

AT&T INC.
Form 424B5
April 23, 2015
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This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This prospectus supplement and the accompanying prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement Dated April 23, 2015

Prospectus Supplement

April , 2015

(To Prospectus dated March 18, 2013)

U.S.\$

AT&T Inc.

U.S.\$ % Global Notes due 2020

U.S.\$ % Global Notes due 2022

U.S.\$ % Global Notes due 2025

U.S.\$ % Global Notes due 2035

U.S.\$ % Global Notes due 2046

U.S.\$ Floating Rate Global Notes due 2020

We will pay interest on the % global notes due 2020 (the 2020 Notes) and the % global notes due 2022 (the 2022 Notes) on and of each year. We will pay interest on the % global notes due 2025 (the 2025 Notes), the % global notes due 2035 (the 2035 Notes) and the % global notes due 2046 (the 2046 Notes) and, together with the 2020 Notes, 2022 Notes, 2025 Notes and 2035 Notes, the Fixed Rate Notes) on and of each year. The first such payments will be made on , 2015 for the 2020 Notes and 2022 Notes, and on , 2015 for the 2025 Notes, 2035 Notes and 2046 Notes. We will pay interest on the floating rate global notes due 2020 (the Floating Rate Notes) and, together with the Fixed Rate Notes, the Notes) at a rate equal to the Applicable LIBOR Rate (as defined herein, based on the three-month LIBOR), reset quarterly, plus basis points, on March , June , September and December of each year. The first such payment will be made on June , 2015. The 2020 Notes will mature on June , 2020, the 2022 Notes will mature on

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June , 2022, the 2025 Notes will mature on May , 2025, the 2035 Notes will mature on May , 2035, the 2046 Notes will mature on May , 2046 and the Floating Rate Notes will mature on June , 2020.

We may redeem some or all of the Fixed Rate Notes at any time and from time to time at the prices and at the times indicated for each series under the heading Description of the Notes The Fixed Rate Notes Optional Redemption beginning on page S-8 of this prospectus supplement. The Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000.

On May 18, 2014, we entered into an Agreement and Plan of Merger (the Merger Agreement) with DIRECTV (DirecTV) and one of our wholly-owned subsidiaries (Merger Sub), pursuant to which DirecTV will be merged with and into Merger Sub (the Merger), with Merger Sub continuing as the surviving company in the Merger. We intend to use the net proceeds for general corporate purposes, including funding the cash consideration for previously announced acquisitions. This offering is not contingent on the consummation of the acquisition of DirecTV. However, if such acquisition is not consummated on or prior to November 30, 2015 or, if prior to such date, the Merger Agreement for such acquisition is terminated, then in either case we will be required to redeem all of the Notes except for the 2025 Notes, 2035 Notes and Floating Rate Notes, at a special mandatory redemption price equal to 101% of the principal amount of such Notes, plus accrued but unpaid interest to, but excluding, the redemption date, as described under Description of the Notes Special Mandatory Redemption.

See Risk Factors beginning on page 32 of our 2014 Annual Report to Stockholders, portions of which are filed as Exhibit 13 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, which are incorporated by reference herein, to read about factors you should consider before investing in the Notes.

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

	Per 2020 Note		Per 2022 Note		Per 2025 Note		Per 2035 Note		Per 2046 Note		Per Floating Rate Note	
	%	Total	%	Total	%	Total	%	Total	%	Total	%	Total
Initial public offering price	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Underwriting discounts	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$
Proceeds, before expenses, to AT&T (1)	%	\$	%	\$	%	\$	%	\$	%	\$	%	\$

(1) The underwriters have agreed to reimburse us for certain of our expenses. See Underwriting. The initial public offering prices set forth above do not include accrued interest, if any. Interest on the Notes will accrue from May , 2015.

The underwriters expect to deliver the Notes through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, Société Anonyme and Euroclear Bank S.A./N.V., against payment in New York, New York on May , 2015.

Joint Book-Running Managers

BofA Merrill Lynch

J.P. Morgan

Morgan Stanley

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

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

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

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and of each year, commencing on , 2015 for the 2025 Notes, 2035 Notes and 2046 Notes.

