

# A Network of *Possibilities*

AT&T Inc. 2010 Annual Report



# A Network of *Possibilities*.

So, what will drive AT&T's future growth and leadership?

It starts with building the most advanced, intelligent network in the world. Add billions of devices. Wrap it all in an open innovation environment that spawns fresh ideas and breakthrough thinking.

When all that comes together — when intelligence, connectivity and ideas converge — a world of possibilities opens.

At AT&T, it all adds up to new growth opportunities as we rethink how we live and work ... bring people together, making them more productive ... and collaborate to drive innovation.

We're excited about the infinite possibilities, and we think you will be, too.

To AT&T Investors:

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When the communications industry looks back at the start of this decade, it will be marked as an inflection point — when mobile broadband forever changed how the world does business.

Over the past few years, smartphones riding on our powerful third-generation (3G) mobile broadband network literally have placed the Internet in the palm of America's hand. Virtually overnight, that has transformed how we share information, how we buy and sell things, how we socialize. But what's taking place now is even more profound. We're quickly moving to 4G mobile broadband networks, and we're layering on the power of cloud computing — a tech industry phrase that refers to how people can use their smartphones and other devices to access content and applications stored in secure remote locations.

With this combination, customers are truly beginning to mobilize everything. Our network now supports a new wave of advanced mobile devices that includes tablets and a wide array of embedded wireless devices — from smart household appliances to remote medical monitoring to business inventory management. All of this is helping people and businesses communicate faster and do more than anyone ever imagined. And the most exciting part? We're just getting started.

America has set the pace for the world in this new era of communications, and I'm proud to say that your company has led the way. A few years ago, we made the decision to concentrate AT&T's strategic focus on the opportunities we saw flowing from mobile broadband. Over just the past three years, we committed nearly \$70 billion to acquire spectrum and build the most advanced wireless and wireline network capabilities. And on top of this network, we've offered customers one breakthrough device after another, along with access to a broad range of powerful applications that integrate their video, data and voice experience.

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**2010 Results** Our leadership in these areas — combined with solid execution across our business — has driven industry-leading growth. In 2010:

- Wireless connections on our network increased by 8.9 million, the largest annual gain in our history.
- Wireless data revenues increased 28.7 percent, the strongest growth among major U.S. wireless providers.
- AT&T U-verse<sup>SM</sup> TV subscribers increased by more than 900,000, outpacing every other publicly reporting pay TV provider in the United States.

- Our strategic business services — led by Virtual Private Networks (VPN) and including things such as hosting and applications services — grew 15.8 percent.
- Our overall financial results were solid as well: Consolidated revenues improved from 2009 levels; earnings per share grew 63.4 percent, largely due to timely sales of non-strategic assets and favorable resolution of income tax matters, and 10.6 percent excluding significant items; and cash from operations totaled \$35.0 billion.
- We used that cash to invest in our operations and prepare for future growth, to further reduce debt, and to return \$9.9 billion in dividends to stockholders.
- In December, your board of directors again increased our quarterly dividend — for the 27th consecutive year — and authorized the repurchase of up to 300 million shares.

These achievements round out the larger story of how your company has executed over the past three years — as we, like other companies, have worked through a tough economy. As we begin 2011, AT&T is coming out of the downturn stronger, both operationally and financially, than we were going in — with improving revenue trends, expanding margins and a more growth-oriented business. In the fourth quarter, 73 percent of our revenues came from mobility, wireline data and managed services, and those revenues were growing at a 9.0 percent pace.

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**A Network of Possibilities** The foundation for this growth is a network that's more powerful and capable than ever. Our domestic wireless network covers more than 300 million people, and we provide the broadest international access of any U.S. mobile provider. Our global networking capabilities provide advanced connections for businesses to 182 countries. And on an average business day, our global backbone carries nearly 24 petabytes of data traffic — more than 100 times the digitized Library of Congress.

Our network delivers breathtaking levels of connectivity and mobility. But the real power of this network is in all that it enables — how it speeds commerce and drives economic growth, how it helps people and communities reach their potential. Our network and the solutions that ride on it give a young student in a small-town school access to the same applications and resources as her counterparts in major metropolitan areas. They give a small family business down the street the tools to compete with the largest companies. We help entrepreneurs across all sorts of industries get noticed and get to market faster. In all these ways and more, our network and services play an important and growing role.

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**Growth Platforms** This network and the vision behind it form the foundation for the three core growth platforms that are shaping AT&T's future:

- Mobile broadband, where we've led the way in growth and network capabilities.
- Advanced business solutions that combine mobile broadband, cloud capabilities and applications to help businesses mobilize everything and transform their operations.
- AT&T U-verse, our advanced platform for integrated next-generation TV, voice and broadband services.



