

AT&T INC.
Form 424B3
April 13, 2011

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**Filed Pursuant to Rule 424(b)(3)
Registration No. 333-173256**

PROSPECTUS

**Offer to Exchange up to
\$3,500,000,000 Principal Amount of Our
5.35% Global Notes due 2040
Which Have Been Registered under the Securities Act of 1933
For All Outstanding Unregistered
5.35% Global Notes due 2040**

AT&T Inc. ("AT&T") is offering to exchange registered 5.35% Global Notes due 2040 (the "Exchange Notes") for its outstanding unregistered 5.35% Global Notes due 2040 (the "Original Notes"). The Original Notes and the Exchange Notes are sometimes referred to in this prospectus together as the "Notes" . The terms of the Exchange Notes are substantially identical to the terms of the Original Notes, except that the Exchange Notes are registered under the Securities Act of 1933, as amended (the "Securities Act"), and the transfer restrictions and registration rights and related special interest provisions applicable to the Original Notes do not apply to the Exchange Notes. The Original Notes may only be tendered in an amount equal to \$1,000 in principal amount or in integral multiples of \$1,000 in excess thereof. We also intend to pay in cash accrued and unpaid interest on the Original Notes accepted for exchange from the last applicable interest payment date to, but excluding, the date on which the exchange of Original Notes accepted for exchange is settled (such date is referred to herein as the "Settlement Date"). We refer to this offer as the "Exchange Offer" . For a more detailed description of the Exchange Notes, see "Description of Exchange Notes" .

We are not asking you for a proxy and you are requested not to send us a proxy. You do not have dissenters rights of appraisal in connection with the Exchange Offer. See "The Exchange Offer" "Absence of Dissenters Rights of Appraisal" .

No public market currently exists for the Original Notes. The Exchange Notes will not be listed on any national securities exchange.

Each broker-dealer that receives Exchange Notes for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of Exchange Notes received in exchange for Original Notes where such Original Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, for a period of 90 days after the Expiration Date (as defined herein), we will make this prospectus available to any broker-dealer for use in connection with any such resale. See "Plan of Distribution" below.

Holders may withdraw their tendered Original Notes at any time on or prior to the Expiration Date (as defined below) of the Exchange Offer. The Exchange Offer will expire at 5:00 p.m., New York City time, on May 12, 2011, unless extended or earlier terminated by us (such date, as the same may be extended or earlier terminated, the Expiration Date). The Exchange Offer is subject to customary conditions discussed under The Exchange Offer Conditions to the Exchange Offer .

Investing in the Exchange Notes involves risks. See Risk Factors beginning on page 55 of our 2010 Annual Report to Stockholders, portions of which are filed as Exhibit 13 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, which is incorporated by reference herein, and on page 7 of this prospectus, to read about factors you should consider before investing in the Exchange Notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated April 13, 2011.

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No person has been authorized to give any information or any representation concerning us or the Exchange Offer (other than as contained in this prospectus or the related letter of transmittal) and we take no responsibility for, nor can we provide any assurance as to the reliability of, any other information that others may give you. You should not assume that the information contained or incorporated by reference in this prospectus is accurate as of any date other than the date on the front cover of this prospectus or the date of the incorporated document, as applicable.

In making an investment decision, prospective investors must rely on their own examination of us, and the terms of this offering, including the merits and risks involved. Prospective investors should not construe anything in this prospectus as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to participate in the Exchange Offer and to invest in the Exchange Notes under applicable legal investment or similar laws or regulations.

There are no guaranteed delivery provisions provided for in conjunction with the Exchange Offer under the terms of this prospectus and the accompanying letter of transmittal. Tendering holders must tender their Original Notes in accordance with the procedures set forth under The Exchange Offer Procedures for Tendering Original Notes.

This prospectus contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. See Where You Can Find More Information .

When we refer to we , our or us in this prospectus, we mean AT&T Inc. and its consolidated subsidiaries unless the context explicitly otherwise requires.

