

[21599001]



An AT&T spokeswoman said the company would likely replace about one-third of its managers who choose to retire with new employees .

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Analysts hailed the sweetened pension package , which they said had been the subject of rumors for several months .

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But other analysts expressed disappointment that the cost-cutting move wo n't result in even greater earnings growth .

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" This is a good move , but it only gets you to where people 's expectations already are , " in terms of earnings growth , said Joel D. Gross , an analyst with Donaldson , Lufkin & Jenrette .

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Mr. Gross said he had hoped that a cost savings of \$ 450 million would result in even greater growth than the 20 % annual earnings increase AT&T has told analysts it expects in the future .

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AT&T said the special retirement option will increase fourth-quarter expenses .

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But the company said the amount ca n't be determined until it knows how many managers opt to retire .

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For the nine months , AT&T said net income was \$ 1.99 billion , or \$ 1.85 a share , up 19 % from \$ 1.67 billion , or \$ 1.56 a share .

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Revenue gained 3.1 % to \$ 26.81 billion from \$ 26 billion .

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In composite trading yesterday on the New York Stock Exchange , AT&T shares closed at \$ 43.375 , up 87.5 cents .