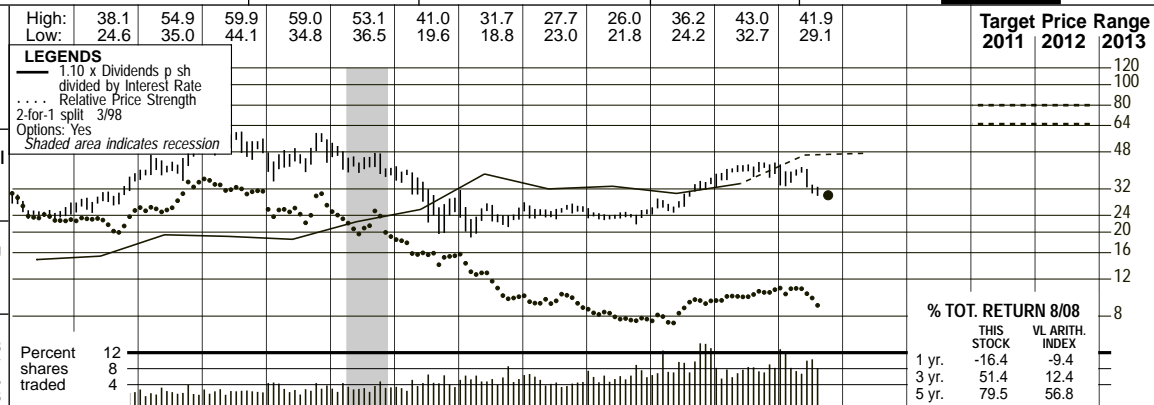


AT&T INC. NYSE-T

RECENT PRICE **29.88** P/E RATIO **9.6** (Trailing: 10.2 Median: 16.0) RELATIVE P/E RATIO **0.63** DIV'D YLD **5.7%**

VALUE LINE

TIMELINESS 3 Lowered 6/20/08
SAFETY 1 Raised 3/28/08
TECHNICAL 3 Raised 8/29/08
BETA .90 (1.00 = Market)



2011-13 PROJECTIONS

Price	Gain	Ann'l Total Return
High 80	(+170%)	31%
Low 65	(+120%)	25%

Insider Decisions

	N	D	J	F	M	A	M	J	J
to Buy	0	0	1	1	0	0	0	0	0
Options	0	0	0	0	0	2	0	0	0
to Sell	0	0	0	0	0	2	0	0	0

Institutional Decisions

	4Q2007	1Q2008	2Q2008
to Buy	743	662	617
to Sell	545	644	655
Hlds	3067823235187633446306		

Percent shares traded

12	8	4
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% TOT. RETURN 8/08

	THIS STOCK	VL ARITH. INDEX
1 yr.	-16.4	-9.4
3 yr.	51.4	12.4
5 yr.	79.5	56.8

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	© VALUE LINE PUB., INC.	11-13
8.35	8.91	9.54	10.40	11.58	13.63	14.69	14.42	15.75	16.19	15.60	12.36	12.36	11.31	16.24	19.83	21.35	22.35	Revenues per sh ^F	25.45
2.62	2.87	3.03	3.33	3.62	4.18	4.63	4.59	5.04	5.32	5.14	3.91	3.77	3.42	4.63	5.36	5.65	6.05	"Cash Flow" per sh	7.70
1.09	1.20	1.37	1.55	1.73	1.84	2.08	2.15	2.26	2.35	2.16	1.52	1.47	1.72	2.34	2.76	3.05	3.35	Earnings per sh ^A	4.50
.73	.76	.79	.83	.86	.90	.94	.97	1.01	1.02	1.07	1.37	1.25	1.29	1.33	1.42	1.60	1.72	Div's Decl'd per sh ^B	2.60
1.79	1.85	1.93	1.92	2.52	3.14	3.03	3.03	3.88	3.34	2.05	1.58	1.54	1.44	2.14	2.93	3.30	3.50	Cap'l Spending per sh	4.00
7.76	6.34	6.86	5.13	5.70	5.38	6.52	7.87	9.00	9.69	10.01	11.57	12.29	14.11	29.76	19.09	20.35	21.60	Book Value per sh ^C	25.80
1199.5	1200.5	1218.2	1218.7	1199.7	1837.3	1959.3	3395.4	3386.0	3354.2	3317.6	3305.2	3300.9	3876.9	3882.0	6043.5	5800.0	5700.0	Common Shs Outst'g ^D	5500.0
14.8	16.7	15.0	15.4	14.7	16.2	20.2	24.4	20.3	18.3	14.2	15.6	17.2	13.9	12.6	14.2	14.2	14.2	Avg Ann'l P/E Ratio	16.0
.90	.99	.98	1.03	.92	.93	1.05	1.39	1.32	.94	.78	.89	.91	.74	.68	.75	.68	.75	Relative P/E Ratio	1.05
4.6%	3.8%	3.8%	3.5%	3.4%	3.0%	2.2%	1.8%	2.2%	2.4%	3.5%	5.8%	5.0%	5.4%	4.5%	3.6%	3.6%	3.6%	Avg Ann'l Div'd Yield	3.6%

