

AT&T INC.
Form 11-K
June 22, 2007

**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, 2006

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

B. Name 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 Schedules and Exhibit

Table of Contents

Page	
	Report of Independent Registered Public Accounting Firm 1
	Financial Statements:
	Statements of Net Assets Available for Benefits as of December 31, 2006 and 2005 2
	Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2006 3
	Notes to Financial Statements 4
	Supplemental Schedules:
	Schedule H, Line 4(i) Schedule of Assets (Held at End of Year) 9
	Schedule H, Line 4(j) Schedule of Reportable Transactions 15
	Exhibit:
23	Consent of Independent Registered Public Accounting Firm

Edgar Filing: AT&T INC. - Form 11-K

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, 2006 and 2005, and the related statement of changes in net assets available for benefits for the year ended December 31, 2006. 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, 2006 and 2005, and the changes in its net assets available for benefits for the year ended December 31, 2006, 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, 2006, 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, 2007

AT&T SAVINGS AND SECURITY PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(Dollars in Thousands)

	December 31, 2006	2005
ASSETS		
Investments (at fair value)	\$ 6,382,912	\$ 4,991,348
Market value of securities on loan	130,909	113,898
Total Investments (See Note 3)	6,513,821	5,105,246
Securities lending collateral	133,350	116,142
Dividends and interest receivable	104	95
Receivable for investments sold	863	452
Other	-	2
Total Assets	6,648,138	5,221,937
LIABILITIES		
Overdrafts	197	29
Administrative expenses payable	4,742	1,652
Securities lending payable	133,350	116,142
Total Liabilities	138,289	117,823
Net Assets Available for Benefits (at fair value)	6,509,849	5,104,114
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	9,571	10,693
Net Assets Available for Benefits	\$ 6,519,420	\$ 5,114,807

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, 2006

(Dollars in Thousands)

Net Assets Available for Benefits, December 31, 2005	\$ 5,114,807
Additions to Net Assets:	
Contributions:	
Participant contributions	303,077
Employer contributions	161,216
	464,293
Investment Income:	
Net appreciation in value of investments	1,332,639
Dividends on AT&T common shares	126,845
Interest	51,879
Income on collateralized securities	182
	1,511,545
Total Additions	1,975,838
Deductions from Net Assets:	
Administrative expenses	8,389
Distributions	562,836
Total Deductions	571,225
Net Assets Available for Benefits, December 31, 2006	\$ 6,519,420

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 (ERISA).

Participants can invest their contributions in one or more of the following funds in five dollar or 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, altogether referred to as the Trust. The trustee is Mellon Trust of New England, National Association.

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. At the end of the year, dividends held in the DFA are paid out to the participant. Interest earned on dividends held in the DFA will be paid into the AT&T Shares Fund. During 2006, Plan participants elected to receive \$25,523 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 and collective bargaining obligations. 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, which are fully benefit-responsive, at contract value which represents contributions, plus interest credited, less distributions and expenses; common collective trust funds at fair value determined by the issuer based on the current values of the underlying assets of such trust; and temporary cash investments at cost, which approximates fair value; assets supporting synthetic contracts are valued at quoted market prices. The fair value of wrapper contracts are determined based on the interest crediting rate (see Note 3). 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.

The reasonable expenses of plan administration may be charged to the Trust in accordance with procedures adopted by the plan administrator (as defined by the Plan). Brokerage fees, transfer taxes and other expenses incident to the purchase of sale or securities by the Trustee shall be deemed to be part of the cost of such securities, or deducted in computing the proceeds therefrom, as the case may be. Taxes, if any, on any assets held or income received by the Trustee will be charged appropriately against the accounts of Plan participants as determined by the plan

Edgar Filing: AT&T INC. - Form 11-K

administrator. All expenses of administering the Plan that are not charged to the Trust will be borne by the respective participating companies in the Plan as determined by the plan administrator.

In December 2005, the Financial Accounting Standards Board (FASB) issued FASB Staff Position AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP). The FSP defines the circumstances in which an investment contract is considered fully benefit-responsive and provides certain reporting and disclosure requirements for fully benefit-responsive investment contracts in defined contribution health and welfare and pension plans. The financial statement presentation and disclosure provision of the FSP are effective for financial statements issued for annual periods

AT&T SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

ending after December 15, 2006 and are required to be applied retroactively to all prior periods presented for comparative purposes. The Plan adopted the provisions of the FSP December 31, 2006.

