

AT&T INC.  
 Form 424B5  
 February 25, 2015  
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Filed pursuant to Rule 424(b)(5)

Registration No. 333-187350

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
				(1)(2)
1.300% Global Notes due 2023	\$1,422,125,000	100.000%	\$1,422,125,000	\$165,250.93
2.450% Global Notes due 2035	\$1,422,125,000	100.000%	\$1,422,125,000	\$165,250.93

- (1) Pursuant to Rule 457(r), the total registration fee for this offering is \$330,501.86. Amount to be Registered is based on the February 23, 2015 euro/U.S.\$ exchange rate of 1/U.S.\$1.1377.
- (2) A filing fee of \$330,501.86 is being paid in connection with this offering.

**Table of Contents****Prospectus Supplement**

February 23, 2015

(To Prospectus dated March 18, 2013)

**2,500,000,000****AT&T Inc.****1,250,000,000 1.300% Global Notes due 2023****1,250,000,000 2.450% Global Notes due 2035**

We will pay interest on the 1.300% Global Notes due 2023 (the 2023 Notes ) on September 5 of each year and on the 2.450% Global Notes due 2035 (the 2035 Notes ) and, together with the 2023 Notes, the Notes ) on March 15 of each year. The first such payments will be made on September 5, 2015 for the 2023 Notes and on March 15, 2016 for the 2035 Notes. The 2023 Notes will mature on September 5, 2023 and the 2035 Notes will mature on March 15, 2035.

We may redeem some or all of each series of the Notes at any time and from time to time at the prices indicated for each series under the heading Description of the Notes The Notes Optional Redemption of the Notes beginning on page S-7 of this prospectus supplement. The Notes will be issued in minimum denominations of 100,000 and integral multiples of 1,000 in excess thereof.

*See Risk Factors beginning on page 32 of our 2014 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, 2014, which are incorporated by reference herein, to read about factors you should consider before investing in the Notes.*

The Notes are new issues of securities with no established trading market. We intend to apply to list the Notes on the New York Stock Exchange. We expect trading in the Notes on the New York Stock Exchange to begin within 30 days after the original issue date. Currently there is no public market for 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 2023 Note	Total	Per 2035 Note	Total
Initial public offering price	99.619%	1,245,237,500	99.328%	1,241,600,000
Underwriting discount	0.325%	4,062,500	0.500%	6,250,000
Proceeds, before expenses, to AT&T(1)	99.294%	1,241,175,000	98.828%	1,235,350,000

(1) The underwriters have agreed to reimburse us for certain of our expenses. See Underwriting.

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The initial public offering prices set forth above do not include accrued interest, if any. Interest on each series of Notes will accrue from March 9, 2015.

The underwriters expect to deliver the Notes through the facilities of Clearstream Banking, Société Anonyme and Euroclear Bank S.A./N.V. against payment in New York, New York on March 9, 2015.

*Joint Book-Running Managers*

**Barclays**

**Deutsche Bank**

**Lloyds Bank**

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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.**

**The Notes are offered globally for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers.**

**References herein to \$ and dollars are to the currency of the United States. References to and euro are to the lawful currency of the member states of the European Monetary Union that have adopted or that adopt the single currency in accordance with the treaty establishing the European Community, as amended by the Treaty on European Union. The financial information presented in this prospectus supplement has been prepared in accordance with generally accepted accounting principles in the United States.**

In connection with the issue of the Notes, Deutsche Bank AG, London Branch as Stabilizing Manager (or persons acting on its behalf) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

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 NOTES OFFERING**

Issuer	AT&T Inc.
Securities Offered	1,250,000,000 aggregate principal amount of 1.300% Global Notes due 2023 (the 2023 Notes ) and 1,250,000,000 aggregate principal amount of 2.450% Global Notes due 2035 (the 2035 Notes and, together with the 2023 Notes, the Notes ).
Maturity Date	September 5, 2023, for the 2023 Notes.  March 15, 2035, for the 2035 Notes.
Interest Rate	The 2023 Notes will bear interest from March 9, 2015 at the rate of 1.300% per annum and the 2035 Notes will bear interest from March 9, 2015 at the rate of 2.450% per annum, in each case payable annually in arrears.
Interest Payment Date	2023 Notes: September 5 of each year, commencing on September 5, 2015.  2035 Notes: March 15 of each year, commencing on March 15, 2016.
ISIN	2023 Notes: XS1196373507  2035 Notes: XS1196380031
Optional Redemption	In the case of the 2023 Notes, at any time prior to June 5, 2023, in whole or from time to time in part, at a make-whole call equal to the greater of (i) 100% of the principal amount of the 2023 Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the sum of the Treasury Rate plus 20 basis points, calculated by AT&T. At any time on or after June 5, 2023, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2023 Notes to be redeemed.  In the case of the 2035 Notes, at any time prior to December 15, 2034, in whole or from time to time in part, at a make-whole call equal to the greater of (i) 100% of the principal amount of the 2035 Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the sum of the Treasury Rate plus 25 basis points, calculated by AT&T. At any time on or after December 15, 2034, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2035 Notes to be redeemed.

Accrued but unpaid interest on the Notes of each series will be payable to any applicable redemption date.

See Description of the Notes The Notes Optional Redemption of the Notes.

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The Notes of each series are also redeemable at our option in connection with certain tax events. See Description of the Notes Redemption Upon a Tax Event.

Currency of Payment

Investors will have to pay for the Notes in euro. See Foreign Exchange Risks.

Markets

The Notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is legal to make such offers. See Underwriting.

Listing

We intend to apply to list the Notes on the New York Stock Exchange.

Form/Clearing Systems

The Notes will be issued only in registered, book-entry form. There will be a Global Note deposited with a common depository for Euroclear and Clearstream for each issue.

