

BELLSOUTH CORP
Form DEFA14A
March 09, 2006

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

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**
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BELLSOUTH CORPORATION

(Name of Registrant as Specified in its Charter)

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

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March 5, 2006

Dear BellSouth Retiree:

This afternoon, we announced that BellSouth has agreed to be acquired by AT&T. I firmly believe that this merger represents the right action at the right time for this company, for our employees and retirees, our shareholders and our customers.

So why is this combination good for BellSouth? The merger will allow BellSouth to better respond to the myriad of competitive forces in our industry and to capitalize on the opportunities for growth in today's marketplace. This is the right time to fully pursue the growth opportunities afforded in wireless, broadband and advertising and publishing. We have proven, through our existing joint ventures with AT&T Cingular Wireless and YellowPages.com that partnering to pursue key growth areas facilitates cost-efficiencies and helps mitigate financial risks.

This merger will take these existing partnerships to the next level by simplifying the management structure, generating operating efficiencies and providing further opportunities in our wireline business. Also, the expanded scale and scope of our post-merger wireline business will be particularly beneficial as we pursue opportunities in the broadband and enterprise markets.

Also, this merger combines two well-respected companies with complementary assets and a common heritage. It allows us to build on the past successes of both companies in providing superior customer service and in conducting our businesses with integrity. The merger will position us for the long-term by combining the talents and assets of both companies to create the innovative products and services that will set the standard for communications for years to come.

Finally, by delivering a meaningful premium, the opportunity to participate in future synergies and the expectation that our shareholders will benefit from AT&T's higher dividend, this merger makes financial sense for our shareholders, including you.

We have communicated to our employees that we recognize that this merger creates personal and professional uncertainty for them, and we hope to reduce that uncertainty as quickly as possible. We plan to address our employees questions through a steady stream of communications during the coming days and months. What we are telling them today is that the vast majority of BellSouth positions will continue to be needed to run this regional operation for the combined company. After closing, consolidation of headquarters staff, support functions and overlapping operations will occur.

We also recognize that this merger may create uncertainty about your pension for you. Let me assure you that those concerns are unwarranted. Our pension trusts are more than adequately funded. Nothing in this deal changes BellSouth's or, after closing, AT&T's obligation to honor existing pensions.

The press release announcing the merger is attached. We will provide more information as we move toward closing, which is anticipated to be within 12 months, pending shareholder and regulatory approval.

I am confident that this merger makes sense for our employees and retirees, our customers and our shareholders.

/s/ Duane Ackerman

We have included or incorporated by reference in this document forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties, and actual results might differ materially from these statements. Such 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.

The following factors, among others, could cause actual results to differ from those described in the forward-looking statements in this document: the ability to obtain governmental approvals of the merger on the proposed terms and schedule; the failure of AT&T shareholders to approve the issuance of AT&T common shares or the failure of BellSouth shareholders to approve the merger; the risk that the businesses of AT&T and BellSouth will not be integrated successfully or as quickly as expected; the risk that the cost savings and any other synergies from the merger, including 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; disruption from the merger making it more difficult to maintain relationships with customers, employees or suppliers; and competition and its effect on pricing, spending, third-party relationships and revenues. 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 Web site (<http://www.sec.gov>). Neither AT&T nor BellSouth is under any obligation, and each expressly disclaims 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.

NOTE: In connection with the proposed merger, AT&T intends to file a registration statement on Form S-4, including a joint proxy statement of AT&T and BellSouth, and AT&T and BellSouth will file other materials with the Securities and Exchange Commission (the SEC). Investors are urged to read the registration statement, including the joint proxy statement (and all amendments and supplements to it) and other materials when they become available because they contain important information. Investors will be able to obtain free copies of the registration and joint proxy statement, when they becomes available, as well as other filings containing information about AT&T and BellSouth, without charge, at the SEC's Web site (www.sec.gov). Copies of AT&T's filings may also be obtained for free from AT&T at AT&T's Web site (www.att.com) or by directing a request to AT&T Inc. Stockholder Services, 175 E. Houston, San Antonio, Texas 78205. Copies of BellSouth's filings may be obtained without charge from BellSouth at BellSouth's Web site (www.bellsouth.com) or by directing a request to BellSouth at Investor Relations, 1155 Peachtree Street, Atlanta, Georgia 30309.

AT&T, BellSouth and their respective directors and executive officers and other members management and employees are potential participants in the solicitation of proxies in respect of the proposed merger. Information regarding AT&T's directors and executive officers is available in AT&T's 2005 Annual Report on Form 10-K filed with the SEC on March 1, 2006 and AT&T's preliminary proxy statement for its 2006 annual meeting of stockholders, filed with the SEC on February 10, 2006, and information regarding BellSouth's directors and executive officers is available in BellSouth's 2005 Annual Report on Form 10-K filed with the SEC on February 28, 2006 and BellSouth's proxy statement for its 2006 annual meeting of shareholders, filed with the SEC on March 3, 2006. Additional information regarding the interests of such potential participants will be included in the registration and joint proxy statement, and the other relevant documents filed with the SEC when they become available.