

AT&T INC.  
 Form 424B5  
 June 06, 2014  
Table of Contents

Filed pursuant to Rule 424(b)(5)  
 SEC File No. 333-187350

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered	Amount to be Registered	Maximum Offering Price Per Unit	Proposed	Amount of Registration
			Maximum Aggregate Offering Price	Fee
2.400% Global Notes due 2024	\$2,180,640,000	99.928%	\$2,179,069,939	\$280,664.21
3.375% Global Notes due 2034	\$681,450,000	99.882%	\$680,645,889	\$87,667.19

(1) Pursuant to Rule 457(r), the total registration fee for this offering is \$368,331.40. Amount to be Registered is based on the June 4, 2014 euro/U.S.\$ exchange rate of 1/U.S.\$1.3629.

(2) A filing fee of \$368,331.40 is being paid in connection with this offering.

**Table of Contents****Prospectus Supplement****June 4, 2014****(To Prospectus dated March 18, 2013)****2,100,000,000****AT&T Inc.****1,600,000,000 2.400% Global Notes due 2024****500,000,000 3.375% Global Notes due 2034**

We will pay interest on the 2.400% global notes due 2024 (the 2024 Notes ) on March 15 of each year and we will pay interest on the 3.375% global notes due 2034 (the 2034 Notes and, together with the 2024 Notes, the Notes ) on March 15 of each year. The first such payments will be made on March 15, 2015.

We may redeem some or all of the Notes at any time and from time to time at the prices indicated under the heading Description of the Notes Optional Redemption of the Notes beginning on page S-6 of this prospectus supplement. The Notes will be issued in minimum denominations of 100,000 and integral multiples of 1,000 in excess thereof.

**See Risk Factors beginning on page 29 of our 2013 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, 2013, which are incorporated by reference herein, to read about factors you should consider before investing in the Notes.**

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

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

	<b>Per 2024 Note</b>	<b>Total</b>	<b>Per 2034 Note</b>	<b>Total</b>
Initial public offering price	99.928%	1,598,848,000	99.882%	499,410,000
Underwriting discount	0.350%	5,600,000	0.500%	2,500,000
Proceeds, before expenses, to AT&T(1)	99.578%	1,593,248,000	99.382%	496,910,000

(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 June 11, 2014.

The underwriters expect to deliver the Notes through the facilities of Clearstream Banking, Société Anonyme and Euroclear Bank S.A./N.V. against payment in New York, New York on June 11, 2014.

*Joint Book-Running Managers*

**Barclays**

**BNP PARIBAS**

**Credit Suisse**

**UBS Investment Bank**

*Senior Co-Manager*

**Deutsche Bank**

*Co-Managers*

**Siebert Capital Markets  
CastleOak Securities, L.P.**

**Ramirez & Co., Inc.  
The Williams Capital Group, L.P.**

**Table of Contents**

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

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

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

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

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

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

**Table of Contents**

**TABLE OF CONTENTS**

**Prospectus Supplement**

	<b>Page</b>
<u>Summary of the Offering</u>	S-1
<u>Use of Proceeds</u>	S-3
<u>Capitalization</u>	S-4
<u>Foreign Exchange Risks</u>	S-5
<u>Description of the Notes</u>	S-6
<u>United States Tax Considerations</u>	S-14
<u>Underwriting</u>	S-20
<u>Validity of Securities</u>	S-24

**Prospectus**

<u>Description of AT&amp;T Inc.</u>	1
<u>Use of Proceeds</u>	1
<u>Summary Description of the Securities We May Issue</u>	1
<u>Description of Debt Securities We May Offer</u>	1
<u>Description of Preferred Stock We May Offer</u>	13
<u>Description of Depositary Shares We May Offer</u>	14
<u>Description of Common Stock We May Offer</u>	18
<u>Plan of Distribution</u>	20
<u>Validity of Securities</u>	21
<u>Experts</u>	21
<u>Documents Incorporated by Reference</u>	22
<u>Where You Can Find More Information</u>	23

