

AT&T Investor Update

1Q08 Earnings Conference Call
April 22, 2008

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Agenda

Introduction

Rich Dietz

Senior Vice President-Investor Relations

Results

Rick Lindner

Senior Executive Vice President
and Chief Financial Officer

Q and A

Cautionary Language Concerning Forward-Looking Statements

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EPS Summary

Double-digit growth in adjusted earnings per share for 12 consecutive quarters

	1Q08	1Q07
Reported EPS	\$0.57	\$0.45
Adjustments:		
Merger integration costs		0.02
Noncash merger-related costs	0.13	0.21
Gain from wireless transactions		(0.04)
Workforce reduction	0.04	
Adjusted EPS	\$0.74	\$0.65

Pretax adjustments to earnings:

- In 1Q07, merger integration, noncash intangible amortization and purchase accounting effect of \$2,306 million. Gain from wireless transactions of \$(409) million.
- In 1Q08, noncash intangible amortization of \$1,208 million, workforce reduction charge of \$374 million.

Totals may not foot due to rounding. Further details are available at www.att.com/investor.relations.

Rick Lindner

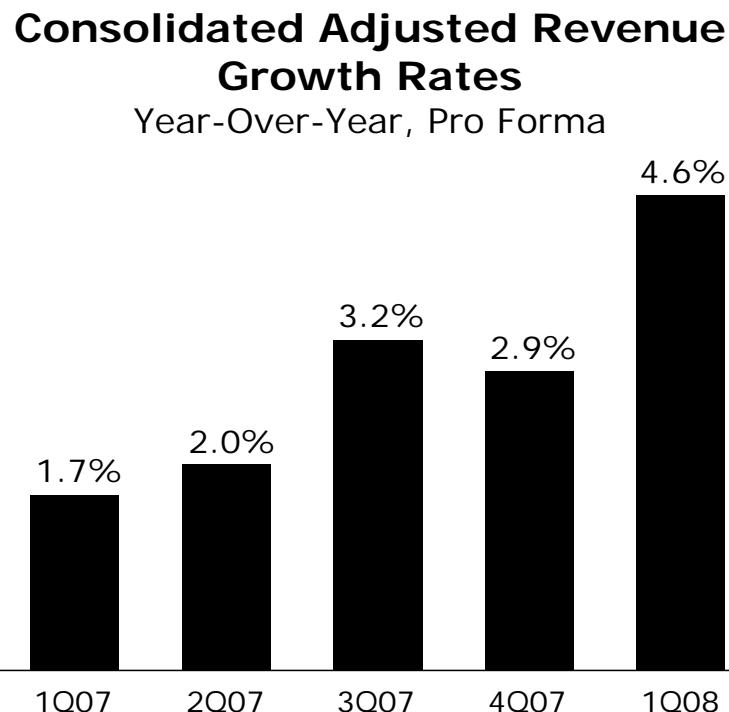
Senior Executive Vice President and
Chief Financial Officer
AT&T Inc.



1Q08 Highlights: Strong Results, Delivering on Targets

- Consolidated pro forma **revenue growth ramp** to 4.6%
- **Strong wireless quarter** with 18.3% increase in wireless revenues; step up in OIBDA service margin to 41.7%
- **Premier spectrum position** with Aloha Partners transaction and successful auction results; 700 MHz spectrum will cover 100% of the top 200 markets
- **Further advances in enterprise revenue growth**, led by a 22.9% increase in IP data revenues
- **Double-digit broadband revenue growth** with 491,000 net adds
- **Strong ramp in AT&T U-verseSM TV growth** with 379,000 subscribers at end of 1Q08; on track to exceed 1 million in service by year's end
- **More than \$6 billion in value returned to shareowners** in the first quarter, including more than \$4 billion in share repurchases

