

AT&T INC.
Form 11-K
June 23, 2006

File No. 1-8610

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT

Pursuant to Section 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended December 31, 2005

Commission File Number 1-8610

AT&T SAVINGS AND SECURITY PLAN

AT&T INC.

175 E. Houston, San Antonio, Texas 78205

Financial Statements, Supplemental Schedules 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 (formerly SBC Savings and Security Plan) as of December 31, 2005 and 2004, and the related statement of changes in net assets available for benefits for the year ended December 31, 2005. 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, 2005 and 2004, and the changes in its net assets available for benefits for the year ended December 31, 2005, 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, 2005, 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, 2006

AT&T SAVINGS AND SECURITY PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(Dollars in Thousands)

	December 31, 2005	2004
ASSETS		
Investments	\$ 5,002,041	\$ 4,841,363
Market value of securities on loan	113,898	115,302
Total Investments (See Note 3)	5,115,939	4,956,665
Securities lending collateral	116,142	117,554
Dividends and interest receivable	95	54
Receivable for investments sold	452	423
Other	2	1
Total Assets	5,232,630	5,074,697
LIABILITIES		
Overdrafts	29	-
Administrative expenses payable	1,652	3,163
Securities lending payable	116,142	117,554
Total Liabilities	117,823	120,717
Net Assets Available for Benefits	\$ 5,114,807	\$ 4,953,980

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, 2005

(Dollars in Thousands)

Net Assets Available for Benefits, December 31, 2004	\$ 4,953,980
Additions to Net Assets:	
Contributions:	
Participant contributions	298,509
Employer contributions	161,208
	459,717
Investment Income:	
Dividends on AT&T common shares	123,969
Interest	48,095
Income on collateralized securities	191
Transfer from AT&T Savings Plan	15
	172,270
Total Additions	631,987
Deductions from Net Assets:	
Net depreciation in value of investments	17,837
Administrative expenses	7,408
Distributions	445,915
Total Deductions	471,160
Net Assets Available for Benefits, December 31, 2005	\$ 5,114,807

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), formerly the SBC Savings and Security 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.

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 2005, Plan participants elected to receive \$24,439 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. 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 and other financial institutions at principal plus reinvested interest which approximates fair value; common collective trust funds at values obtained from fund managers; and temporary cash investments at cost, which approximates fair value; assets supporting synthetic contracts are valued at quoted market prices. 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 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.

Certain prior year balances related to securities lending have been reclassified to conform to the current year presentation.

AT&T SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

3. Investments - Investments representing 5% or more of Plan net assets at either December 31, 2005 or 2004 were:

	2005	2004
<u>Employee Stock Ownership Plan *</u>		
AT&T common shares	\$ 1,094,442	\$ 1,077,580
<u>AT&T Shares Fund</u>		
AT&T common shares	\$ 1,252,432	\$ 1,399,224
<u>Large Cap Stock Fund</u>		
Barclays Global Investors Equity Index Fund F	\$ 625,547	\$ 597,678
<u>Asset Allocation Fund</u>		
Barclays Global Investors U.S. Tactical	\$ 289,670	\$ 253,375
<u>Mid and Small Cap Stock Fund</u>		
Extended Equity Market Fund F	\$ 280,407	\$ 190,870

* Nonparticipant-directed

During 2005, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Common Stock	\$ (124,109)
Common Collective Trusts	106,272
Total	\$ (17,837)

The Interest Income Fund consists of 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. For the years ended December 31, 2005 and 2004, the average interest rates earned on these contracts were 4.07% and 4.07%. At December 31, 2005, the fixed crediting interest rates on these contracts ranged from 1.66% to 7.62%. At December 31, 2004, the fixed crediting interest rates on these contracts ranged from 1.66% to 7.62%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2005 or 2004.

