STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

Illinois Bell Telephone Company	**)**	
	)	**Docket No. ___________**
Petition for Approval under Section 7-102 of the Public	**)**	
Utilities Act to Make Loans to AT&T Inc.	**)**	
under a Revolving Credit Note to the Extent Such	**)**	
Approval is Deemed Necessary	**)**	

EXHIBIT B to PETITION

STANDARD & POOR'S

Global Credit Portal
RatingsDirect®

April 26, 2011

AT&T Inc.'s Proposed Notes Due 2016 And 2021 Rated 'A-'

Primary Credit Analyst:
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NEW YORK (Standard & Poor's) April 26, 2011--Standard & Poor's Ratings Services today assigned its 'A-' issue-level rating to AT&T Inc.'s proposed note issues (of an indeterminate total amount at present) due 2016 and 2021. The company intends to use net proceeds of the notes issues for general corporate purposes.

The long-term corporate credit rating on AT&T is 'A-' and the rating outlook is stable. The rating continues to reflect an overall strong business risk profile and a financial risk profile that we consider intermediate, recognizing the company's substantial net free cash flow generation and adequate liquidity. Our business risk assessment incorporates the combined impact of a stronger and growing wireless business, with a wireline segment that we view as having a weaker, but still satisfactory, business risk profile. We weight the wireless segment somewhat more heavily in analyzing AT&T's overall business risk, given our view that the wireless segment will become an increasingly important component of the company's overall credit profile and incorporating the pending acquisition of T-Mobile USA for $39 billion. Although we expect continued growth in wireless, the wireline segment is likely to remain pressured by weak secular trends over the next few years, especially in voice, due to wireless substitution and cable telephony competition.

Based on our preliminary calculation, we believe the acquisition of T-Mobile USA will increase AT&T's leverage to around 2.9x from 2.5x at year-end 2010, which is not sufficient to alter our financial risk assessment of intermediate. Our pro forma adjusted leverage calculation includes adjustments for operating leases and postretirement benefits, as well as $20 billion of incremental debt and T-Mobile USA's EBITDA of about $5.5 billion. (For the latest complete corporate credit rating rationale, see Standard & Poor's research update on AT&T, published March 21, 2011, on RatingsDirect.)

RELATED RESEARCH

- U.S. Telecom And Cable Companies, Strongest To Weakest, April 25, 2011
- Credit FAQ: Top 10 Credit Issues For The U.S. Telecom And Cable Industries In 2011, Feb. 3, 2011
- Industry Report Card: U.S. Telecom Fortunes Mixed, While Cable Remains Resilient For Now, Jan. 24, 2011
- Methodology And Assumptions: Standard & Poor's Standardizes Liquidity Descriptors For Global Corporate Issuers, July 2, 2010
- Key Credit Factors: Business And Financial Risks In The Global Telecommunications, Cable And Satellite Broadcast Industry, Jan. 27, 2009
- Criteria Methodology: Business Risk/Financial Risk Matrix Expanded, May 27, 2009

RATINGS LIST

AT&T Inc.	
Corporate Credit Rating	A-/Stable/A-2

New Rating

AT&T Inc.	
Senior Unsecured	
Notes due 2016 and 2021	A-

Complete ratings information is available to subscribers of RatingsDirect on the Global Credit Portal at www.globalcreditportal.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column.

STANDARD & POOR'S

Global Credit Portal®
RatingsDirect®

August 31, 2011

Bulletin:

Dept. Of Justice's Antitrust Lawsuit To Block AT&T's Acquisition Of T-Mobile USA Does Not Affect AT&T Ratings

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NEW YORK (Standard & Poor's) August 31, 2011--Standard & Poor's Ratings Services said today that its ratings and outlook on AT&T Inc. (A-/Stable/A-2) will currently remain unchanged, despite the U.S. Department of Justice's filing of a civil antitrust lawsuit to block AT&T's proposed $39 billion acquisition of T-Mobile USA, a unit of Deutsche Telekom AG (BBB+/Positive/A-2). In its announcement, the Justice Department said the combination of two of the four largest U.S. wireless carriers would result in "higher prices, fewer choices, and lower quality products for mobile wireless services."

