

DECLARATION OF HOSSEIN ESLAMBOLCHI

**President, Global Networking Technology Services and AT&T Laboratories,
CIO and CTO of AT&T Corp.**

In connection with the proposed transaction, SBC intends to file a registration statement, including a proxy statement of AT&T Corp., and other materials with the Securities and Exchange Commission (the "SEC"). Investors are urged to read the registration statement and other materials when they are available because they contain important information. Investors will be able to obtain free copies of the registration statement and proxy statement, when they become available, as well as other filings containing information about SBC and AT&T Corp., without charge, at the SEC's Internet site (www.sec.gov). These documents may also be obtained for free from SBC's Investor Relations web site (www.sbc.com/investor_relations) or by directing a request to SBC Communications Inc., Stockholder Services, 175 E. Houston, San Antonio, Texas 78258. Free copies of AT&T Corp.'s filings may be accessed and downloaded for free at the AT&T Relations Web Site (www.att.com/ir/sec) or by directing a request to AT&T Corp., Investor Relations, One AT&T Way, Bedminster, New Jersey 07921.

SBC, AT&T Corp. and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the

solicitation of proxies from AT&T shareholders in respect of the proposed transaction. Information regarding SBC's directors and executive officers is available in SBC's proxy statement for its 2004 annual meeting of stockholders, dated March 11, 2004, and information regarding AT&T Corp.'s directors and executive officers is available in AT&T Corp.'s proxy statement for its 2004 annual meeting of shareholders, dated March 25, 2004. Additional information regarding the interests of such potential participants will be included in the registration and proxy statement and the other relevant documents filed with the SEC when they become available.

Certain matters discussed in this statement, including the appendices attached, are forward-looking statements that involve risks and uncertainties. Forward-looking statements include, without limitation, the information concerning possible or assumed future revenues and results of operations of SBC and AT&T, projected benefits of the proposed SBC/AT&T merger and possible or assumed developments in the telecommunications industry. 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 SBC with the Securities and Exchange Commission, and in the documents incorporated by reference in such proxy statement/prospectus, could affect the future results of SBC and AT&T 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 AT&T shareholders to approve the merger; (3) the risks that the businesses of SBC and AT&T 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 Cingular Wireless LLC could fail to achieve, in the amount and within the timeframe expected, the synergies and other benefits expected from its acquisition of AT&T Wireless; (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 SBC and AT&T operate.

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DECLARATION OF HOSSEIN ESLAMBOLCHI
President, Global Networking Technology Services and AT&T Laboratories,
CIO and CTO of AT&T Corp.

I, Hossein Eslambolchi, hereby declare the following:

1. My name is Hossein Eslambolchi. I am President of AT&T's Global Networking Technology Services (GNTS), President of AT&T Laboratories, and AT&T's Chief Technology Officer (CTO) and Chief Information Officer (CIO). As President of AT&T Labs, I lead the research and development undertaken by some of the world's leading scientists and engineers. I am also responsible for the network engineering, design, development, and operations of AT&T's global network. I am a member of AT&T's Executive Committee, which is led by AT&T Chairman and CEO David W. Dorman.
2. I have a B.S., M.S. and Ph.D. from the University of California – San Diego. I joined AT&T Bell Laboratories in 1985 and have more than 17 years of extensive experience in design, development, and operation of packet switching and other advanced networks. I am an inventor of more than 500 worldwide patents issued, pending, and in preparation. My work has been published in 18 technical publications, and I am on the IEEE editorial board of the Journal of Network and Systems Management.
3. In this affidavit, I will briefly describe AT&T Labs, its historic and current activities, and its role in creating, maintaining, and enhancing the global AT&T network. I will then describe how the combination of AT&T and SBC will lead to greater innovation. First, it will increase innovation designed to enable the current and future advanced services developed by AT&T Labs, for large enterprise customers, to be extended to residential and

small business consumers. Second, the greater scope of the combined company, and AT&T's and SBC's complementary strengths, should assure that the combined company will invest more in research and development, and be more effective in bringing new products and services to consumers, than the two companies would be in the absence of the merger.

