



New Leadership for the U.S. Wireless Industry





Agenda

Strategic and Operational Overview

Stan Sigman
President and Chief
Executive Officer
Cingular Wireless

Financial Summary

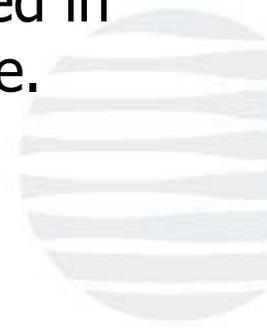
Rick Lindner
Chief Financial Officer
Cingular Wireless

Q and A



Cautionary Language Concerning Forward-Looking Statements

Information set forth in this presentation contains financial estimates and other forward-looking statements that are subject to risks and uncertainties. Discussion of factors that may affect future results of Cingular, SBC and BellSouth is contained in the companies' filings with the Securities and Exchange Commission. Cingular, SBC and BellSouth disclaim any obligation to update and revise statements contained in this presentation based on new information or otherwise.





Stan Sigman

**President and Chief Executive Officer
Cingular Wireless**





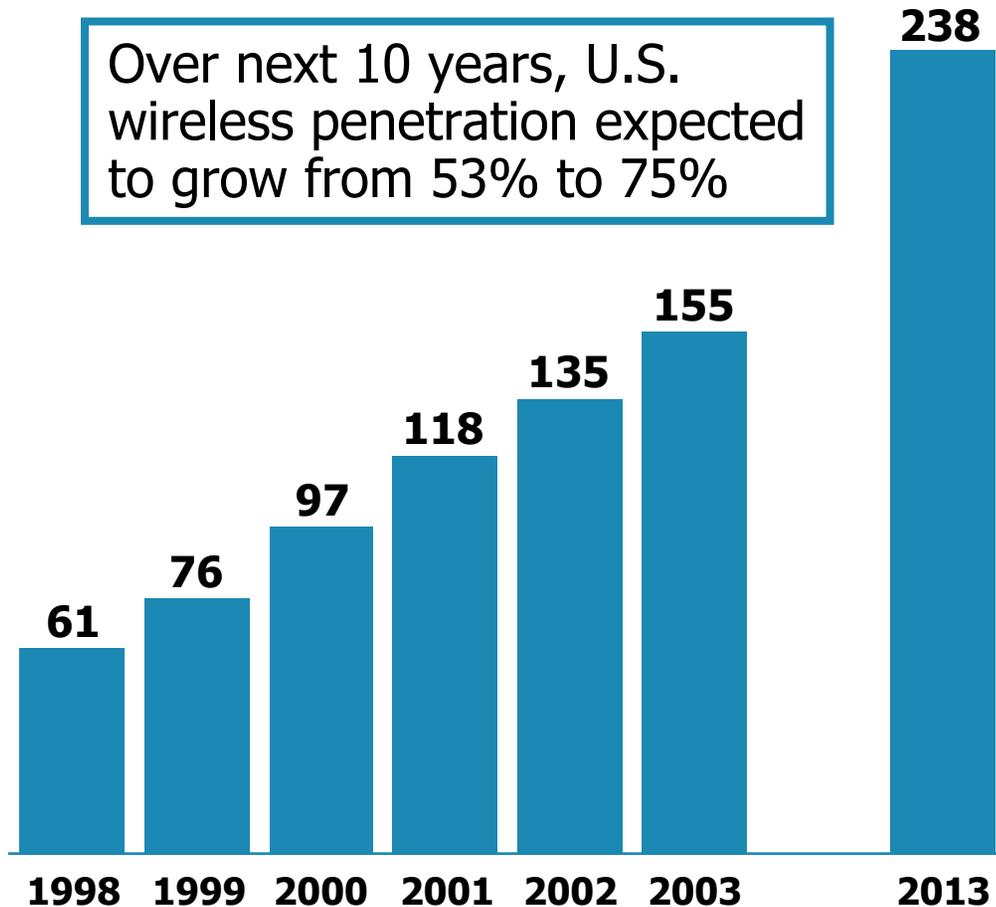
Substantial Synergies, a Clear Focus on Sustained Growth

