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AT&T CORP  
Form DEFA14A  
July 24, 2001

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

SCHEDULE 14A  
(Rule 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934

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 Rule 14a-12

AT&T Corp.

-----  
(Name of Registrant as Specified In Its Charter)

N/A

-----  
(Name of Person(s) Filing Proxy Statement, if other than the 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)  
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1) Title of each class of securities to which transaction applies:

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2) Aggregate number 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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4) Proposed maximum aggregate value of transaction:

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5) Total fee paid:  
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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.

1) Amount Previously Paid:  
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2) Form, Schedule or Registration Statement No.:  
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3) Filing Party:  
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4) Date Filed:  
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On July 24, 2001, AT&T Corp. made a presentation via teleconference of the following. In addition a copy of these slides was made available on the Company's web site.

[AT&T logo] AT&T BROADBAND

July 2001

INVESTOR PRESENTATION

Safe Harbor  
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The following are "forward-looking statements" which are based on management's beliefs as well as on a number of assumptions concerning future events made by and information currently available to management. The audiences are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are outside AT&T's control, that could cause actual results to differ materially from such statements. For a more detailed description of the factors that could cause such a difference, please see AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any intention or obligation to update or revise any forward-looking statements,

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whether as a result of new information, future events or otherwise. This information is presented solely to provide additional information to further understand the results of AT&T.

In connection with these transactions, AT&T will be filing proxy statements, tender offer statements and other materials with the Securities and Exchange Commission. Security holders are urged to read these materials when they becomes available because they will contain important information. Investors and security holders may obtain a free copy of these materials when they become available as well as other materials filed with the Securities and Exchange Commission concerning AT&T at the Securities and Exchange Commission's website at http://www.sec.gov. In addition, these materials and other documents may be obtained for free from AT&T by directing a request to AT&T at 295 North Maple Drive, Basking Ridge, NJ 07920; Attn: Investor Relations.

AT&T and its officers and directors may be deemed to be participants in the solicitation of proxies from AT&T's shareholders with respect to these transactions. Information regarding such officers and directors is included in AT&T's proxy statement for its 2001 annual meeting of stockholders filed with the Securities and Exchange Commission on March 30, 2001. This document is available free of charge at the SEC's internet site or from AT&T as described above.

1 ----- [AT&T logo] AT&T Broadband

Management Representatives

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TITLE -----	POSITION -----	DISCUSSION TOPICS -----
Mike Armstrong	Chairman and CEO AT&T Corp.	AT&T Broadband Vision
Dan Somers	President and CEO AT&T Broadband	Operations
Greg Braden	EVP Broadband Services and CTO AT&T Broadband	Technology and Telephony
Mike Huseby	EVP and CFO AT&T Broadband	Financial

2 ----- [AT&T logo] AT&T Broadband

[cordless telephone graphic]  
[computer graphic]  
[television graphic]

THE AT&T BROADBAND VISION

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MIKE ARMSTRONG  
CHAIRMAN AND CEO, AT&T

## AT&T Broadband Vision

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Be the leading U.S. provider of integrated residential broadband including:  
video, voice, and data services

- MARKET OPPORTUNITY for all broadband services is large and expanding
- Superior FACILITIES-BASED broadband access to the home
- Large, well-clustered MAJOR MARKET FOCUS
- Enhance CUSTOMER RELATIONSHIPS through superior service
- Maximize the POWERFUL AT&T BRAND

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Deliver superior returns for investors

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4 ----- [AT&T logo] AT&T Broadband

## Best Industry Footprint

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[map graphic of the United States]

Atlanta	0.6
Bay Area	1.8
Boston/Hartford	2.0
Chicago	1.7
Dallas	0.6
Denver	0.6
Los Angeles	0.5
Miami	0.7
Pittsburgh	0.6
Portland	0.5
Sacramento	0.6
Seattle	1.0

## Operations Snapshot (in mm) (1)

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Company	Subs	Homes Passed	Leadership in Top 25 DMAs	Market Share of Top 25 DMAs	% of Subs in Clusters >500K
AT&T Broadband (2)	13.8	24.2	12	37%	83%
Time Warner	12.6	21.1	4	16%	31%
Comcast	8.4	13.8	4	16%	66%
Charter	6.9	10.5	1	7%	14%
Cox	6.3	9.9	2	6%	26%
Adelphia	5.5	9.1	1	8%	47%
Cablevision	3.0	4.4	1	9%	100%

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- (1) Wall Street 2001 estimates.
- (2) Pro forma for all announced transactions.

