



Record Wireless Sales, Strong Revenue and Earnings Growth Highlight AT&T's Third-Quarter Results

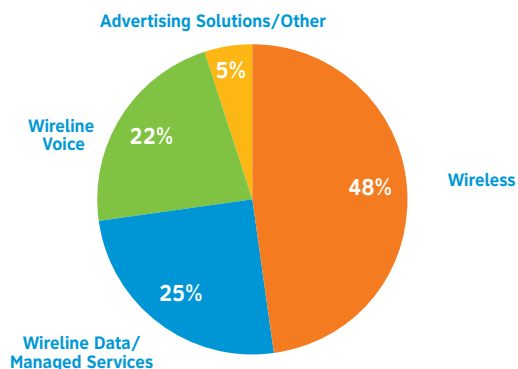
Increase in consolidated revenues led by strength in mobile broadband, with continued wireless data revenue growth, strong integrated device sales, and year-over-year growth in wireline consumer revenues with further expansion of AT&T U-verse services.

AT&T Inc. today reported third-quarter results highlighted by growth in consolidated revenues, strong sales of integrated devices, gains in IP-based and strategic business services, and disciplined execution on cost initiatives. Highlights included:

- \$2.08 diluted EPS compared to \$0.54 diluted EPS in the third quarter of 2009; EPS of \$0.55, excluding \$1.53 in one-time gains from a previously disclosed tax settlement and the sale of Sterling Commerce.
- Consolidated revenues from continuing operations of \$31.6 billion in the third quarter, up \$847 million, or 2.8 percent, versus the year-earlier period.
- 11.4 percent growth in wireless revenues, with a 10.5 percent increase in wireless service revenues.
- Record wireless volumes, with more than 8 million postpaid integrated device sales.
- A 2.6 million increase in total wireless subscribers — the highest third-quarter net gain in the company's history — to reach 92.8 million subscribers in service.
- Postpaid subscriber ARPU (average monthly revenues per subscriber) was up 2.0 percent to \$62.84, the seventh consecutive quarter with a year-over-year increase.
- Best-ever third-quarter total wireless churn of 1.32 percent.
- 30.5 percent growth in wireless data revenues, up \$1.1 billion versus the year-earlier quarter.
- First year-over-year growth in wireline consumer revenues in more than two years.
- 30.0 percent growth in consumer IP data revenues, driven by AT&T U-verse® expansion.
- A 236,000 net gain in AT&T U-verse TV subscribers to reach 2.7 million in service, with continued high broadband and voice attach rates.
- A 148,000 net gain in wireline broadband connections.
- 15.4 percent growth in revenues from strategic business services such as Ethernet, Virtual Private Networks (VPNs), hosting and application services.

Wireless, wireline data and managed services revenues represented 73% of AT&T's third-quarter revenue mix, up from 68% in the year-earlier quarter and 62% in the third quarter of 2008.

AT&T 3Q10 REVENUE MIX



THIRD-QUARTER CONSOLIDATED RESULTS

(On August 27, 2010, AT&T completed its sale of Sterling Commerce to IBM for approximately \$1.4 billion in cash. Third-quarter comparisons are based on results from continuing operations, which exclude results from Sterling Commerce in all periods.)

For the quarter ended September 30, 2010, AT&T's consolidated revenues totaled \$31.6 billion, up \$847 million, or 2.8 percent, versus the year-earlier quarter, marking the company's third consecutive quarter with a year-over-year revenue increase.

Versus the second quarter of this year, consolidated revenues were up \$773 million, or 2.5 percent.

Compared with results for the third quarter of 2009, operating expenses were \$26.1 billion versus \$25.4 billion; operating income was \$5.5 billion, up from \$5.4 billion; and AT&T's operating income margin was stable at 17.3 percent, compared to 17.5 percent.

Third-quarter 2010 net income attributable to AT&T totaled \$12.3 billion, or \$2.08 per diluted share, including \$1.53 in one-time gains from a previously disclosed tax settlement and the sale of Sterling Commerce. These results compare with reported net income attributable to AT&T of \$3.2 billion, or \$0.54 per diluted share, in the third quarter of 2009. Excluding one-time gains, earnings grew 3.8 percent to \$0.55 per diluted share, compared to \$0.53 per diluted share in the year-earlier quarter.

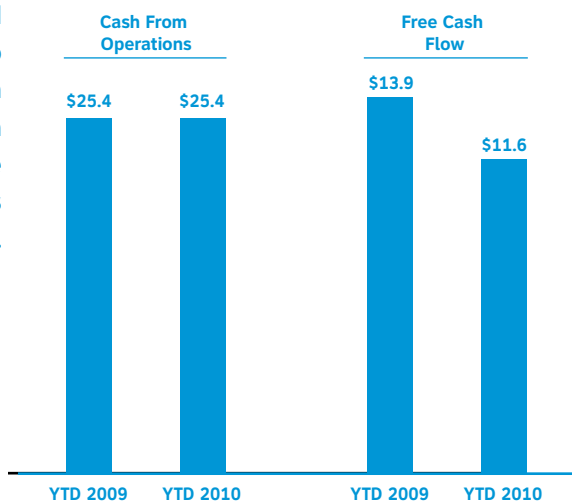
STRONG CASH FLOW, SOUND BALANCE SHEET

Third-quarter 2010 cash from operating activities totaled \$9.5 billion; capital expenditures totaled \$5.5 billion, including a nearly 64 percent increase in wireless-related capital investment versus the year-earlier quarter, as AT&T aggressively deploys next-generation wireless broadband networks. Free cash flow — cash from operating activities minus capital expenditures — totaled \$4.0 billion.

Compared with results for the first three quarters of 2009, year to date through the third quarter, cash from operating activities totaled \$25.4 billion compared to \$25.4 billion; capital expenditures totaled \$13.7 billion versus \$11.6 billion; and free cash flow totaled \$11.6 billion versus \$13.9 billion.

AT&T returned substantial cash to shareowners, with \$7.4 billion paid in dividends through the first three quarters of 2010.

AT&T CASH GENERATION
Dollars in billions



Free cash flow is cash from operations minus capital expenditures.

