



AT&T Financial and Operational Results

AT&T Financial and Operational Results

Consolidated	3
Financial Summary	4
Consolidated Statements of Income – GAAP	5
Financial and Operating Statistics Summary	5
Consolidated Balance Sheets	6
Consolidated Statements of Cash Flows	7
Wireless	8
Statements of Segment Income – GAAP	9
Wireline	10
Statements of Segment Income – GAAP	11
Revenues by Customer Type.....	11
Data Revenue Information	11
Operating Volumes	12
Advertising & Publishing and Other Statements	13
Statements of Segment Income – GAAP	14
Non-GAAP Reconciliation and Notes.....	15
Non-GAAP Consolidated Reconciliations	16 - 19
Non-GAAP Wireless Reconciliations.....	20 - 22
Non-GAAP Wireline Reconciliations	23 - 24
Non-GAAP Advertising & Publishing Reconciliations.....	25 - 26
Non-GAAP Financial Data Reconciliations.....	27 - 28



Consolidated

Financial Summary

AT&T Inc.

Dollars in Millions	2007	2008
Operating Revenues	\$ 118,928	\$ 124,028
Operating Expenses	\$ 98,524	\$ 100,965
Net Income	\$ 11,951	\$ 12,867

Wireless*	2007	2008
Operating Revenues	\$ 42,684	\$ 49,335
Operating Expenses	\$ 35,664	\$ 38,251
Segment Income	\$ 6,838	\$ 10,834

* Results reflect 100% of AT&T's actual wireless results.

Wireline	2007	2008
Operating Revenues	\$ 71,583	\$ 69,854
Operating Expenses	\$ 59,593	\$ 58,703
Segment Income	\$ 11,990	\$ 11,151

Advertising & Publishing	2007	2008
Operating Revenues	\$ 5,851	\$ 5,502
Operating Expenses	\$ 3,990	\$ 3,787
Segment Income	\$ 1,861	\$ 1,715

Other	2007	2008
Operating Revenues	\$ 2,229	\$ 2,043
Operating Expenses	\$ 2,040	\$ 2,929
Segment Income (Loss)	\$ 865	\$ (73)

Consolidated Statements of Income -- GAAP

AT&T Inc.

Dollars in millions except per share amounts unaudited	Three Months Ended							
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
Wireless Service	\$ 9,070	\$ 9,513	\$ 9,834	\$ 10,151	\$ 10,605	\$ 10,894	\$ 11,227	\$ 11,523
Voice	10,455	10,378	10,164	9,801	9,693	9,519	9,313	8,796
Data	5,655	5,746	5,880	5,925	5,972	6,054	6,144	6,202
Directory	1,022	1,155	1,240	1,389	1,398	1,383	1,333	1,302
Other	2,767	2,686	3,014	3,083	3,076	3,016	3,325	3,253
Total Operating Revenues	28,969	29,478	30,132	30,349	30,744	30,866	31,342	31,076
Operating Expenses								
Cost of Services and Sales	11,422	11,658	11,736	11,889	12,002	11,900	13,070	12,923
Selling, General and Administrative	7,267	7,460	7,770	7,745	7,859	7,441	7,676	8,211
Depreciation and Amortization	5,616	5,416	5,322	5,223	4,903	4,958	4,978	5,044
Total Operating Expenses	24,305	24,534	24,828	24,857	24,764	24,299	25,724	26,178
Operating Income	4,664	4,944	5,304	5,492	5,980	6,567	5,618	4,898
Interest Expense	873	879	887	868	865	854	858	813
Equity in Net Income of Affiliates	173	210	162	147	243	212	257	107
Other Income (Expense) – Net	504	127	(17)	1	33	(43)	(81)	(498)
Income Before Income Taxes	4,468	4,402	4,562	4,772	5,391	5,882	4,936	3,694
Income Taxes	1,620	1,498	1,499	1,636	1,930	2,110	1,706	1,290
Net Income	\$ 2,848	\$ 2,904	\$ 3,063	\$ 3,136	\$ 3,461	\$ 3,772	\$ 3,230	\$ 2,404

Financial and Operating Statistics Summary

AT&T Inc.

