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The Honorable Colleen M. Dale
Secretary/Chief Regulatory Law Judge
Governor Office Building
200 Madison Street
P.O. Box 360
Jefferson City, MO 65102-0360

In re: AT&T Inc. Acquisition of BellSouth Corporation

Dear Judge Dale:

As you are aware, AT&T Inc. (“AT&T”) and BellSouth Corporation (“BellSouth”) (together, “the Parties”) have announced the Parties’ agreement for AT&T to acquire BellSouth. Viewed on a nationwide basis, the merger of AT&T and BellSouth will benefit customers by better positioning the merged companies to improve efficiency and to promote the development and deployment of new and improved services, particularly IP-based services. The merger creates a more effective and efficient provider of wireless, broadband, video, voice, and data services. The merger will enhance the abilities of the merged organization’s operating subsidiaries to offer a broad array of existing and emerging telecommunications and information services by capitalizing on synergies related to network integration, research and development, deployment of advanced services, advertising and marketing, and cost savings. Together, BellSouth and AT&T will be better positioned to compete in a rapidly changing industry, making the transition from legacy technologies to advanced, next generation wireless and IP networks and services.

The Merger Agreement provides that BellSouth will become a wholly-owned subsidiary of AT&T. AT&T has created a wholly-owned subsidiary called ABC Consolidation Corp. (the “Merger Sub”) for the purpose of the merger. The Merger Sub will merge with and into BellSouth, with BellSouth continuing as the surviving corporation and as a wholly-owned subsidiary of AT&T. At the time of the merger, each share of common stock, par value \$1.00 per share, of BellSouth issued and outstanding immediately prior to the effective time of the merger will become exchangeable for 1.325 common shares, par value \$1.00 per share, of AT&T. AT&T will issue approximately 2.4 billion new shares of common stock, which will represent approximately 38% of the outstanding shares of AT&T.

There is no change in the ownership structure of Southwestern Bell Telephone, L.P., d/b/a AT&T Missouri, as a result of the transaction, nor is there a change in the ownership of the other AT&T-affiliated entities subject to the Commission’s regulatory authority (including SBC Long Distance LLC d/b/a AT&T Long Distance, SBC Advanced Solutions, Inc. d/b/a AT&T Advanced Solutions, Inc., AT&T Communications of the Southwest, Inc., TCG St. Louis, and TCG Kansas City, Inc.). Similarly, the transaction will not result in a change in the ownership of

BellSouth Long Distance, Inc. (“BSLD”), the only entity affiliated with BellSouth Corporation subject to the Commission’s regulatory authority.

The AT&T/BellSouth proposed merger will be scrutinized by the Department of Justice and the Federal Communications Commission. The proposed merger does not, however, require the Missouri Public Service Commission’s approval. The applicable statutory provision under which approval might be required, Section 392.300.2, is not implicated with regard to the merger. First, Section 392.300.2 only applies to domestic telephone companies and none of the AT&T or BellSouth entities regulated by the Commission is a Missouri corporation. Second, Section 392.300.2 does not require Commission approval for stock transactions occurring at the holding company level when there is no merger or consolidation of any certificated entity. As described above, the AT&T/BellSouth transaction is occurring at the holding company level and there is no merger or consolidation of any certificated entity.¹

While AT&T and BellSouth will not be seeking the Commission’s approval for this transaction, please do not hesitate to contact us if you have any questions regarding it. The

¹ **Cautionary Language Concerning Forward-Looking Statements**

We have included or incorporated by reference in this document financial estimates and other forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially from these estimates and statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company’s plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of AT&T Inc. and BellSouth Corporation and are subject to significant risks and uncertainties and outside of our control.

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 AT&T with the SEC, and in the documents incorporated by reference in such proxy statement/prospectus, could affect the future results of AT&T and BellSouth 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 BellSouth shareholders to approve the merger; (3) the risks that the businesses of AT&T and BellSouth 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 any savings and other synergies relating to the resulting sole ownership of Cingular Wireless LLC may not be fully realized or may take longer to realize than expected; (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 AT&T and BellSouth operate. Additional factors that may affect future results are contained in AT&T’s, BellSouth’s, and Cingular Wireless LLC’s filings with the Securities and Exchange Commission (“SEC”), which are available at the SEC’s website (<http://www.sec.gov>). Neither AT&T nor BellSouth is under any obligation, and expressly disclaim any obligation, to update, alter or otherwise revise any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

This document may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company’s website at www.sbc.com/investor_relations.

The Honorable Colleen M. Dale
March 31, 2006
Page 3

merger should result in benefits for Missouri and the country, and we look forward to its completion at the earliest possible time.

Very truly yours,

BellSouth Long Distance, Inc.

AT&T Missouri

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cc: Chairman Jeff Davis
Commissioner Connie Murray
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