AT&T's third-quarter wireless highlights include a double-digit increase in wireless revenues; 3.8 million 3G integrated device net additions; 2.6 million net subscriber additions; the seventh consecutive quarter of year-over-year postpaid subscriber ARPU growth; and continued strong wireless data revenue growth.

Wireless

Driven by its premier mobile broadband network and a compelling array of devices and applications, AT&T delivered strong wireless growth in the third quarter, led by continued growth of mobile broadband services, record demand for the new iPhone and rapid adoption of connected devices such as eReaders, global positioning systems, security systems and a host of other emerging products.

BEST-EVER THIRD-QUARTER SUBSCRIBER GAIN AND TOTAL SUBSCRIBER CHURN

AT&T posted a net gain in total wireless subscribers of 2.6 million, to reach 92.8 million in service. Third-quarter net add growth reflects rapid adoption of smartphones, increases in prepaid subscribers and growth in a host of connected devices such as eReaders, security systems, fleet management and global positioning systems in both the business and consumer markets. Retail net adds for the quarter include postpaid net adds of 745,000 and prepaid net adds of 321,000. Connected device net adds were 1.2 million, and reseller net adds were 406,000.

Postpaid churn was 1.14 percent — matching the third-quarter record set in 2009 — and total churn reached a best-ever third-quarter level of 1.32 percent versus 1.42 percent in the third quarter of 2009.

RECORD INTEGRATED DEVICE SALES

More than 8 million postpaid integrated devices were activated in the third quarter, the most quarterly activations ever. More than 80 percent of postpaid sales were integrated devices. (*Integrated devices are handsets with QWERTY or virtual keyboards in addition to voice functionality and are a key driver of wireless data usage.*)

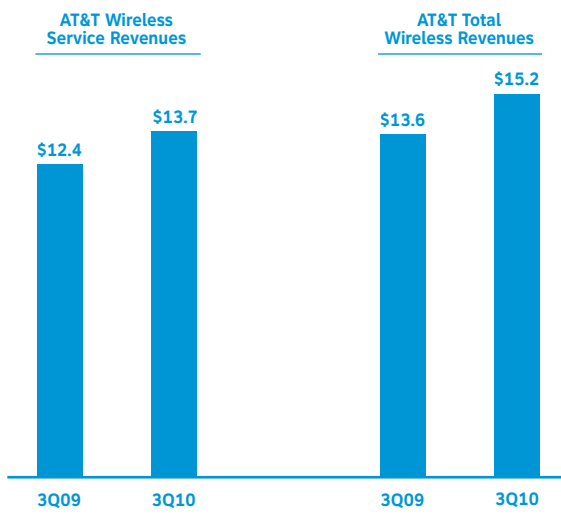
At the end of the quarter, 57.3 percent of AT&T's 67.7 million postpaid subscribers had integrated devices, up from 42.0 percent a year earlier. The average ARPU for integrated devices on AT&T's network is 1.7 times that of the company's non-integrated device base. More than 80 percent of integrated device subscribers are on FamilyTalk and/or business discount plans. Churn levels for these plans continue to run below the company's postpaid base.

AT&T's third-quarter integrated device growth included 5.2 million iPhone activations, the most iPhone activations ever in a quarter. This is 61.6 percent more than the previous quarterly record of 3.2 million activated in the second quarter of 2010. Approximately 24 percent of those activations were for customers who were new to AT&T.

AT&T's wireless revenue growth is driven by continued strong subscriber gains combined with leadership in wireless data services.

WIRELESS REVENUE GROWTH

Dollars in billions



DATA REVENUE GROWTH OF 30.5 PERCENT

Wireless data revenues — from messaging, Internet access, access to applications and related services — increased \$1.1 billion, or 30.5 percent, from the year-earlier quarter to \$4.8 billion. AT&T wireless subscribers on data plans increased by 21.5 percent over the past year. Versus the year-earlier quarter, total text messages carried on the AT&T network increased by about 34 percent to 161 billion and multimedia messages more than doubled to 2.8 billion.

Driven by this strong data growth, postpaid subscriber ARPU increased 2.0 percent versus

the year-earlier quarter to \$62.84. This marked the seventh consecutive quarter AT&T has posted a year-over-year increase in postpaid ARPU. Postpaid data ARPU reached \$22.02, up 19.5 percent versus the year-earlier quarter, and total postpaid subscriber revenues continued recent trends, with double-digit growth, reflecting increases in both voice and data.

DOUBLE-DIGIT WIRELESS REVENUE GROWTH

Wireless service revenues increased 10.5 percent to \$13.7 billion in the third quarter. Total wireless revenues, which include equipment sales, were up 11.4 percent year over year to \$15.2 billion and increased 6.6 percent from the second quarter of 2010.

Wireless margins were impacted by increased operating costs associated with the company's record quarter for integrated device activations. Absent the costs associated with these additional activations, service margins would have been similar to the second quarter of 2010. Operational execution and further growth in the company's high-quality integrated device subscribers helped offset these costs.

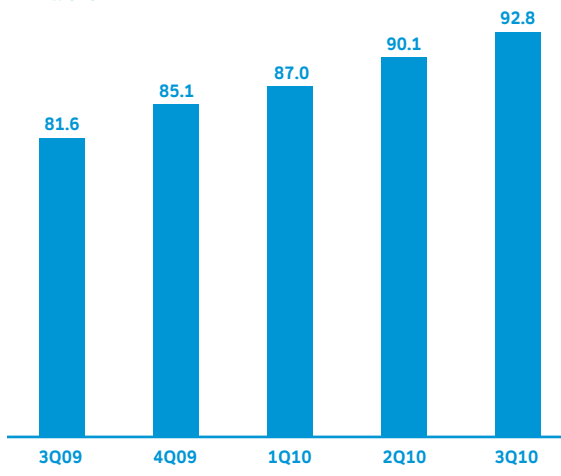
AT&T's wireless operating income margin was 23.1 percent versus 25.6 percent in the year-earlier quarter, and AT&T's wireless OIBDA service margin was 37.6 percent, compared to 40.3 percent in the third quarter of 2009. (OIBDA service margin is operating income before depreciation and amortization, divided by total service revenues.)

Third-quarter wireless operating expenses totaled \$11.7 billion, up 15.2 percent versus the year-earlier quarter, and wireless operating income was \$3.5 billion, up 0.2 percent year over year.