	Three Months Ended							
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
Construction and Capital Expenditures								
Capital expenditures	\$ 3,338	\$ 4,122	\$ 4,664	\$ 5,593	\$ 4,178	\$ 5,142	\$ 5,068	\$ 5,288
Interest during construction	35	43	47	46	70	187	198	204
Dividends Declared Per Share	\$ 0.3550	\$ 0.3550	\$ 0.3550	\$ 0.4000	\$ 0.4000	\$ 0.4000	\$ 0.4000	\$ 0.4100
Dividend Growth	6.8%	6.8%	6.8%	12.7%	12.7%	12.7%	12.7%	2.5%
End of Period Common Shares Outstanding (000,000)	6,186	6,107	6,072	6,044	5,939	5,892	5,893	5,893
Debt Ratio	35.4%	35.6%	35.3%	35.7%	39.6%	41.7%	40.6%	43.8%

Consolidated Balance Sheets

AT&T Inc.

Dollars in Millions

12/31/08

12/31/07

unaudited

Assets

Current Assets

Cash and cash equivalents	\$ 1,792	\$ 1,970
Accounts receivable - net of allowances for uncollectibles of \$1,270 and \$1,364	16,047	16,185
Prepaid expenses	1,538	1,524
Deferred income taxes	1,014	2,044
Other current assets	2,165	2,963
Total current assets	22,556	24,686

Property, Plant and Equipment - Net

99,088 95,890

Goodwill

71,829 70,713

Licenses

47,306 37,985

Customer Lists and Relationships - Net

10,582 14,505

Other Intangible Assets - Net

5,824 5,912

Investments in Equity Affiliates

2,332 2,270

Postemployment Benefit

- 17,291

Other Assets

5,728 6,392

Total Assets

\$ 265,245 \$ 275,644

Liabilities and Stockholders' Equity

Current Liabilities

Debt maturing within one year	\$ 14,119	\$ 6,860
Accounts payable and accrued liabilities	20,032	21,399
Advanced billing and customer deposits	3,849	3,571
Accrued taxes	1,874	5,027
Dividends payable	2,416	2,417
Total current liabilities	42,290	39,274

Long-Term Debt

60,872 57,255

Deferred Credits and Other Noncurrent Liabilities

Deferred income taxes	19,196	24,939
Postemployment benefit obligation	31,930	24,011
Other noncurrent liabilities	14,610	14,798
Total deferred credits and other noncurrent liabilities	65,736	63,748

Stockholders' Equity

Common shares issued (\$1 par value)	6,495	6,495
Capital in excess of par value	91,728	91,638
Retained earnings	36,591	33,297
Treasury shares (at cost)	(21,410)	(15,683)
Accumulated other comprehensive loss	(17,057)	(380)
Total stockholders' equity	96,347	115,367

Total Liabilities and Stockholders' Equity

\$ 265,245 \$ 275,644

Consolidated Statements of Cash Flows

AT&T Inc.

Twelve Months Ended

Dollars in Millions, Increase (Decrease) in Cash and Cash Equivalents

12/31/08

12/31/07

unaudited

Operating Activities

Net income	\$ 12,867	\$ 11,951
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,883	21,577
Undistributed earnings from investments in equity affiliates	(654)	(297)
Provision for uncollectible accounts	1,796	1,617
Deferred income tax expense (benefit)	5,889	(240)
Net (gain) loss from impairment and sale of investments	517	(11)
Gain on license exchange	-	(409)
Changes in operating assets and liabilities:		
Accounts receivable	(1,421)	(1,491)
Other current assets	827	(1,020)
Accounts payable and accrued liabilities	(5,563)	672
Stock-based compensation tax benefit	(15)	(173)
Other - net	(470)	2,066
Total adjustments	20,789	22,291
Net Cash Provided by Operating Activities	33,656	34,242

Investing Activities

Construction and capital expenditures		
Capital expenditures	(19,676)	(17,717)
Interest during construction	(659)	(171)
Acquisitions, net of cash acquired	(10,972)	(2,873)
Dispositions	1,615	1,594
Proceeds from sale of securities, net of investments	68	455
Sale of other investments	436	-
Other	45	36
Net Cash Used in Investing Activities	(29,143)	(18,676)

Financing Activities

Net change in short-term borrowings with original maturities of three months or less	2,017	(3,411)
Issuance of long-term debt	12,416	11,367
Repayment of long-term debt	(4,010)	(6,772)
Purchase of treasury shares	(6,077)	(10,390)
Issuance of treasury shares	319	1,986
Dividends paid	(9,507)	(8,743)
Stock-based compensation tax benefit	15	173
Other	136	(224)
Net Cash Provided by Financing Activities	(4,691)	(16,014)
Net increase (decrease) in cash and cash equivalents	(178)	(448)
Cash and cash equivalents beginning of year	1,970	2,418
Cash and Cash Equivalents End of Year	\$ 1,792	\$ 1,970



