

## The DirectSERVICE™ Investment Program

**Computershare Trust Company, N.A. (“Computershare”) is pleased to announce The DirectSERVICE Investment Program (the “Program”) for current stockholders and new, first-time investors in AT&T Inc. (“AT&T”) common stock. Computershare is the Program administrator, and Computershare Shareholder Services Inc., an affiliate of Computershare, acts as service agent for the Program on behalf of Computershare. This Program provides you with a low-cost alternative to traditional retail brokerage methods of purchasing, holding and selling AT&T common stock. The Program offers a variety of flexible services that aid in managing your investment.**

**Please read and keep this Stockholder Information Brochure for future reference.**

Key features of the Program include the following:

- > Stockholders may have dividends on one or more shares automatically reinvested.
- > New stockholders can open an account with as little as \$500.
- > You can build your investment over time by making additional purchases periodically. The investment amount can be automatically deducted from your bank account, or you can send it in by mail.
- > You can establish an Individual Retirement Account (IRA).
- > You can sell shares through the Program at any time at a low fee.

AT&T stockholders may hold their shares in the form of stock certificates or may exchange their certificates for uncertificated shares. Uncertificated shares have the same rights as certificated shares without the risk of loss of the certificate. You can request a certificate for your shares at any time. In either case, there is no cost to you.

*The Program is not sponsored or administered by AT&T. Computershare is the sponsor, administrator and processing agent for the Program.*

## HOW THE PROGRAM WORKS

The Program provides you with a convenient alternative to traditional methods of buying and selling AT&T common stock. The Program is governed by the terms and conditions contained in this Stockholder Information Brochure. See Page 7 for a description of applicable fees.

### **Eligibility**

Stockholders of record (that is, those stockholders holding stock certificates or holding uncertificated shares) may enroll by having the dividends on one or more shares reinvested under the Program. Call Computershare at (800) 351-7221 to ask for an enrollment package or visit Computershare's Web site, [www.computershare.com/att](http://www.computershare.com/att), to obtain enrollment materials.

If you hold shares through a broker, you can participate in this Program by first instructing your broker to have your shares registered in your name.

If you do not hold any AT&T shares, you can make an initial purchase of at least \$500 under the Program. At that time, you will automatically be enrolled in the Dividend Reinvestment feature.

## PURCHASE OF AT&T SHARES

Your dividends and other investments, after service fees, are aggregated with those of other participants and used to purchase AT&T common stock by Computershare in accordance with the terms of the Program. The price per share of stock purchased by each account is the weighted average price of the shares purchased for each aggregate order less transaction fees and is shown on your account statement. Each whole share you acquire will be registered directly in your name as an uncertificated share. (See box.)

## UNCERTIFICATED SHARES

AT&T allows stockholders to hold their shares either in the form of a certificate or as uncertificated shares. Uncertificated shares are recorded on AT&T's books and have the same rights and benefits as certificated shares but without the risk of certificate theft, loss or misplacement. Mutual funds have used this method to record stockholder ownership for years. There is no cost either to convert certificates to uncertificated shares or to later request a certificate for uncertificated shares. See Page 5 for additional information.

### **Initial Purchase**

If you do not currently own AT&T shares, you can make an initial purchase of at least \$500. To make an initial investment, contact Computershare at (800) 351-7221 to obtain an enrollment package, or you can obtain enrollment materials through Computershare's Web site, [www.computershare.com/att](http://www.computershare.com/att).

### **Dividend Reinvestment**

If you already are a stockholder of record, you may elect to have the dividends on all of your shares of AT&T common stock reinvested in additional shares. Or you may elect to have dividends on a fixed number of shares paid in cash (not reinvested) and reinvest the dividends on your remaining shares. A reinvestment election will apply to all shares that are identically registered, having the same account number. If you want to reinvest dividends on multiple accounts, you will need to make a separate election for each account. To arrange for the reinvestment of your dividends, simply complete and return a Dividend Reinvestment Authorization Form available from Computershare.

Upon your enrollment, dividends are typically reinvested over a three-day period, beginning on or shortly before the dividend payment date. The Administrator reserves the right to take up to five business days to reinvest dividends.

