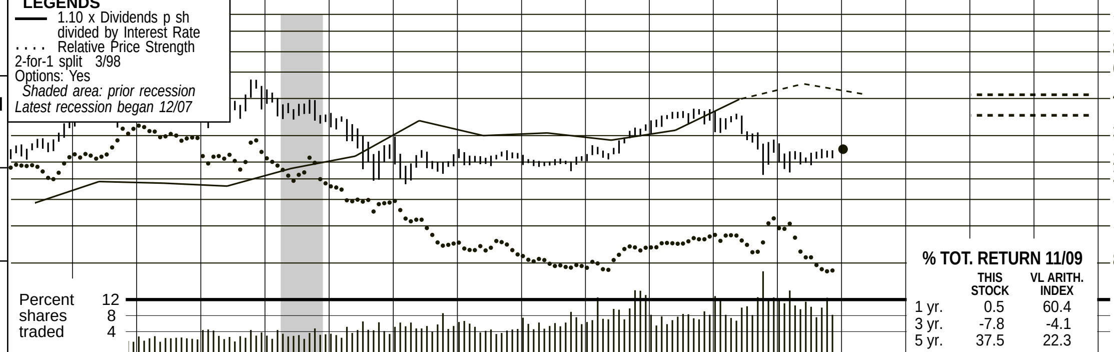
AT&T INC. NYSE-T

RECENT PRICE **27.60** | P/E RATIO **12.4** (Trailing: 13.7 Median: 16.0) | RELATIVE P/E RATIO **0.73** | DIV'D YLD **6.1%** | **VALUE LINE**

TIMELINESS 4 Lowered 9/18/09
SAFETY 1 Raised 3/28/08
TECHNICAL 3 Lowered 12/25/09
BETA .75 (1.00 = Market)

High:	54.9	59.9	59.0	53.1	41.0	31.7	27.7	26.0	36.2	43.0	41.9	29.5
Low:	35.0	44.1	34.8	36.5	19.6	18.8	23.0	21.8	24.2	32.7	20.9	21.4

Target Price Range
2012 | 2013 | 2014



2012-14 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	50	(+80%)	*20%*
Low	40	(+45%)	*14%*

Insider Decisions

	F	M	A	M	J	J	A	S	O
to Buy	1	0	0	1	0	0	1	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	0	0

Institutional Decisions

	1Q2009	2Q2009	3Q2009
to Buy	648	720	652
to Sell	649	553	584
Hld's(000)	3341952	3316250	3283443

% TOT. RETURN 11/09

	THIS STOCK	VL ARITH. INDEX
1 yr.	0.5	60.4
3 yr.	-7.8	-4.1
5 yr.	37.5	22.3

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC.	12-14
8.91	9.54	10.40	11.58	13.63	14.69	14.42	15.75	16.19	15.60	12.36	12.36	11.31	16.24	19.83	21.05	***20.80***	***21.10***	Revenues per sh F	***22.90***
2.87	3.03	3.33	3.62	4.18	4.63	4.59	5.04	5.32	5.14	3.91	3.77	3.42	4.63	5.36	5.56	***5.50***	***5.70***	"Cash Flow" per sh	***6.50***
1.20	1.37	1.55	1.73	1.84	2.08	2.15	2.26	2.35	2.16	1.52	1.47	1.72	2.34	2.76	2.16	***2.13***	***2.35***	Earnings per sh A	***3.25***
.76	.79	.83	.86	.90	.94	.97	1.01	1.02	1.07	1.37	1.25	1.29	1.33	1.42	1.60	***1.64***	***1.68***	Div'ds Decl'd per sh B ■	***2.00***
1.85	1.93	1.92	2.52	3.14	3.03	3.03	3.88	3.34	2.05	1.58	1.54	1.44	2.14	2.93	3.34	***2.50***	***2.65***	Cap'l Spending per sh	***3.00***
6.34	6.86	5.13	5.70	5.38	6.52	7.87	9.00	9.69	10.01	11.57	12.29	14.11	29.76	19.09	16.35	***16.95***	***18.15***	Book Value per sh C	***22.05***
1200.5	1218.2	1218.7	1199.7	1837.3	1959.3	3395.4	3386.0	3354.2	3317.6	3305.2	3300.9	3876.9	3882.0	6043.5	5893.0	***5900.0***	***5900.0***	Common Shs Outst'g D	***5900.0***
16.7	15.0	15.4	14.7	16.2	20.2	24.4	20.3	18.3	14.2	15.6	17.2	13.9	12.6	14.2	15.4	*Bold figures are*		Avg Ann'l P/E Ratio	***14.0***
.99	.98	1.03	.92	.93	1.05	1.39	1.32	.94	.78	.89	.91	.74	.68	.75	.95	*Value Line*		Relative P/E Ratio	***.95***
3.8%	3.8%	3.5%	3.4%	3.0%	2.2%	1.8%	2.2%	2.4%	3.5%	5.8%	5.0%	5.4%	4.5%	3.6%	4.8%	*estimates*		Avg Ann'l Div'd Yield	***4.4%***