AT&T achieved a net gain in wireless subscribers of 2.6 million in the third quarter.

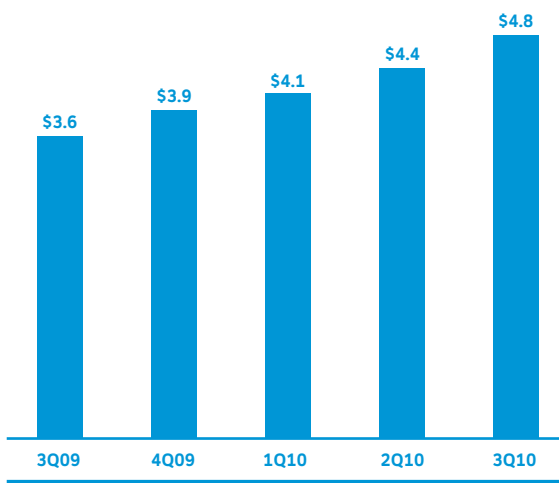
AT&T WIRELESS SUBSCRIBERS

In millions



AT&T is a leader in integrated devices and wireless data services, including messaging, Internet access, access to applications and related services.

AT&T WIRELESS DATA REVENUES
Dollars in billions



WIRELESS INNOVATION: APPLICATIONS AND DEVICES

AT&T is the market leader in wireless innovation, delivering to customers expanded choice in devices, services and applications. In recent weeks, the company:

- Introduced three new phones featuring Windows Phone 7 from HTC, LG and Samsung, which are scheduled to be available exclusively for AT&T customers ahead of the holidays. The HTC Surround is the first smartphone to include integrated Dolby Mobile and SRS surround sound speakers. The LG Quantum™ features a slide-out keyboard for quick use of Office Mobile®, which allows users to stay active and up to date with work. It also features DLNA technology through a preloaded application called Play To, which allows users to wirelessly stream videos, music and pictures from the phone to a DLNA-enabled TV, stereo, Windows 7 PC and other consumer electronics devices. The Samsung Focus™ is AT&T's thinnest Windows Phone and offers a Super AMOLED™ screen on a sleek 9.9 mm-thin touch screen phone. With the Focus' amazingly crisp, brilliant screen, photos, games and videos come alive.

- Introduced with Research In Motion, the new BlackBerry® Torch™ 9800 smartphone. The Torch is the world's first smartphone to combine a BlackBerry® keyboard with a full touch screen experience, including pinch to zoom and an optical trackpad.
- Announced three new Android-powered Motorola smartphones, which are scheduled to be available this holiday season. The BRAVO features a 3.7" full WVGA touch screen experience, enhanced Web-browsing and entertainment while on the go. The FLIPOUT delivers an enhanced user experience, with a stylishly square, affordable and innovative pivot design, and is available now. The FLIPSIDE features a full slide-out QWERTY keypad, a 3.1" high-res HVGA display that supports pinch to zoom gesturing and a laptop-like track pad that provides an alternative way to navigate with one hand while keeping fingers off the screen. It offers users the ability to stay connected to work with full push corporate e-mail, support for Microsoft® Exchange, unified inbox and enhanced features for IT compliance like remote wipe and password enforcement. All three will feature the Android 2.1 platform and the latest version of MOTOBLUR.
- Announced that all three iPad™ Wi-Fi + 3G models will be available at more than 2,200 AT&T stores beginning October 28. AT&T also announced that it will begin selling the same three iPad models directly to business customers beginning October 28. For business customers, AT&T will offer attractive postpaid mobile broadband price plans, available to customers whose AT&T wireless bills are paid by their employers.

- Introduced the first LTE and HSPA+ capable LaptopConnect devices. The AT&T USBConnect Adrenaline from LG will be LTE upgradeable, while the AT&T USBConnect Shockwave from Sierra Wireless will offer HSPA+ connectivity.
- Launched AT&T Encrypted Mobile Voice, the first carrier-provided two factor encryption service, which provides high-level security features for calls on the AT&T wireless network.
- Announced the launch of AT&T Wi-Fi hotzones in downtown Charlotte, N.C. and Wrigleyville in Chicago to enhance the broadband experience for AT&T customers. The deployments are part of a pilot project to explore using Wi-Fi to supplement AT&T's mobile broadband coverage in areas with consistently high 3G traffic and mobile data use.
- Expanded its netbook and notebook lineup to include the Acer Aspire AS1830 Notebook, the Acer Aspire One 532h Netbook and the Dell Inspiron Mini 10 HD netbook.
- Launched the new Satellite Augmented Mobile Service with the TerreStar™ GENUS™ dual-mode cellular/satellite smartphone. Access to the TerreStar satellite network enables wireless communications coverage in remote areas for government, energy, utility, transportation and maritime users, as well as backup satellite communications capabilities for public safety agencies, first responders and disaster recovery groups.
- Announced plans to work with Alcatel-Lucent, Amdocs and Ericsson, to locate innovation centers in Palo Alto, CA, Plano, TX, and Ra'anana, near Tel Aviv, Israel. The centers will provide an environment for developers to collaborate with AT&T and its innovators, its host suppliers and other developers.

AT&T's third-quarter wireline highlights include: year-over-year growth in wireline consumer revenues; 30.0 percent growth in consumer IP data revenues driven by continued strong AT&T U-verse gains; and growth in business data revenues, including 15.4 percent growth in revenues from strategic business services such as Ethernet, VPNs and application services.

Wireline

AT&T's third-quarter wireline results were highlighted by improving trends in revenues, including the first year-over-year growth in consumer revenues in more than two years, further expansion in AT&T U-verse services, sustained growth in revenues from strategic business services and solid cost management. Progress in these areas helped offset lower revenues from voice and legacy data products.

Led by improved consumer and business customer trends, total wireline revenues posted their smallest year-over-year decline in six quarters, down 3.0 percent, and down slightly sequentially.

