



PROSPECTUS

This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

AT&T Inc.

AT&T Long Term Savings and Security Plan

This document, together with the attached Summary Plan Description ("*SPD*"), constitutes the prospectus relating to participation interests in the AT&T Long Term Savings and Security Plan (the "*Plan*") and shares of the common stock of AT&T Inc. ("*AT&T*" or the "*Company*"), par value \$1.00 per share ("*AT&T Shares*") in which participants' Contributions may be invested pursuant to the Plan. This prospectus contains a summary of the principal provisions of the Plan and other information for participants. The Plan text, as modified by law, is the final authority and will govern. AT&T has registered 55,000,000 AT&T Common Shares and an indeterminate amount of participation interests with the SEC for issuance pursuant to the Plan and certain other benefit plans of AT&T.

**This portion of the prospectus does not constitute part of the SPD
and is not issued by a fiduciary on behalf of the Plan.**

AT&T Inc. is a holding company incorporated under the laws of the State of Delaware in 1983. Through our subsidiaries and affiliates, we provide wireline and wireless telecommunications services and equipment, directory advertising, and other products and services. Our principal executive offices are located at 208 S. Akard Street, Dallas, TX 75202. Our telephone number is **210-821-4105**. We maintain an Internet site at the following location: **att.com**.

AT&T files annual, quarterly and other reports and proxy statements with the Securities and Exchange Commission (the "*SEC*"). This information, which is specifically identified in the registration statements filed with the SEC to register the AT&T Common Stock and participation interests to be offered under the Plan, is incorporated in this portion of the prospectus by reference. Any information AT&T files with the SEC after the date of the filing of the registration statements will automatically update and supersede this information. AT&T will furnish without charge, upon written or oral request, a copy of these documents as well as exhibits specifically incorporated by reference in those documents. Requests for copies should be directed to Specialist-External Reporting, 208 S. Akard Street, 28th floor, Dallas, TX 75202, telephone number **210-351-3049**. This information is also available online at **att.com**. A copy of the Plan and this prospectus are available upon written request from AT&T Services, Inc., P.O. Box 132160, Dallas, TX 75313, telephone number **210-351-3333**.

No person has been authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon.

This prospectus does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation would be unlawful. No provision of the Plan or this prospectus shall give any employee any right of continued employment or shall in any way prohibit changes in the terms or the termination of the employment of any employee covered by the Plan.

August 2012

*You should keep this document
for future reference.*

NIN: 78-24996

Summary Plan Description



IMPORTANT BENEFITS INFORMATION

AT&T Long Term Savings and Security Plan

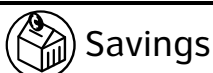
This is an updated summary plan description for the AT&T Long Term Savings and Security Plan (LTSSP). This SPD replaces your existing SPD and all of its summaries of material modifications (SMMs).

Please keep this SPD for future reference.

IMPORTANT: This document constitutes part of a Prospectus covering securities that have been registered under the Securities Act of 1933.

DISTRIBUTION: Distributed to active and former employees of participating companies as described in the "Participating Companies" section who are eligible to participate in the Plan as described in the "Eligibility" section.

NIN: 78-24996



Savings

Summary Plan Description | August 2012



SUMMARY PLAN DESCRIPTION

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933.

IMPORTANT INFORMATION

In all cases, the official Plan documents govern and are the final authority on the terms of the Plan. If there are any discrepancies between the information in this Prospectus and Summary Plan Description (SPD) and the Plan, the Plan documents will control. The Plan Sponsor reserves the right to terminate or amend any and all of its employee benefit plans or programs at any time for any reason. Participation in the Plan is neither a contract nor a guarantee of future employment.

What Is This Document?

This SPD is a guide to your benefits under the Plan. This SPD together with the summaries of material modification (SMMs) issued for this Plan constitute your SPD for this Plan. See the "Eligibility" section for more information about eligibility for the Plan.

What Information Do I Need to Know to Use This SPD?

Eligibility, participation, benefit provisions, forms of payment and other provisions of the Plan depend on certain factors such as your:

- Employment status (for example, full time or part time)
- Job title classification
- Employer
- Service history (for example, hire date, Term or Termination of Employment Employment)

To understand how the various provisions affect you, you will need to know the above information. If you don't have this information or have questions, please refer to OneStop (onestop.web.att.com). The Recordkeeper may also be able to provide some of these details. See the "Contact Information" section for more information on how to contact the Recordkeeper.

What Action Do I Need to Take?

You should review this SPD.

How Do I Use This Document?

As you read this SPD, pay special attention to the key points at the beginning of most major sections and shaded boxes that contain helpful examples and important notes. Although AT&T has provided these tools to help you better understand the Plan, it is important that you read the SPD in its entirety, so that you can understand the details of the Plan. Also, throughout this SPD, there are cross-references to other sections in the SPD. Please consult the Table of Contents to help you locate these cross-referenced sections.

IMPORTANT: You need to keep your SPDs and SMMs so you can refer to them in the future. They are your primary resource for your questions about the Plan.

Questions?

If you have questions regarding information in this SPD, call the Recordkeeper listed in the "Contact Information" section.

August 2012

*You should keep this document
for future reference.*

NIN: 78-24996

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Attachment 1: Participating Companies

Attachment 2: Fee Disclosure

USING THIS SUMMARY PLAN DESCRIPTION

KEY POINTS

- *The Plan provides Compensation deferrals and matching Contributions to Eligible Employees of Participating Companies.*
- *This SPD summarizes Plan eligibility requirements and benefits.*

The Plan is a defined contribution plan sponsored by the Plan Sponsor. The Plan provides savings plan benefits to Eligible Employees of Participating Companies.

This document is the summary plan description (SPD) for the Plan. This SPD relates to participation interests in the Plan and shares of the common stock of AT&T Inc. (“AT&T” or the “Company”), par value \$1 per share (“AT&T Shares”), in which participants’ Contributions may be invested pursuant to the Plan. This document summarizes the Plan’s terms, including the particular eligibility requirements for coverage, the benefits provided, the conditions that must be met to qualify for Plan benefits, the times and forms of payment of Plan benefits, plus other special Plan provisions.

Some special Plan provisions are not fully described in this SPD. Usually, these special provisions are the result of corporate transactions or agreements among AT&T and other companies. You may obtain more information about these special provisions by contacting the Recordkeeper. See the “Contact Information” section for information about how to contact the Recordkeeper.

The Plan is a complex and technical legal document. Although every effort has been made to make the description in this SPD as accurate as possible, this SPD could not include every relevant detail of the Plan. To the extent this SPD conflicts with the official Plan document, the official Plan document controls. Your right to any benefits under the Plan depends on the actual facts and the terms and conditions of Plan documents, and no rights accrue by reason of, or arising out of, any statement shown in or omitted from this SPD.

This SPD is not intended to, nor does it create, a contract of employment with any member of the AT&T Controlled Group.

Many sections of the SPD are related to other sections of the document. You may not have all of the information you need by reading just one section. So, it is important that you review all sections that apply to a specific topic. In addition, notes imbedded in the text are used throughout this SPD where needed to provide clarification, additional information or identify an exception or distinction applicable to certain Eligible Employees. These notes provide information that is important to fully understand the Plan and the benefits it provides.

Terms Used in This SPD

Certain terms used in this SPD have specific meanings. Many of the terms that use capital letters, such as Eligible Employee, are defined in the “Definitions” section. Other less widely used terms are defined where the term is used in this SPD. Understanding the meanings of all of the defined terms will help you better understand the information provided in this SPD.

ELIGIBILITY

KEY POINTS

- *Only Eligible Employees may participate in the Plan.*
- *Eligible Employees will become eligible to participate when covered on the active payroll of a Participating Company.*
- *Active participation in the Plan ends when you are no longer an Eligible Employee.*
- *There are no age or service requirements for making deferrals of your own Compensation.*

Eligible Employee

You are an Eligible Employee if you are employed by a Participating Company (as listed in *Attachment 1*) and you are:

- A Bargaining Unit Employee covered by a collective bargaining agreement listed below and hired or rehired before Aug. 9, 2009:
 - AT&T Corp. – CWA
 - AT&T Corp. – IBEW
- Covered by a collective bargaining agreement that has agreed to Plan benefits and temporarily promoted to a management position for one year or less.

Generally, you are a Bargaining Unit Employee if:

- Your job title and classification are covered by a collective bargaining agreement between your Employer and a union agreeing to Plan benefits.
- You are a “confidential employee” as defined by the National Labor Relations Act.
- You are a nonmanagement nonunion Employee employed in the same business unit as any of the following bargaining units:
 - AT&T Corp. – CWA

You are **NOT** eligible to participate in the Plan if you are:

- Not an Eligible Employee
- Eligible to contribute under any other AT&T sponsored savings or profit sharing plan (such as the AT&T Retirement Savings Plan)
- Not on an Employer’s payroll
- Subject to a written agreement or other designation from your Employer that states that you are not eligible to participate in the Plan
- Classified, designated or treated by the Participating Company as an independent contractor or a leased employee (even if deemed or later determined to be a common law employee)
- An Employee of another company that provides services to an Employer

- Not a resident of the U.S. and you have no U.S. source of income, or
- A Management Employee. Generally, you are a Management Employee if your job title and classification are not covered by a collective bargaining agreement between a Participating Company and a union. Certain nonmanagement, nonunion Employees are eligible to participate in the Plan if their work group follows a bargaining unit with respect to benefits (see the definition of Bargaining Unit Employee for eligible nonmanagement, nonunion groups).

Special Provisions

- * **Special Rules for Employees in the Following Bargaining Units and for Nonmanagement, Nonunion Employees in the Same Business Units That Are Eligible Employees for This Plan: AT&T Corp. – CWA, AT&T Corp. – IBEW Local 21**

Certain Reclassified Employees

You are **NOT** eligible to participate in the Plan if you were hired or rehired before Aug. 9, 2009, as a Temporary Employee or Term Employee and reclassified as a Regular Employee on or after Aug. 9, 2009. Note that “Temporary Employee,” “Term Employee” and “Regular Employee” are defined under the applicable collective bargaining agreement. Contact the Recordkeeper if you have questions about whether this provision applies to you.

Transfers from a Management Position to a Bargained Position on or after Aug. 9, 2009

If you were in a Management position on Aug. 8, 2009, and transfer to a bargaining unit listed above, you are **NOT** eligible to participate in the Plan while represented by bargaining unit listed above.

Transfers Under the National Transfer Plan Between Bargained Positions on or after Aug. 9, 2009

You are **NOT** eligible to participate in the Plan if you transfer to and are represented by a bargaining unit listed below, you were **NOT** a member of a bargaining unit listed below (or a nonmanagement, nonunion Employee who receives the same benefits as these bargaining units) on Aug. 8, 2009 (including a Bargaining Unit Employee on layoff status who is later rehired from such layoff with recall rights) and you transfer to such group on or after Aug. 9, 2009, from any employee group not specifically covered by a situation below in this special rule.

You **are** eligible to participate in the Plan if:

- You (i) are a member of any of the bargaining units below (or a nonmanagement, nonunion Employee who receives the same benefits as these bargaining units), including employees who were on a layoff with recall rights, on Aug. 8, 2009, (ii) are eligible for the Plan and (iii) become a member AT&T Corp. – CWA (or a nonmanagement, nonunion Employee who receives the same benefits AT&T Corp. – CWA)

- | | |
|--|--|
| • AT&T Billing Southeast, LLC – CWA District 3 | • AT&T West Core Contract – CWA District 9 |
| • AT&T East Core Contract – CWA District 1 | • BellSouth Telecommunications, Inc. (Internet Services) – CWA District 3 |
| • AT&T Messaging, LLC – CWA District 6 | • BellSouth Telecommunications, Inc. (Utility Operations) – CWA District 3 |

- AT&T Midwest Core Contract – CWA District 4 (including Appendix G)
 - AT&T Southeast Core Contract – CWA District 3
 - SBC Global Services, Inc. (COS) – CWA District 4
 - AT&T Southwest Core Contract – CWA District 6
- *You are a member of a bargaining unit represented by the AT&T Corp. – IBEW, AT&T Midwest Core Contract – IBEW Local 21, SBC Global Services, Inc. – IBEW Local 21, SBC Global Services, Inc. – IBEW Local 58, SBC Global Services, Inc. – IBEW Local 134, or SBC Global Services, Inc. – IBEW Local 494 on Aug. 8, 2009, and transfer to any other AT&T Corp. – IBEW bargaining unit.*

ENROLLMENT

KEY POINT

- *Your enrollment is generally effective the next payroll period beginning after you enroll.*

How to Enroll

To enroll in the Plan, contact the Recordkeeper. See the “Contact Information” section for the Recordkeeper’s contact information.

Generally, your enrollment begins with the next payroll period that starts after you enroll. You may not make Contributions that apply before you are enrolled.

IMPORTANT: If you do not make an investment fund election, and you do not have a balance in the Plan from a period of prior participation, you will not be allowed to enroll in the Plan until you make an investment fund election.

EMPLOYEE CONTRIBUTIONS

KEY POINTS

- *You may make Basic Contributions and Supplementary Contributions.*
- *Only Basic Contributions are eligible to receive matching Contributions.*
- *If you are age 50 or older, you may make Catch-Up Contributions.*

Amount of Employee Contributions

You may contribute to the Plan through payroll deductions that can be:

- All Before-tax Contributions
- All After-tax Contributions, or
- A combination of Before-tax and After-tax Contributions

Contributions may not be more than the following limits (and as listed in the “Limits on Contributions” section).

Election Options	Before-tax Contributions*	After-tax Contributions
Minimum Percentage	2%	2%
Maximum Percentage	16%**	16%**
Increments	1%	1%
<p><i>*The maximum dollar amount you may contribute is subject to IRS limitations (See the “Limits on Contributions” section.)</i></p> <p><i>**The maximum Contribution percentage for Before-tax and After-tax Contributions when combined cannot exceed 16%.</i></p>		

Contributions up to 6 percent of your Compensation are Basic Contributions. Contributions from 7 percent up to 16 percent of your Compensation are Supplementary Contributions.

Once eligible, you receive Company Match Contributions on your Basic Contributions. Your Supplementary Contributions do not receive Company Match Contributions. (See the “Employer Contributions” section for more information.) Carefully consider your financial needs and talk with your financial adviser before you elect to contribute.

Before-tax Contributions

Your Before-tax Contributions are deducted from your paycheck before applicable income taxes are withheld. These Contributions are included in your taxable income when distributed to you from the Plan. By law, your Before-tax Contributions cannot exceed an annual limit, see the “Limits on Contributions” section.

If your Before-tax Contributions exceed an annual limit, your Contributions are converted to After-tax Contributions. If you want to stop your Contributions when you reach the annual Before-tax limit, you must change your Contributions to zero at that time.

After-tax Contributions

Your After-tax Contributions are deducted from your paycheck after withholding income taxes. These Contributions are included in your taxable income. Your After-tax Contributions are not taxable when paid to you from the Plan. However, the earnings on these After-tax Contributions are taxable when they are paid to you from the Plan.

Example of Tax Treatment of \$50 Contribution on Your Paycheck		
Item	Before-tax Contribution	After-tax Contribution
Gross Amount of Paycheck	\$1,000	\$1,000
Before-tax Contribution	- \$50	
Taxable Income	\$950	\$1,000
Estimated 28% Income Tax	- \$266	- \$280
After-tax Contribution		- \$50
Take-Home Pay	\$684	\$670

Catch-Up Contributions

If you are or will be age 50 or older before the end of a calendar year, you may save more on a Before-tax basis to “catch up” your savings to help meet your retirement needs. In accordance with Plan provisions, you may contribute an additional Before-tax Supplementary Contribution that exceeds the otherwise applicable Plan or statutory limits (a “Catch-Up Contribution”). See the “Limits on Contributions” section. Catch-Up Contributions are not eligible for Company Match.

IMPORTANT: In order to make a Catch-Up Contribution, you **must** make a separate election for an additional Before-tax Supplementary Contribution (or “Employee Pre-tax Catch-Up” Contribution). You must elect a Basic Contribution of at least 6 percent Before-tax or After-tax before you can make a Catch-up Contribution.

Example: The Statutory Limit of \$17,000 for Before-tax Contributions is Reached

Jane is 52 years old and is paid \$170,000 per year (\$6,538 bi-weekly for 26 paychecks during the year). She already contributes the maximum Before-tax Contributions allowed by statute (\$17,000 in a calendar year for 2012). However, Jane wants to contribute \$5,500 more for her retirement and decides to elect a Catch-Up Contribution. Jane must make sure she elects a **separate** Catch-Up Contribution for her additional Contribution of \$5,500.

Before-tax Contributions	Deducted Each Paycheck	Annual Total
6% Before-tax Basic (maximum Basic is 6%)	\$392.31	\$10,200
4% Before-tax Supplementary (maximum Supplementary is 10%)	\$261.54	\$6,800
Total Before-tax Basic and Supplementary Contributions (maximum Before-tax is \$17,000)	\$653.85	\$17,000*
5% Catch-up Contribution (max. is \$5,500)	\$211.54	\$5,500
Total Contributions During the Plan Year		\$22,500

**After reaching the Before-tax Contribution limit, her additional Contributions will automatically be recharacterized as After-tax Contributions or cease (depending on her election).*

To Change or Suspend Your Contributions

Each payroll period, you may change the percentage or type of your Contributions. You may also suspend your Contributions (decrease your Contributions to 0 percent). You may later reinstate your Contributions the following payroll period.

