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**DIRECT TESTIMONY OF CHRISTOPHER RICE**

**Executive Vice President – Network Planning and Engineering  
AT&T Inc.**

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3                   **AT&T Inc.\***

4   **I.     INTRODUCTION**

5   **Q.     PLEASE STATE YOUR NAME AND TITLE.**

6   A.     My name is Christopher Rice. I am Executive Vice President – Network Planning  
7           and Engineering for AT&T Inc. (“AT&T”).

8   **Q.     PLEASE DESCRIBE YOUR JOB RESPONSIBILITIES.**

9   A.     I am responsible for enterprise-wide development, engineering, planning and  
10          procedures, deployment guidelines, advanced switching and routing, and other  
11          aspects of the new AT&T network. As part of my responsibilities, I am  
12          responsible for planning and implementing the integration of the legacy SBC  
13          Communications Inc. (“SBC”) network with the legacy AT&T Corp. network. I  
14          also was involved in certain aspects of due diligence relating to the networks of  
15          BellSouth Corporation (“BellSouth”) and Cingular.

16   **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17   A.     The purpose of my testimony is to explain from a network perspective the  
18          benefits that customers in Tennessee can expect to receive as a result of AT&T’s  
19          merger with BellSouth. These benefits fall into three broad categories:  
20          (a) benefits from network integration; (b) more innovation in networks and  
21          services, and faster roll-out of new and existing services to our customers; and  
22          (c) improved ability to respond to natural disasters.

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\* Please see the Cautionary Language Regarding Forward-Looking Statements included as Attachment A to this testimony.

1 **II. THE MERGER WILL ENHANCE NETWORK INTEGRATION AND**  
2 **THEREBY INCREASE SERVICE QUALITY**

3 **Q. DOES AT&T PLAN TO INTEGRATE THE BELL SOUTH AND AT&T IP**  
4 **NETWORKS WITH CINGULAR'S IP NETWORK?**

5 A. Yes. A merged AT&T and BellSouth, with unified ownership of Cingular, will  
6 be able to realize the advantages of combining the three companies' networks into  
7 one, Internet Protocol ("IP") based network. This integration will yield  
8 operational efficiencies, as the combined company will conduct network planning  
9 and engineering across a single, integrated network and will realize more efficient  
10 traffic management. In addition, AT&T is presently in the process of developing  
11 an IP-based network architecture, known as "IP Multimedia Subsystem," or  
12 "IMS," that will enable the delivery of combined voice, data, and video offerings  
13 across the company's wireline and wireless networks. With BellSouth, Cingular,  
14 and AT&T each operating separate networks, it is not operationally feasible to  
15 deploy a single IMS solution across the three companies' networks, which in turn  
16 limits the ability of the companies to offer customers the full capabilities enabled  
17 by this new technology. Following the merger, the combined company will be  
18 able to deploy a single IMS solution across the entire, integrated network, which  
19 in turn will permit the combined company to offer customers an array of  
20 integrated voice, data, and video services.

21 **Q. CAN YOU BE MORE SPECIFIC ABOUT HOW INTEGRATION WILL**  
22 **BENEFIT CUSTOMERS IN TENNESSEE?**

23 A. Yes. For one thing, the merged company will be better able to provide  
24 innovative, efficient, high-quality service to the small- and medium-sized  
25 businesses that BellSouth serves today in Tennessee. To take one of many

1 examples, prior to its merger with SBC, AT&T Corp. had developed an advanced  
2 “click-through” portal that allowed large enterprise customers to, in effect,  
3 provision and manage their telecommunications services in real time, simply by  
4 navigating a computer interface. A key benefit arising out of the SBC/AT&T  
5 merger is that the combined company now has the resources and customer base to  
6 enable it to make services such as this available to a broader segment of  
7 customers. Although the SBC/AT&T merger was consummated just last fall, we  
8 have already completed the systems work necessary to make the “click-through”  
9 portal available to a broader set of business customers than the legacy AT&T had,  
10 and we are funding additional work to expand the offering even further.

11 Following the merger with BellSouth, that process will occur in Tennessee and  
12 other BellSouth states as well, thus ensuring that a broader set of customers in  
13 these states realize the benefits of innovations that previously had been limited to  
14 large enterprise customers.