While today's announcement casts some doubt on the deal's likelihood of completion, we believe there are still many potential outcomes. AT&T said it plans to challenge the lawsuit, and according to some published reports, the Justice Department said it is open to possible remedies, which presumably would include significant divestitures of customers or spectrum to alleviate the Justice Department's antitrust concerns. If AT&T does not consummate the merger, we do not believe that we would change our rating or outlook on AT&T Inc. However, without the additional network benefits that would have come from a T-Mobile merger, a heightened rating consideration would be AT&T's alternative strategies to improve its current network coverage, add necessary spectrum, and build out its 4G wireless technology over the next several years. If the merger does not occur, AT&T would appear to be liable for a break-up fee--including $3 billion in cash to Deutsche Telecom--spectrum, and an obligation to enter into a commercial roaming agreement with T-Mobile. We would consider the break-up fee consideration, including the cash payment, to be manageable and within our current ratings on AT&T.

MOODY'S
INVESTORS SERVICE

Credit Opinion: AT&T Inc.

Global Credit Research - 22 Dec 2011

Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Sr Unsec Bank Credit Facility	A2
Senior Unsecured	A2
Commercial Paper	P-1
AT&T Corp.	
Outlook	Stable
Bkd Senior Unsecured	A2
New Cingular Wireless Services, Inc	
Outlook	Stable
Bkd Senior Unsecured	A2
Pacific Bell	
Outlook	Stable
Bkd Senior Unsecured	Baa2
BellSouth Telecommunications, Inc.	
Outlook	Stable
Senior Unsecured	A2
Southwestern Bell Telephone Company	
Outlook	Stable
Bkd Senior Unsecured	A2

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Key Indicators

[1]**AT&T Inc.**

	9/30/2011(L)	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Scale (USD Billion)	$125.6	$124.3	$122.5	$124.0	$118.9
EBITDA Margin	36.4%	36.7%	35.7%	35.1%	35.9%
Debt / EBITDA	2.1x	2.0x	2.1x	2.2x	1.8x
FCF / Debt	6.4%	6.1%	8.9%	4.8%	10.1%
RCF / Debt	31.6%	31.8%	29.0%	34.1%	35.1%

(FFO + Interest Expense) / Interest Expense	**8.5x**	**8.8x**	**7.8x**	**9.3x**	**9.2x**
(EBITDA - Capex) / Interest Expense	**4.4x**	**5.0x**	**4.9x**	**4.5x**	**5.3x**

[1] All ratios are calculated using Moody's standard accounting adjustments

Note: For definitions of Moody's most common ratio terms please see the accompanying *User's Guide*.

Opinion

Rating Drivers

SCALE AND DIVERSIFIED BUSINESS MODEL DRIVE SOLID AND STABLE CASH FLOW FROM OPERATIONS

THWARTING OF T-MOBILE ACQUISITION COULD LEAD TO OTHER HIGH COST SOLUTIONS TO SPECTRUM CHALLENGES

HIGHLY PROFITABLE WIRELESS BUSINESS STILL GROWING, BUT FACES COMPETITIVE HEADWINDS

LEVERAGE REMAINS AT THE UPPER END OF THE RANGE FOR THE A2 RATING

CORE WIRELINE SEGMENT IN SECULAR DECLINE BUT IT STILL PROVIDES ROBUST CASH FLOWS

CAPITAL INTENSITY EXPECTED TO CONTINUE TO SUPPORT GROWTH AND DEFENSE OF SHARE

REGULATORY HEADWINDS COULD HAVE NEGATIVE CREDIT IMPLICATIONS OVER THE LONGTERM

Corporate Profile

AT&T Inc. ("AT&T" or the "Company"), the largest telecommunications company in the USA, is headquartered in Dallas, Texas. The Company generated about $126 billion in revenue in the LTM period ended September 30, 2011.

Recent Events

On December 20, 2011 Moody's confirmed the ratings of AT&T's debt, including the A2 senior unsecured rating and the P-1 short term rating, and concluded the review for possible downgrade placed on March 21, 2011. Moody's confirmed the ratings following the Company's announcement that it is abandoning its proposed acquisition of T-Mobile USA from Deutsche Telekom ("DT" - Baa1 Under Review Up), valued at the time at approximately $39 billion.

