

AT&T INC.
Form 424B5
December 07, 2012
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Filed pursuant to Rule 424 (B)(5)
SEC File No. 333-165543

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price per Unit	Proposed	Amount of Registration Fee (1) (2)
			Maximum Aggregate Offering Price	
0.800% Global Notes due 2015	\$1,000,000,000	99.968%	\$3,998,435,000	\$545,386.53
1.400% Global Notes due 2017	\$1,500,000,000	99.995%		
2.625% Global Notes due 2022	\$1,500,000,000	99.922%		

- (1) Pursuant to Rule 457(r), the total registration fee for this offering is \$545,386.53.
(2) A filing fee of \$545,386.53 is being paid in connection with this offering.

Table of Contents**Prospectus Supplement****December 6, 2012****(To Prospectus dated March 18, 2010)****U.S.\$4,000,000,000****AT&T Inc.****U.S.\$1,000,000,000 0.800% Global Notes due 2015****U.S.\$1,500,000,000 1.400% Global Notes due 2017****U.S.\$1,500,000,000 2.625% Global Notes due 2022**

We will pay interest on the 0.800% global notes due 2015 (the 2015 Notes), the 1.400% global notes due 2017 (the 2017 Notes) and the 2.625% global notes due 2022 (the 2022 Notes) and, collectively with the 2015 Notes and the 2017 Notes, the Notes on June 1 and December 1 of each year. The first such payment will be made on June 1, 2013.

We may redeem some or all of the Notes at any time and from time to time at the prices indicated under the heading Description of the Notes Optional Redemption of the Notes beginning on page S-5 of this prospectus supplement. The Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000.

See Risk Factors beginning on page 53 of our 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, 2011, and Risk Factors beginning on page 35 of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, which are incorporated by reference herein, to read about factors you should consider before investing in the Notes.

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

	Per 2015		Per 2017		Per 2022	
	Note	Total	Note	Total	Note	Total
Initial public offering price	99.968%	\$ 999,680,000	99.995%	\$ 1,499,925,000	99.922%	\$ 1,498,830,000
Underwriting discounts	0.200%	\$ 2,000,000	0.300%	\$ 4,500,000	0.400%	\$ 6,000,000
Proceeds, before expenses, to AT&T	99.768%	\$ 997,680,000	99.695%	\$ 1,495,425,000	99.522%	\$ 1,492,830,000

The initial public offering prices set forth above do not include accrued interest, if any. Interest on the Notes will accrue from December 11, 2012.

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The underwriters expect to deliver the Notes through the facilities of The Depository Trust Company for the accounts of its participants, including, Clearstream Banking, Société Anonyme and Euroclear Bank S.A./N.V., against payment in New York, New York on December 11, 2012.

Joint Book-Running Managers

BofA Merrill Lynch

Goldman, Sachs & Co.

Senior Co-Managers

Mizuho Securities

US Bancorp

Co-Managers

**Drexel Hamilton
Ramirez & Co., Inc.**

**Mischler Financial Group, Inc.
Siebert Capital Markets**

**MFR Securities, Inc.
The Williams Capital Group, L.P.**

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We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, we take no responsibility for, nor can we provide any assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information contained in this prospectus supplement shall control. If any statement in this prospectus supplement conflicts with any statement in a document which we have incorporated by reference, then you should consider only the statement in the more recent document.

In this prospectus supplement, we, our, us and AT&T refer to AT&T Inc. and its consolidated subsidiaries.