EMPLOYER CONTRIBUTIONS

KEY POINTS

- *Supplementary Contributions are **NOT** eligible to receive the Company Match.*
- *Company Match is allocated to the investment funds that you have directed in your account.*
- *If you have one Year of Service, you may receive Company Match on your Basic Contributions.*

Amount of Employer Contributions

When you enroll in the Plan and complete one Year of Service, you may receive a Company Match from your Participating Company. Your Company Match is **66 2/3 percent** of your total Before-tax and After-tax **Basic Contributions**. **No Company Match is made on Supplementary Contributions**. The Company Match is invested in the same investment funds as your own Contributions.

LIMITS ON CONTRIBUTIONS

KEY POINTS

- *Your Before-tax Contributions are limited to \$17,000 per year for 2012 (subject to future adjustments).*
- *Your Contributions may be limited if you are a Highly Compensated Employee.*

Before-tax Contributions

The Plan is prohibited by law from accepting your Before-tax Contributions during a Plan Year which, when added to your Before-tax Contributions to other tax qualified plans, exceed \$17,000 in 2012 (subject to future adjustments). If you reach the annual Plan limit on Before-tax Contributions, you may elect to have your Before-tax Contributions either suspended or withheld as After-tax Contributions for the remainder of the year (known as a spillover election). If you have made no election on how those Contributions should be treated, your Contributions for the remainder of the year will be withheld as After-tax Contributions. The annual limit on Before-tax Contributions applies to the total of all of your Before-tax Contributions. If you are or will be age 50 or older before the end of a calendar year, you may be eligible to make Catch-Up Contributions. The Catch-Up Contribution limit for 2012 (subject to future adjustments) is \$5,500.

Highly Compensated Employees

If you are a highly compensated employee, some combination of your Before-tax Contributions, After-tax Contributions and Company Match could be reduced, recharacterized or adjusted due to Code limitations (and such adjustment could include a return of excess Contributions). A highly compensated employee is 1) an Employee who was a 5 percent owner at any time during the Plan Year under consideration or 2) for the prior Plan Year, received Compensation greater than \$115,000 applicable to the 2012 Plan Year (subject to future adjustments).

Overall Limits

The Code may impose limits on the total amount contributed to the Plan. The limitation in 2012 (subject to future adjustments) is \$50,000. In addition, each Contribution made by the Participating Company to the Plan (including Before-tax Contributions) is expressly limited and conditioned on the deductibility of the Contribution under the Code. The Plan limits the amount of your Compensation taken into account under the Plan for any Plan Year to \$250,000 in 2012 (subject to future adjustments). If you reach the compensation limit, your Contributions will automatically be suspended for the remainder of the year.

VESTING

KEY POINTS

- *Your Company Match is subject to a vesting schedule.*
- *Generally, you are vested after three Years of Service.*

Vesting determines your rights to full ownership of the Company Match. Your Contributions and earnings on those Contributions are fully vested at all times. The Company Match will vest after you have been employed by an Employer and as provided below:

- **Your Company Match will vest after **three** Years of Service**
- **If you become Disabled while an Eligible Employee, your Company Match will vest immediately**
- **If you are age 65, your Company Match will vest immediately**
- **If you die while an Eligible Employee, your Company Match will vest immediately**
- **You terminate your employment with your Employer following the time you are retirement eligible (as determined by applicable Plan provisions)**
- **Certain other events set forth in the Plan**

Generally, if you are not vested upon Termination of Employment, you will forfeit and not be entitled to receive any Company Match. However, if your employment is terminated under certain conditions, you may not forfeit Company Match (see the “Forfeiture” section).

✱ **Special Rule If You Have Contributions That Were Transferred to the Plan From Another Plan and That Other Plan Had a Different Vesting Schedule**

Contact the Recordkeeper. You may have a different vesting schedule that applies to some or all of your account in the Plan.

✱ **Special Rule If You Were Previously Employed by an Employer and subsequently Rehired**

Contact the Recordkeeper. You may receive credit for prior employment with an Employer.

FORFEITURE

KEY POINTS

- *Any portion of your Company Match that is not vested may be forfeited after your Termination of Employment.*
- *Forfeitures may be used to reduce future Employer Contributions or to pay Plan administrative expenses.*

What is Subject to Forfeiture

Your Before-tax and/or After-tax Contributions, and applicable earnings on those Contributions, are always vested and are not subject to forfeiture. However, you will forfeit all Company Match Contributions that are **not vested** at the time you terminate employment. The amount to be forfeited will be held in your account for a period of five years following your date of termination or until your account has been completely distributed, whichever occurs first.

Application of Forfeited Company Match

Amounts forfeited under the Plan will be applied as a credit to reduce subsequent Contributions by Participating Companies or pay expenses incurred in the administration of the Plan.

Restoral of Forfeited Company Match

If You Took a Distribution of Your Account Upon Termination of Employment

If you are re-employed by a Participating Company within five years of your Termination of Employment and you forfeited Company Match because you elected to take a Distribution of a portion of your account, the previously forfeited Company Match will be restored to your account if you repay the Trustee the amount distributed to you as a result of your earlier Termination of Employment. Your repayment must be made in a single cash payment, and it must be made within five years of the date you are rehired.

NOTE: Repayment of the forfeited amount needs to come from a qualified plan or IRA. Amounts not rolled over and kept as cash are considered non-qualified monies and cannot be restored to the Plan.

If You Deferred Distribution of Your Account Upon Termination of Employment

If you are re-employed by a Participating Company within five years of your Termination of Employment and you deferred the Distribution of your account when you terminated, your account balance upon re-employment will reflect any amounts that were not vested at your prior Termination of Employment.

INVESTMENT OPTIONS

KEY POINT

- *You invest your Contributions in the investment funds available under the Plan.*

How Your Contributions Are Invested

You may invest your Contributions, loan repayments or rollover amounts in one or more of the investment funds described on the following pages. Each of the Plan's investment funds offers different opportunities and levels of risk. Each fund has a specific investment goal and may invest in short-term investments, including commercial paper and bank deposits (including deposits with a fiduciary of the Plan), pending the purchase of other investments of the types described for each fund.

IMPORTANT: If you do not select an investment fund, you will be disenrolled until such time as you select investment elections.

The Plan is intended to comply with ERISA section 404(c). This means that all responsibility with respect to the selection of investments for your Plan account belongs with you. Choices should be made carefully on the basis of personal financial goals. Neither the Plan Administrator, any Plan committees, the Recordkeeper, the trustee nor the Employer (nor any Participating Company) is accountable for any loss sustained by your investment decisions. In addition, none of the parties listed above make any guarantee of the performance of any of the investment options offered under the Plan.

No AT&T employee or Recordkeeper representative is authorized to make any recommendations or provide advice as to how you should invest your Plan account. In addition, neither this SPD nor any other materials provided to you related to the investment

choices under the Plan should be construed as providing any type of recommendation or investment advice. The investment funds are selected by the Plan Administrator, or its delegate, and are subject to change. The Plan Administrator, or its delegate, may also change the managers of the investment funds.

Interest and/or dividends earned in an investment fund (except the AT&T Stock Fund) are automatically reinvested in that fund. For information on the rate of return for each investment fund, see the "Historical Performance" section.

Separate Prospectus for Registered Funds

Some of the investment choices under the Plan are SEC-registered 40 Act funds. Those funds have a separate prospectus that contains important information about the fund and investing in the fund.

Type of Fund	Name	Characteristics
Index	<ul style="list-style-type: none"> • S&P 500 Index Fund • Large-Cap U.S. Stock Index Fund • Total U.S. Stock Market Index Fund • International Fund • Index Fund • U.S. Bond Market Index Fund • Extended U.S. Stock Market Index Fund 	<p>Each index fund provides a broadly diversified portfolio of small-, mid- and large-capitalization U.S. equities, international equities, and fixed income. These funds seek to match the rates of return realized by a widely accepted market index represented by each asset category.</p>
Custom	<ul style="list-style-type: none"> • AT&T Stable Value Fund • AT&T Total Return Bond Fund • AT&T U.S. Equity Fund • AT&T International Equity Fund 	<p>Each AT&T custom fund provides a broadly diversified portfolio of stable value, fixed-income, U.S. equities and international equities. Each fund consists of multiple manager portfolios, which may be actively or passively managed at institutional rates. These options seek to exceed the rates of return realized by a widely accepted market index represented by each asset category.</p>

Type of Fund	Name	Characteristics
Employer Stock	<ul style="list-style-type: none"> AT&T Stock Fund 	This is not a diversified fund. The fund invests in AT&T Shares exclusively, except for cash or other short-term investments necessary to facilitate participant transactions, and the performance is directly tied to the performance of AT&T Shares. Since the fund is a single non-diversified investment, it is riskier than diversified investment funds.
SEC-registered 40 Act Funds	<ul style="list-style-type: none"> Various Funds 	These funds are a broad array of actively managed portfolios. You select the fund(s) that best matches your retirement strategy.
Asset Allocation	<ul style="list-style-type: none"> Income Fund Balanced Fund Growth Fund 	These are passively managed asset allocation pools that seek to provide a well-diversified, institutional approach to investing for retirement. You select the fund(s) that best matches your retirement strategy.

Investment Fund Descriptions

American Funds® Capital World Growth and Income Fund – Class R6

What It Is

A growth and income fund that invests internationally. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

To provide a combination of long-term capital growth and current income.

Strategy

Primarily invests in common and preferred stocks, bonds and money market investments denominated in U.S. dollars or other currencies, in countries all over the world. Managed by Capital Research and Management Company.

Risks

Foreign investments involve greater risk and may offer greater potential returns than U.S. investments. These risks include political and economic uncertainties of foreign countries, as well as the risk of currency fluctuations. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Fidelity Diversified International Fund Class K

What It Is

A growth fund that invests internationally. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide capital growth.

Strategy

Primarily invests in common stocks of foreign companies. Managed by Fidelity Research and Management, LLC.

Risks

Foreign investments, especially those in emerging markets, involve greater risk and may offer greater potential returns than U.S. investments. This risk includes political and economic uncertainties of foreign countries, as well as the risk of currency fluctuation. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

NOTE: If you sell (including transfers, loans, withdrawals and distributions) your shares after holding them for less than 30 days, the fund will deduct a short-term trading fee from your account equal to 1 percent of the value of the shares sold.

Fidelity Dividend Growth Fund Class K**What It Is**

A growth fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide capital appreciation.

Strategy

Primarily invests at least 80 percent of its assets in equity securities. Normally invests in common stocks of companies that pay dividends or that Fidelity Management & Research Company believes have the potential to pay dividends in the future. The fund may invest in securities of domestic and foreign issuers. It is important to note that the fund does not invest for income. Managed by Fidelity Management and Research, LLC.

Risks

Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Fidelity Equity-Income Fund Class K**What It Is**

A growth and income fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide reasonable income. In pursuing this objective, the fund will also consider the potential for capital appreciation. The fund seeks to provide a yield that exceeds the composite yield of the S&P 500 Index (index is defined in the "Index Definition" section of this SPD).

Strategy

Primarily invests at least 80 percent of its assets in income-producing equity securities, which tends to lead to investments in large-cap "value" stocks. The fund may potentially invest in other types of equity and debt securities, including lower-quality debt securities. The fund may invest in securities of domestic and foreign issuers. Managed by Fidelity Research and Management, LLC.

Risks

Lower-quality debt securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Fidelity High Income Fund

What It Is

An income fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide a high level of current income. Growth of capital may also be considered.

Strategy

Primarily invests in income-producing debt securities, preferred stocks and convertible securities, with an emphasis on lower-quality debt securities. The fund may potentially invest in non-income-producing securities, including defaulted securities and common stocks. The fund may invest in companies in troubled or uncertain financial condition. The fund may invest in securities of domestic and foreign issuers. Interest rate increases can cause the price of a debt security to decrease. Managed by Fidelity Research and Management, LLC.

Risks

The fund may invest in lower-quality securities that generally offer higher yields, but also carry more risk of default or price changes due to potential changes in the credit quality of the issuer. In addition, bond funds entail interest rate risk (as interest rates rise bond prices usually fall and vice versa). This effect is usually more pronounced for longer-term securities. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

NOTE: If you sell (including transfers, loans, withdrawals and distributions) your shares after holding them for less than 90 days, the fund will deduct a short-term trading fee from your account equal to 1 percent of the value of the shares sold.

Fidelity Low-Priced Stock Fund Class K

What It Is

A growth fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide capital appreciation.

Strategy

Primarily invests at least 80 percent of its assets in low-priced stocks (those priced at or below \$35 per share), which can lead to investments in small and medium-sized companies. The fund may potentially invest in stocks not considered low priced. The fund may invest in securities of domestic and foreign issuers. The fund may invest in "growth" or "value" stocks, or both. Managed by Fidelity Research and Management, LLC.

Risks

Investments in smaller companies may involve greater risk than those of larger, more well-known companies. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

NOTE: If you sell (including transfers, loans, withdrawals and distributions) your shares after holding them for less than 90 days, the fund will deduct a short-term trading fee from your account equal to 1.5 percent of the value of the shares sold.

Fidelity Magellan® Fund Class K**What It Is**

A growth fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide capital appreciation.

Strategy

Primarily invests in common stocks. The fund may invest in securities of domestic and foreign issuers. The fund manager is not constrained by any particular investment style. At any given time, the fund manager may tend to buy "growth" stocks or "value" stocks, or a combination of both types. In buying and selling securities for the fund, the manager relies on fundamental analysis of each issuer and its potential for success in light of its current financial condition, its industry position, and economic and market conditions. Factors considered include growth potential, earnings estimates, and management. Managed by Fidelity Research and Management, LLC.

Risks

Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Legg Mason Capital Management Value Trust, Inc. – Class I**What It Is**

A large-cap equity fund which uses the "value approach" to investing. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide long-term capital appreciation.

Strategy

Primarily invests in equity securities that the manager believes offer the potential for capital growth. The manager follows a value discipline in selecting securities, and therefore seeks to purchase securities at large discounts to the manager's assessment of their intrinsic value. The fund may invest up to 25 percent of its assets in any type of debt or fixed-income security, including lower rated securities that involve greater risk, if the manager believes these securities would help to achieve the Portfolio's investment objective. Managed by Legg Mason Funds, Inc.

Risks

Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Morgan Stanley Institutional Fund, Inc. – International Equity Portfolio - Class I Shares**What It Is**

A value-oriented fund that invests in stocks of companies outside the U.S. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to increase the value of your investment over the long term through growth of capital.

Strategy

Primarily invests in equity securities of companies in developed markets outside the U.S.

Risks

Investing internationally involves certain risks not associated with investing in the U.S., including restrictions on repatriation, price volatility and lesser liquidity of shares, currency fluctuations, political and economic uncertainties, and limited publicly available information. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

NOTE: If you sell (including transfers, loans, withdrawals and distributions) your shares after holding them for less than 30 days, the fund will deduct a short-term trading fee from your account equal to 2 percent of the value of the shares sold.

T Rowe Price Institutional Mid-Cap Equity Growth Fund**What It Is**

A growth fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide long-term capital appreciation.

Strategy

Primarily invests in mid-cap stocks offering the potential for above-average earnings growth. The fund invests at least 80 percent of the fund's net assets in a diversified portfolio of common stocks of mid-cap companies whose earnings T. Rowe Price expects to grow at a faster rate than the average company. Managed by T. Rowe Price Associates.

Risks

Investments in mid-sized companies may involve greater risks than those of larger, more well-known companies, but may be less volatile than investments in smaller companies. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

T Rowe Price Institutional Small-Cap Stock**What It Is**

A growth fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide long-term capital growth by investing primarily in stocks of small companies.

Strategy

Primarily invests at least 80 percent of its net assets in stocks of small companies. A small company is defined as having a market capitalization that falls within the range of companies in the Russell 2000 Index or below the three-year average maximum market cap of companies in the index as of Dec. 31 of the three preceding years. The Russell 2000 Index is a widely used benchmark for small-cap stock performance. Stock selection may reflect either a growth or value investment approach. Managed by T. Rowe Price Associates.

Risks

While investing in small to medium-sized companies is generally riskier than investments in more established companies, it may offer greater capital appreciation potential. Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Vanguard U.S. Growth Fund – Admiral Shares**What It Is**

A growth stock fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide long-term capital appreciation.

Strategy

Invests in a concentrated portfolio of large-capitalization stocks believed to have superior growth potential at reasonable valuations. Starting with a universe of the 500 largest domestic stocks, the manager's 25 industry analysts use intensive fundamental research to rate each stock in specific sectors. Using a disciplined process, the management team ranks stocks based on earnings growth projections, relative valuations and analyst opinions. The team determines individual holdings and position sizes by comparing highly ranked stocks based on their potential contributions to portfolio returns and risk. The resulting portfolio contains approximately 45-65 stocks, with the top 10 holdings typically representing more than 40 percent of total assets. Managed by Alliance Capital Management L.P., William Blair & Company, LLC, and The Vanguard Group.

Risks

Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Vanguard Windsor II Fund – Admiral Shares**What It Is**

A growth and income fund. This is an SEC-registered 40 Act fund. This fund has a separate prospectus that contains important information about the fund and investing in the fund. Contact the Fidelity Service Center to request a copy of the prospectus.

Objective

Seeks to provide long-term capital appreciation and income.

