

Information for Stockholders Receiving AT&T Inc. Stock as a Result of the Acquisition of BellSouth Corporation on December 29, 2006

Frequently Asked Questions about the Exchange Process

1. When was the acquisition completed?

The acquisition of BellSouth Corporation (“BellSouth”) by AT&T Inc. (“AT&T”) was completed on December 29, 2006.

2. Is any action required by the BellSouth stockholders?

Only if you hold stock certificates representing shares of BellSouth common stock. Those stockholders must submit their BellSouth certificates in order to complete the exchange for AT&T common stock. **Under the terms of the agreement to acquire BellSouth, until these certificates are exchanged, AT&T is entitled to withhold dividends and distributions on AT&T shares related to these certificates.**

Any shares of BellSouth you held in uncertificated form (also known as “book entry shares”) are automatically converted into AT&T stock and registered in your name.

Because the acquisition closed late in the quarter, AT&T will pay the February dividend to BellSouth certificate holders who have not yet completed the exchange. Subsequent dividends will not be paid until the certificates are submitted.

3. What will I receive in exchange for BellSouth common stock shares?

Pursuant to the acquisition, each share of BellSouth was converted into 1.325 shares of AT&T common stock. No fractional shares will be issued for your AT&T common stock; instead, you will receive a cash-in-lieu check.

Participants in the BellSouth Direct Investment Plan will have their elections transferred to the DirectSERVICE Investment Program for Stockholders of AT&T Inc. (the “DRP”) offered by Computershare. Balances in the BellSouth plan, including any fractional shares were automatically exchanged and transferred to the DRP. See the terms of the DRP for more information on the operation of the plan.

4. What if I own BellSouth common stock in both certificated and uncertificated form?

Your uncertificated shares were automatically converted to AT&T shares. However, certificates representing BellSouth common stock must be submitted for exchange to AT&T in order to complete the exchange for AT&T common stock and before you can receive dividends or distributions after the February 2007 dividend.

5. What if I can’t locate all of my BellSouth common stock certificates?

If you have lost any of your BellSouth stock certificates and the value of those certificates is \$200,000 or less:

- Follow the instructions on Box D of the Exchange Form and complete the Affidavit of Loss in this section.
- Return the completed Exchange and the Affidavit of Loss Forms, along with any certificate(s) you may have in your possession, to Computershare in the enclosed return envelope. We recommend that you use Registered Mail Return Receipt Requested.

If you have lost certificates representing more than 100 shares, please have your signature(s) notarized in Box D of the Exchange Form.

If the value of your lost certificated shares is greater than \$200,000, please call 1-877-224-0464 for additional information.

6. What will happen if I do not send in my BellSouth common stock certificate(s) for the exchange?

Under the terms of the agreement governing the acquisition, AT&T will withhold dividends and distributions on shares relating to unexchanged BellSouth certificates. This will not apply to the February 2007 dividend, but will apply thereafter.

If you do not exchange your certificates, at some point we may be required to remit the shares and any withheld dividends or distributions to your state of residence as required under the applicable unclaimed property laws. If your shares are remitted to the state, you will need to go to the unclaimed property division of your state to receive the value of your shares.

7. Should I sign my old BellSouth common stock certificates?

No. For your protection, do not endorse your stock certificates.

8. In what form will AT&T issue my new shares?

Your AT&T shares will be credited to your account in the form of uncertificated shares.

9. What are uncertificated shares?

Uncertificated shares are shares that are recorded on AT&T's books and have the same rights and benefits as certificated shares, but without the risk of certificate loss or misplacement.

10. Can I request a stock certificate for my new AT&T shares?

Yes. Please call Computershare, AT&T's transfer agent, at 1-800-488-2954 and follow the voice response system instructions.

11. What if my address has changed?

Please contact Computershare at 1-800-351-7221.

12. How long will it take to receive my AT&T shares?

If you hold your shares in uncertificated form, you will be sent a Transaction Advice within 10-15 business days notifying you of your new ownership in AT&T.

If you hold BellSouth certificated shares, you will be sent an Exchange Form with instructions on how to complete the exchange process for your BellSouth certificated shares within 10-15 business days after December 29, 2006. Once you submit your BellSouth certificate(s) with your completed Exchange Form, it will take Computershare about 10 business days to send you a Transaction Advice reflecting your new AT&T ownership.

Remember that dividends and other distributions occurring after February 2007 will be withheld on shares represented by BellSouth certificates that have not been submitted for exchange. These dividends and other distributions will be accrued, without interest, and will not be paid until the certificates are exchanged.

13. Is this a taxable exchange?

We believe the receipt of your whole shares of AT&T common stock is a tax-free event for federal income tax purposes in the United States.

14. Is the cash payment for the value of the fractional share taxable?

Generally, any gain or loss resulting from receiving cash for a fractional share will be subject to income tax. If the value of your fractional share check is \$20 or greater this information will be reported to the IRS. However, if you are in the DRP, we will credit your fractional share to the plan and you will not receive a check for the fractional share, so you should not have a gain or loss to report. *We urge you to consult your tax adviser.*

If you would like a cost basis guide, go to www.computershare.com/att or contact Computershare at 1-800-351-7221.

15. How do I contact Computershare if I have any questions regarding the exchange of BellSouth common stock?

You can contact them as follows:

By Telephone – 9 a.m. to 7 p.m. Eastern time, Monday through Friday:

From within the United States, Canada or Puerto Rico:
1-877-224-0464 (Toll-free)

From outside the United States:
(781) 575-4729 (Collect)

By Mail:
P. O. Box 43092
Providence, RI 02940

By Overnight Delivery:
250 Royall Street
Canton, MA 02021