AT&T Investor Update

2Q09 Earnings Conference Call
July 23, 2009

Cautionary Language Concerning Forward-Looking Statements

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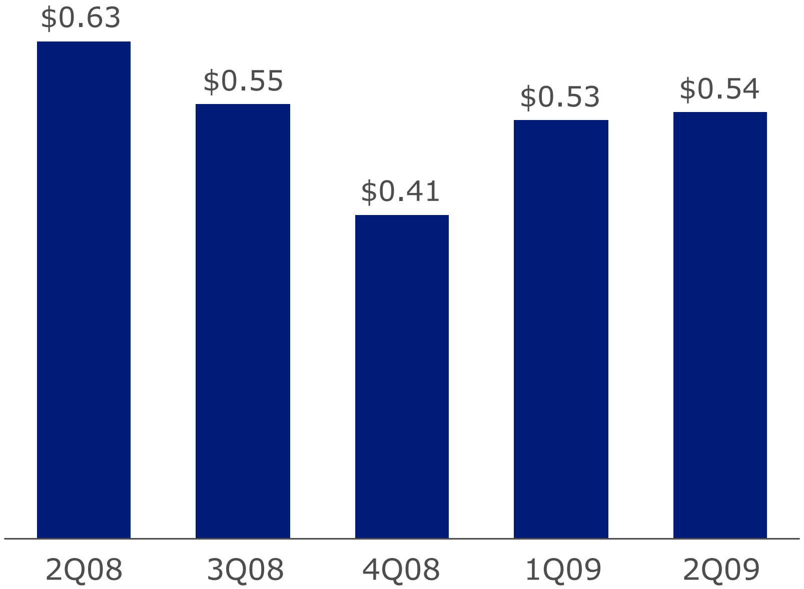
2Q09 AT&T Financial Summary: Solid Execution, Stable Results

AT&T Diluted Earnings Per Share



Stable consolidated revenues

- (0.4)% versus 2Q08
- +0.5% versus 1Q09

Solid consolidated operating income margin

- 17.9% for 2Q09
- 18.3% for 1H09

Strong free cash flow

- $3.8 billion in 2Q09
- $8.4 billion in 1H09

Free Cash Flow is defined as cash from operations less capital expenditures.

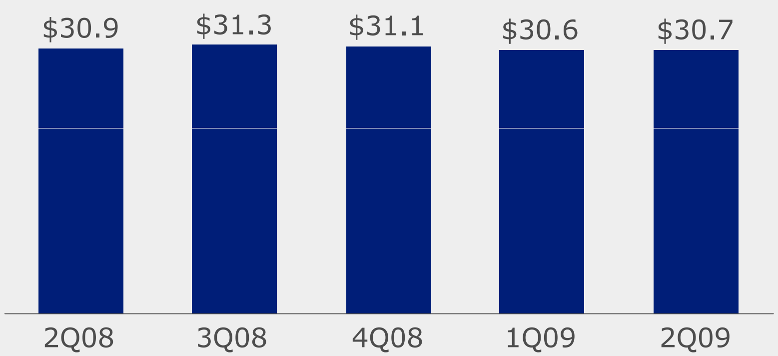
AT&T 2Q09 Highlights

Continued progress across key growth areas – wireless, U-verse services, advanced business offerings; solid cost management

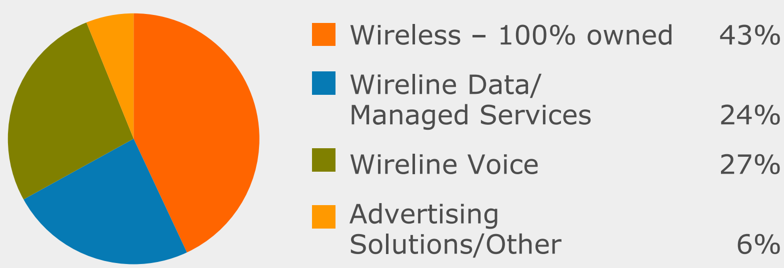
- **Strong wireless growth –** 1.4 million total net adds; 1.2 million postpaid net adds, up 31.8% versus 1Q09 and up 29.0% versus 2Q08; record low postpaid churn at 1.09%
- **More than 2.4 million iPhone activations –** ARPU and churn characteristics continue to be strong; including iPhone, more than 3.5 million increase in 3G integrated devices in service
- **37.2% growth in wireless data revenues –** driving sixth straight quarter of year-over-year growth in postpaid subscriber ARPU
- **Strong U-verse℠ TV growth –** 248,000 net adds to reach 1.6 million, with strong broadband and VoIP attach rates
- **17.0% growth in wireline IP data revenues –** driven by AT&T U-verse growth, business IP revenues
- **Solid EPS, consolidated operating margin, free cash flow**

