



News Release

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AT&T TO OFFER NEXT-GENERATION iPhone ON ITS HIGH-PERFORMANCE 3G NETWORK

Broadband Speed and New Capabilities Enhance Iconic Mobile Device

\$199 Starting Price Significantly Expands Mass Market Appeal

New Corporate E-Mail and Web Applications Move iPhone Further Into Business Market

Note: AT&T will hold a conference call today for investors and analysts to provide background on the new iPhone 3G launch and AT&T's wireless data strategy. The call will include comments from Ralph de la Vega, president and CEO, AT&T Mobility, and Rick Lindner, senior executive vice president and CFO for AT&T. The conference call will be broadcast live via the Internet at 4:30 p.m. ET on Monday, June 9, 2008, at www.att.com/investor.relations.

Broadcast satellite video available. Details follow at end of release.

SAN ANTONIO, June 9, 2008 — AT&T Inc. (NYSE:T) today announced it will be the exclusive U.S. provider of the new iPhone 3G, details of which were outlined earlier today at Apple's Worldwide Developers Conference in San Francisco.

Under the terms of a new agreement with Apple, AT&T remains the exclusive U.S. carrier of the new iPhone, which will be available beginning July 11 at a starting price of \$199 with a two-year contract. iPhone 3G boasts several significant enhancements, including:

- 3G broadband wireless connectivity, which gives customers a home broadband-like speed experience when surfing the Internet, sharing files and using media-rich Web applications.
- Business-class capabilities, including e-mail, viewed on a large, touch-screen device and designed to meet the needs of companies of all sizes.
- The ability for developers, including AT&T, to create customized consumer and business applications using the Apple software developer's kit (SDK).

Customers can get more information on iPhone 3G at www.att.com/iphone.

AT&T expects that iPhone 3G's attractive pricing and rich set of features including business e-mail and other applications, combined with the broadband speeds of AT&T's 3G network, will spur significant subscriber and revenue growth — particularly in wireless data — and strengthen AT&T's wireless leadership and long-term growth profile.

"iPhone 3G will take mobile communications and computing to a whole new level by combining a terrific user interface with a great experience accessing the Internet and subscribers' favorite applications on our 3G wireless network at unsurpassed speeds," said Ralph de la Vega, president and chief executive officer of AT&T Mobility. "Combine our high-performance 3G broadband wireless network, the new iPhone's business-class capabilities and a starting price of \$199, and I expect that we will continue to increase revenue per user and attract customers who spend the most on wireless. The device is built, and priced, to sell."

AT&T will sell iPhone 3G in more than 2,200 company-owned retail stores and kiosks, as well as through its direct business sales teams.

New Agreement With Apple Reflects Significant Growth Opportunity

The new agreement between Apple and AT&T eliminates the revenue-sharing model under which AT&T shared a portion of monthly service revenue with Apple. Under the revised agreement, which is consistent with traditional equipment manufacturer-carrier arrangements, there is no revenue sharing and both iPhone 3G models will be offered at attractive prices to broaden the market potential and accelerate subscriber volumes. The phones will be offered with a two-year contract and attractive data plans that are similar to those offered for other smartphones and PDAs. AT&T anticipates that these offers will drive increased sales volumes and revenues among high-quality, data-centric customers. Currently, less than 20 percent of AT&T's postpaid subscribers have integrated devices capable of voice, Web and data applications. Based on the company's experience, average monthly revenues per iPhone subscriber are nearly double the average of the company's overall subscriber base.

- With a two-year contract, the price of an 8GB iPhone 3G will be \$199; the 16GB model will be priced at \$299.
- Unlimited iPhone 3G data plans for consumers will be available for \$30 a month, in addition to voice plans starting at \$39.99 a month.
- Unlimited 3G data plans for business users will be available for \$45 a month, in addition to a voice plan.

In the near term, AT&T anticipates that the new agreement will likely result in some pressure on margins and earnings, reflecting the costs of subsidized device pricing, which, in turn, is expected to drive increased subscriber volumes. The company anticipates potential dilution to earnings per share (EPS) from this initiative in the \$0.10 to \$0.12 range this year and next, with a 2008 adjusted consolidated operating income margin of approximately 24 percent and a full-year 2008 wireless OIBDA margin in the 39-40 percent range. As recurring revenue streams build without any further revenue sharing required, AT&T expects the initiative to turn accretive in 2010.

AT&T's 3G Wireless Network

iPhone 3G harnesses the power of AT&T's broad and powerful 3G mobile broadband network, which offers 3G mobile phones download speeds of up to 1.4 Mbps. AT&T's 3G network is currently available in 280 leading U.S. metropolitan areas; by year-end, the company plans to offer 3G service in nearly 350 metro areas. Following the recent turndown of its TDMA network, the company is further enhancing its 3G network, with improved coverage quality made available through reallocated 850 MHz spectrum.

