

WATTS DONALD W  
Form 4  
January 31, 2011

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
WATTS DONALD W

(Last) (First) (Middle)  
208 S. AKARD STREET  
(Street)

DALLAS, TX 75202

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
AT&T INC. [T]

3. Date of Earliest Transaction  
(Month/Day/Year)  
01/27/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
Sr. Exec. VP and Gen. Counsel

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
\_\_\_\_ Form filed by More than One Reporting Person

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |             |   |                 |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|-------------|---|-----------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |             |   |                 |
| Common Stock                    | 01/27/2011                           |  | A <sup>(1)</sup>               |   | 45,726.56   | A  | \$ 0  | 70,881.745  | I | By Benefit Plan |
| Common Stock                    | 01/27/2011                           |  | F <sup>(2)</sup>               |   | 13,467.8214   | D  | \$ 28.13  | 57,413.9236 | I | By Benefit Plan |
| Common Stock                    | 01/27/2011                           |  | D <sup>(3)</sup>               |   | 16,129.7386   | D  | \$ 28.13  | 41,284.185  | I | By Benefit Plan |
| Common Stock                    | 01/27/2011                           |  | M <sup>(4)</sup>               |   | 1,348   | A  | \$ 28.13  | 42,632.185  | I | By Benefit      |

|              |            |  |                  |       |   |          |                           |   | Plan            |
|--------------|------------|--|------------------|-------|---|----------|---------------------------|---|-----------------|
| Common Stock | 01/27/2011 |  | F <sup>(4)</sup> | 1,348 | D | \$ 28.13 | 25,155.185 <sup>(5)</sup> | I | By Benefit Plan |
| Common Stock |            |  |                  |       |   |          | 70,590 <sup>(5)</sup>     | D |                 |
| Common Stock |            |  |                  |       |   |          | 5,349.9544                | I | By 401(k)       |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) |        | 6. Date Exercisable and Expiration Date (Month/Day/Year) |                       | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--------|--|-----------------------|---|
|  |  |                                      |  |                                | Code  | V      | (A)  | (D)                   |   |
| Restricted Stock Units                     | <u>(6)</u>   | 01/27/2011                           |  | A                              |   | 60,434 |  | <u>(6)</u> <u>(6)</u> | Common Stock 60,434   |
| Restricted Stock Units                     | <u>(6)</u>   | 01/27/2011                           |  | M <sup>(4)</sup>               |   | 1,348  |  | <u>(6)</u> <u>(6)</u> | Common Stock 1,348  |

## Reporting Owners

| Reporting Owner Name / Address                            | Relationships |           |                               |       |
|---|---------------|-----------|-------------------------------|-------|
|   | Director      | 10% Owner | Officer                       | Other |
| WATTS DONALD W<br>208 S. AKARD STREET<br>DALLAS, TX 75202 |               |           | Sr. Exec. VP and Gen. Counsel |       |

## Signatures

/s/ Ann E. Meuleman, Secy.,  
Attorney-in-fact

01/31/2011

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

- (1) Total performance shares distributed.
- (2) Mandatory tax withholding on distribution of performance shares.
- (3) Represents portion of the performance shares distributed in cash, after taxes.
- (4) Mandatory tax withholding on vesting of Restricted Stock Units.
- (5) Reflects transfer of 16,129 shares from indirect to direct due to distribution of performance shares.
- (6) Restricted stock units acquired pursuant to 2006 Incentive Plan. Each unit will convert into one share of Issuer's common stock. Units vest on 01/27/2015. Vesting (but not distribution) is accelerated on retirement eligibility

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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