Consolidated Revenue Trends

AT&T Consolidated Revenues
($ in billions)



2Q09 Revenue Mix



$30.7 billion 2Q09 consolidated revenues, down 0.4% year over year, up 0.5% sequentially

- Growth in wireless and data services:

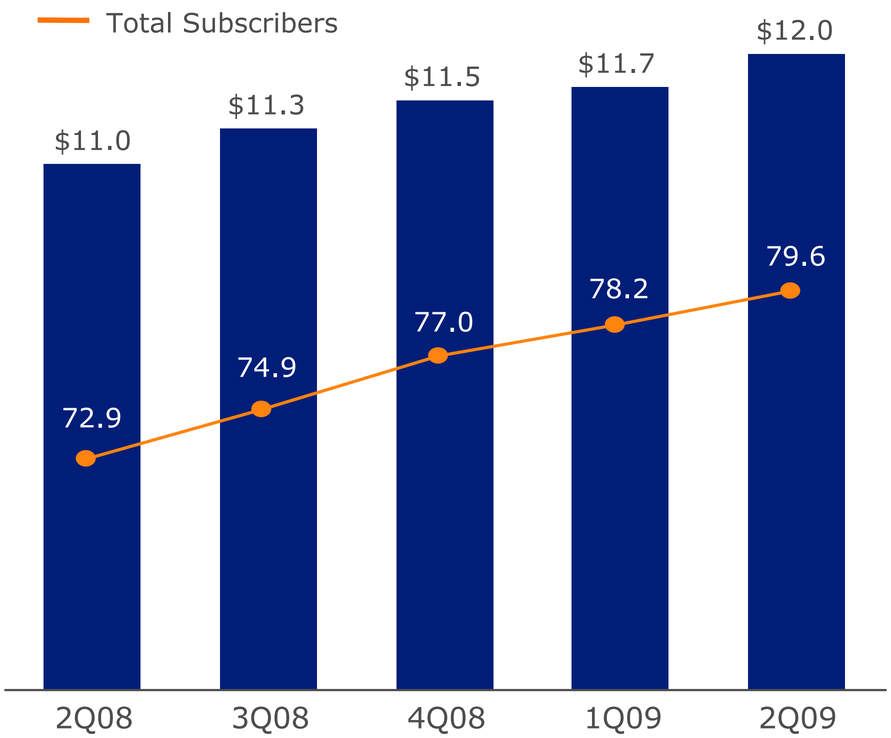
Wireless Services	+9.4%
Wireline Data	+5.2%
Wireline IP Data	+17.0%

- Economic impacts, most notably in wireline voice, down 13.4%

Diversified mix – two-thirds of revenues come from wireless and data/managed services

Strong Wireless Growth

AT&T Wireless Service Revenues
($ in billions)



Solid subscriber gains, accelerated revenue growth, excellent momentum

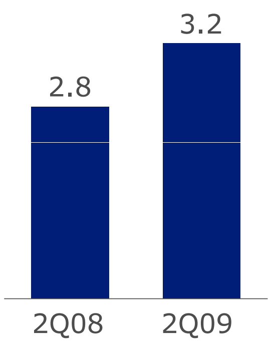
Wireless subscribers gains
- +6.7 million over past year
- +1.4 million in 2Q09

Wireless service revenues
- +9.4% year over year
- +2.7% sequentially

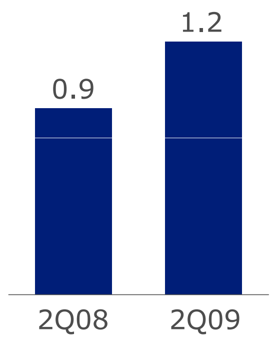
Total wireless revenues
- +10.1% year over year
- +3.0% sequentially

