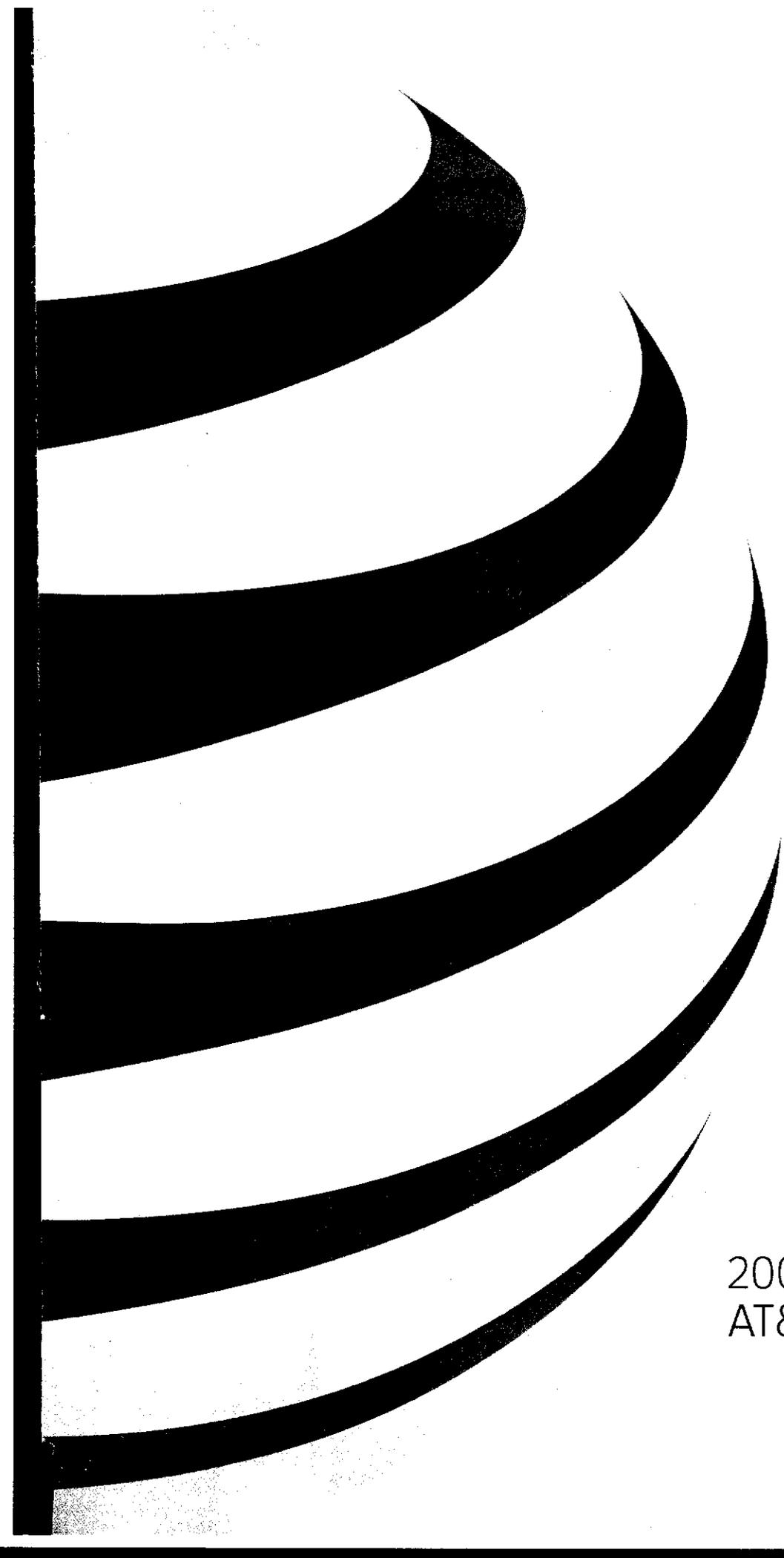


**APPLICATION OF
SNET AMERICA, INC. D/B/A AT&T LONG DISTANCE EAST**

EXHIBIT IV

SNET America, Inc. is wholly owned subsidiary of AT&T Teleholdings Inc. AT&T Teleholdings Inc. is a wholly owned subsidiary of AT&T Inc. Accordingly, SNET America, Inc. is providing the 2005 Annual Report and 10-K of AT&T Inc.



2005 Annual Report
AT&T Inc.

No. 1 in the U.S. and a global leader in delivering traditional and IP-based communications services to businesses.

No. 1 in the U.S. consumer market, serving more customers with local, long distance, DSL broadband and wireless services than any other company.

No. 1 wireless provider in the U.S. through our 60 percent interest in Cingular Wireless, with more than 54 million customers.