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Leadership in top 25 DMAs  
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5 ----- [AT&T logo] AT&T Broadband

Driving EBITDA Margins to Industry Benchmarks  
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- Improved EBITDA margin(1) from 18.3% in 1Q01 to 23.4% in 2Q01
- Expect to deliver \$500 million in annualized margin improvement by year-end 2001
- Intensified focus on basic video penetration
- Break-even in High Speed Data today
- Break-even in Telephony in nine months
- Deliver positive unlevered free cash flow by year-end 2003
- On target to meet 2001 financial objectives

(1) Normalized EBITDA excluding other income and restructuring charges.

6 ----- [AT&T logo] AT&T Broadband

[cordless telephone graphic]  
[computer graphic]  
[television graphic]

### OPERATIONAL OVERVIEW

DAN SOMERS  
PRESIDENT AND CEO  
AT&T BROADBAND

What Have We Done to Achieve the Vision  
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- Successful integration of MediaOne with TCI assets
- Re-configured subscriber base focused on major markets
  - 4.1 million subscribers sold
  - 1.4 million subscribers acquired / swapped

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- 127,000 plant miles and infrastructure rebuilt to support "triple play"
- Scaling of new and advanced broadband services from 2.2 million customers at the beginning of 2000 to 5.3 million customers today
- Rationalized cost structure
  - Headends reduced from 200 to 40, serving 11 million customers
  - Call centers reduced from 200 to 30
  - Employees reduced from 53,000 to 43,000
- Reorganization of management structure
- Overhead reduced to \$250 million annually, including AT&T allocations

8 ----- [AT&T logo] AT&T Broadband

What Is the Impact

- Approximately \$150 million of margin improvement realized to date
- Total of \$500 million of margin improvement expected to be realized on a run-rate basis by year-end 2001
- Completed reorganization of corporate and field structure to rightsize organization

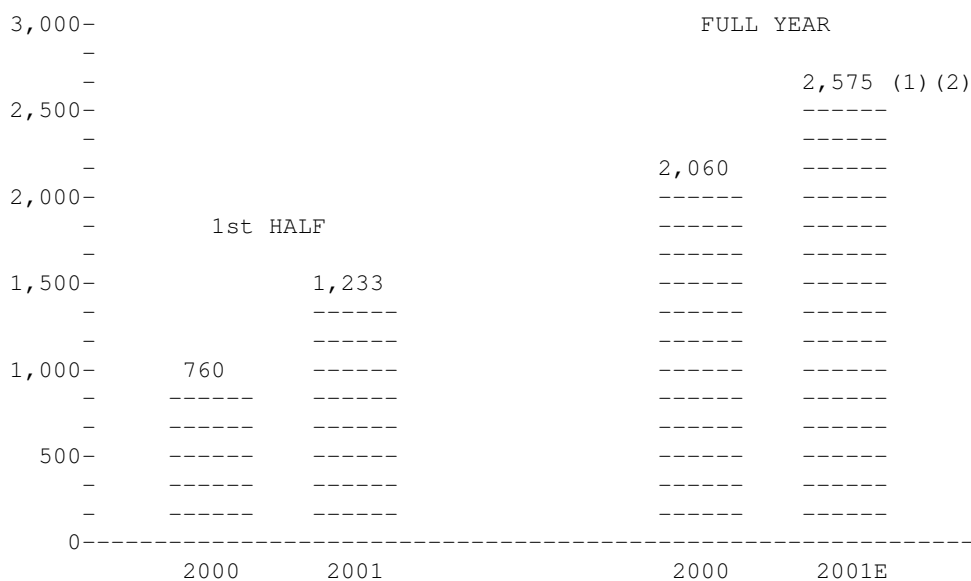
Action -----	Decision to Implement -----	Impact Beginning -----
End of Telephony promotion	August 2000	Feb 2001
First round of headcount reductions	December 2000	Feb 2001
Video price increase	October 2000	Feb 2001
Second round of headcount reductions	March 2001	May 2001
Core video growth initiatives	April 2001	May 2001
High speed data price increase	April 2001	June 2001
Video equipment rate increase	April 2001	July 2001

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Sustained Growth In Advanced Services

2000-2001 ADVANCED SERVICE NET ADDITIONS  
(in thousands)

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	DIGITAL	HSD	TELEPHONY
1st HALF 2000	387	227	146
1st HALF 2001	598	334	301
FULL YEAR 2000	954	631	475
FULL YEAR 2001E (1) (2)			

(1) Guidance assumes 2000 base will be further adjusted for impact of any transactions closed after 2Q01.