CAPITAL STRUCTURE as of 6/30/08
 Total Debt \$80147 mill. Due in 5 Yrs \$35000 mill.
 LT Debt \$63675 mill. LT Interest \$3200 mill.
 (Total interest coverage: 8.6x)

Pension Assets-12/07 \$70810 mill. **Oblig.** \$53522 mill.

Pfd Stock None

Common Stock 5,893 mill. shares as of 7/31/08

MARKET CAP: \$176.1 billion (Large Cap)

CURRENT POSITION

	2006	2007	6/30/08
Cash Assets	2418	1970	1631
Other	23135	22716	21594
Current Assets	25553	24686	23225
Accts Payable	25508	21399	18927
Debt Due	9733	6860	16472
Other	5241	11015	9712
Current Liab.	40482	39274	45111
Fix. Chg. Cov.	788%	831%	906%

28785	48960	53313	54301	51755	40843	40787	43862	63055	119839	123900	127500	Revenues (\$mill) ^F	140000
4117.0	7439.0	7746.0	7972.0	7219.0	5051.0	4884.0	5803.0	9014.0	17040	17700	19100	Net Profit (\$mill)	24800
36.2%	36.3%	36.5%	35.0%	33.0%	32.9%	31.1%	32.1%	32.6%	34.2%	34.0%	34.0%	Income Tax Rate	34.0%
14.3%	15.2%	14.5%	14.7%	13.9%	12.4%	12.0%	13.2%	14.3%	14.2%	14.3%	15.0%	Net Profit Margin	17.7%
45.7%	38.7%	33.0%	34.5%	35.8%	29.6%	34.4%	32.3%	30.2%	33.2%	35.5%	34.5%	Long-Term Debt Ratio	34.0%
50.3%	59.1%	64.9%	65.5%	64.2%	70.4%	65.6%	67.7%	69.8%	66.8%	64.5%	65.5%	Common Equity Ratio	66.0%
25392	45201	46955	49624	51735	54308	61801	80805	165603	172622	183000	188000	Total Capital (\$mill)	215000
29920	46571	47195	49827	48490	52128	50046	58727	94596	95890	97000	99000	Net Plant (\$mill)	105000
17.6%	17.6%	17.7%	17.3%	15.1%	10.4%	8.7%	7.8%	5.9%	10.9%	11.0%	11.5%	Return on Total Cap'l	13.5%
29.9%	26.8%	24.6%	24.5%	21.7%	13.2%	12.0%	10.6%	7.8%	14.8%	15.0%	15.5%	Return on Shr. Equity	17.5%
32.2%	27.8%	25.4%	24.5%	21.7%	13.2%	12.0%	10.6%	7.8%	14.8%	15.0%	15.5%	Return on Com Equity	17.5%
18.0%	15.5%	14.2%	13.9%	11.0%	1.3%	1.8%	2.8%	3.3%	7.2%	7.0%	7.5%	Retained to Com Eq	7.5%
44%	44%	44%	43%	49%	90%	85%	73%	57%	51%	52%	51%	All Div'ds to Net Prof	58%

BUSINESS: AT&T Inc., formerly SBC Communications Inc., is one of the world's largest telecommunications holding companies and is the largest in the U.S. Its traditional (SBC only) wireline subsidiaries provide telecom services in 13 states, including California, Texas, Illinois, Michigan, Ohio, Missouri, Connecticut, Indiana, Wisconsin, Oklahoma, Kansas, Arkansas, and Nevada. Also owns Cingular Wireless. Acquired PacTel, 4/97; SNET, 10/98; Ameritech, 10/99; AT&T Corp., 11/05; BellSouth, 12/06. Access lines (as of 6/30/08): 58.9 mill. '07 sales mix: Voice, 34%; Data, 20%; Directory advertising, 4%; Wireless & Other, 42%. Has 307,550 employees. Chrmn. & CEO: Randall Stephenson, Inc.: DE. Addr.: 175 E. Houston, San Antonio, TX 78205. Tel.: 210-821-4105. Internet: www.att.com.