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SUMMARY OF THE OFFERING

Issuer	AT&T Inc.
Securities Offered	U.S.\$1,000,000,000 aggregate principal amount of 0.800% global notes due 2015, U.S.\$1,500,000,000 aggregate principal amount of 1.400% global notes due 2017 and U.S.\$1,500,000,000 aggregate principal amount of 2.625% global notes due 2022.
Maturity Dates	December 1, 2015, at par, for the 2015 Notes. December 1, 2017, at par, for the 2017 Notes. December 1, 2022, at par, for the 2022 Notes.
Interest Rates	The 2015 Notes will bear interest from December 11, 2012 at the rate of 0.800% per annum, the 2017 Notes will bear interest from December 11, 2012 at the rate of 1.400% per annum and the 2022 Notes will bear interest from December 11, 2012 at the rate of 2.625% per annum, in each case payable semi-annually in arrears in two equal payments.
Interest Payment Dates	June 1 and December 1 of each year, commencing on June 1, 2013.
Optional Redemption	The Notes are redeemable at any time in whole or from time to time in part 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 the Notes Optional Redemption of the Notes.
Markets	The Notes are offered for sale in those jurisdictions in the United States, Europe and Asia where it is legal to make such offers. See Underwriting.
No Listing	The Notes are not being listed on any organized exchange or market.
Form and Settlement	The Notes will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company known as DTC as the depository, 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.

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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.

Governing Law

The Notes will be governed by the laws of the State of New York.

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USE OF PROCEEDS

The net proceeds to AT&T from the Notes offering will be approximately \$3,985,035,000, after deducting underwriting discounts and our estimated offering expenses. These proceeds will be used for general corporate purposes.

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The following table sets forth the capitalization of AT&T as of September 30, 2012 and as adjusted solely to reflect (a) the issuance of \$4,000,000,000 of the Notes, net of the underwriting discounts and our estimated offering expenses, and the application of the net proceeds as described under "Use of Proceeds" above assuming that all of the net proceeds from the sale of the Notes would be used for general corporate purposes, and (b) the issuance in December 2012 of 1,000,000,000 (approximately \$1,290 million based on the November 28, 2012 exchange rate) of 1.875% Global Notes due 2020, net of the underwriting discounts and our estimated offering expenses (net of reimbursements from the underwriters), and the application of the net proceeds assuming that all of the net proceeds from the sale of such Notes would be used for general corporate purposes. AT&T's total capital consists of debt (long-term debt and debt maturing within one year) and shareowners' equity.

	As of September 30, 2012	
	Actual	As Adjusted
	(Unaudited)	(Unaudited)
	(In millions)	
Long-term debt (1)	\$ 60,314	\$ 65,604
Debt maturing within one year (2)	3,433	3,433
Shareowners' equity:		
Common shares (\$1 par value, 14,000,000,000 authorized: issued 6,495,231,088)	6,495	6,495
Capital in excess of par value	90,982	90,982
Retained earnings	28,907	28,907
Treasury shares (788,169,469, at cost)	(28,533)	(28,533)
Other adjustments	3,423	3,423
Shareowners' equity	\$ 101,274	\$ 101,274
Total Capitalization	\$ 165,021	\$ 170,311

- (1) As Adjusted column reflects the issuance of the Notes offered hereby and the issuance by AT&T of 1,000,000,000 (approximately \$1,290 million based on the November 28, 2012 exchange rate) of 1.875% Global Notes due 2020, which were issued subsequent to September 30, 2012.
- (2) Debt maturing within one year consists principally of the current portion of long-term debt and commercial paper and other short-term borrowings.

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DESCRIPTION OF THE NOTES

The following description of the general terms of the Notes should be read in conjunction with the statements under **Description of Debt Securities We May Offer** in the accompanying prospectus. If this summary differs in any way from the **Summary Description of the Securities We May Issue** in the accompanying prospectus, you should rely on this summary.

General

The Notes will be issued under our indenture with The Bank of New York Mellon, acting as trustee, as described under **Description of Debt Securities We May Offer** in the accompanying prospectus. The Notes will be our unsecured and unsubordinated obligations and will rank *pari passu* with all other indebtedness issued under our indenture. The Notes will constitute three separate series under the indenture. We will issue the Notes in fully registered form only and in minimum denominations of \$2,000 and integral multiples of \$1,000 thereafter.