As required by the FSP, investments in the accompanying Statements of Net Assets Available for Benefits include fully benefit-responsive investment contracts recognized at fair value. AICPA Statement of Position 94-4, Reporting of Investment Contracts Held by Health and Welfare Benefit Plans and Defined Contribution Pension Plans, as amended, requires fully benefit-responsive investment contracts to be reported at fair value in the Plan's Statements of Net Assets Available for Benefits with a corresponding adjustment to reflect these investments at contract value. The requirements of the FSP have been applied retroactively to the Statement of Net Assets Available for Benefits as of December 31, 2005 presented for comparative purposes. Adoption of the FSP had no effect on the Statement of Changes in Net Assets Available for Benefits for any period presented.

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.

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

	2006	2005
<u>Employee Stock Ownership Plan *</u>		
AT&T common shares	\$ 1,644,967	\$ 1,094,442
<u>AT&T Shares Fund</u>		
AT&T common shares	1,746,210	1,252,432
<u>Large Cap Stock Fund</u>		
Barclays Global Investors Equity Index Fund F	704,811	625,547
<u>Asset Allocation Fund</u>		
Barclays Global Investors U.S. Tactical	295,766	289,670
<u>Mid and Small Cap Stock Fund</u>		
Extended Equity Market Fund F	346,715	280,407

* Nonparticipant-directed

During 2006, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Edgar Filing: AT&T INC. - Form 11-K

Common Stock	\$	1,068,153
Common Collective Trusts		264,486
Total	\$	1,332,639

The Interest Income Fund consists of fully benefit-responsive investment 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 are periodically reset. The Interest Income Fund invests in synthetic investment contracts (SICs), also referred to as wrapper contracts. The assets supporting the SICs are owned by the Plan and generally consist of high quality fixed income securities. At December 31, 2006 the underlying assets had a fair value of \$800,096 and a contract value of \$809,667. At December 31, 2005 the underlying assets had a fair value of and a contract value of \$792,808 and \$803,501. For the years ended December 31, 2006 and 2005, the average yield earned by the Plan on these contracts was 5.21% and 4.77%, and, the average yield earned by the Plan adjusted to reflect actual interest rate credited to participants, was 4.24% and 4.07%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2006 or 2005.

AT&T SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

A bank or insurance company issues a wrapper contract that provides preservation of principal, maintains a stable interest rate and provides daily liquidity at contract value for participant directed transactions, in accordance with the provisions of the Plan. Wrapper contracts amortize the realized and unrealized gains and losses on the underlying fixed income investments through adjustments to the future interest crediting rate. The issuer of the wrapper contract provides assurance that the adjustments to the interest crediting rate do not result in a future interest crediting rate that is less than zero, which would result in a loss of principal or accrued interest. The fair value of the wrapper contracts were \$32 at December 31, 2006 and \$0 at December 31, 2005.

Wrapper contracts' interest crediting rates are typically reset on a monthly or quarterly basis and are based on the characteristics of the underlying fixed income securities. Other key factors that influence the interest crediting rates are market interest rates, the amount and timing of participant transactions into and out of the wrapper contract, investment returns on the underlying fixed income securities and the duration of those investments. All wrapper contracts provide for minimum interest crediting rate of zero percent. In the event that the interest crediting rate should fall to zero and the requirements of the wrapper contract are satisfied, the wrapper issuer will pay the Plan the shortfall needed to maintain the rate at zero, ensuring participants' principal and accrued interest is protected.

Changes in market interest rates can affect the yield to maturity and the market value of the underlying investment, and can have a material impact on the wrapper contract's interest crediting rate. Additionally, participant withdrawals and transfers from the Interest Income Fund are paid at contract value but funded through the market value liquidation of the underlying investments, which also impacts the interest crediting rate. The resulting gains and losses in the market value of the underlying investments relative to the wrapper contract value are represented on the Plan's Statements of Net Assets Available for Benefits as the Adjustment from fair value to contract value for fully-benefit responsive investment contracts, and totaled \$9,571 at December 31, 2006 and \$10,693 at December 31, 2005. When this adjustment is positive, it indicates that the wrapper contract value is greater than the market value of the underlying investments and the embedded market value losses will be amortized in the future through a lower interest crediting rate. If the adjustment was negative, the embedded market gains would cause the future interest crediting rate to be higher.