You will be enrolled in Full Dividend Reinvestment unless you choose Partial Dividend Reinvestment.

**Full Dividend Reinvestment** – Dividends on all of your shares will be reinvested in additional shares of AT&T.

**Partial Dividend Reinvestment** – Dividends on a specific number of shares that you designate will be paid in cash and not reinvested. Dividends on your other shares, as well as dividends on shares of AT&T that you acquire later, will be reinvested.

You may change your reinvestment option at any time. Dividends can be reinvested on either certificated or uncertificated shares.

*When you cancel Dividend Reinvestment, any fractional share credited to you will be sold, and the proceeds, less the transaction fees, will be sent to you. There is no \$10 service fee for the sale of the fractional share.*

### **Optional Cash Investments**

If you participate in Dividend Reinvestment, you may purchase additional shares of AT&T through the Program. There is a minimum investment of \$50 per investment, up to a maximum of \$120,000 per year.

#### **By Check**

You may purchase additional shares of AT&T by sending a check (minimum of \$50) payable to "Computershare – AT&T" (in U.S. dollars and drawn against a U.S. bank) and a completed transaction form (supplied with each statement or transaction advice)

in the envelope provided. The transaction form and check should be mailed to:

The DirectSERVICE Investment Program  
for Stockholders of AT&T Inc.  
c/o Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

Purchase orders are scheduled for processing at least once every five business days.

Computershare will not accept cash, traveler's checks, money orders or third-party checks for optional cash investments. If you send a check drawn against a bank outside the U.S., you need to contact the bank to confirm that it can give you a check payable in U.S. dollars that can be cleared through a U.S. bank. In these instances, the amount that is invested will be the check amount less any clearing fees and Computershare fees. Computershare will accept only checks that clear through a U.S. bank.

#### **Automatic Investment**

Automatic investment enables you to pre-authorize Computershare to electronically debit your checking or savings account each month to purchase additional shares. This permits you to make regular investments, if you choose, in an amount and on a schedule comfortable for you, without the inconvenience of writing and mailing checks.

To initiate automatic investments, you must complete, sign and return an Authorization Form for Automatic Deductions that you may obtain by calling Computershare or visiting the Computershare Web site at [www.computershare.com/att](http://www.computershare.com/att). Authorization forms will become effective as promptly as practicable; however, you should allow four to six weeks for your Computershare investment to be initiated.

Once automatic deductions are begun, funds will be withdrawn from your bank account on either the 15th or 25th of each month, or both (if you choose), or on the next business day if either the 15th or the 25th is not a business day.

Funds from the initial or subsequent cash purchases are typically invested on the first business day of the week. It may take up to five business days to complete the investment.

### **Fractional Shares**

AT&T does not issue fractional shares. Instead, fractional shares acquired with participants' investments are aggregated and held by Computershare on their behalf. The fractional share applicable to each participant will be shown on the participant's statement. When the participant acquires a full share, it is transferred to the participant as an uncertificated share. Upon ceasing Dividend Reinvestment, the fractional share will be sold, and the proceeds minus transaction fees will be distributed to the participant. *Fractional shares held in custody by Computershare are not subject to protection under the Securities Investor Protection Act.*

### **SELLING SHARES**

You may sell uncertificated shares through the Program in most cases by calling Computershare at (800) 351-7221. If you prefer, mail your request using one of the transaction forms provided with each statement and transaction advice. Certificated shares that are converted to uncertificated shares may also be sold through the Program.

Computershare may combine your shares with those of other participants in making sales. The price to each selling participant will be the weighted average sale price obtained by Computershare's broker for each aggregate order less transaction fees.

Computershare will make every effort to process your sale order on the day it is received, provided that instructions are received before 1 p.m. U.S. Eastern time on a business day during which Computershare and the relevant securities markets are open. The proceeds of the sale, less applicable service fees, will be sent to you by check upon settlement.

All sales requests having an anticipated market value of \$100,000 or more must be submitted in written form. In addition, all sales requests within 30 days of an address change must be submitted in written form.

### **INDIVIDUAL RETIREMENT ACCOUNT**

You can establish an Individual Retirement Account ("IRA") which invests in AT&T common stock through the program. You can also roll over an existing IRA into your Program account with Computershare.