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 2,476,525,000, after deducting underwriting discounts and our estimated offering expenses net of reimbursements from the underwriters. These proceeds will be used for general corporate purposes, including repayment of upcoming debt maturities.

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The following table sets forth the capitalization of AT&T as of December 31, 2014 and as adjusted solely to reflect (i) the issuance of 2,500,000,000 (approximately \$2,844,250,000 based on the February 23, 2015 exchange rate of 1 /U.S.\$ 1.1377) of the Notes, net of the underwriting discounts and our estimated offering expenses and (ii) \$2,619,000,000 of 4.600% Global Notes due 2045, issued subsequent to December 31, 2014. AT&T's total capital consists of debt (long-term debt and debt maturing within one year) and shareowners' equity.

	As of December 31, 2014	
	Actual	As Adjusted (Unaudited)
	(In millions)	
Long-term debt (1)	\$ 76,011	\$ 81,474
Debt maturing within one year (2)	6,056	6,056
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	91,108	91,108
Retained earnings	27,736	27,736
Treasury shares (1,308,318,131 at cost)	(47,029)	(47,029)
Other adjustments	8,614	8,614
Shareowners' equity	\$ 86,924	\$ 86,924
 Total Capitalization	 \$ 168,991	 \$ 174,454

- (1) In addition to our other credit agreements, we have engaged certain banks to provide a line of credit for the purpose of providing financing in connection with potential acquisition payments, which includes the following arrangements, (a) a \$9.155 billion credit agreement containing a (i) \$6.286 billion term loan facility and a (ii) \$2.869 billion term loan facility, with certain investment and commercial banks and Mizuho Bank, Ltd. (Mizuho), as administrative agent and (b) a \$2.0 billion 18-month credit agreements with Mizuho as initial lender and agent. As of the date of this prospectus supplement, we had no borrowings under either credit agreement.
- (2) Debt maturing within one year consists of the current portion of long-term debt and commercial paper and other short-term borrowings.

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**FOREIGN EXCHANGE RISKS**

Investors will have to pay for the Notes in euro. Principal and interest payments of the Notes are payable by us in euro. An investment in the Notes which are denominated in, and all payments in respect of which are to be made in, a currency other than the currency of the country in which the purchaser is resident or the currency in which the purchaser conducts its business or activities (the home currency), entails significant risks not associated with a similar investment in a security denominated in the home currency. These include the possibility of:

significant changes in rates of exchange between the home currency and the euro, and

the imposition or modification of foreign exchange controls with respect to the euro.

We have no control over a number of factors affecting this type of note, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In recent years, rates of exchange for certain currencies, including the euro, have been highly volatile and this volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations in the rate that may occur during the term of the Notes. Depreciation of the euro against the home currency could result in a decrease in the effective yield of the Notes below the coupon rate, and in certain circumstances, could result in a loss to you on a home currency basis.

Under the terms of the indenture under which the Notes are to be issued, if euro ceases to exist when payments on the Notes are due under any circumstances, AT&T may supplement the indenture to allow for payment in U.S. dollars.

The Notes will be governed by New York law. Under New York law, a New York state court rendering a judgment on the Notes would be required to render the judgment in euro. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the Notes, investors would bear currency exchange risk until a New York state court judgment is entered, which could be a long time.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than U.S. dollars. For example, a judgment for money in an action based on the Notes in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of euro into U.S. dollars will depend upon various factors, including which court renders the judgment.

This description of foreign currency risks does not describe all the risks of an investment in securities denominated in a currency other than the home currency. You should consult your own financial and legal advisors as to the risks involved in an investment in the Notes.

On February 23, 2015, the euro/U.S.\$ rate of exchange was 1 /U.S.\$ 1.1377.

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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, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., 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 two separate series under the indenture. Investors will have to pay for the Notes in euro. We will issue the Notes in fully registered form only and in minimum denominations of 100,000 and integral multiples of 1,000 in excess thereof.

We may issue definitive notes in the limited circumstances set forth in **Certificated Notes** 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 (London Branch), the paying agent and registrar for our Notes pursuant to a paying agent agreement to be entered into in connection with the offering of the Notes, currently located at The Bank of New York Mellon (London Branch), One Canada Square, London E14 5AL. 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. Under the terms of the Indenture, if the euro ceases to exist when payments on the Notes are due under any circumstances, AT&T may supplement the indenture to allow for payment in U.S. dollars. 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 Notes**

The 2023 Notes offered by this prospectus supplement will initially be limited to 1,250,000,000 aggregate principal amount and will bear interest at the rate of 1.300% per annum and the 2035 Notes offered by this prospectus supplement will initially be limited to 1,250,000,000 aggregate principal amount and will bear interest at the rate of 2.450% per annum. We will pay interest on our 2023 Notes annually in arrears on each September 5, commencing on September 5, 2015, to the persons in whose names our 2023 Notes are registered at the close of business on the business day preceding the interest payment date. We will pay interest on our 2035 Notes annually in arrears on each March 15, commencing on March 15, 2016, to the persons in whose names our 2035 Notes are registered at the close of business on the business day preceding the interest payment date. The 2023 Notes will mature on September 5, 2023 and the 2035 Notes will mature on March 15, 2035.

Interest on the Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was

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paid on the Notes (or March 9, 2015, if no interest has been paid on the Notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

*Optional Redemption of the Notes*

At any time prior to June 5, 2023, the 2023 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 2023 Notes. The redemption price will be equal to the greater of (1) 100% of the principal amount of the 2023 Notes 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 an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate (as defined below) and 20 basis points for the 2023 Notes. In either case, accrued but unpaid interest will be payable to the redemption date. At any time on or after June 5, 2023, we have the option to redeem the 2023 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 2023 Notes at a redemption price equal to 100% of the principal amount of the 2023 Notes to be redeemed. Accrued interest will be payable to the redemption date. We will calculate the redemption price in connection with any redemption hereunder.