**Table of Contents****SUMMARY OF THE OFFERING**

Issuer	AT&T Inc.
Securities Offered	1,600,000,000 aggregate principal amount of 2.400% global notes due 2024 and 500,000,000 aggregate principal amount of 3.375% global notes due 2034.
Maturity Date	March 15, 2024 for the 2024 Notes.  March 15, 2034 for the 2034 Notes.
Interest Rate	The 2024 Notes will bear interest from June 11, 2014 at the rate of 2.400% per annum and the 2034 Notes will bear interest from June 11, 2014 at the rate of 3.375% per annum, in each case payable annually in arrears.
Interest Payment Date	March 15 of each year, commencing on March 15, 2015.
ISIN	2024: XS1076018131  2034: XS1076018305
Optional Redemption	At any time prior to December 15, 2023, in whole or from time to time in part, at a make-whole call equal to the greater of (i) 100% of the principal amount of the 2024 Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the sum of the Treasury Rate plus 15 basis points for the 2024 Notes. At any time on or after December 15, 2023, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed.  At any time prior to December 15, 2033, 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 2034 Notes to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and

interest discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the sum of the Treasury Rate plus 20 basis points for the 2034 Notes. At any time on or after December 15, 2033, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2034 Notes to be redeemed.

See Description of the Notes Optional Redemption of the Notes.

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

S-1

**Table of Contents**

Currency of Payment	Investors will have to pay for the Notes in euro. See Foreign Exchange Risks.
Additional Amounts	If as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the date of this prospectus supplement, on the next Interest Payment Date AT&T would be required to pay additional amounts as provided or referred to under Redemption for Taxation Reasons Payment Without Withholding
Markets	The Notes are offered for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is legal to make such offers. See Underwriting.
Listing	We intend to apply to list the Notes on the New York Stock Exchange.
Form/Clearing Systems	The Notes will be issued only in registered, book-entry form. There will be a Global Note deposited with a common depository for Euroclear and Clearstream.
Governing Law	The Notes will be governed by the laws of the State of New York.



**Table of Contents**

**USE OF PROCEEDS**

The net proceeds to AT&T from the Notes offering will be approximately 2,088,734,000, after deducting underwriting discounts and our estimated offering expenses net of reimbursements from the underwriters (based on the June 4, 2014 exchange rate). These proceeds will be used for general corporate purposes, including repayment of BellSouth Corporation's 5.20% Notes due September 15, 2014, AT&T's 0.875% Global Notes due February 13, 2015, AT&T's 5.625% Global Notes due June 15, 2016, BellSouth Corporation's 5.20% Notes due December 15, 2016 and \$750,000,000 in principal amount of AT&T's 2.500% Global Notes due August 15, 2015.

S-3

**Table of Contents****CAPITALIZATION**

The following table sets forth the capitalization of AT&T as of March 31, 2014 and as adjusted solely to reflect (i) the issuance of 2,100,000,000 (approximately \$2,862,090,000 based on the June 4, 2014 exchange rate) of the Notes, net of the underwriting discounts and our estimated offering expenses (net of reimbursements from the underwriters), (ii) the issuance of \$2,000,000,000 of 4.800% Global Notes due 2044, which will be issued subsequent to March 31, 2014 and (iii) the application of the net proceeds as described under "Use of Proceeds" above assuming that all of the net proceeds from the sale of the Notes would be used for general corporate purposes (and not for any specific purpose). AT&T's total capital consists of debt (long-term debt and debt maturing within one year) and shareowners equity.

<b>(In millions)</b>	<b>As of March 31, 2014</b>	
	<b>Actual (Unaudited)</b>	<b>As Adjusted (Unaudited)</b>
Long-term debt(1)	\$ 71,575	\$ 76,437
Debt maturing within one year(2)	8,301	8,301
Shareowners' equity:		
Common shares (\$1 par value, 14,000,000,000 authorized: issued 6,495,231,088)	6,495	6,495
Capital in excess of par value	91,027	91,027
Retained earnings	32,402	32,402
Treasury shares (1,300,637,055 at cost)	(46,684)	(46,684)
Other adjustments	8,129	8,129
Shareowners' equity	\$ 91,369	\$ 91,369
<b>Total Capitalization</b>	<b>\$ 171,245</b>	<b>\$ 176,107</b>

(1) As adjusted column reflects the issuance of the Notes hereby and the issuance by AT&T of \$2,000,000,000 of 4.800% Global Notes due 2044, which will be issued subsequent to March 31, 2014.

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

**Table of Contents**

**FOREIGN EXCHANGE RISKS**

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

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

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

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

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

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

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

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

On June 4, 2014, the euro/U.S.\$ rate of exchange was 1 /U.S.\$1.3629.

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**Table of Contents**

**DESCRIPTION OF THE NOTES**

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

**General**

The Notes will be issued under our indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee, as described under Description of Debt Securities We May Offer in the accompanying prospectus. The Notes will be our unsecured and unsubordinated obligations and will rank *pari passu* with all other indebtedness issued under our indenture. The Notes will constitute two separate series under the indenture. Investors will have to pay for the Notes in euro. We will issue the Notes in fully registered form only and in minimum denominations of 100,000 and integral multiples of 1,000 in excess thereof.