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FORWARD-LOOKING STATEMENTS

We have included or incorporated by reference in this prospectus statements that may constitute forward-looking statements. These forward-looking statements are not historical facts but instead represent only our belief regarding future events, many of which, by their nature, are inherently uncertain and outside of our control. It is possible that our actual results may differ, possibly materially, from the anticipated results indicated in or implied by these forward-looking statements. See Risk Factors below for information regarding important factors that could cause actual results to differ, perhaps materially, from those in our forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

We are required to file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). You may read and copy any documents filed by us at the SEC's public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our filings with the SEC are also available to the public through the SEC's Internet site at <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-4 relating to the securities covered by this prospectus. This prospectus is a part of the registration statement and does not contain all of the information in the registration statement. Whenever a reference is made in this prospectus to a contract or other document of ours, please be aware that the reference is only a summary and that you should refer to the exhibits that are a part of the registration statement for a copy of the contract or other document. You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's Internet site.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC and incorporate herein will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), after the date of this prospectus and until the Expiration Date (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC rules):

1. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2010; and
2. Our Current Reports on Form 8-K filed on January 13, 2011, January 27, 2011 (only with respect to information filed under Item 8.01), March 7, 2011, March 21, 2011 (only with respect to information filed under Item 1.01, Item 3.02 and Item 8.01), March 29, 2011 and March 31, 2011.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this prospectus excluding exhibits to those documents unless they are specifically incorporated by reference into those documents. You may make your request by calling us at (210) 351-3049, or by writing to us at the following address:

AT&T Inc.'s Specialist External Reporting
AT&T Inc.

208 S. Akard St.
Dallas, Texas 75202

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SUMMARY

*This summary provides an overview of selected information. Because this is only a summary, it may not contain all of the information that may be important to you in understanding the Exchange Offer. You should carefully read this entire prospectus, including the section entitled **Risk Factors**, as well as the information incorporated by reference in this prospectus. See the sections of this prospectus entitled **Where You Can Find More Information** and **Incorporation of Certain Information by Reference**.*

AT&T Inc.

AT&T Inc. (AT&T) is a holding company incorporated under the laws of the State of Delaware in 1983. Through our subsidiaries and affiliates, we provide wireline and wireless telecommunications services and equipment, directory advertising, and other products and services. Our principal executive offices are located at 208 S. Akard St., Dallas, Texas 75202. Our telephone number is (210) 821-4105. We maintain an Internet site at the following location (which is not an active link): <http://www.att.com>.

We are a leading provider of telecommunications services in the United States (U.S.) and the world. We offer our services and products to consumers in the U.S. and services and products to businesses and other providers of telecommunications services worldwide.

The services and products that we offer vary by market, and include: wireless communications, local exchange services, long-distance services, data/broadband and Internet services, video services, telecommunications equipment, managed networking, wholesale services and directory advertising and publishing. We group our operating subsidiaries as follows, corresponding to our operating segments for financial reporting purposes:

wireless subsidiaries provide both wireless voice and data communications services across the U.S. and, through roaming agreements, in a substantial number of foreign countries;

wireline subsidiaries provide primarily landline voice and data communication services, AT&T U-verse® TV, high-speed broadband and voice services (U-verse) and managed networking to business customers;

advertising solutions subsidiaries publish Yellow and White Pages directories and sell directory advertising and Internet-based advertising and local search; and

other subsidiaries provide results from customer information services and all corporate and other operations.

Our local exchange subsidiaries operate as the incumbent local exchange carrier in 22 states: Alabama, Arkansas, California, Connecticut, Illinois, Indiana, Florida, Georgia, Kentucky, Louisiana, Kansas, Michigan, Mississippi, Missouri, Nevada, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas and Wisconsin. Our local exchange subsidiaries are subject to regulation by each state in which they operate and by the Federal Communications Commission (FCC). Wireless service providers are regulated by the FCC. Additional information relating to regulation is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 under the heading **Government Regulation** and in our 2010 Annual Report to Stockholders under the heading **Operating Environment and Trends of the Business**, and is incorporated herein by reference.

With the expansion of our company through acquisitions and the resulting ownership consolidation of AT&T Mobility, and with continuing advances in technology, our services offerings now combine our traditional wireline

and wireless services, thereby making our customers' lives more convenient and productive and fostering competition and further innovation in the communications and entertainment industry.