At any time prior to December 15, 2034, the 2035 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 2035 Notes. The redemption price will be equal to the greater of (1) 100% of the principal amount of the 2035 Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate and 25 basis points for the 2035 Notes. In either case, accrued but unpaid interest will be payable to the redemption date. At any time on or after December 15, 2034, we have the option to redeem the 2035 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 2035 Notes at a redemption price equal to 100% of the principal amount of the 2035 Notes to be redeemed. Accrued interest will be payable to the redemption date. We will calculate the redemption price in connection with any redemption hereunder.

**Treasury Rate** means the price, expressed as a percentage, at which the gross redemption yield on the Notes of the applicable series, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the applicable Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by the Company or an investment bank appointed by the Company.

**Reference Bond** means, in relation to any Treasury Rate calculation, a German government bond whose maturity is closest to the maturity of the Notes of the applicable series, or if the Company or an investment bank appointed by the Company considers that such similar bond is not in issue, such other German government bond as the Company or an investment bank appointed by the Company, with the advice of three brokers of, and/or market makers in, German government bonds selected by the Company or an investment bank appointed by the Company, determine to be appropriate for determining such Treasury Rate.

**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 Note 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 applicable series of 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.

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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 by the trustee by lot or by such other method as the trustee in its sole discretion deems to be fair and appropriate.

## **The Clearing Systems**

### ***Global Clearance and Settlement***

The Notes of each series will be issued in the form of one or more global notes (the *Global Notes*) in fully registered form, without coupons, and will be deposited on March 9, 2015 with a common depository for, and in respect of interests held through, Euroclear Bank S.A./N.V., as operator of the Euroclear System (*Euroclear*), and Clearstream Banking, Société Anonyme (*Clearstream*). Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to Euroclear or Clearstream or their respective nominees.

Beneficial interests in the Global Notes will be represented, and transfers of such beneficial interests will be effected, through accounts of financial institutions acting on behalf of beneficial owners as direct or indirect participants in Euroclear or Clearstream. Those beneficial interests will be in denominations of 100,000 and integral multiples of 1,000 in excess thereof. Investors may hold Notes directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Owners of beneficial interests in the Global Notes will not be entitled to have Notes registered in their names, and will not receive or be entitled to receive physical delivery of Notes in definitive form. Except as provided below, beneficial owners will not be considered the owners or holders of the Notes under the indenture, including for purposes of receiving any reports delivered by us or the trustee pursuant to the indenture. Accordingly, each beneficial owner must rely on the procedures of the clearing systems and, if such person is not a participant of the clearing systems, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indenture. Under existing industry practices, if we request any action of holders or a beneficial owner desires to give or take any action which a holder is entitled to give or take under the indenture, the clearing systems would authorize their participants holding the relevant beneficial interests to give or take action and the participants would authorize beneficial owners owning through the participants to give or take such action or would otherwise act upon the instructions of beneficial owners. Conveyance of notices and other communications by the clearing systems to their participants, by the participants to indirect participants and by the participants and indirect participants to beneficial owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in certificated form. These limits and laws may impair the ability to transfer beneficial interests in Global Notes.

Persons who are not Euroclear or Clearstream participants may beneficially own Notes held by the common depository for Euroclear and Clearstream only through direct or indirect participants in Euroclear and Clearstream. So long as the common depository for Euroclear and Clearstream is the registered owner of the Global Note, the common depository for all purposes will be considered the sole holder of the Notes represented by the Global Note under the indenture and the Global Notes.

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If the applicable depository is at any time unwilling or unable to continue as depository for any of the Global Notes and a successor depository is not appointed by us within 90 days, we will issue the Notes in definitive form in exchange for the applicable Global Notes. We will also issue the Notes in definitive form in exchange for the Global Notes if an event of default has occurred with regard to the Notes 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 represented by the Global Notes and, in that event, will issue the Notes 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 100,000 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 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.

***Clearing Systems***

*Euroclear.* Euroclear advises 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, thereby eliminating the need for physical movement of certificates and 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. All operations are conducted by Euroclear Bank, S.A./N.V. and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with Euroclear Bank, not the cooperative. The cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters ( Euroclear participants ). Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with Euroclear Bank are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian laws (collectively, the Euroclear Terms and Conditions ). The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payment with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear Bank acts under the Euroclear 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 the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear Bank and by Euroclear.

*Clearstream.* Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for Clearstream participants and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic

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securities markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are financial institutions around the world including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

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

### ***Euroclear and Clearstream Arrangements***

So long as Euroclear or Clearstream or their nominee or their common depository is the registered holder of the Global Notes, Euroclear, Clearstream or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Notes for all purposes under the indenture and the Notes. Payments of principal, interest and additional amounts, if any, in respect of the Global Notes will be made to Euroclear, Clearstream or such nominee, as the case may be, as registered holder thereof. None of us, the trustee, any underwriter and any affiliate of any of the above or any person by whom any of the above is controlled (as such term is defined in the Securities Act of 1933) will have any responsibility or liability for any records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Distributions of principal and interest with respect to the Global Note will be credited in euro to the extent received by Euroclear or Clearstream from the trustee to the cash accounts of Euroclear or Clearstream customers in accordance with the relevant system's rules and procedures.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in the Global Notes to pledge such interest to persons or entities which do not participate in the relevant clearing system, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

The holdings of book-entry interests in the Global Notes through Euroclear and Clearstream will be reflected in the book-entry accounts of each such institution. As necessary, the Registrar will adjust the amounts of the Global Notes on the register (the Register) for the accounts of the common depository to reflect the amounts of Notes held through Euroclear and Clearstream, respectively.

### ***Initial Settlement***

Investors holding their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear and Clearstream holders on the settlement date against payment for value on the settlement date.

