

AT&T INC.  
Form 11-K  
June 22, 2007

**SECURITIES AND  
EXCHANGE  
COMMISSION**

**Washington, D.C. 20549**

(Mark One)  
**FORM 11-K**

**ANNUAL REPORT  
PURSUANT TO  
SECTION 15(d)**

**OF THE SECURITIES  
EXCHANGE ACT OF  
1934**

For the fiscal year ended  
December 31, 2006

**OR**

**TRANSITION  
REPORT PURSUANT  
TO SECTION 15(d)**

**OF THE SECURITIES  
EXCHANGE ACT OF  
1934**

For the transition period  
from \_\_\_\_\_ to

Commission File  
Number: 1-8610

A. Full title of the plan  
and the address of the  
plan, if different from  
that of the issuer named

below:

**AT&T SAVINGS PLAN**

B. Name of issuer  
of the securities  
held pursuant to the  
plan and the address  
of its principal  
executive office:

**AT&T INC.**

175 E. Houston, San Antonio, Texas 78205

**Financial Statements, Supplemental Schedules and Exhibit**

**Table of Contents**

| <b>Page</b> |                                                                                                     |
|-------------|-----------------------------------------------------------------------------------------------------|
|             | Report of Independent Registered Public Accounting Firm 1                                           |
|             | Financial Statements:                                                                               |
|             | Statements of Net Assets Available for Benefits as of December 31, 2006 and 2005 2                  |
|             | Statement of Changes in Net Assets Available for Benefits for the<br>Year Ended December 31, 2006 3 |
|             | Notes to Financial Statements 4                                                                     |
|             | Supplemental Schedules:                                                                             |
|             | Schedule H, Line 4(i) Schedule of Assets (Held at End of Year) 9                                    |
|             | Schedule H, Line 4(j) Schedule of Reportable Transactions 15                                        |
|             | Exhibit:                                                                                            |
|             | 23 Consent of Independent Registered Public Accounting Firm                                         |

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

AT&T Inc., Plan Administrator

for AT&T Savings Plan

We have audited the accompanying statements of net assets available for benefits of AT&T Savings Plan as of December 31, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Plan's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2006 and 2005, and the changes in its net assets available for benefits for the year ended December 31, 2006, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets (held at end of year) as of December 31, 2006, and reportable transactions for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to auditing procedures applied in our audits of the financial statements, and in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

San Antonio, Texas

June 20, 2007

## AT&amp;T SAVINGS PLAN

## STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(Dollars in Thousands)

|                                                                                                | December 31,<br>2006 | 2005         |
|------------------------------------------------------------------------------------------------|----------------------|--------------|
| <b>ASSETS</b>                                                                                  |                      |              |
| Investments (at fair value)                                                                    | \$ 7,845,189         | \$ 6,474,407 |
| Market value of securities on loan                                                             | 151,251              | 160,544      |
| Total Investments (See Note 3)                                                                 | 7,996,440            | 6,634,951    |
| Securities lending collateral                                                                  | 154,354              | 163,643      |
| Dividends and interest receivable                                                              | 103                  | 134          |
| Receivable for investments sold                                                                | 205                  | 321          |
| Other receivables                                                                              | 29                   | 2            |
| Total Assets                                                                                   | 8,151,131            | 6,799,051    |
| <b>LIABILITIES</b>                                                                             |                      |              |
| Overdrafts                                                                                     | 203                  | 78           |
| Payable for investments purchased                                                              | -                    | 2,065        |
| Administrative expenses payable                                                                | 2,866                | 1,378        |
| Securities lending payable                                                                     | 154,354              | 163,643      |
| Total Liabilities                                                                              | 157,423              | 167,164      |
| Net Assets Available for Benefits (at fair value)                                              | 7,993,708            | 6,631,887    |
| Adjustment from fair value to contract value for fully benefit-responsive investment contracts | 14,309               | 14,950       |
| Net Assets Available for Benefits                                                              | \$ 8,008,017         | \$ 6,646,837 |

See Notes to Financial Statements.

**AT&T SAVINGS PLAN**

**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

**(Dollars in Thousands)**

|                                                      |              |
|------------------------------------------------------|--------------|
| Net Assets Available for Benefits, December 31, 2005 | \$ 6,646,837 |
| Additions to Net Assets:                             |              |
| Contributions:                                       |              |
| Participant contributions                            | 339,826      |
| Employer contributions                               | 160,127      |
|                                                      | 499,953      |
| Investment Income:                                   |              |
| Net appreciation in value of investments             | 1,437,476    |
| Dividends on AT&T common shares                      | 113,540      |
| Interest                                             | 61,911       |
| Income on collateralized securities                  | 247          |
|                                                      | 1,613,174    |
| Total Additions                                      | 2,113,127    |
| Deductions from Net Assets:                          |              |
| Administrative expenses                              | 6,217        |
| Distributions                                        | 745,730      |
| Total Deductions                                     | 751,947      |
| Net Assets Available for Benefits, December 31, 2006 | \$ 8,008,017 |

See Notes to Financial Statements.