- Industry-leading **scale**
 - Broad **market coverage**
 - **Spectrum** to accommodate growth and next-generation services
 - Sizable **synergy opportunities** and a proven track record of execution to improve operations
 - The **financial strength** to fund the transaction while maintaining strong credit profile
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Leadership Position in a Growth Industry

Total Subscribers — U.S. Wireless Market

Over next 10 years, U.S. wireless penetration expected to grow from 53% to 75%



Lehman Brothers estimates

Key success drivers ...

- Scale
- Coverage
- Network performance
- Strength in key growth areas:
 - Wireless data
 - Business markets

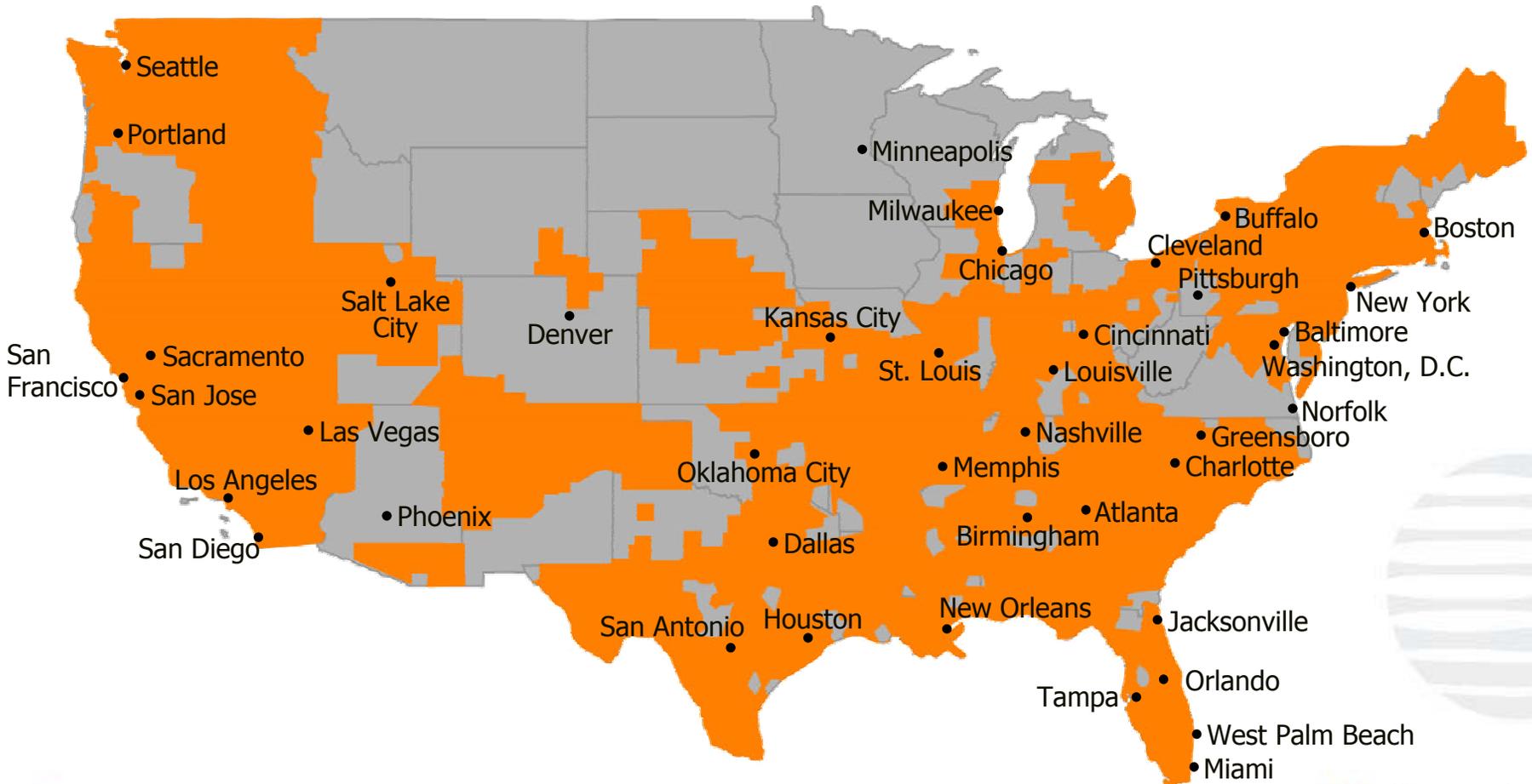
Scale and Reach

(2003 Results)

	Cingular	AT&T Wireless	Combined
Top 100 Markets	87	97	97
Subscribers	24 million	22 million	46 million
Total Revenue	\$ 15.5 billion	\$ 16.7 billion	\$ 32.2 billion
Operating Income	\$ 2.3 billion	\$ 1.2 billion	\$ 3.5 billion
Retail Points of Presence	88,000	70,000	
Cell sites	21,800	25,300	

Cingular Today

(Licensed spectrum)



Cingular + AT&T Wireless

Coverage includes all top 40 major metropolitan areas, 97 of the top 100



(includes AT&T Wireless affiliates)



Outstanding Strategic Fit

Network Technology

- Both networks GSM/GPRS
- Used by > 70% of world's digital wireless market
- Robust platform for emerging wireless data services

Customer Base

- Cingular has broad consumer base
- AT&T Wireless has extensive business customer base, providing service to 90% of Fortune 100, 70% of Fortune 500