### ***Secondary Market Trading***

Because the purchaser determines the place of delivery, it is important to establish at the time of trading of any Notes where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream to purchasers of book-entry interests in the Global Note through Euroclear or Clearstream will be conducted in



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accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional eurobonds in same-day funds.

You should be aware that investors will only be able to make and receive deliveries, payments and other communications involving the Notes through Euroclear and Clearstream on days when those systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States.

In addition, because of time-zone differences, there may be problems with completing transactions involving Euroclear and Clearstream on the same business day as in the United States. U.S. investors who wish to transfer their interests in the Notes, or to make or receive a payment or delivery of the Notes, on a particular day, may find that the transactions will not be performed until the next business day in Luxembourg or Brussels, depending on whether Euroclear or Clearstream is used.

Euroclear and Clearstream will credit payments to the cash accounts of Euroclear participants or Clearstream customers in accordance with the relevant system's rules and procedures, to the extent received by its depository. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a holder under the indenture on behalf of a Euroclear participant or Clearstream customer only in accordance with its relevant rules and procedures.

Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of the Notes among participants of Euroclear and Clearstream. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures 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 such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, 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 had no withholding or deduction been required. As used herein, United States Alien means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

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, has or had a permanent establishment in the United States, or has any other present or former connection with the United States or any political subdivision or taxing authority thereof or therein;

(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;

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- (d) is or was a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the Code); or
- (e) is or was an actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of AT&T entitled to vote;
- (2) to any holder that is not the sole beneficial owner of the Notes, 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 is announced or 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;
- (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.

In addition, any amounts to be paid on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code, and no additional amounts will be required to be paid on account of any such deduction or withholding.

The Notes 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.

Any reference in the terms of the Notes of each series to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this provision.

**Redemption Upon a Tax Event**

If (a) we become or will become obligated to pay additional amounts with respect to any Notes 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

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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 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. 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 pursuant to their terms.

## **Further Issues**

We may from time to time, without notice to or the consent of the holders of either series of Notes, create and issue further notes ranking equally and ratably with such series of Notes 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, and will be fungible with the Notes of the applicable series for United States federal income tax purposes. 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.

## **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 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 or currencies,

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 or currency 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 (the Code), its legislative history, existing and proposed regulations under the 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 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,

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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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*Cash Basis Taxpayers.* If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes, you must recognize income equal to the U.S. dollar value of the euro you receive on each interest payment date for your Notes, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert such euro received into U.S. dollars.

*Accrual Basis Taxpayers.* If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to the euro you receive on each interest payment date by using one of two methods. Under the first method, you will determine the amount of income accrued based on the average U.S. dollar euro exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the U.S. dollar euro exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the U.S. dollar euro exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the euro interest accrued into U.S. dollars at the U.S. dollar euro exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it will apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire (regardless of the foreign currency in which such debt instruments are denominated). You may not revoke this election without the consent of the Internal Revenue Service.

When you actually receive euro on an interest payment date, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your Note, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue such interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the euro received into U.S. dollars.

*Purchase, Sale and Retirement of the Notes.* Your tax basis in your Note will generally be the U.S. dollar cost, as defined below, of your Note. If you purchase your Note with euro, the U.S. dollar cost of your Note will generally be the U.S. dollar value of the euro purchase price on the date of purchase.

You will generally recognize gain or loss on the sale or retirement of your Note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and your tax basis in your Note. If you are an accrual basis taxpayer, the amount you realize will generally be the U.S. dollar value of the euro you receive on the date the Note is disposed of or retired, and if you are a cash basis taxpayer, or an accrual basis taxpayer and you so elect, because we intend to apply to list the Notes on an established securities market (within the meaning of the applicable Treasury regulations), you will determine the amount realized based on the U.S. dollar value of euro on the settlement date of the sale.

You will recognize capital gain or loss when you sell or retire your Note, except to the extent attributable to accrued but unpaid interest or attributable to changes in exchange rates as described below. Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year. You must treat any portion of the gain or loss that you recognize on the sale or retirement of a Note as ordinary income or loss to the extent attributable to changes in the U.S. dollar euro exchange rate. However, you must take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

*Exchange of Amounts in Euro.* When you receive euro as interest on your Note or on the sale, retirement or other disposition of your Note, your tax basis in such euro will equal its U.S. dollar value when the interest is received or at the time of such sale, retirement or disposition. If you purchase euro, you generally will have a tax basis equal to the U.S. dollar value of the euro on the date of your purchase of such euro. If you sell or dispose of

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euro, including if you use euro to purchase Notes or you convert euro payments on the Notes to U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

**Medicare Tax.** 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, is subject to a 3.8% tax on the lesser of (1) the United States holder's net investment income (or undistributed net investment income in the case of an estate or trust) 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 is between \$125,000 and \$250,000, depending on the individual's circumstances). A United States holder's net investment income generally includes 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.

### **Treasury Regulations Requiring Disclosure of Reportable Transactions**

Applicable Treasury regulations require United States taxpayers to report certain transactions that give rise to a loss in excess of certain thresholds (a Reportable Transaction). Under these regulations, because the Notes are denominated in euro, a United States holder (or a United States alien holder that holds the Notes in connection with a U.S. trade or business) that recognizes a loss with respect to the Notes that is characterized as an ordinary loss due to changes in currency exchange rates (under any of the rules discussed above) would be required to report the loss on Internal Revenue Service Form 8886 (Reportable Transaction Statement) if the loss exceeds the thresholds set forth in the regulations. For individuals and trusts, this loss threshold is \$50,000 in any single taxable year. For other types of taxpayers and other types of losses, the thresholds are higher. You should consult with your tax advisor regarding any tax filing and reporting obligations that may apply in connection with acquiring, owning and disposing of 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 discussions of backup withholding and FATCA 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 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

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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 W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, that you are 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,

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 U.S. Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

d. the United States payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers securities in the ordinary course of its trade or business,

i. certifying to the United States payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or W-8BEN-E or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and

ii. to which is attached a copy of the Internal Revenue Service Form W-8BEN or W-8BEN-E or acceptable substitute form, or

e. the United States payor otherwise possesses 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 U.S. Treasury regulations; and

no deduction for any United States federal withholding tax will be made from any gain that you realize on the sale or exchange of your Note.