We may issue definitive notes in the limited circumstances set forth in **Form and Title** below. If we issue definitive notes, principal of and interest on our notes will be payable in the manner described below, the transfer of our notes will be registrable, and our notes will be exchangeable for notes bearing identical terms and provisions, at the office of The Bank of New York Mellon, the paying agent and registrar for our notes, currently located at 101 Barclay Street, New York, New York 10286. However, payment of interest, other than interest at maturity, or upon redemption, may be made by check mailed to the address of the person entitled to the interest as it appears on the security register at the close of business on the regular record date corresponding to the relevant interest payment date. Notwithstanding this, (1) the depository, as holder of our notes, or (2) a holder of more than \$5 million in aggregate principal amount of notes in definitive form can require the paying agent to make payments of interest, other than interest due at maturity, or upon redemption, by wire transfer of immediately available funds into an account maintained by the holder in the United States, by sending appropriate wire transfer instructions as long as the paying agent receives the instructions not less than ten days prior to the applicable interest payment date. The principal and interest payable in U.S. dollars on a note at maturity, or upon redemption, will be paid by wire transfer of immediately available funds against presentation of a note at the office of the paying agent.

For purposes of the Notes, a business day means a business day in The City of New York and London.

The 2015 Notes offered by this prospectus supplement will bear interest at the rate of 0.800% per annum. We will pay interest on our 2015 Notes in arrears on each June 1 and December 1, commencing on June 1, 2013, to the persons in whose names our 2015 Notes are registered at the close of business on the May 15 and November 15 preceding the respective interest payment date. The 2015 Notes will mature on December 1, 2015.

The 2017 Notes offered by this prospectus supplement will bear interest at the rate of 1.400% per annum. We will pay interest on our 2017 Notes in arrears on each June 1 and December 1, commencing on June 1, 2013, to the persons in whose names our 2017 Notes are registered at the close of business on the May 15 and November 15 preceding the respective interest payment date. The 2017 Notes will mature on December 1, 2017.

The 2022 Notes offered by this prospectus supplement will bear interest at the rate of 2.625% per annum. We will pay interest on our 2022 Notes in arrears on each June 1 and December 1, commencing on June 1, 2013, to the persons in whose names our 2022 Notes are registered at the close of business on the May 15 and November 15 preceding the respective interest payment date. The 2022 Notes will mature on December 1, 2022.

Optional Redemption of the Notes

The Notes of each series will be redeemable, as a whole or in part, at our option, at any time (or in the case of the 2022 Notes, at any time prior to September 1, 2022) and from time to time, on at least 30 days , but not

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more than 60 days , prior notice mailed to the registered address of each holder of the Notes of that series. The redemption price will be equal to the greater of (1) 100% of the principal amount of the Notes of that series to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate (as defined below) for that series and 10 basis points for the 2015 Notes, 15 basis points for the 2017 Notes and 15 basis points for the 2022 Notes. In the case of each of clauses (1) and (2), accrued interest will be payable to the redemption date. At any time on or after September 1, 2022, we have the option to redeem the 2022 Notes, as a whole or in part, on at least 30 days , but not more than 60 days , prior notice mailed to the registered address of each holder of the 2022 Notes at a redemption price equal to 100% of the principal amount of the 2022 Notes to be redeemed. Accrued interest will be payable to the redemption date.

Treasury Rate means, with respect to any redemption date for a series of Notes, the rate per annum equal to the semiannual equivalent yield to maturity or interpolation (on a day count basis) of the interpolated Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

Comparable Treasury Issue means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated (on a day count basis) maturity comparable to the remaining term of the Notes of that series to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of such Notes.

Independent Investment Banker means one of the Reference Treasury Dealers, appointed by the Trustee upon direction by AT&T.

Comparable Treasury Price means, with respect to any redemption date for a series of Notes, (1) the average of the Reference Treasury Dealer Quotations for such redemption date after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than three such Reference Treasury Dealer Quotations, the average of all such quotations.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date for a series of Notes, the average, as determined by the trustee after consultation with AT&T, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding such redemption date.