15 In addition, the merged company will be better positioned to serve the large  
16 enterprise customers that AT&T serves today in Tennessee. One of the primary  
17 objectives of the merger is to create a national and international end-to-end IP  
18 network that will allow for the more efficient transmission of the high volumes of  
19 traffic that enterprise customers generate, at the quality of service these customers  
20 increasingly demand.

21 Finally, the integration of the BellSouth and AT&T IP networks with Cingular’s  
22 IP network will permit the combined company to offer customers a range of next-  
23 generation, IP-based services. With the deployment of IMS described above, the

1 merged company will be better able to offer a seamless suite of voice, data, and  
2 video services to the customer, regardless of where that customer is and what  
3 device (*e.g.*, wireline phone, wireless phone, or computer) he or she happens to be  
4 using.

5 **Q. CAN YOU PROVIDE A CONCRETE EXAMPLE OF HOW NETWORK**  
6 **INTEGRATION CAN PROVIDE A BENEFIT TO CUSTOMERS,**  
7 **PARTICULARLY IN THE IP CONTEXT?**

8 A. Yes. Integrating BellSouth's and AT&T's complementary networks will allow us  
9 to move BellSouth's Internet-bound traffic (both domestic-bound and  
10 international-bound) onto AT&T's backbone network, achieving greater  
11 economies of scale. Specifically, this will allow Internet-bound traffic originated  
12 by BellSouth customers to be carried using AT&T's Tier 1 Internet backbone.  
13 Currently, despite the fact that BellSouth is a leading Internet service provider, it  
14 is not a Tier 1 backbone provider. Integrating the networks will allow BellSouth-  
15 originated Internet traffic to be handed off on a direct peering basis. Such an  
16 arrangement is more efficient from an engineering viewpoint and reduces the cost  
17 of hand-offs of Internet traffic to other carriers. In addition, by carrying Internet  
18 traffic on our own network for a longer duration, the combined company will be  
19 better able to manage the quality of the traffic as it is delivered to other carrier(s)  
20 with which we will have a (Tier 1) direct peering relationship. By thus reducing  
21 the total number of hand-offs the traffic will experience as it travels among  
22 carriers, this integration will improve reliability, reduce latency (delay in signal  
23 flow), and allow us to provide a higher quality of service or "QoS." And these

benefits, in turn, will allow the merged company to provide more efficient, higher quality services to customers in Tennessee.

**Q. HOW WILL THIS NETWORK INTEGRATION AFFECT QUALITY OF SERVICE FOR CUSTOMERS?**

A. The network integration resulting from the merger will improve quality of service. As I explained immediately above, it will result in more traffic being carried entirely on a single, integrated IP network. Increasing the on-net traffic over a greater percentage of the distance between the origination and destination points allows us to better manage that traffic. Better management reduces latency, and therefore allows us to offer our customers better service. We will also be able to offer our customers improved reliability and security. And, again, this improved quality of service will benefit the customers that BellSouth and AT&T already serve in Tennessee, as well as the customers (both enterprise and mass market) that they hope to serve.

**Q. HOW WILL THE NETWORK INTEGRATION DESCRIBED ABOVE AFFECT THE COMBINED COMPANY'S ABILITY TO ADDRESS NETWORK SECURITY ISSUES?**

A. Integration of the BellSouth, AT&T, and Cingular IP networks will markedly enhance the company's ability to address security concerns. Simply put, security is far easier to manage on a single, IP-based network than it is on three distinct IP networks. Network integration results in fewer mission-critical facilities – i.e., core nodes and routers – that must be managed. In addition, with a single IP network, critical security solutions – such as firewalls and packet cleaning solutions – need only be installed and managed once, rather than repeatedly

1 across multiple networks. These efficiencies, in turn, permit the combined  
2 company to pursue security solutions on a cost-effective basis, leaving more  
3 resources to devote to the types of innovative solutions discussed above.

4 **Q. HAS AT&T ACHIEVED ANY BENEFITS OF INTEGRATION FROM**  
5 **THE RECENT MERGER BETWEEN SBC AND AT&T CORP.?**

6 A. Absolutely. While the process of integrating the legacy SBC and the legacy  
7 AT&T networks is just beginning, we already are realizing significant benefits.  
8 After we closed the merger on November 18, 2005, we spent the next  
9 approximately six weeks completing the integration planning process. The actual  
10 implementation phase began in January. Even in the first several months of this  
11 process, we already are realizing significant benefits for customers from network  
12 integration. Indeed, we are ahead of schedule in many respects.

