

AT&T INC.
Form 11-K
June 27, 2008

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, 2007

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

Byname 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 Schedule and Exhibit

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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, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. 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, 2007 and 2006, and the changes in its net assets available for benefits for the year ended December 31, 2007, 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 schedule of assets (held at end of year) as of December 31, 2007, is presented for purposes of additional analysis is not a required part of the financial statements but is 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to auditing procedures applied in our audits of the financial statements, and in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ ERNST & YOUNG LLP

San Antonio, Texas
June 26, 2008

AT&T SAVINGS PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

	December 31,	
	2007	2006
ASSETS		
Investments, at fair value	\$ 7,294,787	\$ 7,845,189
Investment in AT&T Group Investment Trust, at fair value	1,458,461	-
Market value of securities on loan	-	151,251
Total Investments (See Note 3)	8,753,248	7,996,440
Dividends and interest receivable	36	103
Receivable for investments sold	1,169	205
Other receivables	30	29
Securities lending collateral	-	154,354
Total Assets	8,754,483	8,151,131
LIABILITIES		
Overdrafts	1,695	203
Administrative expenses payable	16,607	2,866
Payable for investments purchased	4,904	-
Securities lending payable	-	154,354
Total Liabilities	23,206	157,423
Net Assets Available for Benefits, at fair value	8,731,277	7,993,708
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	2,523	14,309
Net Assets Available for Benefits	\$ 8,733,800	\$ 8,008,017

See Notes to Financial Statements.

AT&T SAVINGS PLAN
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
 FOR THE YEAR ENDED DECEMBER 31, 2007
 (Dollars in Thousands)

Net Assets Available for Benefits, December 31, 2006	\$ 8,008,017
Additions to Net Assets:	
Contributions:	
Participant contributions	335,991
Employer contributions	167,825
	503,816
Investment Income:	
Net appreciation in value of investments	732,036
Dividends on AT&T common shares	119,940
Interest	57,173
Income on collateralized securities	428
Income from investment in AT&T Group Investment Trust	15,975
	925,552
Transfer from merged plans (See Note 1)	78,830
Total Additions	1,508,198
Deductions from Net Assets:	
Administrative expenses	7,053
Distributions	775,362
Total Deductions	782,415
Net Assets Available for Benefits, December 31, 2007	\$ 8,733,800

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, as amended (ERISA).

In 2007, AT&T amended the Plan (noted as SP in the table below) and the AT&T Savings and Security Plan (SSP) 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 as follows:

Employment Status as of 7/31/2007	As of 7/31/2007, account in:	Transferred to:
	SP	
	SP and SSP	SP
Active	SSP	SSP
Nonbargained Employee	Neither Plan	SP (create account)
	SP	
	SP and SSP	SP
Inactive	SSP	SSP
	Neither Plan	SP (create account)
	SSP	
	SP and SSP	SSP
Active	SP	SP
Bargained Employee	Neither Plan	SSP (create account)
	SSP	
	SP and SSP	SSP
Inactive	SP	SP
	Neither Plan	SSP (create account)

Additionally, on August 1, 2007, the Plan was amended to merge the participant balances and assets of the Callisma 401(k) Plan. Following the transfer of the participant balances and assets of the PAYSOP, ESOP and TRASOP participants are 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.

During 2007, participants could invest their contributions in one or more of eight funds. In October 2007, AT&T established the AT&T Group Investment Trust (Group Trust) to manage assets of pooled investment options between the Plan and the AT&T Savings Master Trust (Master Trust). As of December 31, 2007, participants are able to invest their contributions in one or more of the following funds in 1% increments:

- AT&T Shares Fund

- AT&T Total Return Bond Fund*
 - Large Cap U.S. Stock Index Fund
 - AT&T Stable Value Fund*
 - AT&T Age-Based Asset Allocation Funds (based on retirement date)
 - Total U.S. Stock Market Index Fund
 - * Fund option became an investment of the Group Trust effective November 1, 2007.
- Small and Mid-Sized U.S. Stock Index Fund
 - International Stock Index Fund
 - AT&T U.S. Stock Fund*
 - AT&T International Stock Fund*
 - Fidelity BrokerageLink®

Altogether, these funds are referred to as the Trust. The trustee is Mellon Trust of New England, National Association.

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AT&T SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (continued)
(Dollars in Thousands)

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. Effective January 1, 2007, company contributions made to the Plan that are invested in the ESOP can be immediately diversified into any of the fund options above. Company contributions made to the Plan prior to December 31, 2006 can only be diversified into other fund options at varying percentages based on whether or not the participant is vested in the matching contributions. All amounts in the ESOP will be available for diversification into other funds by January 1, 2009.

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 is paid into the AT&T Shares Fund. During 2007, Plan participants elected to receive \$28,631 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 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.