Revenue Growth Ramp, Solid Momentum Looking Ahead

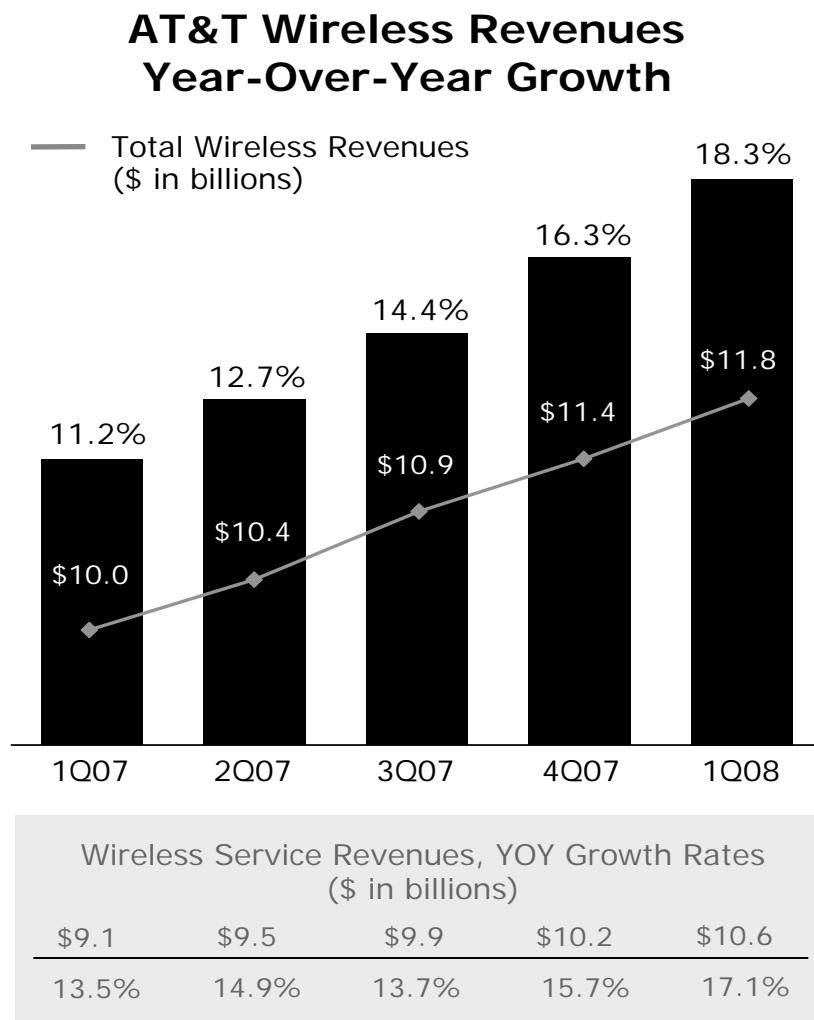


Revenues for 2007 are adjusted to exclude merger-related directory accounting impact. 2007 comparisons are to 2006 pro forma results, which combine revenues from AT&T, BellSouth and Cingular Wireless consistently for all periods.

On track to deliver mid-single-digit pro forma growth in consolidated revenues for the full year 2008.
Major drivers:

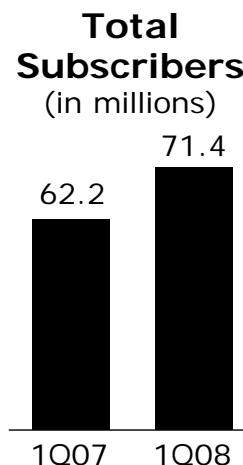
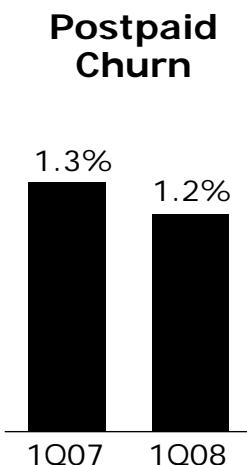
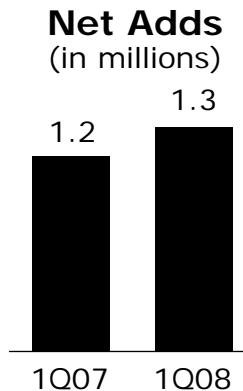
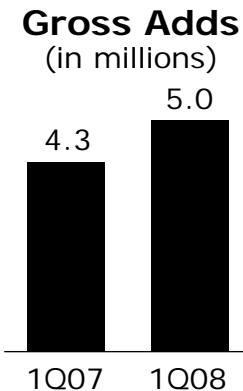
- Strong upper-teens wireless growth
- Positive growth in enterprise revenues
- Wholesale revenue trends improving
- Stable regional consumer and business trends

Accelerating Wireless Revenue Growth



- **Strong subscriber growth:** Subscribers up 14.7% with 7.4 million net adds over past year
- **Solid ARPU growth:** Seven consecutive quarters with year-over-year increases in service ARPU; 1Q08 postpaid ARPU up nearly 5%
- **Robust wireless data growth:** Data services now account for 21.5% of total service revenues
- **Prepaid strength:** Total prepaid revenues up more than 25% versus first quarter of 2007; prepaid data revenues up more than 50%