Recent Developments

On March 20, 2011, AT&T and Deutsche Telekom AG ("Deutsche Telekom") entered into a stock purchase agreement (the "Stock Purchase Agreement") under which AT&T agreed to acquire from Deutsche

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Telekom all of the outstanding capital stock of its subsidiary T-Mobile USA, Inc. As of such date, the transaction had an approximate cost of \$39 billion to AT&T, consisting of (i) \$25 billion in cash and (ii) approximately \$14 billion of AT&T's common stock, subject to adjustment. In addition, AT&T has the right to increase the cash portion of the purchase price by up to \$4.2 billion with a corresponding decrease in the stock portion. The closing of the acquisition, which is expected to occur in approximately twelve months, is subject to certain conditions, including approval by the Federal Communications Commission and the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Act of 1976, as amended. The acquisition is not subject to the approval of the stockholders of either AT&T or Deutsche Telekom. In the event that the Stock Purchase Agreement is terminated because of the failure to obtain regulatory approval, AT&T may become obligated to pay Deutsche Telekom \$3 billion in cash, enter into a roaming agreement with Deutsche Telekom on terms favorable to both parties and transfer to Deutsche Telekom certain wireless AWS spectrum that AT&T does not need for its initial LTE roll-out.

AT&T and Deutsche Telekom have also entered into a stockholder's agreement, which will become effective upon the closing of the acquisition. Pursuant to the stockholder's agreement, Deutsche Telekom will have the right to nominate one director to AT&T's Board of Directors until such time as Deutsche Telekom's ownership in AT&T has been reduced below an agreed threshold, and so long as such nominee satisfies certain requirements, AT&T is obligated to use its reasonable best efforts to include such nominee in the slate of Board-approved candidates for election to AT&T's Board of Directors.

On March 31, 2011, AT&T entered into a term credit agreement (the "Credit Agreement"), with certain investment and commercial banks, pursuant to which, and subject to the conditions set forth in the Credit Agreement, the lenders committed to provide unsecured bridge financing of up to \$20 billion in connection with the acquisition of T-Mobile USA, Inc. In the event advances are made under the Credit Agreement, those advances would be used solely to finance a portion of the cash consideration to be paid in the acquisition and to pay related fees and expenses. The obligations of the lenders under the Credit Agreement to provide advances will terminate on September 20, 2012, unless prior to that date: (i) AT&T reduces to \$0 the commitments of the lenders under the Credit Agreement, (ii) the Stock Purchase Agreement is terminated prior to the date the advances are made, or (iii) certain events of default occur. The Credit Agreement contains provisions requiring the reduction of the commitments of the lenders and the prepayment of outstanding advances by the amount of net cash proceeds resulting from the incurrence of certain indebtedness by AT&T or its subsidiaries, the public issuance of any capital stock by AT&T or its subsidiaries and non-ordinary course sales or dispositions of assets by AT&T or its subsidiaries, in each case subject to exceptions set forth in the Credit Agreement. Repayment of all advances must be made no later than the first anniversary of the date on which advances are made.

The Exchange Offer

Offeror

AT&T Inc.

The Exchange Offer

We are offering to exchange our Exchange Notes which have been registered under the Securities Act for a like principal amount of our outstanding unregistered Original Notes. Original Notes may only be tendered in an amount equal to \$1,000 in principal amount or in integral multiples of \$1,000 in excess thereof. See "The Exchange Offer" for more information on the terms of the Exchange Offer.

Resale of Exchange Notes

Based upon the position of the staff of the SEC as described in previous no-action letters and subject to the immediately following sentence, we believe that Exchange Notes issued pursuant to the Exchange Offer in exchange for Original Notes may be offered for resale, resold and

otherwise transferred by you without compliance with the registration and
prospectus delivery provisions of the

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Securities Act, provided that you will acknowledge in writing at the time of the consummation of the Exchange Offer that:

you are not a broker-dealer tendering Original Notes that you acquired directly from us for your own account;

you are acquiring the Exchange Notes in the ordinary course of your business;

you have not participated in, do not intend to participate in, and have no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes; and

you are not our affiliate as defined under Rule 405 of the Securities Act.

However, any purchaser of Exchange Notes who is an affiliate of ours or who intends to participate in the Exchange Offer for the purpose of distributing the Exchange Notes, (i) will not be able to rely on the interpretations of the SEC staff set forth in the above-mentioned no-action letters, (ii) will not be entitled to tender its Original Notes in the Exchange Offer, and (iii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Exchange Notes unless such sale or transfer is made pursuant to an exemption from such requirements.

Purpose of the Exchange Offer

The purpose of the Exchange Offer is to satisfy our obligations under a registration rights agreement, dated as of September 2, 2010 (the Registration Rights Agreement).