○ **Randall Stephenson**

Chairman, Chief Executive  
Officer and President

Mobile broadband is where we've invested most aggressively. Today we have the United States' fastest mobile broadband network, based on independent tests. And we've expanded its reach through access to more than 24,000 Wi-Fi hotspots nationwide, the most of any U.S. provider. Now we're on a quick, steady path to deliver the best 4G capabilities — faster speeds, more capacity and greater functionality.

We've also consistently led in providing cutting-edge mobile devices and mobile applications. To spur future growth in these areas, we're finding new ways to open our network to developers, including the launch of three innovation centers — one near Dallas, another in Silicon Valley and a third in Israel.

And as we take these mobile broadband capabilities to the world of business and combine them with our premier VPN capabilities and our cloud investments, we're creating a new generation of opportunities for business customers. Using our network and our solutions, companies arm their employees with seamless access to applications and data, whether they are in the office, at home or on the move around the globe. The result is faster decision-making, quicker response times and improved productivity.

In some cases, our advanced solutions can help transform entire business models — helping enterprises rethink everything from marketing to customer service to inventory management. We also have promising industry-specific opportunities — in health care, for example, where our network can help improve service delivery through wireless patient monitoring, high-quality video links for remote diagnostics, and more. We've committed some of our best talent and substantial resources to accelerate our progress in these areas.

Our third major growth platform is AT&T U-verse, an integrated set of services — high-quality TV with unique features and functionality, high speed Internet, and voice —





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### AT&T Executive Leadership Team

Left to Right: **Wayne Watts**, Senior Executive Vice President and General Counsel; **Jim Cicconi**, Senior Executive Vice President-External and Legislative Affairs, AT&T Services, Inc.; **Ray Wilkins Jr.**, Chief Executive Officer-AT&T Diversified Businesses; **Randall Stephenson**, Chairman, Chief Executive Officer and President; **Ron Spears**, Senior Executive Vice President-Executive Operations; **John Stankey**, President and Chief Executive Officer, AT&T Business Solutions; **Cathy Coughlin**, Senior Executive Vice President and Global Marketing Officer; **Bill Blase Jr.**, Senior Executive Vice President-Human Resources; **Forrest Miller**, Group President-Corporate Strategy and Development; **Ralph de la Vega**, President and Chief Executive Officer, AT&T Mobility and Consumer Markets; **Rick Lindner**, Senior Executive Vice President and Chief Financial Officer.

all delivered over an advanced Internet Protocol network. We've already deployed this network to more than 27 million living units, and our subscriber base is now more than 3 million — almost all of them added in the past three years. AT&T U-verse TV ranks Highest in Residential Television Service Satisfaction in the North Central, South and West Regions, according to the J.D. Power and Associates 2010 Residential Television Service Provider Satisfaction Study<sup>SM,1</sup>

All three of these platforms are still early in their development, which means that our top priority over the next few years is to accelerate their growth.

Increasingly, we'll also focus on the potential to deliver services across networks and platforms to make things simple and seamless for customers as they access content of all kinds — video, data and applications — without giving a thought to whether they happen to be on a wired or wireless network. We're uniquely positioned to make this kind of cross-platform access a reality. In fact, we've already started to move in that direction with services like U-verse Mobile, which lets customers download and watch video content on their wireless devices.

AT&T also has led the way in wireless connectivity for nontraditional devices and applications — everything from eReaders to personal navigation devices to home security monitoring. Businesses, too, are using mobile broadband connectivity for a host of functions, including location-based advertising, automated meter reading and logistics management. We already have more than 9 million of these connected devices on our network, a total that nearly doubled in 2010. We expect that very soon every machine and appliance we have in our homes and our businesses will operate better and more intelligently with wireless connectivity.

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**Driving Innovation, Empowering People and Communities** In all of these areas, AT&T has a rich history of investment and new service development. But the amount of innovation taking place in our industry is unprecedented; it's more comprehensive and moving more quickly than anything I've seen in my lifetime. So, it's an exciting time for customers and for our company, and I believe the future of the communications industry has never been more promising. Your company is providing leadership to speed its development.

That's why we encourage policymakers to strengthen the climate for investment across our industry through smart tax policy and light-touch regulation. It's also why we work with governmental authorities and others to free up more of the quality wireless spectrum that is the invisible lifeblood of sustained innovation and growth.

And it's why we've created and funded AT&T Aspire, a \$100 million initiative to support proven programs that can improve educational outcomes with particular focus on our country's high school drop-out crisis. This is an investment in developing the educated workforce that is critical for our company's continued progress and our nation's future prosperity.