Wireless

Statements of Segment Income -- GAAP

Wireless

Dollars in Millions unaudited	Three Months Ended							
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
Operating Revenues								
Service Revenues	9,092	9,540	9,860	10,186	10,645	10,951	11,273	11,541
Equipment Revenues	905	855	1,077	1,169	1,180	1,082	1,345	1,318
Total Operating Revenues	9,997	10,395	10,937	11,355	11,825	12,033	12,618	12,859
Operating Expenses								
Cost of Services and Equipment Sales	3,670	3,941	4,079	4,301	4,110	4,162	4,989	4,817
Selling, General and Administrative	2,913	3,040	3,183	3,458	3,279	3,361	3,849	3,914
Depreciation and Amortization	1,891	1,810	1,709	1,669	1,480	1,446	1,401	1,443
Total Operating Expenses	8,474	8,791	8,971	9,428	8,869	8,969	10,239	10,174
Operating Income	1,523	1,604	1,966	1,927	2,956	3,064	2,379	2,685
Equity in Net Income (Loss) of Affiliates*	(41)	(50)	(40)	(51)	(58)	(66)	(57)	(69)
Segment Income	\$ 1,482	\$ 1,554	\$ 1,926	\$ 1,876	\$ 2,898	\$ 2,998	\$ 2,322	\$ 2,616

* Includes minority interest recorded as Other Income (Expense) - Net on the Consolidated Statements of Income.

Wireless Volumes

Total Cellular/PCS Customers	62,217	63,673	65,666	70,052	71,367	72,882	74,871	77,009
Net Customer Additions – Cellular/PCS	1,191	1,456	1,993	2,675	1,295	1,333	1,976	2,095
M&A, Partitioned Customers and/or Adjustments	64	-	-	1,711	20	182	13	43
Postpaid Customers	50,588	51,488	52,689	55,310	56,016	57,043	58,735	60,098

Net Add Detail (Adjusted for M&A)

Postpaid Net Adds	680	912	1,212	1,178	705	894	1,693	1,342
Prepaid Net Adds (Losses)	162	179	196	750	118	12	(36)	(23)
Reseller Net Adds	349	365	585	747	472	427	319	776

Churn Detail

Total Churn – Cellular/PCS ¹	1.7%	1.6%	1.7%	1.7%	1.7%	1.6%	1.7%	1.6%
Postpaid Churn	1.3%	1.2%	1.3%	1.2%	1.2%	1.1%	1.2%	1.2%

Other Wireless Operating Statistics

Wireless Service ARPU – Cellular/PCS ²	\$ 49.21	\$ 50.63	\$ 50.82	\$ 50.28	\$ 50.18	\$ 50.60	\$ 50.80	\$50.82
Data ARPU	\$ 7.88	\$ 8.77	\$ 9.34	\$ 10.01	\$ 10.80	\$ 11.59	\$ 12.30	\$13.50
Data Revenues	\$ 1,456	\$ 1,651	\$ 1,813	\$ 2,028	\$ 2,291	\$ 2,510	\$ 2,728	\$ 3,066
Minutes of Use Per Cellular/PCS Subscriber ³	725	760	758	736	728	743	734	711
Penetration – Cellular/PCS ⁴	21.9%	22.4%	23.1%	24.7%	24.1%	24.6%	25.2%	25.9%

¹ Cellular/PCS churn is calculated by taking the sum of the quarter's disconnects as a percentage of the sum of the quarter's beginning-of-period subscribers.

² ARPU is defined as cellular/PCS service revenues during the period divided by average cellular/PCS customers during the period.

³ Total Minutes of Use Per Cellular/PCS Subscriber excludes SMS activity but includes Local Minutes of Use and Outcollect Minutes of Use in the numerator.

⁴ Penetration calculations for 1Q08 through 4Q08 are based on "operational" POPs of 297 million vs. "operational" POPs of 284 million in 4Q07 and prior quarters.