Consequences If You Do Not Exchange Your Original Notes

Original Notes that are not tendered in the Exchange Offer or are not accepted for exchange will continue to bear legends restricting their transfer. You will not be able to offer or sell such Original Notes unless:

you are able to rely on an exemption from the requirements of the Securities Act; or

the Original Notes are registered under the Securities Act.

To the extent that Original Notes are tendered and accepted in the Exchange Offer, the trading market for any remaining Original Notes may (and likely will) be adversely affected. See Risk Factors If you fail to exchange your Original Notes, they will continue to be restricted securities and may become less liquid .

After the Exchange Offer is complete, you will not have any further rights under the Registration Rights Agreement, including any right to require us to register any outstanding Original Notes that you do not exchange (except under limited circumstances) or to pay you the additional interest we agreed to pay to holders of Original Notes if we failed to timely

commence and complete the Exchange Offer.

Accrued and Unpaid Interest

Original Notes accepted for exchange will cease to accrue interest from and after the Settlement Date. Accordingly, holders whose tenders are accepted for exchange will not receive any payment in

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respect of accrued interest on such Original Notes, unless the record date for any such interest payment occurs before the completion of the Exchange Offer.

Expiration Date

The Expiration Date of the Exchange Offer will be 5:00 p.m., New York City time, on May 12, 2011, unless extended or earlier terminated by us. The term **Expiration Date** means such date and time or, if we extend the Exchange Offer, the latest date and time to which we extend the Exchange Offer.

Settlement Date

The settlement of the Exchange Offer will occur promptly after the Expiration Date.

Conditions to the Exchange Offer

The Exchange Offer is subject to customary conditions described in **The Exchange Offer Conditions to the Exchange Offer**, including, among other things, the condition that the registration statement of which this prospectus forms a part shall have become effective and that there shall not have occurred or be reasonably likely to occur any material adverse change to our business, operations, properties, condition, assets, liabilities, prospects or financial affairs.

Extension; Waivers and Amendments

Subject to applicable law, we reserve the right to (1) extend the Exchange Offer; (2) waive any and all conditions to or amend the Exchange Offer in any respect (except as to the condition that the registration statement of which this prospectus forms a part having been declared effective and not being subject to a stop order or any proceedings for that purpose, which conditions we cannot waive); or (3) terminate the Exchange Offer. Any extension, waiver, amendment or termination will be followed as promptly as practicable by a public announcement thereof, such announcement, in the case of an extension, to be issued no later than 9:00 a.m., New York City time, on the next business day after the last previously scheduled Expiration Date. See **The Exchange Offer Expiration Date; Extension; Termination; Amendment**.

Terms of Exchange Notes

The terms of the Exchange Notes are described in this prospectus under **Description of Exchange Notes**.

Procedures for Tendering the Original Notes

You may tender your Original Notes by transferring them through DTC's Automated Tender Offer Program (**ATOP**) or following the other procedures described under **The Exchange Offer Procedures for Tendering Original Notes** and **The Exchange Offer Book-Entry Delivery Procedures for Tendering Original Notes Held with DTC**.

For further information, call the Exchange Agent at the telephone numbers set forth under **The Exchange Agent** or consult your broker, dealer, commercial bank, trust company or other nominee for assistance.

If you are a beneficial owner of Original Notes that are held by or registered in the name of a broker, dealer, commercial bank, trust

company or other nominee or custodian and you wish to tender your Original Notes in order to participate in the Exchange Offer, you should contact your intermediary entity promptly and instruct

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it to tender the Original Notes on your behalf. You should keep in mind that your intermediary may require you to take action with respect to the Exchange Offer a number of days before the Expiration Date in order for such entity to tender Original Notes on your behalf on or prior to the Expiration Date in accordance with the terms of the Exchange Offer. See *The Exchange Offer Book-Entry Delivery Procedures for Tendering Original Notes Held with DTC* .

Withdrawal Rights; Non-Acceptance

You may withdraw your tender of Original Notes at any time prior to the Expiration Date. In the event that tendered Original Notes are not withdrawn and not accepted by us for exchange, such Original Notes will be promptly returned to such holders or credited to such holders' DTC account in the same manner as tendered to us, unless a holder has indicated other delivery instructions in the related letter of transmittal or computer-generated message. See *The Exchange Offer Withdrawal of Tenders* and *The Exchange Offer Terms of the Exchange Offer* .