In the following pages, you'll read examples of what our Network of Possibilities means for the way real people live and work. There's a thread that runs through their stories: The future is now. And no one is better positioned than AT&T to deliver that future and make the impossible possible.

It's an honor for me to lead a company whose services have such a powerful and positive impact on people, communities and economic growth. And I am very proud of AT&T's 267,000 employees around the world, whose dedication and hard work bring the benefits of technology and innovation to life for customers.

On their behalf, I extend my sincere thanks to you, our stockholders, for your confidence and support.

Sincerely,



**Randall Stephenson**

Chairman, Chief Executive Officer and President

February 11, 2011

A Network of



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# *Intelligence ...*

rethinking how we live and work

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# *Connections ...*

bringing people together, making them more productive

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# *Ideas ...*

collaborating to drive innovation



Force  
LEVEL TRACKING

INTELLIGENCE ————○—————



AT&T's network of intelligence helps Kirsen Global Security and other businesses across the globe rethink how they operate. Supported by AT&T's global network capabilities, Kirsen's container monitoring devices allow valuable cargo shipments to proactively report location and status — meaning more peace of mind for manufacturers, logistics providers, shipping lines, insurance companies and even customs and border protection.

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“AT&T has supported Kirsen ever since we created our first container monitoring devices nearly a decade ago.”

— Christian Bogatu, Ph.D., Co-Founder, Kirsen Global Security



**Better Security** Every year, companies use hundreds of millions of shipping containers to move products around the world by boat, truck and rail. Whatever the contents — from pharmaceuticals to electronics to food products — those companies and their logistics providers need to know where their containers are at any given time.

But often they need to know much more than that. Was the container opened? What’s the temperature or humidity inside? What levels of force are the contents exposed to?

“That’s where Kirsen Global Security adds significant value for our customers — leading transportation providers like DB Schenker, for which we developed the DB Schenker*smartbox* solution — and for *their* customers, manufacturers around the globe,” says the company’s co-founder, Christian Bogatu, Ph.D. “Over the past decade, we’ve collaborated with AT&T to develop and refine this small but powerful device that can monitor all of that information and more and transmit it virtually anywhere in the world, at any time of day.”

The data these devices provide can make a big difference. Monitoring these containers can allow an electronics manufacturer, for example, to significantly decrease its safety stock, while also lowering its insurance premiums.

Kirsen collaborated with AT&T on the Container Monitoring System, which relies on AT&T’s GSM-based wireless networking and international data capabilities. Because AT&T’s wireless network operates on the global standard, containers can be monitored wirelessly, virtually anywhere. And, of course, the AT&T global network is there when needed — providing the reliable, highly secure data communications Kirsen’s customers demand.





yp.com<sup>SM</sup>



INTELLIGENCE —○—



With more than 3 million AT&T U-verse TV subscribers, AT&T delivered wireline consumer revenue growth in the second half of 2010. And more than three-fourths of AT&T U-verse TV subscribers, like Jim Olvera, choose three or more services from AT&T, driving 12 consecutive quarters of growth in wireline consumer revenues per household.

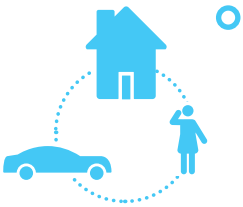
JIM OLVERA

Dallas, Texas

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“I love the freedom that comes from being connected to family and business nearly everywhere I go!”

— Jim Olvera, Photographer



**Better Connected** Since Jim Olvera set up shop 18 years ago, the digital revolution has transformed the photography industry ... and his business. About four years ago, Jim realized he can work from any place that's connected. And because he's with AT&T, that's just about anywhere.

Jim moved his office into his home, where AT&T U-verse High Speed Internet enables him to maintain Web galleries for clients and manage his business, all online.

“The beauty of working from home is more time with my family — although my daughter, Caroline, might disagree!” says Jim. In their downtime, Jim and his wife, Vicki, catch up on their favorite shows. They love the great signal quality and access to HD shows they get with U-verse TV. Of course, like most families, they're so busy that they give their DVR a real workout. The Olveras are a close family, so they also use their U-verse Internet connection to video chat with their older daughter, Katherine, who's studying in Italy.

Jim's AT&T smartphone keeps him just as connected on the road. “If I meet potential clients, I just whip out my phone to show them my portfolio,” he says. And access to mobile apps — such as the app that tracks the path of the sun so Jim can get the best light for a photo — helps him work smarter.

Jim also likes that he can reach potential new customers with a listing on AT&T's YP.com<sup>SM</sup>, which helps consumers find local businesses from a PC or a mobile device via YPmobile<sup>®</sup>.

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Jim is a great example of what's possible when AT&T connects you at home or away.



