Financial Summary and Outlook

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2007 Analyst Conference
Cautionary Language Concerning Forward-Looking Statements

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**An Execution Culture:**
**Strong History of Delivering on Targets**

1,350 Basis Points of wireless margin expansion following AT&T Wireless acquisition

**Adjusted Wireless Service EBITDA Margin**

- 1Q05: 25.6%
- 3Q05: 31.7%
- 3Q06: 35.6%
- 3Q07: 39.1%

Unadjusted wireless service EBITDA margins:
- 1Q05 – 24.2%
- 3Q05 – 28.5%
- 3Q06 – 34.6%
- 3Q07 – 37.3%
An Execution Culture:
Strong History of Delivering on Targets

On track to more than $3 billion in merger synergies from former AT&T integration

Total Merger Synergies from AT&T Corp. Integration — Expense and Capex

- 2006: $1.1
- YTD Through 3Q07: $2.0
- Expected Full-Year 2007: $2.7
An Execution Culture: Strong History of Delivering on Targets

Major turnaround in enterprise revenue growth, a year ahead of schedule.

Recurring Enterprise Service Revenues Year-Over-Year Growth Rate Excludes USi and CPE Sales

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Growth Rate</th>
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<tbody>
<tr>
<td>3Q06</td>
<td>(3.9)%</td>
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<tr>
<td>4Q06</td>
<td>(3.5)%</td>
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<tr>
<td>1Q07</td>
<td>(3.0)%</td>
</tr>
<tr>
<td>2Q07</td>
<td>(0.7)%</td>
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<tr>
<td>3Q07</td>
<td>0.3%</td>
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Total pro forma enterprise growth rates: 3Q06 (4.8%), 4Q06 (3.5%), 1Q07 (3.8%), 2Q07 (1.8%) and 3Q07 (0.3%).
An Execution Culture:
Strong History of Delivering on Targets

10 consecutive quarters of double-digit growth in adjusted EPS
An Execution Culture:
Strong History of Delivering on Targets

Five straight quarters with continued ramp in revenue growth

Consolidated Adjusted Revenue Growth Rates
Year-Over-Year Pro Forma

1Q07, 2Q07 and 3Q07 revenues adjusted to exclude Advertising & Publishing revenue deferral impacts of $409 million, $306 million and $196 million.
Financial discipline, innovation, execution to grow the business and deliver value for shareowners
AT&T: Strong Financial Profile

Financial discipline, innovation, execution to grow the business and deliver value for shareowners

Strong cash flow to invest in the future of the business and return substantial value to shareowners
**AT&T:** Strong Financial Profile

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**Strong cash flow** to invest in the future of the business and return substantial value to shareowners

**Strong balance sheet** with stable credit metrics
AT&T: Strong Financial Profile

Financial discipline, innovation, execution to grow the business and deliver value for shareowners

Strong cash flow to invest in the future of the business and return substantial value to shareowners

Strong balance sheet with stable credit metrics

Capable of delivering strong results in the near term and over the long haul
Excellent Momentum Heading Into 2008
2008 Outlook

**Mid-Single-Digit Revenue Growth**

- Solid midteens percentage growth in wireless revenues including Dobson
- Total enterprise growth throughout 2008
- Regional small/midsized business revenue growth in mid-single-digit range, consistent with recent results
- Stable to modest growth in regional consumer revenues — expect to reach more than 1 million U-verse video subscribers in service by end of 2008
2008 Outlook

Adjusted Operating Income Margin Expansion to 25% – 26%

- Full-year 2008 wireless EBITDA margin in low 40% range
- Full-year 2008 wireline EBITDA margin consistent with 2007 results
- AT&T U-verse deployment expected to reduce 2008 EPS by an incremental $0.12 – $0.14
- Run rate expense savings from merger synergies and other cost initiatives expected to increase by > $2 billion versus 2007
2008 Outlook

**Strong Growth** in Adjusted Earnings Per Share and Free Cash Flow

- Continued double-digit growth in adjusted EPS
- Capital expenditures continue in the midteens as a percentage of revenues
- $16 billion to $17 billion in free cash flow before dividends
2008 Outlook

**Substantial Value Returned to Shareowners**

- 12.7% dividend increase announced today
- New share repurchase authorization for 400 million shares through 2009
Beyond 2008: AT&T's Multiyear Financial Outlook

