

AT&T CORP  
Form DEFA14A  
May 10, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A  
Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential,  
for Use of the  
Commission

Only (as  
permitted by  
Rule

14a-6(e)(2))

Definitive  
Proxy  
Statement

Definitive  
Additional  
Materials

Soliciting  
Material  
Pursuant to  
§240.14a-12.

**AT&T Corp.**

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(Name of Registrant as Specified in Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11  
(Set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

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Within AT&T Business, we're generating many important contract wins, and taking targeted actions to expand our product portfolio and our global IP presence to meet the evolving needs of the market. While the industry environment remains tough, we're very encouraged with the firming of our competitive position over the past several months.

Within AT&T Consumer, ratcheting back our marketing expenditures contributed to solid fourth-quarter operating income and operating margin. We've seen resilience within our residential customer base, and we expect the consumer segment to remain a significant contributor to AT&T's earnings and revenue performance for the foreseeable future.

AT&T's net debt of \$6 billion, down by more than **XX%** since the start of 2001, gives us one of the strongest balance sheets in the industry and the flexibility to invest in new capabilities while delivering value to shareholders.

We continue to outpace our closest competitors — MCI and Sprint — on a number of key financial performance metrics.

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Here is a summary of our 4Q results. They show AT&T continues to make great strides in improving our systems and processes, gaining and maintaining enterprise-level market share and driving significant cash flow from both of our operating segments.

For full-year 2004, AT&T reported consolidated revenue of \$30.5 billion, which included \$22.6 billion from AT&T Business and \$7.9 billion from AT&T Consumer. So three-fourths of AT&T revenue is generated by AT&T Business.

Within AT&T Business, we're generating many important contract wins, and taking targeted actions to expand our product portfolio and our global IP presence to meet the evolving needs of the market. While the industry environment remains tough, we're very encouraged with the firming of our competitive position over the past two quarters.

Within AT&T Consumer, ratcheting back our marketing expenditures contributed to solid fourth-quarter operating income and operating margin. We've seen resilience within our residential customer base, and we expect the consumer segment to remain a significant contributor to AT&T's earnings and revenue performance for the foreseeable future.

AT&T's anticipated \$1.5 billion in total capex in 2004 is nearly double MCI's capital spending plans and several times that of Sprint and all other third-tier providers in our industry combined.

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