In certain circumstances, the amount withdrawn from the wrapper contract could be payable at fair value rather than at contract value. These events include termination of the Plan, a material adverse change to the provisions of the Plan, if AT&T elects to withdraw from a wrapper contract in order to switch to a different investment provider or, in the event of a spin-off or sale of a division, if the terms of the successor plan do not meet the contract issuer's underwriting criteria for issuance of a clone wrapper contract. Events that would permit a wrapper contract issuer to terminate a wrapper contract upon short notice include the Plan's loss of its qualified status, un-cured material breaches of responsibilities or material and adverse changes to the provisions of the Plan. We do believe any of the events to occur in the foreseeable future.

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

Edgar Filing: AT&T INC. - Form 11-K

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 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, 2006 and 2005 are reported on the accompanying statements of net assets available for benefits. The reported collateral includes noncash

AT&T SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

holdings of \$23,775 and \$989 at December 31, 2006 and 2005. Income earned on securities lending is used to offset the administrative expenses of the Plan and was \$182 for the year ended December 31, 2006.

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:

	2006	2005
<u>Assets</u>		
AT&T common shares	\$ 1,644,967	\$ 1,094,442
Temporary cash investments	395	409
Dividends and interest receivable	6	5
Receivable for investments sold	863	452
Total Assets	1,646,231	1,095,308
<u>Liabilities</u>		
Overdrafts	-	29
Administrative expenses payable	1,119	355
Total Liabilities	1,119	384
Net Assets Available for Benefits	\$ 1,645,112	\$ 1,094,924

	2006
Net Assets Available for Benefits, December 31, 2005	\$ 1,094,924
Employer contributions ¹	161,264
Interest income	60
Net appreciation in fair value of investments	511,279
Administrative expenses	(1,505)
Distributions	(98,019)
Transfers to other fund(s)	(22,891)
	550,188
Net Assets Available for Benefits, December 31, 2006	\$ 1,645,112

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

AT&T SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

5. Tax Status - The Plan has received a determination letter from the Internal Revenue Service (IRS) dated March 25, 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 this determination by the IRS, 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:

	2006	2005
Net Assets Available for Benefits per the financial statements	\$ 6,519,420	\$ 5,114,807
Less: Contract value adjustment	(9,571)	-
Less: Distribution payable to participants	(123)	(1,118)
Net Assets Available for Benefits per the Form 5500	\$ 6,509,726	\$ 5,113,689

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2006:

Distributions to participants per the financial statements	\$ 562,836
Add: Distributions payable to participants at December 31, 2006	123
Less: Distributions payable to participants at December 31, 2005	(1,118)
Distributions to participants per the Form 5500	\$ 561,841

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.

The following is a reconciliation of total additions per the financial statements to total income per the Form 5500 for the year ended December 31, 2006:

Total additions per the financial statements	\$ 1,975,838
	(9,571)

Edgar Filing: AT&T INC. - Form 11-K

Less: Adjustment from contract value to fair value for fully benefit-responsive investment contracts

Total income per the Form 5500

\$ 1,966,267

Fully benefit-responsive contracts are recorded on the Form 5500 at fair value versus contract value on the financial statements.

7. Subsequent Event AT&T has amended the Plan 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. Following the transfer of the remaining participant balances and assets of the Plan, participants will be able to withdraw their transferred balances, transfer those investments from the AT&T Shares Fund to other plan investment options (subject to normal fund transfer rules) or take loans against the balances.