For complete information about establishing an IRA through the Program, including fees and application forms, go to [www.computershare.com/att](http://www.computershare.com/att) or call the IRA Administrator at (800) 597-7736.

### **PARTICIPANT INFORMATION**

#### **Statements and Transaction Advices**

After you purchase or sell shares through the Program, you will receive a transaction advice with the details of the transaction. After each dividend reinvestment, you will receive a detailed statement showing the amount of the latest dividend reinvested, the purchase price per share, the number of shares purchased and your total shares. The statement will also show year-to-date account activity, including purchases, sales, transfers, certificate holdings, certificate deposits or withdrawals and dividend payments.

On each statement and transaction advice you will find information such as how to buy or sell shares

through the Program and where to call or write for additional information. You will also receive a comprehensive year-end statement summarizing activity in your account for the entire year, which is helpful for record-keeping and tax purposes. We suggest that you keep these records together for easy and complete tracking.

### **Fees**

There are modest fees associated with certain transactions through the Program. These are outlined in the “Program Fees and Minimum and Maximum Investments” schedule found on Page 7.

### **Share Certificates and Uncertificated Shares**

You may convert your certificates representing AT&T common stock to uncertificated shares by sending the certificates to Computershare, the transfer agent for AT&T, at the address below via registered or certified mail. Use return receipt requested or some other form of traceable mail, and insure for possible mail loss for 3 percent of the market value (a minimum stated value of \$20); this represents the cost to you of replacing the certificates if they are lost in the mail. Certificates should be sent to:

AT&T Inc. Stockholder Services  
c/o Computershare Trust Company, N.A.  
P.O. Box 43070  
Providence, RI 02940-3070

**Stock certificates sent to Computershare for deposit should not be endorsed.** You will receive a transaction advice confirming each certificate conversion and credit. This feature is available to all stockholders, regardless of whether they participate in The DirectSERVICE Investment Program.

If you have uncertificated shares, a certificate can be obtained by calling or writing Computershare. A certificate for the number of full shares you specify

will be mailed promptly. There is no cost to you to have a certificate issued or to turn certificates in to receive uncertificated shares.

### **Transferring Your Uncertificated Shares to Your Brokerage Account**

You may instruct your broker to move your uncertificated shares electronically as long as you provide specific personal account information necessary to complete the transaction. Computershare will not execute transactions if the required information is inaccurate or incomplete. Computershare will mail a transaction advice to you following any activity. This advice will include the date of the activity, the broker who initiated the movement, the account number and the number of shares.

Alternatively, you can always request a stock certificate from Computershare and then deliver the certificate to your broker.

### **Income Tax Consequences of Participation in the Program**

You are responsible for any income taxes payable on your dividends, regardless of whether your dividends are paid in cash or reinvested, or both. You are also responsible for any tax reporting that is necessary on any gain or loss on the sale of shares and any payment of taxes due as a result. As with all tax matters, you should contact your tax consultant for advice.

### **Customer Service**

You will receive all dividends, proxies and other materials that AT&T may periodically distribute, including annual reports and other stockholder information.

A Computershare customer service associate is available to assist you with questions concerning your account at (800) 351-7221.

You may also use the automated voice response system at the same telephone number – (800) 351-7221 – to obtain information regarding your account, 24 hours a day, seven days a week.

Or you may contact Computershare by e-mail at [att@computershare.com](mailto:att@computershare.com).

### ***Stockholders Living Outside the United States***

Regulations in certain countries may limit or prohibit participation in this type of Program. Therefore, those living outside the United States who wish to participate in the Program should first determine whether they are subject to any governmental regulation prohibiting their participation.

### ***Program Administrator***

Computershare Trust Company, N.A. is the administrator. All correspondence and inquiries concerning the Program should be directed to:

The DirectSERVICE Investment Program  
for Stockholders of AT&T Inc.  
c/o Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

By telephone: (800) 351-7221

Through the Internet: [www.computershare.com/att](http://www.computershare.com/att)

Questions by e-mail: [att@computershare.com](mailto:att@computershare.com)

## The DirectSERVICE™ Investment Program for Stockholders of AT&T Inc.

### PROGRAM FEES AND MINIMUM AND MAXIMUM INVESTMENTS

#### **Minimum/Maximum Voluntary Investments**

The minimum initial investment by new stockholders is \$500 by check.