Special Mandatory Redemption

If we do not consummate the DirecTV acquisition on or prior to November 30, 2015 or, if prior to such date, the Merger Agreement is terminated, then in either case we must redeem all of the Notes except for the 2025 Notes, 2035 Notes and Floating Rate Notes, at a redemption price equal to 101% of the principal amount of the Notes, plus accrued but unpaid interest to, but excluding, the redemption date. See Description of the Notes Special Mandatory Redemption.

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Optional Redemption

Each series of Fixed Rate Notes may be redeemed at any time prior to the applicable Par Call Date (as set forth in the table below), in whole or from time to time in part, at a make-whole call equal to the greater of (i) 100% of the principal amount of the Notes of such series to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the redemption date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate plus a number of basis points equal to the applicable Spread (as set forth in the table below). Each series of Fixed Rate Notes may be redeemed at any time on or after the applicable Par Call Date, in whole or in part, at a redemption price equal to 100% of the principal amount of such series of Notes to be redeemed. Accrued interest will be payable to the redemption date.

Series	Par Call Date	Spread
2020 Notes	May , 2020	
2022 Notes	April , 2022	
2025 Notes	February , 2025	
2035 Notes	November , 2034	
2046 Notes	November , 2045	

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

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

Markets

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

No Listing

The Fixed Rate Notes are not being listed on any organized exchange or market.

Form and Settlement

The Fixed Rate Notes will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company known as DTC as the depository, and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global notes through either DTC (in the United States), Clearstream Banking, Société Anonyme or Euroclear Bank S.A./N.V., as operator of the Euroclear System (outside of the United States), if they are participants in these systems, or indirectly through organizations which are participants in these systems. Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and

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directly or indirectly through Clearstream or Euroclear participants, on the other hand, will be effected in accordance with DTC rules on behalf of the relevant international clearing system by its U.S. depository.

Governing Law

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

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SUMMARY OF THE FLOATING RATE NOTES OFFERING

Issuer	AT&T Inc.
Securities Offered	U.S.\$ aggregate principal amount of floating rate global notes due 2020 (the Floating Rate Notes).
Maturity Date	June , 2020, at par.
Interest Rate	The Floating Rate Notes will bear interest from May , 2015 at a floating rate equal to the Applicable LIBOR Rate (as defined herein, based on the three-month LIBOR), reset quarterly, plus basis points, payable quarterly in arrears.
Interest Payment Dates	March , June , September and December of each year, commencing on June , 2015; provided however, that, if any such interest payment date would fall on a day that is not a LIBOR business day (as defined herein), other than the interest payment date that is also the date of maturity, that interest payment date will be postponed to the next succeeding LIBOR business day, unless the next succeeding LIBOR business day is in the next succeeding calendar month, in which case such interest payment date shall be the immediately preceding LIBOR business day; and provided further, that if the date of maturity is not a LIBOR business day, payment of principal and interest will be made on the next succeeding business day and no interest will accrue for the period from and after such date of maturity.
Optional Redemption	Except in connection with certain tax events, the Floating Rate Notes are not redeemable at our option. See Description of the Notes Redemption Upon a Tax Event.
Markets	The Floating Rate Notes are offered for sale in those jurisdictions in the United States, Europe and Asia where it is legal to make such offers. See Underwriting.
No Listing	The Floating Rate Notes are not being listed on any organized exchange or market.
Form and Settlement	The Floating Rate Notes will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, DTC as the depository, and registered in the name of Cede & Co., DTC s nominee. Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global notes through either DTC (in the United States), Clearstream Banking, Société Anonyme or Euroclear Bank S.A./N.V., as operator of the Euroclear System (outside of the United States), if they are participants in these systems, or indirectly through

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organizations which are participants in these systems. Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other hand, will be effected in accordance with DTC rules on behalf of the relevant international clearing system by its U.S. depository.

Governing Law

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

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USE OF PROCEEDS

The net proceeds to AT&T from the Notes offering will be approximately \$ _____ after deducting the underwriting discount and our estimated offering expenses, net of reimbursement from the underwriters. These proceeds will be used for general corporate purposes, including funding the cash consideration for previously announced acquisitions. Upon issuance of the Notes, AT&T does not currently anticipate the issuance of additional U.S.-dollar denominated senior notes for the balance of 2015.