SUMMARY RATING RATIONALE

AT&T's underlying A2 senior unsecured rating reflects the Company's position as the largest telecommunications company in the US and its strong and well-diversified cash flow. The Company's rating is also supported by its dominant position as the #1 or #2 operator in nearly all of the key segments in which it operates. In addition, while the Company's upgraded wireline plant and broad scope help it to compete against cable operators and secure business customers, this is offset by secular declines of the

Company's core wireline operations, and persistently weak macroeconomic conditions that have delayed the rebound in the enterprise and wholesale businesses. The potential spectrum crunch, in addition to the loss of iPhone exclusivity and the maturation of the wireless industry in the US, create additional headwinds for the Company. Moody's believes that strong competition coupled with these forces will continue to constrain meaningful growth in EBITDA margins over the intermediate term.

DETAILED RATING CONSIDERATIONS

CANCELLATION OF T-MOBILE ACQUISITION LEADS TO RISKS FOR FUTURE SPENDING ON NETWORK EXPANSION TO COMBAT SPECTRUM CHALLENGES

Due to the cancellation of the T-Mobile acquisition, AT&T will no longer add T-Mobile's 40 megahertz of spectrum to the approximately 100 megahertz it already owns. Rather, AT&T will lose spectrum, given a condition of the transaction breakup that requires spectrum transfer to T-Mobile. Currently, AT&T is using the 700 megahertz band for its 4G-LTE network deployment over the next couple of years. Over time, AT&T will face a spectrum shortage in serving high-end data-centric customers, as it transitions its customers from its current 3G data network to LTE. The acquisition of T-Mobile would have alleviated this shortage, by expanding the spectrum capacity needed to offer the data throughput of LTE networks.

While AT&T should have ample liquidity to make the $3 billion termination payment to T-Mobile, the spectrum disgorgement is a credit negative and could further strain AT&T's congested 3G network. We believe this will lead the company to accelerate the LTE buildout and migrate more traffic to the new technology, and focus on network expansion by building more cell sites. In addition, AT&T may seek to buy spectrum from other operators, such as satellite servicers DISH/EchoStar, or Clearwire. But, until the FCC clears more spectrum capacity, these opportunities will be more limited, or very expensive. Alternatively, AT&T may still strike a network sharing deal with T-Mobile, which would be strategically sound, given the spectrum that AT&T is ceding to T-Mobile. We expect the Company will maintain elevated capital expenditure levels over the next few years, while event risk has risen as the Company must now find another way to deal with a possible spectrum shortage as early as 2015 as it manages the competitive pressures in the US wireless market.

SCALE AND DIVERSIFIED BUSINESS MODEL DRIVE SOLID AND STABLE CASH FLOW FROM OPERATIONS

AT&T's A2 ratings are supported by the Company's dominant position in virtually all of the critical segments of the domestic telecommunications infrastructure. As a diversified national telecommunications operator, the company offers a full range of wireline and wireless services across a broad spectrum of customers from consumers to multi-national enterprises. AT&T regained the leadership position in the US telecommunications industry by virtue of transforming acquisitions that gave the company a nationwide reach in wireless and enterprise segments, along with a strong local wireline presence in 22 states, which Moody's estimates covers about 50 million households, with approximately 24 million households in service as of 9/30/2011.

AT&T is the largest consumer wireline service provider with approximately 38 million switched access lines in service. The Company also enjoys the leading market share in the domestic Enterprise and business telecommunications services market, while it is the second largest wireless carrier with roughly 101 million total subscribers, behind Verizon in terms of total number of subscribers . AT&T is also among the largest telecommunications operators serving multinational enterprise customers globally. The Company's scale, diversity of business segments and its dominant position in various business segments reduce operating risk while providing a platform for generating solid cash flows from operations. For the LTM 3Q 2011 period, AT&T generated $45.7 billion in EBITDA and $38 billion in Cash Flow from Operations (all Moody's adjusted, primarily for capitalized operating leases and unfunded pension liabilities).

AT&T is less exposed than many of its US telecommunications peers to the consumer wireline sector, at about 17% of consolidated revenues, where we expect cable telephony and wireless substitution will continue to pressure the company's retail access lines. AT&T also continues to own a large directories business, which we consider to be a source of relatively stable cash flow, although we recognize the secular pressure on this business, which has seen steadily increasing cash flow declines. In addition, AT&T participates in growth opportunities in Latin America through its minority ownership in America Movil.

