

AT&T INC.
Form 11-K
June 23, 2006

File No. 1-8610

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K
ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2005

Commission File Number 1-8610

AT&T SAVINGS PLAN

AT&T INC.

175 E. Houston, San Antonio, Texas 78205

Financial Statements, Supplemental Schedules 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 (formerly SBC Savings Plan) as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. 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 at December 31, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, 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, 2005, 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, 2006

AT&T SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(Dollars in Thousands)

| | December 31, 2005 | 2004 |
|------------------------------------|-----------------------------|--------------|
| ASSETS | | |
| Investments | \$ 6,489,357 | \$ 6,321,424 |
| Market value of securities on loan | 160,544 | 141,190 |
| Total Investments (See Note 3) | 6,649,901 | 6,462,614 |
| Securities lending collateral | 163,643 | 144,331 |
| Dividends and interest receivable | 134 | 50 |
| Receivable for investments sold | 321 | 537 |
| Other receivables | 2 | 1 |
| Total Assets | 6,814,001 | 6,607,533 |
| LIABILITIES | | |
| Overdrafts | 78 | - |
| Payable for investments purchased | 2,065 | - |
| Administrative expenses payable | 1,378 | 1,859 |
| Securities lending payable | 163,643 | 144,331 |
| Total Liabilities | 167,164 | 146,190 |
| Net Assets Available for Benefits | \$ 6,646,837 | \$ 6,461,343 |

See Notes to Financial Statements.

AT&T SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2005

(Dollars in Thousands)

| | |
|--|--------------|
| Net Assets Available for Benefits, December 31, 2004 | \$ 6,461,343 |
| Additions to Net Assets: | |
| Contributions: | |
| Participant contributions | 333,432 |
| Employer contributions | 160,847 |
| | 494,279 |
| Investment Income: | |
| Dividends on AT&T common shares | 111,202 |
| Net appreciation in value of investments | 93,958 |
| Interest | 60,073 |
| Income on collateralized securities | 301 |
| | 265,534 |
| Total Additions | 759,813 |
| Deductions from Net Assets: | |
| Administrative expenses | 6,350 |
| Distributions | 562,534 |
| Transfer to other plans (see Note 1) | 5,435 |
| Total Deductions | 574,319 |
| Net Assets Available for Benefits, December 31, 2005 | \$ 6,646,837 |

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), formerly known as the SBC Savings 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).

Certain participants of the Plan transferred to positions that provide for employees to save for retirement under the AT&T Savings and Security Plan. These transfers totaled \$15 during 2005. Additionally, in November 2005, AT&T sold its paging subsidiary, American Messaging Services (AMS). Plan assets of \$5,420 associated with the AMS participants were transferred out of the plan on December 1, 2005.

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.

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 2005, Plan participants elected to receive \$26,880 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 and other financial institutions at principal plus reinvested interest which approximates fair value; common collective trust funds at values obtained from fund managers; and temporary cash investments at cost which approximates fair value; assets supporting synthetic contracts are valued at quoted market prices. 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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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.

Certain prior year balances related to securities lending have been reclassified to conform to the current year presentation.

AT&T SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

3. Investments - Investments representing 5% or more of Plan net assets at either December 31, 2005 or 2004 were:

| | 2005 | 2004 |
|---|--------------|--------------|
| <u>Employee Stock Ownership Plan*</u> | | |
| AT&T common shares | \$ 1,149,595 | \$ 1,139,261 |
| <u>AT&T Shares Fund</u> | | |
| AT&T common shares | \$ 941,148 | \$ 1,060,087 |
| <u>Large Cap Stock Fund</u> | | |
| Barclays Global Investors Equity Index Fund F | \$ 1,354,113 | \$ 1,395,114 |
| <u>Asset Allocation Fund</u> | | |
| Barclays Global Investors U.S. Tactical Asset Allocation Fund F | \$ 480,979 | \$ 446,586 |
| <u>Mid and Small Cap Stock Fund</u> | | |
| Extended Equity Market Fund F | \$ 551,163 | \$ 431,957 |

* Nonparticipant-directed

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

| | |
|--------------------------|--------------|
| Common Stock | \$ (110,768) |
| Common Collective Trusts | 204,726 |
| Total | \$ 93,958 |

The Interest Income Fund consists of 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. For the years ended December 31, 2005 and 2004, the average interest rates earned on these contracts were 4.23% and 4.21%. At December 31, 2005 and 2004, the fixed crediting interest rates on these contracts ranged from 1.66% to 7.62%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2005 or 2004.