The minimum for additional investments by check or through the automatic investment feature is \$50.

Additional investments are subject to a maximum of \$120,000 per calendar year.

#### **Fees**

##### **Initial Investments**

An initial investment will incur a service fee of \$10 plus a transaction fee of \$0.05 per share.

##### **Additional Investments**

Each additional investment by check will incur a service fee of \$2.50 plus a transaction fee of \$0.05 per share.

##### **Automatic Investments**

Each automatic investment will incur a service fee of \$1 plus a transaction fee of \$0.05 per share.

##### **Reinvestment of Dividends**

Each dividend reinvestment will incur a service fee of 5 percent of the amount reinvested, up to a maximum of \$2, plus a transaction fee of \$0.10 per share.

*Transaction fees will be deducted from the purchase amount.*

##### **Sale of Shares**

Each sale will incur a service fee of \$10 plus a transaction fee of \$0.10 per share or fractional share. However, the \$10 service fee does not apply if only a fractional share is being sold. All fees will be deducted from the sale proceeds.

##### **Individual Retirement Account Fees**

There is an annual fee of \$45 for participation in the IRA feature. In addition, the above service and transaction fees will also apply to transactions in the IRA. A \$75 fee will be charged to terminate the IRA. See the separate IRA disclosure statement from Computershare for additional information.

*Note: Fees are subject to change with or without notice.*

*The transaction fees referenced above include any brokerage commissions that Computershare may incur in processing transactions, which may include payment to an affiliate of Computershare.*

### TERMS AND CONDITIONS

1. Computershare Trust Company, N.A. ("Computershare"), as agent for each AT&T Inc. ("AT&T") participating stockholder ("Service User") in the DirectSERVICE Investment Program ("Program"), will in accordance with each Service User's authorization:
  - (a) apply all cash contributions received from an eligible Service User, less any service fees, to the purchase of full and fractional shares of AT&T common stock (transaction fees will also be applied to the purchases as described below);
  - (b) apply all or part of any cash dividends payable to the Service User, less any service fees, to the purchase of additional full and fractional shares (transaction fees will also be applied to the purchases as described below); and
  - (c) accept orders to sell shares in accordance with the Program.

Because AT&T, like other companies, does not issue fractional shares, all fractional shares owned by participants will be aggregated and held by Computershare on their behalf. The fractional share applicable to each participant will be shown on the participant's statement. When the participant acquires a full share, it will be transferred to the participant in uncertificated form. Upon ceasing Dividend Reinvestment, the fractional share will be sold by Computershare, and the proceeds will be paid to the participant, subject to transaction fees. Fractional shares may not be withdrawn. Those not participating in Dividend Reinvestment may not acquire or hold fractional shares.

2. For the purpose of making purchases, Computershare may combine each Service User's funds (dividends and cash contributions) with those of all other Service Users. Computershare will deposit such funds promptly following receipt in an account maintained at a bank chosen by Computershare that may be an affiliate of Computershare. Computershare intends to invest cash contributions on the first business day of each week if commercially reasonable, but in no event later than five business days after the cash contributions are received (except where a delay is necessary under applicable federal or state laws or regulations). Computershare intends to reinvest dividends, where commercially reasonable, over a period of two to three days, beginning on or before the dividend payment date, but in no event later than 30 days after receipt (except where deferral is necessary under applicable federal or state laws or regulations).

The price per share of stock purchased for each account, whether purchased with cash

contributions or dividends, or both, shall be the weighted average price of all shares purchased by Computershare's broker for each aggregate order, less transaction fees.

Computershare will record in uncertificated form, in the name of the Service User, all whole shares of stock for Service Users and will establish and maintain Program records that reflect the activity in each Service User's account. Fractional shares will be held by Computershare on behalf of each Service User, and when a Service User acquires a whole share, it will be registered in the name of the Service User in uncertificated form.