AT&T Laboratories

4. AT&T Laboratories is a direct descendant of the Bell Telephone Laboratories. Bell Labs had been retained by AT&T during the 1984 divestiture of the Bell System. When AT&T spun off Lucent in 1995, Bell Labs was split into two entities. The portions of Bell Labs devoted to research, development, and design of telecommunications networks and advanced network services were reconstituted as AT&T Labs. Innovations developed by Bell Labs and its descendants have launched or proved instrumental to the development of basic telephone service, facsimile services, sound recording technologies, cellular telephone service, the Internet, the transistor, solar cells, the C++ computer language, the creation of the UNIX operating system, and various speech and video recording and transmission technologies.
5. AT&T Labs continues in the tradition of Bell Labs. AT&T Labs is recognized as one of the world's leading corporate R&D organizations focused on developing next-generation solutions for the Internet and the world's networks. AT&T Labs is currently supported by many of the world's best scientists, engineers, and IT specialists including experts in advanced data networking, software engineering, systems integration, and speech technology. AT&T's research specialists include members of the National Academy of Science or National Academy of Engineering, and many more are elected Fellows of

prestigious industry organizations such as the IEEE and the ACM. AT&T Labs' scientists and researchers apply worldwide for new patents at a rate of nearly two per business day.

6. The innovative strengths of AT&T Labs continue to provide the basis for the global leadership AT&T maintains in the efficiency, reliability, speed, scope, and service quality of its network. AT&T Labs' scientists and engineers have allowed AT&T to develop, maintain, and operate the most advanced, sophisticated networks. AT&T Labs has been instrumental in providing AT&T with the ability to integrate software components, integrate network components, develop processes to manage networks, develop new products and services, and ensure that network capabilities can deliver services on both the smallest and largest scales. AT&T Labs is also leading AT&T's efforts to transform its existing communications networks from multiple, legacy systems, processes, and facilities to a uniform, advanced network supported by a single set of integrated systems. Those systems and networks are being designed using Internet Protocol (IP) capabilities that will enable delivery of the next generation of advanced communications services.

The Merger Will Allow AT&T Labs' Innovations to be Extended to Residential and Small Business Customers.

7. In the absence of this transaction, AT&T Labs' research and development efforts would continue to be devoted largely to developing capabilities designed for services provided to large enterprise customers. That is so because AT&T has ceased actively marketing traditional local and long distance services to small business and residential customers. The potential benefits of R&D, however, are not so limited. Breakthroughs that AT&T achieves in R&D aimed at developing new enterprise services, or providing those services more

efficiently, often will have relevance to other services that could potentially be offered over AT&T's network facilities, to the mass market and small businesses.

8. By combining the complementary businesses of SBC and AT&T, the merger should lead to the development of an array of new mass market services and capabilities. The combined entity would have the incentive to undertake the additional work necessary to take the advancements AT&T has made, and will continue to make, with respect to enterprise services and apply them to mass market offerings because of greater economies of scale and the ability to cost effectively market them.
9. Examples of the types of initiatives under development by AT&T that could be extended to smaller business customers and residential customers include the following:
10. *IP-Based Video.* AT&T has focused much of its research and development efforts on developing an IP environment that can support a variety of communications services, including video services. AT&T has also developed a broad range of innovations to make the delivery and use of video services far more effective than is achievable today. These innovations include diagnostic tools that allow network operators to fine-tune their video delivery capabilities to produce higher quality and far more efficient transmission. They include as well the ability to record and index a variety of audio and video inputs, the ability to search audio and video sources using automatic speech recognition technologies and video search engines, capabilities to alert customers to specified types of newly received information, and the ability to convert various types of broadcast information for use in many different types of consumer devices. They also include various tools that will allow individuals to search, collect, review, and manipulate video images – and to use video services in conjunction with voice and data services. In addition, AT&T Labs continues to

work on improving video compression technology and Quality of Service (QoS) capabilities in order to enhance video conferencing capabilities for enterprise customers. That should permit the integration of traditional television-like services with interactive, voice, and data services delivered to the home. As noted below, AT&T's ongoing innovations in developing general broadband platform capabilities should also provide various advanced service benefits for smaller business and residential customers.

11. *Speech/Text Technologies.* AT&T is a global leader in the development of text-to-speech engines, synthesized voice capabilities, automatic speech recognition, and natural language speech understanding systems. These technologies have the potential to allow real-time translation of written text to spoken speech (and vice versa), simultaneous foreign language translation capabilities, and exceptionally efficient customer care and relationship management capabilities. Intelligent language systems will be a crucial component of the next generation of services that enable customers – of all types – to select, alter, and manage their communications purchases, as well as to overcome service and billing difficulties. Accelerated deployment of these capabilities into residential and small business offerings holds the potential for enormous public benefits, particularly for visually, hearing, and speech-impaired customers.