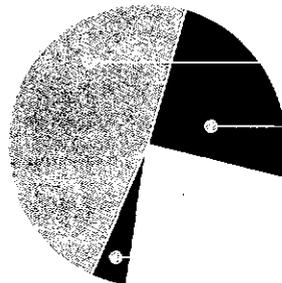
No. 1 U.S. provider of DSL broadband – with 7 million lines in service – delivering advanced IP-based services to residential and small-business customers.

Leading the industry in bringing groundbreaking IP-based TV and video technology and services to our customers.

A world leader in transport and termination of wholesale traffic.

No. 1 in directory publishing worldwide, delivering 110 million directories a year and publishing more than 700 different directories in 13 states, as well as online.

Including AT&T's 60% proportionate share of Cingular Wireless



48% BUSINESS AND WHOLESALE

24% WIRELESS

24% CONSUMER

4% DIRECTORY AND OTHER

To Our Stockholders

This year's annual report looks different from the past few years. And for good reason: Your company is different. Actually, it is very different.

In November 2005, SBC Communications Inc. closed on its historic acquisition of AT&T Corp. to form the new AT&T Inc. This was the latest in a series of strategic investments in new technology, new markets and new products – combined with strong execution – that have transformed your company into a market leader. Today, AT&T is:

- **No. 1 in wireless customers**
- **No. 1 in large-business customers**
- **No. 1 in DSL broadband lines**
- **No. 1 in local access and long distance lines**
- **No. 1 in data revenues**
- **No. 1 in directory publishing**

Those are just a few of the reasons why *Fortune* magazine named the company America's Most Admired Telecommunications Company in 2006.

The most visible change, of course, was our decision to adopt the widely recognized and respected AT&T brand for the combined company. While SBC was a great brand, AT&T was the right choice to position us as a premier global brand.

The acquisition of AT&T was momentous, but we did not allow it to distract us from executing well. Throughout 2005, we built strong momentum in operating performance both at AT&T Inc. and at our 60 percent-owned wireless affiliate, Cingular Wireless, with growth in revenues, operating income and operating margins. We achieved these gains in what continues to be an intensely competitive marketplace for telecommunications services.

We have a great new company, with a 130-year history of innovation and a future filled with opportunity. So, it would be fair to ask what we are going to do with it.

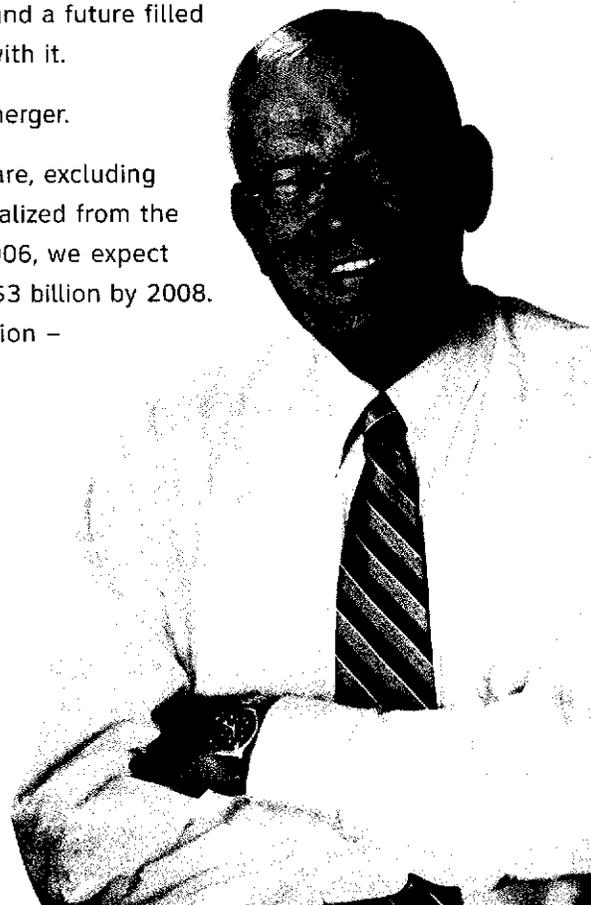
First, we will ensure that we generate every benefit possible from this merger.

The acquisition was immediately accretive to adjusted earnings per share, excluding merger-related costs. And we now expect the synergies that will be realized from the merger will be even bigger than we first reported early last year. In 2006, we expect to realize \$600 million to \$800 million of annual synergies, growing to \$3 billion by 2008. We now estimate the net present value of these synergies is \$18 billion – 20 percent greater than we originally estimated.

Second, we will continue to develop the most advanced and reliable networks, applications and services available anywhere in the world. That is what we do best.

The key to our latest transformation is Internet Protocol – or "IP," the language of the Internet.

IP is revolutionizing how we gather and share information at work, listen to music or watch video at home and stay in touch with our families from the road. Add wireless to the equation and an airport terminal becomes your office, or a picnic table at a park becomes your living room.





We were among the first to realize the power and possibilities of IP – combined with the flexibility of wireless – to drive productivity and keep customers always connected. Today, our global IP backbone is widely regarded as the best in the world, with the most efficient cost structure. And with Cingular, we have the largest wireless digital voice and data network in the United States.