948<sup>ft</sup>  
ELEV. GAIN



5.9<sup>mi</sup>

MILES TRAVELED

CONNECTIONS

"AT&T takes a truly open and collaborative approach to its relationship with Trimble," says Rich Rudow (right), general manager for Trimble Outdoors. Rich and Kris Wagner, marketing director for Trimble Outdoors, are pictured on South Mountain near Trimble Outdoors' headquarters in Arizona, using the AllSport GPS™ app, one of a suite of Trimble applications available on AT&T devices.



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“We’re proud to see our GPS technology helping people enjoy the great outdoors and cultivate active, healthy lifestyles.”

— Larry Fox, Director of Business Development, Trimble Outdoors



**Better Tracked** Trimble Navigation Ltd. has a long track record of using GPS technology to increase efficiencies in the agriculture, engineering and construction industries. Several years ago, Trimble’s leaders asked a question: Could they apply that same technology to their love of the outdoors and desire for an active lifestyle? And the answer was Trimble Outdoors.

The Trimble Outdoors vision was born at about the same time that AT&T formed its own vision of how mobile data communications could dramatically expand the capabilities of mobile devices well beyond simply making phone calls. The result has been a strong relationship, reinforced by AT&T’s open and collaborative approach to working with developers.

“Our colleagues at AT&T were willing to invest the time and resources to help us realize our vision,” says Larry Fox, director of business development at Trimble Outdoors. “And they’ve offered more than dedicated product management resources to help us deploy our apps on wireless devices. They’ve also worked with us to launch our products, raise awareness and mature our business strategy.”

The outcome of this collaboration is a suite of mobile applications — Trimble Outdoors™, AllSport GPS and Geocache Navigator™ — that enables athletes and outdoor enthusiasts not only to find their way while out on the trail but also to document trips, share photos and video, and even track workouts and calories burned.

AT&T’s collaboration with Trimble is just one example of how AT&T is imagining new possibilities and collaborating with developers to bring fresh capabilities to wireless devices.





## CONNECTIONS



AT&T Synaptic Hosting<sup>SM</sup> helps the USOC manage traffic to its website, [teamusa.org](https://teamusa.org), freeing the USOC to focus on its mission of supporting Olympic and Paralympic athletes in achieving sustained competitive excellence. And with Synaptic Hosting, the USOC can provide the video and interactive content that its fans demand. Pictured are Consuella Moore (left) and April Holmes at the USOC's Chula Vista, Calif., Olympic Training Center — where track & field was the first sport to integrate Olympic and Paralympic hopefuls in a resident training program.

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“AT&T Synaptic Hosting lets us handle peaks and valleys — and explore ways to make the Olympic Movement more relevant to audiences.”

— Trevor Miller, Managing Director of Information Technology, USOC



**Better Managed** As the steward of the Olympic Movement in the United States, part of the U.S. Olympic Committee’s (USOC) mission involves training, entering and underwriting the full expenses for the U.S. teams in the Olympic, Paralympic, Pan American and Parapan American Games. When the organization faced a challenge — increased demand for high-bandwidth content on its website, teamusa.org — the USOC turned to AT&T.

The cyclical nature of the Olympic Games drives strong surges in demand for content, particularly every two years. Traffic to teamusa.org spikes in the months around the Games, as people worldwide look for information on Team USA and seek in-depth reporting on the U.S. Olympic Team Trials and the Olympic and Paralympic Games. At the same time, the USOC is adding content, such as photo galleries, video and interactive media, that requires additional bandwidth and capacity.

“The website is critical; it’s how we talk to our constituents and our fan base,” says Trevor Miller, managing director of information technology for the USOC. But building an in-house system to handle peak demand levels and ensure sufficient bandwidth to deliver interactive content would have been inefficient and expensive to manage during down cycles.

AT&T Synaptic Hosting provides a Web hosting solution that expands and contracts based on the amount of traffic to the website. When traffic rises, the USOC gets additional bandwidth and capacity without needing to install additional hardware. And when demand slows down, the USOC isn’t required to pay for more capacity than it needs — a critical benefit for the nonprofit organization.



Of course, the real benefit for the USOC is the ability to focus on supporting U.S. Olympic and Paralympic athletes, rather than its IT infrastructure. “What’s the best use of our time and resources — running a network or supporting our athletes?” asks Miller. “AT&T Synaptic Hosting was the clear choice.”





## CONNECTIONS

With devices like the BlackBerry® Torch™ smartphone, AT&T delivers the mobile broadband capabilities that keep busy people like Melissa Galvan (center) going. AT&T is the mobile broadband leader, with more smartphones than any other carrier.

MELISSA GALVAN

Syosset, New York

“I have a million things to do every day, so I need my BlackBerry Torch to stay on top of it all.”