Wireline

Statements of Segment Income -- GAAP

Wireline

Three Months Ended

Dollars in Millions

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
unaudited								
Operating Revenues								
Voice	\$ 10,677	\$ 10,586	\$ 10,356	\$ 10,011	\$ 9,919	\$ 9,757	\$ 9,515	\$ 9,007
Data	5,862	5,980	6,076	6,157	6,205	6,287	6,401	6,459
Other	1,453	1,427	1,509	1,489	1,500	1,564	1,634	1,606
Total Operating Revenues	17,992	17,993	17,941	17,657	17,624	17,608	17,550	17,072
Operating Expenses								
Cost of Sales	7,801	7,817	7,778	7,622	7,962	7,818	8,128	8,021
Selling, General and Administrative	3,801	3,685	3,868	3,805	3,542	3,409	3,354	3,319
Depreciation and Amortization	3,441	3,301	3,334	3,340	3,170	3,269	3,331	3,380
Total Operating Expenses	15,043	14,803	14,980	14,767	14,674	14,496	14,813	14,720
Segment Income	\$ 2,949	\$ 3,190	\$ 2,961	\$ 2,890	\$ 2,950	\$ 3,112	\$ 2,737	\$ 2,352

Revenues by Customer Type

Wireline

Three Months Ended

Dollars in Millions

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
unaudited								
Operating Revenues								
Consumer In-region	\$ 5,646	\$ 5,694	\$ 5,697	\$ 5,630	\$ 5,618	\$ 5,577	\$ 5,480	\$ 5,334
Business In-region	3,108	3,166	3,169	3,179	3,193	3,218	3,241	3,150
Wholesale	3,599	3,515	3,510	3,437	3,456	3,507	3,536	3,471
Enterprise	4,602	4,699	4,753	4,702	4,662	4,650	4,688	4,529
National Mass Markets	1,092	988	892	791	726	680	636	582
Other	(55)	(69)	(80)	(82)	(31)	(24)	(31)	6
Total Operating Revenues	\$ 17,992	\$ 17,993	\$ 17,941	\$ 17,657	\$ 17,624	\$ 17,608	\$ 17,550	\$ 17,072

Data Revenue Information

Wireline

Three Months Ended

Dollars in Millions

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
unaudited								
Data Revenues								
Transport	\$ 2,874	\$ 2,875	\$ 2,892	\$ 2,876	\$ 2,894	\$ 2,906	\$ 2,939	\$ 2,941
Packet-switched	767	754	761	723	685	652	646	599
IP	2,221	2,351	2,423	2,558	2,626	2,729	2,816	2,920
Total Data Revenues	\$ 5,862	\$ 5,980	\$ 6,076	\$ 6,157	\$ 6,205	\$ 6,287	\$ 6,401	\$ 6,459

Operating Volumes

In Thousands

Consumer Revenue Connections ¹

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
Retail Consumer Voice Connections ²	32,315	32,124	31,658	31,005	30,316	29,349	28,329	27,479
Retail Consumer Additional Voice Connections ²	4,345	4,232	4,112	4,004	3,866	3,703	3,526	3,359
Consumer Wired Broadband Connections ³	10,908	11,260	11,716	12,082	12,547	12,581	12,730	12,972
Video Connections: ⁴								
Satellite Connections	1,684	1,846	1,986	2,116	2,232	2,235	2,182	2,190
U-verse Video Connections	13	51	126	231	379	549	781	1,045
Total Consumer Revenue Connections	49,265	49,513	49,598	49,438	49,340	48,417	47,548	47,045
Net Change	404	248	85	(160)	(98)	(923)	(869)	(503)

Households In Service

In Thousands

Total Households In Service	32,323	32,142	31,718	31,169	30,658	29,883	29,116	28,470
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Total Company Broadband

Wired Broadband Connections ³	12,861	13,261	13,760	14,156	14,647	14,693	14,841	15,077
3G LaptopConnect Cards	310	400	517	646	772	938	1,124	1,245
Total Broadband	13,171	13,661	14,277	14,802	15,419	15,631	15,965	16,322
Net Change	768	490	616	525	617	213	334	357

¹ Prior quarter amounts restated to conform to current period reporting methodology.

² Includes consumer U-verse Voice over IP connections.

³ Wired broadband connections include DSL lines, U-verse high speed Internet access and satellite broadband.

⁴ Video connections include sales under agency agreements with EchoStar and DirecTV customers and U-verse connections.

Note: For the end of year 2008, total switched access lines were 55,610, retail business switched access lines totaled 21,826 and wholesale and coin switched access lines totaled 3,170.