Coverage

- Strong national footprint
 - Spectrum to drive growth and support deployment of next-generation services
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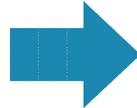
Proven Ability to Execute

- 1** Strong record **integrating and improving operations** — delivering synergies
 - 2** Outstanding **GSM conversion** — ahead of schedule, superior network performance
 - 3** Major acceleration in **high-quality subscriber growth** — solid momentum built over past year
 - 4** A **leader in innovation** — including data services
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Proven Ability to Execute:

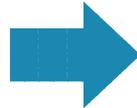
Integrating, Improving Operations

Billing Platforms



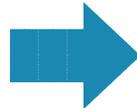
- Consolidated 11 separate operations into two scalable systems
- Interoperable with customer care, activation and point of sale
- 40% reduction in billing costs per customer

Customer Care



- Consolidated 60 separate call centers into 20 megacenters

Distribution

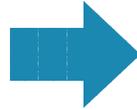


- Replaced decentralized operations for handling handsets and accessories with single, state-of-the-art facility
- Next-day delivery nationwide
- 23% reduction in handling costs per unit, 25% reduction in total inventory

Proven Ability to Execute:

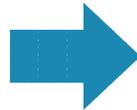
Integrating, Improving Operations

Purchasing



- Significant savings from consolidating handset, network and general services contracts