**AT&T SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**(Dollars in Thousands)**

1. Plan Description - The AT&T Savings Plan (Plan) was established by SBC Communications Inc. (SBC) to provide a convenient way for eligible employees to save for retirement on a regular and long-term basis. In connection with the November 2005 merger of AT&T Corp., SBC changed its name to AT&T Inc. (AT&T or the Company). The following description of the Plan provides only general information. The Plan has detailed provisions covering participant eligibility, participant allotments from pay, participant withdrawals, participant loans, employer contributions and related vesting of contributions and Plan expenses. The Plan text and prospectus include complete descriptions of these and other Plan provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Participants can invest their contributions in one or more of the following funds in 1% increments: the AT&T Shares Fund, the Bond Fund, the Large Cap Stock Fund, the Interest Income Fund, the Asset Allocation Fund, the Global Equity Fund, the Mid and Small Cap Stock Fund and the International Stock Fund, altogether referred to as the Trust. The trustee is Mellon Trust of New England, National Association.

Company matching contributions are made solely in the form of shares of AT&T's common stock held in an Employee Stock Ownership Plan (ESOP) which is a separate investment account of this Plan.

Dividends on shares in the AT&T Shares Fund and the ESOP can either be reinvested in the AT&T Shares Fund on a quarterly basis, or paid into a separate fund known as a Dividend Fund Account (DFA) for distribution at the end of the year. Interest earned on dividends held in the DFA will be paid into the AT&T Shares Fund. During 2006, Plan participants elected to receive \$26,973 in dividend distributions. This amount is included in distributions on the statement of changes in net assets.

Although it has not expressed any intent to do so, AT&T has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event that the Plan is terminated, subject to the conditions set forth by ERISA, the account balances of all participants shall be 100% vested.

2. Accounting Policies - The values of investments are determined as follows: AT&T common shares on the basis of the closing price as reported on the New York Stock Exchange; contracts with insurance companies, which are fully benefit-responsive, at contract value which represents contributions, plus interest credited, less distributions and expenses; common collective trust funds at fair value determined by the issuer based on the current values of the underlying assets of such trust; and temporary cash investments at cost which approximates fair value; assets supporting synthetic contracts are valued at quoted market prices. The fair value of wrapper contracts are determined based on the interest crediting rate (see Note 3). Purchases and sales of securities are reflected as of the trade date. Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

All expenses incident to the administration of the Plan and Trust will be paid from the Trust except to the extent such expenses are paid by the Company. To the extent that expenses incident to the administration of the Plan and Trust are paid from the Plan Trust, the plan administrator (as defined by the Plan) will determine which expenses are to be charged to and paid from participant's individual accounts, which expenses are to be charged to and paid from the accounts of all participants (and how they are to be allocated among such accounts), and which expenses are to be charged to and paid from the accounts of one more identified groups of participants (and how they are to be allocated among such accounts).

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In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP). The FSP defines the circumstances in which an investment contract is considered fully benefit-responsive and provides certain reporting and disclosure requirements for fully benefit-responsive investment contracts in defined contribution health and welfare and pension plans. The financial statement presentation and disclosure provision of the FSP are effective for financial statements issued for annual periods



## AT&amp;T SAVINGS PLAN

## NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

ending after December 15, 2006 and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan adopted the provisions of the FSP December 31, 2006.

As required by the FSP, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit-responsive investment contracts recognized at fair value. AICPA Statement of Position 94-4, Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans, as amended, requires fully benefit-responsive investment contracts to be reported at fair value in the Plan's Statements of Net Assets Available for Benefits with a corresponding adjustment to reflect these investments at contract value. The requirements of the FSP have been applied retroactively to the Statement of Net Assets Available for Benefits as of December 31, 2005 presented for comparative purposes. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits for any period presented.

The accompanying financial statements were prepared in conformity with U.S. generally accepted accounting principles, which require management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Investments - Investments representing 5% or more of Plan net assets at December 31 were:

|                                                                 | <b>2006</b>         | 2005         |
|-----------------------------------------------------------------|---------------------|--------------|
| <u>Employee Stock Ownership Plan*</u>                           |                     |              |
| AT&T common shares                                              | \$ <b>1,719,128</b> | \$ 1,149,595 |
| <u>AT&amp;T Shares Fund</u>                                     |                     |              |
| AT&T common shares                                              | <b>1,310,288</b>    | 941,148      |
| <u>Large Cap Stock Fund</u>                                     |                     |              |
| Barclays Global Investors Equity Index Fund F                   | <b>1,448,958</b>    | 1,354,113    |
| <u>Asset Allocation Fund</u>                                    |                     |              |
| Barclays Global Investors U.S. Tactical Asset Allocation Fund F | <b>470,107</b>      | 480,979      |
| <u>Mid and Small Cap Stock Fund</u>                             |                     |              |
| Extended Equity Market Fund F                                   | <b>657,368</b>      | 551,163      |
| <u>International Stock Fund</u>                                 |                     |              |
| Barclays EAFE Equity Index Fund F                               | <b>525,037</b>      | 315,550      |

