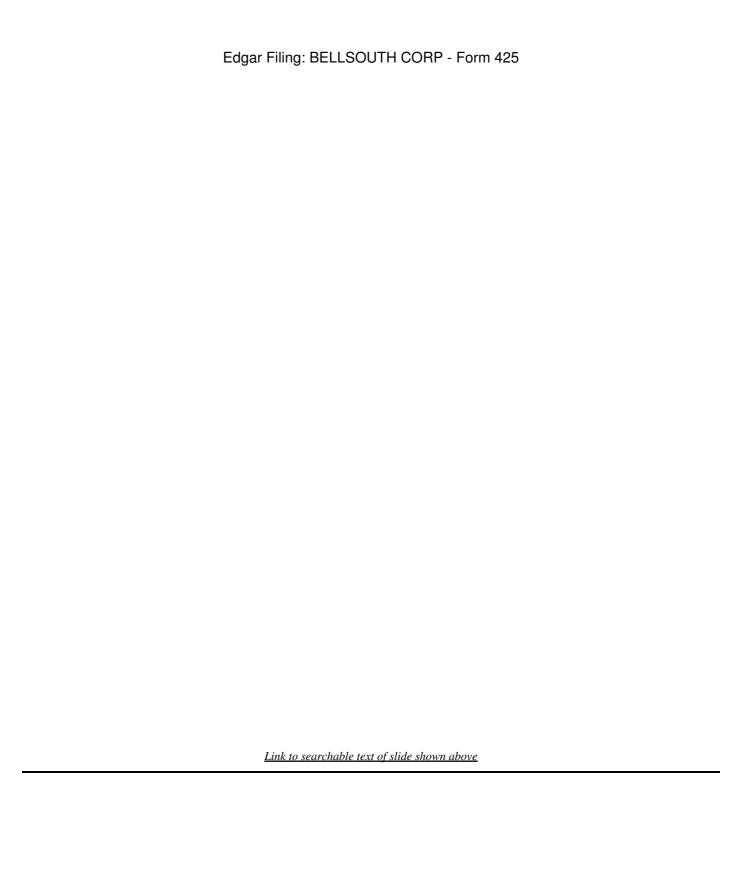




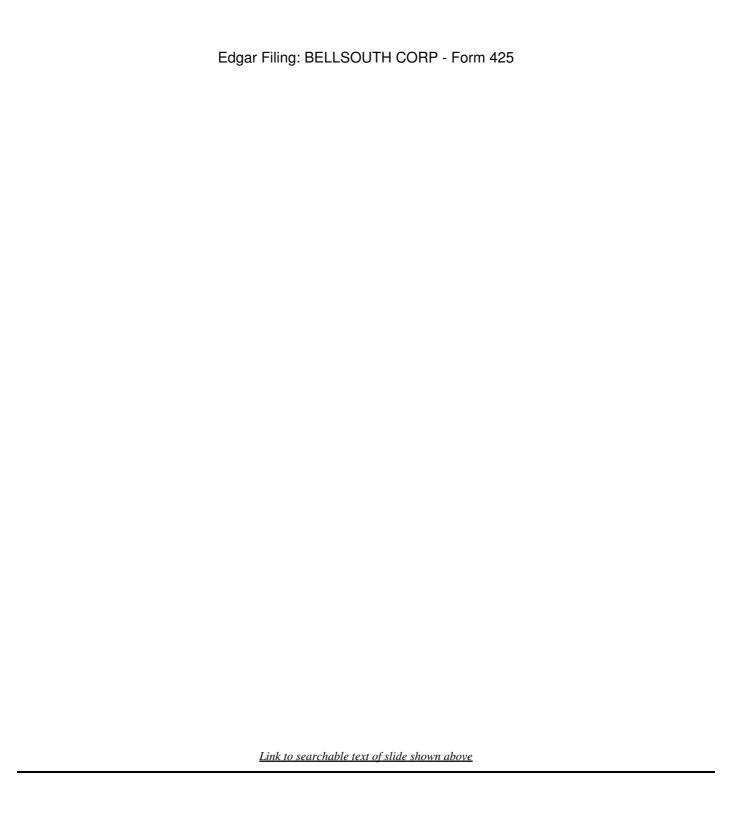












# Searchable text section of graphics shown above

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

**Randall Stephenson** 

Chief Operating Officer

AT&T Inc.

[LOGO]

Copyright © 2006 AT&T. All rights Reserved.

### **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 shareholders 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. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the applicable company s Web site at www.sbc.com/att.investor.relations for AT&T and www.bellsouth.com/investor for BellSouth.