Branding



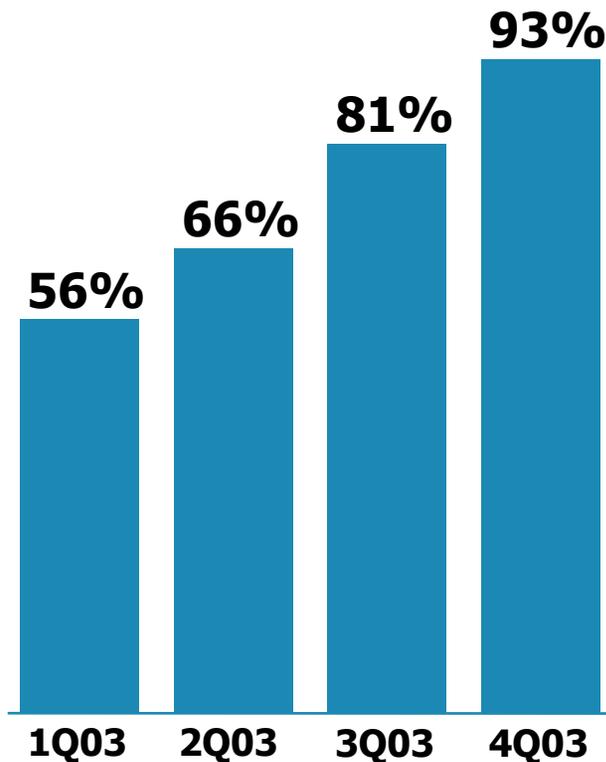
- One of industry's most successful new-brand launches
- Very high levels of awareness nationwide

Because of our recent experience in successfully integrating operations to form a new national company, Cingular is uniquely prepared to improve operations and deliver synergies at the next level.

Proven Ability to Execute:

Very Successful GSM Conversion

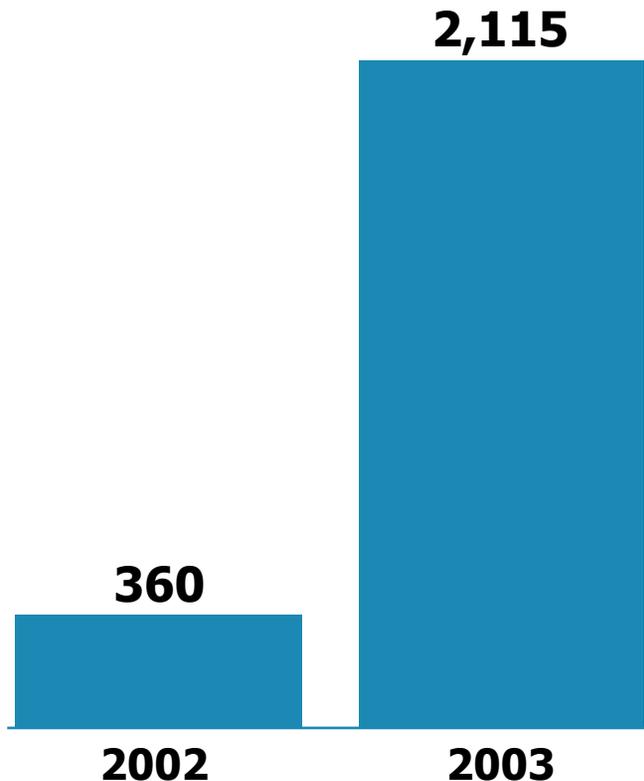
Percent of Cingular Operational POPs with GSM/GPRS Coverage



- Network build **ahead of schedule** with 100% coverage in 2004
- **Positive customer response** with store traffic up 40% in major markets
- 45% of subscribers with GSM-capable handsets at year-end ... **penetration more than doubled** in three quarters
- In fourth quarter **57% of Cingular's network minutes** were GSM

Proven Ability to Execute: Reigniting Subscriber Growth

Cingular Wireless Net Adds (in thousands)



- Cingular's **best-ever gross add totals** in the third and fourth quarter of 2003
- High-quality subscribers with **nearly 90% of the base** post-paid
- Excellent execution of **transition to WLNP ...** churn flat sequentially in 4Q03
- **Solid momentum** heading into 2004



Proven Ability To Execute: **Innovation in Wireless Data**

In 2003, Cingular ...

