



For more information, contact:
Marty Richter
Office: (314) 982-1787
E-mail: mrichter@attnews.us

AT&T SELECTS HOMEPNA 3 TECHNOLOGY FOR IN-HOME DISTRIBUTION OF AT&T U-VERSE SERVICES

SAN ANTONIO, Aug. 23, 2006 — AT&T Inc. (NYSE: T) today announced the selection of HomePNA 3 technology for in-home distribution of AT&T U-verseSM services including AT&T U-verse TV, AT&T Yahoo! High Speed Internet, *U-verse Enabled* and, in the future, consumer voice over IP services.

HomePNA 3 technology will be integrated into IP set-top boxes supplied by Motorola Inc. and Scientific Atlanta and Residential Gateways supplied by 2Wire as key components of AT&T's U-verse deployment. AT&T chose the technology following extensive testing in AT&T Laboratories and other test environments.

"Based on our research, we believe HomePNA 3 technology is the best option for distributing IP-based video services inside customers' homes," said David Deas, vice president--networks & services, AT&T Laboratories Inc. "The ability to work over both coaxial cable and traditional phone lines is a key advantage and we look forward to working with the industry to enhance and standardize the technology."

"This represents an opportunity for HomePNA technology to be part of one of the largest deployments of true Internet-protocol television services in the world," said Rich Nesin, President of HomePNA alliance. "This selection is the culmination of a lot of work with AT&T and its strategic partners to develop and refine the technology for the delivery of IP-based services over the existing wiring in the home."

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HomePNA 3 technology, standardized by the International Telecommunication Union in May 2005, is a leading option for in-home distribution of new triple-play services such as Internet Protocol-based television (IPTV), voice and Internet access. Its blend of high speed, robust performance, low cost, and the ability to operate simultaneously over both phone lines and coaxial cables make it uniquely suited to AT&T companies' needs for deploying new services.

AT&T U-verse TV services are delivered by Project Lightspeed, the company's initiative to expand the fiber-optics network deeper into neighborhoods to deliver U-verse TV, AT&T Yahoo!® High Speed Internet *U-verse Enabled* and, in the future, Voice over IP services. Through its subsidiaries, AT&T expects to reach nearly 19 million households by the end of 2008 as part of its initial deployment, using fiber-to-the-node (FTTN) and fiber-to-the-premises (FTTP) technologies.

Note: This AT&T release and other news announcements are available as part of an RSS feed at www.att.com/rss.

About AT&T

AT&T Inc. is one of the world's largest telecommunications holding companies and is the largest in the United States. Operating globally under the AT&T brand, AT&T companies are recognized as the leading worldwide providers of IP-based communications services to business and as leading U.S. providers of high speed DSL Internet, local and long distance voice, and directory publishing and advertising services. AT&T Inc. holds a 60 percent ownership interest in Cingular Wireless, which is the No. 1 U.S. wireless services provider with 57.3 million wireless customers. Additional information about AT&T Inc. and AT&T products and services is available at www.att.com.

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