\* Nonparticipant-directed

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During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

|                          |    |           |
|--------------------------|----|-----------|
| Common Stock             | \$ | 950,189   |
| Common Collective Trusts |    | 487,287   |
| Total                    | \$ | 1,437,476 |

The Interest Income Fund consists of fully benefit-responsive investment contracts with various financial institutions and insurance companies that promise to repay principal plus accrued income at contract maturity, subject to the creditworthiness of the issuer. Interest crediting rates are generally established when the contract is purchased and may be periodically reset. The Interest Income Fund invests in synthetic investment contracts (SICs), also referred to as wrapper contracts. The assets supporting the SICs are owned by the Plan and generally consist of high quality fixed income securities. At December 31, 2006 the underlying assets had a fair value of

**AT&T SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**(Dollars in Thousands)**

\$1,137,600 and a contract value of \$1,151,909. At December 31, 2005 the underlying assets had a fair value of and a contract value of \$1,186,571 and \$1,201,521. For the years ended December 31, 2006 and 2005, the average yield earned by the Plan on these contracts was 5.21% and 4.77%, and, the average yield earned by the Plan adjusted to reflect actual interest rate credited to participants, was 4.33% and 4.23%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2006 or 2005.

A bank or insurance company issues a wrapper contract that provides preservation of principal, maintains a stable interest rate and provides daily liquidity at contract value for participant directed transactions, in accordance with the provisions of the Plan. Wrapper contracts amortize the realized and unrealized gains and losses on the underlying fixed income investments through adjustments to the future interest crediting rate. The issuer of the wrapper contract provides assurance that the adjustments to the interest crediting rate do not result in a future interest crediting rate that is less than zero, which would result in a loss of principal or accrued interest. The fair value of the wrapper contracts were \$35 at December 31, 2006 and \$0 at December 31, 2005.

Wrapper contracts' interest crediting rates are typically reset on a monthly or quarterly basis and are based on the characteristics of the underlying fixed income securities. Other key factors that influence the interest crediting rates are market interest rates, the amount and timing of participant transactions into and out of the wrapper contract, investment returns on the underlying fixed income securities and the duration of those investments. All wrapper contracts provide for minimum interest crediting rate of zero percent. In the event that the interest crediting rate should fall to zero and the requirements of the wrapper contract are satisfied, the wrapper issuer will pay the Plan the shortfall needed to maintain the rate at zero, ensuring participants' principal and accrued interest is protected.

Changes in market interest rates can affect the yield to maturity and the market value of the underlying investment, and can have a material impact on the wrapper contract's interest crediting rate. Additionally, participant withdrawals and transfers from the Interest Income Fund are paid at contract value but funded through the market value liquidation of the underlying investments, which also impacts the interest crediting rate. The resulting gains and losses in the market value of the underlying investments relative to the wrapper contract value are represented on the Plan's Statement of Net Assets Available for Benefits as the Adjustment from fair value to contract value for fully-benefit responsive investment contracts, and totaled \$14,309 at December 31, 2006 and \$14,950 at December 31, 2005. When this adjustment is positive, it indicates that the wrapper contract value is greater than the market value of the underlying investments and the embedded market value losses will be amortized in the future through a lower interest crediting rate. If the adjustment was negative, the embedded market gains would cause the future interest crediting rate to be higher.

In certain circumstances, the amount withdrawn from the wrapper contract could be payable at fair value rather than at contract value. These events include termination of the Plan, a material adverse change to the provisions of the Plan, if AT&T elects to withdraw from a wrapper contract in order to switch to a different investment provider or, in the event of a spin-off or sale of a division, if the terms of the successor plan do not meet the contract issuer's underwriting criteria for issuance of a clone wrapper contract. Events that would permit a wrapper contract issuer to terminate a wrapper contract upon short notice include the Plan's loss of its qualified status, un-cured material breaches of responsibilities or material and adverse changes to the provisions of the Plan. We do believe any of the events to occur in the foreseeable future.

The Plan provides for investments in various investment securities, which in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the

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Statements of Net Assets Available for Benefits and participant account balances.

## AT&amp;T SAVINGS PLAN

## NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

**Securities Lending**

The Plan is authorized to engage in the lending of certain Interest Income Fund assets. Securities lending is an investment management enhancement that utilizes the existing securities (fixed income investments) of the Plan to earn additional income. Securities lending involves the loaning of securities to a selected group of approved banks and broker-dealers. In return for the loaned securities, the trustee, prior to or simultaneous with delivery of the loaned securities to the borrower, receives collateral in the form of cash or U.S. Government securities as a safeguard against possible default of any borrower on the return of the loan. Each loan is initially collateralized, in the case of: (a) loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S., or (b) loaned securities not denominated in U.S. dollars or whose primary trading market is not located in the U.S. to the extent of 105% of the market value of the loaned securities. The collateral is marked to market on a daily basis. Securities on loan and collateral held under this program at December 31, 2006 and 2005 are reported on the accompanying statements of net assets available for benefits. The reported collateral includes noncash holdings of \$36,161 at December 31, 2006 and \$570 at December 31, 2005. Income earned on securities lending is used to offset the administrative expenses of the Plan and was \$247 for the year ended December 31, 2006.

