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 [X]
Filed by a Party other than the Registrant [ ]
Check the appropriate box:

[ ] Preliminary Proxy Statement
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**AT&T Corp.**

(Name of Registrant as Specified in Its Charter)

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

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[X] No fee required.

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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 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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