Winning the High End: Significant Step Up in Postpaid Growth

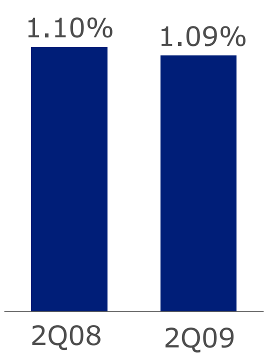
Postpaid Gross Adds
(in millions)



Postpaid Net Adds
(in millions)



Postpaid Churn



Postpaid Subscriber ARPU

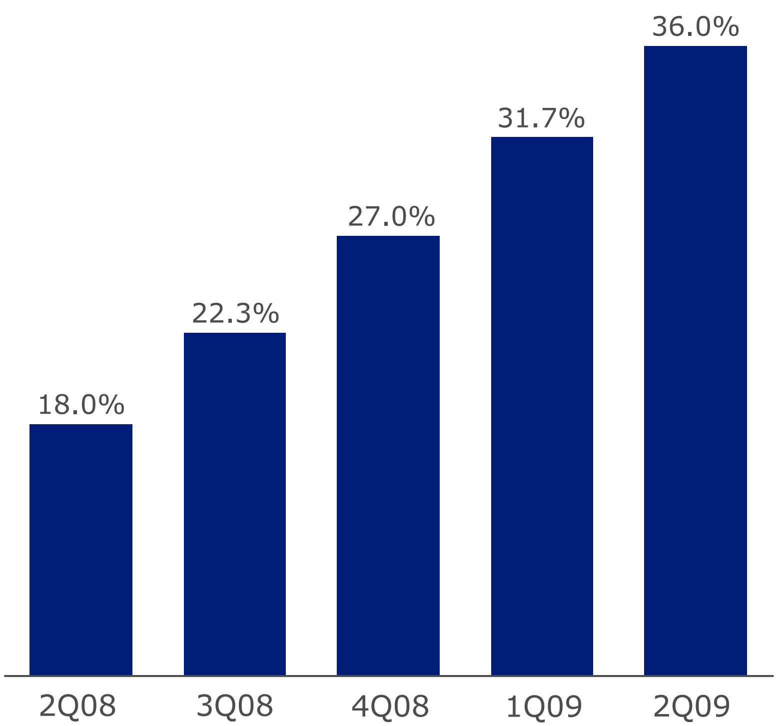
- Fourth consecutive quarter with a double-digit year-over-year improvement in postpaid net adds
- Lowest postpaid churn in company's history, with sequential improvement in both business and consumer
- Sixth straight quarter of year-over-year postpaid ARPU growth

2Q09 Postpaid Growth Trends

	Versus 1Q09	Versus 2Q08
Gross adds	+3.7%	+14.8%
Net adds	+31.8%	+29.0%
Data ARPU	+7.5%	+26.0%
Subscriber ARPU	+1.7%	+2.3%

Integrated Device Leadership, More Than 2.4 Million iPhone Activations

Percentage of Postpaid Subscribers with Integrated Devices



Including iPhone, more than 3.5 million second-quarter increase in total integrated devices, to reach more than 22 million in service

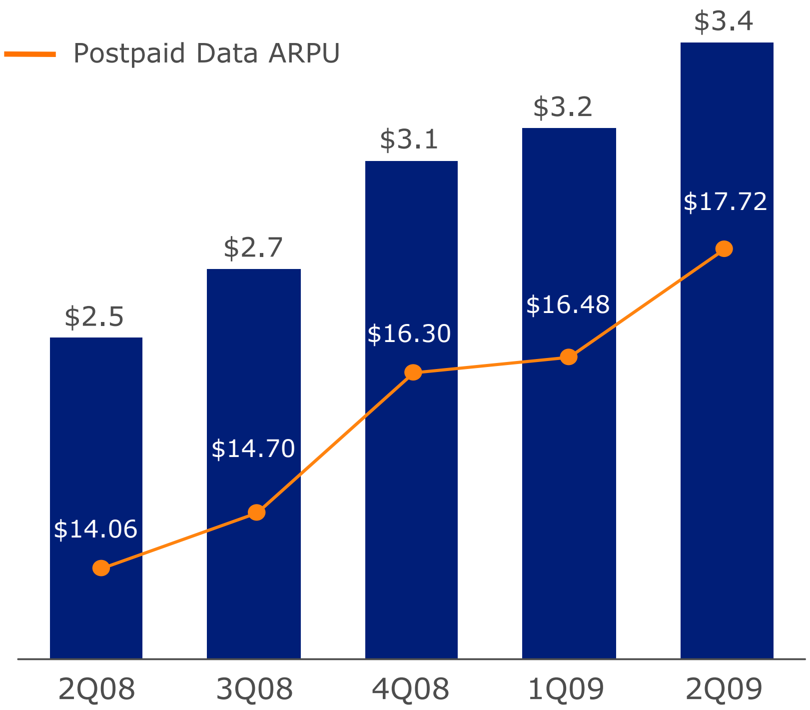
Average integrated device ARPU 1.8x nonintegrated-device base