13 For instance, in addition to the “click through” example discussed above, as a  
14 result of that merger, we already are delivering enhanced Internet backbone  
15 reliability and reduced latency to our customers. Prior to the SBC/AT&T merger,  
16 AT&T Corp. had a national and international network, and was considered one of  
17 the “Tier 1” backbones. SBC, like BellSouth’s subsidiaries, operated a dense in-  
18 region network with relatively few out-of-region points of presence. SBC was not  
19 considered a Tier 1 backbone, and therefore had to hand off significant amounts  
20 of traffic to a Tier 1 backbone and pay transit fees. Since closing the merger, we  
21 have begun the integration by directly connecting the legacy SBC backbone to the  
22 legacy AT&T backbones both inside and outside the U.S. so that they can operate  
23 effectively as one. As a result, traffic that previously was sent to/from legacy

1 SBC and AT&T customers is being exchanged directly and is therefore being  
2 handled with enhanced service quality.

3 **Q: ARE THERE OTHER BENEFITS THAT ARE ALREADY**  
4 **MATERIALIZING AS A RESULT OF THE SBC/AT&T MERGER?**

5 A. Yes, there are. Another benefit of combining SBC and AT&T is that we have  
6 been able to commit the financial resources to accelerate expansion of network  
7 capacity in two respects. One expansion involves the legacy AT&T plan for an  
8 all-optical, ultra long-haul transport network. Because of budget constraints, the  
9 legacy AT&T had not planned to complete this network upgrade until at least  
10 2007-2008. The new AT&T, with the financial resources of the combined  
11 companies, has accelerated that investment into the current year. When  
12 completed, this investment will greatly enhance the through-put (i.e., reduced  
13 latency and packet loss) and reliability of customer services. It will also lay the  
14 foundation for increasing the capacity of the AT&T IP backbone to meet  
15 customer growth for IP-based services such as virtual private networks, disaster  
16 recovery connections, and remote storage requirements. And it will also allow for  
17 shorter provisioning intervals and lower costs.

18 The second, broader expansion involves our core Internet backbone network. The  
19 legacy AT&T core was comprised of multiple OC192 circuits. The new AT&T  
20 has developed a plan to accelerate deployment of new OC768 circuits. That  
21 process will start later this year. In addition to increased capacity, the new  
22 network will benefit customers by enhancing traffic management efficiency,  
23 improving the reliability of the IP network, and providing increased disaster

1 recovery capabilities should a failure in any part of the IP network occur (i.e.,  
2 transport facility, router, peer point, etc.). With the combination of SBC and  
3 AT&T, this enhancement of our Internet backbone will occur more quickly than  
4 either company alone would have been able to accomplish, to the benefit of our  
5 customers.

6 The combined company also is launching a project to reduce network congestion  
7 using an AT&T Labs-developed intelligent routing solution. Today, each router  
8 in a network operates off a list of routing tables that tell the router where to send  
9 the Internet traffic. These routing tables are used to re-route traffic when there is  
10 congestion in one part of the network (e.g., because a router goes down).

11 Currently, when re-routing is necessary, routing tables are updated through a  
12 process of sending updated routing table information to every router in the  
13 system. That process takes time and causes additional congestion on the IP  
14 network, which delays traffic (i.e., increases latency and packet loss) as the IP  
15 routers update with the new routing tables. This process recurs when the failed  
16 router is restored, again causing all of the routing tables to update.

17 The new AT&T has accelerated the implementation of a technology developed by  
18 AT&T Labs to connect these routing tables electronically to a single database,  
19 which will enable a router automatically to query the database and locate the best  
20 routing to avoid the point of congestion. Implementation of this new system will  
21 permit earlier identification of network congestion and quicker disbursement of  
22 re-routing information, resulting in a more stable network. This new intelligent  
23 routing capability will be able to mitigate Distributed Denial of Service

1 (“DDOS”) attacks by preventing congestion both on the IP network and on  
2 customer connections. It also will enable the development/creation of new IP-  
3 based services and applications much like the Advanced Intelligent Network  
4 (“AIN”) technology did for the Public Switched Telephone Network (“PSTN”).