We are investing in growth initiatives for businesses and consumers that leverage the power of these emerging technologies in new ways, including:

- Super high speed Internet access.
- Sophisticated managed services that provide security and quality for transmitting information over our world-class IP backbone network.
- Voice over IP for large businesses.
- Next-generation IP-based television services.
- Advanced wireless voice and data services through Cingular Wireless.
- Innovative solutions that will integrate wireless and wireline communications.

We are continuing to enhance and evolve our global IP backbone and our local access and wireless networks in ways that will not only bring greater value to the customer but also will lower our operating costs. We intend to make all of these IP networks – wireline and wireless – work together seamlessly on the three critical screens: the PC, the TV and the wireless handset.

As demand for bandwidth and secure, high-quality IP networks increases with the continuing growth

and varied use of the Internet, your company stands to benefit.

Through investments like these, we are striving to give customers anytime access to all of their communications services on simple-to-use devices that go wherever they go. Our goal is to be the only communications and entertainment company our customers will ever want. No company is better positioned to fulfill that promise.

AT&T has long been a global leader in the large-business market, serving multinational companies in some 240 countries and territories, from the Americas to Europe, Africa, Asia and the Pacific Rim. We serve nearly all of the Fortune 1000.

And in the United States, we serve more consumers than any other telecommunications company. Last year we added almost 1 million new retail consumer connections – customers with local access, broadband or satellite television. We added more new broadband customers than any other company, including cable operators – 1.8 million net new lines.

By combining the technology, operational and marketing strengths of these two companies – and by seizing opportunities to run the business more efficiently – AT&T is better positioned than ever to be the premier communications and entertainment provider.

One of the first things you should notice about the new AT&T is the shift in our revenue mix toward business customers. Today, if you include our proportionate share of Cingular's revenues, 52 percent comes from business, wholesale and

directory; 24 percent comes from wireless; and about 24 percent comes from consumer wireline.

In the business market, the combination of the two companies makes us more competitive in two key ways: First, it allows us to cross-market wireless mobility services to pre-merger AT&T's huge base of large-business customers. Second, we have an opportunity to customize advanced products built by AT&T for larger customers and make them available to our 3 million medium- and small-business customers.

AT&T is also well-positioned for growth in the consumer market, with innovative products available in voice, data, video and wireless – and many more in the pipeline.

Innovation is what AT&T has been known for through more than a century. AT&T Labs continues to build on this strong track record by attracting the top thinkers and challenging them to look beyond the expected to find solutions never seen or even considered anywhere else.

The combination of these two companies not only transforms our product offerings and the customer experience, it allows us to transform the company itself.

We have the opportunity to dramatically reduce our cost structure by driving efficiencies and productivity, by using technology in more powerful ways, and by improving our processes.

Our goal is to deliver industry-leading financial and operating performance metrics by the end of 2008. We intend to do that by realizing:

- Lower operating costs – saving in virtually every area through integration, from engineering and ordering to customer care and network management.
- Greater economies of scale – by combining the long-haul networks of AT&T with the local networks of the SBC companies, we can keep more of our customers' traffic on our own networks. We also enjoy greater buying power.
- Improved capital efficiency – eliminating duplication in all capital investments.

Our merger integration planning was thorough, and we are off to a strong start. Talented and experienced

leadership from both companies is in place, with a clear mission and timeline. We have identified opportunities for consolidating operations, networks, facilities and force. We are making rapid and effective progress.

We will measure our success in the short term through earnings and margin growth, through market-share growth in business, consumer and wireless, and through increased customer satisfaction. We increased net income each quarter in 2005, and during the next three years, we expect double-digit adjusted earnings-per-share growth, excluding merger-related charges. Over time, that will also translate into increased revenue growth.

We are accustomed to setting the pace for this industry when it comes to big ideas and big innovations. That will not change, and neither will our commitment to building long-term, sustainable value for our stockholders.

We increased our quarterly dividend for the 21st consecutive year in 2005, and we repurchased more than \$1.8 billion of stock, reflecting our ongoing commitment to our stockholders and the Board's confidence in our ability to generate strong cash flow while investing in growth initiatives.

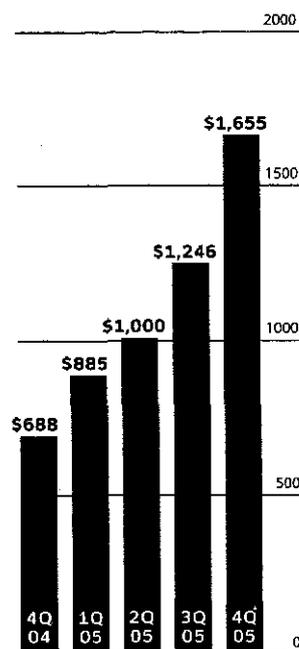
We have big opportunities ahead of us and a big responsibility to stockholders, customers and employees. We are committed to making the most of your investment and to delivering industry-leading innovation and performance today and tomorrow.

