



August 10, 2007

Mr. Randall Stephenson
Chair and CEO
AT&T Inc.
175 East Houston
San Antonio, Texas 28205-2233

Dear Mr. Stephenson:

Trillium Asset Management Corporation is a leading socially responsible investment firm with over \$1 billion in assets under management, including over 200,000 shares of AT&T Inc. common stock. We are writing as citizens and as shareholders concerned about claims of political censorship during AT&T's webcast of an August 5th live performance by the band Pearl Jam.

As citizens we are alarmed whenever the free marketplace of ideas is impeded by political censorship. As shareholders we are most concerned about the impact such controversy can have on AT&T's reputation among consumers and its good standing in regulatory and legislative communities.

This controversy arises at a particularly inopportune moment. The Company is advocating against proposed laws and regulations that would limit its prerogatives as a gatekeeper of information flows across the internet. The Company's defense of such prerogatives has always turned on assurances that the Company would never interfere with content passing through its pipes.

The fact that politically oriented lyrics were edited from a webcast by AT&T would appear to constitute precisely such interference and thereby cast doubt on the Company's assurances to the contrary.

We've read statements from AT&T spokespeople that, first, Pearl Jam's anti-Bush lyrics were censored in error by Davey Brown Entertainment, the vendor producing the webcast for AT&T, and, second, that AT&T has policies against political censorship.

We accept the Company's explanation that this was an error and a violation of Company policy. But as investors alert to the value of the AT&T brand, we are chagrined by the Company's unenviable position in the court of public opinion.

To defend itself against charges that it did something it *shouldn't* have, the Company had to admit that it *didn't* do something it *should* have. That is, to defend itself against charges of political censorship, the Company had to admit it didn't have in place adequate procedures to prevent unauthorized political censorship. To be meaningful, a policy that disallows political censorship must be combined with procedures that ensure compliance.

As a matter of risk management, we urge the Company to make a full review of and public report on the incident. Only in this way can shareholders, consumers, regulators and legislators understand why this incident occurred and be assured of the Company's ability to prevent similar incidents in the future.

As part of that review we would like to know on what specific grounds Davey Brown Entertainment's agent(s) decided to take the draconian step of depriving viewers of fully permissible content. We would also like to know if the Company was aware of Davey Brown Entertainment's actions before this controversy became public. If so, do the Company's policies require it to inform content providers such as Pearl Jam whenever such actions occur? It is our understanding that Pearl Jam was notified of the incident by fans rather than by the Company.

Trillium Asset Management has had productive conversations with AT&T in the past, and was among a group of investors that prompted the company to publish its 2006 Corporate Social Responsibility Report during the AT&T-SBC merger. As was true then, in this case we believe that transparency about AT&T's policies, procedures and performance, including what went wrong in this instance, is in the best interest of the Company and its long-term shareholders.

We would welcome a chance to discuss this issue with the appropriate member of AT&T's senior management.

Sincerely,



Steve Lippman
Vice President, Social Research



Farnum Brown
Vice President, Portfolio Manager

cc:

James W. Cicconi, Senior Executive Vice President-External and Legislative Affairs
Ralph de la Vega, Group President-Regional Telecommunications and Entertainment
Rich Dietz, Senior Vice President, Investor Relations