



# Benefits Update



## PROSPECTUS SUPPLEMENT/SMM

This document constitutes part of a prospectus covering securities that have been registered under the Securities Act of 1933. This document supplements and should be used with the prospectus and the SPD for the AT&T Retirement Savings Plan dated Oct. 30, 2008, and for the AT&T Savings and Security Plan dated Jan. 20, 2006.

## Your Current Savings Plan Account Will Be Merged Into the AT&T Retirement Savings Plan

Pursuant to the 2009 collective bargaining agreements and effective Jan. 1, 2010, the eligibility rules of the AT&T Savings and Security Plan (ASSP) will be changed for:

- > Bargained employees of Ameritech Services, Inc., AT&T Services, Inc., Illinois Bell Telephone Company, Indiana Bell Telephone Company, Inc., Michigan Bell Telephone Company, The Ohio Bell Telephone Company, SBC Internet Services, Inc. and Wisconsin Bell, Inc. represented by CWA-District 4 (Core CWA-Midwest region);
- > Bargained employees of Ameritech Services, Inc., AT&T Services, Inc., Illinois Bell Telephone Company and Indiana Bell Telephone Company, Inc., represented by the IBEW Local 21 (Core IBEW-Local 21 Midwest region);
- > Bargained employees of AT&T Services, Inc., AT&T Video Services, Inc., Nevada Bell Telephone Company, Pacific Bell Information Services, Pacific Bell Telephone Company and SBC Internet Services, Inc. represented by CWA-District 9 (Core CWA-West region);
- > Bargained employees of Pacific Bell Telephone Company represented by IBEW Local 1269;
- > Bargained employees of Pacific Bell Telephone Company represented by Telecom. Int. Union (TIU);
- > Bargained employees of SBC Global Services, Inc. represented by CWA-District 4 (SBC Global Services, Inc. [CPE]); and
- > Bargained employees of SBC Global Services, Inc. in the Customer Operations Specialist (COS) job title represented by CWA-District 4 (SBC Global Services, Inc. [COS]).

## Changes in Eligibility

Effective Jan. 1, 2010, you will become eligible to contribute to the ARSP if:

- > You were hired, rehired or reclassified as a regular employee into a job title in the Core CWA-Midwest region or Core IBEW-Midwest region on or after Aug. 9, 2009;
- > You are a bargained employee covered by Core IBEW Local 21-Midwest region in the job title of Customer Consultant;
- > You were hired, rehired or reclassified as a regular employee into a job title in SBC Global Services, Inc.-Customer Premise Equipment (CPE) or SBC Global Services, Inc.-Customer Operations Specialist (COS) on or after Aug. 9, 2009;
- > You were hired, rehired or reclassified as a regular employee into a job title in the Core CWA-West region on or after Aug. 9, 2009;
- > You were hired, rehired or reclassified as a regular employee into a job title in IBEW Local 1269 on and after Aug. 9, 2009;
- > You were hired, rehired or reclassified as a regular employee into a job title in Telecom. Int. Union (TIU); or
- > You are a bargained employee in a job title of Premises Technician in the Core CWA-Midwest region, Core IBEW Local 21-Midwest region or Core CWA-West region. (**Note:** Bargained employees surplused from Core CWA-Midwest region, Core IBEW Local 21-Midwest region and Core CWA-West region into a job title of Premises Technician remain eligible for the ASSP.)

Changes in eligibility also affect nonmanagement nonunion employees who receive the same benefits as Core CWA-West region, Core CWA-Midwest region and Core IBEW-Local 21 Midwest region employees.

In addition, the employees listed above who have an account balance in the AT&T Savings and Security Plan (ASSP) and who are no longer eligible to contribute to the ASSP, will have their account balance transferred to the ARSP.

## Participating in the ARSP

You will be eligible to contribute to the ARSP on Jan. 1, 2010. See the “ASSP Contribution Elections Automatically Transfer to ARSP” section on page 7 for more information about balance transfers to the ARSP. If you have an account balance in the ASSP, your account balance in the ASSP will be transferred to the ARSP.

**Important:** Some employees will be automatically enrolled in the ARSP and other employees will need to enroll in the ARSP in order to participate. Please read the following tables for more information.