4. Nonparticipant-Directed Investments - Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments as of December 31 is as follows:

|                                   | 2006         |    | 2005      |
|-----------------------------------|--------------|----|-----------|
| <u>Assets</u>                     |              |    |           |
| AT&T common shares                | \$ 1,719,128 | \$ | 1,149,595 |
| Temporary cash investments        | 1,084        |    | 623       |
| Dividends and interest receivable | 8            |    | 3         |
| Receivable for investments sold   | 205          |    | 321       |
| Other receivables                 | 1            |    | 2         |
| Total Assets                      | 1,720,426    |    | 1,150,544 |
| <u>Liabilities</u>                |              |    |           |
| Overdrafts                        | -            |    | 78        |
| Administrative expenses payable   | 499          |    | 204       |
| Total Liabilities                 | 499          |    | 282       |
| Net Assets Available for Benefits | \$ 1,719,927 | \$ | 1,150,262 |

|                                                      | 2006         |
|------------------------------------------------------|--------------|
| Net Assets Available for Benefits, December 31, 2005 | \$ 1,150,262 |
| Employer contributions <sup>1</sup>                  | 160,405      |
| Interest income                                      | 63           |
| Net appreciation in fair value of investments        | 535,609      |
| Administrative expenses                              | (641)        |
| Distributions                                        | (97,138)     |
| Transfers to other fund(s)                           | (28,633)     |
|                                                      | 569,665      |

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Net Assets Available for Benefits, December 31, 2006 \$ **1,719,927**

<sup>1</sup>Employer contributions includes forfeitures allocated from the AT&T Shares Fund.

7

## AT&amp;T SAVINGS PLAN

## NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

5. Tax Status - The Plan has received a determination letter from the Internal Revenue Service (IRS) dated March 18, 2004, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Company has indicated that it will take the necessary steps, if any, to maintain the Plan's qualified status.
6. Reconciliation of Financial Statements to Form 5500 - The following is a reconciliation of Net Assets Available for Benefits per the financial statements to the Form 5500 as of December 31:

|                                                                                                      | 2006         | 2005         |
|------------------------------------------------------------------------------------------------------|--------------|--------------|
| Net Assets Available for Benefits per the financial statements                                       | \$ 8,008,017 | \$ 6,646,837 |
| Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts | (14,309)     | -            |
| Less: Distribution payable to participants                                                           | (1,124)      | (900)        |
| Net Assets Available for Benefits per the Form 5500                                                  | \$ 7,992,584 | \$ 6,645,937 |

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2006:

|                                                                  |            |
|------------------------------------------------------------------|------------|
| Distributions to participants per the financial statements       | \$ 745,730 |
| Add: Distributions payable to participants at December 31, 2006  | 1,124      |
| Less: Distributions payable to participants at December 31, 2005 | (900)      |
| Distributions to participants per the Form 5500                  | \$ 745,954 |

Distributions payable to participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

The following is a reconciliation of total additions per the financial statements to total income per the Form 5500 for the year ended December 31, 2006:

|                                                                                                      |              |
|------------------------------------------------------------------------------------------------------|--------------|
| Total additions per the financial statements                                                         | \$ 2,113,127 |
| Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts | (14,309)     |
| Total income per the Form 5500                                                                       | \$ 2,098,818 |

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Fully benefit-responsive contracts are recorded on the Form 5500 at fair value versus contract value on the financial statements.

7. Subsequent Event AT&T has amended the Plan to merge the participant balances and assets of the AT&T PAYSOP (PAYSOP), Pacific Telesis Group Employee Stock Ownership Plan (ESOP) and the Southern New England Telephone Company Tax Reduction Act Stock Ownership Plan (TRASOP) into the AT&T Shares Fund on August 1, 2007. Following the transfer of the remaining participant balances and assets of the Plan, participants will be able to withdraw their transferred balances, transfer those investments from the AT&T Shares Fund to other plan investment options (subject to normal fund transfer rules) or take loans against the balances.



## AT&amp;T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

## SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2006

(Dollars in Thousands)

