

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 AND
SECURITY 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 and Security Plan

We have audited the accompanying statements of net assets available for benefits of AT&T Savings and Security 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 AND SECURITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

	December 31,	
	2007	2006
ASSETS		
Investments (at fair value)	\$ 7,105,534	\$ 6,382,912
Market value of securities on loan	173,988	130,909
Total Investments (See Note 3)	7,279,522	6,513,821
Securities lending collateral	177,620	133,350
Dividends and interest receivable	144	104
Receivable for investments sold	1,183	863
Total Assets	7,458,469	6,648,138
LIABILITIES		
Overdrafts	4,178	197
Payable for security purchased	2,416	-
Administrative expenses payable	2,497	4,742
Securities lending payable	177,620	133,350
Total Liabilities	186,711	138,289
Net Assets Available for Benefits (at fair value)	7,271,758	6,509,849
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(4,213)	9,571
Net Assets Available for Benefits	\$ 7,267,545	\$ 6,519,420
See Notes to Financial Statements.		

AT&T SAVINGS AND SECURITY 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	\$ 6,519,420
Additions to Net Assets:	
Contributions:	
Participant contributions	302,292
Employer contributions	165,031
	467,323
Investment Income:	
Net appreciation in value of investments	694,168
Dividends on AT&T common shares	134,193
Interest	59,471
Income on collateralized securities	512
	888,344
Transfer from merged plans (see Note 1)	104,527
Total Additions	1,460,194
Deductions from Net Assets:	
Administrative expenses	9,704
Distributions	702,365
Total Deductions	712,069
Net Assets Available for Benefits, December 31, 2007	\$ 7,267,545

See Notes to Financial Statements.

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

1. Plan Description - The AT&T Savings and Security 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 majority of eligible employees are represented by the Communications Workers of America or the International Brotherhood of Electrical Workers. 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 SSP in the table below) and the AT&T Savings Plan (SP) 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
Active	SP and SSP	SP
	SSP	SSP
Nonbargained Employee	Neither Plan	SP (create account)
	SP	SP
Inactive	SP and SSP	SP
	SSP	SSP
	Neither Plan	