<b>IMPORTANT INFORMATION AND KEY DATES</b>			
For employees in the CWA Core-Midwest, CWA-SBC Global Services-CPE and IBEW Core-Midwest			
<p><b>You will need to enroll in the ARSP:</b> Participants who contribute to the ASSP in flat dollar amounts each pay period and wish to contribute to the ARSP must enroll in the ARSP.</p> <p>It's easy to enroll in the ARSP. See page 10 for instructions.</p>	<p><b>Dec. 19, 2009:</b> If your last December paycheck is paid on Dec. 24, you must enroll in the ARSP no later than 11 p.m. Central time on Dec. 19 to avoid missing a contribution.</p> <p>If you enroll by Dec. 19, your first ARSP contributions will be withheld from your Jan. 7, 2010, paycheck and is expected to post to the ARSP on Jan. 12, 2010.</p>	<p><b>Dec. 26, 2009:</b> If your last December paycheck is paid on Dec. 31, you must enroll in the ARSP no later than 11 p.m. Central time on Dec. 26 to avoid missing a contribution.</p> <p>If you enroll by Dec. 26, your first ARSP contributions will be withheld from your Jan. 14, 2010, paycheck and is expected to post to the ARSP on Jan. 20, 2010.</p>	<p><b>Jan. 22, 2010:</b> Your ASSP account balances will automatically transfer to the ARSP on Jan. 22, 2010. See information on page 8 for more about this transfer.</p>
<p><b>Bargained Employees Hired on and after Aug. 9, 2009 and Temporarily Promoted to Nonbargained Status.</b> If you are a bargained employee who contributes in flat dollar amounts and remained eligible for the ASSP when you were temporarily promoted to a nonbargained status, you will become eligible to participate in the ARSP instead.</p> <p><b>Participants who contribute to the ASSP in flat dollar amounts each pay period and wish to contribute to the ARSP must enroll in the ARSP. It's easy to enroll in the ARSP.</b> See page 10 for instructions.</p>			



## IMPORTANT INFORMATION AND KEY DATES

For employees in the CWA-SBC Global Services-COS, CWA Core-West, TIU and IBEW 1269

**Your ASSP contribution election percentages will automatically transfer to the ARSP** unless you direct otherwise. Please see the chart on page 8 to see how your contribution elections will transfer.

**Dec. 4, 2009:** Your contribution elections on file in the ASSP at 3 p.m. Central time on Friday, Dec. 4, will automatically transfer to the ARSP and, unless you change them, will be applied to your first contribution to the ARSP withheld from your first paycheck in Jan. 2010.

If your first January paycheck is paid on **Jan. 7**, your contributions are expected to post to your ARSP account on Jan. 12, 2010.

If you do not want to contribute to the ARSP, you must contact the Fidelity Service Center before 3 p.m. on **Dec. 19, 2009**.

**Dec. 4, 2009:** Your contribution elections on file in the ASSP at 3 p.m. Central time on Friday, Dec. 4, will automatically transfer to the ARSP and, unless you change them, will be applied to your first contribution to the ARSP withheld from your first paycheck in Jan. 2010.

If your first January paycheck is paid on **Jan. 14**, your contributions are expected to post to your ARSP account on Jan. 20, 2010.

If you do not want to contribute to the ARSP, you must contact the Fidelity Service Center before 3 p.m. on **Dec. 26, 2009**.

**Jan. 22, 2010:** Your ASSP account balances will automatically transfer to the ARSP on Jan. 22, 2010. See page 8 for more information about this transfer in 2010.

### **Bargained Employees Hired on and after Aug. 9, 2009, Temporarily Promoted to Nonbargained Status.**

If you are a bargained employee who remained eligible for the ASSP when you were temporarily promoted to a nonbargained status, you will become eligible to participate in the ARSP instead. Your ASSP contribution elections in effect at 3 p.m. Central time on **Dec. 4, 2009**, will automatically transfer to the ARSP. That contribution will be withheld from your Jan. 6, 2010, paycheck and is expected to post to your ARSP account on Jan. 11, 2010. If you do not want to participate in the ARSP, you must notify the Fidelity Service Center by 11 p.m. Central time on **Dec. 15, 2009**.

## Why You Need to Read This Information Carefully

This *Benefits Update* provides an overview of key highlights of the ARSP. For additional detailed explanation of the ARSP, please see the enclosed AT&T Retirement Savings Plan prospectus and the enclosed ARSP summary plan description (SPD), each dated Oct. 30, 2008.

This *Benefits Update* is a summary of material modifications with respect to the ASSP and the ARSP. Please keep this *Benefits Update* with your other important benefit plan information.

# ARSP Highlights

The following chart provides an overview of key ARSP highlights.