Advertising & Publishing and Other Segments

Statements of Segment Income -- GAAP

Advertising & Publishing

Three Months Ended

Dollars in Millions

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
unaudited								
Operating Revenues	\$ 1,443	\$ 1,478	\$ 1,457	\$ 1,473	\$ 1,417	\$ 1,407	\$ 1,350	\$ 1,328
Operating Expenses								
Cost of Sales	433	364	417	431	421	439	461	395
Selling, General and Administrative	301	428	338	354	366	332	274	310
Depreciation and Amortization	242	263	238	181	212	203	194	180
Total Operating Expenses	976	1,055	993	966	999	974	929	885
Operating Income	467	423	464	507	418	433	421	443
Segment Income	\$ 467	\$ 423	\$ 464	\$ 507	\$ 418	\$ 433	\$ 421	\$ 443

Statements of Segment Income -- GAAP

Other

Three Months Ended

Dollars in Millions

	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
unaudited								
Operating Revenues	\$ 538	\$ 558	\$ 562	\$ 571	\$ 544	\$ 512	\$ 501	\$ 486
Operating Expenses								
Cost of Sales	154	173	156	136	124	123	102	301
Selling, General and Administrative	316	427	322	198	724	389	267	725
Depreciation and Amortization	42	43	40	33	40	42	51	41
Total Operating Expenses	512	643	518	367	888	554	420	1,067
Operating Income (Loss)	26	(85)	44	204	(344)	(42)	81	(581)
Equity in Net Income of Affiliates	172	202	159	143	241	209	257	106
Segment Income (Loss)	\$ 198	\$ 117	\$ 203	\$ 347	\$ (103)	\$ 167	\$ 338	\$ (475)



Non-GAAP Reconciliations and Notes

Non-GAAP Consolidated Reconciliations (Page 1 of 4)

Consolidated Adjusted Operating Income Margins

AT&T Inc.

Dollars in Millions

unaudited

	Adjusting Items			Adjusted
	GAAP	Noncash Merger-Related Costs	Workforce Reduction	
Quarter Ended December 31, 2008				
Total Operating Revenues	\$ 31,076	\$ -	\$ -	\$ 31,076
Operating Expenses				
Cost of Sales	12,923	-	-	12,923
Selling, General and Administrative	8,211	(2)	(617)	7,592
Depreciation and Amortization	5,044	(1,054)	-	3,990
Total Operating Expenses	26,178	(1,056)	(617)	24,505
Operating Income	\$ 4,898			\$ 6,571
Operating Margin	15.8%			21.1%

	Adjusting Items		Adjusted
	GAAP	Intangible Amortization	
Quarter Ended September 30, 2008			
Total Operating Revenues	\$ 31,342	\$ -	\$ 31,342
Operating Expenses			
Cost of Sales	13,070	-	13,070
Selling, General and Administrative	7,676	-	7,676
Depreciation and Amortization	4,978	(1,096)	3,882
Total Operating Expenses	25,724	(1,096)	24,628
Operating Income	\$ 5,618		\$ 6,714
Operating Margin	17.9%		21.4%

	Adjusting Items		Adjusted
	GAAP	Intangible Amortization	
Quarter Ended June 30, 2008			
Total Operating Revenues	\$ 30,866	\$ -	\$ 30,866
Operating Expenses			
Cost of Sales	11,900	-	11,900
Selling, General and Administrative	7,441	-	7,441
Depreciation and Amortization	4,958	(1,169)	3,789
Total Operating Expenses	24,299	(1,169)	23,130
Operating Income	\$ 6,567		\$ 7,736
Operating Margin	21.3%		25.1%

Non-GAAP Consolidated Reconciliations (Page 2 of 4)**Consolidated Adjusted Operating Income Margins**

AT&T Inc.

Dollars in Millions
unaudited**Quarter Ended March 31, 2008****Adjusting Items**

	GAAP	Workforce Reduction	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 30,744	\$ -	\$ -	\$ 30,744
Operating Expenses				
Cost of Sales	12,002	-	-	12,002
Selling, General and Administrative	7,859	(374)	-	7,485
Depreciation and Amortization	4,903	-	(1,208)	3,695
Total Operating Expenses	24,764	(374)	(1,208)	23,182
Operating Income	\$ 5,980			\$ 7,562
Operating Margin	19.5%			24.6%

Quarter Ended December 31, 2007**Adjusting Items**

	GAAP	Integration Costs	Intangible Amortization	A&P Deferred Rev/Exp Adjustment	Adjusted
Total Operating Revenues	\$ 30,349	\$ -	\$ -	\$ 53	\$ 30,402
Operating Expenses					
Cost of Sales	11,889	(27)	-	17	11,879
Selling, General and Administrative	7,745	(354)	-	-	7,391
Depreciation and Amortization	5,223	(68)	(1,315)	-	3,840
Total Operating Expenses	24,857	(449)	(1,315)	17	23,110
Operating Income	\$ 5,492				\$ 7,292
Operating Margin	18.1%				24.0%

Non-GAAP Consolidated Reconciliations (Page 3 of 4)

Debt-to-EBITDA Ratio

AT&T Inc.