- **Led the U.S. wireless industry** in total data revenue, up nearly 60% over 2002
- Posted **85% increase** in short messaging service volumes
- Became **first carrier in the world to launch EDGE** — turned up Indianapolis network in July
- Launched **new data services** including ...
 - PC to mobile messaging with Yahoo! and AOL
 - Industry's easiest-to-use multimedia messaging

Compelling Benefits for Customers and Shareowners

Scale

- Operating efficiencies
- Leverage for new technology investments, new services

Coverage

- Superior network performance
- Foundation for next-generation wireless data services

Shareowner Value

- Robust long-term growth platform
- Significant synergies



Rick Lindner

**Chief Financial Officer
Cingular Wireless**



Transaction Summary

All-Cash Acquisition

\$41 billion

**Cash for equity
(\$15 per share)**

\$6 billion

Assumed net debt

\$47 billion

Total value

- Approvals required from DOJ and FCC
- Transaction expected to close in 4Q04



Funding Requirements

(Dollars in billions)

Equity value of transaction	\$ 41
Less AWE cash	\$ (5)
Cash required to fund transaction	<hr/> <u>\$ 36</u>

**60%/40% proportionate funding
by SBC and BellSouth**



Financial Impacts

- Purchase accounting
- Cingular free cash flow positive year one
- Cingular earnings positive starting year two
- Cingular expects to generate operating expense and capex synergies of:
 - More than \$1 billion in 2006
 - More than \$2 billion in years following

2003 Results

(Dollars in billions)

	Cingular Wireless	AT&T Wireless	Combined
Service Revenues	\$ 14.2	\$ 15.7	\$ 29.9
Total Revenues	\$ 15.5	\$ 16.7	\$ 32.2
Operating Expenses	\$ 13.2	\$ 15.5	\$ 28.7
Operating Income	\$ 2.3	\$ 1.2	\$ 3.5
Capex	\$ 3.4	\$ 3.1	\$ 6.5



Substantial Synergy Opportunities

- Network
- Marketing
- Customer care
- General and administrative

Financial Impacts

(Dollars in billions, pretax)

2005

2006

2007

Synergies

Operating Synergies	\$0.1 - 0.4	\$0.5 - 0.8	\$1.2 - 1.5
Capex Savings	<u>0.6 - 0.9</u>	<u>0.8 - 1.2</u>	<u>0.8 - 1.2</u>
Total Synergies	0.7 - 1.3	1.3 - 2.0	2.0 - 2.7

One-Time Costs

Integration Costs	(1.2) - (0.9)	(0.4) - (0.2)	(0.2) - 0.0
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Purchase Accounting Impacts

Non-cash Impacts	(1.8) - (1.5)	(1.5) - (1.2)	(1.2) - (0.9)
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Cingular Financial Summary

- Significant achievable **synergies**
- Cingular **cash flow positive** year one
- Cingular **earnings positive** starting year two
- **\$36 billion in funding** required net of AWE cash



Randall Stephenson

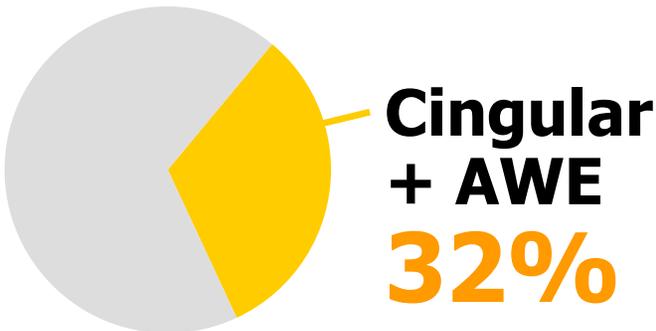
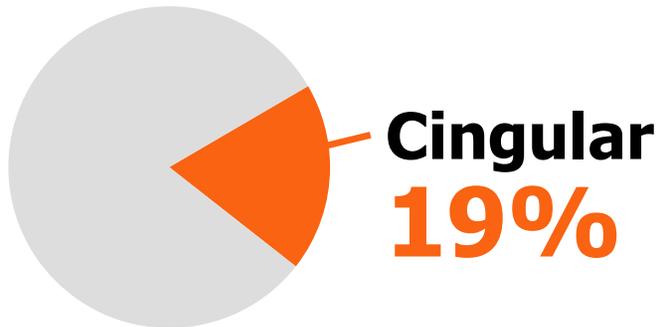
**Senior Executive Vice President
and Chief Financial Officer
SBC Communications Inc.**