The completion of this offering is not contingent on the DirecTV acquisition. However, if for any reason the DirecTV acquisition is not consummated on or prior to November 30, 2015 or, if prior to such date, the Merger Agreement for the DirecTV acquisition is terminated, then in either case we will be required to redeem all of the Notes except for the 2025 Notes, 2035 Notes and Floating Rate Notes, as described under Description of the Notes Special Mandatory Redemption.

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The following table sets forth the capitalization of AT&T as of March 31, 2015 and as adjusted solely to reflect the issuance of \$ of the Notes, net of the underwriting discounts and our estimated offering expenses (net of reimbursements from the underwriters). The table reflects certain unaudited consolidated financial information as of March 31, 2015 that was included in our Current Report on Form 8-K filed on April 22, 2015. AT&T's total capital consists of debt (long-term debt and debt maturing within one year) and shareowners' equity.

	As of March 31, 2015	
	Actual (Unaudited)	As Adjusted (In millions)
Long-term debt	\$ 88,272	\$
Debt maturing within one year (1)	8,181	
Shareowners' equity:		
Common shares (\$1 par value, 14,000,000,000 authorized)	6,495	
Capital in excess of par value	90,977	
Retained earnings	28,490	
Treasury shares	(46,804)	
Other adjustments	7,946	
Shareowners' equity	\$ 87,104	\$
Total Capitalization	\$ 183,557	\$

(1) Debt maturing within one year consists of the current portion of long-term debt and commercial paper and other short-term borrowings.

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DESCRIPTION OF THE NOTES

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

General

The Notes will be issued under our indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee, as described under **Description of Debt Securities We May Offer** in the accompanying prospectus. The Notes will be our unsecured and unsubordinated obligations and will rank *pari passu* with all other indebtedness issued under our indenture. The Notes will constitute six separate series under the indenture. We will issue the Notes in fully registered form only and in minimum denominations of \$2,000 and integral multiples of \$1,000 thereafter.

We may issue definitive Notes in the limited circumstances set forth in **Form and Title** below. If we issue definitive Notes, principal of and interest on our Notes will be payable in the manner described below, the transfer of our Notes will be registrable, and our Notes will be exchangeable for Notes bearing identical terms and provisions, at the office of The Bank of New York Mellon Trust Company, N.A., the paying agent and registrar for our Notes, currently located at 601 Travis Street, 16th Floor, Houston, Texas 77002. However, payment of interest, other than interest at maturity, or upon redemption, may be made by check mailed to the address of the person entitled to the interest as it appears on the security register at the close of business on the regular record date corresponding to the relevant interest payment date. Notwithstanding this, (1) the depository, as holder of our Notes, or (2) a holder of more than \$5 million in aggregate principal amount of Notes in definitive form can require the paying agent to make payments of interest, other than interest due at maturity, or upon redemption, by wire transfer of immediately available funds into an account maintained by the holder in the United States, by sending appropriate wire transfer instructions as long as the paying agent receives the instructions not less than ten days prior to the applicable interest payment date. The principal and interest payable in U.S. dollars on a Note at maturity, or upon redemption, will be paid by wire transfer of immediately available funds against presentation of a Note at the office of the paying agent.

Special Mandatory Redemption

We expect to use the net proceeds from this offering to pay for acquisitions, including the DirecTV acquisition, as described under the heading **Use of Proceeds**. If the DirecTV acquisition is not completed on or prior to November 30, 2015, or if, prior to such date, the Merger Agreement is terminated (each, a **Special Mandatory Redemption Event**), the provisions set forth below will be applicable.

Upon the occurrence of a Special Mandatory Redemption event, each series of the Notes except for the 2025 Notes, 2035 Notes and Floating Rate Notes, will be redeemed in whole at a special mandatory redemption price (the **Special Mandatory Redemption Price**) equal to 101% of the aggregate principal amount of the applicable series of Notes, plus accrued but unpaid interest on the principal amount of such series of the Notes to, but not including, the Special Mandatory Redemption Date (as defined below).