Dollars in Millions

unaudited

2008

Reported Consolidated Revenues	\$	124,028
Total Operating Expenses		100,965
Total Operating Income		23,063
Add Back Depreciation and Amortization		19,883
Total Consolidated EBITDA	\$	42,946
End-of-period current debt		14,119
End-of-period long-term debt		60,872
Total End-of-Period Debt		74,991
(Premiums) Discounts on long-term debt		(1,846)
Normalized Debt Balance		73,145
Debt-to-EBITDA Ratio		1.7

Non-GAAP Consolidated Reconciliations (Page 4 of 4)

AT&T Inc.

Pro Forma Revenue Growth

Dollars in Millions unaudited	Three Months Ended								
	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08
Reported Consolidated Revenues	\$ 15,891	\$ 28,969	\$ 29,478	\$ 30,132	\$ 30,349	\$ 30,744	\$ 30,866	\$ 31,342	\$ 31,076
Pro Forma Revenue Adjustment ¹	13,667	409	306	196	53	-	-	-	-
Pro Forma Consolidated Revenues	\$ 29,558	\$ 29,378	\$ 29,784	\$ 30,328	\$ 30,402	\$ 30,744	\$ 30,866	\$ 31,342	\$ 31,076
Year-Over-Year Growth Rate					2.9%	4.6%	3.6%	3.3%	2.2%

¹ 1Q07 through 4Q07 revenues are adjusted to exclude Advertising & Publishing revenue deferral impacts only. Revenue from 4Q06 is pro forma and reflects the consolidated revenue from AT&T, BellSouth and Cingular Wireless assuming the BellSouth merger closed at the beginning of 2006.

Non-GAAP Wireless Reconciliations (Page 1 of 3)

Wireless Segment Adjusted OIBDA

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended December 31, 2008

	Adjusting Items			Adjusted
	GAAP	Workforce Reduction	Intangible Amortization	
Service Revenues	\$ 11,541			\$ 11,541
Equipment Revenues	1,318			1,318
Total Operating Revenues	\$ 12,859	\$ -	\$ -	\$ 12,859
Operating Expenses				
Cost of Services and Equipment Sales	4,817	-	-	4,817
Selling, General and Administrative	3,914	(13)	-	3,901
Depreciation and Amortization	1,443	-	(470)	973
Total Operating Expenses	10,174	(13)	(470)	9,691
Operating Income	2,685			3,168
Plus: Depreciation and Amortization	1,443			973
OIBDA	4,128			4,141
OIBDA as a % of Service Revenue	35.8%			35.9%

Quarter Ended September 30, 2008

	Adjusting Items			Adjusted
	GAAP	Intangible Amortization		
Service Revenues	\$ 11,273			\$ 11,273
Equipment Revenues	1,345			1,345
Total Operating Revenues	\$ 12,618	\$ -	\$ -	\$ 12,618
Operating Expenses				
Cost of Services and Equipment Sales	4,989	-		4,989
Selling, General and Administrative	3,849	-		3,849
Depreciation and Amortization	1,401	(499)		902
Total Operating Expenses	10,239	(499)		9,740
Operating Income	2,379			2,878
Plus: Depreciation and Amortization	1,401			902
OIBDA	3,780			3,780
OIBDA as a % of Service Revenue	33.5%			33.5%

OIBDA is defined as operating income (loss) before depreciation and amortization. OIBDA differs from segment operating income (loss), as calculated in accordance with generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. OIBDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with GAAP. Our calculation of OIBDA, as presented, may differ from similarly titled measures reported by other companies.

Non-GAAP Wireless Reconciliations (Page 2 of 3)

Wireless Segment Adjusted OIBDA

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended June 30, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Service Revenues	\$ 10,951		\$ 10,951
Equipment Revenues	1,082		1,082
Total Operating Revenues	\$ 12,033	\$ -	\$ 12,033
Operating Expenses			
Cost of Services and Equipment Sales	4,162	-	4,162
Selling, General and Administrative	3,361	-	3,361
Depreciation and Amortization	1,446	(529)	917
Total Operating Expenses	8,969	(529)	8,440
Operating Income	3,064		3,593
Plus: Depreciation and Amortization	1,446		917
OIBDA	4,510		4,510
OIBDA as a % of Service Revenue	41.2%		41.2%

Quarter Ended March 31, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Service Revenues	\$ 10,645		\$ 10,645
Equipment Revenues	1,180		1,180
Total Operating Revenues	\$ 11,825	\$ -	\$ 11,825
Operating Expenses			
Cost of Services and Equipment Sales	4,110	-	4,110
Selling, General and Administrative	3,279	-	3,279
Depreciation and Amortization	1,480	(568)	912
Total Operating Expenses	8,869	(568)	8,301
Operating Income	2,956		3,524
Plus: Depreciation and Amortization	1,480		912
OIBDA	4,436		4,436
OIBDA as a % of Service Revenue	41.7%		41.7%

OIBDA is defined as operating income (loss) before depreciation and amortization. OIBDA differs from segment operating income (loss), as calculated in accordance with generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. OIBDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with GAAP. Our calculation of OIBDA, as presented, may differ from similarly titled measures reported by other companies.