The Interest Income Fund invests in both guaranteed investment contracts (GICs) and synthetic investment contracts (SICs). However, as of December 31, 2005 the Interest Income Fund no longer held investments in GICs. SICs differ from GICs in that the assets supporting the SICs are owned by the Plan. A bank or insurance company issues a wrapper contract that allows participant directed transactions to be made at contract value. Wrapper contracts are valued as the difference between the fair value of the supporting assets and the contract value. The assets supporting the GICs and SICs generally consist of high quality fixed income securities with a fair value of \$778,905 and \$776,475 at December

31, 2005 and 2004.

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

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

AT&T SAVINGS AND SECURITY PLAN

NOTES TO FINANCIAL STATEMENTS (continued)

(Dollars in Thousands)

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, 2005 and 2004 are reported on the accompanying statements of net assets available for benefits. The reported collateral includes noncash holdings of \$989 and \$3,639 at December 31, 2005 and 2004. Income earned on securities lending is used to offset the administrative expenses of the Plan and was \$191 for the year ended December 31, 2005.

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:

	2005	2004
<u>Assets</u>		
AT&T common shares	\$ 1,094,442	\$ 1,077,580
Temporary cash investments	409	1,223
Dividends and interest receivable	5	4
Receivable for investments sold	452	423
Total Assets	1,095,308	1,079,230
<u>Liabilities</u>		
Overdrafts	29	-
Administrative expenses payable	355	695
Total Liabilities	384	695
Net Assets Available for Benefits	\$ 1,094,924	\$ 1,078,535

	2005
Net Assets Available for Benefits, December 31, 2004	\$ 1,078,535
Employer contributions ¹	161,396
Interest income	52
Transfers from AT&T Savings Plan	4
Net depreciation in fair value of investments	(52,379)
Administrative expenses	(1,436)
Distributions	(70,779)
Transfers to other fund(s)	(20,469)
	16,389
Net Assets Available for Benefits, December 31, 2005	\$ 1,094,924

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 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 receiving this determination letter, 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:

	2005	2004
Net Assets Available for Benefits per the financial statements	\$ 5,114,807	\$ 4,953,980
Less: Distribution payable to participants	(1,118)	(2,672)
Net Assets Available for Benefits per the Form 5500	\$ 5,113,689	\$ 4,951,308

The following is a reconciliation of benefits paid to participants per the financial statements to the Form 5500 for the year ended December 31, 2005:

Distributions to participants per the financial statements	\$ 445,915
Add: Distributions payable to participants at December 31, 2005	1,118
Less: Distributions payable to participants at December 31, 2004	(2,672)
Distributions to participants per the Form 5500	\$ 444,361

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.

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, 2005

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
<u>Employee Stock Ownership Plan</u>			
* AT&T common shares	44,689,335 shares	\$ 1,019,803	\$ 1,094,442
* Mellon Trust of New England, National Association Total Employee Stock Ownership Plan	Temporary cash investment	409	409
Total Employee Stock Ownership Plan		1,020,212	1,094,851
<u>AT&T Shares Fund</u>			
* AT&T common shares	51,140,551 shares		1,252,432
* Mellon Trust of New England, National Association	Temporary cash investment		16,557
Total Shares Fund		**	1,268,989
<u>Bond Fund</u>			
* Barclays Global Investors Intermediate Government/Credit Bond Index Fund F	7,361,664 units	**	127,357
<u>Large Cap Stock Fund</u>			
* Barclays Global Investors Equity Index Fund F	34,985,849 units	**	625,547
<u>Interest Income Fund</u>			
Bank of America Wrapper	Synthetic GIC #99-086, IR, ***		965
Capital Fin Asset Trust	Large Equipment Loan		633
Chase Insurance Trust	Bank Credit Card		7,959
Credit Suisse First Boston	Collateralized Mtg Obligation		7,768
Countrywide Home Loans	Home Equity SrSub		7,205
Countrywide Asset-backed Certificates	Home Equity SrSub		3,696
Fleet Credit Card MT	Bank Credit Card		2,000
Federal Home Loan Mortgage Company	Agency PAC		2,389
Federal National Mtg Assn. - Adj Rate Mtg.	Agency Hybrid		4,216
Federal National Mtg Assn. - GTD REMIC.	Agency MF Fix		8,805
Federal National Mtg Assn. - GTD REMIC.	Agency MF Fix		5,924