5 These are just a few of the many examples of concrete benefits directly traceable  
6 to the integration accomplished as a result of the recent merger.

7 **III. THE MERGER WILL INCREASE THE PACE OF INNOVATION AND**  
8 **THE DEPLOYMENT OF NEXT GENERATION SERVICES**

9 **Q. PLEASE DESCRIBE HOW THE MERGER WILL AFFECT**  
10 **INNOVATION AND THE INTRODUCTION OF NEW SERVICES.**

11 A. The wireline-wireless integration that I have discussed will permit us to introduce  
12 new IP-based products and to be more responsive to consumer demands. Across  
13 the spectrum of our customers, from the largest enterprise to a single household,  
14 we continue to hear that consumers want to be able to access needed information  
15 and applications from any connected device in an easy, intuitive, and reliable  
16 manner. The integration of IP networks I’ve discussed above will position AT&T  
17 to meet these demands.

18 The merger will allow the combined company to increase the pace of innovation,  
19 roll-out new services more quickly, and offer those services to a broader range of  
20 customers. Moreover, the combined company will have a greater incentive to  
21 invest in new products and services than would either company alone. Because  
22 technical innovations are generally applicable to a broad range of services, the  
23 incentive to invest in such innovations is greatest when the resulting innovation

1 can be offered across multiple services and to the broadest range of customers,  
2 allowing the innovator the maximum opportunity to earn the full benefits of the  
3 innovation.

4 **Q. CAN YOU PROVIDE AN EXAMPLE OF HOW AN INNOVATION CAN**  
5 **BE EXTENDED TO NEW CUSTOMER GROUPS?**

6 A. Yes. In addition to the “click-through” portal I discussed earlier, another  
7 innovation the new AT&T is pursuing involves a patented IP tool developed by  
8 legacy AT&T Labs to detect network congestion in real time. This tool enables  
9 the company to identify potential disruptions to VoIP or video services. Legacy  
10 AT&T applied this tool only to large enterprise customers, but the SBC-AT&T  
11 merger has allowed us to bring this development to business DSL customers as  
12 well. By coupling the network congestion detection technology with AT&T’s  
13 expertise in managing networks through the use of automated troubleshooting and  
14 isolation/localization of network faults, the new AT&T is able to offer more  
15 reliable IP-based services to a broader range of customers. These same  
16 technologies can be applied to BellSouth and Cingular, allowing AT&T to extend  
17 the benefits of a more stable network to a broader customer base.

18 **Q. ARE THERE PARTICULAR BENEFITS OF THE MERGER FOR RURAL**  
19 **CONSUMERS?**

20 A. Yes, there are. Access to a high-speed Internet connection can be particularly  
21 crucial for improving the quality of life for rural residents because the Internet can  
22 augment many basic services that are in short supply in rural America, such as  
23 state-of-the-art health care, extensive library resources, and educational

1 opportunities. As the FCC has recognized, however, deployment of wireline DSL  
2 in some rural areas poses difficult challenges.<sup>1</sup>

3 As a result of the merger, AT&T and BellSouth can consolidate their efforts to  
4 explore ways to more efficiently deploy broadband services to rural and other  
5 hard-to-reach areas. In particular, the pooling of AT&T and BellSouth resources,  
6 combined with the technical expertise of Cingular, holds great promise for the  
7 development and deployment of broadband services using wireless technologies.  
8 Indeed, AT&T is implementing pre-WiMax trials in rural areas of Nevada and  
9 Texas this year.

10 **Q. WILL ACCESS TO AT&T LABS PROVIDE ANY PARTICULAR**  
11 **BENEFITS TO THE BELL SOUTH COMPANIES?**

12 A. Yes. For instance, AT&T Labs has particular expertise in the development of IP-  
13 enabled voice and video technologies, including technologies relating to more cost  
14 effective delivery of video over IP. AT&T Labs is working to develop enhanced  
15 video compression technology so that video conferencing services can be offered  
16 to enterprise customers with high quality of service commitments. The merger

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<sup>1</sup> In its Fourth Report to Congress on the availability of advanced services, the FCC recognized that providing wired broadband service to certain rural areas poses some hurdles but noted that significant progress is being made:

Rural areas are typically characterized by sparse and dispersed populations, great distances between the customer and the service provider, and difficult terrain. These factors present a unique set of difficulties for providers attempting to deploy broadband services. Yet despite these obstacles, the data described in the preceding section demonstrate that significant progress is being made towards ubiquitous availability of advanced services in rural areas. This is a marked improvement since the *Third Report*.