LEVERAGE REMAINS AT THE UPPER END OF THE RANGE FOR THE A2 RATING

The Company's current leverage is the result of debt-financed acquisitions and shareholder payouts over the past 4 years. AT&T used nearly $40 billion of cash to pay dividends during this period, as share buybacks have been suspended since 2Q 2008, as the company moved to reduce leverage. While acquisitions of wireless spectrum and rural operators like Dobson, Centennial and Verizon's Alltel spinoffs were strategically appropriate, the debt funded nature of these acquisitions, coupled with shareholder distributions and the widening gap in the pension funding levels, strained AT&T's credit metrics and weakened its financial flexibility within the A2 rating band.

The Company has repaid balance sheet debt by over $7 billion from year-end 2009, primarily by a continued hold on its buyback program, EBITDA and revenue growth and using free cash flows to pay down debt. Moody's notes that AT&T has tendered all their shares of Télefonos de México, S.A. de C.V. (Telmex) for approximately $1.2 billion of cash. In addition, given $3.3 billion of fourth quarter 2011 maturities, and $3 billion in early debt retirement, Moody's expects the Company will end 2011 with slight improvement in adjusted Debt/EBITDA leverage from current levels (2.1 times as of 9/30/2011). These levels are still outside the boundaries expected for an A2-rated issuer, and specifically outside the 2.0 times adjusted Debt/EBITDA leverage which Moody's has previously identified as a potential downgrade benchmark, particularly with expectations that pension underfundings will increase adjusted debt by another $1 billion to $2 billion at year-end 2011. Moody's standard adjustments for pensions and capitalizing operating leases add 0.7 times to the leverage calculations. (Note: Moody's does not include non-pension post-retirement benefit obligations in debt calculations).

We note that debt reduction is, however, mitigated by continued high dividend payouts and expectations of resumptions of stock-buybacks. Although in late 2010 the Company announced that it will resume a stock buyback program, the program was put on hold for the pending T-Mobile acquisition. The Company's stated policy allows stock buybacks when it has restored its reported net Debt/EBITDA leverage targets of between 1.3 times and 1.5 times. We expect the Company will operate at the upper end of this range, and it may resume buyback activity once leverage targets are met, now that the T-Mobile transaction has fallen away. However, as the company's internal targets are different than Moody's adjusted leverage targets, primarily due to pension underfundings, AT&T's ratings will be assessed in light of management's commitment and ability to direct free cash flows towards paying down debt, in light of the intense competitive challenges confronting the sector, and possible event risk of another acquisition surrounding the spectrum shortage.

HIGHLY PROFITABLE WIRELESS BUSINESS STILL GROWING, BUT FACES HEADWINDS

As of 3Q 2011, AT&T Mobility (Mobility) the Company's wireless unit represented approximately 50% of AT&T's consolidated revenue, and we believe this segment's roughly 101 million-strong wireless subscriber base and continuing growth will be a significant driver of the Company's cash flow generation over the foreseeable future. However, we believe wireless cash flow growth will likely slow as the industry matures (the national wireless penetration rate is nearly saturated) and competition increases.

Mobility's revenue growth continues to benefit from strong adoption of smartphones and data-centric devices. At the end of 3Q 2011, about 52.6% of Mobility's postpaid subscriber base used a smartphone.

Despite a very steep consumer-led recession, Mobility's postpaid subscriber churn has remained stable in a narrow band between 1.01% and 1.20% in the last seven quarters. While postpaid subscribers are growing at declining rates across the industry, and the loss of iPhone exclusivity has negatively impacted subscriber additions and revenues, this has been partially offset by increasing wireless broadband penetration and new applications and devices, including "connected devices" such as electronic reading devices, and selling other value-added products, such as music downloads and mobile video, and text messaging. However, as ARPUs from these devices and services are much lower than traditional voice and data service ARPUs, the new wireless devices and services could only provide modest upside to revenue growth. On the other hand, as there is very little cost associated in delivering the value-added products, their growth is expected to contribute healthy operating margins to Mobility.

In light of the maturation of the industry, fairly equal access to popular handsets by the major carriers, and the high cost of adding smartphone subscribers we expect EBITDA margins to remain in the low 40% range over the next two years, while the business risks in the industry are growing. Wireless subscriber growth rates are declining rapidly across the industry, which will eventually translate into slower revenue growth. In addition, ARPUs will come under pressure as more US subscribers sign up for cheaper unlimited prepaid voice and data plans offered by smaller carriers, forcing AT&T to choose between lowering prices or losing a greater share of price conscious customers.