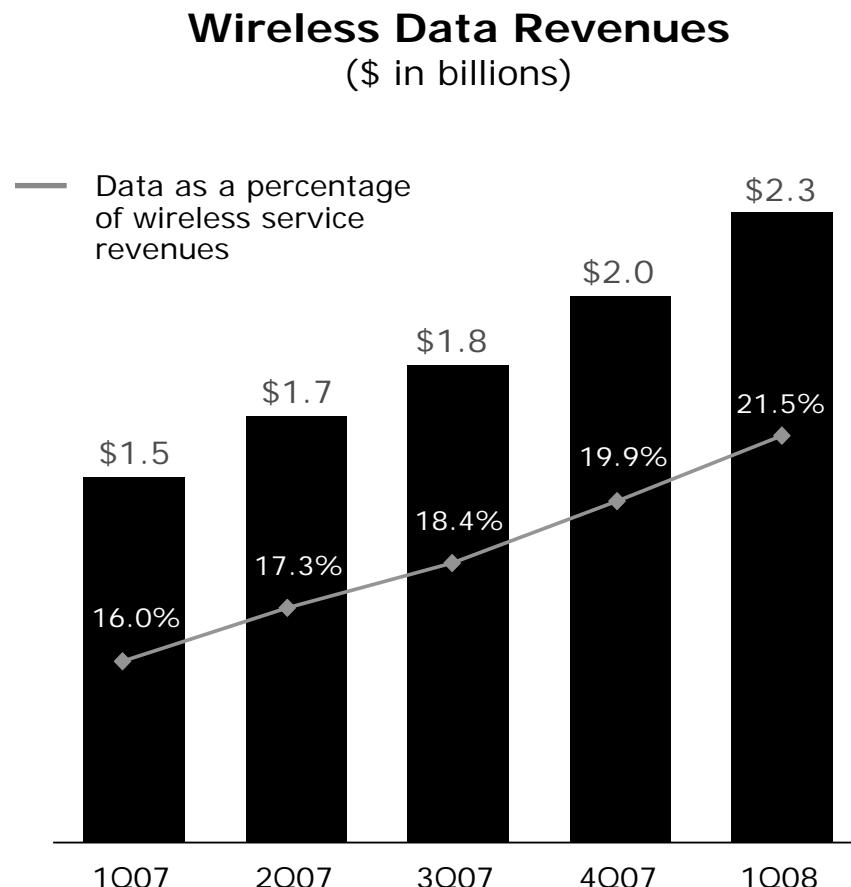
Continued Solid Subscriber Growth



Improved subscriber metrics reflect quality of network, innovative services, distribution strength and rich device selection

- **Strong flow share** with gross adds up 15.7% versus 1Q07; AT&T consistently leads U.S. wireless providers in flow share
- **1.3 million net adds**, up 8.7% versus 1Q07; TDMA network shutdown reduced total subscribers by approximately 330,000
- **Postpaid churn at 1.2%**, down from year-earlier quarter and flat sequentially

Wireless Data Revenues up 57.3%



Continued explosive growth in data services encompassing both business and consumer subscribers

- Early in adoption curve, significant data revenue opportunity ahead
- Approximately 16% of postpaid subscribers now use integrated devices, with ARPU roughly double the company average

1Q08 YOY Wireless Data Revenue Growth

Internet access	>100%
E-mail	>60%
Messaging	>50%
Data access	>50%
Media Bundle	>40%

Premier Spectrum Position With Clear, Cost-Efficient Technology Road Map

2008: 3G, HSPA Release 6

- 850 MHz spectrum formerly used for TDMA integrated with 3G, significantly enhancing service
- HSPA R6 speeds provide a DSL-like experience

2009-2010: HSPA Release 7

- Peak speeds up to 28 Mbps
- Achieved largely through a software upgrade

Beyond 2010: LTE

- Designed to evolve from HSPA, backward compatible to GSM and HSPA
- Peak speeds ~100 Mbps