Fourth Report to Congress, *Availability of Advanced Telecommunications Capability in the United States*, 19 FCC Rcd 20540, 20577 (2004).

1 with BellSouth will increase the attractiveness of investments in these  
2 developments by increasing the base of potential customers who would benefit  
3 from these developments. The increased customer base also will make the  
4 resulting higher quality video-conferencing services available more quickly and at  
5 more attractive prices to small- and medium-sized businesses.

6 AT&T Labs also has been a leader in developing tools relating to speech and  
7 voice recognition, and in conversion of speech to text and vice versa. The ability  
8 to hear email over a cellphone, to read voicemail messages through a video  
9 display, or to text messages that can be heard by the receiving party offer  
10 tremendous advances in communication to consumers who are sight, hearing, or  
11 speech impaired. This transaction will position AT&T to offer such services to  
12 small businesses and consumers in BellSouth's region.

13 **Q. ARE THE BENEFITS OF THE MERGER LIMITED TO RESIDENTIAL**  
14 **CUSTOMERS?**

15 A. Not at all. The new products that will be made possible by the merger will benefit  
16 business customers as well. We will be able to more rapidly and effectively  
17 develop integrated business solutions that will bring the benefit of seamless  
18 mobility to the workplace by integrating wireless devices more fully with office  
19 applications. This will in turn enable businesses to be more productive and  
20 efficient as their workers will be able to perform a wider array of functions  
21 wherever they are located through mobile devices. The acquisition of BellSouth  
22 will enable us to meet business demands for integrated services, as well as to  
23 compete more effectively with a range of competitors -- a number of which are

1 also working on integrated wireless-wireline devices for enterprises. Business  
2 customers will also benefit from our enhanced ability to offer network security  
3 services to protect their business networks from viruses, worms, spam, and denial-  
4 of-service attacks. And, as discussed above with regard to the merger of SBC and  
5 AT&T Corp., the merged company will be able to bring products and capabilities  
6 originally designed to serve the needs of AT&T's very large national and  
7 international customers to smaller businesses.

8 **Q. WILL THE COMBINED COMPANY'S INCREASED INNOVATION**  
9 **BENEFIT TENNESSEE CUSTOMERS?**

10 A. Absolutely. The innovation we expect from the merger will directly impact  
11 customers in Tennessee. Many of these innovations will come in the area of  
12 Internet and IP-enabled services, an area in which AT&T has been a long-time  
13 industry leader. So, whether the customer is, on the one hand, a consumer that  
14 subscribes to the merged company's broadband Internet access product, or, on the  
15 other, an enterprise customer purchasing a suite of data services, the merger will  
16 provide meaningful, direct benefits to customers in Tennessee.

17 **IV. THE MERGER WILL FACILITATE DISASTER RESPONSE AND**  
18 **RECOVERY**

19 **Q. WILL THE MERGER AFFECT THE COMBINED COMPANY'S**  
20 **ABILITY TO RESPOND TO A NATURAL DISASTER?**

21 A. Yes. Large-scale disasters such as ice storms, floods, tornadoes, hurricanes, and  
22 other natural phenomena burden the resources of companies even as large as  
23 AT&T and BellSouth. Historically, the Regional Bell Operating Companies  
24 ("RBOCs") supported one another through voluntary aid agreements, pursuant to

1 which they would make support personnel and equipment available to the affected  
2 RBOC. Such a voluntary system, however, cannot substitute for the efficiency  
3 that arises when there is one network throughout the affected region, with a  
4 common inventory of substitute equipment and personnel trained on that  
5 equipment.

6 In the case of Hurricane Katrina, for example, AT&T (that is, SBC before its  
7 November 2005 merger with AT&T Corp.) provided support personnel and  
8 equipment to support BellSouth's restoration effort. However, before we could  
9 deploy our personnel and equipment, the companies had to go through a formal  
10 process that involved a number of steps, each of which was necessary in the  
11 circumstances, but together delayed deployment. For example, after receiving  
12 BellSouth's formal request for assistance (which in turn could only be prepared  
13 after BellSouth understood the extent of the devastation it faced, what resources it  
14 had, and what it needed from others), SBC had to determine whether it had an  
15 inventory of compatible equipment and parts and, if so, how much could be  
16 spared without risking its own network. Similarly, SBC needed to determine how  
17 many personnel could be loaned to BellSouth consistent with SBC's own network  
18 support obligations, and then comply with various labor agreements before it  
19 could deploy personnel.