(2) Growth based on current guidance of 25% year-over-year growth.

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Leading Provider of Advanced Services

Digital Penetration(1)	Data Penetration	Telephony Penetration
[bar graph]	[bar graph]	[bar graph]
CVC..... 0.0%	ADLAC..... 3.3%	AT&T BROADBAND
CMCSK (2)..... 15.5%	CHTR..... 6.0%	1Q..... 12.8%
COX	CMCSK..... 6.9%	2Q..... 14.0%
1Q..... 15.5%	COX	COX
2Q..... 17.4%	1Q..... 7.6%	1Q..... 11.1%
AT&T BROADBAND	2Q..... 8.0%	2Q..... 12.2%
1Q..... 19.7%	AT&T BROADBAND	
2Q..... 21.6%	1Q..... 8.3%	
CHTR..... 21.2%	2Q..... 9.6%	

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ADLAC..... 21.8%      CVC..... 13.2%

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 Note: All peer comparisons are as of 1Q01 unless otherwise noted.  
 Source: Wall Street research and company reports as of 1Q01 and 2Q01.

- (1) Digital penetration of basic subscribers.
- (2) For comparability purposes, adjusts reported number of Digital boxes deployed by 1.3 boxes per home, based on Wall Street estimates

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## Bundling Reduces Video Churn

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VIDEO CHURN IS REDUCED BY 10% - 22% FOR  
 MULTI-PRODUCT CUSTOMERS

	MULTI-PRODUCT VS. BASIC CUSTOMER CHURN	
- Lower churn results in cost savings of approximately \$145 per saved video customer	[bar graph]	
- Lower churn results in:	Monthly Churn %	Churn Impact %
- Fewer customer acquisitions to hit targets	DALLAS.....	(22)%
	Basic	2.53
	Multi-Product	1.97
- Savings on marketing & sales costs and installation	BOSTON.....	(21)%
	Basic	2.30
	Multi-Product	1.80
- Elimination of truck-rolls to disconnect customer and cost to refurbish set-top box	SEATTLE.....	(10)%
	Basic	1.91
	Multi-Product	1.72
	BAY AREA.....	(13)%
	Basic	1.65
	Multi-Product	1.43

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## Leading Revenue Per Subscriber

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TOTAL REVENUE PER BASIC CABLE CUSTOMER

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	[bar graph]					
\$60					\$55.34	\$55.95
\$55				\$52.04	----	----
				\$51.56	----	----
\$50	\$48.38	\$49.12	\$49.21	----	----	----
	\$45.87	----	----	----	----	----



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\$45	\$43.10	----	----	----	----	----	----	----	----
		----	----	----	----	----	----	----	----
\$40		----	----	----	----	----	----	----	----
		----	----	----	----	----	----	----	----
\$35		----	----	----	----	-1Q-	-2Q-	-1Q-	-2Q-
		----	----	----	----	----	----	----	----
\$30		----	----	----	----	----	----	----	----
	Adelphia	Charter	Time Warner	Comcast	Cox			AT&T Broadband	Cablevision

Advanced services drive ARPU well above industry average

Note: All peer comparisons are as of 1Q01 unless otherwise noted.