AT&T SAVINGS AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

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

December 31, 2006

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
<u>Employee Stock Ownership Plan</u>			
* AT&T common shares	46,013,049 shares	\$ 1,084,932	\$ 1,644,967
* Mellon Trust of New England, N.A.			
Pooled Employee Funds	Daily Liquidity Funds	395	395
Total Employee Stock Ownership Plan		1,085,327	1,645,362
<u>AT&T Shares Fund</u>			
* AT&T common shares	48,845,039 shares		1,746,210
* Mellon Trust of New England, N.A.			
Pooled Employee Funds	Daily Liquidity Funds		17,316
Total Shares Fund		**	1,763,526
<u>Bond Fund</u>			
* Barclays Global Investors Intermediate Government/Credit Bond Index Fund F	6,704,167 units	**	120,541
<u>Large Cap Stock Fund</u>			
* Barclays Global Investors Equity Index Fund F	34,015,974 units	**	704,811
<u>Interest Income Fund</u>			
Bank of America Wrapper	Synthetic GIC #99-086, IR, ***		32
Cabellas Credit Card Master Trust	Monoline Credit Card		7,061
Chase Insurance Trust	Bank Credit Card		7,909
Credit Suisse First Boston	Collateralized Mtg Obligation		7,190
Countrywide Home Loans	Home Equity SrSub		6,304
Countrywide Asset-backed Certificates	Home Equity SrSub		3,673
Federal Home Loan Mortgage Company	Agency PAC		1,007
Federal Home Loan Mortgage Company	Agency		5,065
Federal National Mtg Assn. - Adj Rate Mtg.	Agency Hybrid		3,267
Federal National Mtg Assn. - GTD REMIC.	Agency MF Fix		8,620
Federal National Mtg Assn. - GTD REMIC.	Agency MF Fix		5,191
Federal National Mtg Assn. - GTD REMIC.	Home Equity Agency		1,895
Federal National Mtg Assn. - GTD REMIC.	Agency PAC		6,741
Federal National Mtg Assn. - GTD REMIC.	Agency PAC		6,088

Edgar Filing: AT&T INC. - Form 11-K

Federal National Mtg Assn. - GTD REMIC.	Agency PAC	158
Household Private Lab MT2	Retail Credit Card	5,017
MBNA Master Credit Card Trust	Monoline Credit Card	1,667
MBNA Master Credit Card Trust	Monoline Credit Card	5,909
Marriot Vacation Club Owner	Collateralized Mtg Obligation	1,083
	Commercial/Corporate	
Residential Funding Mtg Sec	Home Equity 2nd Monoline	5,092

AT&T SAVINGS AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

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

December 31, 2006

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
Sierra Timeshare Receivables Funding, LLC	Collateralized Mtg Obligation Commercial/Corporate		5,953
**** United States Treasury	Treasury Note		19,524
**** United States Treasury	Treasury Note		5,960
Cash on Hand	Cash		1,247
			121,653
ING Life & Annuity	Synthetic GIC #60127, IR, ***		-
Amex Optima CC MT	Monoline Credit Card		5,427
Capital One Master Trust	Monoline Credit Card		7,777
Federal Home Loan Mtg Multiclass	Agency		3,622
Federal Home Loan Mtg Multiclass	Agency NAS		7,101
Federal Home Loan Mtg Multiclass	Agency		6,710
Federal National Mtg. Assn.	Agency MF BLN		4,916
Federal National Mtg. Assn. - ACES	Agency MF FIX		452
Federal National Mtg Assn GTD Remic	Home Equity Agency		3,913
GSAA	Home Equity SrSub		5,315
Honda Auto Receivables	Prime Auto		8,284
Household Auto Trust	SubPrime Auto		6,106
Household Auto Trust	SubPrime Auto		8,080
Nissan Auto Owners Trust	Prime Auto		277
Nissan Auto Owners Trust	Prime Auto		5,900
Nomura Asset Securities Corporation	Conduit		7,558
**** United States Treasury	Treasury Note		3,894
**** United States Treasury	Treasury Note		7,770
**** United States Treasury	Treasury Note		8,220
Cash on Hand	Cash		232
			101,554
JP Morgan Chase Wrapper	Synthetic GIC #426424-T, IR, ***		-
Carmax Auto Owner Trust	NonPrime Auto		3,561
Capital One Master Trust	Monoline Credit Card		1,001
Daimler Chrysler NA hldg	Prime Auto		7,910
FHR	Agency NAS		4,582
**** Federal National Mtge Assn	Agency Hybrid		2,787
Federal National Mtge Assn	Agency Hybrid		7,764

Edgar Filing: AT&T INC. - Form 11-K

Federal National Mtge Assn GTD Remic	Agency Fix	4,942
Federal National Mtge Assn	Agency Fix	8,142
**** Federal National Mtge Assn	Agency Debenture	14,659
Federal National Mtge Assn Whole Loan	Agency RP ARM	1,753
GE Commercial Mortgage Corp.	Conduit	8,323
Household Private lbl. CC	Retail Credit Card	4,013
John Deere Owner Trust	Large Equipment Loan	3,425
Navistar Financial	NonPrime Auto	6,829