Reference Treasury Dealer means each of Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and their respective affiliates and, at the option of AT&T, one other nationally recognized investment banking firm that is a primary U.S. Government Securities dealer in the United States (a Primary Treasury Dealer).

Remaining Scheduled Payments means, with respect to each Note of a series to be redeemed, the remaining scheduled payments of principal of and interest on such Notes that would be due after the related redemption date but for the redemption. If that redemption date is not an interest payment date with respect to the Notes, the amount of the next succeeding scheduled interest payment on the Notes will be reduced by the amount of interest accrued on the Notes to the redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption, unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date.

In the case of any partial redemption, selection of the Notes of a series to be redeemed will be made in accordance with applicable procedures of DTC.

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Form and Title

The Notes of each series will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company, known as DTC, as the depository, 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, which we refer to as Clearstream Luxembourg, 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. Clearstream Luxembourg and Euroclear will hold interests on behalf of their participants through customers securities accounts in Clearstream Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn will hold these interests in customers securities accounts in the names of their respective U.S. depositories on the books of DTC. Citibank, N.A. will act as the U.S. depository for Clearstream Luxembourg, and JPMorgan Chase Bank, N.A. will act as the U.S. depository for Euroclear. Except under circumstances described below, the Notes will not be issuable in definitive form. The laws of some states require that certain purchasers of securities take physical delivery of their securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in the global notes.

So long as the depository or its nominee is the registered owner of the global notes, the depository or its nominee will be considered the sole owner or holder of the Notes represented by the global notes for all purposes under the indenture. Except as provided below, owners of beneficial interests in the global notes will not be entitled to have the Notes represented by the global notes registered in their names, will not receive or be entitled to receive physical delivery of the Notes in definitive form and will not be considered the owners or holders thereof under the indenture.

Principal and interest payments on the Notes registered in the name of the depository or its nominee will be made to the depository or its nominee, as the case may be, as the registered owner of the global notes. None of us, the trustee, any paying agent or registrar for the Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the global notes or for maintaining, supervising or reviewing any records relating to these beneficial interests.

We expect that the depository for the Notes or its nominee, upon receipt of any payment of principal or interest, will credit the participants accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global notes as shown on the records of the depository or its nominee. We also expect that payments by participants to owners of beneficial interest in the global notes held through these participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in street name, and will be the responsibility of these participants.

If the depository is at any time unwilling or unable to continue as depository for the global notes of a series and a successor depository is not appointed by us within 90 days, we will issue the Notes of that series in definitive form in exchange for the global notes of that series. We will also issue the Notes in definitive form in exchange for the global notes of that series if an event of default has occurred with regard to the Notes of that series represented by the global notes and has not been cured or waived. In addition, we may at any time and in our sole discretion determine not to have the Notes of a series represented by the global notes and, in that event, will issue the Notes of that series in definitive form in exchange for the global notes. In any such instance, an owner of a beneficial interest in the global notes will be entitled to physical delivery in definitive form of the Notes represented by the global notes equal in principal amount to such beneficial interest and to have such Notes registered in its name. The Notes so issued in definitive form will be issued as registered in minimum denominations of \$2,000 and integral multiples of \$1,000 thereafter, unless otherwise specified by us. Our definitive form of the Notes can be transferred by presentation for registration to the registrar at its New York office and must be duly endorsed by the holder or his attorney duly authorized in writing, or accompanied by a

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written instrument or instruments of transfer in form satisfactory to us or the trustee duly executed by the holder or his attorney duly authorized in writing. We may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of definitive notes.

The Clearing Systems

DTC. The depositary has advised us as follows: the depositary is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. The depositary holds securities deposited with it by its participants and facilitates the settlement of transactions among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The depositary's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own the depositary. Access to the depositary's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

According to the depositary, the foregoing information with respect to the depositary has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

Clearstream Luxembourg. Clearstream Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depositary. Clearstream Luxembourg holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg participants through electronic book-entry changes in accounts of Clearstream Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream Luxembourg provides to Clearstream Luxembourg participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg interfaces with domestic markets in several countries. As a professional depositary, Clearstream Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Luxembourg participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg participant either directly or indirectly.