Edward E. Whitacre Jr.

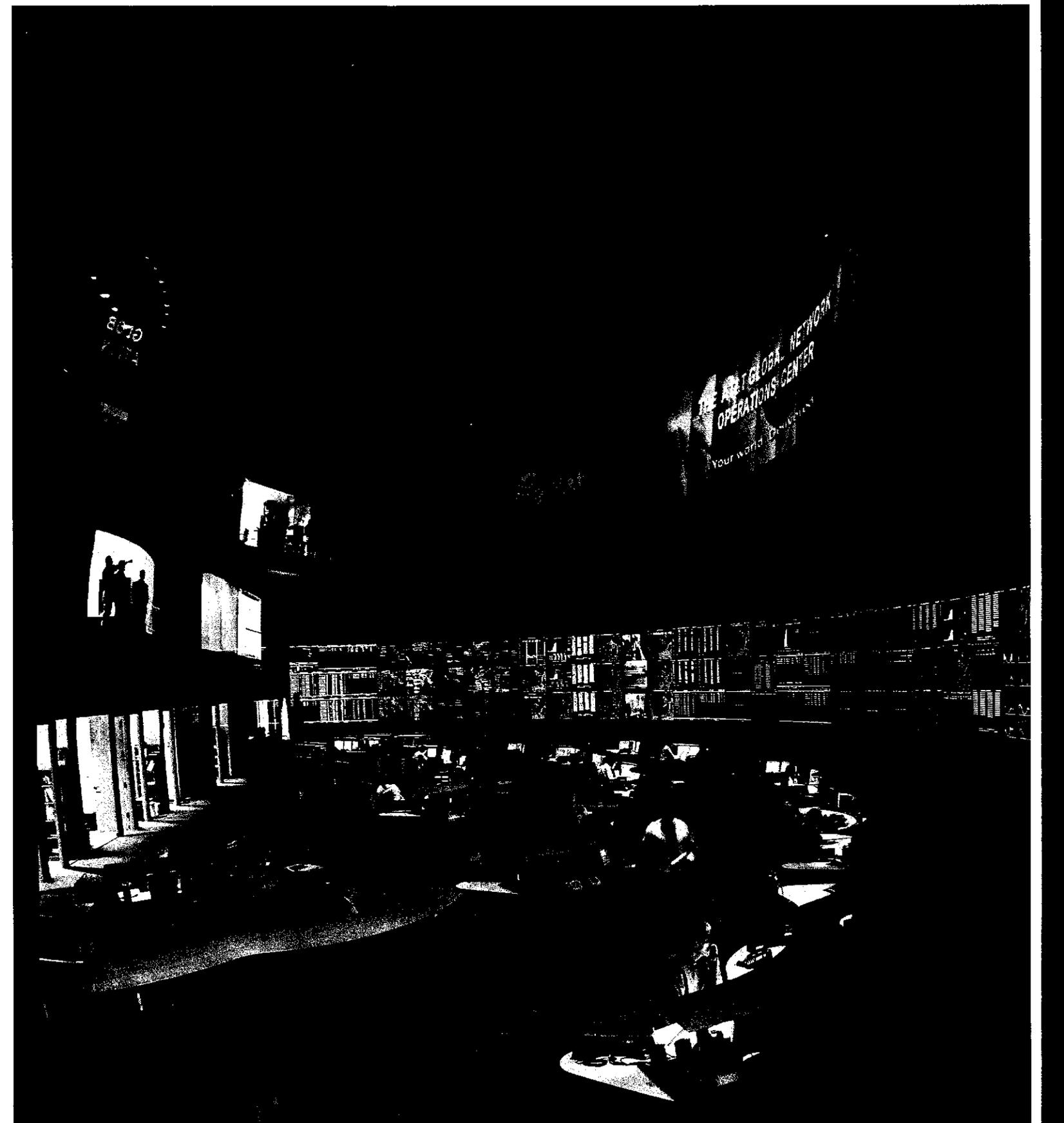
Edward E. Whitacre Jr.
Chairman and Chief Executive Officer
February 16, 2006

Four Quarters of Earnings Growth

Net Income (\$ in millions)