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****	Federal National Mtg Assn. - GTD REMIC.	Home Equity Agency	1,885
	Federal National Mtg Assn.	Agency Debenture	4,100
	Federal National Mtg Assn. - GTD REMIC.	Agency PAC	6,668
	Federal National Mtg Assn. - GTD REMIC.	Agency PAC	7,588
	Federal National Mtg Assn. - GTD REMIC.	Agency PAC	819
	Household Private Lab MT2	Retail Credit Card	5,044
	MBNA Master Credit Card Trust	Monoline Credit Card	1,652
	MBNA Master Credit Card Trust	Monoline Credit Card	5,989

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, 2005

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
Marriot Vacation Club Owner	Collateralized Mtg Obligation		
	Commercial/Corporate		1,438
Nordstrom Pvt Lbl CC MT	Retail Credit Card		5,009
Residential Funding Mtg Sec	Home Equity 2nd Monoline		5,831
**** United States Treasury	Treasury Note		12,853
Cash on Hand	Cash		1,160
			111,596
JP Morgan Chase Wrapper	Synthetic GIC		
	#426424-T, IR, ***		1,002
Carmax Auto Owner Trust	NonPrime Auto		3,563
Chase Credit Card MT	Bank Credit Card		3,623
Capital One Master Trust	Monoline Credit Card		1,003
Credit Suisse First Boston	Conduit		198
Daimler Chrysler NA hldg	Prime Auto		7,864
Federal Home Loan Mortgage Multiclass	Agency Debenture		15,234
FHR	Agency NAS		5,148
**** Federal National Mtge Assn	Agency Hybrid		3,300
Federal National Mtge Assn GTD Remic	Agency Fix		6,234
Federal National Mtge Assn	Agency MF Fix		8,232
**** Federal National Mtge Assn	Agency Debenture		3,075
FNR	Agency PAC		274
Federal National Mtge Assn Whole Loan	Agency RP ARM		2,487
Household Private lbl. CC	Retail Credit Card		4,035
John Deere Owner Trust	Large Equipment Loan		6,870
Navistar Financial	NonPrime Auto		6,759
Sallie Mae Student Loan Trust	Agency Student Loan		3,901
USAA Auto Owner Trust	Prime Auto		7,892
**** United States Treasury	Treasury Note		1,955
**** United States Treasury	Treasury Note		6,945
WFS Financial Owner Trust	Collateralized Mtg Obligation		5,966
Cash on Hand	Cash		914
			106,474
Metropolitan Life Wrapper	Synthetic GIC		
	#28434, IR, ***		1,869

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Amex Optima CC MT	Monoline Credit Card	5,431
Citibank Credit Card IT	Bank Credit Card	4,047
Chase Manhattan Auto Owns Trust	Conduit	7,772
Federal Home Loan Mtg Multiclass	Agency NAS	7,802
Federal National Mtg. Assn.	Agency MF BLN	5,070
Federal National Mtg. Assn. - ACES	Agency MF FIX	2,289
Federal National Mtg Assn GTD Remic	Home Equity Agency	3,929
GSAA	Home Equity SrSub	5,293

