



## 2006 Annual Meeting of Shareholders

April 24, 2006



2006 Annual Meeting of Shareholders  
Duane Ackerman, Chairman and CEO

# 2006 Annual Meeting of Shareholders

## Agenda

- Welcome and Introductions by Chairman
- Secretary's Report
- Call to Order
- Business Matters:
  - Election of All Directors
  - Ratification of the Appointment of the Public Accounting Firm
  - Shareholder Proposal
  - Voting
  - Polls Close
- Report on the State of the Business

# Safe Harbor

In addition to historical information, this document may contain forward-looking statements regarding events and financial trends. Factors that could affect our future results and could our cause actual results to differ materially from those expressed or implied in the forward-looking statements include: (i) a change in economic conditions in markets where we operate or have material investments which would affect demand for our services; (ii) the intensity of competitive activity and its resulting impact on pricing strategies and new product offerings; (iii) higher than anticipated cash requirements for investments, new business initiatives and acquisitions; (iv) unfavorable regulatory actions and (v) those factors contained in the Company's periodic reports.

Factors that could prevent or delay completion of the proposed merger with AT&T, could affect the future results of the merged company and could cause the merged company's actual results to differ from those expressed in the forward-looking statements include: (i) our and AT&T's ability to obtain governmental approvals of the proposed merger on the proposed terms and contemplated schedule; (ii) the failure of AT&T shareholders to approve the issuance of AT&T common shares in the merger or the failure of our shareholders to approve the merger; (iii) the risk that the businesses of AT&T and BellSouth will not be integrated successfully or as quickly as expected; (iv) 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; (v) disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; and (vi) those factors contained in the preliminary proxy statement relating to the proposed merger filed with the SEC.

The forward-looking information in this document is given as of this date only, and BellSouth assumes no duty to update this information.

This document may also contain certain non-GAAP financial measures. The most directly comparable GAAP financial measures, and a full reconciliation of non-GAAP to GAAP financial information, are attached hereto and provided on the Company's investor relations web site, [www.bellsouth.com/investor](http://www.bellsouth.com/investor).

**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](http://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](http://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](http://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.

# Great New Day for the Industry

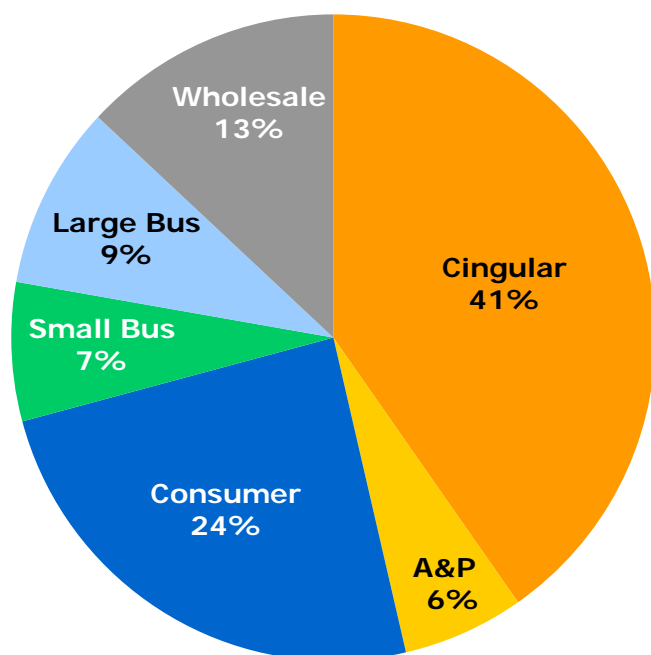
- Industry shifting
  - Wireline to wireless
  - Narrowband to IP broadband
- Communications industry is a world of possibilities
- More speed, simplicity and reliability