Sustained Strong Growth

Beyond 2008: AT&T’s Multiyear Financial Outlook
Multiyear Financial Outlook

With its strong asset mix and commitment to execution, AT&T is capable of delivering:

- Mid-single-digit or better consolidated revenue growth
- Sustained double-digit growth in adjusted EPS with strong growth in free cash flow
- Strong balance sheet with consistent credit metrics
- Substantial return of value to shareowners through a growing dividend and share repurchases
Substantial Revenue Growth Potential

Wireless: More than $40 billion annualized revenue stream today, continued revenue growth and further margin expansion ahead

- Continued solid subscriber growth
- Huge opportunities in wireless data
- Large opportunities in converged services

AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects
Substantial Revenue Growth Potential

AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects

**Enterprise**
- Revenue growth throughout 2008
- Clear line of sight for mid-single-digit retail revenue growth by 2010

**Regional Business**
- Continued mid-single-digit revenue growth
- Driven by IP data services
Substantial Revenue Growth Potential

AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects

Premier networks and services for wholesale customers

- Expect wholesale to move beyond impacts of industry traffic migration over next year
- Return to stability and growth moving through 2008
Substantial Revenue Growth Potential

AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects

Expect positive regional consumer growth over next few years

- Growth driven by video, broadband and converged services
- U-verse has potential to be a multibillion-dollar revenue stream over next two to three years
AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects

- Significant growth potential in local search across broadband, video, mobile and print
- YELLOWPAGES.COM — leading brand in local electronic search
- Revenues from YELLOWPAGES.COM and content advertising across video, wireless and Internet could exceed $1.5 billion by 2010
Substantial Revenue Growth Potential

AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects

Continue harvest and migration strategies
Migration nearing completion
Substantial Revenue Growth Potential

AT&T Customer Revenue Mix
3Q07 results, adjusted for directory merger-related accounting effects

- Nearly 80 percent of revenues come from wireless and sales to business customers
- Expect to achieve revenue growth in every category other than National Mass Markets
- Expect to deliver mid-single-digit or better consolidated revenue growth over next few years
Expanded Opportunities for Cost Reduction, Margin Expansion
Further Expansion in Wireless Margins

Wireless Adjusted EBITDA Margins

- Mid-40% range
- 39.1% in 3Q07
- 2009: Increased to 3Q07

Major drivers:
- Revenue growth
- Improved network cost structure
- IT systems improvements
More Than $7 Billion Total Expense Opportunity by 2009

Expense Savings Run Rates

$ in billions

2007 2008 2009 2010

AT&T Merger Synergies

BellSouth Merger Synergies

Operational Initiatives

2007: $1.4 billion
2008: $3.6 billion
2009: $5.9 billion
2010: $7.3 billion
Capable of Delivering Continued Strong Growth in Free Cash Flow

**Free Cash Flow Yield**
Trailing Four Quarters Through 3Q07

- Comcast: 2.8%
- Time Warner Cable: 3.2%
- Verizon: 4.9%
- Sprint Nextel: 5.7%
- AT&T: 6.6%

**Major drivers:**
- Revenue growth
- Cost initiatives
- Return on investments

Free cash flow yield is based upon cash from continuing operations less capital expenditures as a percentage of market cap computed on 12/06/2007.
Disciplined Investment

- Invest for economic return — to drive growth and create value
- Expect annual capital expenditures in midteens as a percentage of revenues
- Expect continued dividend growth
- Expect to maintain debt/EBITDA ratio in current 1.3 – 1.5 range
- Continued substantial share repurchases in 2008 and beyond
Expect to Deliver Substantial Improvement in ROIC

3Q07 Annualized Return on Invested Capital

Major drivers:

- Revenue growth
- Cost initiatives
- Disciplined, focused capital program

All calculations based on 3Q07 10-Q filings and adjusted to exclude intangible amortization expense. Capital adjustment for intangible amortization represents one-half of annualized after-tax amortization amounts.
Strong Financial and Operational Profile

- **Premier assets** with industry-leading scale
- **Smart alliances** to speed innovation, expand reach
- **Intense commitment to execution** with strong record of delivering on targets
- **Revenue growth ramp** — with substantial potential in wireless, business services, broadband, video and advertising
- **Robust network strategy** to deliver next-generation capabilities with low incremental costs
- Large **opportunities to eliminate costs** and improve productivity, with multiple initiatives under way