iPhone continues to deliver premier subscribers:

- 35% new customers to AT&T
- >50% of upgrades did not previously have a data plan
- iPhone ARPU well above and churn substantially lower than postpaid average

Sustained Robust Wireless Data Growth, Up 37.2%

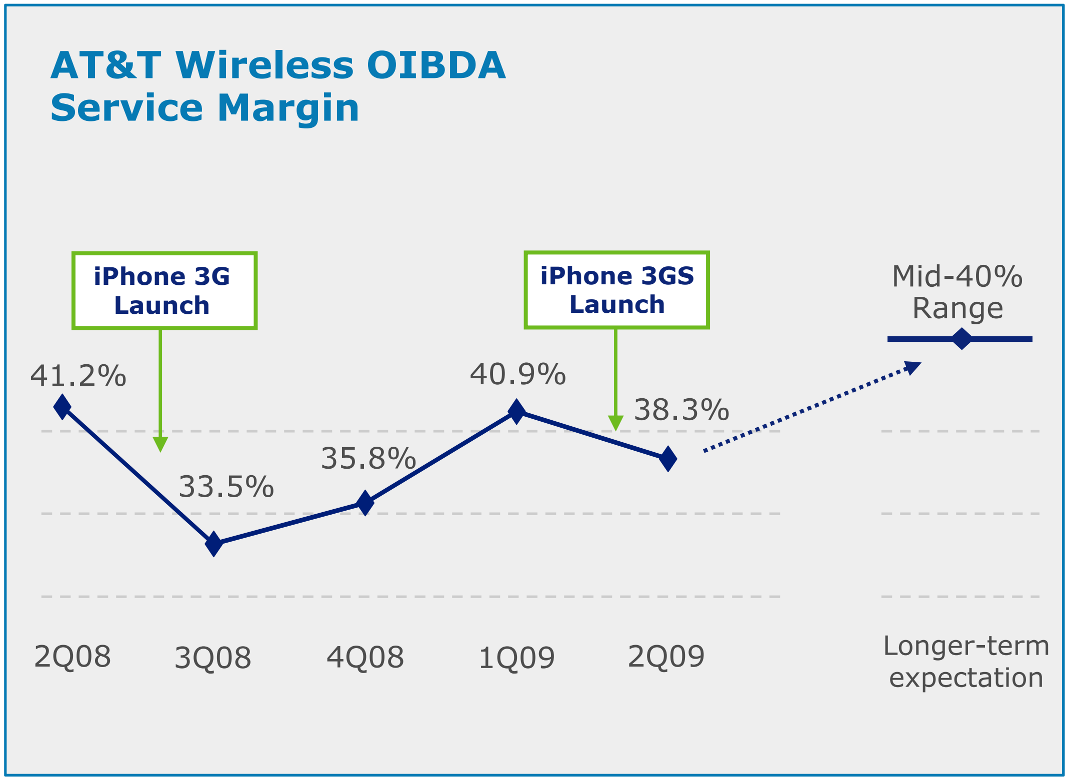
Wireless Data Revenues
($ in billions)



Wireless data revenue growth drivers: nation's fastest 3G data network, broad array of devices, rich applications

- >108 billion text messages sent in 2Q09, nearly double 2Q08 levels
- Revenues from media bundles nearly doubled year over year; nearly 20% increase in Internet access revenues
- Postpaid subscribers with data plans up 1,000 basis points over past year, now more than 50% of postpaid base
- Major network initiative under way to significantly increase data network speeds ahead of 4G