- Third-quarter revenues in AT&T's wireline segment totaled \$15.3 billion versus \$15.7 billion in the year-earlier quarter.
- Total wireline data revenues grew 7.4 percent to \$6.9 billion, led by an 18.9 percent increase in revenues from IP-based services, which accounted for 57.4 percent of AT&T's total wireline data revenues, up from 51.9 percent in the third quarter of 2009.
- Wireline voice revenues, which include retail and wholesale local and long distance, totaled \$7.0 billion versus \$7.9 billion in the year-earlier quarter. Third-quarter wireline expense and margin comparisons reflect continued solid execution on cost initiatives.
- Third-quarter wireline operating expenses totaled \$13.4 billion, down 3.9 percent versus the year-earlier quarter and down 0.6 percent sequentially.
- Wireline operating income totaled \$1.8 billion, compared to \$1.8 billion in the third quarter of 2009 and \$1.9 billion in the second quarter of 2010.
- AT&T's third-quarter wireline operating income margin was 12.0 percent compared with 11.2 percent in the year-earlier quarter and 12.2 percent in the second quarter of this year.

WIREDLINE CONSUMER

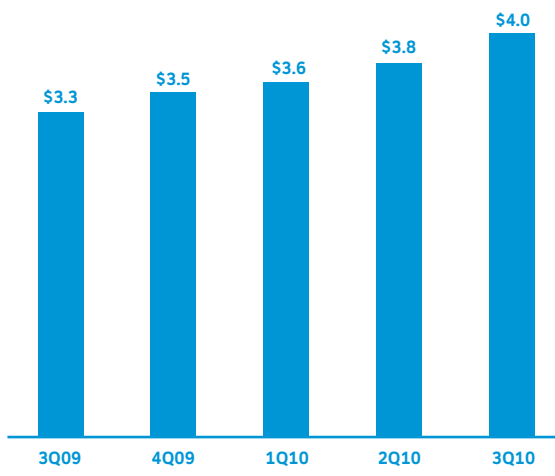
Driven by strength in IP data services, in the third quarter, total revenue from residential customers totaled \$5.3 billion, up 0.2 percent from the third quarter of 2009, the first year-over-year growth in more than two years. Third-quarter consumer highlights include:

AT&T's Award-Winning U-verse Services Drive Consumer Growth. AT&T U-verse TV subscribers increased by 236,000 in the quarter to reach 2.7 million. In the third quarter, the AT&T U-verse High Speed Internet attach rate continued to run above 90 percent, and nearly 60 percent of subscribers took AT&T U-verse Voice. More than three-fourths of AT&T U-verse TV subscribers have a triple- or quad-play option from AT&T. ARPU for U-verse triple-play customers was about \$160.

IP data revenues, which include U-verse services and business products such as VPNs and managed Internet services, grew 18.9 percent year over year.

AT&T WIRELINE IP DATA REVENUES

Dollars in billions



AT&T's U-verse deployment now reaches more than 26 million living units. Companywide penetration of eligible living units is 14.1 percent, and across areas marketed to for 30 months or more, overall penetration is more than 22 percent. AT&T's total video subscribers, which combine the company's U-verse and bundled satellite customers, reached 4.7 million at the end of the quarter, representing 18.8 percent of households served.

AT&T U-verse TV ranked "Highest in Customer Satisfaction in the North Central, South and West Regions," according to the J.D. Power and Associates 2010 Residential Television Service Provider Satisfaction StudiesSM. This is the third year in a row that AT&T U-verse ranked highest in the South and West regions.

In recent U-verse-related news, the company also:

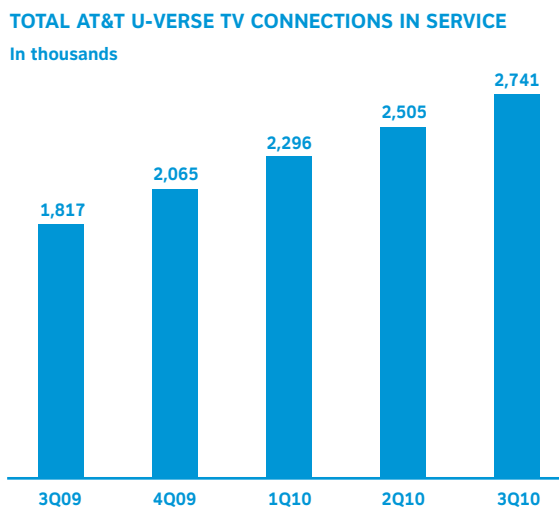
- Announced the launch of U-verse TV on Xbox 360 for U-verse customers, replacing the need for an extra receiver in their home. AT&T is the first TV provider in the U.S. to offer live TV service through an Xbox 360.

- Launched the AT&T U-verse Mobile App, which gives U-verse TV subscribers the ability to schedule DVR recordings and download and watch hit TV shows on their qualifying smartphone, including select Android devices and the BlackBerry Curve 3G and BlackBerry Torch. AT&T is the first TV provider to offer an integrated mobile app that allows customers to both manage their DVRs and download and watch select shows. Also, beginning in November, any AT&T wireless customer with a Windows Phone 7 device — whether or not they are a U-verse TV customer — will have access to the AT&T U-verse Mobile App. This is the first time an element of AT&T U-verse service will be available nationwide.
- Launched new DVR features for AT&T U-verse TV customers on U-verse Online, including the ability to schedule DVR recordings directly from the Web site and to easily see which DVR recordings are also available to view.

Rebound in Broadband Subscriber Growth. Driven by strength in AT&T U-verse High Speed Internet service, AT&T posted a 148,000 net gain in wireline broadband connections.

U-verse Revenues Exceed \$1 Billion. Increased AT&T U-verse penetration drove 30.0 percent year-over-year growth in consumer IP revenues (broadband, U-verse TV and U-verse Voice). U-verse continues to drive a transformation in AT&T's consumer business, reflected by the fact that consumer IP revenues now represent 42.6 percent of AT&T's wireline consumer revenues, up from 32.8 percent in the year-earlier quarter. In the third quarter, AT&T U-verse revenues were \$1.1 billion, 84.5 percent higher than in the third quarter of 2009.

AT&T U-verse TV subscribers increased by nearly 1 million over the past year.



Further Growth in Revenues Per Household. Driven by AT&T U-verse, wireline consumer revenues per household served increased 7.8 percent versus the year-earlier third quarter and were up 1.6 percent sequentially. This marked AT&T's eighth consecutive quarter with year-over-year growth in wireline consumer revenues per household.