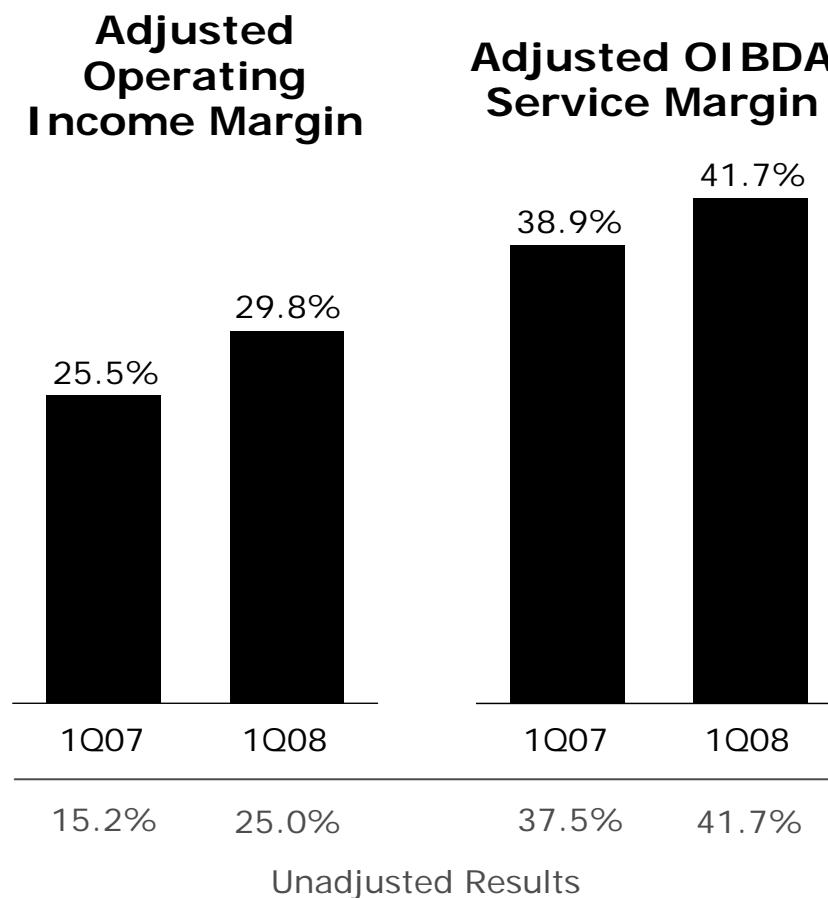
AT&T Spectrum Position After Aloha, Auction Acquisitions

- Contiguous, unencumbered 700 MHz spectrum in 100% of top 200 markets
- Average 90 MHz of spectrum in top 100 markets

Logical, Cost-Efficient Path to LTE

- Interim steps to substantially increase speeds
- Backward compatible

Wireless Margin Expansion

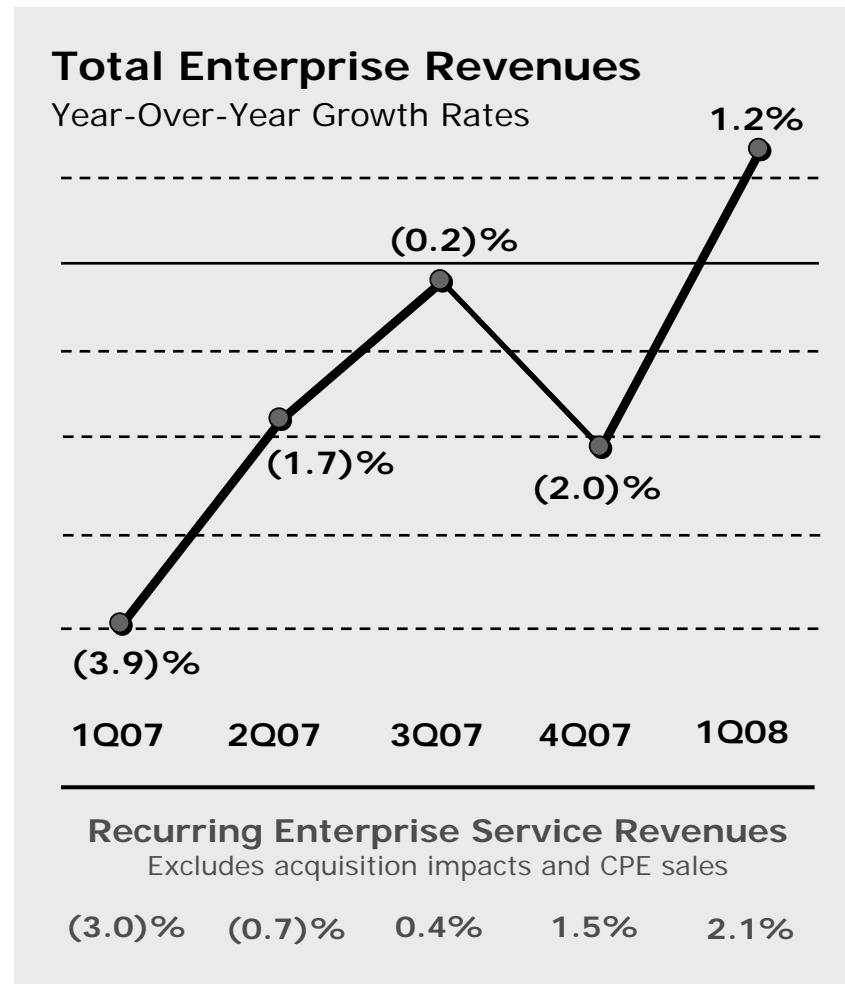


Service OIBDA margin in the low 40% range, achieved with high gross adds and shift to more advanced integrated devices. Major drivers:

- Strong revenue growth
- Improved network cost structure
- Continued operational improvements in areas such as customer service and billing

Merger integration and amortization costs excluded from adjusted operating income margins: \$1,022 million in 1Q07 and \$568 million in 1Q08.
Excluded from adjusted OIBDA service margin: \$124 million in 1Q07.