<b>Savings Plan Provision</b>	<b>Key Highlights</b>
<b>Plan Eligibility</b>	You are automatically eligible to participate in the ARSP. Please see the tables on pages 3 and 4 to determine whether you will be automatically enrolled in the ARSP or whether you need to enroll.
<b>New Investment Options</b>	<p>The ARSP offers a wide range of investment choices:</p> <ul style="list-style-type: none"> <li>&gt; AT&amp;T Age-Based Asset Allocation Funds</li> <li>&gt; Index Funds</li> <li>&gt; Custom Funds</li> <li>&gt; Employer Stock Fund</li> <li>&gt; BrokerageLink®</li> </ul> <p>See page 6 for more information on the ARSP funds.</p>
<b>Employee Contributions</b>	<p>You may elect to save up to 50 percent of your salary in the ARSP subject to annual limits — 6 percent as a basic contribution and 44 percent as a supplementary contribution. Basic contributions are matched by AT&amp;T. Supplementary contributions are not matched.</p> <p>You may elect basic and supplementary before-tax and after tax contributions, including Roth contributions.</p> <p>If you're 50 years old or older, you also will be able to make catch-up contributions as described on page 11.</p>
<b>Before-Tax Contribution Limits</b>	<p>Your election to have your before-tax contributions suspended or continued on an after-tax basis will be transferred to the ARSP.</p> <p>If you reach the before-tax contribution limit and do not have an election on file, your contributions will automatically continue on an after-tax basis, unless you direct otherwise.</p>
<b>Company Match</b>	You are eligible to receive company match after you complete one year of service. Your service recognized by the ASSP is also recognized in the ARSP.
<b>Loans</b>	<p>You may have up to three outstanding loans from the ARSP at a time (one of which may be for your principal residence with a term of up to 10 years). Only active employees may request new loans.</p> <p>Outstanding loans in the ASSP will transfer to the ARSP. Your loan repayments will continue through payroll deductions.</p> <p>Loans for participants who become inactive will be repaid monthly through coupon or an ACH arrangement with the Fidelity Service Center.</p>
<b>Exchanges (Fund Transfers)</b>	You may make up to 8 fund transfers each calendar quarter.



# ARSP Investment Fund Lineup

The following chart provides an overview of the ARSP funds.

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## AGE-BASED ASSET ALLOCATIONS

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### AT&T Age-Based Asset Allocation Funds

These are actively managed asset allocation funds that seek to provide a well-diversified, institutional approach to investing for retirement. You select a fund based on your expected retirement year. Each fund gradually adopts a more conservative asset allocation mix as it approaches its target retirement year. These are not mutual funds.

- AT&T Age-Based Asset Allocation Fund 2000
  - AT&T Age-Based Asset Allocation Fund 2005
  - AT&T Age-Based Asset Allocation Fund 2010
  - AT&T Age-Based Asset Allocation Fund 2015
  - AT&T Age-Based Asset Allocation Fund 2020
  - AT&T Age-Based Asset Allocation Fund 2025
  - AT&T Age-Based Asset Allocation Fund 2030
  - AT&T Age-Based Asset Allocation Fund 2035
  - AT&T Age-Based Asset Allocation Fund 2040
  - AT&T Age-Based Asset Allocation Fund 2045
  - AT&T Age-Based Asset Allocation Fund 2050
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## CORE INVESTMENTS

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### Index Funds

Each index fund provides a broadly diversified portfolio of small-, mid- and large-capitalization U.S. equities and international equities. These funds seek to match the rates of return realized by a widely accepted market index represented by each asset category. These are not mutual funds.

- Large Cap U.S. Stock Index Fund
  - Small and Mid-Sized U.S. Stock Index Fund
  - Total U.S. Stock Market Index Fund
  - International Stock Index Fund
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### Custom Funds

The AT&T custom funds provide a broadly diversified portfolio of stable value, fixed income, U.S. equity and international equity investments. Each fund consists of multiple manager portfolios, which may be actively or passively managed at institutional rates. These options seek to exceed the rates of return realized by a widely accepted market index represented by each asset category. These are not mutual funds.

- AT&T Stable Value Fund
  - AT&T Total Return Bond Fund
  - AT&T U.S. Stock Fund
  - AT&T International Stock Fund
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### Employer Stock

The fund invests in AT&T Shares, and the performance is directly tied to the performance of AT&T Shares. Because the fund is a single nondiversified investment, it may be riskier than other diversified investment funds. This is not a mutual, diversified or managed fund.