We may issue definitive notes in the limited circumstances set forth in Certificated Notes below. If we issue definitive notes, principal of and interest on our notes will be payable in the manner described below, the transfer of our notes will be registrable, and our notes will be exchangeable for notes bearing identical terms and provisions, at the office of The Bank of New York Mellon (London Branch), the paying agent and registrar for our Notes pursuant to a paying agent agreement to be entered into in connection with the offering of the Notes, currently located at The Bank of New York Mellon (London Branch), One Canada Square, London E14 5AL. However, payment of interest, other than interest at maturity, or upon redemption, may be made by check mailed to the address of the person entitled to the interest as it appears on the security register at the close of business on the regular record date corresponding to the relevant interest payment date. Notwithstanding this, (1) the depositary, as holder of our Notes, or (2) a holder of more than 5 million in aggregate principal amount of Notes in definitive form can require the paying agent to make payments of interest, other than interest due at maturity, or upon redemption, by wire transfer of immediately available funds into an account maintained by the holder in the United States, by sending appropriate wire transfer instructions as long as the paying agent receives the instructions not less than ten days prior to the applicable interest payment date. Under the terms of the Indenture, if euro ceases to exist when payments on the Notes are due under any circumstances, AT&T may supplement the Indenture to allow for payment in U.S. dollars. The principal and interest payable in U.S. dollars on a Note at maturity, or upon redemption, will be paid by wire transfer of immediately available funds against presentation of a Note at the office of the paying agent.

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

The 2024 Notes offered by this prospectus supplement will bear interest at the rate of 2.400% per annum and the 2034 Notes offered by this prospectus supplement will bear interest at the rate of 3.375% per annum. We will pay interest on our Notes annually in arrears on each March 15, commencing on March 15, 2015, to the persons in whose names our Notes are registered at the close of business on the business day preceding the interest payment date. The 2024 Notes will mature on March 15, 2024 and the 2034 Notes will mature on March 15, 2034.

Interest on the Notes will be computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes (or June 11, 2014, if no interest has been paid on the Notes), to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.



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**Table of Contents*****Optional Redemption of the Notes***

At any time prior to December 15, 2023, the 2024 Notes will be redeemable, as a whole or in part, at our option, at any time and from time to time on at least 30 days , but not more than 60 days , prior notice mailed to the registered address of each holder of the 2024 Notes. The redemption price will be equal to the greater of (1) 100% of the principal amount of the 2024 Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate (as defined below) and 15 basis points for the 2024 Notes. In either case, accrued interest will be payable to the redemption date. At any time on or after December 15, 2023, we have the option to redeem the 2024 Notes, as a whole or in part, on at least 30 days , but not more than 60 days , prior notice mailed to the registered address of each holder of the 2024 Notes at a redemption price equal to 100% of the principal amount of the 2024 Notes to be redeemed. Accrued interest will be payable to the redemption date.

At any time prior to December 15, 2033, the 2034 Notes will be redeemable, as a whole or in part, at our option, at any time and from time to time on at least 30 days , but not more than 60 days , prior notice mailed to the registered address of each holder of the 2034 Notes. The redemption price will be equal to the greater of (1) 100% of the principal amount of the 2034 Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate (as defined below) and 20 basis points for the 2034 Notes. In either case, accrued interest will be payable to the redemption date. At any time on or after December 15, 2033, we have the option to redeem the 2034 Notes, as a whole or in part, on at least 30 days , but not more than 60 days , prior notice mailed to the registered address of each holder of the 2034 Notes at a redemption price equal to 100% of the principal amount of the 2034 Notes to be redeemed. Accrued interest will be payable to the redemption date.

*Treasury Rate* means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the Notes, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by Company or an investment bank appointed by the Company.

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

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

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

In the case of any partial redemption, selection of the Notes will be made by the trustee by lot or by such other method as the trustee in its sole discretion deems to be fair and appropriate.

S-7

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**Table of Contents**

**The Clearing Systems**

***Global Clearance and Settlement***

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

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

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

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

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

***Certificated Notes***

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



cured or waived. In addition, we may at any time and in our sole discretion determine not to have the Notes represented by the Global Notes and, in that event, will issue the Notes in definitive form in exchange for the Global Notes. In any such instance, an owner of a beneficial interest in the Global Notes will be entitled to

S-8

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**Table of Contents**

physical delivery in definitive form of the Notes represented by the Global Notes equal in principal amount to such beneficial interest and to have such Notes registered in its name. The Notes so issued in definitive form will be issued as registered in minimum denominations of 100,000 and integral multiples of 1,000 thereafter, unless otherwise specified by us. Our definitive form of the Notes can be transferred by presentation for registration to the registrar at its New York office and must be duly endorsed by the holder or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer in form satisfactory to us or the trustee duly executed by the holder or his attorney duly authorized in writing. We may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of definitive notes.