— Melissa Galvan, College Student



**Better Life** From posting photos on Facebook to keeping up with current events via CNN Mobile ... from online banking to managing her to-do list, student Melissa Galvan's BlackBerry Torch smartphone keeps her hectic life on track without letting anything fall through the cracks.

Exclusive to AT&T in the U.S., the BlackBerry Torch is the best BlackBerry smartphone yet. When she's on the go, Melissa gets local information from apps to help her find the lowest prices on gas and navigate around traffic jams so she's always on time for class. When she has free time, she makes plans with up to 10 friends at once using the smartphone's "reply all" messaging. And when they all want to check out a new restaurant, the AT&T-designed Locations service allows her to send her friends a map.


Of course, the BlackBerry Torch also makes calls ... but because Melissa knows the dangers of distracted driving, she always uses a Bluetooth® headset for a quick check-in with her parents or a full-fledged gossip session with her best friend.<sup>2</sup> And on AT&T's mobile broadband network, she can talk on the phone and use mobile apps at the same time.

"Even if it's just to know whether to take an umbrella when I leave the house, I depend on my phone," says Melissa. That's why she and millions like her who rely on mobile broadband connectivity are driving the next wave of growth in the wireless industry.



103  MON  mg/dL



IDEAS 

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Early studies show significant improvements for patients using the DiabetesManager® portion of the mHealth Solution.<sup>3</sup> "AT&T is committed to mHealth solutions that help improve quality of care and patient outcomes," says Randall Porter, assistant vice president, Product Marketing Management for AT&T.



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“With AT&T’s reputation for innovation and investment in health care solutions, collaborating with them was a no-brainer.”

— Ryan Sysko, Founder and CEO, WellDoc



**Better Health** AT&T is joining with developers and health care providers to develop solutions that combine mobility technologies, devices, connectivity and applications to drive down medical costs and help patients live longer, better lives.

A case in point: the mHealth Solution from AT&T and WellDoc®. Recognizing that nearly no one leaves home without a wireless device, AT&T is creating an end-to-end solution around a cutting-edge mobile application to help people with diabetes better track, monitor and manage their disease. The mHealth Solution allows patients to enter information, including blood sugar readings, into a wireless application that provides instant feedback and specific guidance, based on clinical algorithms. With real-time data upload, doctors and nurses can provide better, more timely support for patients, which not only has the potential to lower costs of care but, more important, helps caregivers target patients who need the most help. AT&T, working with WellDoc, is initiating the product with a select group of AT&T employees with diabetes in early 2011 and then rolling it out to other corporations.

Or consider the Heartrak ECAT (External Cardiac Ambulatory Telemetry) solution from Mednet Healthcare Technologies Inc. AT&T provides the wireless connectivity to transmit data directly from the heart monitor to Mednet. And because patients are mobile, they can wear the monitor for up to 30 days, giving doctors more and better diagnostic data.

Patients’ failure to take their medication as prescribed can have deadly consequences. But imagine a world where pill bottles remind patients when they’ve missed a scheduled dose. With Vitality GlowCaps, the AT&T network relays adherence data based on the times a pill bottle is opened so that Vitality can send patients visual and audio reminders to take their medication.

AT&T is collaborating with these — and many other — organizations to improve patient care. And the company is excited about the growth opportunities in the mobile health arena.





◦ 1,100+  
SCIENTISTS

8◦  
NOBEL PRIZES

IDEAS ——— ◦ ———

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Sanjay Macwan (center) meets with Jim Goetz (left), general partner of Sequoia Capital, and Michael Mullany, VP Products for app developer Sencha, in Palo Alto. Sequoia connected Sencha with AT&T through the fast-pitch process. The resulting project entered the proof of concept phase in a matter of weeks. "AT&T's fast-pitch program accelerates innovation by developers and helps them bring products to market more quickly. We are thrilled to see AT&T working proactively with the venture and start-up communities," says Goetz.

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“AT&T’s collaborative approach has increased the velocity of innovation for Sencha and opened doors to new opportunities.”

— Michael Mullany, VP Products, Sencha



**Better Innovation** AT&T is proud of its history of innovation. The company has won eight Nobel Prizes through the years and earned more than 1,000 patents in 2010 alone. But Sanjay Macwan’s job in 2010 was to take AT&T’s innovation program to the next level.

“We have six labs and more than 1,100 of the world’s best scientists,” says Sanjay, assistant vice president, Technology and Innovation at AT&T. “But we knew we could be better at collaborating with the developers in Silicon Valley and around the world who are transforming our industry.” So, Sanjay started the year on a “listening tour” with venture capitalists (VCs), asking them how AT&T could better engage with startups.