The Interest Income Fund invests in both guaranteed investment contracts (GICs) and synthetic investment contracts (SICs). However, as of December 31, 2005 the Interest Income Fund no longer held investments in GICs. SICs differ from GICs in that the assets supporting the SICs are owned by the Plan. A bank or insurance company issues a wrapper contract that allows participant directed transactions to be made at contract value. Wrapper contracts are valued as the difference between the fair value of the supporting assets and the contract value. The assets supporting the GICs and SICs generally consist of high quality fixed income securities with a fair value of \$1,156,725 and \$1,177,818 at December 31, 2005 and 2004.

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 statements of net assets available for benefits and participant account balances.

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

AT&T SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

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, 2005 and 2004 are reported on the accompanying statements of net assets available for benefits. The reported collateral includes noncash holdings of \$570 and \$13,776 at December 31, 2005 and 2004. Income earned on securities lending is used to offset the administrative expenses of the Plan and was \$301 for the year ended December 31, 2005.

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:

| | 2005 | 2004 |
|-----------------------------------|--------------|--------------|
| <u>Assets</u> | | |
| AT&T common shares | \$ 1,149,595 | \$ 1,139,261 |
| Temporary cash investments | 623 | 919 |
| Dividends and interest receivable | 3 | 3 |
| Receivable for investments sold | 321 | 537 |
| Other receivables | 2 | 1 |
| Total Assets | 1,150,544 | 1,140,721 |
| <u>Liabilities</u> | | |
| Overdrafts | 78 | - |
| Administrative expenses payable | 204 | 289 |
| Total Liabilities | 282 | 289 |
| Net Assets Available for Benefits | \$ 1,150,262 | \$ 1,140,432 |

| | 2005 |
|--|--------------|
| Net Assets Available for Benefits, December 31, 2004 | \$ 1,140,432 |
| Employer contributions ¹ | 162,294 |
| Interest income | 47 |
| Net depreciation in fair value of investments | (55,471) |
| Administrative expenses | (690) |
| Distributions | (71,465) |
| Transfers to other fund(s) | (24,881) |
| Transfers to AT&T Savings and Security Plan | (4) |
| | 9,830 |
| Net Assets Available for Benefits, December 31, 2005 | \$ 1,150,262 |

¹ Employer contributions includes forfeitures allocated from the AT&T Shares Fund.

AT&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 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 receiving this determination letter, 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:

| | 2005 | 2004 |
|--|-------------|-------------|
| Net Assets Available for Benefits per the financial statements | \$6,646,837 | \$6,461,343 |
| Less: Distribution payable to participants | (900) | (2,049) |
| Net Assets Available for Benefits per the Form 5500 | \$6,645,937 | \$6,459,294 |

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2005:

| | |
|--|------------|
| Distributions to participants per the financial statements | \$ 562,534 |
| Add: Distributions payable to participants at December 31, 2005 | 900 |
| Less: Distributions payable to participants at December 31, 2004 | (2,049) |
| Distributions to participants per the Form 5500 | \$ 561,385 |

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.