Consumer Connection Trends. In the third quarter, AT&T posted a decline in total consumer revenue connections due primarily to expected declines in traditional voice access lines, partially offset by increases in broadband, U-verse TV and VoIP (Voice over Internet Protocol) connections. Combined wireline consumer TV and broadband connections increased by 343,000 in the third quarter and 1.3 million over the past four quarters. AT&T U-verse Voice connections increased by 166,000 in the quarter and 759,000 over the past four quarters. Total consumer revenue connections at the end of the third quarter were 43.7 million, compared with 45.7 million at the end of the third quarter of 2009 and 44.3 million at the end of the second quarter of 2010.

WIRELINE BUSINESS

AT&T's wireline business customer revenues — which include results from enterprise, wholesale, government, education, medical and small/midsize customers — showed improving trends in the third quarter. Strategic business revenues continued to grow.

Further Signs of Stabilization in Business Markets. AT&T posted its best year-over-year business revenue comparisons in six quarters — reflecting continued solid sales performance and improvement in key economic metrics. Total business revenues were \$9.5 billion, a decline of 3.9 percent versus the year-earlier quarter. Business service revenues, which exclude CPE, declined 3.7 percent year over year and decreased slightly sequentially, down 1.3 percent.

Third-quarter business highlights include:

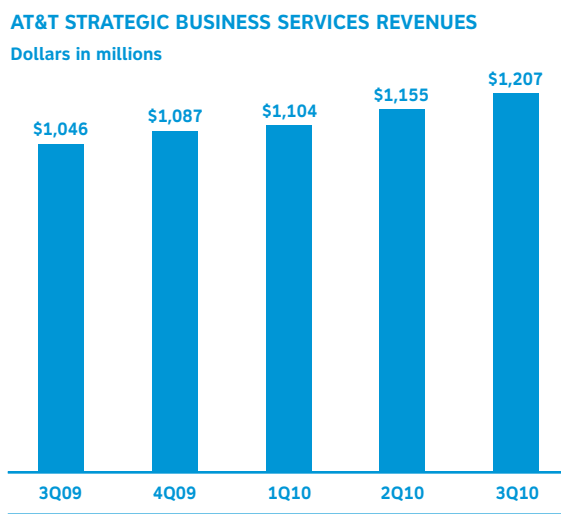
Business IP Revenues Continue Growth.

Business IP data revenues grew 8.0 percent overall, led by growth in VPN revenues. Global Enterprise Solutions IP data revenues grew 9.7 percent. Approximately 70 percent of AT&T's frame customers have made the transition to IP-based solutions, which allows them to easily add managed services such as network security, cloud services and IP conferencing on top of their infrastructures.

15.4 Percent Growth in Strategic

Business Services Revenues. Revenues from new-generation capabilities that lead AT&T's most advanced business solutions — including Ethernet, VPNs, hosting, IP conferencing and application services — grew 15.4 percent versus the year-earlier quarter and were up 4.5 percent from the second quarter of 2010, continuing AT&T's strong trends in this category.

Revenues from AT&T's strategic business services, the products that lead AT&T's most advanced solutions, grew 15.4 percent in the third quarter.



BUSINESS INNOVATION

AT&T's business progress reflects the strength of its network, its advanced product sets and a strong commitment to innovation in key areas such as network management, applications, security solutions and wireless connectivity.

AT&T serves thousands of enterprise business customers across six continents; provides a broad range of services for governmental entities; and is a global leader in delivering wholesale services to carriers, wireless operators, cable providers, systems integrators, Internet service providers and content providers. In addition, AT&T provides an industry-leading portfolio of communications products and services for small and midsize businesses in key areas such as wireless voice and data, local and long distance voice, high speed Internet, messaging and advertising.

In all of these areas, AT&T continually innovates to expand its service capabilities. In recent weeks, AT&T:

- Announced that it has become the first wireless carrier to provide mobile point-of-sale solutions from Apriva, a leader in the wireless payment industry, to deliver new mobile payment applications that turn smartphones into point-of-sale devices that accept credit and debit card transactions.

- Released AT&T Code Scanner, a free mobile application that provides a way to scan 2D and 1D barcodes found on magazines, in stores and online.
- Entered into a strategic agreement with Hilton Worldwide to provide a fully-managed suite of Wi-Fi and Internet services. AT&T will provide Hilton Worldwide's ten brands with a high-quality online experience for guests in more than 3,200 properties in the United States, including Puerto Rico, and Canada.
- Announced that AT&T Government Solutions has won a task order worth up to \$350 million to provide Managed Security Services and deploy a VPN for the U.S. Department of Agriculture Data Services.
- Announced two separate enhancements to its suite of cloud-based security services: the launch of AT&T Security Center, a new Web-based security administration tool; and enhancements to AT&T Distributed Denial of Service (DDoS) defense protection.
- Announced the launch of "AT&T Broadband on the Go," which provides small businesses with high speed Internet access, Wi-Fi and mobile broadband, plus unlimited online personal computer data backup with remote access from any broadband Web-connected device.
- Announced an industry-first financing initiative to help cash-strapped small businesses looking to deploy new wireless solutions or upgrade existing ones.

AT&T's Advertising Solutions segment offers businesses a full suite of local search and advertising options, including featured listings on YP.comSM, YPmobile[®] and the AT&T Real Yellow Pages.

Advertising Solutions

AT&T's Advertising Solutions segment is responsible for advertising sales as well as the development, management and delivery of advertising products across AT&T's media platforms.

Focused on meeting the local search needs of both consumers and advertisers, AT&T Advertising Solutions products and services enable consumers to discover, connect with and transact with businesses. Advertising Solutions' growing array of local search and advertising products includes print directories in 22 states and a premier online presence nationwide with YP.com, the new YELLOWPAGES.COMSM, which creates an integrated local search experience driven by a database of millions of business listings. YP.com allows visitors to search by category or locality, view local business videos and access business coupons and lifestyle categories such as travel and local entertainment information. AT&T Advertising Solutions also provides YP.com's mobile Web- and app-based solutions via a full suite of mobile advertising assets and a mobile network of publishers to extend advertiser reach.

AT&T Advertising Solutions' local ad products such as video profiles, Web site development, search engine marketing, Pay Per Call[®], Digital ExpressTM direct mail services and display advertising give advertisers the opportunity to reach consumers who are looking for a local business.