AT&T SAVINGS AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

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

December 31, 2006

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
Sallie Mae Student Loan Trust	Agency Student Loan		3,874
**** United States Treasury	Treasury Note		1,963
**** United States Treasury	Treasury Note		6,967
**** United States Treasury	Treasury Note		12,331
WFS Financial Owner Trust	Treasury Note		5,107
Cash on Hand	Cash		930
			110,863
Monumental Wrapper	Synthetic GIC		
	#MDA00292TR, IR, ***		-
Citibank Credit Card IT	Bank Credit Card		5,938
Caterpillar Financial Asset	Large Equipment Loan		1,684
Capital One Auto Finance Trust	Subprime Auto		622
Capital One Master Trust	Monoline Credit Card		8,107
Countrywide Asset-backed Certificates	Home Equity SrSub		5,636
Federal Home Loan Mortgage Company	Agency Fix		6,365
Federal Home Loan Mtg - Adj Rate Mtg.	Agency Hybrid		2,439
FHR	Agency Seq		6,712
Federal National Mtg Assn	Agency MF BLN		4,687
Federal National Mtg Assn - Adj Rate Mtg.	Agency Hybrid		2,742
Federal National Mtg Assn. - GTD REMIC.	Agency PAC		4,017
Federal National Mtg Assn. - GTD REMIC.	Agency PAC		6,949
Federal National Mtg Assn Whole Loan	Home Equity Agency		4,795
FSPC	Home Equity Agency		1,716
Household Auto Trust	Subprime Auto		6,537
MBNA Master Trust	Monoline Credit Card		4,009
MBNA Master Trust	Monoline Credit Card		5,453
Morgan Stanley Auto Loan Trust	Prime Auto		7,242
New Century Home Equity Loan	Home Equity Monoline		3,998
Pinnacle CBO Ltd	Corp Fin Other		137
Res Asset Mtg Products	Home Equity Monoline		3,174
USAA Auto Owners Trust	Prime Auto		5,944
**** United States Treasury	Treasury Note		2,921
**** United States Treasury	Treasury Note		7,901
**** United States Treasury	Treasury Note		7,962
**** United States Treasury	Treasury Note		1,005
World Omni Auto Receivables Trust	Mfg HsgSrSub		3,452
Cash on Hand	Cash		1,691

Edgar Filing: AT&T INC. - Form 11-K

Rabobank Nederland		123,835
Chase Manhattan Auto Owner Trust	Synthetic GIC	
Chase Manhattan First Union	SBC-060201, IR, ***	-
	Prime Auto	4,120
	Conduit	8,413

AT&T SAVINGS AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

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

December 31, 2006

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
	Credit Suisse First Boston	Conduit	2,433
	Federal Home - Adj Rate Mtg.	Agency Hybrid	3,062
****	Federal Home Loan Mtg - Adj Rate Mtg	Agency Hybrid	16,245
	Federal Home Loan Mtg Multiclass	Agency NAS	13,049
	Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP	1,360
****	Federal National Mtg Assn Debs	Agency Debenture	4,429
	Federal National Mtg Assn Whole Loan	Home Equity Agency	4,207
	Federal National Mtg Assn Whole Loan	Agency RPF Fix	3,071
	GMACC Commercial Mtg. Securities	Conduit	6,412
	MBNA Master Trust	Monoline Credit Card	7,910
	Nissan Auto Receivables Trust	Prime Auto	6,919
****	United States Treasury	Treasury Note	2,839
	Wachovia Auto Owner Trust	Prime Auto	7,925
	Wachovia Auto Owner Trust	Prime Auto	7,381
	Cash on Hand	Cash	1,092
			100,867
	State Street Wrapper	Synthetic GIC #99039, IR, ***	-
	Bank One Insurance Trust	Bank Credit Card	9,765
	Cendant Timeshare Receivables Funding	Collateralized Mtg Obligation Commercial/Corporate	455
	Chase Insurance Trust	Bank Credit Card	7,877
	Commercial Mtg Acceptance Corp	Collateralized Mtg Obligation	5,361
	Capital One Master Trust	Monoline Credit Card	6,006
	Countrywide Asset-backed Certificates	Home Equity SrSub	6,739
	Delta Funding HEL Trust	Home Equity Monoline	249
	Federal Home Loan Mtg Corp	Agency Hybrid	83
	Federal Home Loan Mtg Corp	Agency PAC	159
	Federal Home Loan Mtg Corp	Agency PAC	4,858
	Federal Home Loan Mtg Corp	Agency PAC	443
	Federal Home Loan Mtg Corp	Agency NAS	6,716
	Federal Home Loan Mtg Corp	Agency PAC	3,953
	Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP	6,833
	Fannie Mae Grantor Trust	Agency MF Fix	8,302
	Federal National Mtg Assn Whole Loan	Home Equity Agency	2,212
	FSPC	Home Equity Agency	2,387
	GE Commercial Equipment Financing Lease	Large Equipment Loan	5,251