| Identity of Issue                                                               | Description of Investment                             | Cost       | Current Value    |
|---------------------------------------------------------------------------------|-------------------------------------------------------|------------|------------------|
| <b><u>Employee Stock Ownership Plan</u></b>                                     |                                                       |            |                  |
| * AT&T common shares                                                            | 48,087,493 shares                                     | \$ 947,142 | \$ 1,719,128     |
| * Mellon Trust of New England, N.A.<br>Pooled Employee Funds                    | Daily Liquidity Funds                                 | 1,084      | 1,084            |
| Total Employee Stock Ownership Plan                                             |                                                       | 948,226    | <b>1,720,212</b> |
| <b><u>AT&amp;T Shares Fund</u></b>                                              |                                                       |            |                  |
| * AT&T common shares                                                            | 36,651,399 shares                                     |            | 1,310,288        |
| * Mellon Trust of New England, N.A.<br>Pooled Employee Funds                    | Daily Liquidity Funds                                 |            | 26,424           |
| Total AT&T Fund                                                                 |                                                       | **         | <b>1,336,712</b> |
| <b><u>Bond Fund</u></b>                                                         |                                                       |            |                  |
| * Barclays Global Investors Intermediate<br>Government/Credit Bond Index Fund F | 11,556,448 units                                      | **         | <b>207,785</b>   |
| <b><u>Large Cap Stock Fund</u></b>                                              |                                                       |            |                  |
| * Barclays Global Investors Equity Index<br>Fund F                              | 69,930,401 units                                      | **         | <b>1,448,958</b> |
| <b><u>Interest Income Fund</u></b>                                              |                                                       |            |                  |
| Bank of America Wrapper                                                         | Synthetic GIC<br>#99-058, IR, ***                     |            | 35               |
| Cabellas Credit Card Master Trust                                               | Monoline Credit Card                                  |            | 10,087           |
| Cendant Timeshare Receivables Funding                                           | Collateralized Mtg Obligation<br>Commercial/Corporate |            | 838              |
| Caterpillar Fin Asset Trust                                                     | Large Equipment Loan                                  |            | 9,069            |
| Credit Suisse First Boston                                                      | Conduit                                               |            | 3,893            |
| Countrywide Home Loans                                                          | Home Equity SrSub                                     |            | 9,456            |
| Daimler Chrysler                                                                | Prime Auto                                            |            | 3,875            |
| Delta Funding HEL Trust                                                         | Home Equity Monoline                                  |            | 498              |
| **** Federal Home Loan Mortgage Company                                         | Agency Debenture                                      |            | 4,215            |
| Federal Home Loan Mortgage Company                                              | Agency Debenture                                      |            | 9,398            |
| Federal Home Loan Mortgage Corp                                                 | Agency NAS                                            |            | 10,024           |
| Federal Home Loan Mortgage Corp                                                 | Agency                                                |            | 10,065           |
| Federal National Mtg. Assn.                                                     | Agency MF BLN                                         |            | 7,151            |

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|                                           |                      |        |
|-------------------------------------------|----------------------|--------|
| Federal National Mtg. Assn.               | Agency Hybrid        | 11,646 |
| Federal National Mtg. Assn. GTD           | Agency FIX           | 4,942  |
| Federal National Mtg. Assn. Grantor Trust | Agency MF FIX        | 7,453  |
| Federal National Mtg. Assn. Grantor Trust | Home Equity Agency   | 3,790  |
| **** Federal National Mtg. Assn.          | Agency Debenture     | 4,921  |
| Federal National Mtg. Assn Whole Loan     | Home Equity Agency   | 6,661  |
| Federal National Mtg. Assn Whole Loan     | FNMA Remic           | 4,606  |
| GE Commercial Equipment Financing Lease   | Large Equipment Loan | 7,922  |

## AT&amp;T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

## SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (continued)

December 31, 2006

(Dollars in Thousands)

| Identity of Issue                          | Description of Investment                          | Cost | Current Value |
|--------------------------------------------|----------------------------------------------------|------|---------------|
| Household Auto Trust                       | Sub Prime Auto                                     |      | 8,372         |
| MBNA Master Trust                          | Monoline Credit Card                               |      | 2,451         |
| **** United States Treasury                | Treasury Note                                      |      | 13,703        |
| Wachovia Auto Owner Trust                  | Prime Auto                                         |      | 11,744        |
| Cash on Hand                               | Cash                                               |      | 734           |
|                                            |                                                    |      | 167,549       |
| ING Life & Annuity                         | Synthetic GIC<br>#60126, IR, ***                   |      | -             |
| Bank One Insurance Trust                   | Bank Credit Card                                   |      | 11,718        |
| Carmax Auto Owner                          | NonPrime Auto                                      |      | 5,341         |
| Caterpillar Financial Asset Trust          | Large Equipment Loan                               |      | 1,072         |
| Commercial Mtg Ast Trust                   | Conduit                                            |      | 10,284        |
| Countrywide Home Loans                     | Home Equity SrSub                                  |      | 8,454         |
| Countrywide Home Loans                     | Home Equity SrSub                                  |      | 9,627         |
| Daimler Chrysler                           | Prime Auto                                         |      | 11,370        |
| Federal Home - Adj Rate Mtg.               | Agency Hybrid                                      |      | 3,252         |
| Federal Home - Adj Rate Mtg.               | Agency Hybrid                                      |      | 4,593         |
| Federal Home Loan Mortgage Corp            | Agency PAC                                         |      | 11,665        |
| Federal Home Loan Mortgage Corp            | Agency NAS                                         |      | 14,400        |
| Federal Home Loan Mortgage Corp            | Agency SEQ                                         |      | 10,069        |
| Federal Home Loan Mortgage Corp            | Agency PAC                                         |      | 8,497         |
| Federal National Mortgage - Aces           | Agency MF FIX                                      |      | 677           |
| Federal National Mtg Assn. - Adj Rate Mtg. | Agency Hybrid                                      |      | 2,774         |
| Federal National Mtg Assn- GTD             | Home Equity Agency                                 |      | 5,870         |
| FNR                                        | Agency PAC                                         |      | 10,593        |
| FSPC                                       | Home Equity Agency                                 |      | 2,860         |
| GSAA                                       | Home Equity SrSub                                  |      | 6,889         |
| Morgan Stanley Mortgage Loan Trust         | Collateralized Mtg Obligation Commercial/Corporate |      | 4,948         |
| Resid Asset Management Production Inc.     | Home Equity Monoline                               |      | 6,347         |
| Sallie Mae Student Loan Trust              | Agency Student Loan                                |      | 5,762         |
| **** United States Treasury                | Treasury Note                                      |      | 18,496        |
| Wachovia Auto Owner Trust                  | Prime Auto                                         |      | 11,071        |
| Cash on Hand                               | Cash                                               |      | 1,748         |
|                                            |                                                    |      | 188,377       |
| JP Morgan Chase Wrapper                    | Synthetic GIC<br>#426423-T, IR, ***                |      | -             |