Further Step Up in Enterprise Growth

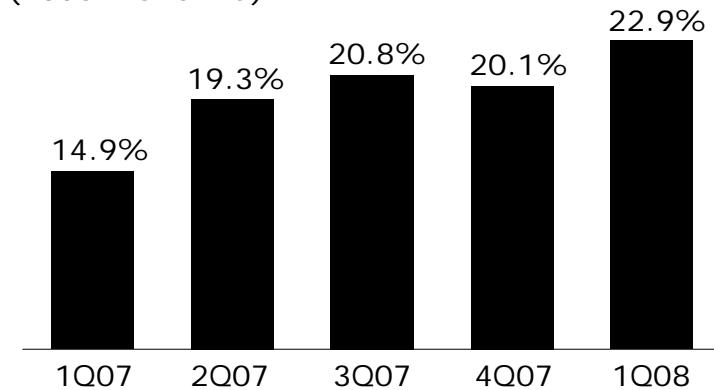


Positive enterprise momentum:

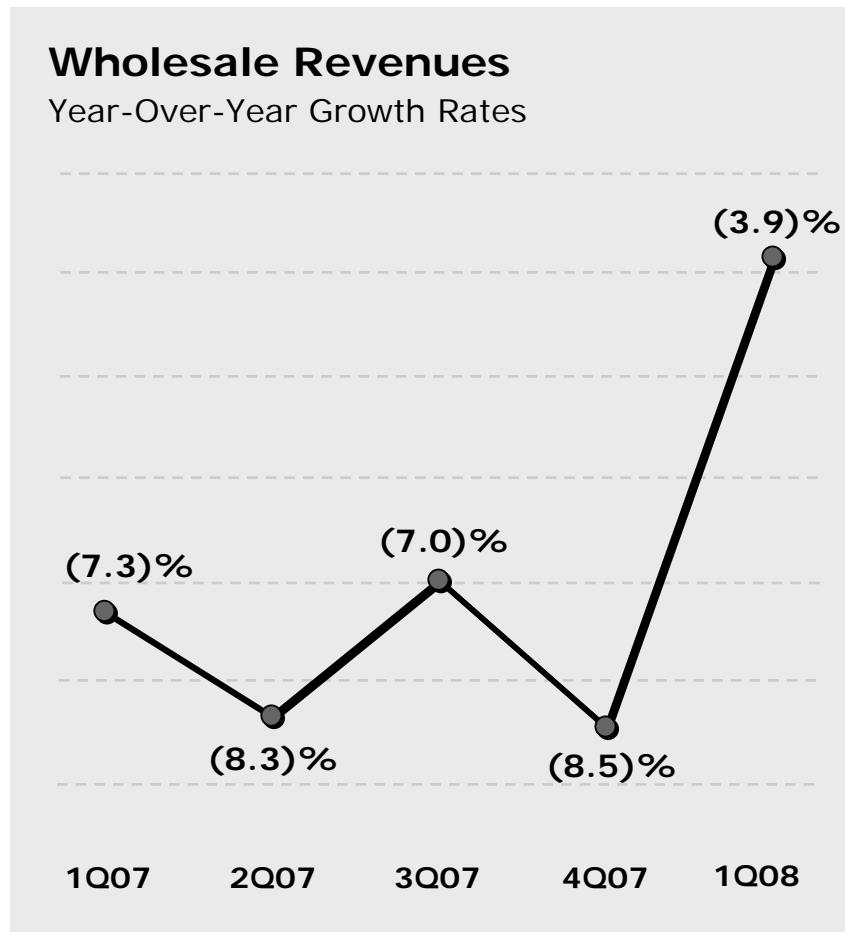
- Demand continues to be solid
- New order volumes remain solid
- Major contract wins include five-year agreement with Shell, Starbucks agreement

Enterprise IP Data Revenues

Year-Over-Year Growth Rates
(2006 Pro forma)



