

Accelerating a New Era of Wireless Growth: Introduction of the Apple iPhone 3G

AT&T Conference Call
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Agenda

Introduction

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Strategy

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Senior Executive Vice President
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Qs and As

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The iPhone 3G: Major Opportunity to Accelerate a New Era of Wireless Growth

1. **More powerful device** with innovative features and functionality

2. **Greater speeds** delivered by AT&T's 3G network

3. **New agreement** replaces revenue sharing with traditional model that supports a significantly lower device price point

4. **Opportunity to expand the market** and spur increased demand for wireless data services

The iPhone 3G: A Breakthrough Device



Rich set of features and unmatched user functionality

- Ultimate wireless Internet experience
- Built-in GPS capabilities
- New enterprise features enable a robust corporate e-mail experience
- Developers' kit to foster vigorous innovation in applications
- Location-based YELLOWPAGES.COM mobile application

Powered By AT&T's Industry-Leading Wireless Network Capabilities

AT&T is leading the way as the industry moves to a new era of wireless growth

- 3G network deployed in 280 U.S. markets, expect to be in approximately 350 by year end 2008
- Outstanding spectrum position
- Significantly enhancing 3G service by using 850 MHz spectrum formerly allocated to TDMA network
- Only U.S. carrier to have fully deployed HSPA in its 3G network
- The iPhone 3G also operates in Wi-Fi mode. AT&T offers customers the United States' largest number of Wi-Fi hotspots
- Industry-leading international wireless footprint

A New Agreement Designed to Spur Growth, Expand Market

- **Continues iPhone exclusivity**
- **Adopts a more traditional business model** which replaces revenue sharing and allows for a lower device price point

Attractive Device Pricing with Two-Year Voice and Data Contract:

8 Gigabyte model	\$199
16 Gigabyte model	\$299

Attractive Monthly Data Plan Options:

Consumer individual unlimited data and e-mail	\$30
Enterprise unlimited data and corporate e-mail	\$45

Key Strategic Growth Initiative

The iPhone 3G is a major step forward in defining the new age of wireless data

- **Greater penetration of 3G and integrated devices** are key to wireless data growth
- **Expect strong demand** driven by the device, AT&T's high-quality 3G network, attractive pricing
- **Clear benefits for AT&T:**
 - Boost adoption of data services
 - Support continued ARPU growth
 - Strengthen incremental flow share of high-value customers

Financial Background

- **Working together, AT&T and Apple have changed the nature of the agreement to a more traditional model.**
 - Revenue sharing replaced with up-front payments and commissions
 - Allows for significantly lower device pricing for customers
- Expect the new iPhone 3G and new pricing will spur demand and **boost adoption of data services.**
- The iPhone 3G strengthens AT&T's position as **industry leader in wireless data innovation**
- **The timing is right** as we near completion of 3G deployment and have a clear path to further improvements in data bandwidth

Expect iPhone 3G Initiative Will Create Substantial Value for AT&T

- Financial assumptions dependent on volumes as recurring revenues from high-value customers with data plans offset up-front costs
 - Anticipate initiative will likely pressure adjusted EPS in the \$0.10 to \$0.12 per share range this year and next
 - Anticipate adjusted consolidated operating income margin of approximately 24% this year
 - Anticipate full-year 2008 wireless OIBDA margin in the 39% to 40% range
- Expect initiative to turn accretive starting in 2010

Positions AT&T for continued leadership as the wireless industry enters a new era of wireless data growth

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