Strategy

Invests primarily in large- and mid-capitalization companies whose stocks are considered by the fund's managers to be undervalued. The fund achieves diversification through a multimanager structure, including both fundamental and quantitative styles. The managers work independently, each employing their own process and strategy. While the six managers have individual styles, the overall fund focuses on stocks with below average price-to-earnings ratios, above average yields and solid relative return potential. Managed by Barrow, Hanley, Mewhinney, & Strauss, Inc.; Equinox Capital Management, LLC; Hotchkis and Wiley Capital Management, LLC; Tukman Capital Management, Inc.; Armstrong Shaw Associates Inc.; and The Vanguard Group.

Risks

Share price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

AT&T International Equity Fund

What It Is

A diversified stock fund that invests in foreign companies. This is not an SEC-registered 40 Act fund.

Objective

Seeks to provide returns in excess of international markets as represented by the MSCI ACWI ex U.S. Index.

Strategy

Using both active and passive investment managers, the fund invests primarily in common stocks issued by foreign businesses. It invests in mature markets such as Western Europe, Japan, Australia, Hong Kong, Singapore and Canada with a portion in emerging markets such as Latin America, Africa, Eastern Europe and the Pacific Basin. The fund invests primarily in common stocks, but may also invest in securities convertible into common stocks, stock index futures contracts, short-term fixed-income investments and commingled funds that invest in these securities. The fund may also invest in derivatives on currencies including options, futures, forwards and swaps. This fund is currently managed by BlackRock, Capital Guardian Trust Company, Marathon Asset Management, Morgan Stanley, Silchester International Investors, McKinley Capital Management, Dimensional Fund Advisors and and Baillie Gifford. The normal allocations for the fund are approximately as follows. These figures are subject to change based on market fluctuations, manager selection and cash flow Distribution.

Type of Account	Target Allocation	Allocation Range
Passive equity accounts	20%	0% - 40%
Active equity accounts	80%	60% - 100%

Risks

Foreign securities are subject to interest-rate, currency-exchange-rate, economic, and political risks, all of which may be magnified in emerging markets. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. As is the case with all stock portfolios, the general level of volatility and risk-along with the potential investment returns-associated with this fund is higher than with fixed-income funds.

NOTE: The investment option is a custom strategy fund.

The Morgan Stanley Capital International All Country World (MSCI ACWI) ex U.S. Index is a market capitalization-weighted index of stocks traded in global developed and emerging markets, excluding the United States. The Index is designed to measure equity market performance in global developed and emerging markets, excluding the United States and excludes certain market segments unavailable to U.S. based investors.

AT&T U.S. Equity Fund

What It Is

A diversified stock fund. This is not an SEC-registered 40 Act fund.

Objective

Seeks to provide returns in excess of the total U.S. equity market as represented by the Russell 3000 Index.

Strategy

Using both active and passive investment managers, the fund provides broad coverage of the U.S. equity market by investing in companies across the capitalization spectrum (large-capitalization, mid-capitalization and small-capitalization), as well as the style spectrum (growth, blend and value). The fund invests primarily in common stocks, but may also invest in securities convertible into common stocks, stock index futures contracts, short-term fixed-income investments and commingled funds that invest in these securities. This fund is currently managed by Dodge & Cox, Inc., BlackRock, Sands, Dimensional Fund Advisors, Jennison Associates, T-Rowe Price and Southeastern Asset Management. The normal allocations for the fund are approximately as follows. These figures are subject to change based on market fluctuations, manager selection and cash flow distributions.

Type of Account	Target Allocation	Allocation Range
Passive equity accounts	35%	20% - 50%
Active equity accounts	65%	50% - 80%

Risks

Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

As is the case with all stock portfolios, the general level of volatility and risk – along with the potential investment returns – associated with this fund is higher than with fixed-income funds. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market or economic developments. Foreign securities are subject to interest-rate, currency-exchange-rate, economic and political risks, all of which are magnified in emerging markets. The securities of smaller, less well-known companies can be more volatile than those of larger companies. The fund value and return are expected to vary more than the MSCI ACWI ex U.S. Index. Unit price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

AT&T Stable Value Fund**What It Is**

A capital preservation and income fund. This is not an SEC-registered 40 Act fund.

Objective

Seeks to preserve principal value, provide a relatively stable current rate of interest income and earn incremental returns above the yield on 90-day U.S. Treasury Bills, while seeking to maintain a stable \$1 share price.

Strategy

The fund invests primarily in stable value investment contracts issued by banks, insurance companies and other financial institutions, typically held in combination with portfolios of a variety of fixed-income investments including securities issued by the U.S. Treasury, U.S. government agencies or other U.S. government sponsored enterprises, residential and commercial mortgage-backed securities, asset-backed securities, and corporate securities. Stable value contracts are negotiated over-the-counter contracts intended to help the fund maintain stable principal valuation in most circumstances and typically require the fund to pay periodic fees to the contract's issuer. Some insurance contracts require that the fixed-income portfolios are held by the insurance company instead of being held by the fund. The fund may also invest in derivatives on fixed-income securities and currencies including options, futures, forwards and

swaps, and in short-term fixed-income investment funds and money market funds to help meet daily liquidity requirements. The fund may also invest in commingled funds with investments that are similar to those described above.

The average credit quality of the fund's investments is generally expected to be AA- (or its equivalent) or higher, although individual securities or contracts purchased for the fund will have a lower credit quality rating. The average duration (a measure of price sensitivity to changes in interest rates) for investments in the fund is typically expected to be in a range of two to four years. In general, prices of fixed-income investments fall when interest rates rise, and vice versa. The fund invests in stable value contracts to help offset price fluctuations. The terms of each stable value contract obligate the contract's issuer to keep a separate record for the contract's value known as the "book value", which under most circumstances approximates the value of invested principal plus accrued interest, adjusted for deposits, withdrawals and fees. The fund's Net Asset Value (NAV) is normally expected to be calculated using the book value of the stable value contracts, regardless of the fluctuations in the market value of the fixed-income portfolios. The terms of each stable value contract provide for certain qualified withdrawals allowed under the Plan, such as exchanges, withdrawals, distributions and benefits to be paid at book value, although terms vary from contract to contract and certain withdrawals may not be permitted at book value.

This fund is managed by DB Advisors, Brown Brothers Harriman & Company, Standish Mellon Asset Management Company, BlackRock, PIMCO, Jennison Associates and Prudential Investment Management. AT&T may also retain additional fixed-income portfolio managers, which will manage portfolios of marketable fixed-income securities.

Risks

Investing in the fund involves certain risks, some of which are explained here, and there is no assurance that the fund will achieve its objective. An investment in the fund is not insured or guaranteed by the manager(s), the plan sponsor, the trustee, the FDIC, any other government agency or any other entity. The fund is typically expected to maintain a relatively stable NAV, however, in some circumstances the fund's NAV may fluctuate up or down without advance notice, so it is possible to lose money in the fund. The contracts and securities purchased for the fund are backed solely by the financial resources of the issuers of such contracts and securities. Those issuers may experience a credit failure or otherwise fail to meet their financial obligations, which could result in a loss. The contracts purchased by the fund are normally expected to be accounted for at book value (principal plus interest accrued to date), although in some circumstances an adjustment to the book value may be made which may result in a loss. Through the use of book value accounting, there is typically no immediate recognition of investment gains and losses on the fund's securities. Instead, gains and losses are normally recognized over time by periodically adjusting the interest rate credited to the fund under the contracts. The contracts provide for the payment of certain withdrawals and exchanges at book value subject to the terms of the contracts. In order to maintain the contract issuers' obligation to pay such withdrawals and exchanges at book value, the contracts subject the fund and its participants to certain restrictions.

For example, withdrawals prompted by certain events (e.g., layoffs, early retirement windows, spin-offs, sale of a division, facility closings, plan terminations, partial plan terminations, changes in laws or regulations, plan amendments or changes to the plan's investment options) may be paid at the market value of the fund's securities, which may be less than your book value balance and therefore result in a loss.

The value of the fund's fixed-income investments held in combination with the stable value contracts may fluctuate, sometimes rapidly or unpredictably, due to a number of factors, including changes in interest rates or inflation, adverse economic conditions, reduced market liquidity, poor manager performance or other factors affecting the securities markets. The creditworthiness of the issuer or guarantor of fixed-income securities or stable value contracts, or the counterparty to

a derivatives contract, may deteriorate, or the issuer may default or become unable or unwilling to make timely principal payments, interest payments, or to otherwise honor its obligations, which may impact the fund's performance or cause a reduction in the fund's NAV. The fund may invest in derivatives, which are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Investing in derivatives involves certain risks, including the risk of leverage, which could increase the fund's exposure to the market and magnify losses to the fund.

There are certain risks associated with investing in stable value contracts. Stable value contracts contain terms including events of default and termination provisions, which if triggered could obligate the fund's managers to alter the investment strategy and wind down the contracts over a period of several years, or could potentially cause loss of coverage under the contract. Certain events or conditions, including but not limited to, changes to the plan's investment funds, changes to the rules or administration of the plan or fund, employer restructuring or layoffs, corporate mergers or divestitures, employer bankruptcy, partial or complete plan termination, changes in law, accounting procedures or regulatory changes, may result in withdrawals from the stable value contracts being made at market value instead of book value, which could result in a reduction of the fund's NAV. Issuers of stable value contracts may decide to exit the market or otherwise elect to terminate or wind down their contracts. There is no assurance that the fund's manager will be able to negotiate a sufficient amount of replacement contract coverage for all of the assets in the fund, and therefore some of the fund's fixed income assets may not be subject to contract coverage, causing the NAV to fluctuate.

The fund's yield and return will vary over time. The fund's yield is intended to follow the general trends in interest rates, although with a potentially significant time lag. The fund's yield and return will also be affected by cash flows into and out of the fund, including contributions, withdrawals and exchanges from other participants invested in the fund. The returns of the fund may not keep pace with inflation or the cost of living. The fund's yield and income could at times be reduced to a rate lower than that offered on other conservative investments, such as certificates of deposit or money market funds. In addition, there can be no assurance that the fund will achieve its stated objective.

NOTE: The investment option is a custom strategy fund.

Certain investment options (e.g., money market funds, short-term bond funds and brokerage window) may be deemed by the contract issuers to "compete" with this fund. The terms of the contracts prohibit you from making a direct exchange from this fund to such competing funds. Instead, you must first exchange to a non-competing fund for 90 days. While these requirements may seem restrictive, they are imposed by the contract issuers as a condition for the issuers' obligation to pay certain withdrawals and exchanges at book value.

AT&T Total Return Bond Fund

What It Is

An income fund. This is not an SEC-registered 40 Act fund. However, the fund may invest in other SEC-registered 40 Act funds. Specifically, the fund may invest in the following: Western Asset Core Plus Bond Fund – Institutional Class; PIMCO Total Return Bond Fund – Institutional Class; BlackRock Core Bond Portfolio – BlackRock Shares. These underlying funds each have a separate prospectus that contains important information about that fund. Contact the Fidelity Service Center to request a copy of any of these prospectuses.

Objective

To seek maximum total return consistent with capital preservation and incremental returns above the Barclays Capital U.S. Aggregate Bond Index.

Strategy

The fund may invest in all types of bonds, including U.S. government and agency securities, corporate securities, residential and commercial mortgage-backed securities, asset-backed securities and international bonds as well as commingled funds investing in fixed-income securities. The fund may invest in below investment-grade securities, non-U.S. bonds and emerging market debt. The fund may also invest in derivatives on fixed-income securities and currencies including options, futures, forwards and swaps. Duration (sensitivity to changes in interest rates) will generally approximate three to six years. The fund is currently managed by PIMCO, Western Asset Management Company and BlackRock.

Risks

In general, the bond market is volatile, and fixed-income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, the fund does not have a maturity date, so avoiding losses caused by price volatility by holding them until maturity is not possible.

To the extent the fund does not invest in federally insured obligations, fund investments are subject to the risk that an issuer will fail to make timely payments of interest or principal, which may result in a loss to the overall market value of the Fund. Securities that are based on the collective value of a group of assets or mortgages will change in value as the value of the underlying assets or mortgages change. The fund value and return are expected to vary more than the Barclays Capital Aggregate Bond Index. Foreign securities are subject to interest-rate, currency-exchange rate, economic and political risks, all of which are magnified in emerging markets. In addition, there can be no assurance that the fund will achieve its stated objective.

NOTE: The investment option is a custom strategy fund.

The Barclays Capital U.S. Aggregate Bond Index is an unmanaged market value-weighted index for U.S. dollar denominated investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year.

AT&T Stock Fund**What It Is**

A fund that pools your money with that of other employees to buy AT&T Shares and an amount of short-term investments (cash equivalents) designed to allow you to buy or sell without the usual trade settlement period for individual stock transactions. Your ownership is measured in Units of the fund instead of shares of stock. When AT&T declares a dividend, only participants who have a balance in the AT&T Stock Fund at the end of the trading day preceding the ex-dividend date will receive a dividend on their shares. This is not an SEC-registered 40 Act fund.

Objective

Seeks to approximate the performance of AT&T Shares. Benchmark applied is the Standard & Poor's 500[®] Composite Stock Price Index (S&P 500[®] Index).

Strategy

The fund invests in AT&T Shares exclusively, except for cash or other short-term investments necessary to facilitate participant transactions. The amount of short-term investments is based upon a target established by the Independent Fiduciary, but the actual amount of short-term investments on any given business day will vary with the amount of cash awaiting investment and with participant activity in the fund (contributions, redemptions, exchanges, withdrawals, etc.). The Investment Manager and Independent Fiduciary is Evercore Trust Company, N.A. The Independent Fiduciary has no authority for voting AT&T Shares.

Risks

If you invest a significant portion of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it can be an effective strategy to help you manage investment risk. This is neither a mutual fund nor a diversified or managed investment option. Investing in a non-diversified single stock fund involves more risk than investing in a diversified fund. As with any stock, the value of your investment may go up or down depending on how the company's stock performs in the market. Unit price and return will vary.

AT&T Shares fluctuate in market value, and the value of Units in the fund will likewise fluctuate. Investing in this fund is riskier than investing in the other Plan investment options because this fund invests in only one company. Industry conditions, general economic conditions and financial results of AT&T will have a large impact on the return of the fund. The return and value of your investment will vary depending on the short-term investments held by the fund, less any expenses accrued against the fund. In addition, there can be no assurance that the fund will achieve its stated goal.

NOTE: The fund will be invested exclusively in AT&T Shares (except to the extent necessary to facilitate participant transactions) unless the Independent Fiduciary determines, in its sole discretion, that it is required by ERISA to disregard the terms of the Plan.

You may not make an exchange into the AT&T Stock Fund during the two Business Days prior to an ex-dividend date.

The S&P 500[®] Index is a registered service mark of The McGraw-Hill Companies, Inc. and has been licensed for use by Fidelity Distributors Corporation and its affiliates. It is an unmanaged index of the common stock prices of 500 widely held U.S. stocks that includes the reinvestment of dividends.

The unmanaged S&P 500[®] Index consists of a sample of large U.S. companies in leading industries. Stocks in the S&P 500[®] represent approximately 75 percent of the market value of all publicly traded stocks in the U.S.

Asset Allocation Strategy: Balanced**What It Is**

A diversified investment portfolio. This is not an SEC-registered 40 Act fund.

Objective

To provide income and the potential for long-term growth of capital.

Strategy

The three Asset Allocation Strategies ("Strategies") are broadly diversified Plan options, with each one investing in a specific combination of four index funds. The underlying index funds are the US Total Market Index Securities Lending Series Fund Class I (Dow Jones U.S. Total Stock Market Index), International Index Securities Lending Series Fund Class I (MSCI EAFE[®] Index), U.S. Bond Market Index Securities Lending Series Fund Class I (Barclays Agg Index), and the World Government Bond Ex U.S. Index Securities Lending Series Fund Class (Citigroup World Government Bond Index excluding the U.S.). State Street Global Advisors manages the investment of the Strategies in the four index funds. Target mixes have been established for each Strategy. Mixes were determined after an in-depth analysis by the manager of historical returns and risk. The Strategies maintain a disciplined long-term focus and are rebalanced monthly to the target mixes. This process keeps the percentages of equity and fixed-income investments approximately at the target mix. The particular target mix associated with any one Strategy is a function of its risk and return objectives. This Strategy has a target asset mix as follows: Dow Jones U.S. Total Stock

Market Index: 45 percent; MSCI EAFE® Index: 12 percent; Barclays Capital Aggregate Bond Index: 36 percent; Citigroup World Government Bond Index excluding the U.S.: 7 percent.

Risks

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. In general, the bond market is volatile, and fixed-income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties.

NOTE: Because this strategy contains a greater proportion of equity investments than the Asset Allocation Strategy: Income, less income and greater fluctuation in value than the Asset Allocation Strategy: Income should be expected.

Asset Allocation Strategy: Growth

What It Is

A diversified investment portfolio. This is not an SEC-registered 40 Act fund.

Objective

To achieve long-term growth.