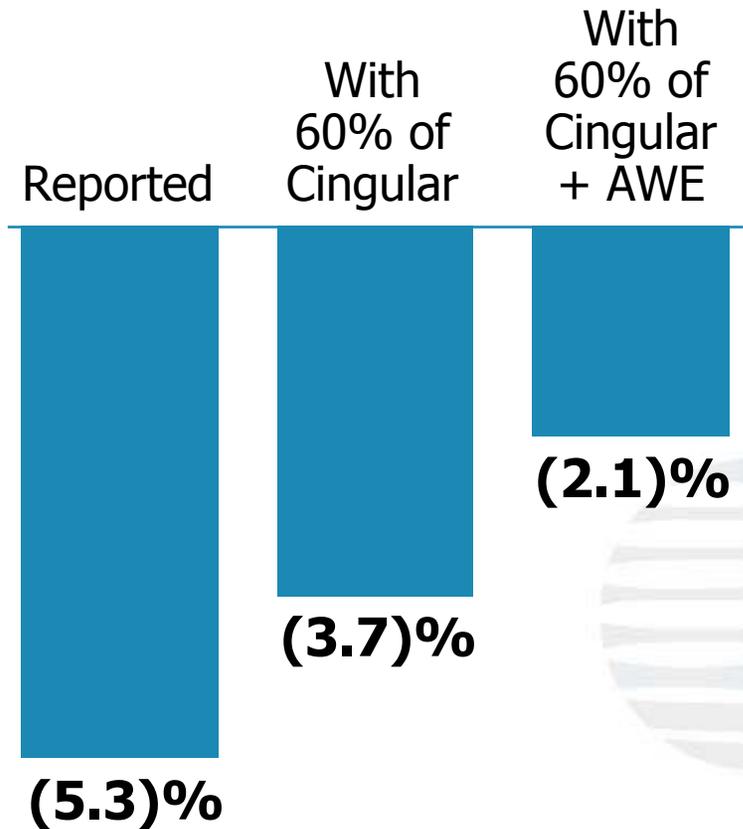
SBC Impacts:

Drives Revenue Growth

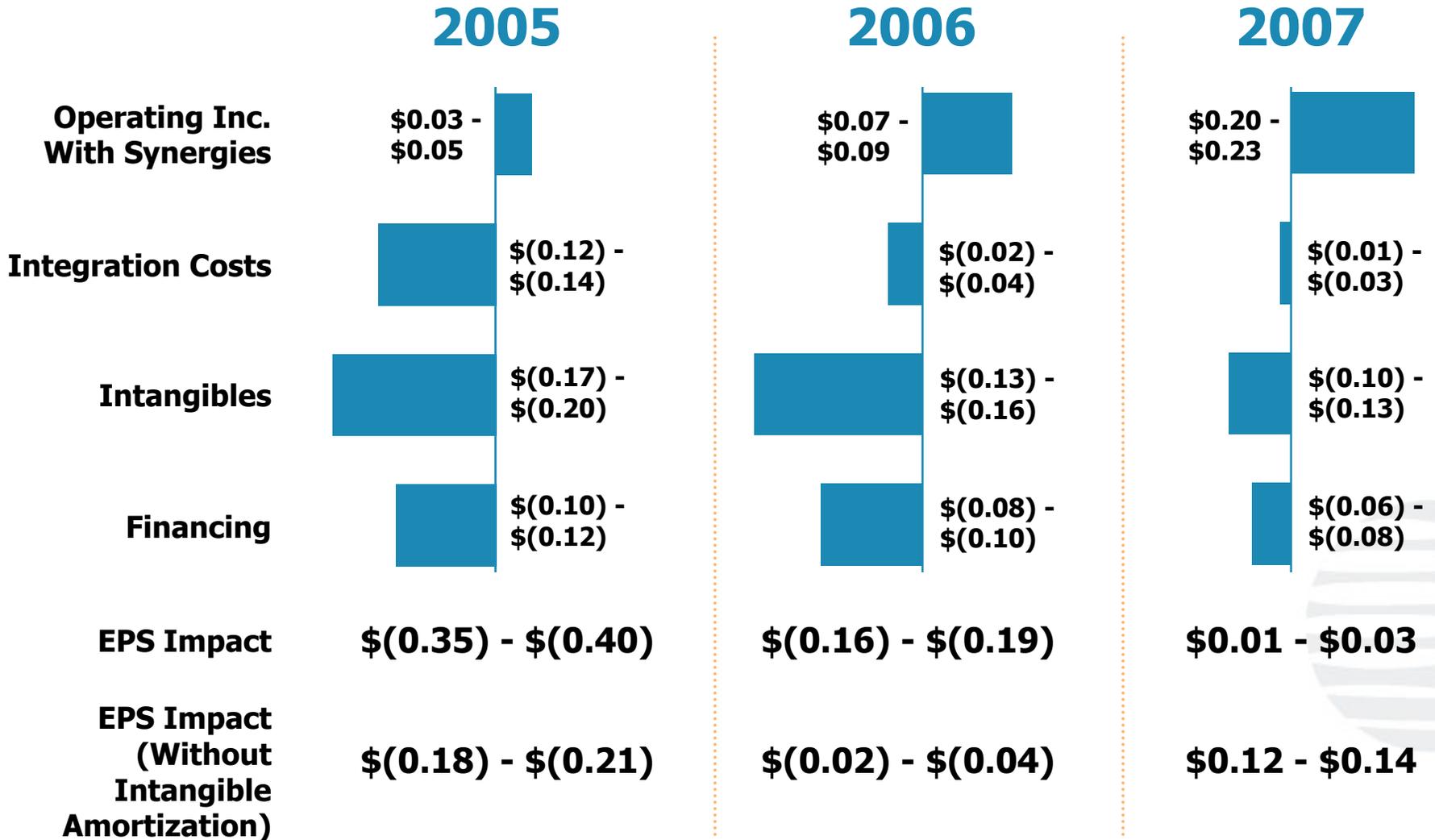
Wireless as percent of SBC 2003 total revenues on proportionate basis ...



SBC 2003 revenue growth rates ...



SBC EPS Impact



SBC Share of the Acquisition

(Dollars in billions)

Acquisition price	\$41
AWE cash balance	<u>~ \$5</u>
Net acquisition price	~ \$36
SBC share @ 60%	~ \$21

Expected Sources of Cash

(Dollars in billions)

Cash required at closing	\$21
SBC cash on hand	\$5
2004 free cash flow (Cash from operations less capex, dividends and debt maturities)	\$2
SBC asset sales	\$1 - \$4
Total cash on hand 12/31/04	<hr/> \$8 - \$11
Amount financed	\$10 - \$13



SBC Impacts: Financial Summary

- Strengthens key **growth strategies**
- Improves **revenue mix**, drives growth
- Impact on earnings turns **positive in 2007**
- **Modest financing** requirements
- Will maintain **very strong credit metrics**, should have no impact on credit ratings