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|                            |                  |        |
|----------------------------|------------------|--------|
| Chase Insurance Trust      | Bank Credit Card | 11,863 |
| Chase Insurance Trust      | Bank Credit Card | 11,816 |
| Carmax Auto Owner          | Prime Auto       | 10,572 |
| Federal Home Loan Mtg Corp | Agency NAS       | 7,255  |
| Federal Home Loan Mtg Corp | Agency NAS       | 9,906  |

## AT&amp;T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

## SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (continued)

December 31, 2006

(Dollars in Thousands)

| Identity of Issue                            | Description of Investment                          | Cost | Current Value |
|----------------------------------------------|----------------------------------------------------|------|---------------|
| Federal Home Loan Mtg Corp                   | Agency PAC                                         |      | 1,510         |
| Federal Home Loan Mtg Corp                   | Agency PAC                                         |      | 7,523         |
| Federal National Mtg. Assn. - Adj Rate Mtg.  | Agency HYB PP                                      |      | 10,250        |
| Federal National Mtg. Assn. - Adj Rate Mtg.  | Agency HYB PP                                      |      | 9,311         |
| Federal National Mtg. Assn. - Adj Rate Mtg.  | Agency HYB PP                                      |      | 9,111         |
| Federal National Mtg. Assn. Rec.             | Agency PAC                                         |      | 10,424        |
| Federal National Mtg Assn. Whole Loan        | Home Equity Agency                                 |      | 3,188         |
| Federal National Mtg Assn. Whole Loan        | Home Equity Agency                                 |      | 10,548        |
| Federal National Mtg Assn. Whole Loan        | Agency RP ARM                                      |      | 1,883         |
| GMACC Commercial MTG Securities              | Conduit                                            |      | 8,519         |
| John Deer Owners Trust                       | Large Equipment Loan                               |      | 11,117        |
| MBNA Master Credit Card Trust                | Monoline Credit Card                               |      | 8,179         |
| Marriot Vacation Club Owner Trust            | Collateralized Mtg Obligation Commercial/Corporate |      | 1,733         |
| Navistar Financial Owner Trust               | NonPrime Auto                                      |      | 10,731        |
| Residential Asset Security                   | Home Equity Monoline                               |      | 4,404         |
| Sallie Mae Student Loan Trust                | Agency Student Loan                                |      | 7,998         |
| Sierra Timeshare Receivables Funding, LLC    | Collateralized Mtg Obligation Commercial/Corporate |      | 8,930         |
| USAA Auto Owners Trust                       | Prime Auto                                         |      | 8,916         |
| **** United States Treasury                  | Treasury Note                                      |      | 10,863        |
| **** United States Treasury                  | Treasury Note                                      |      | 9,758         |
| Wells Fargo Mortgage-backed Securities Trust | Nag PT Arm                                         |      | 7,341         |
| Cash on Hand                                 | Cash                                               |      | 253           |
|                                              |                                                    |      | 213,902       |
| Monumental Wrapper                           | Synthetic GIC<br>#R, IR, ***                       |      | -             |
| Amex. Optima CC MT                           | Monoline Credit Card                               |      | 6,907         |
| Cabellas Credit Card MT                      | Retail Credit Card                                 |      | 3,792         |
| Citibank Credit Card IT                      | Bank Credit Card                                   |      | 10,196        |
| Citibank Credit Card IT                      | Bank Credit Card                                   |      | 11,877        |
| Commercial Mortgage Acceptance Corp.         | Collateralized Mtg Obligation                      |      | 8,092         |
| Capital One Auto Finance Trust               | SubPrime Auto                                      |      | 5,661         |
| Capital One Auto Finance Trust               | SubPrime Auto                                      |      | 9,046         |
| Capital One Master Trust                     | Monoline Credit Card                               |      | 10,009        |
| Countrywide Asset-backed Certificates        | Home Equity SrSub                                  |      | 4,446         |
| Federal Home Loan Mortgage Corp              | Agency Fix                                         |      | 9,461         |
| Federal Home Loan Mortgage Corp              | Agency PAC                                         |      | 11,716        |
| Federal Home Loan Mortgage Corp              | Agency PAC                                         |      | 11,513        |