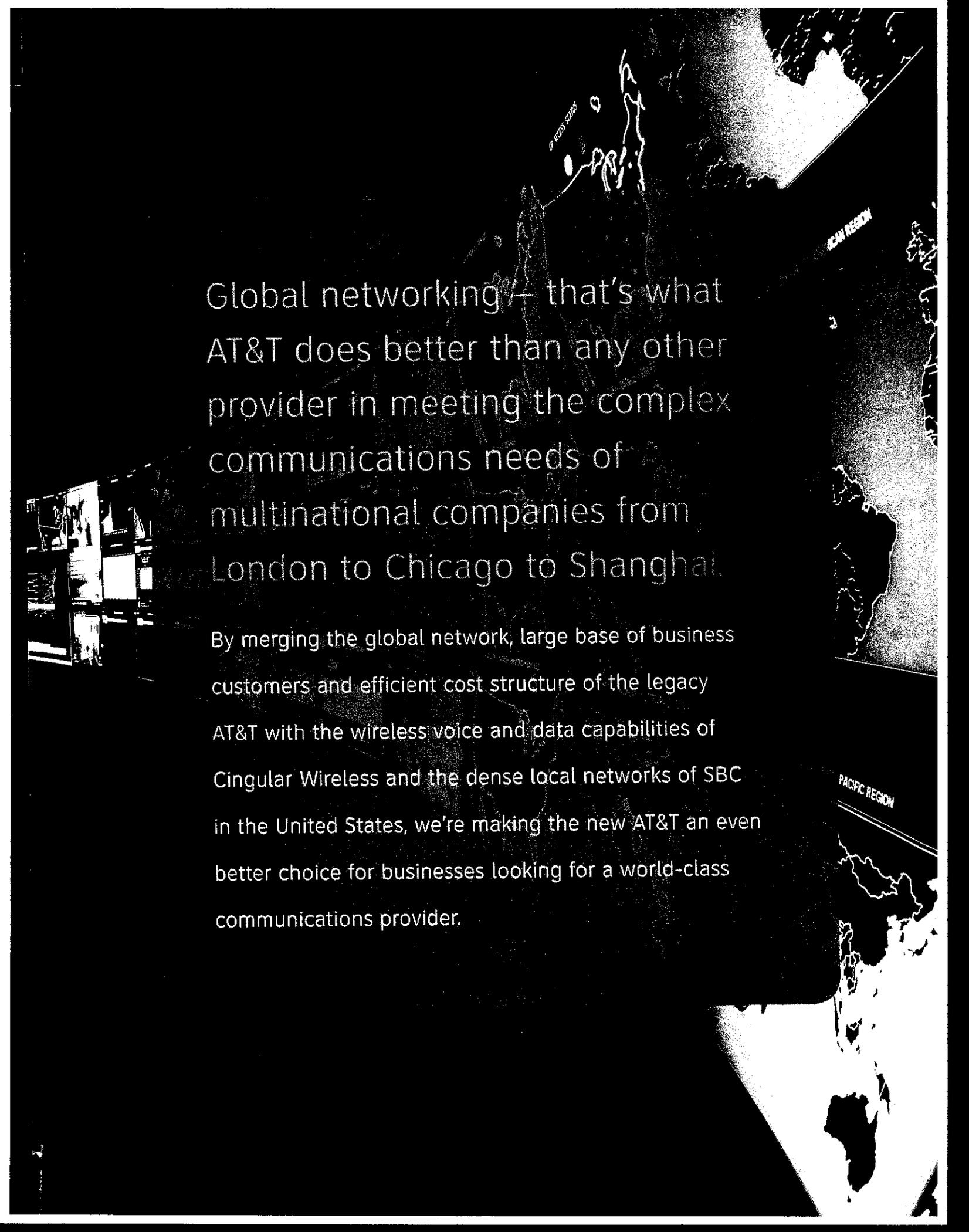


* Includes former AT&T Corp. results after the November 18, 2005, merger.



Business

From network operations centers around the globe working 24/7, AT&T ensures delivery of secure, reliable communications services to millions of businesses on six continents, including virtually all of the Fortune 1000.



Global networking— that's what AT&T does better than any other provider in meeting the complex communications needs of multinational companies from London to Chicago to Shanghai.

By merging the global network, large base of business customers and efficient cost structure of the legacy AT&T with the wireless voice and data capabilities of Cingular Wireless and the dense local networks of SBC in the United States, we're making the new AT&T an even better choice for businesses looking for a world-class communications provider.

Business



AT&T is helping businesses transition from legacy technologies to next-generation IP networks that can help companies and their employees work faster, better, smarter.

The network remains AT&T's key strategic advantage and is critical to delivering leading-edge IP-based solutions and intelligent networking capabilities to the world's largest companies and government agencies.

We are consolidating our legacy networks into a single, global IP communications platform that will make it easy for customers of all sizes to seamlessly integrate their existing networks, systems, applications and devices.

The transition to IP-based technologies is expected to create an estimated \$185 billion-a-year worldwide market for IP data services by 2009. Customers will naturally gravitate toward providers that can deliver the most powerful and flexible converged solutions that will save time and money and boost productivity.