- AT&T Shares Fund
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## SELF-DIRECTED BROKERAGE ACCOUNT

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### Brokerage Window

A discount brokerage account allows you to invest in individual stocks, mutual funds and other investments. Contact the Fidelity Service Center for permitted investments. Some restrictions apply. This fund has the increased risks associated with investing in a brokerage account and possibly additional fees, depending on the investment.

- Fidelity BrokerageLink, which enables participants to invest in a wide range of instruments, including
  - Mutual Funds
  - Individual Stocks\*
  - Corporate and Government Bonds\*
  - Exchange Traded Funds
  - American Depository Receipts
  - Certificates of Deposit
  - Real Estate Investment Trusts

\*Not issued by AT&T Inc.

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The ARSP Investment Fund Lineup chart is intended to provide you with general information to help you understand your investment choices. It is not intended to be — and should not be construed as — investment advice. You are responsible for determining how to invest your account balance, selecting among the available investment funds and monitoring your account balances and investment returns. For full details on the ARSP investment options, see the “Investment Options” section of the SPD. You may also obtain more information from Fidelity online at [netbenefits.fidelity.com](http://netbenefits.fidelity.com) or by calling the Fidelity Service Center at **1-800-416-2363**.

## ASSP Contribution Elections Automatically Transfer to ARSP

If you have contribution elections on file, your contribution elections on file in the ASSP at 3 p.m. Central time on Friday, Dec. 4, 2009, will be automatically transferred to your ARSP account. You may view your account and conduct account transactions in the ARSP by contacting the Fidelity Service Center online at [netbenefits.fidelity.com](http://netbenefits.fidelity.com) or by phone at **1-800-416-2363** after 9:30 a.m. Central time on Dec. 7, 2009.

Unless you direct otherwise, your ARSP contribution elections in effect at 3 p.m. Central time on Dec. 19, 2009 (if you will be paid on Jan. 7, 2010), or Dec. 26, 2009 (if you will be paid on Jan. 14, 2010), will apply to your first contributions into the ARSP. Your first ARSP contribution will be deducted from the paycheck you receive on Jan. 7, 2010, or Jan. 14, 2010, and will be posted to your ARSP account on or about Jan. 12, 2010, or Jan. 20, 2010, respectively. Your contributions will be invested in the funds listed in the table on page 8.

If you currently participate in the ASSP but do not wish for your contribution elections to transfer to the ARSP, you must contact the Fidelity Service Center before 3 p.m. Central time on Dec. 4, 2009.

**See the tables on pages 3 and 4 to determine whether your contribution elections will automatically transfer or whether you will need to enroll in the ARSP.**



## ASSP Account Balances Automatically Transfer to ARSP

Beginning Jan. 22, 2010, your existing account balances in the ASSP will be automatically transferred to the ARSP and invested in the funds as shown below. If you want to make any fund exchanges before the investment mapping, you must make the request before 3 p.m. Central time on Jan. 22, 2010.

Existing balances and investment directions from these ASSP funds ...	... will be transferred to these ARSP funds
Bond Fund	AT&T Total Return Bond Fund
Global Equity Fund	<b>75%:</b> Total US Stock Market Index Fund <sup>1</sup> <b>25%:</b> International Stock Index Fund <sup>1,2</sup>
Interest Income Fund	AT&T Stable Value Fund
International Stock Fund	International Stock Index Fund <sup>2</sup>
Large Cap Stock Fund	Large Cap US Stock Index Fund
Mid and Small Cap Stock Fund	Small and Mid-Sized US Stock Index Fund
AT&T Shares Fund	AT&T Shares Fund

<sup>1</sup>If the transfer would result in fractional percentages, round the allocation to the Total US Stock Market Index Fund up to the next higher whole percentage, and round the allocation to the International Stock Index Fund down to the next lower whole percentage.

<sup>2</sup>If you invest in the International Stock Index Fund, your account will be charged a short-term trading fee of 1.5 percent of the value of any units sold that were held for less than 30 days

## Account Transactions Not Permitted While Balances Transfer

You may perform transactions in your ASSP account until 3 p.m. Central time on Friday, Jan. 22, 2010, at which point the balances from your ASSP will begin transferring to the ARSP and you will be unable to view or perform transactions in your account. We expect the transition of funds to be completed by 9:30 a.m. Central time on Monday, Jan. 25, 2010, at which point you should be able to view your account and perform transactions with respect to your ARSP funds. We will provide additional information to you as these dates approach if we determine that you may not be able to access your accounts by the above dates.