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|                                                  |                  |       |
|--------------------------------------------------|------------------|-------|
| Federal National Mtg.                            | Agency MF BAL    | 7,500 |
| **** Federal National Mtg Assn - Adj. Rate. Mtg. | Agency Hybrid    | 4,078 |
| Federal National Mtg Assn - Adj. Rate. Mtg.      | Agency Hybrid PP | 3,173 |

## AT&amp;T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

## SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (continued)

December 31, 2006

(Dollars in Thousands)

| Identity of Issue                            | Description of Investment        | Cost | Current Value |
|----------------------------------------------|----------------------------------|------|---------------|
| **** Federal National Mtg Assn               | Agency Debenture                 |      | 10,608        |
| Federal National Mtg. Assn. Rec.             | Agency PAC                       |      | 6,749         |
| Federal National Mtg Assn Whole Loan         | Home Equity Agency               |      | 5,308         |
| Honda Auto Receivables                       | Prime Auto                       |      | 8,878         |
| Household Auto Trust                         | SubPrime Auto                    |      | 10,057        |
| Pinnacle CBO FSA Ins.                        | AB-HmEq2nd Mono                  |      | 274           |
| Residential Funding Mtg. Securities          | Home Equity 2nd Monoline         |      | 7,638         |
| **** United States Treasury                  | Treasury Note                    |      | 13,865        |
| Cash on Hand                                 | Cash                             |      | 150           |
|                                              |                                  |      | 180,994       |
| State Street Wrapper                         | Synthetic GIC<br>#99038, IR, *** |      | -             |
| Commercial Mortgage Acceptance Corp.         | Collateralized Mtg Obligation    |      | 8,092         |
| Capital One Multi-Asset Execution Trust      | Monoline Credit Card             |      | 11,665        |
| Capital One Multi-Asset Execution Trust      | Monoline Credit Card             |      | 12,160        |
| Commercial Mtg Pass-Thru Cert                | Conduit                          |      | 9,903         |
| Federal Home Loan Mtg. Corp                  | Agency Debenture                 |      | 17,295        |
| Federal National Mtg. Assn. Rec.             | Agency PAC                       |      | 247           |
| Federal National Mtg. Assn. Rec.             | Agency PAC                       |      | 8,258         |
| Federal National Mtg. Assn. - Adj Rate Mtg.  | Agency Hybrid                    |      | 4,922         |
| Federal National Mtg Assn- GTD               | Agency Fix                       |      | 2,435         |
| Household Auto Trust                         | SubPrime Auto                    |      | 12,331        |
| John Deer Owners Trust                       | Large Equipment Loan             |      | 5,089         |
| **** MBNA Master Trust                       | Monoline Credit Card             |      | 8,863         |
| MBNA Master Trust                            | Monoline Credit Card             |      | 11,866        |
| Nomura Asset Securities Corporation          | Conduit                          |      | 11,332        |
| New Century Home Equity Loan Trust           | Home Equity Monoline             |      | 5,997         |
| **** United States Treasury                  | Treasury Note                    |      | 8,344         |
| **** United States Treasury                  | Treasury Note                    |      | 2,512         |
| **** United States Treasury                  | Treasury Note                    |      | 15,413        |
| **** United States Treasury                  | Treasury Note                    |      | 7,801         |
| Wells Fargo Mortgage-backed Securities Trust | Nag PT Arm                       |      | 8,879         |
| World Omni Auto Receivables Trust            | AB-Prime Auto                    |      | 4,931         |
| Cash on Hand                                 | Cash                             |      | 162           |
|                                              |                                  |      | 178,497       |
| UBS Wrapper                                  | Synthetic GIC                    |      |               |

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|                                |                  |        |
|--------------------------------|------------------|--------|
| Americredit Auto. Rec          | #5030, IR, ***   | -      |
| Adjustable Rate Mortgage Trust | SubPrime Auto    | 3,649  |
| Bank One Insurance Trust       | Nag PT Arm       | 9,674  |
| Citibank Credit Card IT        | Bank Credit Card | 3,392  |
|                                | Bank Credit Card | 10,100 |



## AT&amp;T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

## SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (continued)

December 31, 2006

(Dollars in Thousands)