Compared with results in the year-earlier quarter, third-quarter reported Advertising Solutions revenues totaled \$1.0 billion versus \$1.2 billion. Advertising Solutions' revenue trends reflect migration from print to online search, including rapid growth at AT&T Interactive, which develops, manages and delivers AT&T's online and mobile advertising products, including its flagship property YP.com. In the third quarter, Internet revenues increased 5.8 percent versus the year-earlier quarter to \$239 million.

Advertising Solutions' expense comparisons reflect disciplined cost management. Third-quarter 2010 operating expenses totaled \$763 million versus \$845 million in the year-earlier quarter and \$805 million in the second quarter of 2010. Operating income totaled \$198 million, compared with \$317 million in the year-earlier third quarter and \$202 million in the second quarter of 2010. The segment's operating income margin was 20.6 percent versus 27.3 percent in the year-earlier third quarter and 20.1 percent in the second quarter of 2010.

AT&T's Other segment includes results from its customer information services and equity investments in América Móvil and Telmex.

Other

On August 27, 2010, AT&T completed its sale of Sterling Commerce to IBM for approximately \$1.4 billion in cash. Third-quarter comparisons are based on results from continuing operations, which exclude results from Sterling Commerce in all periods.

AT&T's Other segment includes results from AT&T's customer information services operations and AT&T's proportionate share of results from América Móvil and Telmex, which are shown in Equity in Net Income of Affiliates for this segment. Customer information services include operator services and directory assistance. AT&T's equity interests in América Móvil and Telmex are 9.0 percent and 9.6 percent, respectively, as of the end of the third quarter of 2010.

América Móvil is one of the leading providers of telecommunications services in Latin America. At the end of the second quarter of 2010, América Móvil had more than 211 million wireless subscribers in countries throughout the region, including more than 61 million in Mexico. América Móvil operates in Argentina, Brazil, Chile, Colombia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Puerto Rico, the United States and Uruguay.

Telmex and its subsidiaries provide a wide range of telecommunications services, data and video transmission, Internet access and integrated telecommunications solutions, predominantly in Mexico.

Other segment third-quarter financial comparisons reflect operational trends that are generally in line with recent quarters. Third-quarter Other segment income from continuing operations totaled \$148 million versus a loss of \$26 million in the year-earlier quarter.

Third-quarter segment revenues totaled \$165 million, compared with \$196 million in the year-earlier quarter. Segment operating expenses totaled \$238 million in the third quarter of 2010, compared with \$394 million in the third quarter of 2009. Equity in net income of affiliates totaled \$221 million in the third quarter of 2010 versus \$172 million in the year-earlier quarter.

AT&T Inc.**Consolidated Statements of Income**

Dollars in millions except per share amounts

Unaudited	Three Months Ended			Nine Months Ended		
	9/30/10	9/30/09	% Change	9/30/10	9/30/09	% Change
Operating Revenues						
Wireless service	\$13,675	\$ 12,372	10.5%	\$39,711	\$35,978	10.4%
Voice	6,973	7,943	-12.2%	21,671	24,701	-12.3%
Data	6,928	6,448	7.4%	20,407	19,053	7.1%
Directory	961	1,162	-17.3%	3,009	3,622	-16.9%
Other	3,044	2,809	8.4%	8,121	8,451	-3.9%
Total Operating Revenues	31,581	30,734	2.8%	92,919	91,805	1.2%
Operating Expenses						
Cost of services and sales (exclusive of depreciation and amortization shown separately below)	13,519	12,907	4.7%	38,235	37,665	1.5%
Selling, general and administrative	7,707	7,574	1.8%	22,570	22,914	-1.5%
Depreciation and amortization	4,891	4,881	0.2%	14,529	14,614	-0.6%
Total Operating Expenses	26,117	25,362	3.0%	75,334	75,193	0.2%
Operating Income	5,464	5,372	1.7%	17,585	16,612	5.9%
Interest Expense	729	851	-14.3%	2,248	2,573	-12.6%
Equity in Net Income of Affiliates	217	181	19.9%	629	549	14.6%
Other Income (Expense) – Net	125	29	—	825	44	—
Income from Continuing Operations Before Income Taxes	5,077	4,731	7.3%	16,791	14,632	14.8%
Income Tax (Benefit) Expense	(6,560)	1,463	—	(1,512)	4,886	—
Income from Continuing Operations	11,637	3,268	—	18,303	9,746	87.8%
Income from Discontinued Operations, net of tax	780	7	—	777	6	—
Net Income	12,417	3,275	—	19,080	9,752	95.7%
Less: Net Income Attributable to Noncontrolling Interest	(78)	(83)	6.0%	(243)	(236)	-3.0%
Net Income Attributable to AT&T	\$12,339	\$ 3,192	—	\$18,837	\$ 9,516	98.0%
Basic Earnings Per Share from Continuing Operations						
Attributable to AT&T	\$ 1.96	\$ 0.54	—	\$ 3.06	\$ 1.61	90.1%
Basic Earnings Per Share from Discontinued Operations						
Attributable to AT&T	0.13	—	—	0.13	—	—
Basic Earnings Per Share Attributable to AT&T	\$ 2.09	\$ 0.54	—	\$ 3.19	\$ 1.61	98.1%
Weighted Average Common Shares Outstanding (000,000)	5,909	5,901	0.1%	5,908	5,899	0.2%
Diluted Earnings Per Share from Continuing Operations						
Attributable to AT&T	\$ 1.95	\$ 0.54	—	\$ 3.04	\$ 1.61	88.8%
Diluted Earnings Per Share from Discontinued Operations						
Attributable to AT&T	0.13	—	—	0.13	—	—
Diluted Earnings Per Share Attributable to AT&T	\$ 2.08	\$ 0.54	—	\$ 3.17	\$ 1.61	96.9%
Weighted Average Common Shares Outstanding with Dilution (000,000)	5,938	5,922	0.3%	5,937	5,922	0.3%

AT&T Inc.