## Distributions

Effective Jan. 1, 2010, if you leave the company and your account balance is \$1,000 or less, your balance will be automatically distributed to you. Additionally, mandatory rollover into an IRA will be eliminated. Prior to Jan. 1, 2010, balances between \$1,000 and \$5,000 were subject to mandatory rollover into an IRA. If the value of your account exceeds \$1,000, you may elect to have your entire vested account balance distributed under one of the distribution options under the ASSP or direct the plan to rollover your account balance in accordance with the ASSP provisions.



## Interest Rates on Loans

Effective Jan. 1, 2010, the interest rate for new loans from the ARSP will be equal to the prime rate, as published in *The Wall Street Journal* on the last business day of the month before the date the loan is initiated, plus 1 percent.

## Updating Your Beneficiary Designation

If you checked **“I elect that the beneficiary designations shown on this form apply to ALL plans listed below for which benefits are payable by reason of my death”** on your beneficiary designation form, your beneficiary designation will remain valid in the ARSP.

If you checked only specific benefits plans on your beneficiary designation form, if you have not completed an AT&T Beneficiary Designation form or if you wish to change the beneficiary information that you have on file, please complete and return an AT&T Beneficiary Designation form. You can access it at **netbenefits.fidelity.com** or by calling the Fidelity Service Center at **1-800-416-2363**. See the SPD for the AT&T Rules for Employee Beneficiary Designations to learn how benefits will be distributed if you do not complete a new beneficiary designation form.

## Non-Spousal Beneficiaries

Effective Jan. 1, 2010, non-spousal beneficiaries and spousal beneficiaries who are not sole beneficiaries will be allowed to roll over a distribution from the ARSP to an IRA or other qualified retirement plan, in accordance with applicable law.

## Catch-Up Contributions for Nonmanagement, Non-Union Employees

Nonmanagement, non-union participants who are at least 50 years old in the calendar year are able to make catch-up contributions to their 401(k). Effective Dec. 7, 2009, the maximum catch-up contribution for nonmanagement, non-union employees is 50 percent of eligible compensation. Previously in the ASSP, the maximum was 70 percent of eligible compensation.

## A Step-by-Step Approach to Retirement Savings

The ARSP is a flexible and convenient way for you to prepare and save for retirement, but only you can make it happen. This Benefits Update provides a step-by-step approach to retirement savings that you may find useful. You may also wish to consult with your financial adviser.

- > **Step One:** Decide to Participate
- > **Step Two:** Determine the Investment Strategy That’s Right for You
- > **Step Three:** Implement Your Investment Strategy
- > **Step Four:** Monitor and Manage Your Investments



## Step One: Decide to Participate

### It's Easy to Enroll

The first and most important step toward retirement savings is getting started. If you aren't already participating in the savings plan, now's the time to enroll. It's easy to do. Simply contact the Service Center online at [netbenefits.fidelity.com](http://netbenefits.fidelity.com) or by phone at **1-800-416-2363**.

### Educational Tools and Resources

Fidelity, which provides administrative services to the ARSP, makes many educational resources available to you. Just go to [netbenefits.fidelity.com](http://netbenefits.fidelity.com). You will be required to log in with your Social Security number or customer ID and your Fidelity personal identification number (PIN). After logging in, select Tools & Learning. There, you can review a variety of tools, calculators and webcasts to provide you with general investment and retirement planning information.

### Choose to Make Before-Tax and/or After-Tax Contributions

You may elect to treat contributions as before-tax contributions, after-tax contributions (including Roth contributions) or a combination of both. Carefully consider your financial needs and talk with your financial adviser before electing before- or after-tax contributions. For more information, see the "Employee Contributions" section of the SPD.

**Before-Tax Contributions** (also known as 401(k) contributions) are deducted from your paycheck before applicable income taxes are withheld, are not included in your taxable income and will be taxable when they are paid to you. By law, your before-tax contributions cannot exceed an annual limit, which is \$16,500 for 2009 and 2010.

**After-Tax Contributions** are deducted from your paycheck after applicable income taxes are withheld and are included in your taxable income. The earnings on the contributions will be taxable when they are paid to you, but your after-tax contributions will be paid to you tax-free.