CAPITAL STRUCTURE as of 9/30/09
Total Debt $72664 mill. **Due in 5 Yrs** $37500 mill.
LT Debt $65909 mill. **LT Interest** $3400 mill.
(Total interest coverage: 6.9x)

Pension Assets-12/08 $46828 mill. **Oblig.** $50822 mill.

Pfd Stock None

Common Stock 5,901 mill. shares
as of 10/31/09

MARKET CAP: $162.9 billion (Large Cap)

1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010		12-14
48960	53313	54301	51755	40843	40787	43862	63055	119839	124028	***122850***	***124500***	Revenues ($mill) F	***135000***
7439.0	7746.0	7972.0	7219.0	5051.0	4884.0	5803.0	9014.0	17040	12867	***12600***	***13900***	Net Profit ($mill)	***19200***
36.3%	36.5%	35.0%	33.0%	32.9%	31.1%	32.1%	32.6%	34.2%	35.4%	***34.0%***	***35.5%***	Income Tax Rate	***35.5%***
15.2%	14.5%	14.7%	13.9%	12.4%	12.0%	13.2%	14.3%	14.2%	10.4%	***10.3%***	***11.2%***	Net Profit Margin	***14.2%***
38.7%	33.0%	34.5%	35.8%	29.6%	34.4%	32.3%	30.2%	33.2%	38.7%	***40.0%***	***39.0%***	Long-Term Debt Ratio	***36.5%***
59.1%	64.9%	65.5%	64.2%	70.4%	65.6%	67.7%	69.8%	66.8%	61.3%	***60.0%***	***61.0%***	Common Equity Ratio	***63.5%***
45201	46955	49624	51735	54308	61801	80805	165603	172622	157219	***166000***	***175000***	Total Capital ($mill)	***205000***
46571	47195	49827	48490	52128	50046	58727	94596	95890	99088	***101000***	***103000***	Net Plant ($mill)	***110000***
17.6%	17.7%	17.3%	15.1%	10.4%	8.7%	7.8%	5.9%	10.9%	9.3%	***8.5%***	***9.0%***	Return on Total Cap'l	***10.5%***
26.8%	24.6%	24.5%	21.7%	13.2%	12.0%	10.6%	7.8%	14.8%	13.4%	***12.5%***	***13.0%***	Return on Shr. Equity	***15.0%***
27.8%	25.4%	24.5%	21.7%	13.2%	12.0%	10.6%	7.8%	14.8%	13.4%	***12.5%***	***13.0%***	Return on Com Equity	***15.0%***
15.5%	14.2%	13.9%	11.0%	1.3%	1.8%	2.8%	3.3%	7.2%	3.5%	***3.0%***	***3.5%***	Retained to Com Eq	***5.5%***
44%	44%	43%	49%	90%	85%	73%	57%	51%	74%	***77%***	***71%***	All Div'ds to Net Prof	***61%***

CURRENT POSITION ($MILL.)	2007	2008	9/30/09
Cash Assets	1970	1792	6167
Other	22716	20764	19754
Current Assets	24686	22556	25921
Accts Payable	21399	20032	18093
Debt Due	6860	14119	6755
Other	11015	8139	8420
Current Liab.	39274	42290	33268
Fix. Chg. Cov.	831%	680%	632%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '06-'08 to '12-'14
Revenues	3.5%	5.5%	*3.0%*
"Cash Flow"	2.5%	1.5%	*4.0%*
Earnings	2.5%	4.0%	*5.0%*
Dividends	5.0%	4.5%	*5.5%*
Book Value	14.0%	16.0%	*Nil*