Further, a Note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual's gross estate for United States federal estate tax purposes if:

the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote at the time of death and

the income on the Note would not have been effectively connected with a United States trade or business of the decedent at the same time.





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### **FATCA Withholding**

A 30% withholding tax ( FATCA withholding ) may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with certain information reporting requirements. Such payments will include U.S.-source interest and the gross proceeds from the sale or other disposition of notes that can produce U.S.-source interest. Payments of interest that you receive in respect of the Notes could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold Notes through a non-U.S. person (e.g., a foreign bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA withholding). Payments of gross proceeds from a sale or other disposition of Notes could also be subject to FATCA withholding unless such disposition occurs before January 1, 2017. You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA withholding.

We will not pay any additional amounts in respect of FATCA withholding, so if this withholding applies, you will receive significantly less than the amount that you would have otherwise received with respect to your Notes. Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay the holder's receipt of any amounts withheld.

### **Backup Withholding and Information Reporting**

#### ***United States Holders***

In general, if you are a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal and interest on your Note. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your Note before maturity within the United States. Additionally, backup withholding will apply to any payments if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns.

#### ***United States Alien Holders***

In general, if you are a United States alien holder, payments of principal or interest made by us and other payors to you will not be subject to backup withholding and information reporting, provided that the certification requirements described above under United States Alien Holders are satisfied or you otherwise establish an exemption. However, we and other payors are required to report payments of interest on your Notes on Internal Revenue Service Form 1042-S even if the payments are not otherwise subject to information reporting requirements. In addition, payment of the proceeds from the sale of Notes effected at a United States office of a broker will not be subject to backup withholding and information reporting provided that:

the payor or broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the payor or broker:

1. an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are not a United States person, or
2. other documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations; or

you otherwise establish an exemption.

If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a non-United States person, the payments may be subject to information reporting and backup withholding.

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However, backup withholding will not apply with respect to payments made to an offshore account maintained by you unless the broker has actual knowledge that you are a United States person.

In general, payment of the proceeds from the sale of Notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if:

the proceeds are transferred to an account maintained by you in the United States,

the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or

the sale has some other specified connection with the United States as provided in U.S. Treasury regulations, unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of Notes effected at a United States office of a broker) are met or you otherwise establish an exemption.

In addition, payment of the proceeds from the sale of Notes effected at a foreign office of a broker will be subject to information reporting if the broker is:

a United States person,

a controlled foreign corporation for United States tax purposes,

a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or

a foreign partnership, if at any time during its tax year:

1. one or more of its partners are U.S. persons, as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or

2. such foreign partnership is engaged in the conduct of a United States trade or business,

unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of Notes effected at a United States office of a broker) are met or you otherwise establish an exemption.

Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

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We and the underwriters for the offering named below have entered into an underwriting agreement with respect to the Notes. Subject to certain conditions, each underwriter has agreed, severally and not jointly, to purchase the principal amount of the Notes indicated in the following table.

<b>Underwriters</b>	<b>Principal Amount of 2023 Notes</b>	<b>Principal Amount of 2035 Notes</b>
Barclays Bank PLC	416,667,000	416,666,000
Deutsche Bank AG, London Branch	416,667,000	416,667,000
Lloyds Bank plc	416,666,000	416,667,000
Total	1,250,000,000	1,250,000,000

The underwriters have agreed, severally and not jointly, to take and pay for all of the Notes being offered, if any are taken.

Notes sold by the underwriters to the public will initially be offered at the initial public offering prices set forth on the cover of this prospectus supplement. If all the Notes are not sold at the initial public offering price, the underwriters may change the offering price and the other selling terms. The offering of the Notes by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The Notes are new issues of securities with no established trading market. We intend to apply to list the Notes on the New York Stock Exchange. We expect trading in the Notes on the New York Stock Exchange to begin within 30 days after the original issue date. Currently there is no public market for the Notes.

We have been advised by the underwriters that they presently intend to make a market in the Notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the Notes or that an active public market for the Notes will develop. If an active public trading market for the Notes does not develop, the market price and liquidity of the Notes may be adversely affected. If the Notes are traded, they may trade at a discount from their initial offering price, depending on prevailing interest rates, the market for similar securities, our operating performance and financial condition, general economic conditions and other factors.

In connection with the issue of the Notes, Deutsche Bank AG, London Branch as Stabilizing Manager (or persons acting on its behalf) may over-allot the Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Manager (or persons acting on its behalf) will undertake stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

It is expected that delivery of the Notes will be made against payment therefor on or about the date specified in the last paragraph of the cover page of this prospectus supplement, which will be the tenth business day following the date of the pricing of the Notes. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes prior to the third trading day prior to the settlement date will be required, by virtue of the fact that the Notes initially will settle in T+10, to specify alternative settlement arrangements to prevent a failed settlement.

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The Notes are being offered for sale in the United States and in jurisdictions outside the United States, subject to applicable law.

Each of the underwriters has agreed that it will not offer, sell or deliver any of the Notes, directly or indirectly, or distribute this prospectus supplement or the accompanying prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will to the best knowledge and belief of such underwriter result in compliance with the applicable laws and regulations thereof and which will not impose any obligations on us except as set forth in the underwriting agreement.

