

AT&T INC.
Form 10-Q
August 06, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 2008

or

Transition Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number 1-8610

AT&T INC.

Incorporated under the laws of the State of Delaware
I.R.S. Employer Identification Number 43-1301883

208 S. Akard St., Dallas, Texas 75202
Telephone Number: (210) 821-4105

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [] No [X]

At July 31, 2008, there were 5,893 million common shares outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

AT&T INC.

CONSOLIDATED STATEMENTS OF INCOME

Dollars in millions except per share amounts

(Unaudited)

	Three months ended		Six months ended	
	2008	June 30, 2007	2008	June 30, 2007
Operating Revenues				
Wireless service	\$ 10,894	\$ 9,513	\$ 21,499	\$ 18,583
Voice	9,519	10,378	19,212	20,833
Data	6,054	5,746	12,026	11,401
Directory	1,383	1,155	2,781	2,177
Other	3,016	2,686	6,092	5,453
Total operating revenues	30,866	29,478	61,610	58,447
Operating Expenses				
Cost of services and sales (exclusive of depreciation and amortization shown separately below)	11,900	11,658	23,902	23,080
Selling, general and administrative	7,441	7,460	15,300	14,727
Depreciation and amortization	4,958	5,416	9,861	11,032
Total operating expenses	24,299	24,534	49,063	48,839
Operating Income	6,567	4,944	12,547	9,608
Other Income (Expense)				
Interest expense	(854)	(879)	(1,719)	(1,752)
Equity in net income of affiliates	212	210	455	383
Other income (expense) – net	(43)	127	(10)	631
Total other income (expense)	(685)	(542)	(1,274)	(738)
Income Before Income Taxes	5,882	4,402	11,273	8,870
Income taxes	2,110	1,498	4,040	3,118
Net Income	\$ 3,772	\$ 2,904	\$ 7,233	\$ 5,752
Basic Earnings Per Share	\$ 0.64	\$ 0.47	\$ 1.21	\$ 0.93
Diluted Earnings Per Share	\$ 0.63	\$ 0.47	\$ 1.21	\$ 0.92
Weighted Average Number of Common				
Shares Outstanding – Basic (in millions)	5,926	6,145	5,962	6,184
Dividends Declared Per Common Share	\$ 0.400	\$ 0.355	\$ 0.800	\$ 0.710

See Notes to Consolidated Financial Statements.

AT&T INC.

CONSOLIDATED BALANCE SHEETS

Dollars in millions except per share amounts

	June 30, 2008 (Unaudited)	December 31, 2007
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,631	