Absence of Dissenters

Rights of Appraisal You do not have dissenters' rights of appraisal with respect to the Exchange Offer. See *The Exchange Offer Absence of Dissenters Rights of Appraisal* .

Certain U.S. Federal Income Tax Considerations

The exchange of notes pursuant to the Exchange Offer generally should not be a taxable event for U.S. federal income tax purposes. See *Certain U.S. Federal Income Tax Considerations* .

Accounting Treatment

The Exchange Notes will be recorded at the same carrying value as the Original Notes as reflected in our accounting records on the date of the exchange. Accordingly, we will not recognize any gain or loss for accounting purposes upon the completion of the Exchange Offer. Payments made to other third parties will be expensed as incurred in accordance with generally accepted accounting principles. See *The Exchange Offer Accounting Treatment* .

Exchange Agent

The Bank of New York Mellon Trust Company, N.A. is the Exchange Agent for the Exchange Offer. See *The Exchange Agent* below.

Further Information

See *The Exchange Offer* for more information concerning the Exchange Offer.

The Exchange Notes

*The following summary contains basic information about the Exchange Notes. It does not contain all of the information that may be important to you. For a more complete description of the terms of the Exchange Notes, see *Description of Exchange Notes* .*

Issuer

AT&T Inc.

Exchange Notes

The terms of the Original Notes and the Exchange Notes are identical, except the Exchange Notes offered in the Exchange Offer:

will have been registered under the Securities Act;

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will not have transfer restrictions and registration rights that relate to the Original Notes; and

will not have rights relating to the payment of additional interest to holders of Original Notes if we fail to timely commence and complete the Exchange Offer.

Maturity Date	September 1, 2040, at par.
Interest Rate	The Exchange Notes will bear interest from the Settlement Date at the rate of 5.35% per annum, payable semi-annually in arrears in two equal payments.
Interest Payment Dates	March 1 and September 1 of each year, commencing on September 1, 2011.
Optional Redemption	The Exchange Notes will be redeemable, as a whole or in part, at our option, at any time and from time to time, on at least 30 days , but not more than 60 days , prior notice mailed to the registered address of each holder of the Exchange Notes at a redemption price equal to their principal amount plus a make-whole premium, if any, and accrued and unpaid interest to the redemption date. See Description of Exchange Notes Optional Redemption of the Exchange Notes .
Form and Settlement	The Exchange Notes will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, DTC as the depositary, and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global notes through either DTC (in the United States), Clearstream Banking, Société Anonyme, or Euroclear Bank S.A./N.V., as operator of the Euroclear System (outside of the United States), if they are participants in these systems, or indirectly through organizations which are participants in these systems. Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other hand, will be effected in accordance with DTC rules on behalf of the relevant international clearing system by its U.S. depositary.
Listing	The Exchange Notes will not be listed for trading on any national securities exchange.
Governing Law	The Exchange Notes will be governed by the laws of the State of New York.

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RISK FACTORS

Any investment in the Exchange Notes involves a high degree of risk, including but not limited to the risks described below. In addition, you should carefully consider, among other things, the matters discussed under Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as well as the other information incorporated by reference in this prospectus. The risks and uncertainties described below and in our Annual Report are not the only risks and uncertainties we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of the following risks actually occur, our business, financial condition and results of operations could suffer. As a result, the trading price of the Exchange Notes could decline, perhaps significantly, and you could lose all or part of your investment. The risks discussed below also include forward-looking statements and our actual results may differ substantially from those discussed in these forward-looking statements. See Forward-Looking Statements .

Risks Relating to Participation in the Exchange Offer

Our board of directors has not made a recommendation as to whether you should tender your Original Notes in exchange for Exchange Notes in the Exchange Offer, and we have not obtained a third-party determination that the Exchange Offer is fair to holders of our Original Notes.

Our board of directors has not made, and will not make, any recommendation as to whether holders of Original Notes should tender their Original Notes in exchange for Exchange Notes pursuant to the Exchange Offer. We have not retained, and do not intend to retain, any unaffiliated representative to act solely on behalf of the holders of the Original Notes for purposes of negotiating the terms of this Exchange Offer, or preparing a report or making any recommendation concerning the fairness of this Exchange Offer. Therefore, if you tender your Original Notes, you may not receive more or as much value than if you chose to keep them. Holders of Original Notes must make their own independent decisions regarding their participation in the Exchange Offer.