Strategy

The three Asset Allocation Strategies ("Strategies") are broadly diversified Plan options, with each one investing in a specific combination of four index funds. The underlying index funds are the U.S. Total Market Index Securities Lending Series Fund Class I (Dow Jones U.S. Total Stock Market Index), International Index Securities Lending Series Fund Class I (MSCI EAFE® Index), U.S. Bond Market Index Securities Lending Series Fund Class I (Barclays Agg Index), and the World Government Bond Ex U.S. Index Securities Lending Series Fund Class I (Citigroup World Government Bond Index excluding the U.S.). State Street Global Advisors manages the investment of the Strategies in the four index funds. Target mixes have been established for each Strategy. Mixes were determined after an in-depth analysis by the manager of historical returns and risk. The Strategies maintain a disciplined long-term focus and are rebalanced monthly to the target mixes. This process keeps the percentages of equity and fixed-income investments approximately at the target mix. The particular target mix associated with any one Strategy is a function of its risk and return objectives. This Strategy has a target asset mix as follows: Dow Jones U.S. Total Stock Market Index: 60 percent; MSCI EAFE® Index: 20 percent; Barclays Capital Aggregate Bond Index: 15 percent; Citigroup World Government Bond Index excluding the U.S.: 5 percent.

Risks

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties.

NOTE: Because this strategy contains a greater proportion of equity investments and investments outside the U.S. than the Asset Allocation Strategy: Balanced, less income and greater fluctuation in value than the Asset Allocation Strategy: Balanced should be expected.

Asset Allocation Strategy: Balanced

What It Is

A diversified investment portfolio. This is not an SEC-registered 40 Act fund.

Objective

To provide income and the potential for long-term growth of capital.

Strategy

The three Asset Allocation Strategies ("Strategies") are broadly diversified Plan options, with each one investing in a specific combination of four index funds. The underlying index funds are the U.S. Total Market Index Securities Lending Series Fund Class I (Dow Jones U.S. Total Stock Market Index), International Index Securities Lending Series Fund Class I (MSCI EAFE® Index), U.S. Bond Market Index Securities Lending Series Fund Class I (Barclays Agg Index), and the World Government Bond Ex U.S. Index Securities Lending Series Fund Class (Citigroup World Government Bond Index excluding the U.S.). State Street Global Advisors manages the investment of the Strategies in the four index funds. Target mixes have been established for each Strategy. Mixes were determined after an in-depth analysis by the manager of historical returns and risk. The Strategies maintain a disciplined long-term focus and are rebalanced monthly to the target mixes. This process keeps the percentages of equity and fixed-income investments approximately at the target mix. The particular target mix associated with any one Strategy is a function of its risk and return objectives. This Strategy has a target asset mix as follows: Dow Jones U.S. Total Stock Market Index: 45 percent; MSCI EAFE® Index: 12 percent; Barclays Capital U.S. Aggregate Bond Index: 36 percent; Citigroup World Government Bond Index excluding the U.S.: 7 percent.

Risks

Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments. These risks may be magnified in foreign markets. In general the bond market is volatile, and fixed-income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties.

NOTE: Because this strategy contains a greater proportion of equity investments than the Asset Allocation Strategy: Income, less income and greater fluctuation in value than the Asset Allocation Strategy: Income should be expected.

Extended U.S. Stock Market Index Fund**What It Is**

A capitalization-weighted fund of small-cap and mid-cap stocks. This is not an SEC-registered 40 Act fund.

Objective

To provide investment results that closely match the performance of the Dow Jones U.S. Completion Total Stock Market Index.

Strategy

The fund is constructed to replicate the characteristics matching those of the Dow Jones U.S. Completion Total Stock Market Index. This fund is managed by State Street Global Advisors.

Risks

Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. The securities of smaller, less well-known companies can be more volatile than those of larger companies. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

NOTE: The investment option is a unitized collective investment trust.

International Stock Market Index Fund

What It Is

A large-capitalization stock fund that invests in non-U.S. companies. This is not an SEC-registered 40 Act fund.

Objective

To provide investment results that closely match the performance of the unmanaged MSCI EAFE® Index (Europe, Australasia, Far East Index).

Strategy

The fund attempts to invest in all stocks in the MSCI EAFE® Index in proportion to their weighting in that Index. This fund is managed by State Street Global Advisors.

Risks

Foreign securities are subject to interest-rate, currency-exchange-rate, economic, and political risks, all of which may be magnified in emerging markets. Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

NOTE: If you sell (including transfers, loans, withdrawals and distributions) your shares after holding them for less than 30 days, the fund will deduct a short-term trading fee from your account equal to 1.5 percent of the value of the shares sold.

U.S. Bond Market Index Fund

What It Is

A diversified U.S. bond fund. This is not an SEC-registered 40 Act fund.

Objective

Seeks to provide investment returns that closely match those of the unmanaged Barclays U.S. Capital Aggregate Bond Index.

Strategy

The fund invests in securities representative of the securities held in the Barclays Agg Index. This index is an unmanaged total return index comprised of fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities. Issues included in the index are rated investment-grade or above and have maturities of at least one year. This fund is managed by State Street Global Advisors.

Risks

In general, the bond market is volatile, and fixed-income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed-income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date.

NOTE: Unit value, yield and return will fluctuate based on these risks and could have a negative return. To the extent the fund does not invest in federally insured obligations, fund investments are subject to the risk that an issuer will fail to make timely payments of interest or principal, which may result in a loss to the overall market value of the fund. Securities that are based on the collective value of a group of assets or mortgages will change in value as the value of the underlying assets or mortgages change. Unit price, yield and return will vary. In addition, there can be no assurance that the fund will achieve its stated objective.

S&P 500® Index Fund**What It Is**

A large-capitalization stock fund. This is not an SEC-registered 40 Act fund.

Objective

To provide investment results that closely match the performance of the unmanaged S&P 500® Index.

Strategy

The fund typically invests in all of the stocks in the S&P 500® Index in proportion to their weighting in that index. This fund is managed by State Street Global Advisors.

Risks

Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

NOTE: Unit price and return will vary. In addition, there can be no assurance that the fund will achieve its stated goal.

Total U.S. Stock Market Index Fund**What It Is**

A capitalization-weighted fund offering broad coverage of the entire U.S. stock market. This is not an SEC-registered 40 Act fund.

Objective

To provide investment results that closely match the performance of the Dow Jones U.S. Total Stock Market Index.

Strategy

The fund is constructed to replicate the characteristics matching those of the Dow Jones U.S. Total Stock Market Index. This fund is managed by State Street Global Advisors.

Risks

Value and growth stocks can perform differently from other types of stocks. Growth stocks can be more volatile. Value stocks can continue to be undervalued by the market for long periods of time. Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, economic or other developments.

NOTE: The investment option is a unitized collective investment trust. This description is only intended to provide a brief overview of the fund.

CHANGING YOUR INVESTMENTS**KEY POINTS**

- You may change the investment of your existing account balance by executing an exchange.
- An exchange will not change the investment direction of your future Contributions.

For Existing Account Balances

You may move your existing account balances by performing an **exchange**. This transaction will not change the investment direction you have elected for future Contributions (to change the direction of future Contributions, see “For Future Contributions” below). Your transaction will be effective the same Business Day that it is confirmed by the Recordkeeper. For more information regarding changing your investments and related details, you should also refer to the “When A Transaction Takes Effect” section.

Exchange

Elect this transaction to move existing amounts from one investment fund to another. An exchange will not change the investment direction you have elected for future Contributions. **An exchange must be requested in 5-percent increments or in whole dollars with a \$250 minimum exchange required.** You may make as many exchanges as you like in the same Business Day, and all of those exchanges will only be counted as one transaction for that day.

IMPORTANT: You may **not** request an exchange on the same day you request a loan, Withdrawal or Distribution. You may not make an exchange into the AT&T Stock Fund during the two Business Days prior to an ex-dividend date.

For Future Contributions

Elect this transaction to change the investment direction of your future Contributions. **Changes to the investment of your future Contributions may be made in 10 percent increments.** For example, you may currently invest your Contributions in the AT&T Interest Income Fund and instead decide to invest in the T. Rowe Price Mid-Cap Fund and the AT&T Stock Fund. After your transaction is processed, no future Contributions would be made to the AT&T Interest Income Fund (unless you subsequently changed your election).

IMPORTANT: You may change the investment direction of future Contributions, in 10-percent increments, as often as you choose.

Your future Contributions will be invested in the investment fund selected by you, if received and confirmed by the Recordkeeper before the end of the Business Day your account is credited.

Excessive Trading Notice

Fidelity Investments® implemented an excessive trading policy on most Fidelity Funds and on certain non-Fidelity funds in the Plan. The trading restrictions of the policy are in addition to the other trading restrictions and short-term trading fees that apply to Plan fund exchanges.

The investment options to which this excessive trading policy applies are:

- Fidelity Diversified International Fund
- Fidelity Dividend Growth Fund
- Fidelity Equity-Income Fund
- Fidelity High Income Fund
- Fidelity Low-Priced Stock Fund
- Fidelity Magellan® Fund

- Legg Mason Capital Management Value Trust, Inc. – Class I
- T. Rowe Price Mid-Cap Growth Fund
- T. Rowe Price Small-Cap Stock Fund

Other investment options offered under the Plan may be subject to additional trading restrictions and may become subject to these trading restrictions at a future date. The prospectus for each particular fund or other supplemental document provides more detail and governs the operation of the trading restrictions with respect to that fund. Before initiating any fund exchange affecting your account balance, you should speak with a Recordkeeper representative for the latest policy or any additional restrictions.

This excessive trading policy was developed, and is administered, by Fidelity Investments. AT&T is not responsible for the policy and its administration. Fidelity Investments reserves the right to amend the policy in the future.

The following is a summary of Fidelity Investments' excessive trading policy:

- The excessive trading restrictions apply to fund exchanges you initiate that are greater than \$1,000.
- New payroll or rollover Contributions, loan repayments to your account, and loans, Withdrawals and Distributions from your account, are not subject to this excessive trading policy.
- You are limited to one "roundtrip trade" in an affected fund within a rolling 90-day period. A roundtrip trade is an exchange into and then out of the same fund within a 30-day period.
- After your first roundtrip trade, you will receive a letter, informing you of the trade and reminding you of the policy.
- If you initiate two or more roundtrip trades in the same fund within a rolling 90-day period, you will be blocked from making additional exchanges into that fund for 85 days. Exchanges out of that fund will be allowed during the 85-day period.
- If you initiate four or more roundtrip trades across all of the affected funds during any rolling 12-month period, you will be limited to one "exchange day" per calendar quarter for a one-year period. Exchanges out of the funds will be permitted during the one-year period.
- The fourth roundtrip trade you make counts as the first exchange day you are allowed.
- You will then be permitted one exchange day in each of the following calendar quarters that begin during that one-year period.
- You choose the exchange day each calendar quarter. Therefore, the first trade that you initiate in any quarter will be your exchange day for that quarter.
- The exchange day limit only applies to the affected funds; during the one-year period, you may initiate fund exchanges among the non-affected funds (subject to other Plan fund exchange guidelines, limitations and fees).
- During the one exchange day, you may make unlimited exchanges within the affected fund options, as well as any other Plan investment options.

- After the 12-month exchange limitation period expires, if you make a roundtrip trade in an affected fund in the next 12-month period, another 12-month limitation period will start. You will be permitted one exchange day per calendar quarter during this new rolling 12-month period.

Examples of Excessive Trading Transactions

The following are examples that demonstrate roundtrip trades under the excessive trading policy and the resulting consequences of such roundtrip trades. If you need help in understanding these examples, or whether any of the policy provisions affect your fund exchanges, you should speak with a Recordkeeper representative.

Example 1

First roundtrip trade in an affected fund within a 30-day period – Fidelity Equity-Income Fund

Aug. 10, 2010: You exchange into the Fidelity Equity-Income Fund

Sept. 7, 2010: You exchange out of the Fidelity Equity-Income Fund

Consequence: A warning letter is issued to you

This transaction will result in a letter warning that you initiated a roundtrip trade within the Fidelity Equity-Income Fund. A 90-day rolling period (for purposes of determining whether you have another roundtrip trade in this fund) and a 12-month rolling period (for purposes of determining whether you have four roundtrip trades across all affected funds) will begin on Sept. 8, 2010, with the close of the roundtrip trade.

Example 2

Second roundtrip trade in the same fund (Fidelity Equity-Income Fund) within the 90-day rolling period

Nov. 3, 2010: You exchange into the Fidelity Equity-Income Fund

Nov. 20, 2010: You exchange out of the Fidelity Equity-Income Fund

Consequence: 85-day limitation on exchanges into this fund

This was your second roundtrip trade in the same fund within the 90-day rolling period (from Sept. 8, 2010, through Dec. 7, 2010); therefore, you will be restricted from initiating exchanges into this fund for an 85-day period, beginning on Nov. 21, 2010. Note that for determining whether you have four roundtrip trades within a 12-month rolling period, a second overlapping 12-month rolling period will begin on Nov. 21, 2010.

Example 3

Third roundtrip trade, but in a different affected fund – Fidelity Magellan® Fund

April 30, 2011: You exchange into the Fidelity Magellan® Fund

May 12, 2011: You exchange out of the Fidelity Magellan® Fund

Consequence: Another warning letter will be issued to you

This transaction will result in a warning letter for the Fidelity Magellan® Fund, because it is a roundtrip trade, in a different affected fund (than the one shown in Examples 1 and 2 above). A new 90-day rolling period will begin on May 13, 2011, for determining whether you have a second roundtrip trade for that fund. Also, this is your third roundtrip trade, across all funds, in the 12-month rolling period which began on Sept. 8, 2010. For determining whether you have four roundtrip trades within a 12-month rolling period, a third overlapping 12-month rolling period will begin on May 13, 2011.

Example 4Fourth roundtrip trade in an affected fund – T. Rowe Price Mid-Cap Growth Fund

July 10, 2011: You exchange into the T. Rowe Price Mid-Cap Growth Fund

July 29, 2011: You exchange out of the T. Rowe Price Mid-Cap Growth Fund

Consequence: You will be limited to one exchange day per quarter for the next 12 months

This was your fourth roundtrip trade of the affected funds in a 12-month rolling period (Sept. 8, 2010, to Sept. 7, 2011); therefore, you will be limited to one exchange day per calendar quarter for the next 12 months, beginning on July 30, 2011, through July 29, 2012. In this example, you would be allowed one exchange day for each of the calendar quarters beginning on Oct. 1, 2011, Jan. 1, 2012, and April 1, 2012. You would also be permitted one additional exchange day during the calendar quarter beginning on July 1, 2012, through July 29, 2012, (the date when the 12-month restricted period ends).

After the 12-month limitation period ends on July 29, 2012, if you make another roundtrip trade in an affected fund during the following 12-month period (ending July 29, 2013), you will again be limited to one exchange day per calendar quarter for another 12-month period (see Example 5).

Example 5Fifth roundtrip trade in an affected fund – Fidelity Diversified International Fund

Aug. 10, 2012: You exchange into the Fidelity Diversified International Fund

Sept. 1, 2012: You exchange out of the Fidelity Diversified International Fund

Consequence: You will be limited to one exchange day per quarter for the next 12 months.

Because this was a roundtrip trade which occurred within 12 months of July 29, 2012, (your last limitation period as described in Example 4), you again will be limited to one exchange day per calendar quarter for 12 months (Sept. 2, 2012, to Sept. 1, 2013). If you do not make a roundtrip trade in an affected fund within this latest 12-month period (July 30, 2012, to July 29, 2013), a new 12-month rolling period will not start until you complete a roundtrip trade in an affected fund after July 29, 2013.

VALUATION OF YOUR ACCOUNT

KEY POINTS

- *Your account is valued in Units.*
- *Historical return information is for reference only and does not predict future returns.*

Valuation is in Units

Your interest in a fund is represented by Units of participation. These Units are valued on a Valuation Date by dividing the total value of the assets held by each fund by the total number of Units of all participants in that fund. For funds that invest in AT&T Shares, a Unit's value is based on the NYSE closing price of AT&T Shares on the Valuation Date (the closing price may vary from the published "consolidated" closing price). Therefore, the values of the Units will vary as the values of the underlying assets vary. Although the value of each Unit can change either up or down, your number of Units, generally, will not be reduced, except if you take a loan, Withdrawal, receive a Distribution, forfeit the Company Match or incur any fees to your account.

Historical Performance

Historical information on the net annual rates of return for each fund is set forth in the Investment Return Chart in *Attachment 2, Annual Plan Expense and Fee Disclosure*.

IMPORTANT: Past performance does not guarantee future results.

OPERATING EXPENSES

KEY POINTS

- *Plan administrative expenses may be charged to the Plan and/or Trust as a whole.*
- *Certain transaction-based expenses may be charged directly to your account.*
- *Historical expense information is for reference only and does not predict future expenses.*

Expenses Are Charged to Your Account

Under the Plan, all expenses incurred to administer the Plan are charged to participants, either directly to their accounts or through the Plan's trust or investment funds, in accordance with administrative procedures established by the Plan Administrator. Some examples of these types of administration expenses include recordkeeping fees, communications fees and legal fees. The trust or investment funds will generally pay the investment manager fees, trustee fees, other fees associated with the investments in each fund and those plan administration expenses not charged directly to participant accounts.

