

A clear focus on our opportunities, combined with strong execution, helped make 2007 a terrific year for our company. Wireless growth accelerated as we added more than 9 million subscribers. Our enterprise business executed a major turnaround, with enterprise service revenues returning to growth in the second half of the year. We grew our business serving small and midsize firms. We expanded our lead among U.S. broadband providers and began an aggressive ramp of our next-generation television service.

Meanwhile, we exceeded our expense control targets as we integrated formerly separate operations to improve performance. In fact, through mergers and other initiatives, we've saved more than \$5 billion in operational costs over the past two years.

All of these achievements drove outstanding financial results:

- Total revenues increased to nearly \$119 billion.
- Adjusted earnings per share grew at a strong double-digit pace.
- Cash from operating activities topped \$34 billion, a record for our company.
- Our total return for the year (stock price appreciation plus dividends paid) was 20.6 percent — nearly four times the return of the S&P 500.
- In December 2007, AT&T's board of directors raised our quarterly dividend by 12.7 percent and approved a new repurchase of 400 million shares — both the largest in our company's history.

AT&T finished 2007 as the largest telecom company in the world based on revenue with more than 100 million customers. We ranked No. 1 in nearly every segment — wireless, broadband, business, voice and directory — and we're positioned to continue leading the industry as technologies converge and the Internet continues to drive growth in communications services.

- **Wireless:** No. 1 provider in the U.S., with 70.1 million* customers.
- **Broadband:** No. 1 provider in the U.S., with more than 14 million* customers.
- **Business and Wholesale:** No. 1 in the industry, serving all of the Fortune 1000.
- **TV:** More than 2.3 million* customers (satellite and U-verseSM TV). AT&T's U-verse TV is the only 100 percent Internet Protocol (IP)-based television service in the nation.
- **Directory:** No. 1 provider in the industry, with more than \$4.8 billion* in revenues.
- *Fortune* named AT&T among the 50 World's Most Admired Companies for the first time. The magazine also named AT&T as the America's and the World's Most Admired Telecommunications Company

* Year-end 2007 figures.