Edgar Filing: AT&T INC. - Form 11-K

GE Equipment Small Ticket LLC	Small Equipment Lease	7,976
GMACC Commercial MTG Securities	Conduit	8,377
GSR Mortgage Loan Trust	Nag PT Arm	7,613
MBNA Master Trust	Monoline Credit Card	2,005
Sallie Mae Student Loan Trust	Agency Student Loan	5,332
United States Treasury	Treasury Note	1,963

AT&T SAVINGS AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

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

December 31, 2006

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
Wells Fargo Mortgage-backed Securities Trust	Nag PT Arm		8,879
Wells Fargo Mortgage-backed Securities Trust	Nag PT Arm		7,111
Cash on Hand	Cash		1,273
			128,178
UBS Wrapper	Synthetic GIC #5029, IR, ***		-
Americredit Auto Rec	SubPrime Auto		2,492
Adjustable Rate Mortgage Trust	Nag PT Arm		6,496
Cabellas Credit Card MT	Retail Credit Card		3,093
Caterpillar Fin Asset Trust	Large Equipment Loan		6,013
Capital One Auto Finance Trust	SubPrime Auto		5,780
Commercial Mtg Pass-Thru Cert	Conduit		6,932
Federal Home Loan Mtg - Adj Rate Mtg	Agency Hybrid		62
**** Federal Home Loan Mortgage Corporation	Agency Debenture		3,676
Federal Home Loan Mortgage Corporation	Agency PAC		2,868
Federal Home Loan Mortgage Corporation	Agency NAS		9,568
Federal Home Loan Mortgage Corporation	Agency PAC		7,811
Fifth Third Auto Trust	AB-Prime Auto		7,899
Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP		5,401
Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP		5,627
Federal National Mtg Assn Whole Loan	Home Equity Agency		2,397
Federal National Mtg Assn Whole Loan	Home Equity Agency		2,212
John Deere Owner Trust	Large Equipment Loan		7,379
Morgan Stanley Capital	Conduit		6,334
Res Asset Mtg Products	Home Equity Monoline		2,380
Structured Adjustable Rate Mortgage Loan	Collateralized Mtg Obligation Commercial/Corporate		3,312
**** United States Treasury	Treasury Note		1,003
Cash on Hand	Cash		538
			99,273
* Mellon Trust of New England, National Association	Temporary cash investment		13,905
Total Interest Income Fund			** 800,128
<u>Asset Allocation Fund</u>			
* Barclays Global Investors U.S. Tactical Asset Allocation Fund	13,636,064 units		** 295,766

Global Equity Fund

*	Barclays Global Investors U.S. Equity Market Fund F	3,878,190 units		148,031
*	Barclays Global Investors EAFE Equity Index Fund F	1,858,284 units		57,012
	Total Global Equity Fund		**	205,043

AT&T SAVINGS AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

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

December 31, 2006

(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	13,634,107 units	**	346,715
<u>International Stock Fund</u>			
Barclays Global Investors EAFE Equity	10,607,904 units	**	325,450
Index Fund F			
<u>Loan Fund</u>			
* Loans to Plan Participants	8.25% - 9.25%	**	306,479
TOTAL			\$ 6,513,821

* 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 AND SECURITY PLAN

EIN 43-1301883, PLAN NO. 004

SCHEDULE H, LINE 4(j) - SCHEDULE OF REPORTABLE TRANSACTIONS

December 31, 2006

(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	\$ 172,349	\$	\$ 172,349	\$ 172,349	\$
*Mellon Trust of New England, N. A.	Pooled Employee Funds Daily Liquidity Fund		172,363	172,363	172,363	
* AT&T Inc.	AT&T Inc.					
	Common Stock	152,204		152,204	152,204	
* AT&T Inc	AT&T Inc.					
	Common Stock		105,622	82,051	105,622	23,571

* 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, 2006.

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 AND SECURITY 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 22, 2007

EXHIBIT INDEX

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

Exhibit
Number

23 Consent of Independent Registered Public Accounting Firm