Expenses and fees associated with certain transactions and services will be charged directly to participants who incur them (rather than the trust as a whole) and will appear on those participants' statements. Examples include, but are not limited to:

- Withdrawal fees
- Distribution fees
- Stock distribution fees
- Overnight delivery charges
- Loan initiation fees
- Processing fees for Qualified Domestic Relations Orders (QDROs) not paid by the Plan or trust

In addition to the fees described above, short-term trading fees (i.e., a fee charged for buying and selling an investment in less than a specified holding period) are applicable to the following funds:

- AT&T International Equity Fund and International Stock Market Index Fund: fee of 1.5 percent of the value of any Units sold that were held for less than 30 days
- Fidelity Low-Priced Stock Fund: fee of 1.5 percent of the value of any Units sold that were held for less than 90 days

- Fidelity High Income Fund: fee of 1 percent of the value of any Units sold that were held for less than 90 days
- Fidelity Diversified International Fund: fee of 1 percent of the value of any Units sold that were held less than 30 days
- Morgan Stanley Institutional Fund, Inc. – International Equity Portfolio-Class I Shares: fee of 2 percent of the value of any Units sold that were held for less than 30 days

The rate of return for your account in a particular investment fund could be different from the rate of return for the fund itself as a result of fees charged directly to your account.

Operating expenses and fees are subject to change, and there is no limit on the maximum amount of fees that may be charged. Transfer taxes and other expenses related to the purchase or sale of securities by the Trustee will be deemed part of the cost of the securities or deducted from the proceeds, as the case may be. Taxes, if any, on any assets held or income received by the Trustee will be charged appropriately against the accounts of participants as the Plan Administrator will determine. These fees are subject to change without advance notice.

Estimated Operating Expenses

Estimated operating expenses allocated to each investment fund appear in the *Operating Expense* chart in *Attachment 2, Annual Plan Expense and Fee Disclosure*.

LOANS

KEY POINTS

- *Eligible Employees and certain other individuals (contact the Recordkeeper) may take out a new loan.*
- *You can take a general purpose loan.*
- *In general, the minimum amount you may borrow is \$1,000 and the maximum is either the lesser of \$50,000 or 50 percent of portions of your total vested account balance or the greater of 50 percent of portions of your total vested account balance or \$10,000.*

Type and Amount of Loans

If you qualify, you may obtain a **general purpose** (for any purpose; term of loan is one year to 56 months). You may have up to two outstanding loans at a time. If you are an executive officer of AT&T and subject to Section 16 of the Exchange Act of 1934, you may not obtain a loan under the Plan.

The minimum amount you may borrow is \$1,000, and the maximum cannot exceed (i) the lesser of \$50,000 or 50 percent of portions of your total vested account balance or (ii) the greater of 50 percent of portions of your total vested account balance or \$10,000.

In addition, if you are an active Employee when you initiate a loan, you cannot borrow an amount that results in your monthly loan repayment for each loan being greater than 25 percent of your average monthly gross Compensation.

You will be charged an interest rate equal to the prime rate (as published by Reuters on the last business day of the month preceding the date the loan is initiated). You should contact the Recordkeeper to request a loan.

IMPORTANT: You may not cancel a loan after it is processed

Repayment of Loan

Your loan will be amortized over 24 payments per year even if you are paid 26 payments per year. Your loan is paid in equal installments, typically through payroll deductions. The payroll deductions generally begin with the first payroll period credited in the second month after the loan becomes effective.

IMPORTANT: If your payroll deductions do not begin as scheduled, please contact the Recordkeeper immediately.

The deductions will be approximately the same from each paycheck. If you are unable to make payments through payroll deductions, you may make payments with coupons or automatically debit your bank account using the Automated Clearing House (ACH) system. You should contact the Recordkeeper to set up repayment through coupons or the ACH system.

The Plan Administrator may re-amortize any loan made under the Plan for administrative purposes (such as a change in payroll, leave of absence, Termination of Employment or rehire).

At any time you may make partial prepayments, or prepay your loan in full. As you repay the loan, the amount repaid, including interest, will be used to purchase new Units for your account at current Unit values and invested in the investment funds which you have currently selected.

If you have an outstanding loan balance upon your Termination of Employment, your loan will be re-amortized to a monthly repayment schedule. If you take a Distribution prior to the full repayment of your loan, the amount of the loan will be offset against your account balance.

You will be in default if you miss a loan payment and fail to pay it by the end of the calendar quarter following the quarter the payment was due. For example, if your loan payment was due March 1, 2009 (in the first quarter), and you did not pay it or make another payment by June 30, 2009 (the end of the second quarter), you would be in default. If you default on a loan, the outstanding loan balance will be reported as taxable income, and you may not apply for a new loan until the default has been removed. If you default on a loan, the outstanding loan balance will be reported as taxable income to the IRS and you may not apply for a new loan until the default has been removed. The default will be removed when you (a) repay the outstanding balance plus interest or (b) reach age 59½. Interest will accrue on a defaulted loan. Unpaid principal and interest accrued through the date of default on a defaulted loan will be reported as taxable income. If you are rehired by a Participating Company and had previously defaulted on a loan during your prior period of employment, you may apply for a new loan.

Your loans will be automatically re-amortized upon your return to work if you take an Unpaid Leave of Absence or a Military Leave of Absence.

Military Leave of Absence

If you are on a military leave of absence, loan repayments will be suspended until you return to work. However, interest will continue to accrue on an outstanding loan, but the rate of interest will not exceed 6 percent. When you return from military leave, your loan will be automatically re-amortized and extended for the term of the loan by the period of the military leave.

Unpaid Leave of Absence

If you are on an unpaid leave of absence, you may suspend payments on your loan for a period of up to one year or until the leave expires, whichever occurs first. When you return to active employment or after one year whichever occurs first, your loan and accrued unpaid interest will be re-amortized for a term that does not extend beyond the expiration date of the original loan.

WITHDRAWALS

KEY POINTS

- *There are several types of Plan Withdrawals available.*
- *Whether a Withdrawal is available to you and the amount available depends on the sources of money in your account.*
- *Hardship Withdrawals suspend your Contributions and Company Match for a six-month period.*
- *Certain other Withdrawals suspend your Contributions and Company Match for a six-month period.*

Type and Amount of Withdrawals

The Plan was designed primarily to provide additional income for you after your employment ends. But in certain circumstances, you may withdraw money from your account while you are actively employed (a “**Withdrawal**”), if you meet the Plan’s Withdrawal requirements.

IMPORTANT: All amounts withdrawn must be vested.

A \$300 minimum applies to all Non-Hardship Withdrawals.

Non-Hardship Non-Suspension Withdrawal

Use a Non-Hardship Non-Suspension Withdrawal for any purpose. Amounts available for a Non-Hardship Non-Suspension Withdrawal are:

- After-tax Contributions plus earnings
- Rollover Contributions plus earnings
- Certain Company Match Contributions plus earnings
- Before-tax Contributions plus earnings (restrictions: must be disabled or at least age 59½).

Restrictions for a Non-Hardship Non-Suspension Withdrawal

- You must be disabled or at least age 59½ to withdraw Before-tax Contributions plus earnings.
- Your minimum Non-Hardship Non-Suspension Withdrawal is \$300, or your vested account balance in the Plan available for withdrawal, if less.
- You may make no more than two Non-Hardship Non-Suspension Withdrawals from the Plan in any Plan Year.
- You may make no more than three In-service Withdrawals (including two Non-Hardship Non-Suspension Withdrawals and one Non-Hardship Suspension Withdrawal) from the Plan in any Plan Year. Rollover Withdrawals and Hardship Withdrawals do not apply to this limit.

Non-Hardship Suspension Withdrawal

Use a Non-Hardship Suspension Withdrawal for any purpose. When you make a Non-Hardship Suspension Withdrawal, your Contributions and Company Match are suspended for six months. Amounts available for a Non-Hardship Suspension Withdrawal are:

- After-tax Contributions plus earnings
- Rollover Contributions plus earnings
- Certain Company Match Contributions plus earnings
- Before-tax Contributions plus earnings (restrictions: must be Disabled or at least age 59½)

Restrictions for a Non-Hardship Suspension Withdrawal

- You must be Disabled or at least age 59½ to withdraw Before-tax Contributions plus earnings.
- Your minimum Non-Hardship Suspension Withdrawal is \$300, or your vested account balance in the Plan available for withdrawal, if less.
- You may make no more than one Non-Hardship Non-Suspension Withdrawal from the Plan in any Plan Year.
- You may make no more than three In-service Withdrawals (including two Non-Hardship Non-Suspension Withdrawals and one Non-Hardship Suspension Withdrawal) from the Plan in any Plan Year. Rollover Withdrawals and Hardship Withdrawals do not apply to this limit.

IMPORTANT: When you make a Non-Hardship Suspension Withdrawal, your Contributions and Company Match are suspended for six months.

Hardship Withdrawal

A Hardship Withdrawal is only available for a limited number of purposes. When you request a Hardship Withdrawal, you must provide documentation, which must then be certified by the Plan Administrator and Recordkeeper. The request must be for one or more of the following:

- Medical care for you or your dependents as defined in the Code;
- Costs directly related to the purchase of your principal residence, excluding mortgage payments;
- Tuition and related education fees (including room and board) for the next six months of post-secondary education for you, your dependents, or Designated Beneficiary;
- Costs associated with funeral/burial expenses for your parents, dependents, or Designated Beneficiary;
- Repair expenses for damage to your principal residence that would qualify as deductible casualty expenses;
- To prevent your eviction from your principal residence or the foreclosure on your principal residence; or
- Any other event deemed an immediate and heavy financial need by the IRS.

You may take a Hardship Withdrawal from your Before-tax Contributions only. You may not withdraw earnings on Before-tax Contributions earned after Dec. 31, 1988.

Restrictions for a Hardship Withdrawal

- You may not withdraw more than the amount necessary to satisfy your financial need.
- You must also take the maximum General Withdrawal and the maximum loan before you may request a Hardship Withdrawal.
- You must prove your heavy, immediate financial need that complies with IRS rules.
- You must certify in writing that you cannot meet your financial need through any other means.

IMPORTANT: When you receive a Hardship Withdrawal, your Contributions and Company Match are suspended for six months.

Rollover Withdrawal

A Rollover Withdrawal is available for any purpose. You may withdraw up to 100 percent of the amounts that you have previously rolled over into the Plan.

How to Make a Withdrawal

You should contact the Recordkeeper to make a Withdrawal. You may make cash Withdrawals in whole dollar increments in an amount not to exceed the maximum permitted for the particular type of Withdrawal. Payment will be made in cash as soon as practicable after the Withdrawal is effective.

Amounts will be withdrawn from each investment fund in proportion to the relative values of the respective Units held in each fund on the Valuation Date. Units representing an investment in the AT&T Stock Fund may be paid in cash or whole Shares AT&T Shares. (A cash payment will be made for any fraction of a share.) Units representing an investment in the other funds will be paid only in cash. Company Match may not be withdrawn during your employment.

Withdrawal Sequence

Generally, when you request a Withdrawal, the Withdrawal comes from your account in a specific sequence, starting with your Contributions. Additional funds may also be available to you, such as Transfer Accounts, rollovers and Company Match.

DISTRIBUTIONS**KEY POINTS**

- *Your vested account balance is available for Distribution following your Termination of Employment.*
- *Whether a Distribution is available to you and the amount available depends on the sources of money in your account.*

Timing of Distributions

You may request a distribution of your vested account balances after your Termination of Employment (a ***"Distribution"***). The amount you receive is based on the value of your account:

- **If the value of your account is \$1,000 or less**, it is paid to you in a lump sum, unless you tell the Plan to roll it over.

- If the value of your account is more than \$1,000, it remains in the Plan until you choose to receive it or roll it over.

Types of Distributions

Full Lump Sum Distribution

You may elect to have your account distributed in a full lump sum payment. The payment will be made as soon as practicable after you have made the election.

Partial Distribution

If your Termination of Employment occurred after you reached retirement eligibility or due to your disability (as determined by the applicable Plan provisions), you may take up to four partial Distributions each year (\$500 minimum). All other terminated Eligible Employees (or their alternate payees under a QDRO or their Designated Beneficiary) may take up to two partial Distributions each year (\$500 minimum).

Deferred Distribution

If you elect to defer the Distribution of your vested account balances, then:

- Your account will continue to grow on a tax-deferred basis;
- Any unvested amounts that would be forfeited upon Termination of Employment will be forfeited five years following Termination of Employment;
- You may exchange fund balances, between any investment funds offered under the Plan;
- You may **not** make a Withdrawal or request a loan; and
- Your vested account balances will remain in the Plan and will not be distributed until: (a) you request a full lump sum Distribution, (b) you request a partial Distribution, (c) you request annual installments, (d) you receive a required Distribution or (e) your death.

Enhancements for Employees Called to Military Service

If you are called to military service for more than 30 days, you may request your entire account from the Plan beginning on or after the 31st day of the military leave of absence. Taking this Distribution suspends your Contributions and Company Match for six months, and you cannot make up these Contributions after your military leave of absence ends. If you are called to military service for 180 days or longer, no 10 percent tax penalty applies to your Distribution.

How to Elect a Distribution

You should contact the Recordkeeper to receive a Distribution of your Plan account. Payment of your Distribution will be made as soon as practicable after the Distribution election is made. Payment will be made from each investment fund in proportion to how the money is invested on the Valuation Date.

You are responsible for maintaining a current address with the Recordkeeper. If the value of your account is \$1,000 or less and the Plan Administrator does not have a current address for you, your Distribution will be held in your account and invested in the funds you selected until a valid address is available.

IMPORTANT: For security purposes and regardless of the value of your account, your account cannot be distributed for at least 15 days after you change your address. After that time, you may request that your Distribution be paid to you.

Other Events That Trigger a Distribution

Minimum Required Distributions

When you reach age 70½ and your employment has ended, IRS rules require a “Minimum Required Distribution.” Under the Minimum Required Distribution, the Plan begins payments to you starting no later than April 1 of the year after you reach age 70½.

IRS actuarial tables determine your Minimum Required Distribution amount. Any payments you receive throughout the year apply toward the required amount.

*** Special Rule If You Were Age 70½ Before Jan. 1, 1999, and Are Still an Active Employee of a Participating Company**

You may elect to receive a payment equal to a Minimum Required Distribution each year you continue working. When your employment ends, you may take your benefit in any form the Plan offers.

Death

If you die before you must receive Minimum Required Distributions, your Designated Beneficiary(ies) will be paid as explained below:

- **If your Spouse is your sole Designated Beneficiary**, your Spouse may take a Distribution in any form the Plan offers, or he or she can leave the account balance in the Plan. Rules on minimum account balances and Minimum Required Distributions still apply.
- **If someone other than your Spouse is your Designated Beneficiary (or your Spouse is a co-Designated Beneficiary)**, Distributions are made in a full lump sum as soon as administratively practicable upon request, but no later than the fifth anniversary of your death.

If you die on or after the date you began receiving Minimum Required Distributions, payments may continue to your Designated Beneficiary, subject to the Minimum Required Distributions rules.

If you are a non-spousal Beneficiary, you may be able to roll over your Distribution (other than a Minimum Required Distribution, trustee to trustee transfer) to an IRA (i.e., a direct rollover), which is treated as a direct inherited IRA.

Qualified Domestic Relations Orders (“QDROs”)

The Plan Administrator complies with all Distributions required by a QDRO as defined under ERISA. Distributions made to an alternate payee will be according to the terms of the QDRO and consistent with Plan provisions. The Plan Administrator may charge expenses related to a QDRO. Contact the Recordkeeper for information on QDRO processing fees.

TAX EFFECTS

KEY POINTS

- *Your vested account balance is subject to taxation upon Distribution to you.*

- *Certain types of Distributions are eligible to be rolled over to a qualified individual retirement account or qualified savings plan.*

Applicable Tax Rules

The Plan is a profit sharing plan with a cash or deferred arrangement. It is intended to qualify under Section 401(a) of the United States Income Tax Code of 1986, as amended (the "Code"). The related trust is exempt from income tax under Section 501(a) of the Code. When Participating Companies contribute to the Plan, they receive current federal income tax deductions for After-tax, Before-tax and Company Match Contributions.

This section briefly summarizes the effect of current federal income taxes when you participate in a "qualified plan." It cannot cover all tax aspects of your participation. Because tax laws and regulations often change, and because interpretations of tax rules change, this information may need updating after the date of this SPD/Prospectus.

IMPORTANT: Consult a qualified tax adviser for current information about how the Plan affects you, including the effects of Distributions (in cash or shares), Withdrawals, loans or any other payments you receive from the Plan.

Before-tax Contributions

Before-tax Contributions reduce your taxable Compensation. You receive them only for your disability, Termination of Employment, reaching age 59½, death or financial hardship as defined by the IRS. These Contributions and their earnings are taxable when distributed to you from the Plan.

After-tax Contributions

Your After-tax Contributions are taxable income (including Social Security) in the year you make them, but earnings on those After-tax Contributions grow tax deferred in the Plan. You pay taxes only on the earnings from your After-tax Contributions when you receive them from the Plan.

Different tax rules apply to your pre-1987 After-tax Contributions. When you receive after-tax money from the Plan, your pre-1987 After-tax Contributions are paid first.

Thereafter, each Plan payment is a pro-rata portion of post-1986 After-tax Contributions and earnings on all After-tax Contributions.

Company Match

You will not be subject to federal income tax on the Company Match or its earnings until distributed.

Loans

You do not pay federal income tax on a Plan loan. However, if you do not repay the loan, it is considered a Distribution and will be taxed. Interest you pay on a Plan loan does not qualify for a tax deduction if the loan is secured with Before-tax Contributions, the interest is not deductible based on tax rules for interest on consumer loans or you are an officer of a Participating Company. Interest accrued as of the date of a default is reported to the IRS as taxable income.