Based on their input, AT&T developed a collaborative program that includes “fast-pitch” sessions — a kind of tech innovation speed-dating — to evaluate ideas. AT&T also created innovation centers to bring together all the resources needed to fast-track projects to market. And AT&T moved quickly to open its network to developers in unprecedented ways, giving them easy access to network capabilities, better development tools and virtual network environments where they can experiment.

AT&T has opened innovation centers in California, Texas and Israel and, in 2010, engaged more than 150 developers through fast-pitch evaluations. In 2011, the company is on track to increase the number of pitches to 400.

“The VCs and startups tell us they’re happy with the results,” says Sanjay. “And I’m proud that all developers who participate in our fast-pitch program — even if not chosen for a project — get valuable, actionable feedback. We’re committed to bringing value to this critical part of the ecosystem.”



# A Network of *Possibilities.*

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What does  
it mean for our  
stockholders?

Our network of  
possibilities opens  
new doors to  
growth opportunities ...

expanding our industry  
leadership and  
enabling us to return  
value to you ...

*Take a look.*



## Solid Financial Performance

▼  
\$23.0B

Amount AT&T invested in 2010 – including acquisitions and spectrum purchases – in its wired and wireless networks.

▼  
\$3.35

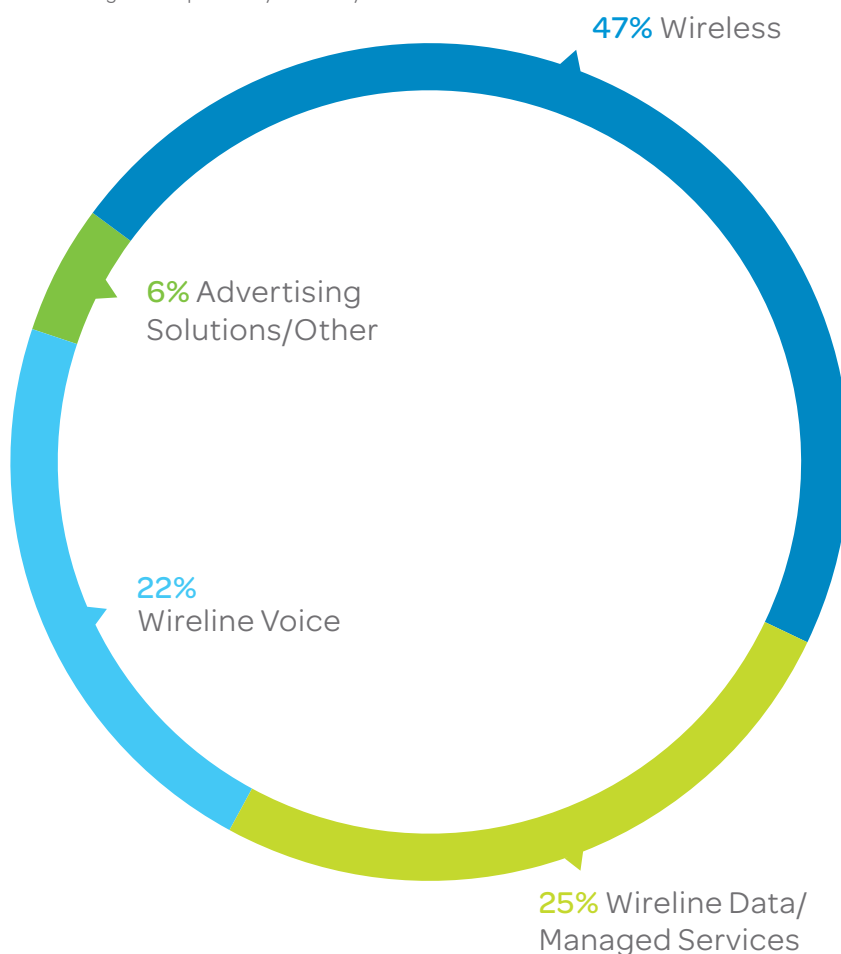
2010 AT&T earnings per diluted share increased 63.4 percent (10.6 percent excluding significant items) over 2009.

▼  
\$35.0B

AT&T cash from operating activities in 2010, up 1.7 percent over 2009.

### Full-Year 2010 Customer Revenue Mix

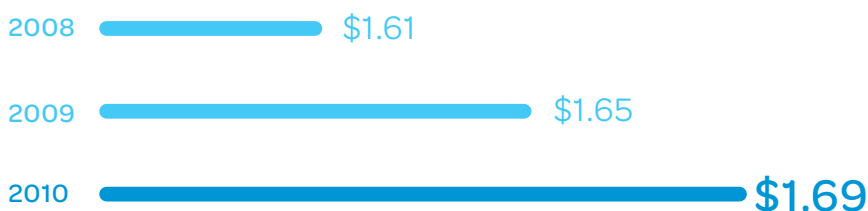
In the fourth quarter of 2010, AT&T's growth platforms – wireless, wireline data and managed services – represented 73 percent of revenues and combined grew 9.0 percent year over year.