Ron Dykes

**Chief Financial Officer
BellSouth**

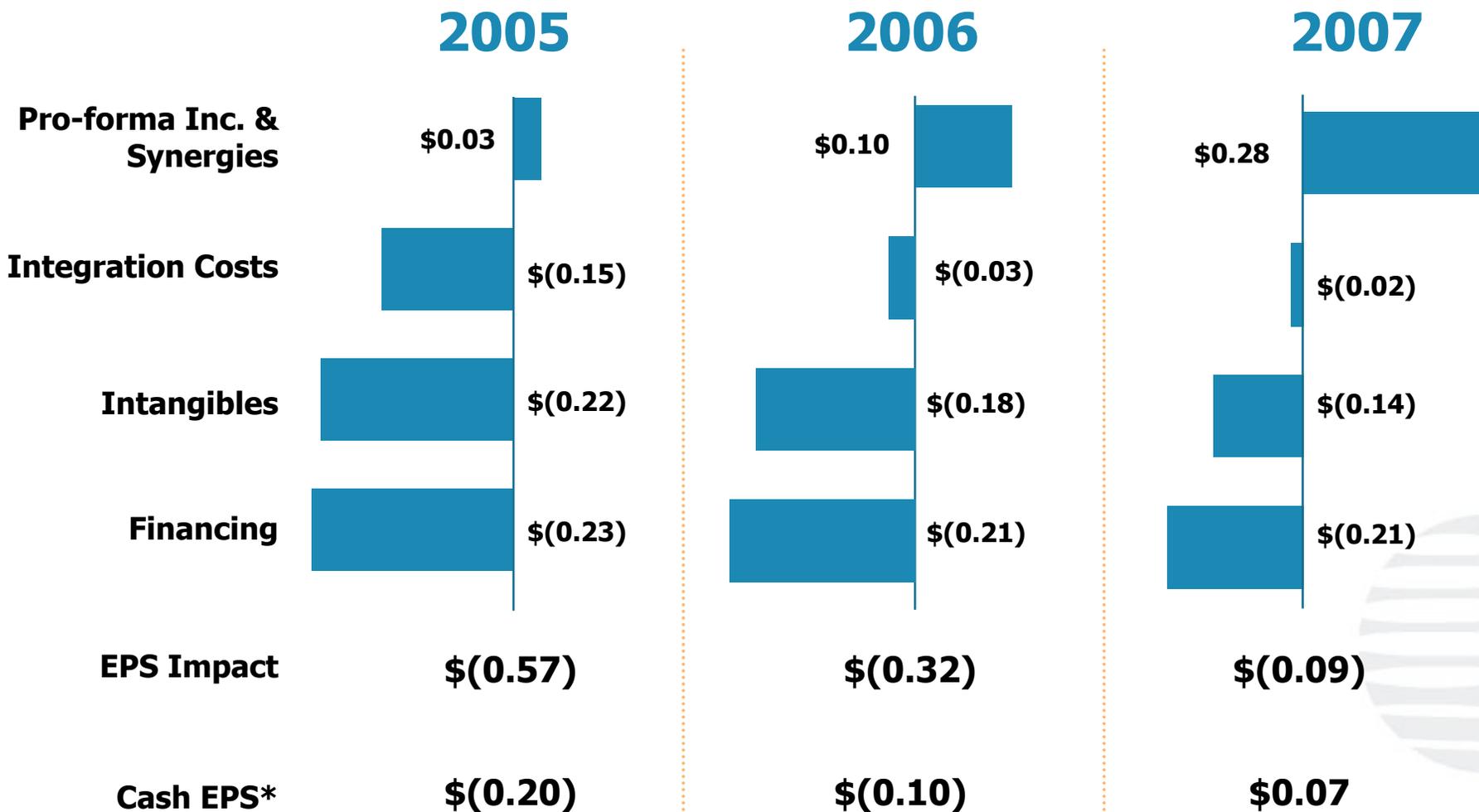




Overview Comments – Transaction's Importance to BellSouth



BellSouth's Estimated EPS Impact



* Excludes Intangible Amortization and Integration costs

BellSouth's Share of the Acquisition

(Dollars in billions)

Acquisition price	\$ 41.0
AWE cash balance	~ \$ (5.0)
Net acquisition price	~ \$ 36.0
BellSouth's share @ 40%	~ \$ 15.0



Ron Dykes

**Chief Financial Officer
BellSouth**