Distributions with respect to each series of Notes held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg participants in accordance with its rules and procedures, to the extent received by the U.S. depositary for Clearstream Luxembourg.

Euroclear. Euroclear has advised that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and eliminating any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium as the Euroclear operator.

The Euroclear operator holds securities and book-entry interests in securities for participating organizations

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and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries.

The Euroclear operator provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Non-participants of Euroclear may hold and transfer book-entry interests in the securities through accounts with a direct participant of Euroclear or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and the Euroclear operator.

The Euroclear operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of the Euroclear System, and applicable Belgian law, which are collectively referred to as the terms and conditions. The terms and conditions govern transfers of notes and cash within Euroclear, withdrawals of notes and cash from Euroclear, and receipts of payments with respect to notes in Euroclear. All notes in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to each series of Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depository for Euroclear.

Global Clearance and Settlement Procedures

Initial settlement for the Notes will be made in same-day U.S. dollar funds.

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream Luxembourg participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and directly or indirectly through Clearstream Luxembourg or Euroclear participants, on the other hand, will be effected in DTC in accordance with DTC rules on behalf of the relevant international clearing system by its U.S. depository. However, cross-market transactions will require delivery of instructions to the relevant international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC. Clearstream Luxembourg participants and Euroclear participants may not deliver instructions directly to the respective U.S. depository.

Because of time-zone differences, credits of notes received in Clearstream Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. These credits or any transactions in the Notes settled during the processing will be reported to the relevant Clearstream Luxembourg or Euroclear participants on that business day. Cash received in Clearstream Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream Luxembourg participant or a Euroclear participant to a DTC participant will be received

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with value on the DTC settlement date but will be available in the relevant Clearstream Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

Although it is expected that DTC, Clearstream Luxembourg and Euroclear will follow the foregoing procedures in order to facilitate transfers of notes among participants of DTC, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue such procedures and such procedures may be changed or discontinued at any time.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes of each series such additional amounts as are necessary so that the net payment by us or a paying agent of the principal of and interest on the Notes of that series to a person that is a United States alien holder (as defined under the heading **United States Tax Considerations** **United States Alien Holders** below), after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes of that series had no withholding or deduction been required.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in trade or business in the United States or has or had a permanent establishment in the United States;

(b) is or was a citizen or resident or is or was treated as a resident of the United States;

(c) is or was a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or is or was a corporation that has accumulated earnings to avoid United States federal income tax; or

(d) is or was a 10-percent shareholder of AT&T;

(2) to any holder that is not the sole beneficial owner of the Notes of that series, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that the beneficial owner, a beneficiary or settlor with respect to the fiduciary, or a member of the partnership would not have been entitled to the payment of an additional amount had such beneficial owner, beneficiary, settlor or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner or any other person failed to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or governmental charge that is imposed other than by deduction or withholding by AT&T or a paying agent from the payment;

(5) to any tax, assessment or governmental charge that is imposed or withheld solely because of a change in law, regulation, or administrative or judicial interpretation that becomes effective after the day on which the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or any similar tax, assessment or governmental charge;

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(7) to any tax, assessment or other governmental charge any paying agent (which term may include us) must withhold from any payment of principal of or interest on any note, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of the above items.

The Notes of each series are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable. Except as specifically provided under this heading **Payment of Additional Amounts** and under the heading **Redemption Upon a Tax Event**, we do not have to make any payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority.

In particular, we will not pay additional amounts on any Note:

where withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Council Directive 2003/48/EC of June 3, 2003 on the taxation of savings income in the form of interest payments, or any law implementing or complying with, or introduced in order to conform to, that Directive; or

presented for payment by or on behalf of a beneficial owner who would have been able to avoid the withholding or deduction by presenting the relevant global note to another paying agent in a member state of the European Union.