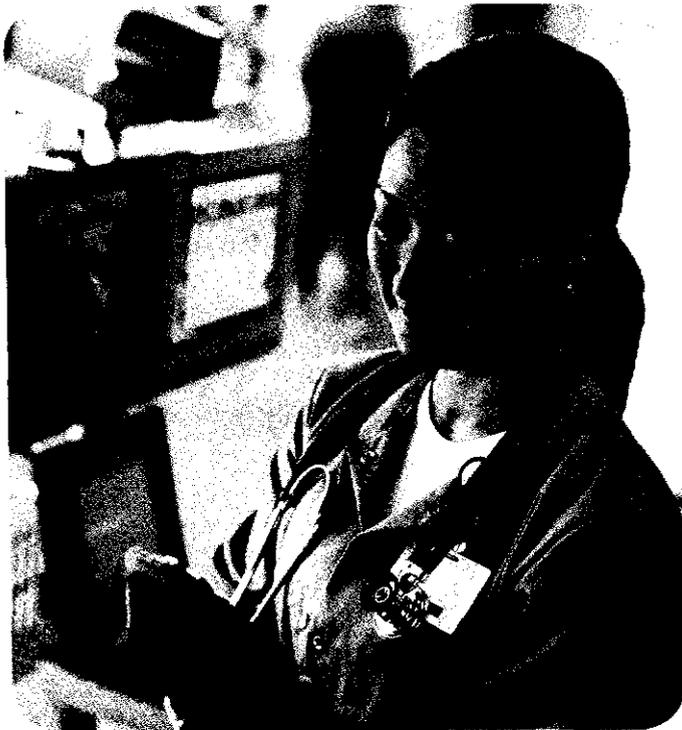
AT&T recognizes that for companies to succeed in today's global networked economy, they must be able to access any application, running over any device, anywhere in the world. We see opportunities across all of our business markets to be the provider of choice by integrating Cingular's mobility solutions with AT&T's network solutions to deliver the promise of anywhere, anytime global communications.

And as enterprises increasingly outsource portions of their networking responsibilities, we see the opportunity to create new and expanded services in areas such as managed networking, security services, mobility services and enterprise Voice over IP, or VoIP.

One example of this is AT&T Internet ProtectSM, an award-winning monitoring and alerting managed security service that helps enterprises predict and eliminate cyberthreats before they can damage critical business operations. Another is AT&T Ultravailable[®] Service, which ensures that within milliseconds of a fiber cut, traffic is seamlessly rerouted to its destination, guaranteeing virtually zero downtime for mission-critical business applications.

97%

AT&T's advanced IP networks in 127 countries reach more than 97 percent of the world's economy.



AT&T is just as focused on the needs of medium- and small-sized businesses. Today, we are working to adapt innovations to meet the requirements of smaller businesses with customized services scaled to their particular needs.

In 2006, for example, we will roll out IP-based convergence solutions for small businesses, including a hosted VoIP platform and integrated IP data solutions that work on a single network. And we will expand small-business service package options, including security and data storage solutions customized for small companies.

AT&T has the capability to help businesses of all sizes manage the transformation in technology and migrate from their traditional and reliable voice and data services to carrier-grade, feature-rich IP services and solutions.