AT&T SAVINGS PLAN

EIN 43-1301883, PLAN NO. 002

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

December 31, 2005

(Dollars in Thousands)

| Identity of Issue | Description of Investment | Cost | Current Value |
|---|---|------------|------------------|
| <u>Employee Stock Ownership Plan</u> | | | |
| * AT&T common shares | 46,941,412 shares | \$ 871,512 | \$ 1,149,595 |
| * Mellon Trust of New England, National Association Total Employee Stock Ownership Plan | Temporary cash investment | 623 | 623 |
| Total Employee Stock Ownership Plan | | 872,135 | 1,150,218 |
| <u>AT&T Shares Fund</u> | | | |
| * AT&T common shares | 38,429,904 shares | | 941,148 |
| * Mellon Trust of New England, National Association | Temporary cash investment | | 27,477 |
| Total AT&T Fund | | ** | 968,625 |
| <u>Bond Fund</u> | | | |
| * Barclays Global Investors Intermediate Government/Credit Bond Index Fund F | 12,691,653 units | ** | 219,566 |
| <u>Large Cap Stock Fund</u> | | | |
| * Barclays Global Investors Equity Index Fund F | 75,733,394 units | ** | 1,354,113 |
| <u>Interest Income Fund</u> | | | |
| Bank of America Wrapper | Synthetic GIC #99-058, IR, *** | | 2,819 |
| Amex. Optima CC MT | Monoline Credit Card | | 4,910 |
| Cendant Timeshare Receivables Funding | Collateralized Mtg Obligation | | 1,315 |
| Caterpillar Fin Asset Trust | Commercial/Corporate Large Equipment Loan | | 9,051 |
| Countrywide Home Loans | Home Equity SrSub | | 10,808 |
| Daimler Chrysler | Prime Auto | | 11,193 |
| Delta Funding HEL Trust | Home Equity Monoline | | 715 |
| Fleet Credit Card MT | Bank Credit Card | | 5,001 |
| **** Federal Home Loan Mortgage Company | Agency Debenture | | 4,160 |

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| | | | |
|------|---|----------------------|--------|
| **** | Federal Home Loan Mortgage Company | Agency Debenture | 9,550 |
| | Federal Home Loan Mortgage Corp | Agency NAS | 11,014 |
| | Federal National Mtg. Assn. | Agency MF BLN | 7,374 |
| | Federal National Mtg. Assn GTD | Agency FIX | 6,234 |
| | Federal National Mtg. Assn. Grantor Trust | Agency MF FIX | 8,505 |
| | Federal National Mtg. Assn. Grantor Trust | Home Equity Agency | 3,770 |
| **** | Federal National Mtg. Assn. | Agency Debenture | 4,882 |
| | Federal National Mtg. Assn Whole Loan | Home Equity Agency | 9,546 |
| | Federal National Mtg. Assn Whole Loan | FNMA Remic | 6,139 |
| | GE Commercial Equipment Financing Lease | Large Equipment Loan | 8,804 |
| | Household Auto Trust | Sub Prime Auto | 8,323 |

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, 2005

(Dollars in Thousands)

| Identity of Issue | Description of Investment | Cost | Current Value |
|-------------------|---|-------------------------------|---------------|
| | MBNA Master Trust | | 2,429 |
| | Nordstrom Pvt. Lbl. CC MT | | 7,213 |
| **** | United States Treasury | | 13,686 |
| **** | United States Treasury | | 11,888 |
| | Wachovia Auto Owner Trust | | 11,665 |
| | Cash on Hand | | 924 |
| | | | 181,918 |
| | JP Morgan Chase Wrapper | | |
| | | Synthetic GIC | |
| | | #426423-T, IR, *** | 1,985 |
| | Citibank Credit Card | Bank Credit Card | 5,031 |
| | Caterpillar Fin Asset Trust | Large Equipment Loan | 974 |
| | Chase Insurance Trust | Bank Credit Card | 11,938 |
| | Chase Insurance Trust | Bank Credit Card | 11,863 |
| | Carmax Auto Owner | Prime Auto | 10,579 |
| | Federal Home Loan Mtg Corp | Agency NAS | 8,151 |
| | Federal Home Loan Mtg Corp | Agency NAS | 11,068 |
| | Federal Home Loan Mtg Corp | Agency PAC | 3,583 |
| | Federal Home Loan Mtg Corp | Agency PAC | 10,094 |
| | Federal National Mtg. Assn. - Adj Rate Mtg. | Agency HYB PP | 14,063 |
| | Federal National Mtg. Assn. - Adj Rate Mtg. | Agency HYB PP | 11,319 |
| | Federal National Mtg. Assn. - Adj Rate Mtg. | Agency HYB PP | 11,182 |
| | Federal National Mtg Assn. Whole Loan | Home Equity Agency | 3,887 |
| | Federal National Mtg Assn. Whole Loan | Home Equity Agency | 12,235 |
| | Federal National Mtg Assn. Whole Loan | Agency RP ARM | 2,671 |
| | GMACC Commercial MTG Securities | Conduit | 9,316 |
| | John Deer Owners Trust | Large Equipment Loan | 11,111 |
| | MBNA Master Credit Card Trust | Monoline Credit Card | 8,177 |
| | Marriot Vacation Club Owner Trust | Collateralized Mtg Obligation | |
| | | Commercial/Corporate | 2,301 |
| | Navistar Financial Owner Trust | NonPrime Auto | 10,622 |
| | Residential Asset Security | Home Equity Monoline | 5,159 |
| | Sallie Mae Student Loan Trust | Agency Student Loan | 8,085 |
| | USAA Auto Owners Trust | Prime Auto | 8,970 |
| **** | United States Treasury | Treasury Note | 10,830 |