Statements of Segment Income

Dollars in millions

Unaudited	Three Months Ended			Nine Months Ended		
	9/30/10	9/30/09	% Change	9/30/10	9/30/09	% Change
Wireless						
Segment Operating Revenues						
Service	\$13,675	\$12,372	10.5%	\$39,711	\$35,978	10.4%
Equipment	1,505	1,255	19.9%	3,608	3,709	-2.7%
Total Segment Operating Revenues	15,180	13,627	11.4%	43,319	39,687	9.2%
Segment Operating Expenses						
Operations and support	10,040	8,645	16.1%	26,785	24,959	7.3%
Depreciation and amortization	1,640	1,490	10.1%	4,776	4,493	6.3%
Total Segment Operating Expenses	11,680	10,135	15.2%	31,561	29,452	7.2%
Segment Operating Income	3,500	3,492	0.2%	11,758	10,235	14.9%
Equity in Net Income of Affiliates	(6)	—	—	14	—	—
Segment Income	\$ 3,494	\$ 3,492	0.1%	\$11,772	\$10,235	15.0%
Segment Operating Income Margin	23.1%	25.6%		27.1%	25.8%	

Wireline

Segment Operating Revenues						
Voice	\$ 6,973	\$ 7,943	-12.2%	\$21,671	\$24,701	-12.3%
Data	6,928	6,448	7.4%	20,407	19,053	7.1%
Other	1,374	1,358	1.2%	4,014	4,146	-3.2%
Total Segment Operating Revenues	15,275	15,749	-3.0%	46,092	47,900	-3.8%
Segment Operating Expenses						
Operations and support	10,318	10,762	-4.1%	31,324	32,618	-4.0%
Depreciation and amortization	3,118	3,226	-3.3%	9,337	9,594	-2.7%
Total Segment Operating Expenses	13,436	13,988	-3.9%	40,661	42,212	-3.7%
Segment Operating Income	1,839	1,761	4.4%	5,431	5,688	-4.5%
Equity in Net Income of Affiliates	2	9	-77.8%	7	16	-56.3%
Segment Income	\$ 1,841	\$ 1,770	4.0%	\$ 5,438	\$ 5,704	-4.7%
Segment Operating Income Margin	12.0%	11.2%		11.8%	11.9%	

Advertising Solutions

Segment Operating Revenues	\$ 961	\$ 1,162	-17.3%	\$ 3,009	\$ 3,622	-16.9%
Segment Operating Expenses						
Operations and support	640	686	-6.7%	1,988	2,113	-5.9%
Depreciation and amortization	123	159	-22.6%	393	501	-21.6%
Total Segment Operating Expenses	763	845	-9.7%	2,381	2,614	-8.9%
Segment Income	\$ 198	\$317	-37.5%	\$628	\$ 1,008	-37.7%
Segment Income Margin	20.6%	27.3%		20.9%	27.8%	

Other

Segment Operating Revenues	\$ 165	\$ 196	-15.8%	\$ 499	\$ 596	-16.3%
Segment Operating Expenses	238	394	-39.6%	731	915	-20.1%
Segment Operating Loss	(73)	(198)	63.1%	(232)	(319)	27.3%
Equity in Net Income of Affiliates	221	172	28.5%	608	532	14.3%
Segment Income (Loss) from Continuing Operations	\$ 148	\$ (26)	—	\$ 376	\$ 213	76.5%
Segment Income Margin	89.7%	—		75.4%	35.7%	

AT&T Inc.**Consolidated Balance Sheets**

Dollars in millions except per share amounts

	9/30/2010	12/31/2009
	Unaudited	
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,246	\$ 3,741
Accounts receivable - net of allowances for doubtful accounts of \$978 and \$1,202	13,606	14,845
Prepaid expenses	1,686	1,562
Deferred income taxes	1,059	1,247
Other current assets	2,380	3,792
Total current assets	21,977	25,187
Property, plant and equipment	240,466	230,295
Less: accumulated depreciation and amortization	(138,991)	(130,242)
Property, Plant and Equipment – Net	101,475	100,053
Goodwill	73,447	72,782
Licenses	50,113	48,741
Customer Lists and Relationships – Net	5,369	7,393
Other Intangible Assets – Net	5,525	5,494
Investments in Equity Affiliates	4,544	2,921
Other Assets	6,802	6,275
Total Assets	\$269,252	\$ 268,846
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	\$ 6,426	\$7,361
Accounts payable and accrued liabilities	18,417	21,260
Advanced billing and customer deposits	3,933	4,170
Accrued taxes	1,416	1,681
Dividends payable	2,482	2,479
Total current liabilities	32,674	36,951
Long-Term Debt	62,540	64,720
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	20,651	23,781
Postemployment benefit obligation	27,071	27,847
Other noncurrent liabilities	13,023	13,226
Total deferred credits and other noncurrent liabilities	60,745	64,854
Stockholders' Equity		
Common stock (\$1 par value, 14,000,000,000 authorized at September 30, 2010 and December 31, 2009; issued 6,495,231,088 at September 30, 2010 and December 31, 2009)	6,495	6,495
Additional paid-in capital	91,748	91,707
Retained earnings	50,751	39,366
Treasury stock (585,370,749 at September 30, 2010 and 593,300,187 at December 31, 2009, at cost)	(21,112)	(21,260)
Accumulated other comprehensive loss	(14,888)	(14,412)
Noncontrolling interest	299	425
Total stockholders' equity	113,293	102,321
Total Liabilities and Stockholders' Equity	\$269,252	\$268,846

AT&T Inc.**Consolidated Statements of Cash Flows**

Dollars in millions, increase (decrease) in cash and cash equivalents

Unaudited	Nine Months Ended September 30,	
	2010	2009
Operating Activities		
Net income	\$ 19,080	\$ 9,752
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,529	14,614
Undistributed earnings from investments in equity affiliates	(531)	(430)
Bad debt expense	973	1,383
Deferred income tax expense and noncurrent unrecognized tax benefits	(4,146)	2,476
Net (gain) loss from impairment and sale of investments	(746)	98
Income from discontinued operations	(777)	(6)
Changes in operating assets and liabilities:		
Accounts receivable	266	(270)
Other current assets	495	(269)
Accounts payable and accrued liabilities	(2,861)	(1,551)
Net income attributable to noncontrolling interest	(243)	(236)
Other - net	(689)	(117)
Total Adjustments	6,270	15,692
Net Cash Provided by Operating Activities	25,350	25,444
Investing Activities		
Construction and capital expenditures		
Capital expenditures	(13,170)	(11,034)
Interest during construction	(577)	(553)
Acquisitions, net of cash acquired	(2,615)	(184)
Dispositions	1,821	205
(Purchases) and sales of securities, net	(437)	11
Other	22	19
Net Cash Used in Investing Activities	(14,956)	(11,536)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	(33)	(3,918)
Issuance of long-term debt	2,235	8,161
Repayment of long-term debt	(5,280)	(6,169)
Issuance of treasury stock	24	8
Dividends paid	(7,436)	(7,252)
Other	(399)	(367)
Net Cash Used in Financing Activities	(10,889)	(9,537)
Net increase (decrease) in cash and cash equivalents	(495)	4,371
Cash and cash equivalents beginning of year	3,741	1,727
Cash and Cash Equivalents End of Period	\$ 3,246	\$ 6,098

AT&T Inc.