Note

NOTE: In connection with the proposed merger, AT&T intends to file a registration statement on Form S-4, including a joint proxy statement/prospectus of AT&T and BellSouth, and AT&T and BellSouth will file other materials with the Securities and Exchange Commission (the SEC). Investors are urged to read the registration statement, including the joint proxy statement (and all amendments and supplements to it) and other materials when they become available because they contain important information. Investors will be able to obtain free copies of the registration statement and joint proxy statement, when they become available, 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 will be included in the registration statement and joint proxy statement, and the other relevant documents filed with the SEC when they become available.

What Has Changed?
Solid Operational Momentum
AT&T Inc. Adjusted EPS
[CHART]
Reported Results
Significant margin expansion in both wireline and wireless
Seven consecutive quarters of wireline revenue growth
Better-than-projected 2005 performance from <b>former AT&amp;T</b>
4

# What Has Changed?

# **A Dramatically Different Company**

Focused, Wireless

Logical Steps

Over Past Business

Two Years

To Transform Broadband

Business in

Key Areas Cost Structure

AT&T Today: Premier \	Wireless	Assets
-----------------------	----------	--------

Outstanding reach, spectrum depth with IP-based network.

UMTS/ HSDPA network to be deployed in most top 100 markets this year.

Cingular Licensed Coverage 294 Million POPs

[GRAPHIC]

Cellular/PCS Spectrum
Depth MHz Top 100 Markets

[CHART]

Source: Raymond James Equity Research

AT&T Today: Premier Business Assets
AT&T s global network reaches virtually every developed country in the world.
Enterprise
One of the world s largest IP backbones
30 premium global data centers
Strongest MPLS service lineup in North America
Advanced product sets and customer care
Small/Medium
Broad customer base, strong relationships with growing revenues
Opportunity to migrate products and capabilities down market
7

AT&T Today: G	rowing B	roadband 1	Business
---------------	----------	------------	----------

# AT&T Consumer DSL Penetration of Primary Lines

[CHART]

7 million DSL lines in service, doubled over past two years

**1.8 million** net increase in AT&T DSL lines over past four quarters, best among all providers

Project Lightspeed:	
IP-Based Broadband Network	
Integrated IP video, high-speed Internet and voice network	[GRAPHIC]
Natural extension of current fiber deployment	Offer integrated services, and leverage applications and content across three screens: high-speed Internet,
Logical and disciplined approach	wireless, TV
Superior network for both business and consumer services	
	9

A Logical Next Step: BellSouth Merger
Enhances Potential in Key Areas
Wireless
Simplified ownership and operating structure
Integration of wireless and wireline networks and services
Business
Single wireless/wireline point of contact in enterprise space
Expanded opportunity in small-medium business space
Broadband
BellSouth s deep fiber deployment in local network
Cost Structure
Synergy opportunities expected to approach an annual run rate of more than \$2 billion in 2008
10

Synergy Opportunities
on Multiple Fronts
Combine functions, coordinate operations, share technology platforms at three companies:
AT&T, BellSouth and Cingular
Advertising moving from three brands to one
Consolidated staff and support functions AT&T, BellSouth and Cingular
BellSouth LD traffic moved to AT&T network
Cingular traffic moved to common IP backbone
AT&T dedicated access in Southeast moved to BellSouth network
IT, support and customer care platforms optimized
,, and table provided opening of
R&D and product development spread across larger base, with support from AT&T Labs
Red and product development spread across larger base, with support from AT&T Labs
11

Cost Reduction Opportunities
Expected annual cost savings by 2008
\$2.5 billion or more from SBC/AT&T merger synergies
Approximately <b>\$2 billion</b> BellSouth merger synergies, approaching \$3 billion in 2009
\$1.2 billion from additional operational cost initiatives
12

### AT&T Outlook

# Double-digit adjusted EPS symbol billion free cash flow after at least \$10 billion over the next growth expected over each of the next three years Share Repurchase At least \$10 billion over the next 22 months with at least \$2 billion expected in 2006 \$4 - \$5 billion free cash flow after dividends(1) starting in 2007, >\$6 billion in 2008

- (1) Free cash flow after dividends is cash from operations plus proportionate share of Cingular free cash flow, less capital expenditures and dividends.
- (2) Free cash flow after dividends is cash from operations less capital expenditures and dividends.

# The New AT&T In Summary

### **Premier assets**

U.S. leader in wireless, business, DSL broadband, directory

### Solid operating momentum

Substantial margin expansion over past year in both wireless and wireline, merger integration on track

### [GRAPHIC]

### Large synergy opportunities

Cingular Wireless, AT&T acquisition, BellSouth merger

### Positive financial outlook

Expect to deliver double-digit adjusted EPS growth, strong cash flow over next three years, \$10 billion in share repurchase over next 22 months

Randall Stephenson		
Chief Operating Officer		
AT&T Inc.		