Redemption Upon a Tax Event

If (a) we become or will become obligated to pay additional amounts with respect to any Notes of a series as described herein under the heading **Payment of Additional Amounts** as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, any official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective, on or after the date of this prospectus supplement or (b) a taxing authority of the United States takes an action on or after the date of this prospectus supplement, whether or not with respect to us or any of our affiliates, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem, as a whole, but not in part, the Notes of that series on any interest payment date on not less than 30 nor more than 60 calendar days prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption. However, we may determine, in our business judgment, that the obligation to pay these additional amounts cannot be avoided by the use of reasonable measures available to us, not including substitution of the obligor under the Notes of that series. No redemption pursuant to (b) above may be made unless we shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial probability that we will or may be required to pay the additional amounts described herein under the heading **Payment of Additional Amounts** and we shall have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes of that series pursuant to their terms.

Further Issues

We may from time to time, without notice to or the consent of the holders of any series of Notes, create and issue further notes ranking equally and ratably with such series in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as the Notes of the applicable series. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the indenture, or under an officers certificate pursuant to the indenture.

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Notices

Notices to holders of the Notes will be published in authorized newspapers in The City of New York and in London. It is expected that publication will be made in The City of New York in *The Wall Street Journal* and in London in the *Financial Times*. We will be deemed to have given this notice on the date of each publication or, if published more than once, on the date of the first publication.

Prescription Period

Any money that we deposit with the trustee or any paying agent for the payment of principal or any interest on any global note of any series that remains unclaimed for two years after the date upon which the principal and interest are due and payable will be repaid to us upon our request unless otherwise required by mandatory provisions of any applicable unclaimed property law. After that time, unless otherwise required by mandatory provisions of any unclaimed property law, the holder of the global note will be able to seek any payment to which that holder may be entitled to collect only from us.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

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UNITED STATES TAX CONSIDERATIONS

This section describes the material United States federal income tax consequences of owning the Notes we are offering. It applies to you only if you acquire Notes in the offering at the offering price and you hold your Notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns Notes that are a hedge or that are hedged against interest rate risks,

a person that owns Notes as part of a straddle or conversion transaction for tax purposes,

a person that purchases or sells Notes as part of a wash sale for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

Please consult your tax advisor concerning the consequences of owning these Notes, in your particular circumstances, under the Internal Revenue Code and the laws of any other taxing jurisdiction.

United States Holders

This subsection describes the United States federal income tax consequences to a United States holder. You are a United States holder if you are the beneficial owner of a Note and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to United States Alien Holders below.

Payments of Interest. You will be taxed on interest on your Note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

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Purchase, Sale and Retirement of the Notes. Your tax basis in your Note generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your Note equal to the difference between the amounts you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest, and your tax basis in your Note. Capital gain of a non-corporate United States holder is generally taxed at preferential rates where the holder has a holding period greater than one year.

Medicare Tax. For taxable years beginning after December 31, 2012, a United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the United States holder's net investment income for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A United States holder's net investment income will generally include its interest income and its net gains from the disposition of Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Notes.

United States Alien Holders

This subsection describes the United States federal income tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a Note and you are, for United States federal income tax purposes:

a nonresident alien individual,

a foreign corporation, or

an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Note.

If you are a United States holder, this subsection does not apply to you.

Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a Note:

we and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal, premium, if any, and interest, to you if, in the case of payments of interest:

1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote,
2. you are not a controlled foreign corporation that is related to us through stock ownership, and
3. the United States payor does not have actual knowledge or reason to know that you are a United States person and:
 - a. you have furnished to the United States payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are (or, in the case of a United States alien holder that is an estate or trust, such forms certifying that each beneficiary of the estate or trust is) a non-United States person,
 - b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the United States payor documentation that establishes your identity and your status as the beneficial owner of the payment for United States federal income tax purposes and as a non-United States person,

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c. the United States payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:

i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),

ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or

iii. a United States branch of a non-United States bank or of a non-United States insurance company,

and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the Notes in accordance with United States Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement wi