**Roth Contributions** are a special type of after-tax contribution. They are deducted from your paycheck after applicable income taxes are withheld and are included in your taxable income (like regular after-tax contributions). But, unlike regular after-tax contributions, both your Roth contributions and the earnings on your Roth contributions can be withdrawn tax-free under certain circumstances.

### Rollover Funds From 401(k)s and Your AT&T Pension Lump Sum

In addition to making payroll contributions to the ARSP, you may also consolidate your retirement savings by rolling balances from other retirement plans into the ARSP. As an active employee, you can roll over assets, including Roth 401(k) accounts, from a former employer's qualified pension or savings plan. In addition, when you leave AT&T, you will continue to be able to roll over other 401(k) accounts, as well as pension distributions, from AT&T or another employer.

**Roth 401(k) Option**

You can contribute up to 6 percent of your salary as basic Roth 401(k) contributions and up to 44 percent of your salary as supplementary Roth 401(k) contributions. Unlike the before-tax and other after-tax contribution options, the Roth 401(k) allows you to withdraw earnings from your account tax-free as long as it has been at least five tax years since your first Roth 401(k) contribution and you are at least 59½ years old.

You might want to consider making Roth 401(k) contributions if you are one of the following:

- > A participant with the ability and time to accumulate tax-free earnings
- > A highly compensated employee who isn't eligible for a Roth IRA but wants a pool of tax-free money available for retirement
- > A person who wants to leave tax-free money to beneficiaries

Read the prospectus/SPD to learn more about making Roth 401(k) contributions to the ARSP. Total before-tax and Roth 401(k) contributions cannot exceed the annual IRS limit of \$16,500 for 2010 (except catch-up contributions, as noted below) and total contributions (your contributions and company contributions combined) cannot exceed 100 percent of your pay or \$49,000 for 2010, whichever is less. Highly compensated employees may have additional limitations.

Please consult your tax adviser regarding your own tax situation. In the event of death, beneficiaries may be able to receive distributions tax-free if the deceased started making Roth 401(k) contributions more than five tax years before the distribution. In the event of disability, your earnings can be withdrawn tax-free if it has been at least five tax years since your first Roth 401(k) contribution..

## Consider Catch-Up Contributions

If you are 50 years old or older this calendar year and have reached the ARSP's or IRS's maximum contribution limit, you can make catch-up contributions on a before-tax or Roth 401(k) basis. Those contributions can be up to \$5,500 per year in 2010.

## Step Two: Determine the Investment Strategy that's Right for You

Once you're enrolled in the ARSP and know how much you'd like to contribute each year, it's time to determine the investment strategy that is right for you given your savings objectives, your investment experience and the amount of risk you're willing to take. Your investment strategy will govern how you allocate your savings among different asset categories, such as stocks, bonds and cash.

For help, talk to your financial adviser. In addition, you may want to consider accessing the tools and information available from Fidelity. Go to [netbenefits.fidelity.com](http://netbenefits.fidelity.com) and log in. Then select Tools & Learning, then Investing for the Future. If you're new to investing, you may also wish to consult the *Beginners' Guide to Asset Allocation, Diversification, and Rebalancing* on the Securities and Exchange Commission's (SEC) Web site at [www.sec.gov/investor/pubs/assetallocation.htm](http://www.sec.gov/investor/pubs/assetallocation.htm).



## Step Three: Implement Your Investment Strategy

The ARSP has a wide range of investment options to help you implement your investment strategy. You can decide to invest in as many or as few of the funds as you wish. The chart on page 6 provides an overview of the options from which you can choose. For help in determining the investment strategy that's right for you:

- > Talk to your financial adviser.
- > Go to [netbenefits.fidelity.com](http://netbenefits.fidelity.com) and go to Tools & Learning.
- > Read the Beginners' Guide at [www.sec.gov/investor/pubs/assetallocation.htm](http://www.sec.gov/investor/pubs/assetallocation.htm).

### Read This Before Choosing a Self-Directed Brokerage Account

If you are a sophisticated investor who understands the risks associated with choosing individual securities and investments and are willing to take on the responsibilities and risks associated with closely monitoring this portion of your portfolio, a self-directed brokerage account could be appropriate for you. However, if you are not comfortable actively managing a portfolio beyond those offered through the ARSP's Age-Based Asset Allocation Funds or Core Investments options, then a self-directed brokerage account may not be right for you.