Improving Wholesale Trends



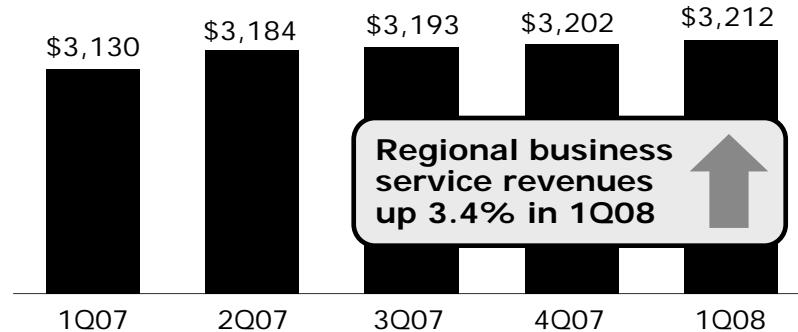
Wholesale revenues stabilizing, with significant 1Q08 improvement in year-over-year growth rate, sequential growth in total wholesale revenues

- Improved fundamentals driven by data services, wireless growth and reduced impacts from carrier traffic migration
- Merger conditions pass one-year anniversary in second quarter
- Positive impacts from IBM agreement expected to ramp in second half of 2008

Sustained Growth in Regional Business

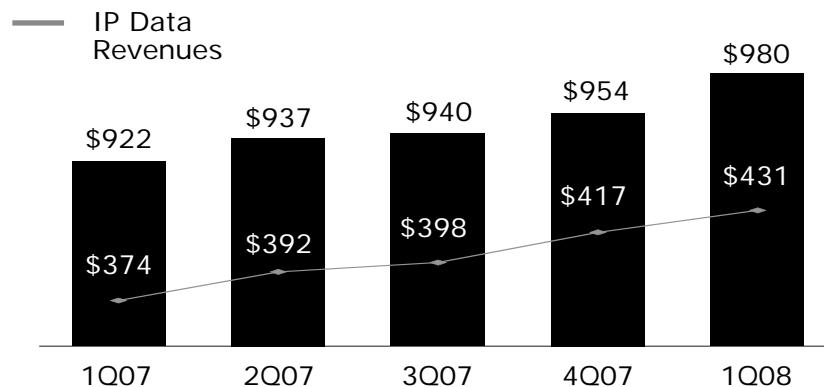
Regional Business Total Revenue

(\$ in millions)



Regional Business Data Revenue

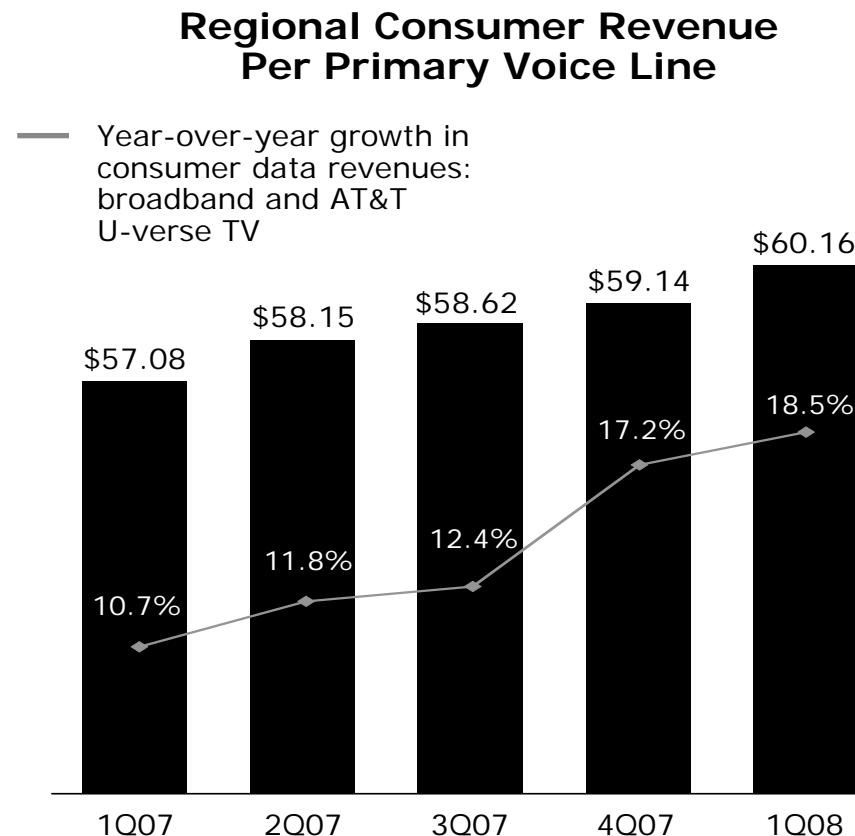
(\$ in millions)