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| | | | |
|------|------------------------|---------------|---------|
| **** | United States Treasury | Treasury Note | 9,767 |
| **** | United States Treasury | Treasury Note | 9,650 |
| | Cash on Hand | Cash | 1,946 |
| | | | 226,557 |

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, 2005

(Dollars in Thousands)

| Identity of Issue | Description of Investment | Cost | Current Value |
|--|----------------------------------|------|---------------|
| Metropolitan Life Wrapper | Synthetic GIC #28456, IR, *** | | 1,988 |
| Bank One Insurance Trust | Bank Credit Card | | 11,610 |
| Carmax Auto Owner | NonPrime Auto | | 5,345 |
| Caterpillar Financial Asset Trust | Large Equipment Loan | | 3,078 |
| Commercial Mtg Ast Trust | Conduit | | 10,495 |
| Countrywide Asset-backed Certificates | Home Equity SrSub | | 10,259 |
| Countrywide Asset-backed Certificates | Home Equity SrSub | | 9,692 |
| Daimler Chrysler | Prime Auto | | 11,304 |
| Federal Home - Adj Rate Mtg. | Agency Hybrid | | 5,623 |
| Federal Home - Adj Rate Mtg. | Agency Hybrid | | 6,283 |
| Federal Home Loan Mortgage Corp | Agency PAC | | 11,649 |
| Federal Home Loan Mortgage Corp | Agency NAS | | 16,040 |
| Federal Home Loan Mortgage Corp | Agency SEQ | | 11,818 |
| Federal Home Loan Mortgage Corp | Agency PAC | | 8,520 |
| Federal National Mortgage - Aces | Agency MF FIX | | 3,433 |
| Federal National Mtg Assn. - Adj Rate Mtg. | Agency Hybrid | | 4,063 |
| Federal National Mtg Assn- GTD | Home Equity Agency | | 5,894 |
| FNR | Agency PAC | | 10,478 |
| FSPC | Home Equity Agency | | 4,427 |
| GSAA | Home Equity SrSub | | 6,862 |
| Morgan Stanley Mortgage Loan Trust | Collateralized Mtg Obligation | | |
| | Commercial/Corporate | | 6,143 |
| Resid Asset Management Production Inc. | Home Equity Monoline | | 7,573 |
| Sallie Mae Student Loan Trust | Agency Student Loan | | 5,801 |
| Wachovia Auto Owner Trust | Prime Auto | | 11,883 |
| Cash on Hand | Cash | | 2,737 |
| | | | 192,998 |
| Monumental Wrapper | Synthetic GIC #R, IR, *** | | 2,937 |
| Amex. Optima CC MT | Monoline Credit Card | | 6,913 |
| Cabellas Credit Card MT | Retail Credit Card | | 3,827 |
| Citibank Credit Card IT | Bank Credit Card | | 10,208 |
| Citibank Credit Card IT | Bank Credit Card | | 12,015 |