### Dividends Paid

Dividends paid in 2010 totaled \$9.9 billion. AT&T is the only major U.S. telecom company to have increased its quarterly dividend for 27 consecutive years.

*Per Share >*



## Focus on Growth Platforms

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### Wireless Connections

AT&T added 8.9 million wireless connections (excluding mergers and acquisitions) in 2010, the company's best-ever annual total.

*In millions >*



2010



2009



2008



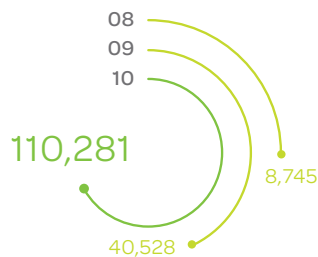
2007

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### Mobile Broadband Traffic Growth

Mobile broadband traffic on AT&T's network has grown nearly 2,300 percent over the past three years.

*Total 3G MBs carried in millions >*

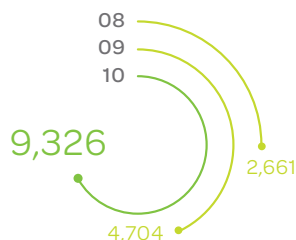


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### Connected Devices on AT&T's Network

AT&T leads the industry in connected devices such as eReaders, global positioning systems, security systems and a host of other emerging products.

*In thousands >*

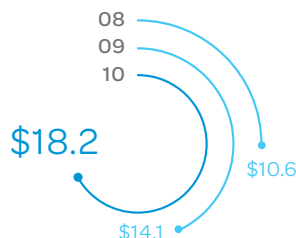


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### Wireless Data Revenues

Wireless data revenues — from messaging, Internet access, access to applications and related services — increased 28.7 percent in 2010. At the end of 2010, 61 percent of AT&T postpaid wireless subscribers were on a data plan.

*In billions >*

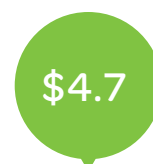


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### Strategic Business Services Revenues

Strategic business services revenues — from AT&T's most advanced business solutions — grew 15.8 percent in 2010, continuing their strong growth.

*In billions >*



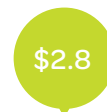
2010



2009



2008



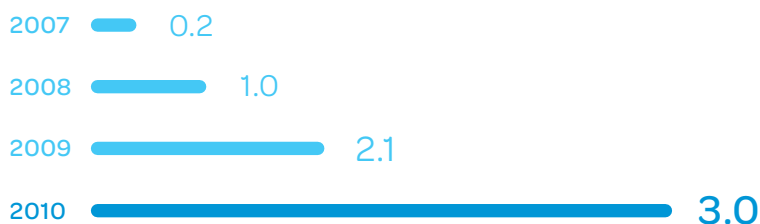
2007

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### U-verse Subscribers in Service

For two consecutive years, AT&T U-verse has added more pay TV customers than any publicly reporting competitor.

*In millions >*



## Industry Leadership

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### Best Global Coverage

Voted best mobile phone coverage, **again.**

For the fourth consecutive year, AT&T was recognized for the Best Mobile Phone Coverage In The World by *Business Traveler* magazine.

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**\$148.2M**

Total 2010 giving by AT&T and its employees to advance education, strengthen communities and improve lives.

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### Frost & Sullivan

AT&T is the Company of the Year for North American Business Communication Services.

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### Current Analysis

AT&T rates as the leader in the U.S. enterprise mobility space among top-tier carriers.<sup>4</sup>

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### Gartner

In 2010, leading industry analyst firm Gartner recognized AT&T in the Leaders Quadrant for: Cloud Infrastructure As A Service and Web Hosting; U.S. Telecommunications Service Providers; Web Conferencing; Managed Security Service Providers, North America; Asia/Pacific Network Service Providers; Communications Outsourcing & Professional Services, North America; Global Network Service Providers; Pan-European Network Service Providers; and Communications Outsourcing and Professional Services, Worldwide.<sup>5</sup>

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### Most Admired

**FORTUNE®** Magazine named AT&T one of the 50 “**World’s Most Admired Companies**” in 2010.<sup>6</sup>

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### IDC

AT&T is a Worldwide Leader in Multinational Corporation Telecom Services.<sup>7</sup>

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### J.D. Power and Associates

AT&T U-verse TV ranks **Highest in Residential Television Service Satisfaction** in the North Central, South and West Regions.<sup>1</sup>

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### 42K+

Students served by AT&T Aspire High School Success Grant-funded programs in 2010.