Contribution Limits/Discrimination Tests

If you contribute more than the legal limit, or if you are classified as a "highly compensated employee," the Plan may reduce, recharacterize or refund your Contributions, making them taxable to you in the year they are paid. The Plan notifies you if these changes are necessary.

Withdrawals While Employed

You pay taxes when you withdraw earnings, Before-tax Contributions, and Company Match while you are employed.

Distributions After Termination of Employment

Lump Sum Distributions

A lump sum Distribution is a Plan payment, made within one calendar year, of your entire Plan balance. The Plan pays your balance when you reach age 59½ or terminate employment.

When a lump sum Distribution includes AT&T Shares, or the AT&T Shares came from After-tax Contributions, the increase in share price ("net unrealized appreciation") is not taxable until you sell the shares.

Suppose AT&T Shares are worth \$1,000 when they are contributed to your account. If they are worth \$1,200 when you receive them in a Plan payment, the \$200 increase in value is not taxable until you sell the shares.

Rollovers

You may defer taxes on a lump sum Distribution by rolling it over into a traditional IRA or other qualified retirement plan. You may roll over a Plan payment to a retirement plan that qualifies under Section 403(b) or 457 of the Code. You make a rollover to an inherited IRA with a direct trustee-to-trustee rollover. Direct Rollovers and Regular Rollovers are described below. In some cases, you may also roll over After-tax Contributions.

IMPORTANT: Under current Code interpretations, hardship withdrawals are not eligible for rollover.

Direct Rollover

If you make a rollover directly to a traditional IRA or other qualified retirement plan, no federal income tax withholding applies. You pay taxes when you take money from the IRA or other qualified retirement plan. You cannot change your rollover choices once you make them.

Regular Rollover

If you receive payment directly, federal income taxes are automatically withheld (generally 20 percent) on the taxable amount of the Plan payment. This withholding occurs regardless of whether or not you transfer the Plan payment to a traditional IRA or other qualified retirement plan.

You have 60 days to roll over the Plan payment to a traditional IRA or other qualified retirement plan without paying taxes. However, if you want to roll over 100 percent of your Plan payment, you must use other funds to contribute the 20 percent withheld for taxes. If you do not, that 20 percent amount is taxable, and the additional 10 percent tax may apply.

For example, you directly receive a \$10,000 Plan payment. You receive \$8,000, and 20 percent (or \$2,000) is sent to the IRS as federal income tax withholding. Within 60 days after receiving the \$8,000, you decide to roll over 100 percent of the Plan payment (or \$10,000) to a traditional IRA or other qualified retirement plan. To do this, you roll over the \$8,000 you received, plus an additional \$2,000 from another source. The entire \$10,000 is not taxed until you take it from the IRA or other qualified retirement plan. When you file your income tax return, you may get a refund of the \$2,000 withheld.

If you decide to roll over only the \$8,000 you received, you pay taxes on the \$2,000 you did not roll over. When you file your income tax return, you include the \$2,000 in your total tax payments for the year.

Also, if you do not roll over a Plan payment before age 59½, an additional 10 percent federal income tax applies unless your Plan payment includes:

- Amounts paid due to your disability or death
- Amounts in a series of installments for your life expectancy
- Payments made because your employment ended, or during or after the year you reach age 55
- Payments for tax-deductible medical expenses, even if you do not deduct them, or
- Payments to an alternate payee under a QDRO.

Rollover by Beneficiaries

Your Designated Beneficiary may defer taxes on a lump sum Distribution paid after you die by making a Regular Rollover. He/She may also ask the Trustee to make a Direct Rollover.

If You Receive a Plan Payment in AT&T Shares

When your Plan payment includes AT&T Shares, special rules determine the taxable value of those shares. If the Plan payment is a lump sum Distribution, or if the AT&T Shares came from After-tax Contributions, then the taxable value is the Trust's cost of the shares. This amount is your basis in the AT&T Shares to figure your taxable gain when you sell the shares. Any growth in the shares' value above your basis is not taxed until you sell the shares. To qualify as a lump sum Distribution, you must receive a Plan payment in the same year of all AT&T Shares held on your behalf in any similar AT&T plan.

WHEN A TRANSACTION TAKES EFFECT

KEY POINTS

- *You may request a transaction by contacting the Recordkeeper.*
- *Different transactions have different effective dates.*

How to Request a Transaction

To request a transaction, contact the Recordkeeper. See the "Contact Information" section for more information on how to contact the Recordkeeper.

IMPORTANT: Once a transaction has been completed by the Recordkeeper, it is irrevocable. You should make your transaction request as early in the day as possible in order to increase the possibility that your transaction will be processed on that day.

Retroactive adjustments will not be made if your transaction is not completed in time to be effective that day, regardless of the reason.

Types of Transactions

Enrollment or Change, Suspend or Reinstate a Contribution Amount

When you enroll in the Plan, or when you stop, start or change your Contribution, your transaction takes place with the next payroll period.

Fund Exchanges

If your change of a fund is confirmed by 3 p.m. Central time, your transaction takes place at the end of the same Business Day (i.e., that Business Day's closing price is used in processing the transaction). Closing prices on a given Business Day are generally provided by the investment fund's investment manager(s) but are subject to the guidelines and policies in place between the Plan, Trustee and Recordkeeper.

Loans, Withdrawals, or Distributions

If your loan, Withdrawal or Distribution request is confirmed by 3 p.m. Central time, your transaction takes place at the end of the same Business Day.

IMPORTANT: A Hardship Withdrawal will be processed following receipt of proper documentation.

Changing the Investment Direction of Your Future Contributions

If you want to change the investment direction of your future Contributions, generally, your transaction will become effective at the end of the same Business Day that you make the request.

EFFECT OF REHIRE WITHIN THE AT&T CONTROLLED GROUP

If you were previously eligible to participate or were a participant in another plan sponsored by AT&T and you elect to participate in the Plan, your participation will begin on the date you enroll, but you will not be allowed to make Contributions to the Plan for Compensation earned before your enrollment date. Your account balance in the other plan is not transferable to the Plan.

MOVING BETWEEN MEMBERS OF THE AT&T CONTROLLED GROUP

If you become eligible to participate in another plan sponsored by AT&T, your account will remain in the Plan, but no further Contributions or Company Match will be made to your Plan account. However, you will still be able to access your account in accordance with the Plan (for example, to obtain a loan* or make a Withdrawal).

**NOTE: Loan limits apply across all plans in the AT&T Controlled Group. The Recordkeeper will combine your vested account balances and outstanding loan balances across related plans identified by the Employer and records kept by Fidelity. In addition, all loans across all such designated plans will be aggregated in determining the highest loan balance over the past 12 months.*

CLAIMS PROCEDURES

KEY POINTS

- *You do not have to file a claim for your vested account under the Plan.*
- *If you think you are entitled to a benefit or a greater benefit than what the Recordkeeper determines that you are eligible for, you may file a claim for benefits in writing.*

There is no need to file a claim to begin payment of your vested account. See the “Distribution” section of this SPD.

If you or your Spouse or Designated Beneficiary (Claimant(s)) believes that you are entitled to a benefit or a greater Plan benefit, you may file a written claim with the Plan. An authorized representative may also file a claim on your behalf. All claims for Plan benefits must be made in writing and sent to the Recordkeeper. See the “Contact Information” section for information on how to file a written claim for benefits.

If the Plan Administrator determines that a benefit or an additional benefit is owed under the Plan, payment will be made (or started, as applicable) as soon as administratively practicable after that determination. Those payments, however, will not begin before any limitation provided under the Plan.

NOTE: The Recordkeeper will contact your Spouse or Designated Beneficiary after it receives notice of your death. Contact the Beneficiary Designation Administrator to report a death. See the “Contact Information” section for information on how to contact the Beneficiary Designation Administrator.

NOTIFICATION OF BENEFIT DENIAL

KEY POINTS

- *The Recordkeeper will notify you in writing (generally within 90 days) if your claim for benefits is denied.*
- *You have 60 days after receipt of the Benefit Denial to submit a written appeal of the decision.*
- *Generally, you will receive a final decision on your appeal within 60 days after the Recordkeeper receives your appeal.*
- *You may not file a lawsuit against the Plan until you complete the appeal process.*

You will receive notice from the Recordkeeper if you are not entitled to a Plan benefit or entitled to a lesser amount than you sought. This is considered a Benefit Denial. The notice is provided within 90 calendar days of receipt by the Recordkeeper, unless an extension is needed. If proof of disability is needed, the Recordkeeper will provide the notice within 45 calendar days. In some circumstances, an extension is necessary. If so, the 90-day period is extended by up to 90 calendar days. (The 45-day period for disability-related claims may be extended by up to 30 days, with an additional 30 days if necessary because of matters beyond the Recordkeeper’s control.) Any notice of extension will be provided before the initial notice period ends. The extension notice will state why more time is needed and the date by which a decision will be made.

If the Recordkeeper needs more information from you to process your claim, you will have at least 45 calendar days to provide that information. The Recordkeeper’s decision deadline is suspended during that 45-day period. If you do not provide the requested information within that 45-day period, the Recordkeeper may make a decision on your claim without the information.

If your claim is denied, you will receive a written notice that contains:

- The specific reason(s) for the Benefit Denial
- The specific Plan provisions on which the Benefit Denial is based
- Any information needed for you to perfect the claim and an explanation of why it is needed

- A statement that you may receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relating to your claim benefits
- A description of the Plan's review procedures and time limits for the Benefit Denial and your right to bring an action under section 502(a) of the Employee Retirement Income Security Act of 1974 (ERISA) after the end of the review
- If you must provide proof of a disability, the Benefit Denial also includes:
 - Any internal rule, guideline, protocol or other similar criterion used in the Benefit Denial decision. (Or the notice may state that the rule, guideline, protocol or other criterion will be provided free of charge on request.)
 - An explanation of the scientific or clinical judgment for the determination and how the terms of the Plan were applied to your medical circumstances if the Benefit Denial is based on medical necessity, experimental treatment or a similar exclusion or limit. (Or the notice may state that an explanation will be provided free of charge on request.)

How to Appeal a Benefit Denial

A Claimant who receives a Benefit Denial notice is entitled to appeal the decision. The Claimant may have the decision fully reviewed by the Benefit Plan Committee if the appeal is timely and properly submitted. To appeal, the Claimant must submit a written request for review, which must include all reasons why the Claimant believes the claim should be reconsidered. The written request must be sent to the Recordkeeper. See the "Contact Information" section for information on how to appeal a Benefit Denial.

The Claimant must request the appeal in writing no later than 60 calendar days after receiving the notice of Benefit Denial. If the Claimant has not received a notice of Benefit Denial, the Claimant must request the appeal in writing no later than 60 calendar days after the last date that a notice of Benefit Denial should have been sent by the Recordkeeper. If the benefit claim is conditioned upon proof of a disability, this 60-day period is extended to 180 calendar days. See the previous section, "Notification of Benefit Denial," for information about the notification.

If an appeal is submitted after this 60-day (or 180-day) deadline, the appealed claim will not be eligible for review by the Benefit Plan Committee. In addition, the Claimant will have failed to exhaust his administrative remedies under the Plan. See the "Importance of Exhausting Administrative Remedies" section, which follows, for more information.

As part of the review process, the Claimant may have access to all administrative files generated during the claim and copies of those files free of charge. The Claimant may also submit written comments, documents, records and other information relating to the claim. All of this information will be taken into account in the review.

If the benefit claimed is conditioned upon proof of a disability, the following provisions also apply to the review of the initial Benefit Denial:

- Deference will not be given to the initial Benefit Denial.
- The reviewer on appeal will not be the same person who made the initial Benefit Denial or someone who reports to that person.
- If the initial Benefit Denial was based on a medical judgment, the reviewer will consult with a qualified health care professional who has appropriate training and experience in the field. The health care professional will not be someone who was involved in the initial Benefit Denial or someone who reports to that person.

In making the final decision on review of the initial Benefit Denial, the Plan Administrator has full and complete discretion to (1) interpret all Plan terms and (2) make all factual determinations associated with the review.

Notice of Final Determination on Appeal

Unless the time period is extended as described below, written notice of the final benefit determination under review will be given to the Claimant within 60 calendar days after the Recordkeeper receives the appeal request. However, in some circumstances, an extension of this notice period is necessary. If so, the 60-day period may be extended for 60 more calendar days. The Claimant will receive notice of any extension before the initial notice period ends. The extension notice will state why more time is needed and the date by which a decision will be rendered.

If the benefit claimed is conditioned upon proof of a disability and if an extension is needed because the Claimant did not submit information necessary for the review of the claim, the Claimant will be given at least 45 calendar days to provide that information. The deadline to provide notice of the decision will be temporarily suspended during that 45-day period. If the Claimant fails to provide the requested information within that 45-day period, the Benefit Plan Committee's decision will be made without regard to the requested information.

If the Benefit Plan Committee determines that a benefit or an additional benefit is owed under the Plan, payment will be made (or started, as applicable) as soon as administratively practicable after that determination (or, if later, as provided under the Plan).

If the appeal is denied, the written notice provided to the Claimant will contain all of the following information:

- The specific reason or reasons for the appeal denial
- The specific Plan provisions on which the appeal denial is based
- A statement that the Claimant may request and receive (1) reasonable access to all administrative files generated during the appeal and (2) copies of those files free of charge
- A statement indicating that there are no additional voluntary appeal procedures offered by the Plan
- A statement of the Claimant's right to bring an action under section 502(a) of ERISA
- If proof of a disability was required for the benefit claimed, the appeal denial will also contain the following additional information:
 - Any internal rule, guideline, protocol or other similar criterion relied upon in making the Benefit Denial decision. (Alternatively, the notice may state that the rule, guideline, protocol or other criterion will be provided free of charge upon the Claimant's request.)
 - An explanation of the scientific or clinical judgment for the determination and how the terms of the Plan were applied to the Claimant's medical circumstances if the Benefit Denial is based on medical necessity, experimental treatment or a similar exclusion or limit. (Alternatively, the notice may state that an explanation will be provided free of charge upon the Claimant's request.)

Plan Administrator Discretion and Authority

The Plan Administrator (and its delegates, including the Benefit Plan Committee and its delegated committees and individuals) have exclusive authority and discretion to grant and deny claims, to

make all decisions under the Plan (including how to interpret the Plan and whether an individual is eligible to participate in and receive benefits under the Plan) and to determine any facts.

All determinations by the Plan Administrator (and its delegates), including the decisions reached by the Benefit Plan Committee and its delegated committees and individuals under the claim and appeal procedures are final, conclusive, binding and not subject to further review and is provided the fullest discretion provided by law.

Importance of Exhausting Administrative Remedies

Timely completion of the claims procedures described in this “Notification of Benefit Denial” section is very important. If a Claimant fails to comply with the claims procedures set forth in this section (for example, the Claimant does not appeal a Benefit Denial or fails to appeal within the specified time limits), the Claimant may not try to appeal the claim at a later time. The Claimant also may not bring a lawsuit based on the claim.

No lawsuit may be brought with respect to Plan benefits until all claims procedures have been exhausted.

ADMINISTRATION OF THE PLAN

KEY POINTS

- *The Benefit Plan Committee is responsible for Plan claim appeals.*
- *The Plan Administrator is responsible for all other Plan administration.*
- *The Benefit Plan Investment Committee has authority and responsibility for functions related to the investment funds and trusts associated with the Plan.*

Plan Administrator

The Plan Administrator is responsible for:

- Determining (1) your eligibility to participate in the Plan, (2) the right of a person to a benefit under the Plan, (3) the amount of any Plan benefit and (4) the final decision on all appeals of Benefit Denials. See the “Claims Procedures” section for more information about Benefit Denials. The authority to hear and decide appeals is currently delegated to the Benefit Plan Committee.
- All other Plan administration purposes.

The Plan Administrator has all powers necessary to accomplish its Plan duties. This includes the complete and absolute discretion to interpret the Plan and all matters of fact with respect to its particular duties. The Plan Administrator is identified in the “Other Plan Information” section.

Delegation of Duties

The Plan Administrator may delegate any of its powers or duties, including claims administration and benefit payments.

The Benefit Plan Investment Committee, or its delegates (which may include committees or individuals), chooses the Plan’s investment funds, investment managers and trustees and is responsible for certain other related functions.

Committee members are not paid for their service.

AMENDMENT OR TERMINATION OF THE PLAN

The Plan Sponsor may end or change the Plan at any time and for any reason. If the Plan ends, is changed or a Participating Company stops participating or providing benefits, you may not be eligible to receive the benefits described in this SPD. In addition, you may lose future benefits. However, no Plan termination or amendment will affect your right to any benefit to which you are already entitled. This does not mean that you have a lifetime right to any particular Plan benefit now or in the future, to eligibility for Plan coverage, or to Plan continuation just because the Plan was in effect while you were employed or when you received Plan benefits.

The Plan Sponsor may at any time stop making Contributions and the Company Match, if any, by your Participating Company. If the Plan ends or Contributions or the Company Match by your Participating Company stop, you are 100 percent vested in your account balance. Distribution of your account is made according to Plan provisions and applicable law.

Merger/Consolidation

If the Plan merges or consolidates with another plan, your benefit is protected. Your new Plan benefit will not be less than the benefit you could have received immediately before the Plan change.