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| | | |
|---------------------------------------|-------------------------------|--------|
| Chase Credit Card MT | Bank Credit Card | 7,543 |
| Commercial Mortgage Acceptance Corp. | Collateralized Mtg Obligation | 8,224 |
| Capital One Auto Finance Trust | SubPrime Auto | 8,444 |
| Capital One Master Trust | Monoline Credit Card | 10,034 |
| Credit Suisse First Boston | Conduit | 213 |
| Countrywide Asset-backed Certificates | Home Equity SrSub | 4,474 |
| Federal Home Loan Mortgage Corp | Agency PAC | 11,776 |
| Federal Home Loan Mortgage Corp | Agency PAC | 12,027 |
| Federal National Mtg. | Agency MF BAL | 7,429 |

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, 2005

(Dollars in Thousands)

| Identity of Issue | Description of Investment | Cost | Current Value |
|-------------------|---|----------------------------------|---------------|
| | Federal National Mtg. | Agency MF BLN | 7,780 |
| **** | Federal National Mtg Assn - Adj. Rate. Mtg. | Agency Hybrid | 4,829 |
| | Federal National Mtg Assn - Adj. Rate. Mtg. | Agency Hybrid PP | 3,884 |
| **** | Federal National Mtg Assn | Agency Debenture | 10,829 |
| | Federal National Mtg Assn Whole Loan | Home Equity Agency | 6,126 |
| | Federal National Mtg Assn Whole Loan | Home Equity Agency | 781 |
| | Honda Auto Receivables | Prime Auto | 8,951 |
| | Pinnacle CBO FSA Ins. | AB-HmEq2nd Mono | 646 |
| | Residential Funding Mtg. Securities | Home Equity 2nd Monoline | 8,747 |
| **** | United States Treasury | Treasury Note | 19,846 |
| **** | United States Treasury | Treasury Note | 9,740 |
| | Vanderbilt Mortgage Finance | Mfg Hsg Senior Sub | 794 |
| | Cash on Hand | Cash | 1,345 |
| | | | 190,362 |
| | State Street Wrapper | Synthetic GIC #99038, IR, *** | 2,305 |
| | Commercial Mortgage Acceptance Corp. | Collateralized Mtg Obligation | 8,224 |
| | Capital One Multi-Asset Execution Trust | Monoline Credit Card | 11,658 |
| | Commercial Mtg Pass-Thru Cert | Conduit | 10,379 |
| **** | Federal Home Loan Mtg. Corp | Agency Debenture | 17,700 |
| | Federal National Mtg. Assn. Rec. | Agency PAC | 10,137 |
| | Federal National Mtg. Assn. Rec. | Agency PAC | 8,391 |
| | Federal National Mtg. Assn. - Adj Rate Mtg. | Agency Hybrid | 6,353 |
| | Federal National Mtg. Assn. Whole Loan | Home Equity Agency | 757 |
| | Household Auto Trust | SubPrime Auto | 12,365 |
| | John Deer Owners Trust | Large Equipment Loan | 10,207 |
| | KEYCORP | Conduit | 222 |
| | MBNA Master Trust | Monoline Credit Card | 8,983 |
| | MBNA Master Trust | Monoline Credit Card | 11,877 |
| | Nomura Asset Securities Corporation | Conduit | 11,671 |
| | New Century Home Equity Loan Trust | Home Equity Monoline | 6,082 |
| **** | United States Treasury | Treasury Note | 8,308 |
| **** | United States Treasury | Treasury Note | 5,079 |
| **** | United States Treasury | Treasury Note | 7,792 |

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| | | | |
|------|--|---------------|---------|
| **** | United States Treasury | Treasury Note | 14,830 |
| | Wells Fargo Mortgage-backed Securities Trust | Nag PT Arm | 9,986 |
| | World Omni Auto Receivables Trust | AB-Prime Auto | 4,916 |
| | Cash on Hand | Cash | 1,684 |
| | | | 189,906 |