***Clearing Systems***

*Euroclear.* Euroclear advises that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. All operations are conducted by Euroclear Bank, S.A./N.V. and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with Euroclear Bank, not the cooperative. The cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters ( Euroclear participants ). Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly.

Securities clearance accounts and cash accounts with Euroclear Bank are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian laws (collectively, the Euroclear Terms and Conditions ). The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear and receipts of payment with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. Euroclear Bank acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear Bank and by Euroclear.

*Clearstream.* Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for Clearstream participants and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream participants are financial institutions around the world including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream participant either directly or indirectly.

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

S-9

## **Table of Contents**

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

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

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

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

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

### ***Initial Settlement***

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

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

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

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream to purchasers of book-entry interests in the Global Note through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional eurobonds in same-day funds.

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

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

S-10

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**Table of Contents**

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

Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of the Notes among participants of Euroclear and Clearstream. However, they are under no obligation to perform or continue to perform those procedures, and they may discontinue those procedures at any time.

**Redemption for Taxation Reasons**

If (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined below under "Interpretation"), or any change in the official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the date of this prospectus supplement, on the next Interest Payment Date we would be required to pay additional amounts as provided or referred to below under

Payment Without Withholding and (b) the requirement cannot be avoided by our taking reasonable measures available to us, we may at our option, having given not less than 30 nor more than 60 days' notice to the holders of Notes (which notice shall be irrevocable), redeem all, but not a portion of, the Notes at any time at their principal amount together with interest accrued to, but excluding, the date of redemption provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by two of our executive officers stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and setting forth a statement of facts showing that the conditions precedent to the right of AT&T so to redeem have occurred, cannot be avoided by us taking reasonable measures available to us and an opinion of independent legal advisers of recognized international standing to the effect that AT&T has or will become obliged to pay such additional amounts as a result of the change or amendment, in each case to be held by the trustee and made available for viewing at the offices of the trustee on request by any holder of the Notes.

**Payment Without Withholding**

All payments in respect of the Notes by or on behalf of AT&T shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, collected, withheld, assessed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, we will pay such additional amounts to a holder who is a United States Alien (as defined below) as may be necessary in order that the net amounts received by the holder after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

(a) where such withholding or deduction would not have been so imposed but for:

(i) in the case of payment by AT&T, the existence of any present or former connection between the holder of the Note (or between a fiduciary, settlor, shareholder, beneficiary or member of the holder of the Note, if such holder is an estate, a trust, a corporation or a partnership) and the United States, including, without limitation, such holder (or such fiduciary, settlor, shareholder, beneficiary or member) being or having been a citizen or resident or treated as a resident thereof, or being or having been engaged in trade or business or presence therein, or having or having had a

permanent establishment therein;

S-11

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**Table of Contents**

(ii) in the case of payment by AT&T, the present or former status of the holder of the Note as a personal holding company, a foreign personal holding company, a passive foreign investment company, or a controlled foreign corporation for United States federal income tax purposes or a corporation which accumulates earnings to avoid United States federal income tax;

(iii) in the case of payment by AT&T, the past or present or future status of the holder of the Note as the actual or constructive owner of 10% or more of either the total combined voting power of all classes of stock of AT&T entitled to vote if AT&T was treated as a corporation, or the capital or profits interest in AT&T, if AT&T is treated as a partnership for United States federal income tax purposes or as a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended; or

(iv) the failure by the holder of the Note to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States (in the case of payment by AT&T) of such holder, if compliance is required by statute or by regulation as a precondition to exemption from such withholding or deduction;

(b) in the case of payment by AT&T to any United States Alien, if such person is a fiduciary or partnership or other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner been the bearer of such Note. As used herein, United States Alien means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust;

(c) to the extent that the withholding or deduction is as a result of the imposition of any gift, inheritance, estate, sales, transfer, personal property or any similar tax, assessment or other governmental charge;

(d) to, or to a third party on behalf of, a holder who is liable for the Taxes in respect of the Notes by reason of his having any or some present or former connection, including but not limited to fiscal residency, fiscal deemed residency and substantial interest shareholdings, with the Relevant Jurisdiction, other than the mere holding of the Notes;

(e) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the relevant Notes for payment on the last day of the period of 30 days assuming that day to have been an Interest Payment Date;

(f) any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal or of interest on any Notes, if such payment can be made without withholding by any other paying agent;

(g) any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner or any other person failed to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of our Notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;



(h) any tax, assessment or governmental charge that is imposed or withheld solely because of a change in law, regulation, or administrative or judicial interpretation that becomes effective after the day on which the payment becomes due or is duly provided for, whichever occurs later; or

(i) any combination of (a), (b), (c), (d), (e), (f), (g) or (h).