Participating Company Ceases to Participate in the Plan

If your Participating Company ceases to participate in the Plan and begins to participate in another tax-qualified defined contribution plan sponsored by AT&T or any of its Employers, your account will not be transferred; all account balances will remain in and be governed by the Plan. However, no further Contributions will be made to your account except for amounts reinvested in the Plan.

GENERAL PLAN INFORMATION

KEY POINTS

- *Generally, Plan assets may only be used to pay benefits to you and your beneficiaries and reasonable administrative expenses of the Plan and Trust.*
- *If you get divorced or are legally separated, the Plan must pay your Spouse or former Spouse all or a portion of your Plan benefit if required by a Qualified Domestic Relations Order (QDRO).*
- *You must keep a current mailing address for you, your Spouse and your Designated Beneficiary on file with the Plan.*

No Assignment of Benefits

Plan assets are for the exclusive benefit of you and your beneficiaries and for the payment of reasonable administrative expenses of the Plan and Trust. Except as required by law or by a "Qualified Domestic Relations Order" (QDRO), as described below, your benefits under the Plan may not be claimed by any person to whom you owe a debt, and your beneficiary cannot transfer any rights to these benefits to any person. This means that you may not sell, assign, pledge or otherwise transfer your Plan benefit before you receive it, nor is your Plan benefit subject to most attachments, garnishments, executions or encumbrances before it is distributed to you.

If you are involved in a divorce, legal separation, custody or support case, a state court may issue a domestic relations order (DRO) transferring all or part of your Plan Benefit to an “alternate payee.” The alternate payee may be your Spouse, former Spouse, child or another dependent. If you receive a DRO, you or your attorney should notify the Recordkeeper and ask for a free copy of the Plan’s QDRO procedures. The Plan will review the DRO to determine if it is “qualified” (that is, it meets IRS and ERISA requirements). If the DRO is qualified, the Plan will pay benefits in compliance with the order.

Missing Participants and Beneficiaries

You must keep your current mailing address and the current mailing addresses of your Spouse and Designated Beneficiary on file with the Plan. See the “Information Changes and Other Common Resources” section for more information about how to keep your mailing addresses current. If you do not provide the Plan with current mailing addresses, the Recordkeeper, the Plan Administrator, the Trustee, the Participating Companies and any fiduciary under the Plan will not be responsible for late or lost benefit payments or for failing to provide any timely notice under the terms of the Program. If the Plan Administrator is unable to locate you, your Spouse or a Designated Beneficiary after a Plan benefit becomes payable to such person, the benefit will remain in the Trust and will not revert to any state or to any other party. After satisfying all requirements imposed by law, any unclaimed amount will be forfeited. If, after the forfeiture of a benefit, you, your Spouse or Designated Beneficiary later makes a valid claim for the forfeited benefit, the amount will be paid under the terms of the Plan.

Designation of Beneficiaries

You may name (designate) a beneficiary to receive your vested account. If you name someone other than your Spouse, you Spouse must consent to your designation. See the “AT&T Rules for Employee Beneficiary Designations” for details.

You can get a copy of the beneficiary designation form online or by phone from the Beneficiary Designation Administrator. Participants can now provide their beneficiary designations with the assistance of an online tool, the new Fidelity Online Beneficiary Service, available on NetBenefits. Previous paper beneficiary designations remain valid until a new form is submitted or an online designation is made. However, existing paper forms will not be uploaded to this online tool. Therefore, when participants initially access the online tool, the beneficiary information will be blank. After submitting beneficiary information through this tool, participants can maintain designations online. Please note that some beneficiary designations will still require written spousal consent. Make sure that you follow the steps provided in the online tool to print out necessary documents for signature and return them as instructed in order for your beneficiary designation to be valid. For more information regarding the new Fidelity Online Beneficiary Service, access the Online Beneficiary *Quick Facts* by logging on to netbenefits.fidelity.com. Click on your Savings Plan link – Plan Information and Documents – What's New. Select the Online Beneficiary Quick Facts link. See the “Contact Information” section for contact information.

You should consider updating your beneficiary designation form when you marry, divorce, have a child or have another life event.

Mandatory Cash-Out/Rollover Rules

If you die or terminate employment with the AT&T Controlled Group and the present value of your Account under the Plan is \$1,000 or less, the benefit, if payable, will automatically be paid. It will be paid in a single lump sum payment as soon as administratively practicable after your death or Termination of Employment. No other time or form of payment is allowed. However, an election may be made to have the amount paid as a direct rollover.

Direct Rollover

If you were in a former employer's qualified plan, you may roll over money from that plan, in cash, into this Plan once you are an Eligible Employee. You may roll over:

- Before-tax funds from a retirement plan – Sections 401(a), 403(b), or 457(b)
- Amounts from any qualified pension or savings plan
- Amounts from IRA Conduit, IRA Non-Conduit, Spousal Beneficiary or After Tax Account

You may not roll over funds held in a plan or an individual retirement arrangement qualified under laws of the Commonwealth of Puerto Rico.

Military Leave of Absence

When you return to active employment from a military leave of absence, you may make up the Contributions that you could have made during your leave. You must make up the Contributions during a time period of three times your length of military service, up to five years. See the "Loans" section for information on outstanding loan balances.

Restorative Contributions

AT&T and/or any Participating Company may contribute to the Plan to make up a loss due to any action by a fiduciary.

Short-Term Disability

AT&T's eLink payroll system continues to take your Contributions while you receive short-term disability benefits. You may suspend, decrease or increase your Contributions while you are disabled.

Statement of Account

You will be mailed a statement of your account each quarter (unless you elect otherwise) or you may access your account online at NetBenefits, the Recordkeeper's website. A fee may be charged to your account to cover the expense of mailing quarterly statements. You may request a confirmation of your transactions in the mail. Any discrepancies in your account should be reported immediately to the Recordkeeper.

Voting

At each AT&T stockholders meeting, you have the right to instruct the Trustee or its designee how to vote the portion of the AT&T Shares represented by Units credited to your account. Before each meeting, you will be sent a copy of the proxy soliciting material for the meeting, together with a form requesting instructions on how to vote your AT&T Shares. The AT&T Shares will be voted as instructed. The Trustee will not vote AT&T Shares for which it does not receive voting instructions, subject to the requirements of ERISA. The Trustee will vote AT&T Shares not allocated to participants' accounts in the same proportions as it votes AT&T Shares for which it does receive instructions, to the extent the proportionate vote is consistent with the Trustee's fiduciary duty under ERISA.

The Independent Fiduciary has no authority or responsibility for voting of AT&T Shares.

ERISA RIGHTS OF PARTICIPANTS

KEY POINTS

- *ERISA is a federal law that provides certain rights and protection to all Participants.*

- *The persons who are responsible for the operation of the Plan have a duty to act prudently and in the interest of the Plan and their beneficiaries.*
- *No one may fire or discriminate against you for exercising your rights under ERISA.*

Your ERISA Rights as a Participant

As a Participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that you will be entitled to all the following rights:

- To examine without charge, at the Plan Administrator's office and at other specified locations, all documents governing the Plan, including insurance contracts, collective bargaining agreements and a copy of the latest annual report (Form 5500 Series) filed by the Plan Administrator with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration. See the "How to Obtain Information" section.
- To obtain copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements, copies of the latest annual report (Form 5500 Series) and an updated summary plan description (the Plan Administrator may make a reasonable charge for the copies); **however, you must make a written request** to the following address:

AT&T Services, Inc.
P.O. Box 132160
Dallas, TX 75313-2160

Plan Fiduciaries

In addition to creating rights for you as a Participant, ERISA imposes duties upon the persons responsible for the operation of the Plan. These persons who operate the Plan, called fiduciaries of the Plan, have a duty to act prudently and in the interest of you and your beneficiaries. No one, including your Employer, any union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a Plan benefit or exercising your rights under ERISA.

Enforcing Participants' Rights

Under ERISA, there are steps you can take to enforce your rights. For instance, if you request a copy of the Plan documents or the latest annual report and do not receive the information within 30 days, you may file suit in federal court. In such case, the court may require the Plan Administrator to provide the requested materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator.

If you have a claim for benefits under the Plan that is denied or ignored, in whole or in part, you have the right to know why this was done, to obtain without charge copies of documents relating to the decision and to appeal any denial (see the "Claims Procedures" section for more information on how to make a claim for benefits) all within certain time schedules. In addition, if you disagree with the Plan Administrator's final decision (or lack thereof), including any final decision concerning the qualified status of a Domestic Relations Order, you may file suit in federal court.

If it should happen that the Plan fiduciaries misuse the Plan's assets, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or

may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person whom you sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if the court finds that your claim is frivolous).

How to Obtain Information

If you have any questions about the Plan, you should contact the Recordkeeper for assistance. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest area office of the Employee Benefits Security Administration (EBSA), U.S. Department of Labor as listed in the telephone directory or at:

Division of Technical Assistance and Inquiries
Employee Benefits Security Administration
U.S. Department of Labor
200 Constitution Ave., N.W.
Washington, D.C. 20210

You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

OTHER PLAN INFORMATION

Other Plan Information	
Plan Name	AT&T Long Term Savings and Security Plan
Plan Number	004
Plan Sponsor/Employer Identification Number (EIN)	AT&T Corp. P.O. Box 132160 Dallas, TX 75313-2160 210-351-3333 EIN: 13-4924710
Plan Administrator	AT&T Services, Inc. P.O. Box 132160 Dallas, TX 75313-2160 210-351-3333
Agent for Service of Legal Process	AT&T Services, Inc. P.O. Box 132160 Dallas, TX 75313-2160 Service of Legal Process may also be made upon a Trustee or the Plan Administrator.
Type of Plan	Defined Contribution (savings-profit sharing) plan
Plan Year	Each Jan. 1 through Dec. 31
Trustee	The Bank of New York Mellon 135 Santilli Highway Everett, MA 02149 Attn: AT&T Client Service Officer
Plan Funding	The Plan is funded solely through a trust fund. The trust fund exists for the exclusive benefit of all participating employees and their beneficiaries.
Plan Records	All Plan records are kept on a calendar year basis beginning on Jan. 1 and ending on Dec. 31.
Collectively Bargained Plan	With respect to certain Eligible Employees, the Plan is maintained pursuant to one or more collective bargaining agreements. A copy of the collective bargaining agreement may be obtained by participants and beneficiaries whose rights are governed by such collective bargaining agreement upon written request to the Plan Administrator, and also is available for examination by participants and beneficiaries as required by Department of Labor Regulations Sections 2520.104b-1 and 2520.104b-30.

DEFINITIONS

After-tax Contributions: Your After-tax Contributions are deducted from your paycheck after applicable income taxes are withheld and are included in your taxable income. The earnings on the Contributions will be taxable when they are paid to you, but your After-tax Contributions will not be taxable when distributed to you from the Plan. See the “Employee Contributions” section for more information.

AT&T Controlled Group: Means AT&T Inc. and each of its subsidiaries and affiliates that are required to be aggregated under Section 414(b) or Section 414(c) of the Code.

Basic Contribution: Your Contribution amount that is eligible to receive Company Match. See the “Employee Contributions” section for more information.

Bargaining Unit Employee: An Employee whose job title and classification are included in a collective bargaining agreement between a Participating Company. See the “Eligibility” section for more information.

Before-tax Contributions: Your Before-tax Contributions are deducted from your paycheck before applicable income taxes are withheld, and are included in your taxable income when they are distributed to you from the Plan. See the “Employee Contributions” section for more information.

Break in Service: Generally, a period of at least 12 consecutive months during which you are not employed by an Employer; does not include certain leaves of absence. The Plan text contains a complete description and additional rules and requirements regarding the determination of a Break in Service.

Business Day: Any day the NYSE is open for business.

Catch-Up Contributions: Means certain types of Before-tax Contributions. See the “Employee Contributions” section for more information. Catch-Up Contributions are not matched.

Code: The Internal Revenue Code of 1986, as amended.

Company Match: Amounts contributed to your Plan account by your Employer; matches a specified percentage of your Basic Contribution.

Compensation: Generally, Compensation includes your basic wage (plus any applicable wage protection allowances), certain lump sum awards and most incentive compensation, as determined from your Employer’s payroll records (i.e., payments actually received, not deferred).

Compensation excludes:

- Overtime
- Differential or other premium pay
- Worker’s compensation payments
- Payments received after retirement or termination
- Payments received while on transition leave of absence
- Income from stock option exercises
- Allowances for cost-of-living adjustments and quarters allowance

The Plan text contains a complete description and additional rules and requirements regarding the determination of your Compensation.

Contribution: Amounts contributed to your Plan account, either by you or your Employer.

Designated Beneficiary: An Eligible Employee's beneficiary designated in accordance with the provisions of the Plan and the process of the AT&T Rules for Employee Beneficiary Designations.

Eligible Employee: An active employee who is eligible to make deferrals under the Plan. See the "Eligibility" section for more information.

Employer: Means the Participating Company that employs the Eligible Employee.

IRS: U.S. Internal Revenue Service.

NYSE: New York Stock Exchange.

Participating Company: An employing company of an AT&T Controlled Group member participating in the Plan. See "*Attachment 1: Participating Companies*" for a list of Participating Companies.

Plan Year: The calendar year.

Recordkeeper: The entity that maintains account information and performs other recordkeeping functions for the Plan. See the "Contact Information" section for more information.

Spouse: Your "spouse" as recognized under applicable state law (except as may be excluded from the definition of "spouse" by, and for purposes of, federal law).

Supplementary Contribution: Your Contribution amount that is **not** eligible to receive Company Match. See the "Employee Contributions" section for more information.

Termination of Employment: Means the date you terminate employment (for any reason) with all members of the AT&T Controlled Group.

Transfer Account: An account holding amounts transferred to the Plan from another qualified plan in accordance with the Plan or in connection with a plan merger, and which is separately accounted for under the Plan. A separate Transfer Account is maintained, as necessary, for each transfer transaction and/or for each type of account transferred.

Unit: Represents your undivided interest in the assets held in an investment fund.

Valuation Date: Any Business Day.

Year of Service: Generally, a continuous period of employment with one or more Employers equal to 12 months that is not interrupted by a Break in Service. The Plan text contains a complete description and additional rules and requirements regarding the determination of a Year of Service.

CONTACT INFORMATION

Contact Information	
Vendor	
Name	Fidelity Service Center
Type	Savings
Services Provided	Recordkeeper
Vendor Contact Numbers	
Domestic Phone Number	800-416-2363
International Phone Number	Dial your country's toll-free AT&T Direct Access number, and then 800-416-2363 (international).
Hearing Impaired Phone Number	888-343-0860
Vendor Hours of Operation	
Hours of Operation	<p>Service Center: Monday through Friday from 7:30 a.m. to 11 p.m. Central time</p> <p>IVR System: The interactive voice response system is available 24 hours a day, seven days a week.</p>
Vendor Web	
Web Access Information	Important: You will need your Fidelity Service Center PIN and customer ID when you access NetBenefits automated voice response system, or call to speak to a service associate.
Website	netbenefits.fidelity.com
Vendor Mailing Address	
General Mailing Address	
Mailing Address Information	General questions about the Plan may be sent to:
Domestic	Fidelity Service Center P.O. Box 770003 Cincinnati, OH 45277-0065
Claims	
Claims Information	Written claims for benefits or an appeal of a denied claim for benefits under the Plan must be sent to:
Claims Regular	Fidelity Service Center Claims and Appeals P.O. Box 770003 Cincinnati, OH 45277-0065
Claims Overnight	Fidelity Service Center Claims and Appeals 100 Crosby Parkway, KC1F-D Covington, KY 41015
Table continued on next page	

Contact Information	
Appeals	
Appeals Information	Written claims for benefits or an appeal of a denied claim for benefits under the Plan must be sent to:
Appeals Regular	Fidelity Service Center Personnel Center P.O. Box 770003 Cincinnati, OH 45277-0072
Appeals Overnight	Fidelity Service Center Claims and Appeals 100 Crosby Parkway, KC1F-D Covington, KY 41015

INFORMATION CHANGES AND OTHER COMMON RESOURCES

It's important to keep your work and home addresses current because the majority of your benefits, payroll or similar information is sent to them. Please include any room, cubicle or suite number that will help make mail-routing more efficient.

Active Employee Address and Telephone Number Changes

For employees with access to the employee intranet:

Home and Work address updates:

- Go to insider.web.att.com.
- Click on OneStop (onestop.web.att.com) and select eLink (eCORP) in the right navigation bar.
- Enter your AT&T User ID and password for the AT&T Global Logon. (If you do not know your password, please follow the instructions on the screen.)
- Once logged on, click OK.
- On the eCORP home page, click on Employee Services.
NOTE: Please be sure the far right-hand scroll bar is all the way to the top.
- Select Personal Information.
- Select Maintain Addresses and Phone Numbers.
- To update your home address, select Edit at the bottom of the Permanent Residence box, make any necessary changes and click Save.
- To update your work address, select Edit at the bottom of the Cubicle/Office box, make any necessary changes and click Save.

For employees without access to the employee intranet:

Contact your supervisor or eLink assistant.


Retired and Inactive Employee Home Address Changes

You must change your address for both pension and savings. To change your address for both purposes, the Fidelity Service Center at the number below.


Fidelity Service Center

→ www.netbenefits.fidelity.com

 **800-416-2363**

 Dial your country's toll-free AT&T Direct Access number, and then enter **800-416-2363** (international).