Wireless Margin Reflects iPhone Volumes, Operational Improvements



Sequential margin impact significantly less than with iPhone 3G launch in 3Q08, reflecting:

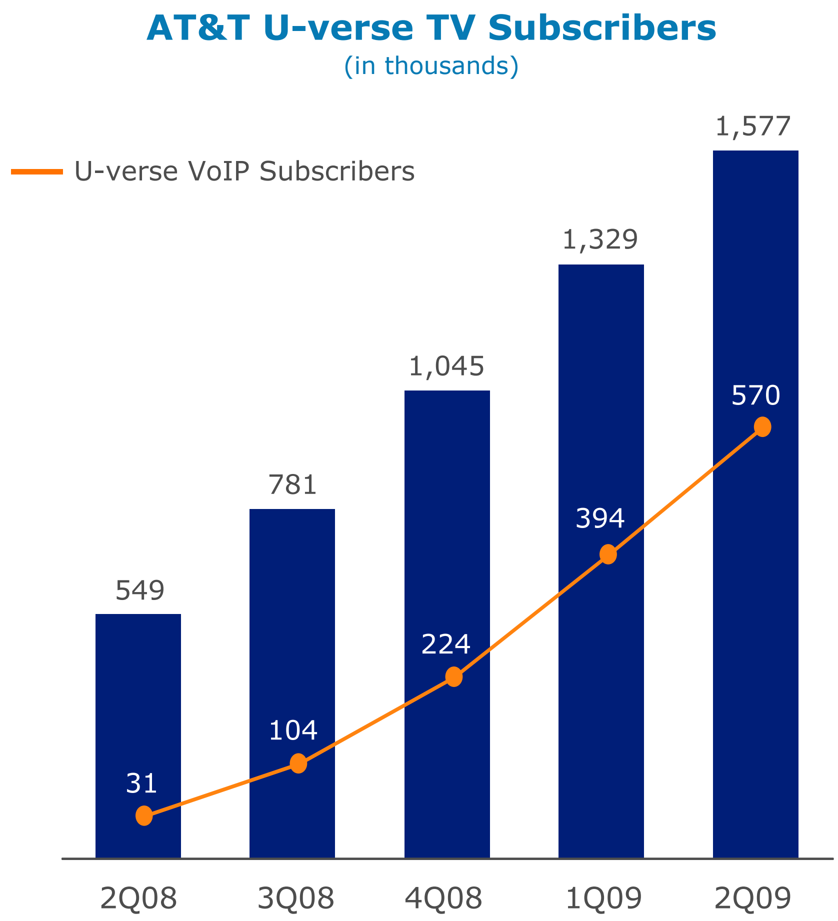
- Growing iPhone subscriber base with attractive ARPU and churn characteristics
- Continuing improvements in network and support functions

Excluding iPhone impacts, 2Q09 wireless service OIBDA margin would have been above 40%

Continue to target longer-term wireless OIBDA service margins in the mid-40% range

OIBDA service margin is operating income before depreciation and amortization, divided by total service revenues.