Upon the occurrence of a Special Mandatory Redemption Event, we will promptly (but in no event later than 5 Business Days following such Special Mandatory Redemption Event) notify the trustee in writing of such event, and will, no later than 5 Business Days following such notice to the trustee, mail a notice of redemption to the registered address of each holder of the applicable series of Notes (such date of notification to the holders, the **Redemption Notice Date**), that the Notes will be redeemed on the 30th day following the Redemption Notice Date (such date, the **Special Mandatory Redemption Date**), in each case in accordance with the applicable provisions of the indenture. We will notify each holder in accordance with the applicable provisions of the

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indenture that all of the outstanding Notes of the applicable series shall be redeemed at the Special Mandatory Redemption Price on the Special Mandatory Redemption Date automatically and without any further action by the holders of any series of the Notes. At or prior to 12:00 p.m. (New York City time) on the Business Day immediately preceding the Special Mandatory Redemption Date, the Company shall deposit with the trustee funds sufficient to pay the Special Mandatory Redemption Price for each series of Notes. If such deposit is made as provided above, all of the Notes to be redeemed will, except for the 2025 Notes, 2035 Notes and Floating Rate Notes, cease to bear interest on and after the Special Mandatory Redemption Date.

The Fixed Rate Notes

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

The 2020 Notes offered by this prospectus supplement will bear interest at the rate of % per annum, the 2022 Notes offered by this prospectus supplement will bear interest at the rate of % per annum, the 2025 Notes offered by this prospectus supplement will bear interest at the rate of % per annum, the 2035 Notes offered by this prospectus supplement will bear interest at the rate of % per annum and the 2046 Notes offered by this prospectus supplement will bear interest at the rate of % per annum. We will pay interest on our 2020 Notes and 2022 Notes in arrears on each and , commencing on , 2015, to the persons in whose names our 2020 Notes and 2022 Notes are registered at the close of business on the and preceding the respective interest payment date. We will pay interest on our 2025 Notes, 2035 Notes and 2046 Notes in arrears on each and , commencing on , 2015, to the persons in whose names our 2025 Notes, 2035 Notes and 2046 Notes are registered at the close of business on the and preceding the respective interest payment date. The 2020 Notes will mature on June , 2020, the 2022 Notes will mature on June , 2022, the 2025 Notes will mature on May , 2025, the 2035 Notes will mature on May , 2035 and the 2046 Notes will mature on May , 2046.

Optional Redemption of the Fixed Rate Notes

Each series of Fixed Rate Notes may be redeemed at any time prior to the applicable Par Call Date (as set forth in the table below), as a whole or in part, at our option, at any time and from time to time, on at least 30 days , but not more than 60 days , prior notice mailed (or otherwise transmitted in accordance with DTC procedures) to the registered address of each holder of the Fixed Rate Notes of such series to be redeemed. The redemption price will be calculated by us and will be equal to the greater of (1) 100% of the principal amount of the Fixed Rate Notes of such series to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) of principal and interest discounted to the redemption date, on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months), at a rate equal to the sum of the Treasury Rate (as defined below) plus a number of basis points equal to the applicable Spread (as set forth in the table below). In the case of each of clauses (1) and (2), accrued interest will be payable to the redemption date. Each series of Fixed Rate Notes may be redeemed at any time on or after the applicable Par Call Date, in whole or in part, on at least 30 days , but not more than 60 days , prior notice mailed (or otherwise transmitted in accordance with DTC procedures) to the registered address of each holder of the Fixed Rate Notes of such series, at a redemption price equal to 100% of the principal amount of such series of Fixed Rate Notes to be redeemed. Accrued interest will be payable to the redemption date.

Series	Par Call Date	Spread
2020 Notes	May , 2020	
2022 Notes	April , 2022	
2025 Notes	February , 2025	
2035 Notes	November , 2034	
2046 Notes	November , 2045	

Treasury Rate means, with respect to any redemption date for the Fixed Rate Notes, the rate per annum equal to the semiannual equivalent yield to maturity or interpolation (on a day count basis) of the interpolated

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Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, as determined by AT&T or an Independent Investment Banker appointed by AT&T.