3. A Service User may sell all or part of the full uncertificated shares of stock credited to his or her account at any time, upon request. Requests may be made in writing, by telephone or through the Internet. For security reasons, telephone transactions will be recorded. All proper sale instructions received in good order by Computershare will be processed promptly thereafter, and in no event later than five business days after the date on which the order is received (except where deferral is necessary under applicable federal or state laws or regulations). Upon termination of the enrollment of a participant in Dividend Reinvestment, any fractional share credited to the participant will be sold.

In every case, the price to each selling Service User shall be the weighted average sale price obtained by Computershare's broker for each aggregate order placed by Computershare, less transaction fees. In making sales, it may combine each selling Service User's shares with those of other Service Users.

All sales requests having an anticipated market value of \$100,000 or more must be submitted in written form, unless waived by Computershare. In addition, all sale requests within 30 days of an address change must be submitted in written form.

4. Computershare will cause its broker to effect purchases and sales on any securities exchange where such shares are traded, in the over-the-counter market, or by negotiated transactions, subject to such terms with respect to price, delivery, etc., as Computershare may agree.

No interest will be paid on any cash received by Computershare pending investment. No Service User shall have any authority or power to direct the time or price at which shares may be purchased or sold, or to select the broker or dealer through or from whom purchases or sales are to be made. Computershare will return any cash contribution on request of the Service User, provided Computershare receives the Service User's telephone or written cancellation of its purchase instruction not less than 48 hours before the purchase transaction is to take place. The Service User will be charged a fee for returned checks and failed automatic deductions due to insufficient funds.

Optional cash investments you make by check must be made payable to "Computershare – AT&T" in U.S. dollars and drawn against a U.S. bank. Computershare will not accept cash, traveler's checks, money orders or third-party checks for optional cash investment. If you send a check drawn against a bank outside the U.S., you need to contact the bank to confirm that it can give you a check payable in U.S. dollars that can be cleared through a U.S. bank. In these instances, the

amount that is invested will be the check amount less any clearing fees and Computershare fees. Computershare will accept only checks that clear through a U.S. bank.

For processing purchase and sale instructions submitted by a Service User, Computershare will receive compensation according to the fee schedule quoted in this Stockholder Information Brochure or in subsequent notices of fee changes. Fees are subject to change at any time, in accordance with Paragraph 11 of these Terms and Conditions, upon written notification to Service Users.

5. Please note that you may convert your certificates representing AT&T common stock to uncertificated shares by sending the certificates to Computershare, via registered or certified mail. Use return receipt requested or some other form of traceable mail, and insure for possible mail loss for 3 percent of the market value (a minimum stated value of \$20); this represents the cost to you of replacing the certificates if they are lost in the mail. Certificates sent to Computershare should not be endorsed. Computershare will promptly send the Service User a statement confirming each deposit of certificates.
6. Participation in the Program may be discontinued by the Service User at any time by notifying Computershare. In addition, at any time, for any reason, in its sole discretion, Computershare may discontinue a Service User's participation in the Program immediately upon mailing a notice of termination to the Service User at the Service User's address of record. Upon issuing a notice of termination, Computershare will promptly refund cash contributions held pending investment and issue a check for any fractional share.