So far Mobility's loss of iPhone exclusivity has had a modest impact on Mobility's cash flow, and does not pressure AT&T's rating unless a price war erupts (we estimate less than a 10% probability of this occurring). In the three quarters since Verizon has been selling the iPhone, AT&T added postpay subscribers (albeit at a much slower rate than during the exclusivity period), most likely due to Mobility's strong penetration in the enterprise sectors and a heavy proportion of family plans among its subscribers. This has enabled AT&T to generate strong free cash flow in its wireless business.

We expect Mobility to continue elevated capital expenditures to expand HSPA+ and LTE services in 2011 and 2012, given the company's intention to fully maximize the utility of its 3G network, especially given that the T-Mobile transaction has fallen away. In the meantime, Mobility is addressing its widely publicized network quality issues by augmenting its backhaul capacity and expanding coverage of the network.

WIRELINE SEGMENT STILL PROVIDES ROBUST CASH FLOWS

Although on an unlevered free cash flow basis (EBITDA less Capex) the wireless segment generated nearly $12.4 billion of free cash flow for twelve months ending 9/30/2011 (Moody's estimate), we estimate that AT&T's wireline segment contributed meaningful unlevered free cash flow of approximately $9.3 billion over the same period. We expect the cash flows generated by the wireline segment, which includes consumer and enterprise customer segments, to remain stable despite secular pressure primarily due to a combination of the following factors: i) growing revenues from increasing penetration of U-verse video and broadband bundles; ii) AT&T's continuing efforts to improve efficiencies by reducing operating costs; and iii) declining capital intensity as U-verse expansion is approaching its targeted build out of 30 million homes by the end of 2011.

AT&T has been successful in managing its operating costs, particularly in the declining incumbent wireline operations. Total headcount at the end of the third quarter was 4% lower than a year ago. Although wireline EBITDA margins are lower than 2007 levels, largely due to lower revenues in a steep economic recession and sustained decline in voice revenues, the Company has been able to hold wireline EBITDA margins stable at about 31% in the last twelve months ended 9/30/2011. AT&T expects to drive more cost savings as it strives to integrate the various business segments under a "One AT&T" selling platform to its customers.

AT&T's exposure to the business sector is about 30% of revenues, making it the second largest business segment after wireless. The recession had severely impacted demand for telecommunication services, but wireline business services revenue has rebounded from the trough of 7.3% year-over-year decline in 3Q 2009 to a 2.7% decline in 3Q 2011. The growth from next generation products, primarily consisting of VPN, Ethernet, and hosting, have partially offset the decline in traditional volume based, voice services. While we expect year-over-year revenue growth rates to remain negative at least over the next 12 months, reflecting a slow economic recovery after a deep recession, we expect improving revenue trends and profitability from this segment will support stable cash flows.

AT&T's U-verse video and broadband delivery platform continues to gain scale, albeit at a slower rate, as the Company added about 176,000 net U-verse video subscribers in the 3Q 2011 period. U-verse revenues grew 50% y/y for 3Q 2011. AT&T's unlevered cash flows from the wireline segments should also be helped by the gradually declining spending on building out the U-verse fiber to the node network (FTTN). AT&T is scheduled to reach its target of 30 million U-verse homes passed by the end of the year.

CAPITAL EXPENDITURES WILL REMAIN HIGH TO SUPPORT GROWTH AND DEFENSE OF SHARE

All of AT&T's business lines require significant capital expenditures to maintain and grow market share. As mentioned above, the spending on U-verse FTTN build will continue to decline gradually, although Moody's believes the decline will be more than offset by the growth in wireless capex and spending to support LTE and HSPA+ expansion in 2011 and 2012.

The Company's ongoing investment and rollout of U-verse service over an FTTN plant has finally overcome the early stage difficulties that were highlighted by technical issues and cost overruns, resulting in lagging subscriber rolls relative to our previous expectations. U-verse customer additions have caught up with and exceeded Verizon's FiOS offering, and telcos' video offerings are gaining a greater share of net video additions. Nevertheless, by adding over 175,000 subscribers in the third quarter of 2011, bringing its total to 3.6 million subscribers at 9/30/11, AT&T still has a long way to go to match cable and DBS providers' dominance of the market.