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

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

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

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

Reference Treasury Dealer means each of J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. LLC and their respective affiliates and, at the option of AT&T, one other nationally recognized investment banking firm that is a primary U.S. Government Securities dealer in the United States (a Primary Treasury Dealer); provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, AT&T will substitute therefor another Primary Treasury Dealer.

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

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

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

The Floating Rate Notes

The Floating Rate Notes will initially be limited to \$ _____ aggregate principal amount and will mature on June _____, 2020 (the Floating Rate Maturity Date). If the Floating Rate Maturity Date of the Floating Rate Notes falls on a day that is not a LIBOR business day, the payment of interest and principal will be made on the next succeeding LIBOR business day, and no interest will accrue for the period from and after the Floating Rate Maturity Date.

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The Floating Rate Notes offered by this prospectus supplement will bear interest from May , 2015 at a floating rate determined in the manner provided below, payable on March , June , September and December of each year (each such day, a Floating Rate Interest Payment Date), commencing on June , 2015, to the persons in whose names the Floating Rate Notes were registered at the close of business on the 15th day preceding the respective Floating Rate Interest Payment Date, subject to certain exceptions.

The per annum interest rate on the Floating Rate Notes (the Floating Interest Rate) in effect for each day of a Floating Rate Interest Period (as defined below) will be equal to the Applicable LIBOR Rate plus basis points (%). The Floating Interest Rate for each Floating Rate Interest Period will be set on March , June , September and December of each year, and will be set for the initial Floating Rate Interest Period on May , 2015 (each such date, a Floating Rate Interest Reset Date) until the principal on the Floating Rate Notes is paid or made available for payment (the Floating Rate Principal Payment Date). If any Floating Rate Interest Reset Date (other than the initial Floating Rate Interest Reset Date occurring on May , 2015) and Floating Rate Interest Payment Date would otherwise be a day that is not a LIBOR business day, such Floating Rate Interest Reset Date and Floating Rate Interest Payment Date shall be the next succeeding LIBOR business day, unless the next succeeding LIBOR business day is in the next succeeding calendar month, in which case such Floating Rate Interest Reset Date and Floating Rate Interest Payment Date shall be the immediately preceding LIBOR business day.

LIBOR business day means any day that is not a Saturday or Sunday and that, in The City of New York or the City of London, is not a day on which banking institutions are generally authorized or obligated by law to close.

Floating Rate Interest Period shall mean the period from and including a Floating Rate Interest Reset Date to but excluding the next succeeding Floating Rate Interest Reset Date and, in the case of the last such period, from and including the Floating Rate Interest Reset Date immediately preceding the Floating Rate Maturity Date or Floating Rate Principal Payment Date, as the case may be, to but not including such Floating Rate Maturity Date or Floating Rate Principal Payment Date, as the case may be. If the Floating Rate Principal Payment Date or Floating Rate Maturity Date is not a LIBOR business day, then the principal amount of the Floating Rate Notes plus accrued and unpaid interest thereon shall be paid on the next succeeding LIBOR business day and no interest shall accrue for the Floating Rate Maturity Date, Floating Rate Principal Payment Date or any day thereafter.

The Applicable LIBOR Rate shall mean the rate determined in accordance with the following provisions:

(1) On the second day on which dealings in deposits in U.S. dollars are transacted in the London interbank market preceding each Floating Rate Interest Reset Date (each such date, an Interest Determination Date), The Bank of New York Mellon Trust Company, N.A. (the Calculation Agent), as agent for AT&T, will determine the Applicable LIBOR Rate which shall be the rate for deposits in U.S. dollars having a maturity of three months commencing on the first day of the applicable interest period that appears on the Reuters Screen LIBOR01 Page as of 11:00 a.m., London time, on such Interest Determination Date. Reuters Screen LIBOR01 Page means the display designated on page LIBOR01 on Reuters (or such other page as may replace the LIBOR01 page on that service or any successor service for the purpose of displaying London interbank offered rates for U.S. dollar deposits of major banks). If the Applicable LIBOR Rate on such Interest Determination Date does not appear on the Reuters Screen LIBOR01 Page, the Applicable LIBOR Rate will be determined as described in (2) below.