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New Services in Progress

----Video-on-Demand [video graphic]  
(2002)

----Interactive TV [television graphic]  
(2002)

[fiber optics  
cable graphic]

----PVR Capabilities [video recorder  
graphic]  
(2002)

----T-Commerce [television graphic]  
(2003)

14 ----- [AT&T logo] AT&T Broadband

Best Industry Footprint

[map graphic of the United States]

Atlanta	0.6
Bay Area	1.8
Boston/Hartford	2.0
Chicago	1.7
Dallas	0.6
Denver	0.6
Los Angeles	0.5
Miami	0.7
Pittsburgh	0.6
Portland	0.5
Sacramento	0.6
Seattle	1.0

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83% of Customers are in the Top 25 DMAs

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Market Review: Boston

----- [Boston skyline graphic]

2.9 million homes passed, 5th largest DMA

MARKET CHARACTERISTICS	ACTIONS	YTD RESULTS
-Very attractive demographics with average income of \$69,000	-Integrating Cablevision acquisition	-13% revenue growth -69% basic penetration
-Leader in bundling	-Reduced call centers from 8 to 1	-16% digital penetration: +5 p.p.
-Plant upgrades nearly complete, able to offer complete bundle	-Launched Digital in 2000	-14% data penetration: +3 p.p.
-Operating as one integrated system with one virtual call center	-More powerful product offering relative to competition	-11% telephony penetration +4 p.p. -- >100K customers
-Competitive market		-Below average DBS penetration

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Boston is our strongest performing market and will continue to grow  
as advanced services penetration increases  
-----

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Market Review: Chicago

----- [Chicago skyline graphic]

3.5 million homes passed, 3rd largest DMA

MARKET CHARACTERISTICS	ACTIONS	YTD RESULTS
-Attratctive demographics with average income of \$58,000	-Integrated operations of 7 MSOs	-14% revenue growth -50% basic penetration
-Footprint covering nearly the entire DMA	-Headends reduced from 64 to 2	-22% digital penetration: +6 p.p.
-Strong telephony roll-out	-Call centers reduced from 16 to 3	-10% data penetration: +3 p.p.
-Backbone and headend segments of rebuilds nearly complete	-Dispatch locations reduced from 19 to 9	-18% telephony penetration: +8 p.p. --Some suburbs have
-Under-penetrated in	-20% workforce and contractor reduction	40% penetration

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Basic: primarily  
downtown areas

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Chicago is in the final stages of its integration effort. We are now  
beginning to realize the operational and financial benefits.  
-----

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Market Review: Bay Area

----- [Bay Area skyline graphic]

2.7 million homes passed, 6th largest DMA

MARKET CHARACTERISTICS	ACTIONS	YTD RESULTS
-Very attractive demographics with average income of \$78,000 --Regional economic issues	-Plant continues to require significant investment	-Almost 16% revenue growth
-Footprint covers most of the metro area	-Focus on basic video growth	-63% basic penetration
-Above average penetration in all of the advanced services	-Streamlined fulfillment areas from 9 to 5	-23% digital penetration: +2 p.p.
-Competitive market	-Reduced number of customer care centers from 12 to 1	-15% data penetration: +3 p.p.
-Backbone and headend segments of rebuild nearly complete	-One care center with a single toll free number	-19% telephony penetration: +5 p.p. --Many communities in high 20s
	-17% headcount reduction	

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The Bay Area is showing strong product growth, penetration and financial trends. Significant momentum is in place.  
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Significant Upside in Video Penetration

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Video penetration of 56% vs. 63% for the industry

ACTIONS CURRENTLY UNDER WAY:  
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- National Marketing Campaign
- Sales Force Financial Incentives