Non-GAAP Wireless Reconciliations (Page 3 of 3)

Wireless Segment Adjusted OIBDA

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended December 31, 2007

	Adjusting Items			Adjusted
	GAAP	Integration Costs	Intangible Amortization	
Service Revenues	\$ 10,186			\$ 10,186
Equipment Revenues	1,169			1,169
Total Operating Revenues	\$ 11,355	\$ -	\$ -	\$ 11,355
Operating Expenses				
Cost of Services and Equipment Sales	4,301	(147)	-	4,154
Selling, General and Administrative	3,458	(148)	-	3,310
Depreciation and Amortization	1,669	(68)	(628)	973
Total Operating Expenses	9,428	(363)	(628)	8,437
Operating Income	1,927			2,918
Plus: Depreciation and Amortization	1,669			973
OIBDA	3,596			3,891
OIBDA as a % of Service Revenue	35.3%			38.2%

OIBDA is defined as operating income (loss) before depreciation and amortization. OIBDA differs from segment operating income (loss), as calculated in accordance with generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. OIBDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with GAAP. Our calculation of OIBDA, as presented, may differ from similarly titled measures reported by other companies.

Non-GAAP Wireline Reconciliations (Page 1 of 2)**Wireline Segment Adjusted Operating Income Margins**

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended December 31, 2008	Adjusting Items		
	GAAP	Noncash Merger-Related Costs	Adjusted
Total Operating Revenues	\$ 17,072	\$ -	\$ 17,072
Operating Expenses			
Cost of Sales	8,021	-	8,021
Selling, General and Administrative	3,319	(2)	3,317
Depreciation and Amortization	3,380	(391)	2,989
Total Operating Expenses	14,720	(393)	14,327
Operating Income	\$ 2,352		\$ 2,745
Operating Margin	13.8%		16.1%

Quarter Ended September 30, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 17,550	\$ -	\$ 17,550
Operating Expenses			
Cost of Sales	8,128	-	8,128
Selling, General and Administrative	3,354	-	3,354
Depreciation and Amortization	3,331	(396)	2,935
Total Operating Expenses	14,813	(396)	14,417
Operating Income	\$ 2,737		\$ 3,133
Operating Margin	15.6%		17.9%

Quarter Ended June 30, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 17,608	\$ -	\$ 17,608
Operating Expenses			
Cost of Sales	7,818	-	7,818
Selling, General and Administrative	3,409	-	3,409
Depreciation and Amortization	3,269	(432)	2,837
Total Operating Expenses	14,496	(432)	14,064
Operating Income	\$ 3,112		\$ 3,544
Operating Margin	17.7%		20.1%

Non-GAAP Wireline Reconciliations (Page 2 of 2)**Wireline Segment Adjusted Operating Income Margins**

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended March 31, 2008

	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 17,624	\$ -	\$ 17,624
Operating Expenses			
Cost of Sales	7,962	-	7,962
Selling, General and Administrative	3,542	-	3,542
Depreciation and Amortization	3,170	(421)	2,749
Total Operating Expenses	14,674	(421)	14,253
Operating Income	\$ 2,950		\$ 3,371
Operating Margin	16.7%		19.1%

Quarter Ended December 31, 2007

	Adjusting Items			
	GAAP	Integration Costs	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 17,657	\$ -	\$ -	\$ 17,657
Operating Expenses				
Cost of Sales	7,622	(27)	-	7,595
Selling, General and Administrative	3,805	(54)	-	3,751
Depreciation and Amortization	3,340	-	(455)	2,885
Total Operating Expenses	14,767	(81)	(455)	14,231
Operating Income	\$ 2,890			\$ 3,426
Operating Margin	16.4%			19.4%

Non-GAAP Advertising & Publishing Reconciliations (Page 1 of 2)**Advertising & Publishing Segment Adjusted Operating Income Margins**