S-12

**Table of Contents**

***Interpretation***

As used in this section:

(a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the trustee on or before the due date, it means the date which is seven days after the date on which, the full amount of the money having been so received, notice to that effect shall have been duly given to the holders of Notes by us; and

(b) **Relevant Jurisdiction** means the State of Delaware and the United States or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which we become subject in respect of payments made by it of principal and interest on the Notes.

***Additional Amounts***

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

**Further Issues**

We may from time to time, without notice to or the consent of the holders of either series of Notes, create and issue further notes ranking equally and ratably with such series of Notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as the Notes. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the indenture, or under an officers' certificate pursuant to the indenture.

**Governing Law**

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

**Table of Contents**

**UNITED STATES TAX CONSIDERATIONS**

This section describes the material United States federal income tax consequences of owning the Notes we are offering. It is the opinion of Sullivan & Cromwell LLP, counsel to the underwriters. It applies to you only if you acquire Notes in the offering and you hold your Notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks,

a person that owns Notes as part of a straddle or conversion transaction for tax purposes,

a person that purchases or sells Notes as part of a wash sale for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar. This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

*Please consult your tax advisor concerning the consequences of owning these Notes, in your particular circumstances, under the Internal Revenue Code and the laws of any other taxing jurisdiction.*

**United States Holders**

This subsection describes the United States federal income tax consequences to a United States holder. You are a United States holder if you are the beneficial owner of a Note and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to **United States Alien Holders** below.

*Payments of Interest.* You will be taxed on interest on your Note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

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**Table of Contents**

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

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

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

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

*Purchase, Sale and Retirement of the Notes.* Your tax basis in your Note will generally be the U.S. dollar cost, as defined below, of your Note. If you are an accrual basis taxpayer and you purchase your Note with euro, the U.S. dollar cost of your Note will generally be the U.S. dollar value of the euro purchase price on the date of purchase. If you are a cash basis taxpayer, or you are an accrual basis taxpayer and you so elect, because we intend to apply to list the Notes on an established securities market (within the meaning of the applicable Treasury regulations), the U.S. dollar cost of your Note will be the U.S. dollar value of the euro purchase price on the settlement date of your purchase.

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

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

or loss into account only to the extent of the total gain or loss you realize on the transaction.

S-15

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**Table of Contents**

*Exchange of Amounts in Euro.* When you receive euro as interest on your Note or on the sale, retirement or other disposition of your Note, your tax basis in such euro will equal its U.S. dollar value when the interest is received or at the time of such sale, retirement or disposition. If you purchase euro, you generally will have a tax basis equal to the U.S. dollar value of the euro on the date of your purchase of such euro. If you sell or dispose of euro, including if you use euro to purchase Notes or you convert euro payments on the Notes to U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

*Medicare Tax.* A United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the United States holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A United States holder's net investment income generally includes its interest income and its net gains from the disposition of Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Notes.

**United States Alien Holders**

This subsection describes the United States federal income tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a Note and you are, for United States federal income tax purposes:

a nonresident alien individual,

a foreign corporation, or

an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Note.

If you are a United States holder, this subsection does not apply to you.

Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a Note:

we and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal and interest, to you if, in the case of payments of interest:

1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote,
2. you are not a controlled foreign corporation that is related to us through stock ownership, and

3. the United States payor does not have actual knowledge or reason to know that you are a United States person and:
- a. you have furnished to the United States payor an Internal Revenue Service Form W-8BEN or W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, that you are (or, in the case of a United States alien holder that is an estate or trust, such forms certifying that each beneficiary of the estate or trust is) a non-United States person,
  - b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the United States payor documentation that establishes your



**Table of Contents**

identity and your status as the beneficial owner of the payment for United States federal income tax purposes and as a non-United States person,

c. the United States payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:

i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),

ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or

iii. a United States branch of a non-United States bank or of a non-United States insurance company,

and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the Notes in accordance with United States Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

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

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

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

e. the United States payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the Notes in accordance with U.S. Treasury regulations; and

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

Further, a No