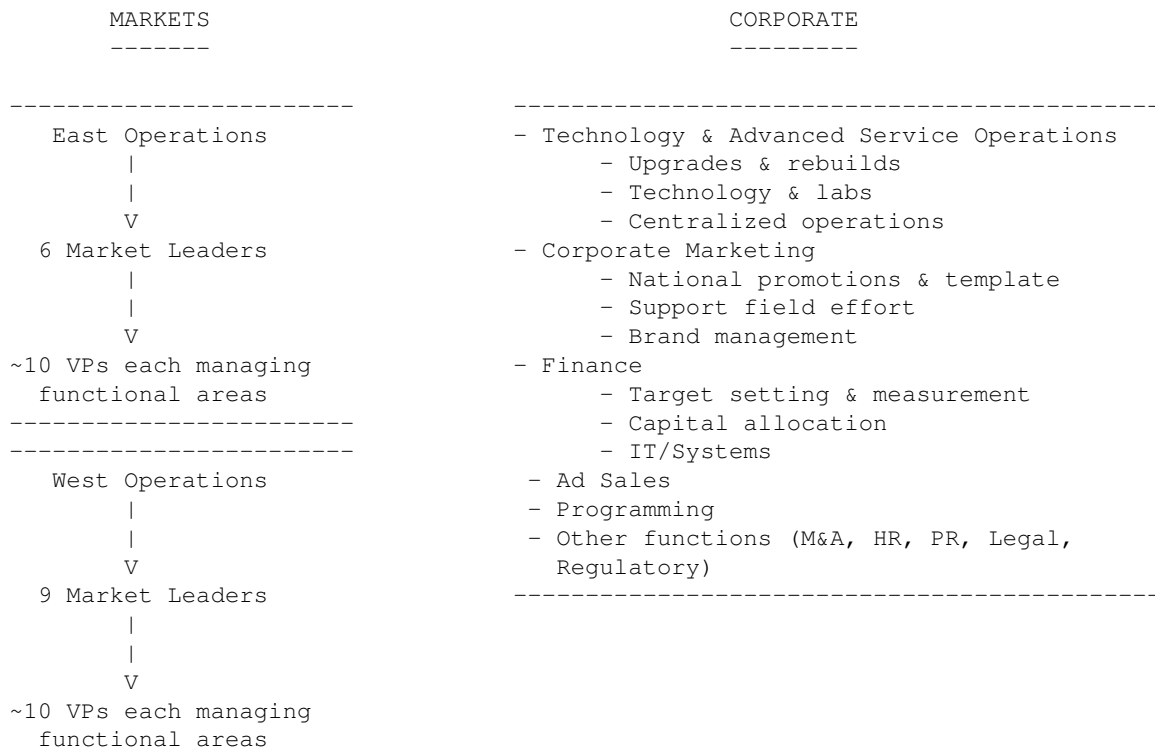
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- Enhanced Programming
- Signal Theft Audit
- Retention Initiatives
- Increasing Network Quality

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 Every 1.3 p.p. increase in video penetration is expected to  
 increase our EBITDA margin by 1 percentage point.  
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19 ----- [AT&T logo] AT&T Broadband

Simplified Management Structure



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Experienced Local Management Team in Place

MARKET	DATE IN PLACE	LEADER EXPERIENCE	RELATED EXPERIENCE
Denver	6/96	TCI	16
Pittsburgh	4/97	TCI	18
Salt Lake City	1/99	TCI	22

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Atlanta	4/00	TCI	5
Boston	5/00	Financial Services	1
Dallas	6/00	TCI	8
Miami	6/00	TCI	17
Portland	6/00	MediaOne	13
San Francisco	7/00	MediaOne	20
Los Angeles	7/00	MediaOne	14
Seattle	7/00	Wireless	21
Sacramento	8/00	MediaOne	12
Chicago	9/00	Wireless	20

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Steps to Attain Industry Margins

RECENT MARGINS (1)		MARGIN INITIATIVES	MARGIN GOALS
		Actions Already Taken	
1Q01	2Q01	- Market integration	
----- --> ----- -->		- Facility consolidation	
18.3%	23.4%	- Headcount reduction	
		- Outsourcing opportunities	-----> 38 - 40%
		- Pricing actions	-----
		- Advanced services unit cost reduction	
		Actions Underway	
		- Basic video initiatives	
		- Back-office and IT systems integration	
		- Data and telephony: Scaling and profitability	

(1) Excludes other income and restructuring charges in both quarters

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Positioned For Continued Growth

- Foundation is established
- Demand for advanced services remains strong
- Operational execution is driving financial results

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 Actions already underway result in tangible second quarter progress and position us for future financial returns  
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23 ----- [AT&T logo] AT&T Broadband

[cordless telephone graphic]  
[computer graphic]  
[television graphic]

TECHNOLOGY AND TELEPHONY

GREG BRADEN  
EVP BROADBAND SERVICES  
AND CTO

Full Service Broadband Network Architecture  
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[graphic depicting network architecture]

25 ----- [AT&T logo] AT&T Broadband

Capacity: Full Service Capable Homes  
-----  
-----

[bar graphs]

100%- -----  
- | Digital |  
- | Video |

PLANT STATUS  
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[pie graph]