Investments are stated at fair value. Investments in securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. If no sale was reported on that date, they are valued at the last reported bid price. Shares of registered investment companies are valued based on quoted market prices, which represent the net asset value of shares held at year-end. Over-the-counter securities and government obligations are valued at the bid price or the average of the bid and asked price on the last business day of the year from published sources where available and, if not available, from other sources considered reliable. Cash and temporary assets are stated at fair value.

Common/collective trust funds are valued at quoted redemption values that represent the net asset values of units held at year-end which management has determined approximates fair value. Publicly traded partnerships are valued using trades on a national securities exchange on the last reported sales price on the last business day of the year. Participant loans are reported at cost, which approximates fair value.

As required by Financial Accounting Standards Board 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" (the FSP), investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Group Trust invests in fully benefit-responsive guaranteed investment contracts (GICs) and Synthetic investment contracts (Synthetic GICs). Prior to November 1, 2007, the Plan invested in Synthetic GICs. As required by the FSP, the fair value of the GICs is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations. The underlying investments of the Synthetic GICs are valued at quoted redemption values on the last business day of the Plan's year-end. The fair value of the wrap contracts for the Synthetic GICs is determined using the market approach discounting methodology that incorporates the difference between current market level rates for contract level wrap fees and the wrap fee being charged. The difference is calculated as a dollar value and discounted by the prevailing interpolated swap rate as of period end. The contract value of the fully benefit-responsive investment

contracts represents contributions plus earnings, less participant withdrawals and administrative expenses.

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.

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AT&T SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (continued)
(Dollars in Thousands)

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).

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (FAS 157). This standard clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements. FAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. Plan management is currently evaluating the impact of FAS 157.

3. Investments – Investments, excluding those held in the Group Trust, representing 5% or more of Plan net assets at December 31 were:

	2007	2006
Employee Stock Ownership Plan ¹		
AT&T common shares	\$ 1,934,470	\$ 1,719,128
AT&T Shares Fund		
AT&T common shares	1,542,915	1,310,288
Large Cap U.S. Stock Index Fund ²		
Barclays Global Investors Intermediate Equity Index Fund F	1,447,931	1,448,958
AT&T Age-Based Asset Allocation Funds		
Barclays Global Investors U.S. Tactical Asset Allocation Fund F	-	470,107
Small and Mid-Sized U.S. Stock Index Fund ²		
Barclays Global Investors Intermediate Extended Equity Market Fund F	676,692	657,368
International Stock Index Fund		
Barclays Global Investors Intermediate MSCI ACWI Ex-US Index Superfund F	709,009	-
International Stock Fund		
Barclays EAFE Equity Index Fund F	-	525,037

1 Nonparticipant-directed

2 Fund renamed in 2007

AT&T SAVINGS PLAN
 NOTES TO FINANCIAL STATEMENTS (continued)
 (Dollars in Thousands)

During 2007, 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	\$ 490,457
Common Collective Trusts	241,579
Total	\$ 732,036

In October 2007, AT&T established the Group Trust to manage assets of pooled investment options between the Plan and the Master Trust. The Plan began participating in the Group Trust on November 1, 2007 and the Master Trust began participating in the Group Trust on October 1, 2007.

Each participating plan's interest in the investment fund options (i.e., separate accounts) of the Group Trust is based on account balances of the participants and their elected investment fund options. The Group Trust assets are allocated among the participating plans by assigning to each plan those transactions (primarily contributions, benefit payments, and plan-specific expenses) that can be specifically identified and by allocating among all plans, in proportion to the fair value of the assets assigned to each plan, income and expenses resulting from the collective investment of the assets of the Group Trust. At December 31, 2007, the Plan's interest in the net assets of the Group Trust was approximately 27%, with a fair value of \$1,458,461.

Investment income and administrative expenses related to the Group Trust are allocated to the individual plans on a daily basis based on each participant's account balance within each investment fund option.

AT&T SAVINGS PLAN
NOTES TO FINANCIAL STATEMENTS (continued)
(Dollars in Thousands)

AT&T Group Investment Trust Investments

The Plan's percentage interest in each of the investment fund options within the Group Trust is disclosed below.

	AT&T Total Return Bond Fund	AT&T U.S. Stock Fund	AT&T Inter-national Stock Fund	AT&T Stable Value Fund	Group Trust
Cash and cash equivalents	\$ -	\$ 12,771	\$ 4,289	\$ -	\$ 17,060
Common/collective trust funds	-	353,432	60,426	-	413,858
Corporate and other bonds and notes	-	445	-	-	445
Equities	-	504,399	162,289	-	666,688
Equities – loaned	-	(33,064)	(9,098)	-	(42,162)
Publicly traded partnerships	-	2,622	-	-	2,622
Registered investment companies	378,875	76,596	1,358	-	456,829
Registered investment companies – loaned	(157,449)				(157,449)
Investment contracts (at fair value):					
Guaranteed investment contracts	-	-	-	64,698	64,698
Synthetic investment contracts					