We expect wireless capital spending to remain high and increase from prior year levels due to network enhancement initiatives, particularly due to the strain placed by the higher than average data usage by iPhone subscribers, and the cancellation of the T-Mobile transaction. In September 2011, Mobility launched LTE service in five markets, with the goal of having 80% of the nation covered by the end of 2013.

REGULATORY HEADWINDS COULD HAVE NEGATIVE CREDIT IMPLICATIONS FOR THE LONGER TERM

Over the previous decade under a generally hands off regulatory environment, AT&T has consolidated the various RBOCs, wireless operators and a long haul operator to reconstitute the largest diversified telecommunications operator in the US. The company's position at all major junctures and points of presence of the domestic and international communications hubs and networks has aided the cash flow generating capability. Over the past year, the FCC has embarked on a series of proposed rulemakings designed to assert greater regulatory control over telecommunications and the Internet in the US. The FCC's proposed initiatives include clarification and codification of its long-standing guidelines on net neutrality, establishing a new framework to foster greater adoption of high speed internet in unserved and underserved areas of the US, and reclassifying some forms of internet access under more stringent communications regulations. We believe that the effect on AT&T of most of the FCC's proposed changes will be muted in the near-term, as many of the proposals wouldn't take effect until at least 2012, with many moves likely to be challenged in courts similar to the aftermath of the Telecom Act of 1996. Some proposed regulatory changes may need Congressional action to move forward, which would further mitigate near-term risk. Nevertheless, the regulatory resurgence by the FCC could have longer-term credit-negative implications because it may affect how AT&T operates in the future and how it will manage its inter-carrier relationships and open access to its network.

Moreover, the US government agencies' strong opposition to the T-Mobile acquisition may limit AT&T's strategic alternatives to acquire more spectrum, as there are few remaining midsize companies in the wireless segment that it can tap for its spectrum needs and pass anti-trust scrutiny.

On the positive side, the FCC is willing to allot more wireless spectrum to the marketplace to meet the growing demand for wireless data applications. In addition, in its proposed rulemakings, the FCC separated the pending regulation between wireline and wireless broadband, recognizing the difference in network capacity and access. The FCC also said that it will not seek to limit the operators' ability to price service or impose bandwidth caps on high-usage customers. This is a major sticking point for AT&T and other carriers' ability to price their service commensurately with network use. If anything, the agency's move to regulate the internet may speed the introduction of more-stringent bandwidth caps or changes in pricing, which would allow AT&T to better manage excessive usage on its networks.

Structural Considerations

AT&T, rated A2, irrevocably and unconditionally guarantees certain issues of AT&T Corp, BellSouth, Mobility, Pacific Belland Southwestern Bell.

Liquidity

We estimate AT&T has very good liquidity for the next twelve months, consisting of $10.8 billion of cash and equivalents as of9/30/2011, augmented by a $10 billion committed bank facility and expected after-dividend free cash flow of over $6.9 billion (Moody's estimate) in FY 2011. Free cash flow generation in 2011 will be supported by the continuation of the stimulus tax benefits, despite continued heavy capital expenditure spend. We believe that the company's free cash flow generation will be relatively flat in 2012 vs. 2011, as AT&T will benefit from a slow-down in U-verse buildouts and additional tax savings, offset by continued elevated capital spending.

During the period when AT&T was seeking regulatory approval to acquire T-Mobile, it had been building its cash position to end the third quarter of 2011 with $10.8 billion in cash & equivalents. Pro forma for $1.2 billion received for the sale of TelMex stock and Moody's estimates of over $1 billion generated in free cash flow in the fourth quarter of 2011, the company has about $13 billion of available cash. Against this cash, the pending uses are $3.3 billion of fourth quarter 2011 maturities, $3 billion in early debt retirement, $3 billion for a break-up fee owed to DT, and $2 billion to close the purchase of Qualcomm's spectrum assets (expected to close in early 2012).

AT&T suspended its share repurchase activity after 2Q 2008 in order to bolster its liquidity and reduce its debt levels. The Company announced a 300 million share repurchase authorization in December 2010, and we expect the resumption of buyback activity to be moderated with possible strategic initiatives to seek more spectrum assets.