If you fail to exchange your Original Notes, they will continue to be restricted securities and may become less liquid.

Original Notes that you do not tender or we do not accept will, following the Exchange Offer, continue to be restricted securities, and you may not offer to sell them except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities law. We will issue Exchange Notes in exchange for the Original Notes pursuant to the Exchange Offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Conditions to the Exchange Offer and The Exchange Offer Procedures for Tendering Original Notes . These procedures and conditions include timely receipt by the Exchange Agent of such Original Notes (or a confirmation of book-entry transfer) and of a properly completed and duly executed letter of transmittal (or an agent's message from DTC).

Because we anticipate that most holders of Original Notes will elect to exchange their Original Notes, we expect that the liquidity of the market for any Original Notes remaining after the completion of the Exchange Offer will be substantially limited. Any Original Notes tendered and exchanged in the Exchange Offer will reduce the aggregate principal amount of the Original Notes outstanding. Following the Exchange Offer, if you do not tender your Original Notes you generally will not have any further registration rights, and your Original Notes will continue to be subject to certain transfer restrictions. Accordingly, the liquidity of the market for the Original Notes could be adversely affected.

If an active trading market does not develop for the Exchange Notes, you may be unable to sell the Exchange Notes or to sell them at a price you deem sufficient.

The Exchange Notes are a new issue of securities for which there is currently no public trading market. We do not intend to list the Exchange Notes on any national securities exchange. Accordingly, there can be no assurances that an active trading market will develop upon completion of the Exchange Offer or, if it develops, that such market will be sustained, or as to the liquidity of any market. If an active trading market does not

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develop or is not sustained, the market price and the liquidity of the Exchange Notes may be adversely affected. In addition, the liquidity of the trading market for the Exchange Notes, if it develops, and the market price quoted for the Exchange Notes, may be adversely affected by changes in the overall market for those securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally.

Risks Relating to the Exchange Notes

We are a holding company that conducts all of our business through our subsidiaries. The debt and other liabilities of our subsidiaries, including Original Notes that remain outstanding after completion of the Exchange Offer, will be effectively senior to the Exchange Notes.

We conduct all of our business through our subsidiaries. Our cash flow and, consequently, our ability to pay interest and to service our debt, including the Exchange Notes, are dependent upon the cash flow of our subsidiaries and the payment of funds to us by those subsidiaries in the form of loans, dividends or otherwise. Our subsidiaries are separate and distinct legal entities and will have no obligation, contingent or otherwise, to pay any amounts due on the Exchange Notes or to make cash available to us for that purpose. In addition, many of our operating subsidiaries are highly regulated and may be subject to restrictions on their ability to pay dividends to us. These subsidiaries may use the earnings they generate, as well as their existing assets, to fulfill any existing or future direct debt service requirements of such subsidiaries.

The Exchange Notes will be our senior unsecured obligations and will rank equally in right of payment with all existing and future senior unsecured indebtedness of AT&T Inc. The Exchange Notes will be effectively junior to all existing and future indebtedness and other liabilities of our subsidiaries, which means that creditors of our subsidiaries will be paid from their assets before holders of the Exchange Notes would have any claims to those assets.

USE OF PROCEEDS

This Exchange Offer is intended to satisfy our obligations under the Registration Rights Agreement entered into in connection with the issuance of the Original Notes. We will not receive any cash proceeds from the issuance of the Exchange Notes in the Exchange Offer. The Original Notes surrendered and exchanged for the Exchange Notes will be retired and canceled.

RATIO OF EARNINGS TO FIXED CHARGES

AT&T's consolidated ratio of earnings to fixed charges for each of the fiscal years indicated is as follows:

		For the Years Ended			
	2010	2009	2008	2007	2006
Ratio of earnings to fixed charges ¹	4.52	4.42		6.95	8.67

¹ Earnings were not sufficient to cover fixed charges in 2008. The deficit was \$943.

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The following consolidated selected financial and operating data should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010 and the consolidated financial statements and related notes of AT&T incorporated by reference therein. The consolidated selected financial data as of December 31, 2010, December 31, 2009, December 31, 2008, December 31, 2007 and December 31, 2006 and for the fiscal years then ended were derived from the audited consolidated financial statements and notes thereto of AT&T. Dollars in millions except per share amounts.