Continued AT&T U-verse Growth

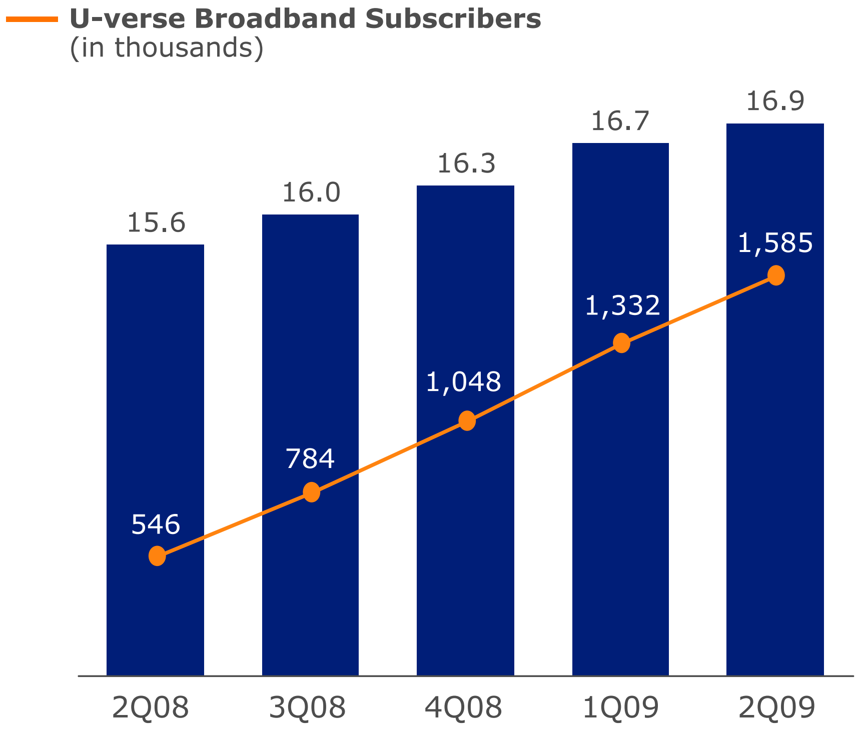


AT&T U-verse TV subscriber growth delivering high broadband and VoIP attach rates

- Broadband attach rate continues to run above 90% and VoIP attach rate is above 65%
- >75% of U-verse subscribers have a triple- or quad-play
- U-verse revenues approaching $2 billion annualized run rate and growing
- Total video penetration of households served – U-verse plus satellite – at 13.8%

Broadband Growth Remains Strong

AT&T Total Broadband Connections
Wireline Broadband Users Plus Wireless 3G LaptopConnect Users
(in millions)

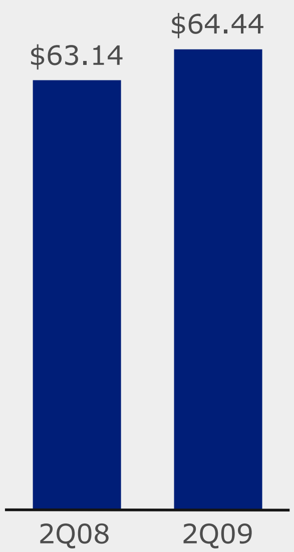


Improved broadband net adds driven by U-verse growth and stand-alone broadband connections

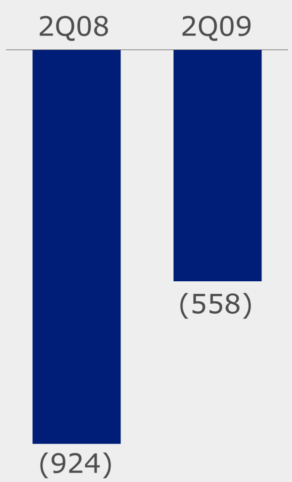
- 209,000 second-quarter increase in total broadband subscribers
- AT&T U-verse high speed Internet connections nearly tripled over the past year to 1.6 million
- Continued growth in wireless/ broadband bundles
- Recurring ARPU from wired broadband connections up 3% year over year
- Industry's largest Wi-Fi footprint, with >20,000 U.S. hotspots

Wireline Consumer Revenue and Connections Trends

Regional Consumer Revenue Per Household Served



Change in Regional Consumer Connections
(in thousands)



Regional consumer ARPU growth and improved 2Q connections trends driven by U-verse TV and broadband

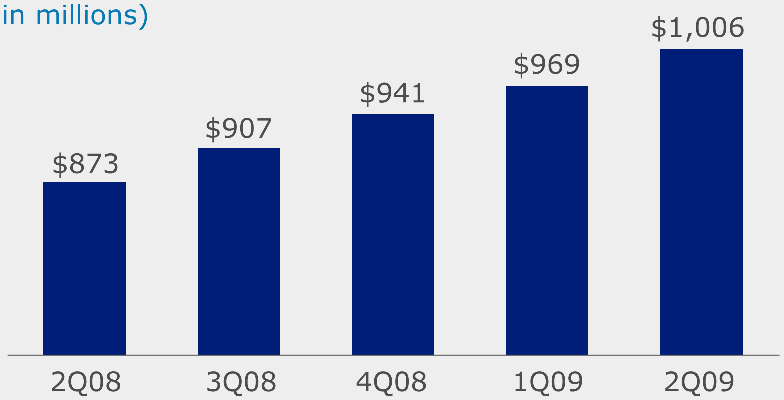
- Sixth consecutive quarter of year-over-year growth in consumer wireline revenues per household
- 29.7% year-over-year growth in consumer IP revenues (AT&T U-verse and broadband services)
- Improved connections trends where AT&T U-verse TV is marketed