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended December 31, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 1,328	\$ -	\$ 1,328
Operating Expenses			
Cost of Sales	395	-	395
Selling, General and Administrative	310	-	310
Depreciation and Amortization	180	(176)	4
Total Operating Expenses	885	(176)	709
Operating Income	\$ 443		\$ 619
Operating Margin	33.4%		46.6%

Quarter Ended September 30, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 1,350	\$ -	\$ 1,350
Operating Expenses			
Cost of Sales	461	-	461
Selling, General and Administrative	274	-	274
Depreciation and Amortization	194	(185)	9
Total Operating Expenses	929	(185)	744
Operating Income	\$ 421		\$ 606
Operating Margin	31.2%		44.9%

Quarter Ended June 30, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 1,407	\$ -	\$ 1,407
Operating Expenses			
Cost of Sales	439	-	439
Selling, General and Administrative	332	-	332
Depreciation and Amortization	203	(193)	10
Total Operating Expenses	974	(193)	781
Operating Income	\$ 433		\$ 626
Operating Margin	30.8%		44.5%

Non-GAAP Advertising & Publishing Reconciliations (Page 2 of 2)

Advertising & Publishing Segment Adjusted Operating Income Margins

AT&T Inc.

Dollars in Millions

unaudited

Quarter Ended March 31, 2008	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 1,417	\$ -	\$ 1,417
Operating Expenses			
Cost of Sales	421	-	421
Selling, General and Administrative	366	-	366
Depreciation and Amortization	212	(202)	10
Total Operating Expenses	999	(202)	797
Operating Income	\$ 418		\$ 620
Operating Margin	29.5%		43.8%

Quarter Ended December 31, 2007	Adjusting Items		
	GAAP	Intangible Amortization	Adjusted
Total Operating Revenues	\$ 1,473	\$ -	\$ 1,473
Operating Expenses			
Cost of Sales	431	-	431
Selling, General and Administrative	354	-	354
Depreciation and Amortization	181	(176)	5
Total Operating Expenses	966	(176)	790
Operating Income	\$ 507		\$ 683
Operating Margin	34.4%		46.4%

Non-GAAP Financial Data Reconciliations (Page 1 of 2)

AT&T Inc.

Adjusted Diluted EPS Reconciliation

unaudited

2008	1Q08	2Q08	3Q08	4Q08	Total ¹
EPS from Continuing Operations	0.57	0.63	0.55	0.41	2.16
Adjustments:					
Noncash merger-related costs	0.13	0.13	0.12	0.12	0.49
Merger-related Trust investment losses	-	-	-	0.05	0.05
Workforce reduction	0.04	-	-	0.07	0.11
Adjusted EPS from Continuing Operations	0.74	0.76	0.67	0.64	2.81
2007	1Q07	2Q07	3Q07	4Q07	Total ¹
EPS from Continuing Operations	0.45	0.47	0.50	0.51	1.94
Adjustments:					
Merger integration costs	0.02	0.03	0.04	0.04	0.13
Noncash merger-related costs	0.21	0.20	0.17	0.15	0.73
Gain on wireless asset sale	(0.04)	-	-	-	(0.04)
Adjusted EPS from Continuing Operations	0.65	0.70	0.71	0.71	2.76

¹ The EPS impact of each line has been rounded to the nearest penny. Totals may not add due to rounding. Quarterly EPS impacts may not add to full-year EPS impacts due to the difference in weighted average dilutive shares for the quarters versus the weighted average dilutive shares for the year.

Non-GAAP Financial Data Reconciliations (Page 2 of 2)

AT&T Inc.

2008 Adjusting Items

unaudited

4Q08

\$685M after-tax impact of noncash merger-related costs.

\$288M after-tax impact of merger-related Trust investment losses.

\$399M after-tax impact of workforce reduction.

3Q08

\$717M after-tax impact of noncash merger-related costs.

2Q08

\$750M after-tax impact of noncash merger-related costs.

1Q08

\$776M after-tax impact of noncash merger-related costs.

\$240M after-tax impact of workforce reduction.

2007 Adjusting Items

4Q07

\$934M after-tax impact of noncash merger-related costs.

\$251M after-tax impact of merger integration costs.

3Q07

\$1,062M after-tax impact of noncash merger-related costs.

\$217M after-tax impact of merger integration costs.

2Q07

\$1,211M after-tax impact of noncash merger-related costs.

\$214M after-tax impact of merger integration costs.

1Q07

\$1,314M after-tax impact of noncash merger-related costs.

\$156M after-tax impact of merger integration costs.

(\$261M) after-tax impact of gain from sale of wireless assets.