20 The merger will speed disaster response and recovery by enabling the combined  
21 company to share equipment and resources more efficiently. As a single  
22 company, AT&T and BellSouth will eliminate many of the processes that  
23 contributed to the delay of deployment. Moreover, with a single network, the

1 issue of equipment and electronics compatibility disappears, and the company  
2 could more efficiently plan for a disaster recovery effort in advance, thereby  
3 speeding up the eventual restoration of service considerably.

4 **Q. ARE THERE OTHER WAYS THAT THE MERGER WOULD IMPROVE**  
5 **DISASTER RECOVERY IN TENNESSEE?**

6 A. Yes, AT&T has unique assets that can be deployed to improve disaster recovery.  
7 As an outgrowth of its long-standing role in national security communications,  
8 and to respond to demands of enterprise service customers that expect the highest  
9 level of network reliability, legacy AT&T invested hundreds of millions of dollars  
10 to develop truly unique disaster response capabilities. AT&T can deploy custom-  
11 built emergency vehicles with satellite uplink facilities, providing a critical  
12 command center as a first response to a disaster. These command centers can be  
13 used by police, fire, and emergency personnel to support communications in the  
14 area, as occurred after the attacks on the World Trade Center in 2001. In addition,  
15 AT&T has the ability to deploy as many as 150 mobile central offices from its  
16 own fleet of trucks. Thus, if a central office is taken out by terrorist activity or  
17 other disaster, the mobile office can restore service very rapidly. Similarly,  
18 AT&T has some 350 trailers with generators, HVAC systems, and other resources  
19 needed to provide power and cooling to facilities that have lost power, enabling  
20 the facilities to be brought back on line quickly.

21 All of these AT&T recovery resources would be available to both BellSouth and  
22 Cingular following the merger. They would substantially enhance their abilities  
23 to respond to both natural and man-made disasters, to improve on-site

1 coordination of first responders and police, and to restore communications  
2 services to private businesses and consumers in the affected areas.

3 **Q. WHAT CONCLUSIONS HAVE YOU REACHED CONCERNING**  
4 **BENEFITS TO TENNESSEE CUSTOMERS STEMMING FROM THE**  
5 **MERGER?**

6 **A.** The merger will result in significant benefits to customers in Tennessee. These  
7 include increased efficiency and service quality from network integration,  
8 increased innovation in network technology and services, availability of a broader  
9 range of services to a broader range of customers, and more efficient disaster  
10 response and recovery.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes.

## ATTACHMENT A

### 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 BellSouth Corporation and are subject to significant risks and uncertainties and outside of our control.

Readers are cautioned that the following important factors, in addition to those discussed in this statement and elsewhere in the proxy statement/prospectus to be filed by AT&T with the SEC, and in the documents incorporated by reference in such proxy statement/prospectus, could affect the future results of AT&T and BellSouth or the prospects for the merger: (1) the ability to obtain governmental approvals of the merger on the proposed terms and schedule; (2) the failure of BellSouth shareholders to approve the merger; (3) the risks that the businesses of AT&T and BellSouth will not be integrated successfully; (4) the risks that the cost savings and any other synergies from the merger may not be fully realized or may take longer to realize than expected; (5) disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; (6) competition and its effect on pricing, costs, spending, third-party relationships and revenues; (7) the risk that 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; (8) final outcomes of various state and federal regulatory proceedings and changes in existing state, federal or foreign laws and regulations and/or enactment of additional regulatory laws and regulations; (9) risks inherent in international operations, including exposure to fluctuations in foreign currency exchange rates and political risk; (10) the impact of new technologies; (11) changes in general economic and market conditions; and (12) changes in the regulatory environment in which AT&T and BellSouth operate. 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 website (<http://www.sec.gov>). Neither AT&T nor BellSouth is under any obligation, and expressly disclaim 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 document 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 website at [www.sbc.com/investor\\_relations](http://www.sbc.com/investor_relations).