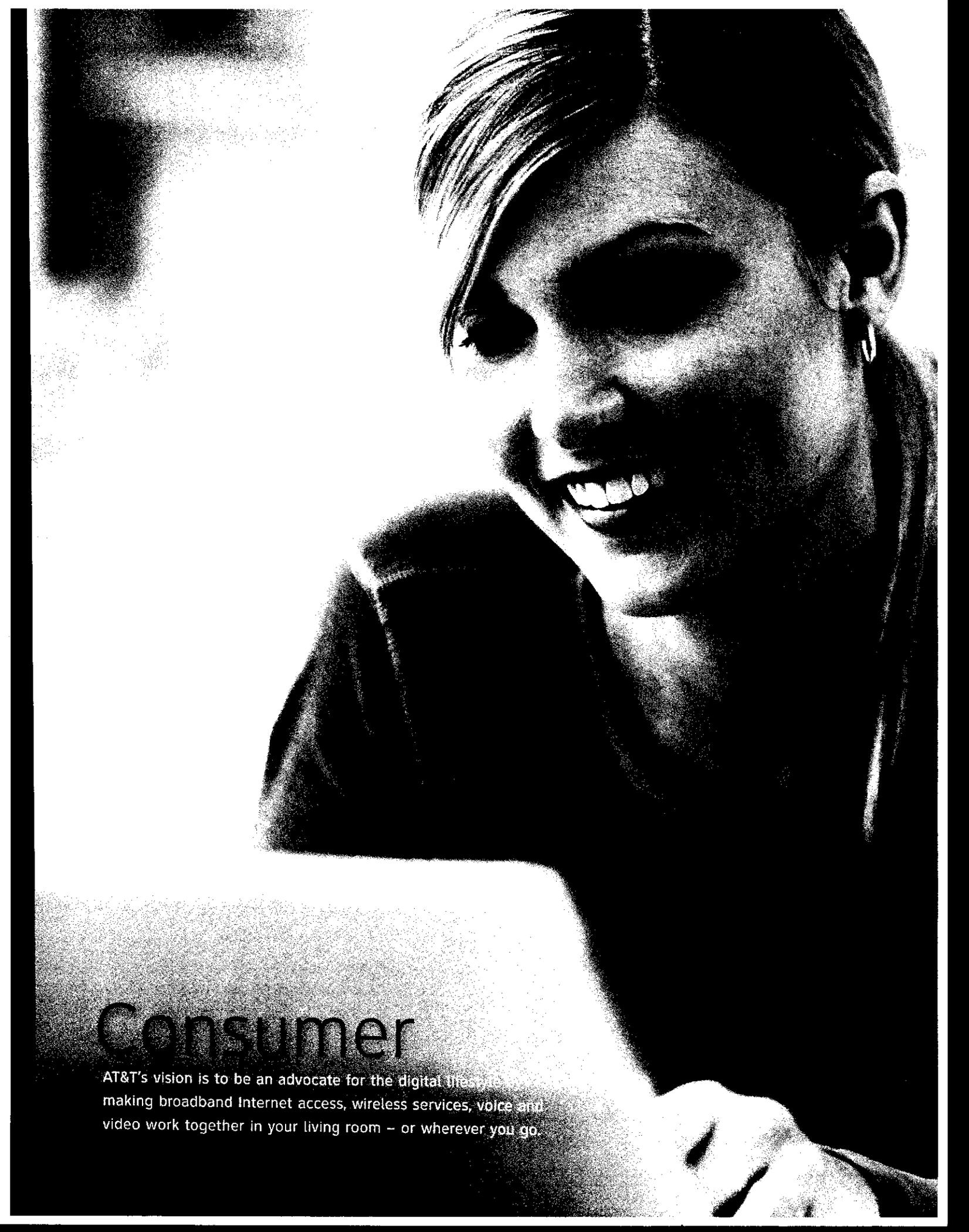
240

AT&T delivers voice solutions to 240 countries and territories, linking 400 carriers around the globe.

Many more next-generation products and services are under development, creating a solid platform to grow our business in the future and to deliver value to our customers and stockholders.