Total regional business revenues up 2.6%; small/midsize business revenues up approximately 5%

- Growth driven by increases in both voice and data
- 6.3% increase in data revenues, with IP data revenues up >15%
- Strong double-digit growth in Ethernet, VPN, managed Internet services
- Increased focus on business bundles, including wireless
- Launched AT&T Business in a BoxSM, which delivers VoIP functionality, VPN and other capabilities to small/midsize firms

Regional Consumer Driven by Broadband and Video Connections

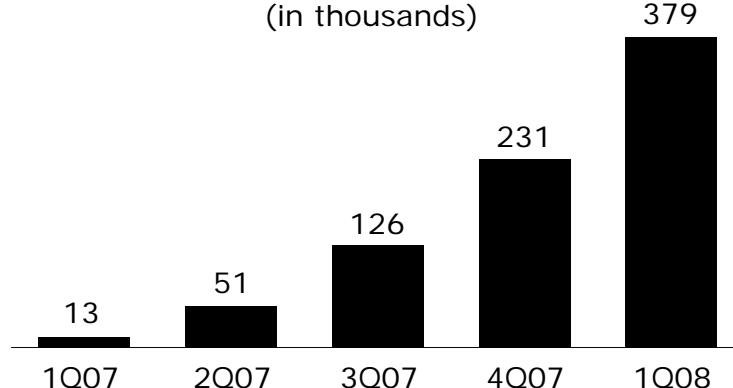


Continued stability in regional consumer revenues, with improved ARPU driven by growth in broadband and bundled video

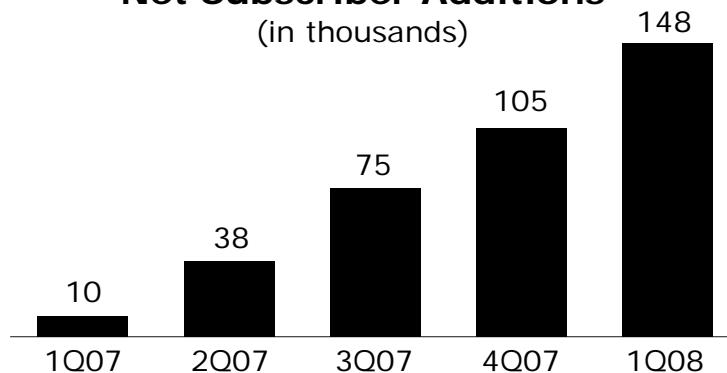
- Average revenue per primary line up 5.4%, continuing trends of recent quarters
- Accelerating growth in AT&T U-verse TV
- Increased growth in broadband connections
 - Strong gains in broadband/wireless bundle
 - High broadband attach rate with AT&T U-verse TV

Accelerated Ramp in AT&T U-verse TV

AT&T U-verse TV
Subscribers in Service
(in thousands)



AT&T U-verse TV
Net Subscriber Additions
(in thousands)