Each underwriter has represented and agreed that it and each of its affiliates: (i) has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, known as the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to AT&T; and (ii) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Without limitation to the other restrictions referred to herein, this prospectus supplement is directed only at (1) persons outside the United Kingdom, (2) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or (4) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated. Without limitation to the other restrictions referred to herein, any investment or investment activity to which this prospectus supplement relates is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (1) to (4) above) should not rely or act upon this communication.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes to the public in that Relevant Member State other than: (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the underwriters for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Notes shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of the foregoing, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

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The Notes may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the Notes may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan, and each of the underwriters and each of its affiliates has represented and agreed that it has not offered or sold, and it will not offer or sell, directly or indirectly, any of the Notes in or to residents of Japan or to any persons for reoffering or resale, directly or indirectly in Japan or to any resident of Japan, except pursuant to any exemption from the registration requirements of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan.

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 257(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Whether the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures, and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts, will be approximately U.S.\$ 1,300,000. The underwriters have agreed to reimburse certain of our estimated and/or documented expenses in connection with this offering.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

To the extent any underwriter that is not a U.S. registered broker-dealer intends to effect sales of Notes in the United States, it will do so through one or more U.S. registered broker-dealers in accordance with the applicable U.S. securities laws and regulations.

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In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

**VALIDITY OF SECURITIES**

Wayne Watts, Senior Executive Vice President and General Counsel of AT&T, is passing upon the validity of the Notes for us.

Sullivan & Cromwell LLP, New York, New York, is passing upon the validity of the Notes for the underwriters. Sullivan & Cromwell LLP from time to time performs legal services for us.

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**AT&T Inc.**

**Debt Securities**

**Preferred Stock**

**Depositary Shares**

**Common Stock**

AT&T Inc. from time to time may offer to sell debt securities, preferred stock, either separately or represented by depositary shares, and common stock. The debt securities and preferred stock may be convertible into or exercisable or exchangeable for common or preferred stock of the Company or debt or equity securities of one or more other entities. The common stock of the Company is listed on the New York Stock Exchange and trades under the ticker symbol **T**.

The Company may offer and sell these securities to or through one or more underwriters, dealers and agents, or directly to purchasers, on a continuous or delayed basis. See **Plan of Distribution** for a further description of the manner in which we may dispose of the securities covered by this prospectus.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in a supplement to this prospectus. This prospectus may not be used to offer or sell securities unless accompanied by a prospectus supplement describing the method and terms of the applicable offering.

You should carefully read this prospectus and the applicable prospectus supplement, together with the documents incorporated by reference herein and therein, before making an investment decision.

**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. Any representation to the contrary is a criminal offense.**

Prospectus dated March 18, 2013.



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### **Description of 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, 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: <http://www.att.com> (this website address is for information only and is not intended to be an active link or to incorporate any website information into this document).

### **Use of Proceeds**

Unless otherwise specified in the prospectus supplement, we will use the proceeds from the sale of the securities to provide funds for general corporate purposes, among other things.

### **Summary Description of the Securities We May Issue**

We may use this prospectus to offer from time to time:

*Senior debt securities.* These debt securities may be convertible or exchangeable into preferred stock, depositary shares, common stock or equity securities of a third-party issuer. They will be unsecured and will rank equally with all of our other unsubordinated and unsecured debt.

*Preferred stock,* par value \$1.00 per share. The preferred stock may be convertible or exchangeable into other series of preferred stock, including depositary shares, common stock or equity securities of a third-party issuer. We can offer different series of preferred stock with different dividend, liquidation, redemption and voting rights.

*Depositary shares.* We have the option of issuing depositary shares that would represent a fraction of a share of preferred stock.

*Common stock,* par value \$1.00 per share.

In the case of securities that are exchangeable for securities of a third-party issuer, the applicable prospectus supplement will give you more information about this issuer, the terms of its securities and the document in which they are described. Our securities include securities denominated in U.S. dollars, but we can choose to issue securities in any other currency, including the Euro.

The applicable prospectus supplement will describe the specific types, amounts, prices and detailed terms of any of these securities. The applicable prospectus supplement may also contain information, where applicable, about material U.S. federal income tax considerations relating to, and any securities exchange listing of, securities covered by such prospectus supplement.

### **Description of Debt Securities We May Offer**

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, our debt securities will be governed by a document called the indenture. The indenture is a contract between us and The Bank of New York Mellon Trust Company, N.A., a national banking association, which acts as trustee for you. The trustee has two main roles:

First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described later under **Default and Related Matters** **Remedies if an Event of Default Occurs** .

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Second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your securities to new buyers and sending you notices. Unless otherwise indicated in a prospectus supplement, The Bank of New York Mellon Trust Company, N.A. will perform these administrative duties.

We may issue as many distinct series of securities under the indenture as we wish. This section summarizes terms of the securities that are common to all series. Most of the financial terms and other specific terms of your series will be described in the applicable prospectus supplement which will be attached to the front of this prospectus. Those terms may vary from the terms described here. The prospectus supplement may also describe special federal income tax consequences of the debt securities.

### **This Section Is Only a Summary**

This section and your prospectus supplement summarize all the material terms of the indenture and your debt securities. They do not, however, describe every aspect of the indenture and your debt securities.

The indenture and its associated documents, including your debt securities, contain the full text of the matters described in this section and your prospectus supplement. The indenture and the debt securities are governed by New York law. A copy of the indenture has been filed with the Securities and Exchange Commission, or SEC, as part of our registration statement. See [Where You Can Find More Information](#) below for information on how to obtain a copy. Section references in the description that follows relate to the indenture.

### **Legal Ownership of Debt Securities**

We can issue debt securities in registered or bearer form, or both, or in the form of one or more global securities. We refer to those who have debt securities registered in their own names on the books that we or our agent maintain for this purpose, or who hold bearer certificates representing bearer debt securities, as the [holders](#) of those debt securities. These persons are the legal holders of the debt securities. We refer to those who, indirectly through others, own beneficial interests in debt securities that are not registered in their own names as [indirect holders](#) of those debt securities. As we discuss below, indirect holders are not legal holders, and investors in debt securities issued in book-entry form or in street name will be indirect holders.