12. *Fraud Reduction And Security Services.* AT&T is a leader in the development of fraud reduction and network security services for business customers. It is developing capabilities to detect unauthorized use of communications services and customer information, as well as to safeguard information transmitted in the course of e-commerce and other sensitive communications services. The company was a leader in offering online security monitoring services that can actively block and quarantine anomalous behaviors

detected within applications – a service that most managed security service providers (“MSSPs”) have not added even a year and a half after AT&T introduced the feature. The more rapid detection of the unauthorized use of communication services permits customers and providers to flag potential identity theft situation quickly, before significant damage is done. Similar security capabilities will also allow customers to transact business over the Internet with less concern about identity theft – benefiting both the customers as well as the retail segment. AT&T currently offers a security alerting and notification system to its enterprise customers -- AT&T Internet ProtectSM – that could be made available to small businesses and residential consumers as a result of the transaction. This service offers advanced notice regarding potential real-time attacks (viruses, worms and distributed denial of service (DdoS) attacks) that are in the early formation stages. Similarly, AT&T’s network firewalls could be expanded to enable personal firewalls leveraging the capabilities of a robust network. (*Frost & Sullivan’s* recent analysis, *World Managed Security Services Markets*, selected AT&T as the recipient of the 2004 Customer Solutions Excellence Award for having the broadest scope of services among all MSSPs). As demand for anti-fraud and security services among mass market and small business customers continues to grow, these innovations may be adapted and developed for all customer segments

13. *Service Provisioning And Repair.* AT&T has developed, and is enhancing, systems that use artificial intelligence overlays and speech recognition to shorten and simplify the ordering, provisioning, and repair of services. These capabilities were developed for enterprise customers, but can readily be extended to residential customers and small businesses – providing them with more responsive customer support as well as lower cost..

14. *Applications Support And Network Efficiency.* AT&T is continuing to develop a compelling platform that will allow enterprises to deploy applications rapidly and on a global basis through AT&T's secure IP network. Application aware networks ("AANs") will allow computing power to be purchased on an "as needed" basis – with computing power allocated based on customer-specific rules. Similarly, with AT&T's hosted storage solutions, customers can use AT&T's network as a primary place to store data or as a disaster recovery backup without having to invest and maintain complex storage systems. The combined company will be able to make these capabilities more readily available to smaller businesses. More broadly, AAN represents an acceleration of the convergence of the networking and IT industry, and this convergence could spawn a whole new generation of technology innovation, better service and lower costs for customers.
15. Finally, I would emphasize that achieving these initiatives will permit the combined company to be a more effective competitor in the delivery of services to small business and residential customers. By enhancing the delivery and development of video services, ensuring that customer care improves, enabling the integration of voice, video and data services, and providing for a rich and secure interactive service environment for consumers, the combined entity will be a more effective competitor in providing video and other services.

The Merger Will Result In More R&D.

16. The merger should also foster increased research and development of advanced services for the benefit of all customers because, by combining the complementary businesses of SBC and AT&T, the merger will create a single entity that provides the full range of telecommunications services across all customer classes over local as well as long distance

networks. The broader scope of the combined entity will increase the likelihood that R&D will pay off in some segment of the industry, reducing the risk of R&D investment. In analyzing the costs and benefits of engaging in R&D today, AT&T is able to capture only the benefits of the R&D with respect to a fraction of the services that could be potentially provided over its network. Post-merger, the combined entity's increased scope will increase the likelihood that it will be in its economic self-interest to increase its research and development of advanced services.

17. Further, the benefits of developing advanced capabilities will be spread across a far broader network and customer base, reducing the unit costs of R&D investment and increasing the effective returns derived from the prompt and full development of advanced capabilities. In addition, SBC's greater financial strength, its local network technical expertise and personnel, and the resulting economies of scale in procurement and deployment can be expected to lower the cost, increase the returns, and increase the efficiency – and thus the pace and breadth – of innovation, including deployment of advanced networks and services.
18. The transformation from existing to advanced networks that should be accelerated and enhanced as a result of the merger will put in place the necessary building blocks to provide public benefits associated with the next generation of advanced, IP-based broadband services. Consumers will more quickly realize the benefits of a unified, advanced telecommunications network capable of delivering the full range of voice, data, and video services to an ever-expanding array of personal and business devices. Once telecommunications service providers can surmount the difficulties created by the multitude of legacy software and hardware systems, the artificial divisions of applications and systems, and the limitations of traditional switched-based networks, they can provide

consumers of all types with the ability to choose, provision, change, and maintain their services with an almost unimaginable degree of speed, efficiency, and efficacy. The converged network will provide a highly efficient and cost effective platform for communication not only in North America, but also in Europe and Asia – providing increased global competitiveness for U.S.- based businesses.