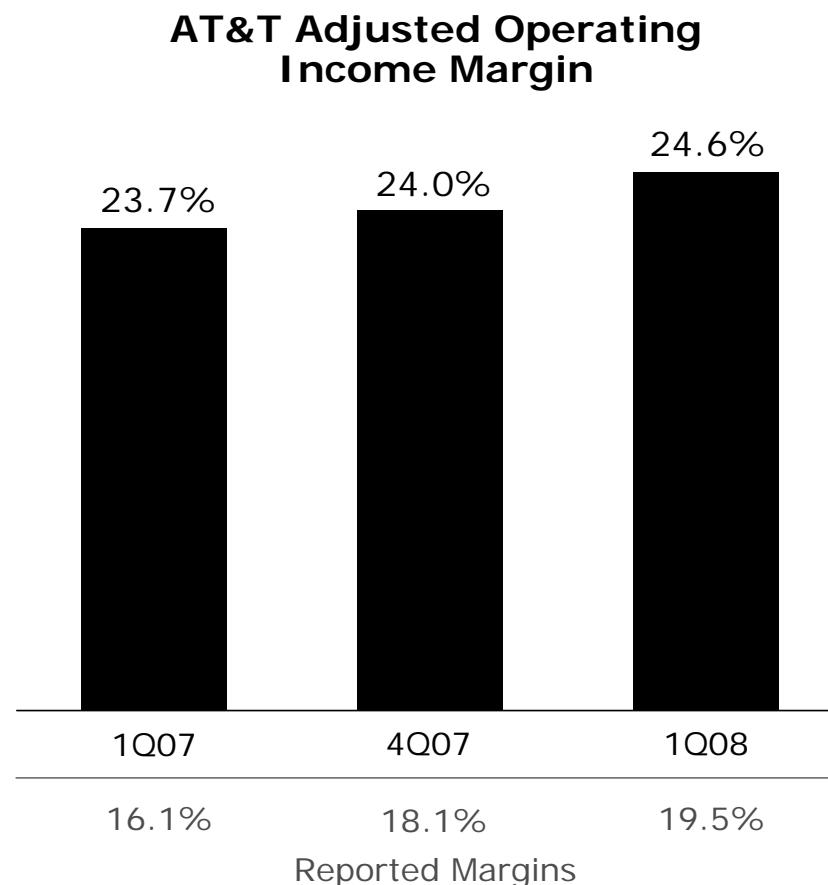


- Network deployment now reaches more than 9 million living units
- More than 10% penetration reached in established market areas in less than 12 months
- On track to reach target of more than 1 million subscribers by the end of 2008

AT&T U-verse Services Available
in 43 Markets Across U.S.



Margin Expansion

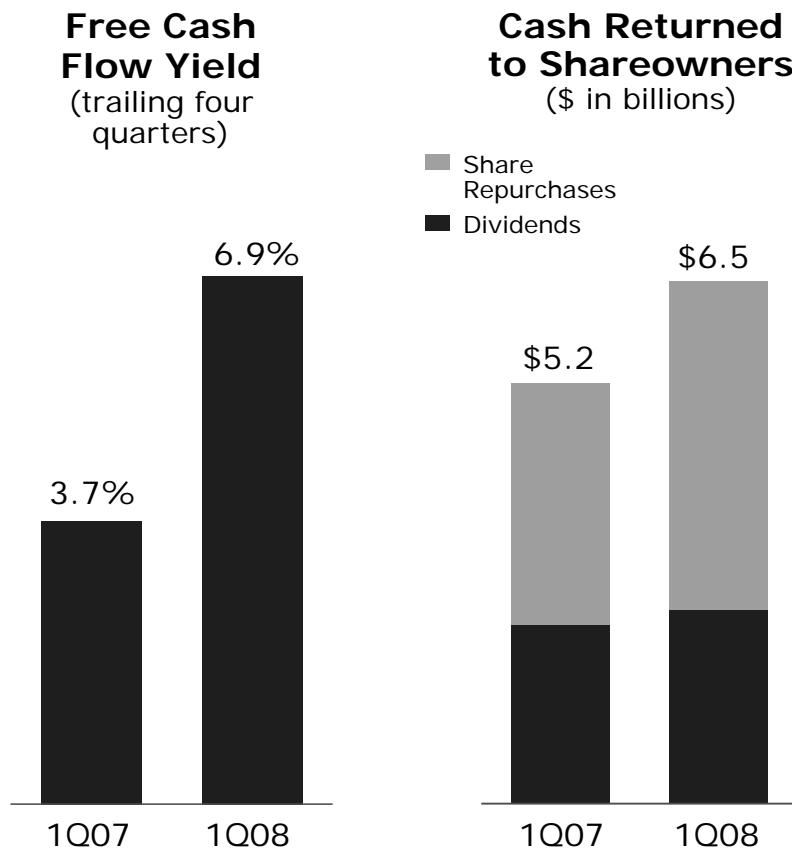


Consolidated margin expansion driven by:

- Continued improvement in wireless margins
- Execution of merger synergy initiatives and operational cost initiatives
- On track for incremental 2008 expense savings of more than \$2 billion

Merger integration and amortization costs and other one-time items excluded from adjusted operating income margins: \$2,306 million in 1Q07, \$1,800 million in 4Q07 and \$1,582 million in 1Q08.

Strong Free Cash Flow, Cash Returned to Shareowners



Strong cash flow allows for investments in operations while returning substantial value to shareowners

- Expect capital expenditures in mid-teens as a percentage of revenue
- \$4.1 billion in share repurchases in 1Q08
- Continued strong balance sheet and credit metrics

Summary: Strong Results, Solid Momentum

- **Improving operations across key growth areas:** wireless, enterprise, broadband and video
- **Revenue growth ramp:** mid-single-digit consolidated revenue growth
- **Margin expansion:** cost initiatives on track, reorganization of local telephone operations
- **Double-digit adjusted EPS growth:** 12 consecutive quarters; expect continued double-digit growth
- **Strong free cash flow:** allows for substantial return of value to shareowners and investment in the future of the business

**Focus on execution, strong record
of delivering on targets**

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