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, 2005

(Dollars in Thousands)

| Identity of Issue | Description of Investment | Cost | Current Value |
|---|---|------|------------------|
| UBS Wrapper | Synthetic GIC #5030, IR, *** | | 2,916 |
| Americredit Auto. Rec | SubPrime Auto | | 3,990 |
| Bank One Insurance Trust | Bank Credit Card | | 3,370 |
| Citibank Credit Card IT | Bank Credit Card | | 9,881 |
| Chase Manhattan Auto Owns | Prime Auto | | 10,737 |
| Chase Funding Mort Ln. | Conduit | | 9,569 |
| Federal Home Loan Mtg. Corp | Agency Hybrid | | 290 |
| Fannie Mae Grantor Trust | Agency MF Fix | | 12,620 |
| **** Federal National Mortgage Assn. | Agency Debenture | | 15,255 |
| Federal National Mtg. Assn. Rec. | Agency PAC | | 11,381 |
| Federal National Mtg. Assn. Rec. | Agency PAC | | 1,638 |
| Federal National Mtg. Assn. Whole Loan | Home Equity Agency | | 3,894 |
| Federal National Mtg. Assn. Whole Loan | Home Equity Agency | | 3,035 |
| Freddie Mac Structured Pass-through Sec. | Home Equity Agency | | 5,811 |
| GE Equipment Small Ticket LLC | SmEqLse | | 12,037 |
| Household Private Lab MT2 | Retail Credit Card | | 10,087 |
| Morgan Stanley Auto Loan Trust | Prime Auto | | 11,757 |
| Morgan Stanley Capital | Conduit | | 11,447 |
| Nissan Auto Owners Trust | Prime Auto | | 11,891 |
| Structured Asset Securities Corp | Collateralized Mtg Obligation Commercial/Corporate | | 7,998 |
| Salomon Brothers Mortgage Securities VII | Conduit | | 2,582 |
| USAA Auto Owners Trust | Prime Auto | | 11,838 |
| **** United States Treasury | Treasury Notes | | 3,910 |
| Wells Fargo Mortgage-backed Securities Trust | Nag PT Arm | | 8,949 |
| Cash on Hand | Cash | | 3,051 |
| | | | 189,934 |
| * Mellon Trust of New England, National Association | Temporary cash investment | | 29,846 |
| Total Interest Income Fund | | ** | 1,201,521 |
| Asset Allocation Fund | | | |
| * Barclays Global Investors U.S. Tactical | | | |

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| | | |
|--|------------------|----------------|
| Asset Allocation Fund F | 24,440,002 units | 480,979 |
| <u>Global Equity Fund</u> | | |
| * Barclays Global Investors U.S. Equity Market Fund F | 5,390,495 units | 177,725 |
| * Barclays Global Investors EAFE Equity Index Fund F | 2,650,134 units | 64,292 |
| Total Global Equity Fund | | 242,017 |

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, 2005

(Dollars in Thousands)

| Identity of Issue | Description of Investment | Cost | Current Value |
|--|---------------------------|------|---------------------|
| <u>Mid and Small Cap Stock Fund</u> | | | |
| Extended Equity Market Fund F | 24,984,717 units | | 551,163 |
| <u>International Stock Fund</u> | | | |
| International Stock | 13,007,014 units | | 315,550 |
| <u>Loan Fund</u> | | | |
| * Loans to Plan Participants | 6.25% - 8.25% | | 166,149 |
| TOTAL | | | \$ 6,649,901 |

* 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, 2005

(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) |
|--|---|-------------------|------------------|------------------|---|--------------------|
| Category (3) Series of Transactions in Excess of 5 Percent of Plan Assets | | | | | | |
| *Mellon Trust of New England, N. A. | Pooled Employee Funds Daily Liquidity Fund | \$ 190,110 | \$ | \$ 190,110 | \$ 190,110 | \$ |
| *Mellon Trust of New England, N. A. | Pooled Employee Funds Daily Liquidity Fund | | 190,407 | 190,407 | 190,407 | |

* 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, 2005.

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 23, 2006

EXHIBIT INDEX

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

Exhibit
Number

23 Consent of Independent Registered Public Accounting Firm