19. The resulting ability to offer “services over IP” will permit customers to use wireline and wireless devices to access quickly the full capabilities of an integrated, intelligent network that is capable of providing a vast array of voice, data, and video services that include interactive capabilities. AT&T is developing a rich customer environment for the delivery and manipulation of all communications services through the implementation of a single, unified system and operational process designed to support the efficient delivery of those services. The resulting improvements in the manipulation, integration, and delivery of services, in turn, is the basis for the next generation of IP-based services.
20. The enhancement of the network’s capabilities is an important component of this broader, advanced services strategy and will provide important public benefits. Already, increased deployment of “voice over Internet Protocol” (“VoIP”) services in the business environment allows customers to have the benefits of a converged data and voice network. VoIP allows a sharing of network and access facilities for multiple services, eliminating the operating costs and inefficiencies associated with separate networks and allowing bandwidth to be efficiently shared. Further development of VoIP to produce a single, unified environment for voice and data services will serve as the basis for more widespread and efficient deployment of high bandwidth services such as advanced video teleconferencing, customer relationship management (“CRM”) applications integrated with

voice services, and unified voice mail and e-mail messaging. VoIP and other IP services, like video conferencing, are important elements of enabling remote workers to be productive regardless of physical location. This has important public benefits including enabling more flexible work environments, as well as reducing the need to commute to distant offices. It also allows U.S.-based companies to do business overseas more effectively, with their global workers integrated into critical business and communications systems.

21. In addition to these broad benefits, the complementary aspects of the merger should lead to innovations related to network development that provide the following, more specific benefits:
22. *Broadband Platform And Services.* Many AT&T solutions rely on the end-users having broadband access. Given SBC's extensive DSL footprint, AT&T can bring its considerable technological resources to enable those customers to gain many more robust services, as well as greater quality of services through AT&T's Multi-Protocol Label Switching ("MPLS") and QOS capabilities. By being able to direct Internet traffic and being able to dynamically allocate bandwidth, customers can expect to see enhanced broadband services. In fact, AT&T's experience in broadband, wireless and wireline uniquely positions the new company to drive the convergence of these various platforms to the benefit of all customers.
23. *RFID (Radio Frequency ID).* AT&T has been partnering with some of the nation's leading retailers to develop a scalable standards-based implementation of an RFID solution. Providing a network-based RFID solution will accelerate the standardization of technologies and operations across suppliers and retailers. Ultimately, RFID could

significantly increase the capabilities of U.S. manufacturers and retailers to respond to changes in supply and demand more rapidly. Customers would benefit from greater product availability, lower costs and products more tailored to their needs.

24. *Intelligent Optical Network.* Other public benefits of the merger should arise from the accelerated and more widespread deployment of AT&T's initiative to develop a nationwide intelligent optical network. That network is designed to increase the speed of data transmission between major U.S. and international cities. Enhancing the intelligence built into the network also provides the basis for improvements in the features and services offered to customers. AT&T is moving to a new, all-optical network by doubling and then quadrupling the amount of information that can be sent over optical fiber. The new network is designed to carry signals without regeneration over much longer distances, to restore service faster in the event of a failure or disaster, and to shorten dramatically the provisioning time for new, high-speed circuits for business customers who have direct access to the network, among other advanced capabilities. Increased intelligence of the network comes from the use of advanced multiplexing technology and intelligent optical switches, which enable quick recovery from failure through use of automatic re-routing and support automatic provisioning. Rather than waiting months for a high-speed circuit to be provisioned, customers will be able to secure bandwidth on demand through "point and click provisioning." Through the combined company's ongoing investments in MPLS data networks and QOS technologies, the global AT&T IP-network will continue to enhance the combined company's ability to deliver IP traffic efficiently and effectively. These and other AT&T initiatives will enable customers to build a greater part of their business on an

integrated basis – with linkages between suppliers, distributors, manufactures and customers, thereby reducing costs and taking advantage of a secure, global IP environment.

25. *Integrated, Online Processes.* Related innovations designed to streamline and automate operations are focused on developing an integrated, on-line system to support multiple services, permitting customers to manage their communications needs on-line – from “quote to cash.” Ordering, provisioning, billing, continued maintenance, and revision of service requirements will all be executed with greater speed, enhanced flexibility and lower costs by customers of all types.

I declare that the foregoing is true and correct.

Signature: /s/ Hossein Eslambolchi
Hossein Eslambolchi
CIO, CTO, and President, GTNS
AT&T Corp.

Date: February 21, 2005