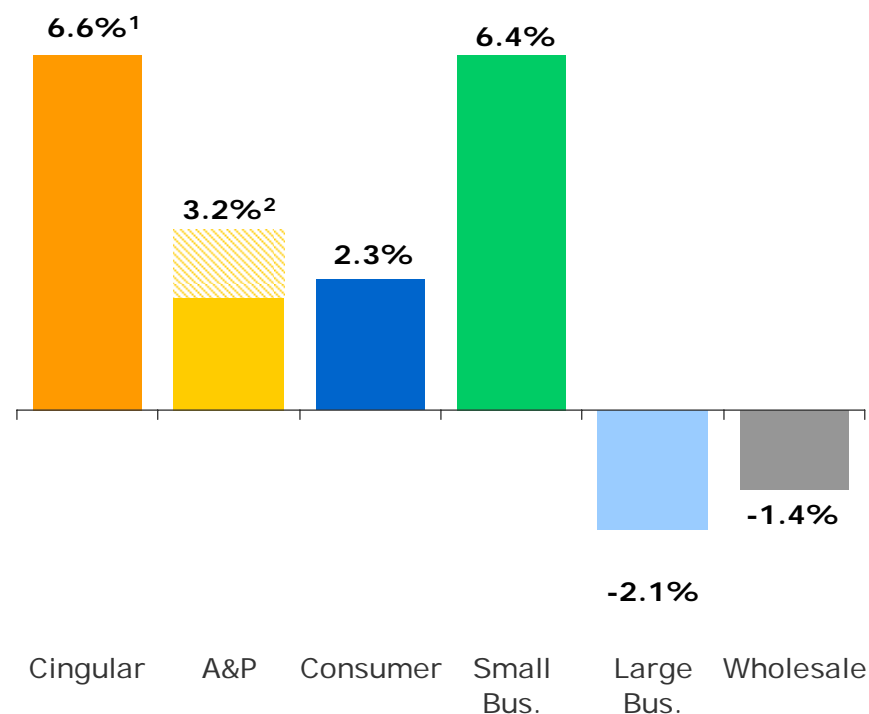
# > 75% of Revenue from Growing Segments

## 2005 Normalized Revenues

Revenue Mix  
\$34B



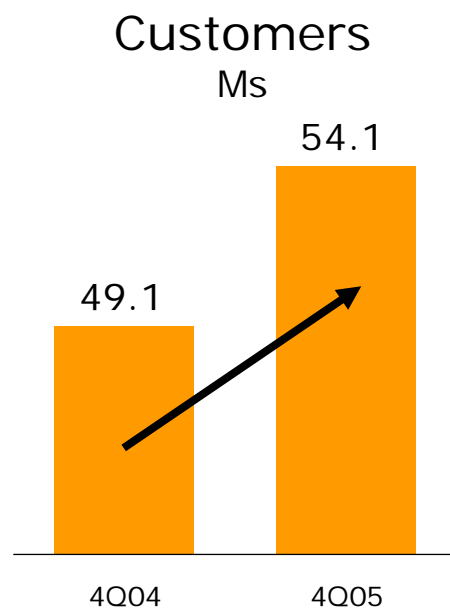
FY 2005 Revenues  
(% YoY)



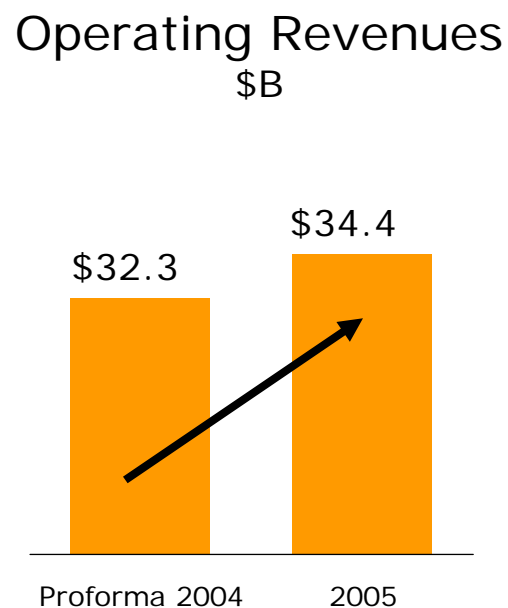
<sup>1</sup> Comparison to pro forma prior year amounts