At December 31 or for the Year Ended:	2010	2009(1)	2008(1) As Adjusted	2007(1)	2006(1),(2)
Financial Data					
Operating revenues	\$ 124,280	\$ 122,513	\$ 123,443	\$ 118,322	\$ 62,518
Operating expenses	\$ 104,707	\$ 101,513	\$ 125,133	\$ 89,181	\$ 44,521
Operating income (loss)	\$ 19,573	\$ 21,000	\$ (1,690)	\$ 29,141	\$ 17,997
Interest expense	\$ 2,994	\$ 3,368	\$ 3,369	\$ 3,460	\$ 1,800
Equity in net income of affiliates	\$ 762	\$ 734	\$ 819	\$ 692	\$ 2,043
Other income (expense) net	\$ 897	\$ 152	\$ (332)	\$ 814	\$ 398
Income tax expense (benefit)	\$ (1,162)	\$ 6,091	\$ (2,210)	\$ 9,917	\$ 6,088
Net Income (Loss)	\$ 20,179	\$ 12,447	\$ (2,364)	\$ 17,228	\$ 12,547
Less: Net Income Attributable to Noncontrolling Interest	\$ (315)	\$ (309)	\$ (261)	\$ (196)	\$ (5)
Net Income (Loss) Attributable to AT&T	\$ 19,864	\$ 12,138	\$ (2,625)	\$ 17,032	\$ 12,542
Earnings (Loss) Per Common Share:					
Net Income (Loss) Attributable to AT&T	\$ 3.36	\$ 2.06	\$ (0.44)	\$ 2.78	\$ 3.23
Earnings (Loss) Per Common Share Assuming Dilution:					
Net Income (Loss) Attributable to AT&T	\$ 3.35	\$ 2.05	\$ (0.44)	\$ 2.76	\$ 3.22
Total assets	\$ 268,488	\$ 268,312	\$ 264,700	\$ 274,951	\$ 270,118
Long-term debt	\$ 58,971	\$ 64,720	\$ 60,872	\$ 57,253	\$ 50,062
Total debt	\$ 66,167	\$ 72,081	\$ 74,990	\$ 64,112	\$ 59,795
Construction and capital expenditures	\$ 20,302	\$ 17,294	\$ 20,290	\$ 17,831	\$ 8,337
Dividends declared per common share	\$ 1.69	\$ 1.65	\$ 1.61	\$ 1.47	\$ 1.35
Book value per common share	\$ 18.94	\$ 17.28	\$ 16.35	\$ 19.07	\$ 18.52
Ratio of earnings to fixed charges(6)	4.52	4.42		6.95	8.67
Debt ratio	37.1%	41.4%	43.8%	35.7%	34.1%
Weighted average common shares outstanding (000,000)	5,913	5,900	5,927	6,127	3,882
Weighted average common shares outstanding with dilution (000,000)	5,938	5,924	5,958	6,170	3,902
End of period common shares outstanding (000,000)	5,911	5,902	5,893	6,044	6,239
Operating Data					
Wireless connections (000)(3)	95,536	85,120	77,009	70,052	60,962

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In-region network access lines in service (000)	43,678	49,392	55,610	61,582	66,469
Broadband connections (000)(4),(5)	17,755	17,254	16,265	14,802	12,170
Number of employees	266,590	282,720	302,660	309,050	304,180

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- (1) Financial data for 2006 – 2009 has been adjusted to reflect our voluntary change in accounting for pension and postretirement benefits. See Note 1 to consolidated financial statements contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2010.
- (2) Our 2006 income statement amounts reflect results from BellSouth Corporation (BellSouth) and AT&T Mobility LLC (AT&T Mobility), formerly Cingular Wireless LLC, for the two days following the December 29, 2006 acquisition. Our 2006 balance sheet and end-of-year metrics include 100% of BellSouth and AT&T Mobility. Prior to the December 29, 2006 BellSouth acquisition, AT&T Mobility was a joint venture in which we owned 60% and was accounted for under the equity method.
- (3) The number presented represents 100% of AT&T Mobility cellular/PCS customers.
- (4) Broadband connections include in-region DSL lines, in-region U-verse High Speed Internet access, satellite broadband and 3G LaptopConnect cards.
- (5) Prior-period amounts restated to conform to current period reporting methodology.
- (6) Earnings were not sufficient to cover fixed charges in 2008. The deficit was \$943.