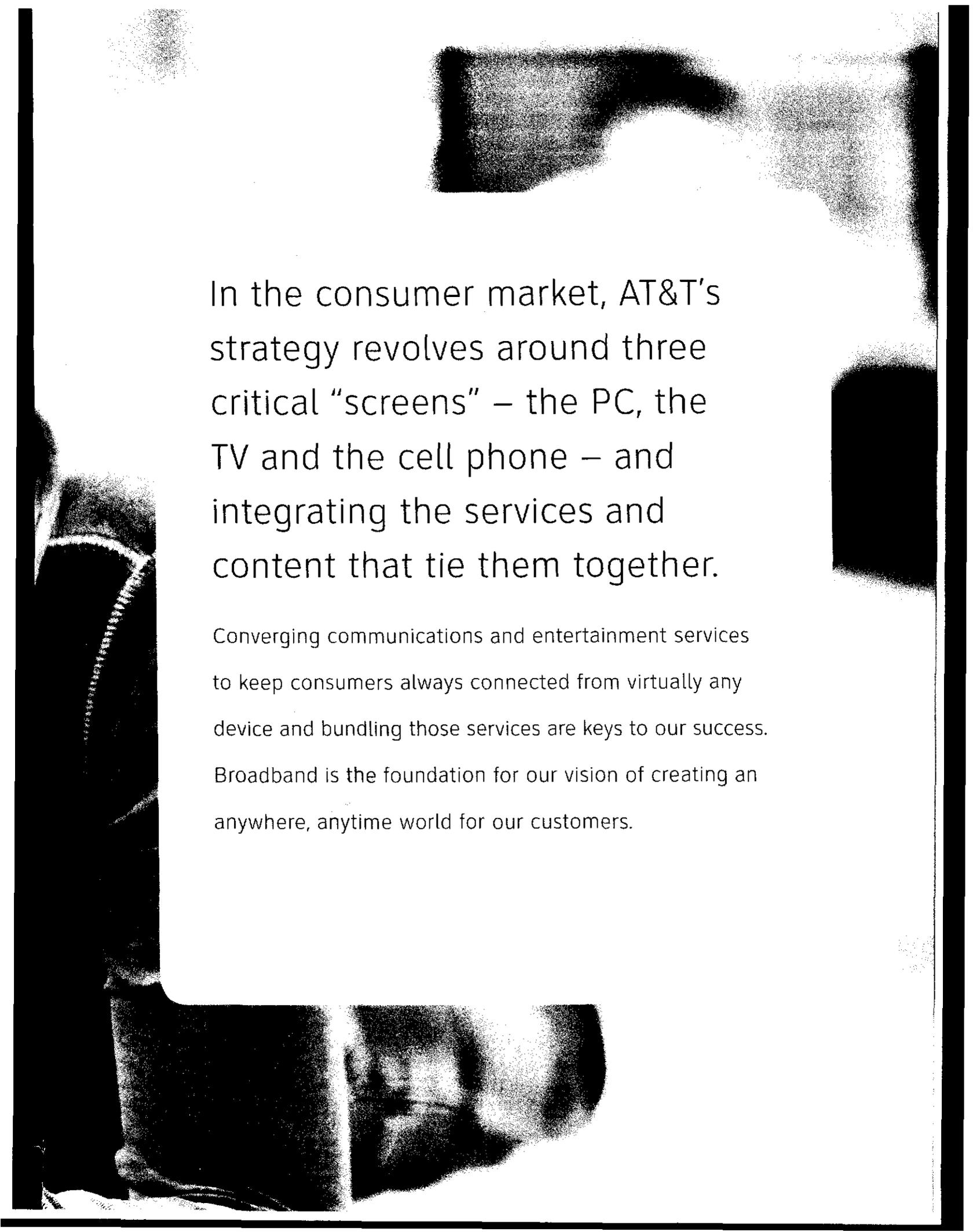
THE AT&T GLOBAL NETWORK

- Remote access solutions from 23,300 points of presence in 150 countries.
- 30 Internet Data Centers across the globe.
- IP backbone network spanning 434,000 fiber route miles.



Consumer

AT&T's vision is to be an advocate for the digital lifestyle by making broadband Internet access, wireless services, voice and video work together in your living room - or wherever you go.



In the consumer market, AT&T's strategy revolves around three critical "screens" – the PC, the TV and the cell phone – and integrating the services and content that tie them together.

Converging communications and entertainment services to keep consumers always connected from virtually any device and bundling those services are keys to our success. Broadband is the foundation for our vision of creating an anywhere, anytime world for our customers.

Consumer



The truest measure of our success today and in the future in the consumer market is our customer connections – not just access lines but the network services that are complementing or even replacing them, including broadband and wireless.

Broadband is the access line of the future, the gateway not only to the Web and e-mail but also to video, new phones that use Wi-Fi when you're at home and the cellular network when you're on the road, different types of messaging and more. The transformation to an IP-based world presents new business opportunities for AT&T, and we are moving quickly to capture them.

AT&T leads the industry in deploying DSL broadband technology, with 7 million lines in service – more DSL lines than any other company in America. Last year AT&T added more new high speed Internet customers than any broadband provider.

The consumer market now represents 24 percent of AT&T's total revenues, including our 60 percent proportionate share of Cingular Wireless revenues. Already 68 percent of our consumer customers subscribe to discounted bundles that may include local and long distance service plus broadband, satellite TV through AT&T | DISH Network or wireless through Cingular.

We have found that when customers add broadband to a basic package, they are 40 percent less likely to switch to another provider, and average revenue per customer jumps nearly 120 percent. If you add both broadband and joint-billed Cingular Wireless to the bundle, customers are more than 60 percent less likely to switch, and revenue jumps more than

350 percent. The success of our bundling strategy was evident in 2005 results: Consumer revenue grew 3.6 percent year over year, and revenue per customer increased 7.3 percent.

We see even more opportunity to grow revenue and reduce customer churn as we roll out advanced IP-based services like AT&T U-verse TVSM and other new technologies and solutions that make these services work in concert.

AT&T U-verse TV is a state-of-the-art, IP-based video service that allows a complete home entertainment experience. Today, the service features more than 200 channels, crystal-clear video quality, a growing video-on-demand library, picture-in-picture channel guide

32.9 million

AT&T increased its total retail consumer connections – access lines, broadband lines and video subscribers – by nearly 1 million last year to 32.9 million.



and fast channel change. We began offering U-verse services in December 2005 in a controlled market entry, and we expect to expand to more markets, with new features, starting in mid-2006.

AT&T HomezoneSM is another next-generation service that debuts this year, integrating our existing satellite TV and broadband services to create a new entertainment experience that goes well beyond anything offered today.

With Homezone, customers can access TV and movies via AT&T | DISH Network, download movies, listen to music and view photos from the Internet via AT&T Yahoo![®] High Speed Internet and see caller ID on their TV screen – all from the comfort of their living room.

We also plan to introduce enhanced landline phones that incorporate many popular Internet and wireless features. For example, with AT&T's broadband phone, users will be able to make regular landline voice calls via an AT&T local line as well as communicate via methods normally reserved for the PC or a wireless phone. Users will also be able to send text messages and access other personalized network-based content such as address books, weather and stock quotes.



Looking ahead, VoIP is destined to be the voice technology for the future, delivering local, long distance and international calling, as well as features that smaller businesses and consumers want most like Do Not Disturb, Locate Me and Call Filtering. AT&T already is a leader in VoIP for larger businesses, and our AT&T CallVantage[®] Service for consumers and small businesses is available now on a limited basis. Later this year in our traditional 13-state region we'll bundle AT&T CallVantage with stand-alone DSL and target younger, tech-savvy consumers. We'll also encourage them to add AT&T | DISH Network and Cingular Wireless service. AT&T is well-positioned to lead the industry in IP-based technology, providing savings, convenience and feature-rich innovations for consumers.