In general, the experience of participating in a self-directed brokerage account will be more involved and complex than participating in the ARSP's Age-Based Asset Allocations or Core Investments options. For example, exchanges to a BrokerageLink account are invested in Fidelity Cash Reserves, a money market investment option. You must then conduct a second exchange within your BrokerageLink account to transfer the assets from Fidelity Cash Reserves to the desired investment option.

Exchanges from a BrokerageLink account to an Age-Based Asset Allocation or Core Investments fund are invested in the AT&T Stable Value Fund. Again, you must conduct a second exchange if you want to transfer the assets to a different fund.

Exchanges to a BrokerageLink account are limited to vested balances. In addition, you may not exchange funds from the AT&T Stable Value Fund directly to BrokerageLink. Funds must be out of the AT&T Stable Value Fund for 90 days before you can transfer them to BrokerageLink.

#### Other Account Restrictions

There is no minimum amount for direct payroll contributions into a BrokerageLink account, but there is an initial minimum of \$1,000 to open an account and a \$500 minimum for each subsequent transfer from any of your other ARSP investment funds. You may designate up to 50 percent of your payroll contributions to be invested into BrokerageLink. However, you may not perform an exchange that would result in more than 50 percent of your total account balance being invested in your BrokerageLink account. Individual funds offered within BrokerageLink may impose additional restrictions or fees. Be sure to obtain, read, and understand the individual fund prospectus before investing.

#### BrokerageLink Fees

There may be additional fees and commissions when participating in a self-directed brokerage account. For a description of these additional charges, see the Fidelity BrokerageLink commission schedule stated in the Fidelity BrokerageLink Participant Acknowledgement Form, which is part of the BrokerageLink application kit.

#### Investing Through BrokerageLink

To invest future contributions directly into investments that you've selected in BrokerageLink, call the Service Center at 1-800-416-2363. A representative will establish your investment election for automatic investment of future contributions.

## Step Four: Monitor and Manage Your Investments

Once you've enrolled in the ARSP and determined and implemented your investment strategy, it's important to regularly manage and monitor your investments. Pay particular attention if your retirement assumptions have changed or you've experienced any significant changes in your life, such as the birth of a child, marriage or divorce.

For help, talk to your financial adviser. In addition, you may want to consider using the tools that Fidelity offers on its Web site to help you prepare for your retirement. Go to [netbenefits.fidelity.com](http://netbenefits.fidelity.com). After logging in with your Social Security number or customer ID and Fidelity PIN, select Tools & Learning. As you monitor and manage your investments in the ARSP, you have the ability to:

- > Access funds via loans, withdrawals and distributions
- > Adjust contributions
- > Rebalance your account
- > Transfer assets into different ARSP investment options

## Rebalance Your Account

It's important to periodically rebalance your investment portfolio back to your original asset allocation mix. This is necessary because some of your investments will grow faster than others, which, over time, will change your allocation mix. The ARSP offers you three ways to rebalance your account:

- > You can opt to perform manual rebalances that you control
- > You can ask to be e-mailed when your account needs rebalancing
- > You can elect automatic rebalancing. If you elect automatic rebalancing, you will receive rebalance e-mail notifications after the changes have been made.

## Asset Transfers

You can exchange assets among the plan's investment options up to eight times a calendar quarter. There are no restrictions affecting exchanges within BrokerageLink.

## Other Information

### Expenses to Be Paid From Your Account

Administrative expenses will be reflected as a quarterly fee on your statement, and *expenses associated with the transactions and services below may be charged directly to the participants who incur them (rather than to the plan as a whole)* and will appear on those participants' statements.

- > Withdrawal fees
- > Distribution fees
- > Stock distribution fees
- > Loan initiation and maintenance fees
- > Dividend pass-thru fees
- > Communication expenses
- > Paper statement fees
- > Overnight delivery charges
- > Processing fees for Qualified Domestic Relations Orders (QDROs)

With these changes, you will have more information about and control over the expenses charged to your account.

### Short-Term Trading Fees

If you invest in the AT&T International Stock Fund or the International Stock Index Fund, your account will be charged a short-term trading fee of 1.5 percent of the value of any units sold that were held for less than 30 days.



## Frequently Asked Questions

### **How do the changes affect my current contributions or loan repayments to my current plan?**

Any loan repayments will continue uninterrupted and will be posted to the ASSP until your ASSP balance is transferred to the ARSP. Depending on your current investment elections, your contributions and loan repayments will be invested based on the fund mapping noted on page 8.