7. At any time, for any reason, in its sole discretion, Computershare may refuse to execute any Service User's transaction request. In addition, Computershare may require a Service User to provide written confirmation of such a transaction request.
8. If a Service User has requested Computershare to reinvest dividends, the Service User may instruct Computershare by telephone or in writing to discontinue reinvestment at any time. To be effective for a given dividend payment, Computershare must receive notice before the record date for that dividend. In the event that a notice of termination is received or issued pursuant to Paragraph 6 on or after a dividend record date for an account whose dividends are to be reinvested, Computershare in its sole discretion may either pay such dividend in cash or reinvest it in shares on behalf of the terminating Service User. In the event that reinvestment is made, Computershare may sell the shares purchased and remit the proceeds to the Service User less any fees.
9. Although Computershare will reinvest dividends upon the Service User's request, the Service User remains responsible for any income taxes payable on the dividends. Dividends paid to Computershare on behalf of a Service User will be reported on Form 1099-DIV to the Internal Revenue Service, a copy of which will be sent to each such Service User.
10. A Service User will have the sole right to vote whole shares held by the Service User. Fractional shares held by Computershare on behalf of Service Users through the Program will be aggregated and voted in accordance with the proportionate instructions of all Service Users.
11. Computershare shall not be liable in connection with its operation of the Program for any act done in good faith or for any good faith omission to act including, without limitation, any claims for liability (1) arising out of failure to terminate a Service User's participation in the Program upon the Service User's death prior to receipt of written notice of death from an appropriate fiduciary, and (2) with respect to the prices or times at which shares are purchased or sold for any Service User's account. Computershare will have no responsibility for the market value of AT&T common stock at any time. Computershare reserves the right to amend or modify the provisions of this agreement at any time with or without notice. Promptly upon an amendment or modification, Computershare will mail a copy of the amendment or modification (that may be included with normal AT&T mailings to stockholders) to the Service User.
12. Computershare is required under the Internal Revenue Code to report to the Internal Revenue Service and the Service User any sale of shares effected on behalf of a Service User.
13. Computershare may, in its sole discretion, use a broker/dealer affiliated with Computershare to execute purchase or sale transactions. In that event, the Service User should recognize per-share transaction fees assessed in connection with those transactions will be paid to Computershare.
14. Computershare provides no advice and makes no recommendations with respect to any security that is eligible for the Program or any purchase or sale transaction initiated by a Service User. Any decision to purchase or sell any security that is eligible for Program participation must be made by the individual Service User, based upon his or her own research and judgment.

15. Computershare is a transfer agent registered with the Board of Governors of the Federal Reserve System pursuant to Section 17A of the Securities Exchange Act of 1934. The Program accounts and securities are not insured by the Federal Deposit Insurance Corporation, the Securities Investor Protection Corporation or similar agency.
16. The Program and the agency agreement between Computershare and each Service User, including these Terms and Conditions, shall be governed by the laws of the Commonwealth of Massachusetts. The signing and mailing of the Initial Investment Form, the Dividend Reinvestment Authorization Form, or the initiation of a transaction through the Program shall constitute an offer by an individual investor or stockholder to establish a principal-agency relationship with Computershare. Acceptance shall occur in the offices of Computershare upon receipt by Computershare of such forms or requests.
17. The Program is not designed for use by depositories or broker/dealers.

# Stockholder Information Brochure

## TO CONTACT COMPUTERSHARE

### **By Mail**

All correspondence and inquiries concerning the Program and share ownership should be directed to:

The DirectSERVICE™ Investment Program  
for Stockholders of AT&T Inc.  
c/o Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

Be sure to include a reference to AT&T Inc. in your correspondence.

### **By Telephone**

Customer service associates are available between  
9 a.m. and 8 p.m. Eastern time each business day.  
Within the U.S. and Canada: (800) 351-7221.  
Outside the U.S. and Canada: (781) 575-4729.  
TDD: (888) 403-9700 – A telecommunications device for  
the hearing-impaired is available.  
An automated voice response system is available  
24 hours a day.

### **Nonstockholders Requesting Program Material**

DirectSERVICE Investment Program materials are available over  
the Internet at [www.computershare.com/att](http://www.computershare.com/att) or by calling  
(800) 351-7221 within the United States and Canada or  
(781) 575-4729 outside the United States and Canada.

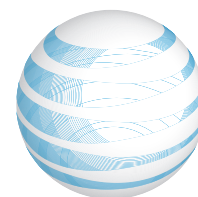
For an application and/or information concerning the IRA  
Program, please visit Computershare's Web site at  
[www.computershare.com/att](http://www.computershare.com/att) or call (800) 597-7736 within  
the United States and Canada or (781) 575-4729 outside the  
United States and Canada.

TDD: (888) 269-5221 — A telecommunications device for the  
hearing-impaired is available.

Language translation service for more than 140 languages  
is available to support the needs of AT&T's stockholders at  
(800) 351-7221.

### **By Internet**

Messages forwarded on the Internet will be responded to promptly.  
The Computershare Internet address is [www.computershare.com](http://www.computershare.com).  
AT&T's e-mail address at Computershare is [att@computershare.com](mailto:att@computershare.com).



**at&t**

## The DirectSERVICE™ Investment Program for Stockholders of AT&T Inc.

*Sponsored and Administered by  
Computershare Trust Company, N.A.*

**August 2006**