Cal-endar	QUARTERLY REVENUES ($ mill.) F Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	15755	15771	15638	15891	63055
2007	29378	29784	30328	30349	119839
2008	30744	30866	31342	31076	124028
2009	30571	30734	30855	***30690***	***122850***
2010	***31000***	***31150***	***31250***	***31100***	***124500***

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2006	.52	.58	.63	.61	2.34
2007	.65	.70	.71	.71	E2.76
2008	.57	.63	.55	.41	2.16
2009	.53	.54	.54	***.52***	***2.13***
2010	***.58***	***.59***	***.60***	***.58***	***2.35***

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2005	.323	.323	.323	.323	1.29
2006	.333	.333	.333	.333	1.33
2007	.355	.355	.355	.355	1.42
2008	.40	.40	.40	.40	1.60
2009	.41	.41	.41	.41	

BUSINESS: AT&T Inc., formerly SBC Communications Inc., is one of the world's largest telecom holding companies and is the largest in the U.S. Its traditional (SBC only) wireline subsidiaries provide services in 13 states, including California, Texas, Illinois, Michigan, Ohio, Missouri, Connecticut, Indiana, Wisconsin, Oklahoma, Kansas, Arkansas, and Nevada. Also owns Cingular (now AT&T Wireless). Acq. PacTel, 4/97; SNET, 10/98; Ameritech, 10/99; AT&T Corp., 11/05; BellSouth, 12/06. Total Consumer Revenue Connections: 45.7 mill. '08 sales mix: Voice, 30%; Data, 20%; Directory advertising, 4%; Wireless & Other, 46%. Has 285,000 empl. Chrmn. & CEO: Randall Stephenson. Inc.: DE. Addr.: 208 S. Akard St., Dallas, Texas, 75202. Tel.: 210-821-4105. Internet: www.att.com.

Profits (and cash flow) at giant carrier AT&T Inc. remain healthy, despite the still-challenging macroeconomic backdrop. The bottom line is being bolstered by cost-cutting efforts (e.g., headcount reductions and facility consolidation) across the traditional wireline operations and strength from the mobility business, which continues to benefit from the huge success of Apple's iPhone. In the third quarter, the company added two million wireless subscribers on a net basis — far more than Wall Street had anticipated — and key ARPU (average revenue per user) metrics increased. Moreover, wireless margins widened, notwithstanding high handset subsidies that AT&T must pay Apple and other smartphone makers. We attribute this to reduced customer churn and new initiatives aimed at reining in operating expenses, particularly advertising costs. Looking ahead to 2010 and beyond . . .

We believe that the mobility division will continue to be the company's primary growth engine. Investor fears are widespread that wireless results may begin to suffer toward the end of 2010, when AT&T will likely lose its exclusive rights to sell the iPhone. But such concerns are overblown, in our view. Even if the iPhone exclusivity deal does not get renewed, the company will continue to offer consumers a full line of Apple products. Moreover, apart from the iPhone, customers have plenty of reasons to stick with AT&T Wireless. The company, which is working hard to improve its network coverage, is now the largest service provider for BlackBerry devices, for instance. And it carriers many other popular smartphones, including the Samsung Impression and HTC Pure. All told, we think that the subscriber base and high-margined wireless data revenue stream will continue to expand for years to come. This, along with the addition of new enterprise clients and gains by U-Verse (AT&T's premium television service), should support solid earnings advances through the 2012-2014 period.

Though untimely for the year ahead, quality AT&T shares are a good long-term play. The dividend yield (of about 6%) is especially attractive, making this Dow component suitable for income-oriented accounts.

Justin Hellman *December 25, 2009*

(A) Basic egs. thru '97; diluted thereafter. Excl. nonrecur. gains/(losses): '93, ($1.90); '95, ($2.32); '97, ($1.04); '98, ($0.05); '03, $1.04; '04, $0.32; '05, ($0.30); '06, ($0.45). Next egs. report due late Jan. **(B)** Div'ds paid in Feb., May, Aug., and Nov. Incl. one-time div'ds: In '03, $0.25. ■ Div'd reinvestment plan avail. **(C)** Incl. intang. '08: $71829 mill., $12.19/sh. **(D)** In mill., adj. for splits. **(E)** '07 quarterly share net does not sum to yearend total due to rounding. **(F)** Starting in '03, proportionate rev. from Cingular no longer incl. in top line.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	25
Earnings Predictability	75