<sup>2</sup> Adjusted for Hurricane Katrina billing credits

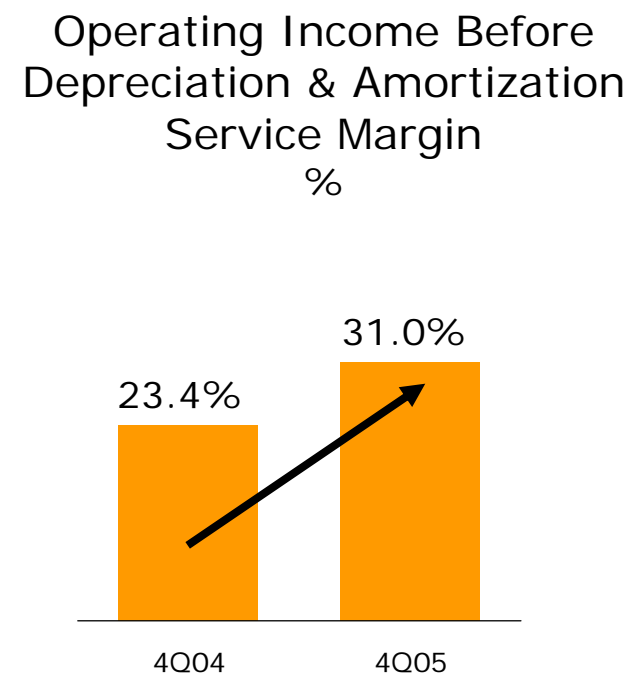
# Cingular 2005 Performance



+ **5** million customers



+ **6.6%** growth in revenues



+ Profit Margin improvement



# Cingular – Industry Leadership Objectives

## Industry Leadership

(by end of 2007)

- Growth compared to the industry

#1

- Profitability compared to the industry

#1

- Reputation with customers

#1



# Expanding Broadband Network

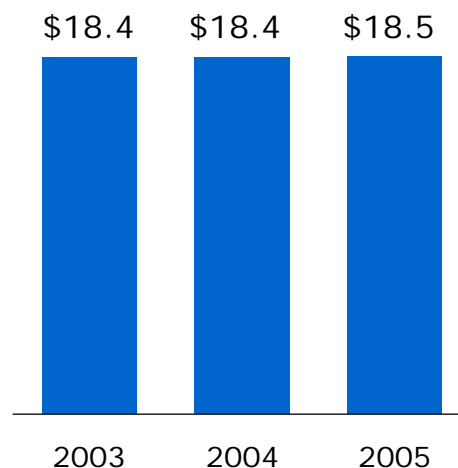
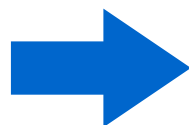


- Building on our strong foundation
- 12 to 24 mega bits<sup>1</sup> of speed to 50% of households by end of 2007
- Speed and capability to compete against cable