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, 2005

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
Honda Auto Receivables	Prime Auto		8,257
Household Auto Trust	SubPrime Auto		6,071
Nissan Auto Owners Trust	Prime Auto		7,927
Nissan Auto Owners Trust	Prime Auto		5,880
Nomura Asset Securities Corporation	Conduit		7,784
Union Acceptance Corp	SubPrime Auto		926
**** United States Treasury	Treasury Note		3,856
**** United States Treasury	Treasury Note		7,750
Cash on Hand	Cash		356
			92,309
Monumental Wrapper	Synthetic GIC		
	#MDA00292TR, IR, ***		1,231
Citibank Credit Card IT	Bank Credit Card		6,008
Caterpillar Financial Asset	Large Equipment Loan		4,837
Capital One Auto Finance Trust	Subprime Auto		6,931
Countrywide Asset-backed Certificates	Home Equity SrSub		6,840
Federal Home Loan Mtg - Adj Rate Mtg.	Agency Hybrid		4,217
FHR	Agency Seq		7,879
Federal National Mtg Assn	Agency MF BLN		4,863
Federal National Mtg Assn - Adj Rate Mtg.	Agency Hybrid		4,503
Federal National Mtg Assn Whole Loan	Home Equity Agency		5,561
Federal National Mtg Assn Whole Loan	Home Equity Agency		378
FSPC	Home Equity Agency		2,656
KEYCORP	Conduit		167
MBNA Master Trust	Monoline Credit Card		4,019
MBNA Master Trust	Monoline Credit Card		5,451
Morgan Stanley Auto Loan Trust	Prime Auto		7,159
New Century Home Equity Loan	Home Equity Monoline		4,055
Pinnacle CBO Ltd	Corp Fin Other		323
Res Asset Mtg Products	Home Equity Monoline		3,787
USAA Auto Owners Trust	Prime Auto		5,980
**** United States Treasury	Treasury Note		2,892
**** United States Treasury	Treasury Note		7,877
**** United States Treasury	Treasury Note		7,937
**** United States Treasury	Treasury Note		20,316

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Vanderbilt Mortgage Finance	Mfg HsgSrSub	397
World Omni Auto Receivables Trust	Prime Auto	3,441
Cash on Hand	Cash	1,635
		131,340
Rabobank Nederland	Synthetic GIC	
	SBC-060201, IR, ***	2,158
Chase Manhattan Auto Owner Trust	Prime Auto	6,833

AT&T SAVINGS AND SECURITY PLAN

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

December 31, 2005

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
Chase Manhattan First Union	Conduit		8,635
Federal Home Loan Mtg - Adj Rate Mtg	Agency Hybrid		4,189
Federal Home Loan Mtg Multiclass	Agency NAS		14,579
Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP		1,665
**** Federal National Mtg Assn Debs	Agency Debenture		4,394
**** Federal National Mtg Assn Whole Loan	Home Equity Agency		9,224
Federal National Mtg Assn Whole Loan	Home Equity Agency		2,596
Federal National Mtg Assn Whole Loan	Agency RPF Fix		6,029
GMACC Commercial Mtg. Securities	Conduit		4,092
MBNA Master Trust	Monoline Credit Card		7,012
Nissan Auto Receivables Trust	Prime Auto		7,918
Wachovia Auto Owner Trust	Prime Auto		6,902
**** United States Treasury	Treasury Note		2,888
Wachovia Auto Owner Trust	Prime Auto		7,847
Wachovia Auto Owner Trust	Prime Auto		7,922
Cash on Hand	Cash		925
			105,808
State Street Wrapper	Synthetic GIC #99039, IR, ***		1,553
Bank One Insurance Trust	Bank Credit Card		9,675
Cendant Timeshare Receivables Funding	Collateralized Mtg Obligation		
	Commercial/Corporate		714
Chase Insurance Trust	Bank Credit Card		7,909
Commercial Mtg Acceptance Corp	Collateralized Mtg Obligation		5,448
Capital One Master Trust	Monoline Credit Card		6,021
Countrywide Asset-backed Certificates	Home Equity SrSub		6,785
Delta Funding HEL Trust	Home Equity Monoline		357
Federal Home Loan Mtg Corp	Agency Hybrid		174
Federal Home Loan Mtg Corp	Agency PAC		6,496
Federal Home Loan Mtg Corp	Agency PAC		4,936
Federal Home Loan Mtg Corp	Agency PAC		4,928
Federal Home Loan Mtg Corp	Agency NAS		7,382
Federal Home Loan Mtg Corp	Agency PAC		3,963
Federal National Mtg Assn	Agency MF BAL		5,445
Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP		9,376