Supplementary Operating and Financial Data

Dollars in millions except per share amounts

Unaudited	Three Months Ended			Nine Months Ended		
	9/30/10	9/30/09	% Change	9/30/10	9/30/09	% Change
Wireless						
Wireless Customers (000)				92,761	81,596	13.7%
Net Customer Additions (000)	2,631	2,026	29.9%	6,050	4,617	31.0%
M&A Activity, Partitioned Customers and Other Adjs. (000)	—	(30)		1,591	(30)	
Total Churn ⁷	1.32%	1.42%	-10 BP	1.30%	1.49%	-19 BP
Postpaid Customers (000) ⁷				67,688	62,961	7.5%
Net Postpaid Customer Additions (000) ⁷	745	1,333	-44.1%	1,753	3,358	-47.8%
Postpaid Churn ⁷	1.14%	1.14%	0 BP	1.08%	1.12%	-4 BP
Licensed POPs (000,000)				308	306	0.7%
Prepaid Customers (000) ⁷				6,209	5,386	15.3%
Net Prepaid Customer Additions (000) ⁷	321	(176)		645	(743)	
Connected Devices Customers (000) ⁷				7,843	3,315	
Net Connected Devices Customer Additions (000) ⁷	1,159	235		3,107	683	

In-Region Wireline¹

Total Consumer Revenue Connections (000)						
Retail Consumer Voice Connections ²				24,908	28,098	-11.4%
Consumer Wired Broadband Connections ³				14,092	13,550	4.0%
Video Connections: ⁴						
Satellite Connections				1,994	2,195	-9.2%
U-verse Video Connections				2,739	1,816	50.8%
Total Consumer Revenue Connections (000)				43,733	45,659	-4.2%
Net Consumer Revenue Connection Changes (000)	(529)	(629)	15.9%	(1,554)	(1,384)	-12.3%

Broadband and Video

Total Broadband Connections (000) ⁵				17,562	17,083	2.8%
Net Broadband Connection Changes (000) ⁵	123	138	-10.9%	308	818	-62.3%
Total Video Connections (000) ⁴				4,735	4,012	18.0%
Net Video Connection Changes (000) ⁴	177	225	-21.3%	496	777	-36.2%

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Construction and capital expenditures						
Capital expenditures	\$ 5,314	\$ 4,017	32.3%	\$ 13,170	\$ 11,034	19.4%
Interest during construction	\$ 198	\$ 185	7.0%	\$ 577	\$ 553	4.3%
Dividends Declared per Share	\$0.4200	\$ 0.4100	2.4%	\$ 1.2600	\$ 1.2300	2.4%
End of Period Common Shares Outstanding (000,000)				5,910	5,901	0.2%
Debt Ratio ⁶				37.8%	42.1%	-430 BP
Total Employees				267,720	284,970	-6.1%

¹In-region wireline represents access lines served by AT&T's incumbent local exchange companies.²Includes consumer U-verse Voice over IP connections connections of 1,494 as of September 30, 2010.³Consumer Wired Broadband Connections include DSL lines, U-verse High Speed Internet access and satellite broadband.⁴Video connections include sales under agency agreements with EchoStar and DirecTV customers and U-verse connections.⁵Total broadband connections include DSL lines, U-verse High Speed Internet access, satellite broadband and 3G LaptopConnect cards.⁶Total long-term debt plus debt maturing within one year divided by total debt plus total stockholders' equity.⁷Prior year amounts restated to conform to current period reporting methodology.

Note: For the end of 3Q10, total switched access lines were 45,108, retail business switched access lines totaled 19,089, and wholesale and coin switched access lines totaled 2,605. These include 1,706 retail business and 98 wholesale lines that are used solely by AT&T or our subsidiaries.

Fourth-Quarter 2010 Earnings Date: Jan. 27, 2011

AT&T will release fourth-quarter 2010 earnings on Jan. 27, 2011, before the market opens.

The company's *InvestorBriefing* and related earnings materials will be available on the AT&T Web site at www.att.com/investor.relations by 8 a.m. Eastern time.

AT&T will also host a conference call to discuss the results at 10 a.m. Eastern time the same day. Dial-in and replay information will be announced on First Call approximately eight weeks before the call, which will also be broadcast live and will be available for replay over the Internet at www.att.com/investor.relations.

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this *InvestorBriefing* contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission.

AT&T disclaims any obligation to update or revise statements contained in this *InvestorBriefing* based on new information or otherwise.

This *InvestorBriefing* may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's Web site at www.att.com/investor.relations.

AT&T *InvestorBriefing*

The AT&T *InvestorBriefing* is published by the Investor Relations staff of AT&T Inc. Requests for further information may be directed to one of the Investor Relations managers by phone at 210-351-3327.

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AT&T U-verse received the highest numerical score among television service providers in the North Central, South and West regions in the proprietary J.D. Power and Associates 2010 Residential Television Service Satisfaction StudySM. Study based on 28,489 total responses from measuring 12 providers in the North Central region (IL, IN, MI, OH, WI), 13 providers in the South (AL, AR, FL, GA, KS, KY, LA, MS, MO, NC, OK, SC, TN, TX), and 10 providers in the West (AZ, CA, CO, ID, IA, MN, MT, NE, NV, NM, ND, OR, SD, UT, WA, WY) and measures consumer satisfaction with television service. Proprietary study results are based on experiences and perceptions of consumers surveyed in Nov. 2009 and Jan. 2010, April 2010 and July 2010. Your experiences may vary. Visit jdpower.com