**Can I borrow from my ARSP account to buy a home?** Yes. If you qualify, you may obtain a loan through the ARSP to acquire your principal residence for a term of one to 10 years. For more information, see the “Loans” section of the SPD.

**How do I learn more about the investment funds?** Your SPD provides information about the investment funds. If, after reviewing that information, you have general questions, please call the Service Center at 1-800-416-2363. Service associates will be available Monday through Friday from 7:30 a.m. to 11 p.m. Central time. You also can take advantage of many online educational resources at [netbenefits.fidelity.com](http://netbenefits.fidelity.com). You will need your Social Security number or customer ID and your Fidelity PIN to log in.

**What’s an “index fund”?** An index fund is a fund that has the goal of matching the rates of return of a specific market index, such as the S&P 500 index or the Wilshire 5000 (or W5000) index. Because an index fund manager maintains portfolios that reflect a specific index rather than picking investments based on his or her investment judgment, these funds are considered to be passively managed. Passively managed funds have lower fees than actively managed accounts.

**What does “actively managed” mean?** Actively managed funds seek to exceed the rates of return realized by a widely accepted index represented by each asset category. To do this, fund managers select individual investments based on the fund’s investment objectives. Because the investment manager exercises discretion when choosing the investments, these funds are called actively managed funds. Actively managed funds have higher fees than passively managed funds.

**I’m interested in the AT&T Age-Based Asset Allocation Funds. How do I select the fund that might be right for me?** Once you have determined that investing in one of the AT&T Age-Based Asset Allocation Funds is appropriate for you, you may want to consider the fund with the targeted retirement year closest to the year you expect to retire, taking into account the risks associated with the particular fund. For example, if your targeted retirement year is 2025, you could choose the AT&T Age-Based Asset Allocation Fund 2025 if you are comfortable with the level of risk associated with that fund. If your retirement year falls between two funds, selecting the one with the earlier year may provide a more conservative strategy while the one with the later year may have a slightly higher equity allocation.

**I would like to direct some of my account balance and future contributions to investment options available through a self-directed brokerage account. What do I need to do?** You should call the Service Center at 1-800-416-2363 to request a BrokerageLink application kit or access the kit online at [netbenefits.fidelity.com](http://netbenefits.fidelity.com), which contains additional information about the account, including fees. Complete and return the kit’s Participant Acknowledgement Form to Fidelity. Once the BrokerageLink account has been set up, you may transfer up to 50 percent of your current assets to BrokerageLink via NetBenefits or by speaking with a Service Center representative. (Your assets will not transfer until you take this step.) Should you want future contributions invested directly into investments that you’ve selected in BrokerageLink, call the Service Center.

**Note:** Transfers from the Age-Based Asset Allocation Funds and Core Investments options to your BrokerageLink account will be invested in Fidelity Cash Reserves, a money market instrument, unless you arrange with Fidelity beforehand to have them invested otherwise. The same is true for automatic ongoing contributions to BrokerageLink. Carefully consider the additional involvement and potential complexity of using the self-directed brokerage account before making your election decisions.

**Can I invest in more than one fund or type of fund?** Yes. You may select any combination of investments from among the Age-Based Asset Allocation, Core Investments and self-directed brokerage account investment options. (You may designate up to 50 percent of your payroll contributions to be invested into BrokerageLink, and you may not perform an exchange that would result in more than 50 percent of your total account balance in your BrokerageLink account.)

**Why will fees be deducted directly from my account?** Since some fees are currently being deducted from your savings plan's trust or charged against its investment options, all plan participants are paying for plan expenses regardless of whether they actually incur them, and those fees impact the funds' investment return. With this change, a greater percentage of fees will be paid by the participants who incur them.

**Under what circumstances should I consider making Roth 401(k) contributions instead of before-tax contributions?** Roth 401(k) contributions, because they are made on an after-tax basis, do not reduce your current taxes. The Roth 401(k) allows you to withdraw dollars from your account tax-free as long as it has been at least five tax years since your first Roth 401(k) contribution and you are at least 59½ years old. You might want to consider making Roth 401(k) contributions if you have the ability and time to accumulate tax-free earnings; you are a highly compensated employee who isn't eligible for a Roth IRA but wants a pool of tax-free money available for retirement; or you are someone who wants to leave tax-free money to beneficiaries.

## For More Information

For more information about the ASSP, the ARSP or this prospectus supplement/SMM, contact the Fidelity Service Center online at [netbenefits.fidelity.com](http://netbenefits.fidelity.com) or by phone at **1-800-416-2363**.

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