AT&T's 3G network is the best positioned among American carriers to grow in line with customer demand, evolving to next-generation speeds incrementally during the next few years. Between 2005 and the end of 2008, AT&T will have invested more than \$20 billion in wireless network improvements and upgrades.

AT&T has the best global coverage of any provider, with voice-roaming available in more than 200 countries and data-roaming in more than 145 countries, including more 3G roaming than any other carrier.

In addition, the new iPhone 3G will operate in Wi-Fi mode through wireless modems in homes and offices, as well as public hot spots.

Marketing the iPhone to Businesses

iPhone 3G includes new business capabilities, including access to corporate e-mail and intranets, as well as the ability to certify mobile business applications to suit the needs of an array of industries, ranging from health care and real estate to higher education and financial services. Starting July 11, AT&T will begin marketing to its business customers, which includes all of the Fortune 1000. To prepare for the rollout, AT&T will be conducting extensive training among its thousands of enterprise and small business sales force and customer-support employees. AT&T is the world's leading provider of corporate wireless e-mail solutions.

"We're anticipating significant demand from companies of all sizes based on the feedback we've received from the many corporate customers who have already purchased the first-generation iPhone, as well as from companies waiting for the new iPhone's business applications," said Ron Spears, group president, AT&T Global Business Services. "Businesses will benefit from all of the iPhone's new features, as well as the ability to maximize productivity by using the combination of 3G broadband connectivity and customized applications."

Through its work over the years with the developer community, AT&T has developed a robust catalog of hundreds of enterprise applications (www.att.com/choice). AT&T will work with Apple, using the SDK process, to enable many of these applications, which today operate on other AT&T-powered wireless devices, to also work on the iPhone. The growth of mobile applications represents a huge opportunity for companies to improve productivity through reduced overhead expenses, access to real-time information and higher levels of speed and efficiency.

Unleashing Innovative Applications With the SDK

AT&T is working closely with Apple to roll out several new and innovative applications that take advantage of the iPhone's advanced capabilities. For example, AT&T is finalizing YELLOWPAGES.COM mobile for the iPhone, an innovative GPS-enabled application that combines local search with social networking capabilities, giving users the ability to search for information, share reviews and plan activities with friends, neighbors and co-workers. In addition, the company will work to certify many of its existing mobile applications for businesses, created in conjunction with third-party developers, for use on the iPhone.

Find More Information Online:

Web Site Links:

[AT&T Web Site](#)
[AT&T Wireless Web Site](#)
[AT&T iPhone Web Site](#)
[About the AT&T 3G Network](#)
[Apple iPhone](#)

Related Releases:

[AT&T Nears Completion of 3G Wireless Technology Deployment That Delivers Broadband Wireless Speeds - for Downloads and Uploads](#)
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About AT&T

AT&T Inc. (NYSE:T) is a premier communications holding company. Its subsidiaries and affiliates, AT&T operating companies, are the providers of AT&T services in the United States and around the world. Among their offerings are the world's most advanced IP-based business communications services and the nation's leading wireless, high speed Internet access and voice services. In domestic markets, AT&T is known for the directory publishing and advertising sales leadership of its Yellow Pages and YELLOWPAGES.COM organizations, and the AT&T brand is licensed to innovators in such fields as communications equipment. As part of its three-screen integration strategy, AT&T is expanding its TV entertainment offerings. In 2008, AT&T again ranked No. 1 on *Fortune* magazine's World's Most Admired Telecommunications Company list and No. 1 on America's Most Admired Telecommunications Company list. Additional information about AT&T Inc. and the products and services provided by AT&T subsidiaries and affiliates is available at <http://www.att.com>.

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this news release contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update or revise statements contained in this news release based on new information or otherwise. This news release may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's Web site at www.att.com/investor.relations. Previously released pro forma comparisons are available on AT&T's Investor Relations Web site at www.att.com/investor.relations.

NOTE: OIBDA is defined as operating income (loss) before depreciation and amortization. OIBDA differs from Segment operating Income (loss), as calculated in accordance with generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. OIBDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. OIBDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with GAAP. Our calculation of OIBDA, as presented, may differ from similarly titled measures reported by other companies.

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Note: This AT&T news release and other announcements are available as part of an RSS feed at www.att.com/rss. For more information, please review this announcement in the AT&T newsroom at <http://www.att.com/newsroom>.

Satellite B-roll News Feed

A satellite feed with b-roll of AT&T's stores and 3G network is available for downlink at:
C-band, Galaxy 26, C-7, downlink freq. 3840 V at 4 p.m., 5 p.m. and 8 p.m. EDT.