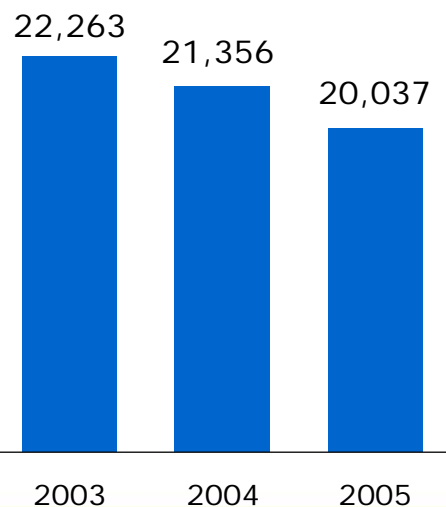
<sup>1</sup> Maximum download speed

# Communications Group 2005 Performance

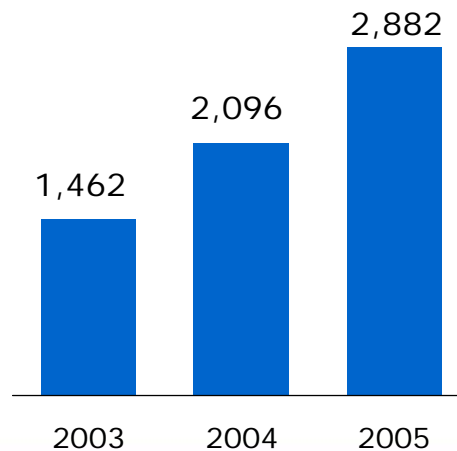
Communications Group Revenues



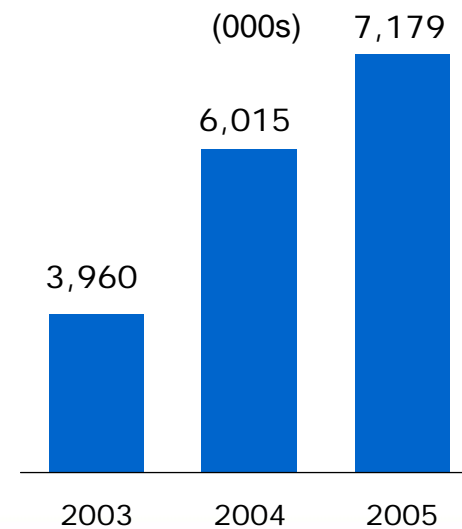
Access Lines  
(000s)







Broadband DSL Customers  
(000s)

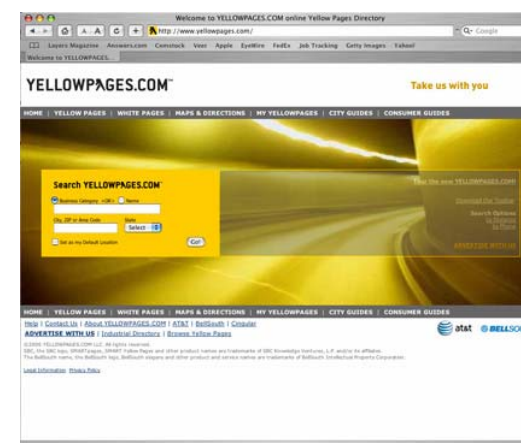


Long Distance Customers  
(000s)



# Advertising & Publishing 2005 Contribution

- 2005 Revenue Growth  **+ 2%**
- Companion Directories  **50 Markets**
- Online Business  **+ \$100 million**
- Operating Income  **Nearly \$1 billion**



# Commitment to Service: Hurricane Response

- Hurricanes tested service commitment
- Customers connected with calling features and alternate services
- Employees safe and on the job
- Restored service after Katrina, Rita, Wilma and many other storms over past 2 years



# 1Q 2006 Results

	<b>1Q05</b>	<b>1Q06</b>
<b>Normalized Earnings Per Share</b>	\$0.45	<b>\$0.54</b>
<b>Normalized Revenue</b>	\$8,311M	<b>\$8,684M</b>
<b>Cingular Net Adds</b>	1.4M	<b>1.7M</b>
<b>DSL Net Adds</b>	253K	<b>263K</b>
<b>Long Distance Net Adds</b>	455K	<b>179K</b>
<b>Access Line Change</b>	-137K	<b>-238K</b>
<b>Advert. &amp; Pub. Revenue Growth</b>	+1.9%	<b>+3.1%</b>

# Great New Day for the Industry

✓ Strong markets and customer relationships



✓ Advanced communications network

✓ Strong Cingular performance



✓ Merger will benefit shareholders, customers and employees



# Benefits of Proposed Merger



- ✓ Good for Shareholders
  - Meaningful premium on stock price
  - Increased dividend opportunity
  - Ongoing ownership in new company
  
- ✓ Good for Customers
  - Customer service
  - Product innovation
  
- ✓ Good for Employees
  - Work for one of the most respected companies in the world
  - Cultures are a good fit



# Special Shareholder Meetings



**at&t**



- Special Shareholder meetings expected to be held in Summer of 2006
- Shareholders will be mailed a proxy prior to meetings
- Please vote your proxy or proxies



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