 **888-343-0860** (hearing-impaired)

 Monday through Friday from 7:30 a.m. to 11 p.m. Central time

You will need your Fidelity Service Center PIN and Social Security number/Customer ID to speak to access NetBenefits, use the IVR service or to speak to a service associate.

Important: These instructions are also for recipients of Long-Term Disability Benefits, Employees on a Leave of Absence, as well as COBRA participants, alternate payees and survivors who have a Pension Benefit (including a retiree death benefit) or savings plan benefit that has yet to be paid to you.

If you are not eligible to receive a pension or savings plan benefit or have already received your entire pension and savings plan benefits in a lump sum and are not eligible for a retiree death benefit from your pension plan, call the AT&T Benefits Center at **877-722-0020** to update your home address.

AT&T Benefits Intranet and Internet Access

Your Benefits section of access.att.com (employees and retirees from home)

Go to the Your Benefits section of access.att.com (AT&T's secure Internet site) for benefits information at home. Just go to access.att.com and follow the login instructions.

ATTACHMENT 1: PARTICIPATING COMPANIES

Population Abbreviation	Participating Company Name and Acronym	Employee Group	Bargaining Unit	Participating Company
SBCSI - CWA	AT&T Services, Inc. SBCSI	Bargained	AT&T Corp. Core Contract - CWA	Yes
SBCSI - IBEW	AT&T Services, Inc. SBCSI	Bargained	AT&T Corp. Core Contract - IBEW (Legacy T Appendix to the AT&T Midwest Core IBEW Contract)	Yes
SBCSI - NMNU Legacy T	AT&T Services, Inc. SBCSI	Nonmanagement Nonunion	N/A	Yes
SBCSI - NMNU MW CWA	AT&T Services, Inc. SBCSI	Nonmanagement Nonunion	N/A	Yes
SBCSI - NMNU MW IBEW	AT&T Services, Inc. SBCSI	Nonmanagement Nonunion	N/A	Yes
SBCSI - NMNU SW CWA	AT&T Services, Inc. SBCSI	Nonmanagement Nonunion	N/A	Yes
SBCSI - NMNU West CWA	AT&T Services, Inc. SBCSI	Nonmanagement Nonunion	N/A	Yes
TCORP - CWA	AT&T Corp. TCORP	Bargained	AT&T Corp. Core Contract - CWA	Yes
TCORP - IBEW	AT&T Corp. TCORP	Bargained	AT&T Corp. Core Contract - IBEW (Legacy T Appendix to the AT&T Midwest Core IBEW Contract)	Yes
TCORP - NMNU	AT&T Corp. TCORP	Nonmanagement Nonunion	N/A	Yes
TGCS - NMNU	AT&T Global Communication Services, Inc. TGCS	Nonmanagement Nonunion	N/A	Yes
TNJI - CWA	TCG New Jersey, Inc. TNJI	Bargained	AT&T Corp. Core Contract - CWA	Yes
TNJI - IBEW	TCG New Jersey, Inc. TNJI	Bargained	AT&T Corp. Core Contract - IBEW (Legacy T Appendix to the AT&T Midwest Core IBEW Contract)	Yes

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Attachment 1: Participating Companies

Population Abbreviation	Participating Company Name and Acronym	Employee Group	Bargaining Unit	Participating Company
TSC - CWA	AT&T Support Services Company Inc. TSC	Bargained	AT&T Corp. Core Contract - CWA	Yes
TSC - IBEW	AT&T Support Services Company Inc. TSC	Bargained	AT&T Corp. Core Contract - IBEW (Legacy T Appendix to the AT&T Midwest Core IBEW Contract)	Yes
TSRVC - CWA	TCG Services, Inc. TSRVC	Bargained	AT&T Corp. Core Contract - CWA	Yes
TSRVC - NMNU	TCG Services, Inc. TSRVC	Nonmanagement Nonunion	N/A	Yes
TVI - NMNU	AT&T of the Virgin Islands, Inc. TVI	Nonmanagement Nonunion	N/A	Yes

ATTACHMENT 2: FEE DISCLOSURE

General Plan Information

The information contained in this *Attachment 2* and the referenced sections of the SPD are intended to comply with the participant plan fee disclosure requirements. Please refer to the Investment Option section of this SPD for information about how you may invest your Account. This section includes a categorization of the available Investment Funds. You should also refer to the "Changing Your Investments" section and the "When A Transaction Takes Effect" section of this SPD for information on how to change the investment of your Account and certain limitations that may apply to your ability to change your investments. Refer to the "Valuation of Your Account" section of this SPD to understand how your Account is valued in general. Also, refer to the "Voting" subsection under the "General Plan Information" section for particular voting information related to any portion of your Account invested in AT&T Shares.

Investment Information

Please refer to the "Investment Fund Descriptions" section of this SPD for the name of each Investment Fund available under the Plan. In addition, this section also includes information about each Investment Fund, including the type or category of the investment, its objective (benchmark), its strategy and certain risks associated with each investment. The Investment Fund Descriptions also identify the current investment manager or managers for each Investment Fund as well as additional information regarding the applicable benchmark(s).

For investment returns for each Investment Fund, please refer to the *Investment Fund Return* chart in this *Attachment 2*.

This chart provides the average annual total return (percentage) of the investment for the following periods, if available: one year, five years, and 10 years. If a particular investment has not been available for all of these periods, then a life of the fund return is shown. Please note that an investment's past performance is not necessarily an indication of how the investment will perform in the future. Your investments could lose money.

Fees and Expenses

An explanation of the types of operating fees and expenses that may be charged to your Account or to an Investment Fund in general or the Plan as a whole appear in the "Operating Expenses" section of this SPD. In addition, actual fees that are charged to your Account will be reflected in your quarterly account statement. Visit the Recordkeeper's website for more information about your quarterly account statement. See the "Contact Information" section of this SPD for information on how to contact the Recordkeeper and its website address. Certain Investment Funds have additional fees. Refer to the "Investment Fund Descriptions" section of this SPD for information about each Investment Fund and whether additional fees apply.

Plan fees and expenses are only one of several factors that participants and beneficiaries should consider when making investment decisions. However, please note that the cumulative effect of fees and expenses can substantially reduce the growth of your Account. You may visit the website of the Department of Labor's Employee Benefits Security Administration for information and an example demonstrating the long-term effect of fees and expenses on investment returns.

For Plan fee and expense ratios for each Investment Fund, please refer to the *Operating Expenses for Plan Year 2011* chart in this *Attachment 2*.

Additional Investment Related Information

Please contact the Recordkeeper, or access its website, for any of the following:

- copies of any prospectuses, financial statements or reports (including the investments portfolio turnover rate) related to SEC-registered 40 Act funds to the extent that such items have been made available to the Plan (and please note that these documents are provided by the investment fund manager and are not reviewed by the Plan Administrator, the Plan Sponsor, any other AT&T entity or the Recordkeeper)
- the current Unit value of any Investment Fund
- a general glossary of terms to assist you in understanding the terminology used in the “Investment Fund Descriptions” section of the SPD

See the “Contact Information” section of this SPD for information on how to contact the Recordkeeper and its website address.

For additional information, you can also visit the Department of Labor’s website for general information on investing for retirement at www.dol.gov/ebsa/investing.html.

Importance of a Diversified Portfolio

To help achieve long-term retirement security, you should give careful consideration to the benefits of a well-balanced and diversified investment portfolio. Spreading your assets among different types of investments can help you achieve a favorable rate of return, while minimizing your overall risk of losing money. This is because market or other economic conditions that cause one category of assets, or one particular security, to perform very well often cause another asset category, or another particular security to perform poorly. If you invest more than 20 percent of your retirement savings in any one company or industry, your savings may not be properly diversified. Although diversification is not a guarantee against loss, it is an effective strategy to help you manage investment risk.

The preceding information regarding diversification comes from the Department of Labor’s website. For this and other general information on investing for retirement, you can visit the website referenced above.

Investment Fund Returns (as of 12/31/11)

Listed below are rates of return, which are net of investment management fees and other related investment fees (e.g., brokerage commissions) that are charged directly to the fund, but do not take into account any Operating Expenses for the Plan.

Investment Name Benchmark	Average Annual Total Return 1-yr.	Average Annual Total Return 5-yr.	Average Annual Total Return 10-yr.	Average Annual Total Return Since Inception/ Benchmark Adoption Date
AT&T Stable Value Fund	3.40%	4.00%	4.40%	n/a
AT&T Stable Value Fund - Benchmark: Barclay 3-month Bellwethers	0.10%	1.60%	2.00%	n/a
AT&T U.S. Equity Fund	-1.60%	-1.10%	3.40%	n/a
AT&T U.S. Equity Fund - Benchmark: Domestic Custom W5&R3	1.00%	0.10%	3.80%	n/a
AT&T International Equity Fund	-14.60%	-5.50%	3.90%	n/a

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Investment Name Benchmark	Average Annual Total Return 1-yr.	Average Annual Total Return 5-yr.	Average Annual Total Return 10-yr.	Average Annual Total Return Since Inception/ Benchmark Adoption Date
AT&T International Equity Fund - Benchmark: MSCI ACWI ex U.S. Net	-13.70%	-4.20%	5.00%	n/a
AT&T Total Return Bond Fund	5.30%	7.50%	6.70%	n/a
AT&T Total Return Bond Fund - Benchmark: Barclay Aggregate Bond	7.80%	6.50%	5.80%	n/a
U.S. Bond Market Index Fund	7.90%	6.50%	5.80%	n/a
U.S. Bond Market Index Fund - Benchmark: Barclay Aggregate Bond	7.80%	6.50%	5.80%	n/a
International Stock Index Fund	-12.00%	-4.80%	4.30%	n/a
International Stock Index Fund - Benchmark: MSCI EAFE Net Dividend Index	-12.10%	-4.70%	4.70%	n/a
Total U.S. Stock Index Fund	1.00%	0.10%	3.70%	n/a
Total U.S. Stock Index Fund - Benchmark: Dow Jones Wilshire 5000	1.00%	0.10%	3.80%	n/a
S&P 500 Index Fund	2.20%	-0.30%	2.90%	n/a
S&P 500 Index Fund - Benchmark: S&P 500 - Total Return Index	2.10%	-0.30%	2.90%	n/a
Extended U.S. Stock Index Fund	-3.30%	1.80%	6.70%	n/a
Extended U.S. Stock Index Fund - Benchmark: Dow Jones Wilshire 4500	-3.80%	1.80%	6.80%	n/a
Asset Allocation Strategy Income Fund	5.00%	4.90%	5.80%	n/a
Asset Allocation Strategy Income Fund - Benchmark: ATT Income Index	5.00%	4.90%	5.90%	n/a
Asset Allocation Strategy Balanced Fund	2.40%	2.80%	5.30%	n/a
Asset Allocation Strategy Balanced Fund - Benchmark: ATT Balanced Index	2.40%	2.90%	5.40%	n/a
Asset Allocation Strategy Growth Fund	-0.30%	0.80%	4.70%	n/a
Asset Allocation Strategy Growth Fund - Benchmark: ATT Growth Index	-0.30%	0.90%	4.80%	n/a
American Funds Cap World G&I Fund	-7.20%	-0.60%	n/a	6.40%

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Investment Name Benchmark	Average Annual Total Return 1-yr.	Average Annual Total Return 5-yr.	Average Annual Total Return 10-yr.	Average Annual Total Return Since Inception/ Benchmark Adoption Date
American Funds Cap World G&I Fund - Benchmark: MSCI World Net Dividend Index	-5.50%	-2.40%	n/a	3.50%
Fidelity Diversified International Fund	-13.60%	-4.40%	5.90%	n/a
Fidelity Diversified International Fund - Benchmark: MSCI EAFE Net Dividend Index	-12.10%	-4.70%	4.70%	n/a
Fidelity Dividend Growth Fund	-8.30%	-0.60%	1.80%	n/a
Fidelity Dividend Growth Fund - Benchmark: S&P 500 - Total Return Index	2.10%	-0.30%	2.90%	n/a
Fidelity Equity Income Fund	-4.50%	-3.30%	2.50%	n/a
Fidelity Equity Income Fund - Benchmark: Russell 1000 Value Index	0.40%	-2.60%	3.90%	n/a
Fidelity High Income Fund	3.40%	6.80%	8.50%	n/a
Fidelity High Income Fund - Benchmark: Merrill Lynch US High Yield Master II	4.40%	7.30%	8.60%	n/a
Fidelity Low Priced Stock Fund	0.10%	2.10%	8.70%	n/a
Fidelity Low Priced Stock Fund - Benchmark: Russell 2000 Index	-4.20%	0.20%	5.60%	n/a
Fidelity Magellan Fund	-11.40%	-3.20%	-0.10%	n/a
Fidelity Magellan Fund - Benchmark: S&P 500 - Total Return Index	2.10%	-0.30%	2.90%	n/a
Legg Mason Value Trust, Inc. - F1 Class	-3.00%	-8.70%	-0.30%	n/a
Legg Mason Value Trust, Inc. - F1 Class - Benchmark: S&P 500 - Total Return Index	2.10%	-0.30%	2.90%	n/a
Morgan Stanley Institutional Equity Fund	-7.60%	-2.60%	n/a	3.10%
Morgan Stanley Institutional Equity Fund - Benchmark: MSCI EAFE Net Dividend Index	-12.10%	-4.70%	n/a	3.50%
T Rowe Price Mid-Cap Growth	-1.30%	5.60%	7.80%	n/a
T Rowe Price Mid-Cap Growth - Benchmark: Russell Mid-cap Growth Index	-1.70%	2.40%	5.30%	n/a
T Rowe Price Small-Cap Stock	0.20%	4.00%	7.50%	n/a

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Investment Name Benchmark	Average Annual Total Return 1-yr.	Average Annual Total Return 5-yr.	Average Annual Total Return 10-yr.	Average Annual Total Return Since Inception/ Benchmark Adoption Date
T Rowe Price Small-Cap Stock - Benchmark: Russell 2000 Index	-4.20%	0.20%	5.60%	n/a
Vanguard U.S. Growth Fund	-0.50%	0.70%	0.20%	n/a
Vanguard U.S. Growth Fund - Benchmark: Russell 1000 Growth Index	2.60%	2.50%	2.60%	n/a
Vanguard Windsor II	2.80%	-1.30%	4.30%	n/a
Vanguard Windsor II - Benchmark: Russell 1000 Value Index	0.40%	-2.60%	3.90%	n/a
AT&T Stock Fund	9.10%	1.90%	0.70%	n/a
AT&T Stock Fund - Benchmark: S&P 500 - Total Return Index	2.10%	-0.30%	n/a	2.90%

Operating Expenses for Plan Year 2011

Listed below are Operating Expenses for the Plan, which are fees or expenses charged directly against participant accounts, which are detailed in the "Operating Expenses" section.

Investment Name	Investment Manager Fees As a %	Administrative, Trustee, and Recordkeeping Fees As a %	Total Operating Expenses As a %	Estimated Total Operating Expenses Incurred on a \$1,000 Investment in 2011
AT&T Stable Value Fund	0.28%	0.01%	0.29%	\$2.90
U.S. Bond Market Index Fund	0.02%	0.01%	0.03%	\$0.30
International Stock Index Fund	0.06%	0.01%	0.07%	\$0.70
Total U.S. Stock Index Fund	0.03%	0.01%	0.04%	\$0.40
S&P 500 Index Fund	0.01%	0.01%	0.02%	\$0.20
Extended U.S. Stock Index Fund	0.03%	0.01%	0.04%	\$0.40
AA Strategy Income Fund	0.03%	0.01%	0.04%	\$0.40
AA Strategy Balanced Fund	0.04%	0.01%	0.05%	\$0.50
AA Strategy Growth Fund	0.04%	0.01%	0.05%	\$0.50
U.S. Equity Fund	0.26%	0.01%	0.27%	\$2.70
International Equity Fund	0.47%	0.01%	0.48%	\$4.80
Total Return Bond Fund	0.29%	0.17%	0.46%	\$4.60

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Investment Name	Investment Manager Fees As a %	Administrative, Trustee, and Recordkeeping Fees As a %	Total Operating Expenses As a %	Estimated Total Operating Expenses Incurred on a \$1,000 Investment in 2011
American Funds Cap World G&I Fund	0.38%	0.08%	0.46%	\$4.60
Fidelity Diversified International Fund	0.65%	0.05%	0.70%	\$7.00
Fidelity Dividend Growth Fund	0.70%	0.07%	0.77%	\$7.70
Fidelity Equity Income Fund	0.46%	0.07%	0.53%	\$5.30
Fidelity High Income Fund	0.57%	0.18%	0.75%	\$7.50
Fidelity Low-Priced Stock Fund	0.63%	0.07%	0.70%	\$7.00
Fidelity Magellan Fund	0.39%	0.07%	0.46%	\$4.60
Legg Mason Value Trust Fund	0.67%	0.13%	0.80%	\$8.00
Morgan Stanley Institutional Equity Fund	0.65%	0.25%	0.90%	\$9.00
T. Rowe Price Mid-Cap Growth Fund	0.60%	0.03%	0.63%	\$6.30
T.Rowe Price Small-Cap Stock Fund	0.65%	0.06%	0.71%	\$7.10
Vanguard U.S. Growth Fund	0.27%	0.03%	0.30%	\$3.00
Vanguard Windsor II Fund	0.25%	0.02%	0.27%	\$2.70
AT&T Stock Fund	0.01%	0.01%	0.02%	\$0.20