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AT&T's funding for Communities In Schools site coordinators at more than 20 schools across the U.S. is just a small part of our company's \$100 million Aspire initiative to address the high school drop-out crisis in the U.S. Aspire is the biggest and most significant investment in education in AT&T's history. To learn more, please visit [www.att.com/education-news](http://www.att.com/education-news). Says Jean Rebecca, a site coordinator at North Charleston High School in South Carolina, "If you build a relationship with these kids, you'll see them do some amazing things."

# Stockholder Information

## Toll-Free Stockholder Hotline

Call us at 1-800-351-7221 between 8:00 a.m. and 7:00 p.m. Central time, Monday through Friday (TDD 1-888-403-9700) for help with:

- Account inquiries
- Requests for assistance, including stock transfers
- Information on The DirectSERVICE™ Investment Program for Stockholders of AT&T Inc. (sponsored and administered by Computershare Trust Company, N.A.)

## Written Stockholder Requests

Please mail all account inquiries and other requests for assistance regarding your stock ownership to:

AT&T Inc.  
c/o Computershare Trust Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

You may also reach the transfer agent for AT&T Inc. at [att@computershare.com](mailto:att@computershare.com) or visit the website at [www.computershare.com/att](http://www.computershare.com/att).

## DirectSERVICE Investment Program

The DirectSERVICE Investment Program for Stockholders of AT&T Inc. is sponsored and administered by Computershare Trust Company, N.A. The program allows current stockholders to reinvest dividends, purchase additional AT&T Inc. stock or enroll in an individual retirement account.

For more information, call 1-800-351-7221.

## Stock Trading Information

AT&T Inc. is listed on the New York Stock Exchange.  
Ticker symbol: T

## Information on the Internet

Information about AT&T Inc. is available on the Internet at [www.att.com](http://www.att.com).

## Annual Meeting

The annual meeting of stockholders will be held at 9:00 a.m. Central time Friday, April 29, 2011, at:

Statehouse Convention Center  
1 Statehouse Plaza  
Little Rock, Arkansas 72201



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## SEC Filings

AT&T Inc.'s U.S. Securities and Exchange Commission filings, including the latest 10-K and proxy statement, are available on our website at [www.att.com/investor.relations](http://www.att.com/investor.relations).

## Investor Relations

Securities analysts and other members of the professional financial community may call the Investor Relations staff as listed on our website at [www.att.com/investor.relations](http://www.att.com/investor.relations).

## Independent Auditor

Ernst & Young LLP  
2323 Victory Ave., Suite 2000  
Dallas, TX 75219

## Corporate Offices and Non-Stockholder Inquiries

AT&T Inc.  
208 S. Akard St.  
Dallas, TX 75202  
210-821-4105



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<sup>1</sup> 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 Study<sup>SM</sup>. 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 November 2009 and January 2010, April 2010 and July 2010. Your experiences may vary. Visit [jdpower.com](http://jdpower.com).

<sup>2</sup> The Bluetooth word mark and logos are registered trademarks owned by Bluetooth SIG, Inc., and any use of such marks by AT&T is under license.

<sup>3</sup> See *Diabetes Technology & Therapeutics*, Volume 10, Number 3, 2008, p. 160.

<sup>4</sup> Current Analysis US Carrier Enterprise Mobility: Competitive Landscape and Best Practices 6/10.

<sup>5</sup> The Gartner Magic Quadrants are copyrighted 2010 by Gartner, Inc. and are reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period (and not as of the date of this annual report). It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner, at the specified period of time. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. Magic Quadrant for Cloud Infrastructure As A Service and Web Hosting (Leong, December 2010); U.S. Telecommunications Service Providers (Chamberlin/Redman, November 2010); Web Conferencing (Smith, November 2010); Managed Security Service Providers, North America (Kavanagh/Pescatore, November 2010); Asia/Pacific Network Service Providers (Eng et al, June 2010); Communications Outsourcing & Professional Services, North America (Goodness, June 2010); Global Network Service Providers (Rickard/Mason, March 2010); Pan-European Network Service Providers (Rickard et al, March 2010); and Communications Outsourcing and Professional Services, Worldwide (Goodness, March 2010).

<sup>6</sup> From *FORTUNE* Magazine, March 22, 2010. © 2010 Time Inc. *FORTUNE* is a registered trademark of Time Inc. and is used under license. *FORTUNE* and Time Inc. are not affiliated with, and do not endorse products or services of, AT&T.

<sup>7</sup> IDC MarketScape: Worldwide MNC Telecommunications Services 2011 Vendor Analysis, Doc.# 222429, March 2010.





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