### ***Book-Entry Holders***

We may issue debt securities in book-entry form only, as we will specify in the applicable prospectus supplement. This means debt securities may be represented by one or more global securities registered in the name of a financial institution that holds them as depositary on behalf of other financial institutions that participate in the depositary's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

For registered debt securities, only the person in whose name a debt security is registered is recognized under the indenture as the holder of that debt security. Debt securities issued in global form will be issued in the form of a global security registered in the name of the depositary or its participants. Consequently, for debt securities issued in global form, we will recognize only the depositary as the holder of the debt securities and we will make all payments on the debt securities to the depositary. The depositary passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depositary and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.

As a result, investors in a book-entry security will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depositary's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, investors will be indirect holders, and not holders, of the debt securities.

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***Street Name Holders***

In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, investors may choose to hold their debt securities in their own names or in street name. Debt securities held by an investor in street name would be registered in the name of a bank, broker or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those debt securities through an account he or she maintains at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so; they are not obligated to do so under the terms of the debt securities. Investors who hold debt securities in street name will be indirect holders, not holders, of those debt securities.

***Legal Holders***

Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose e.g., to amend the indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture we would seek approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

***Special Considerations for Holders of Bearer Debt Securities***

We will offer debt securities in bearer form only outside of the United States to non-U.S. persons. You generally are a non-U.S. person if you are not:

a citizen or resident of the United States;

a corporation or partnership, including an entity treated as a corporation or partnership for United States federal income tax purposes, created or organized in or under the laws of the United States, any state of the United States or the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

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In addition, we may offer bearer securities to offices of some U.S. financial institutions who have offices located outside the United States. We will describe any special restrictions on the offer, sale and delivery of bearer debt securities and any special federal income tax considerations applicable to bearer debt securities in the prospectus supplement.

### ***Special Considerations for Indirect Holders***

If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle a request for the holders' consent, if ever required;

whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future;

how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and

if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

### **What Is a Global Security?**

A global security is a security that represents one or more debt securities and is held by a depository. Generally, all debt securities represented by the same global securities will have the same terms.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution that we select or its nominees. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository, its nominee or a successor depository, unless special termination situations arise. We describe those situations below under "Special Situations When a Global Security Will Be Terminated". As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

If the prospectus supplement for a particular debt security indicates that the debt security will be issued in global form only, then the debt security will be represented by a global security at all times unless and until the global security is terminated. We describe the situations in which this can occur below under "Special Situations When a Global Security Will Be Terminated". If termination occurs, we may issue the debt securities through another book-entry clearing system or decide that the debt securities may no longer be held through any book-entry clearing system.



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### ***Special Considerations for Global Securities***

As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depository that holds the global security.

If debt securities are issued only in the form of a global security, an investor should be aware of the following:

An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain non-global certificates for his or her interest in the debt securities, except in the special situations we describe below;

An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under [Legal Ownership of Debt Securities](#) above;

An investor may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form;

An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;

The depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way;

The depository may (and we understand that DTC will) require that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and

Financial institutions that participate in the depository's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries.

### ***Special Situations When a Global Security Will Be Terminated***

In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing those interests. After that exchange, the choice of whether to hold securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in securities transferred to their own name, so that they will be direct holders. We have described the rights of holders and street name investors above under [Legal Ownership of Debt Securities](#).

The global security will terminate when the following special situations occur:

if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 90 days;

if we notify the trustee that we wish to terminate that global security; or



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if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived.

We discuss defaults later under **Default and Related Matters** .

The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of securities covered by the prospectus supplement. When a global security terminates, the depositary and not we or the trustee is responsible for deciding the names of the institutions that will be the initial direct holders. (*Sections 2.08(f) and (g)*)

***In the remainder of this section, you means direct holders and not street name or other indirect holders of securities, including holders of any securities that we issue as global securities. Indirect holders should read the previous subsection entitled Legal Ownership of Debt Securities .***

### **Overview of Remainder of This Section**

The remainder of this section summarizes:

*Additional mechanics* relevant to the securities under normal circumstances, such as how you transfer ownership and where we make payments;

Your rights under several *special situations*, such as if we merge with another company, or if we want to change a term of the securities; and

*Your rights if we default* or experience other financial difficulties.

### **Additional Mechanics**

#### ***Form, Exchange and Transfer***

The securities will be issued:

in fully registered or in unregistered (bearer) form, or as global securities as described above; and

in denominations that are even multiples of \$1,000 (*Section 2.02(a)(8)*), *provided, however*, that the securities will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 thereafter if so required by the securities exchange on which such securities are listed or traded or as we may otherwise determine.

You may have your securities broken into more securities of smaller denominations (but not into denominations smaller than any minimum denomination applicable to the securities) or combined into fewer securities of larger denominations, as long as the total principal amount is not changed. This is called an exchange. (*Section 2.08(a)*)

If you are holding bearer securities and it is permitted by the terms of your series of debt securities, you may exchange bearer debt securities for an equal amount of registered or bearer debt securities of the same series and date of maturity. No bearer debt securities will be exchanged for registered securities if in doing so we would suffer adverse consequences under any U.S. law applicable to the exchange. Registered debt securities may not be exchanged for bearer debt securities.