ANNUAL RATES

Past 10 Yrs. of change (per sh)	Past 5 Yrs.	Est'd '05-'07 to '11-'13
Revenues	3.0%	8.5%
"Cash Flow"	2.0%	9.5%
Earnings	3.0%	12.0%
Dividends	4.5%	11.5%
Book Value	14.5%	3.5%

AT&T Inc.'s results are being bolstered by gains on the wireless front. Although its core wireline business is not faring well in the current macroeconomic climate (access lines in service fell 8.1% on a year-over-year basis during the second quarter), the telecom giant's mobility division remains in a robust expansion mode. In fact, total wireless revenues climbed 16% in the June interim, thanks to steady subscriber growth and brisk demand for mobile data services, such as Internet and data access, e-mail, and messaging. And, with more customers bypassing traditional cellphones in favor of advanced smartphones and integrated handheld devices that offer a variety of data services, we expect the current wireless momentum to persist well beyond 2008.

in subscriber growth and demand for high-margined advanced wireless data services. **Cost-cutting initiatives will likely garner benefits over the long haul . . .** The company, which maintains a strong balance sheet (Financial Strength: A+), is still realizing synergies from its purchases of BellSouth and the old AT&T Corp. Moreover, in the years ahead, we think that the firm will profit from efforts, including thousands of job cuts, to right-size its struggling wireline operations. . . . **along with the rollout of U-verse,** the company's IP-based video service. The new TV offering, which should have upwards of one million subscribers by year's end, is now being introduced in major metropolitan markets across the country. This launch, though costly, ought to give a needed boost to the wireline unit, since the heavily promoted video service will greatly enhance AT&T's bundling opportunities. **These shares look good for the pull to 2011-2013.** The attractive dividend yield and the company's diverse business model also render this telecom issue a fine choice for conservative-minded investors.

QUARTERLY REVENUES (\$ mill.)^F

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	10248	10328	10320	12966	43862
2006	15755	15771	15638	15891	63055
2007	29378	29784	30328	30349	119839
2008	30744	30866	31190	31100	123900
2009	31600	31800	32100	32000	127500

The success of Apple's recently launched, second-generation iPhone, called the iPhone 3G, should be another big plus for the company's mobility unit. AT&T remains the exclusive U.S. provider of the iPhone. And, as the handset comes down in price and achieves deeper market penetration, the carrier ought to experience a further surge

Justin Hellman
 September 26, 2008

EARNINGS PER SHARE^A

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.34	.43	.47	.48	1.72
2006	.52	.58	.63	.61	2.34
2007	.65	.70	.71	.71	2.76
2008	.74	.76	.78	.77	3.05
2009	.81	.83	.86	.85	3.35

QUARTERLY DIVIDENDS PAID^B

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2004	.313	.313	.313	.313	1.25
2005	.323	.323	.323	.323	1.29
2006	.333	.333	.333	.333	1.33
2007	.355	.355	.355	.355	1.42
2008	.40	.40	.40	.40	1.60

Company's Financial Strength A+
Stock's Price Stability 15
Price Growth Persistence 95
Earnings Predictability 70

(A) Basic egs. thru '97; diluted thereafter. Excl. nonrecur. gains/(losses): '93, (\$1.90); '95, (\$2.32); '97, (\$1.04); '98, (\$0.05); '03, \$1.04; '04, \$0.32; '05, (\$0.30); '06, (\$0.45). Next egs. report due late Oct. **(B)** Div'ds paid in Feb., May, Aug., and Nov. Incl. one-time div'ds: In '03, \$0.25. **(C)** Div'd reinvestment plan avail. **(D)** Incl. intang. '07: \$70713 mill., \$11.70/sh. **(E)** '07 quarterly share net does not sum to yearend total due to rounding. **(F)** Starting in '03, proportionate rev. from Cingular no longer incl. in top line.