AT&T Business Solutions

AT&T Business Solutions Revenues
($ in billions)

	2Q09	Year-Over-Year Growth
Total	$10.6	(5.6)%
Services (Excludes CPE)	$10.2	(4.3)%
IP Data	$1.5	5.7%

Strategic Business Services Revenues
($ in millions)



Strategic business services include the new-generation capabilities that lead AT&T's most advanced solutions – including Ethernet, VPNs, hosting, IP conferencing and applications services.

Business trends consistent with 1Q09 – strong growth in IP data and strategic services offset by economic pressures

- 15.2% growth in strategic service revenues with revenues from Ethernet and VPNs up nearly 20%
- 5.7% year-over-year growth in business IP data revenues
- Largest economic impacts on volumes in voice and legacy data products
- Industries most affected: finance, transportation and manufacturing
- Operational cost efficiencies support business margins

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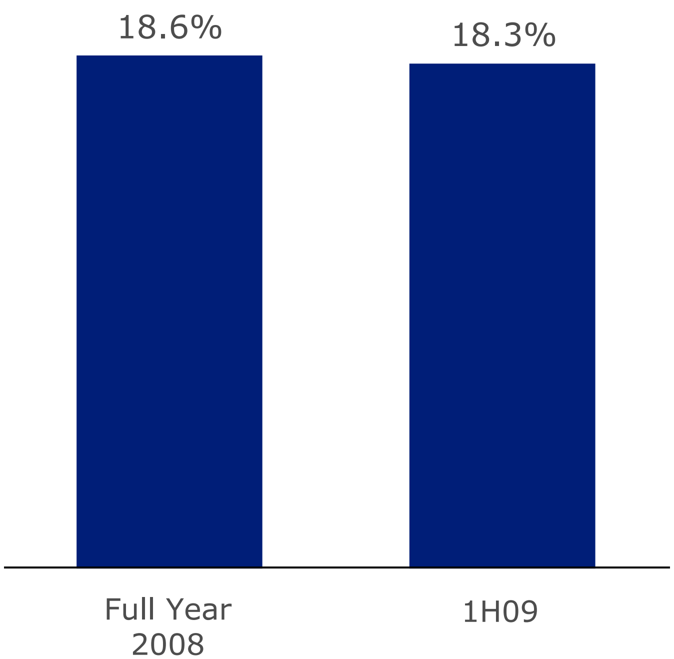
Stable Consolidated Margin

AT&T Consolidated Operating Income Margin



Margin stability reflects operational improvements in both wireless and wireline with volume-related iPhone pressures in 2Q09

Major operational cost initiatives on track:

- Consolidate support organizations
- Integrate network planning and operations, business services
- Total force down by 14,000 since year end 2008

Strong Cash Flow, Balance Sheet Strength

1H09 AT&T Cash Summary

($ in billions)

Cash From Operations

Capital Expenditures	$7.4
Free Cash Flow	$8.4
Dividends Paid	$4.8
Debt-to-Capital Ratio	43.7%
Cash on Hand	$7.3

Free cash flow and capital expenditures in line with previously outlined full-year outlook

- Cash from operations improvement reflects progress on cost initiatives and timing of cash taxes
- Debt net of cash on hand reduced by $9.1 billion over the past year
- Cash position provides flexibility to retire additional debt in 2H09

Free Cash Flow is defined as cash from operations less capital expenditures.

2Q09 Summary: Strong Execution, on Track with Full-Year Outlook

- **Excellent wireless momentum –** strong postpaid growth; leader in integrated devices; innovation in devices, applications and new services
- **Solid U-verse growth –** high broadband and voice attach rates
- **Continued growth in advanced business services**
- **Continued investment, growth in key platforms –** wireless, advanced business solutions, AT&T U-verse services
- **Cost discipline across operations –** expense initiatives on track, driving stable margins
- **Strong free cash flow –** with sound balance sheet, improving credit metrics

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