| Identity of Issue                                               | Description of Investment                          | Cost | Current Value |
|-----------------------------------------------------------------|----------------------------------------------------|------|---------------|
| Chase Manhattan Auto Owns                                       | Prime Auto                                         |      | 6,474         |
| Chase Funding Mort Ln.                                          | Conduit                                            |      | 9,323         |
| Federal Home Loan Mtg. Corp                                     | Agency Hybrid                                      |      | 138           |
| Federal National Mtg. Assn. Rec.                                | Agency                                             |      | 3,622         |
| Fannie Mae Grantor Trust                                        | Agency MF Fix                                      |      | 12,453        |
| **** Federal National Mortgage Assn.                            | Agency Debenture                                   |      | 15,171        |
| Federal National Mtg. Assn. Rec.                                | Agency PAC                                         |      | 9,132         |
| Federal National Mtg. Assn. Rec.                                | Agency PAC                                         |      | 315           |
| Freddie Mac Structured Pass-through Sec.                        | Home Equity Agency                                 |      | 4,673         |
| GE Commercial Mortgage Corp.                                    | Conduit                                            |      | 12,619        |
| GE Equipment Small Ticket LLC                                   | SmEqLse                                            |      | 11,964        |
| GSR Mortgage Loan Trust                                         | Nag PT Arm                                         |      | 11,420        |
| Household Private Lab MT2                                       | Retail Credit Card                                 |      | 10,033        |
| Morgan Stanley Auto Loan Trust                                  | Prime Auto                                         |      | 10,878        |
| Morgan Stanley Capital                                          | Conduit                                            |      | 10,179        |
| Nissan Auto Owners Trust                                        | Prime Auto                                         |      | 416           |
| Structured Asset Securities Corp                                | Collateralized Mtg Obligation Commercial/Corporate |      | 6,209         |
| Saloman Brothers Mortgage Securities VII                        | Conduit                                            |      | 624           |
| **** United States Treasury                                     | Treasury Notes                                     |      | 9,248         |
| Wells Fargo Mortgage-backed Securities Trust                    | Nag PT Arm                                         |      | 7,660         |
| Wells Fargo Mortgage-backed Securities Trust                    | Nag PT Arm                                         |      | 10,667        |
| Cash on Hand                                                    | Cash                                               |      | 540           |
|                                                                 |                                                    |      | 190,573       |
| * Mellon Trust of New England, National Association             | Temporary cash investment                          |      | 17,743        |
| Total Interest Income Fund                                      |                                                    |      | ** 1,137,635  |
| <b><u>Asset Allocation Fund</u></b>                             |                                                    |      |               |
| * Barclays Global Investors U.S. Tactical Asset Allocation Fund | 21,673,902 units                                   |      | ** 470,107    |
| <b><u>Global Equity Fund</u></b>                                |                                                    |      |               |
| * Barclays Global Investors U.S. Equity Market Fund F           | 5,802,859 units                                    |      | 221,495       |
| * Barclays Global Investors EAFE Equity Index Fund F            | 2,828,154 units                                    |      | 86,768        |
| Total Global Equity Fund                                        |                                                    |      | ** 308,263    |

**Mid and Small Cap Stock Fund**

|                               |                  |    |                |
|-------------------------------|------------------|----|----------------|
| Extended Equity Market Fund F | 25,850,106 units | ** | <b>657,368</b> |
|-------------------------------|------------------|----|----------------|

**International Stock Fund**

Barclays Global Investors EAFE Equity

|              |                  |    |                |
|--------------|------------------|----|----------------|
| Index Fund F | 17,113,337 units | ** | <b>525,037</b> |
|--------------|------------------|----|----------------|

AT&T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR) (continued)

December 31, 2006

(Dollars in Thousands)

| Identity of Issue            | Description of Investment | Cost | Current Value      |
|------------------------------|---------------------------|------|--------------------|
| <b><u>Loan Fund</u></b>      |                           |      |                    |
| * Loans to Plan Participants | 8.25% - 9.25%             | **   | 184,363            |
| <b>TOTAL</b>                 |                           |      | <b>\$7,996,440</b> |

\*\* Party-in-Interest.

\*\* Participant-directed investment, cost not required.

\*\*\* Synthetic Insurance Contracts, no stated maturity.

\*\*\*\* Investment balances have been adjusted to include the market value of securities on loan, which are reclassified for financial statement presentation.

AT&T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

SCHEDULE H, LINE 4(j) SCHEDULE OF REPORTABLE TRANSACTIONS

Year Ended December 31, 2006

(Dollars in Thousands)

| Identity of Party Involved                              | Description of Asset                       | Purchase Price | Selling Price | Cost of Asset | Current Value of Asset on Transaction Date | Net Gain (Loss) |
|---------------------------------------------------------|--------------------------------------------|----------------|---------------|---------------|--------------------------------------------|-----------------|
| <b>Category (3) Series of Transactions in Excess of</b> |                                            |                |               |               |                                            |                 |
| <b>5 Percent of Plan Assets</b>                         |                                            |                |               |               |                                            |                 |
| *Mellon Trust of New England, N. A.                     | Pooled Employee Funds Daily Liquidity Fund | \$ 186,043     | \$            | \$ 186,043    | \$ 186,043                                 | \$              |
| *Mellon Trust of New England, N. A.                     | Pooled Employee Funds Daily Liquidity Fund |                | 185,582       | 185,582       | 185,582                                    |                 |

\* All transactions were purchased and sold on the market.

There were no Category (1), (2) or (4) reportable transactions during the year ended December 31, 2006.

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator for the Plan has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

AT&T SAVINGS PLAN

By AT&T Inc.,

Plan Administrator for the Foregoing Plan

By

/s/ John J. Stephens  
John J. Stephens  
Senior Vice President and Controller

Date: June 22, 2007

EXHIBIT INDEX

Exhibit identified below, Exhibit 23 is filed herein as an exhibit hereto.

Exhibit  
Number

23 Consent of Independent Registered Public Accounting Firm