(2) With respect to an Interest Determination Date for which the Applicable LIBOR Rate does not appear on the Reuters Screen LIBOR01 Page as specified in (1) above, the Applicable LIBOR Rate will be determined on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market selected by AT&T (the Reference Banks) at approximately 11:00 a.m., London time, on such Interest Determination Date to prime banks in the London interbank market having a maturity

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of three months, and in a principal amount equal to an amount of not less than U.S.\$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent, upon direction from AT&T, will request the principal London office of each of such Reference Banks to provide a quotation in writing of its rate. If at least two such quotations are provided in writing, the Applicable LIBOR Rate on such Interest Determination Date will be the arithmetic mean (rounded upwards) of such quotations. If fewer than two quotations are provided in writing, the Applicable LIBOR Rate on such Interest Determination Date will be the arithmetic mean (rounded upwards) of the rates quoted in writing by three major banks in New York City selected by AT&T at approximately 11:00 a.m., New York City time, on such Interest Determination Date for loans in U.S. dollars to leading European banks, having a maturity of three months, and in a principal amount equal to an amount of not less than U.S.\$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks in New York City selected as aforesaid by AT&T are not quoting as mentioned in this sentence, the relevant Floating Interest Rate for the Floating Rate Interest Period commencing on the Floating Rate Interest Reset Date following such Interest Determination Date will be the Floating Interest Rate in effect on such Interest Determination Date (i.e., the same as the rate determined for the immediately preceding Floating Rate Interest Reset Date).

The amount of interest for each day that the Floating Rate Notes are outstanding (the Daily Interest Amount) will be calculated by dividing the Floating Interest Rate in effect for such day by 360 and multiplying the result by the principal amount of the Floating Rate Notes (known as the Actual/360 day count). The amount of interest to be paid on the Floating Rate Notes for any Floating Rate Interest Period will be calculated by adding the Daily Interest Amounts for each day in such Floating Rate Interest Period.

The Floating Interest Rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

The Floating Interest Rate and amount of interest to be paid on the Floating Rate Notes for each Floating Rate Interest Period will be determined by the Calculation Agent. The Calculation Agent will, upon the request of any holder of the Floating Rate Notes, provide the interest rate then in effect with respect to the Floating Rate Notes. All calculations made by the Calculation Agent shall in the absence of manifest error be conclusive for all purposes and binding on AT&T and the holders of the Floating Rate Notes. So long as the Applicable LIBOR Rate is required to be determined with respect to the Floating Rate Notes, there will at all times be a Calculation Agent. In the event that any then acting Calculation Agent shall be unable or unwilling to act, or that such Calculation Agent shall fail duly to establish the Applicable LIBOR Rate for any Floating Rate Interest Period, or that AT&T proposes to remove such Calculation Agent, AT&T shall appoint itself or another person which is a bank, trust company, investment banking firm or other financial institution to act as the Calculation Agent.

Form and Title

The Notes of each series will be issued in the form of one or more fully registered global notes which will be deposited with, or on behalf of, The Depository Trust Company, known as DTC, as the depository, and registered in the name of Cede & Co., DTC's nominee. Beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Investors may elect to hold interests in the global notes through either DTC (in the United States), Clearstream Banking, Société Anonyme, which we refer to as Clearstream Luxembourg, or Euroclear Bank S.A./N.V., as operator of the Euroclear System (outside of the United States), if they are participants in these systems, or indirectly through organizations which are participants in these systems. Clearstream Luxembourg and Euroclear will hold interests on behalf of their participants through customers securities accounts in Clearstream Luxembourg's and Euroclear's names on the books of their respective depositories, which in turn will hold these interests in customers securities accounts in the names of their respective U.S. depositories on the books of DTC. Citibank, N.A. will act as the U.S. depository for Clearstream Luxembourg, and JPMorgan Chase Bank, N.A. will act as the U.S. depository for Euroclear. Except under

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