You may exchange or transfer your securities at the office of the registrar. The registrar acts as our agent for registering securities in the names of holders and for transferring and exchanging securities, as well as maintaining the list of registered holders. The paying agent acts as the agent for paying interest, principal and any other amounts on securities and for exchanging securities. We have appointed The Bank of New York Mellon Trust Company, N.A. to perform the roles of registrar and paying agent. We may change these appointments to another entity or perform them ourselves. In order to exchange bearer securities, you have to deliver them to a paying agent outside the United States, together with all unmatured coupons for interest and all matured coupons in default. (*Section 2.08(b)*)



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We can designate additional registrars or paying agents, acceptable to the trustee, and they would be named in the prospectus supplement. We may cancel the designation of any particular registrar or paying agent. We may also approve a change in the office through which any registrar or paying agent acts. We must maintain a registrar and paying agent office in the Borough of Manhattan in New York City. If at any time we do not maintain a registrar or paying agent, the trustee will act as such. *(Section 2.04)*

*There is no charge for exchanges and transfers.* You will not be required to pay a service charge to transfer or exchange securities, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the registrar is satisfied with your proof of ownership. *(Section 2.08)*

*At certain times, you may not be able to transfer or exchange your securities.* If we redeem any series of securities, or any part of any series, then we may prevent you from transferring or exchanging these securities. We may do this during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders so we can prepare the mailing. We may also refuse to register transfers or exchanges of securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any security being partially redeemed. *(Section 2.08(d))*

### ***Replacing Your Lost or Destroyed Certificates***

If you bring a mutilated certificate or coupon to the trustee, we will issue a new certificate or coupon to you in exchange for the mutilated one. Please note that the trustee may have additional requirements that you must meet in order to do this. *(Section 2.09)*

If you claim that a certificate or coupon has been lost, completely destroyed, or wrongfully taken from you, then the trustee will give you a replacement certificate or coupon if you meet the trustee's requirements. Also, we may require you to provide reasonable security or indemnity to protect us from any loss we may incur from replacing your certificates or coupons. We may also charge you for our expenses in replacing your security. *(Section 2.09)*

### ***Payment and Paying Agents***

We will pay interest to you if you are a direct holder listed in the registrar's records at the close of business on a particular day in advance of each due date for interest, even if you no longer own the security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the record date and is stated in the prospectus supplement. *(Section 2.05)* Holders buying and selling securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the record date. The most common manner is to adjust the sales price of the securities to prorate interest fairly between buyer and seller. This prorated interest amount is called accrued interest.

We will pay interest, principal and any other money due on the securities at the corporate trust office of the trustee in New York City. That office is currently located at The Bank of New York Mellon Trust Company, N.A., c/o The Bank of New York Mellon, 101 Barclay Street 4 W, New York, New York 10286. Attention: Corporate Trust Administration. You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks. *(Section 2.05)*

***Street Name and other indirect holders should consult their banks or brokers for information on how they will receive payments.***

We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called paying agents. We may also choose to act as our own paying agent. We must notify you if we change the paying agents for any particular series of securities. *(Section 2.04)*

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### ***Payment of Bearer Securities***

We will only pay interest on bearer debt securities when you present and surrender the coupons for the interest installments evidenced by the bearer securities as they mature. You have to present your coupons at a paying agency of AT&T located outside of the United States. We will maintain a non-U.S. paying agent for two years after the principal of a series of bearer debt securities has become due. We will continue to maintain the paying agent after that period, if it is necessary to comply with U.S. tax law or regulations. We will provide the paying agent with the necessary funds for payment upon reasonable notice. We generally will not make any payments in the United States. However, if payment outside of the United States is illegal or precluded by exchange controls or similar restrictions in a foreign country, we may instruct the trustee to make payments at a paying agent located in the United States. *(Section 2.05(c))*

You can prove your ownership of a bearer security by presenting the actual security, or a certificate or affidavit executed by the person holding the bearer security or executed by a depository with whom the bearer securities were deposited, if the trustee is satisfied with the certificate or affidavit. *(Section 2.07(b))*

### ***Notices***

We and the trustee will send notices regarding the securities only to direct holders, using their addresses as listed in the trustee's records. *(Section 10.02)*

Regardless of who acts as paying agent, all money we forward to a paying agent that remains unclaimed will, at our request, be repaid to us at the end of two years after the amount was due to the direct holder. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else. *(Section 8.03)*

### ***Special Situations***

#### ***Mergers and Similar Transactions***

We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company. However, we may not take any of these actions unless all the following conditions are met:

Where we merge out of existence or sell our assets, the other company may not be organized under the laws of a foreign country. It must be a corporation organized under the laws of a State or the District of Columbia or under federal law.

The company we merge into or sell to must agree to be legally responsible for our debt securities.

The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under **Default and Related Matters** **Events of Default** **What Is an Event of Default?** A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded. *(Section 5.01)*

Further, we may buy substantially all of the assets of another company without complying with any of the foregoing conditions.

#### ***Modification and Waiver of Your Contractual Rights***

Under certain circumstances, we can make changes to the indenture and the securities. Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all. *(Sections 9.01-9.06)*

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*Changes Requiring Your Approval.* First, there are changes that cannot be made to your securities without your specific approval. Following is a list of those types of changes:

to reduce the percentage of holders of securities who must consent to a waiver or amendment of the indenture;

to reduce the rate of interest on any security or change the time for payment of interest;

to reduce the principal due on any security or change the fixed maturity of any security;

to waive a default in the payment of principal or interest on any security;

to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;

in the case of convertible or exchangeable securities, to make changes to your conversion or exchange rights that would be adverse to your interests;

to change the right of holders to waive an existing default by majority vote;

to reduce the amount of principal or interest payable to you following a default or change your conversion or exchange rights, or impair your right to sue for payment; and

to make any change to this list of changes that requires your specific approval. (*Section 9.02(a)*)

*Changes Requiring a Majority Vote.* The second type of change to the indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and certain other changes that would not adversely affect holders of the securities. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain your individual consent to the waiver. (*Section 9.02(a)*)

*Changes Not Requiring Your Approval.* The third type