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Fannie Mae Grantor Trust	Agency MF Fix	8,414
Federal National Mtg Assn Whole Loan	Home Equity Agency	2,552
Federal National Mtg Assn Whole Loan	Home Equity Agency	472
FSPC	Home Equity Agency	2,968
GE Commercial Equipment Financing Lease	Large Equipment Loan	5,837
GE Equipment Small Ticket LLC	Small Equipment Lease	8,025

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, 2005

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
KEYCORP	Conduit		333
MBNA Master Trust	Monoline Credit Card		2,009
Sallie Mae Student Loan Trust	Agency Student Loan		5,390
**** United States Treasury	Treasury Note		1,955
**** United States Treasury	Treasury Note		8,126
Wells Fargo Mortgage-backed Securities Trust	NAG PT ARM		9,986
Cash on Hand	Cash		1,367
			138,596
UBS Wrapper	Synthetic GIC		
	#5029, IR, ***		1,915
Americredit Auto Rec	SubPrime Auto		2,725
Cabellas Credit Card MT	Retail Credit Card		3,122
Caterpillar Fin Asset Trust	Large Equipment Loan		6,002
Chase Credit Card MT	Bank Credit Card		2,516
Commercial Mtg Pass-Thru Cert	Conduit		7,265
Federal Home Loan Mtg - Adj Rate Mtg	Agency Hybrid		186
**** Federal Home Loan Mortgage Corporation	Agency Debenture		3,628
Federal Home Loan Mortgage Corporation	Agency PAC		4,985
Federal Home Loan Mortgage Corporation	Agency NAS		10,657
Federal Home Loan Mortgage Corporation	Agency PAC		7,851
Fifth Third Auto Trust	AB-Prime Auto		7,846
Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP		6,565
Federal National Mtg Assn - Adj Rate Mtg	Agency HYB PP		6,906
Federal National Mtg Assn Whole Loan	Home Equity Agency		2,781
Federal National Mtg Assn Whole Loan	Home Equity Agency		2,552
Federal National Mtg Assn Whole Loan	Home Equity Agency		2,024
John Deere Owner Trust	Large Equipment Loan		7,374
Morgan Stanley Capital	Conduit		7,122
Res Asset Mtg Products	Home Equity Monoline		2,840
Structured Adjustable Rate Mortgage Loan	Collateralized Mtg Obligation Commercial/Corporate		4,266
**** United States Treasury	Treasury Note		1,005
Cash on Hand	Cash		1,346

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			103,479
*	Mellon Trust of New England, National Association	Temporary cash investment	13,899
	Total Interest Income Fund		** 803,501

Asset Allocation Fund

*	Barclays Global Investors U.S. Tactical Asset Allocation Fund F	14,718,997 units	289,670
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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, 2005

(Dollars in Thousands)

Identity of Issue	Description of Investment	Cost	Current Value
<u>Global Equity Fund</u>			
* Barclays Global Investors U.S. Equity Market Fund F	3,492,987 units		115,164
* Barclays Global Investors EAFE Equity Index Fund F	1,702,333 units		41,299
Total Global Equity Fund			156,463
<u>Mid and Small Cap Stock Fund</u>			
Extended Equity Market Fund F	12,711,112 units		280,407
<u>International Stock Fund</u>			
International Stock	7,775,783 units		188,640
<u>Loan Fund</u>			
* Loans to Plan Participants	6.25% - 8.25%		280,514
TOTAL			\$ 5,115,939

* 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, 2005

(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	\$ 185,892	\$	\$ 185,892	\$ 185,892	\$
*Mellon Trust of New England, N. A.	Pooled Employee Funds Daily Liquidity Fund		186,705	186,705	186,705	

* 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, 2005.

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	23, 2006
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EXHIBIT INDEX

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

Exhibit
Number

23 Consent of Independent Registered Public Accounting Firm