AT&T's revolving credit facility consists of a $5 billion 364-day facility (maturing December 2012), and a $5 billion 4 year facility (maturing December 2015). Both facilities can be extended with agreements with the bank group. The 364-day facility is not subject to a material adverse change clause, although the 4 year credit facility is subject to ongoing maintenance of a Debt/EBITDA test of 3.0 times. We expect AT&T to remain comfortably in compliance with this covenant.

Rating Outlook

AT&T's stable outlook reflects Moody's view that the Company will continue strong cash generation and continue to monitor spending decisions in light of an A2 rating.

What Could Change the Rating - Up

Based on Moody's expectations for free cash flow generation and management's indications that it is targeting a net 1.3 times to 1.5 times debt leverage, Moody's believes that a rating upgrade is unlikely over the next couple of years.

What Could Change the Rating - Down

AT&T's rating could be downgraded if a greater-than-expected deterioration in the company's wireline segment, increased competition in the wireless segment, macroeconomic conditions, maturation of the wireless business in the US, or changes in the regulatory environment cause the company's leverage (Moody's adjusted) to remain above 2.0 times and Free Cash Flow/Debt to stay below 5%. Negative rating pressure would likely develop if the company performs debt financed acquisitions or shareholder payouts such that financial policies were to materially deviate from its commitment to maintain a strong balance sheet and liquidity, and if the company's leverage target of 1.5 times (without any of Moody's adjustments) were to become unsustainable or unattainable.

Other Considerations

Unless stated otherwise, all cited metrics reflect the use of Moody's standard analytic adjustments and the projected financial metrics are based on Moody's expectations of the Company's financial performance.

AT&T's A2 senior unsecured rating compares favorably to the A3 indicated rating from grid under Moody's global telecom methodology based on our expectations that management will continue to improve the company's financial leverage. Below are the rating factors that help guide AT&T's A2 rating.

Rating Factors

AT&T Inc.

Global Telecommunications Industry [1][2]	**LTM Ending 9-30-2011**			**Moody's 12-18 Month Forward View**	
Factor 1: Scale And Business Model, Competitive Environment And Technical Positioning (27%)					
a) Scale (USD Billion)	$125.6	Aaa		$124 to $130	Aaa
b) Business Model, Competitive Environment and Technical Positioning	x	Aa		x	Aa
Factor 2: Operation Environment (16%)					
a) Regulatory and Political	x	Baa		x	Baa
b) Market Share	x	A		x	A
Factor 3: Financial Policy (5%)					
a) Financial Policy	x	A		x	A
Factor 4:Operating Performance (5%)					
a) EBITDA Margin	36.4%	Baa		37% to 40%	Baa
Factor 5: Financial Strength (47%)					
a) Debt / EBITDA	2.1x	Baa		1.9x to 2.0x	A
b) FCF / Debt	6.4%	Ba		7% to 8%	Ba
c) RCF / Debt	31.6%	Baa		31% to 33%	Baa
d) (FFO + Interest Expense) / Interest Expense	8.5x	A		8x to 9x	A
e) (EBITDA - Capex) / Interest Expense	4.4x	Baa		4x to 5x	Baa
Rating:					
a) Indicated Rating from Grid	A3			A2	
b) Actual Rating Assigned	A2				

[1] All ratios are calculated using Moody's standard accounting adjustments [2] As of 9/30/2011(L); Source: Moody's Financial Metrics

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FITCH AFFIRMS AT&T'S RATINGS AT 'A'; ASSIGNS STABLE OUTLOOK

Fitch Ratings-Chicago-20 December 2011: Fitch Ratings has affirmed the 'A' Issuer Default Ratings (IDRs) and debt security ratings of AT&T Inc. (AT&T) (NYSE: T) and its subsidiaries. The ratings have been removed from Rating Watch Negative and a Stable Rating Outlook has been assigned. In addition, Fitch has assigned an 'A' rating to AT&T's new $5 billion, 364-day revolving credit facility. A full rating list is shown below.

Fitch had placed AT&T's ratings on Rating Watch Negative on March 21, 2011 following the company's announcement of a definitive agreement to acquire T-Mobile USA, Inc.'s (T-Mobile USA) assets from Deutsche Telekom AG (DT) in a $39 billion cash and stock transaction. On Dec. 19, 2011, AT&T and DT mutually agreed to terminate the transaction following actions by the Federal Communications Commission and the Department of Justice to block the transaction. AT&T will incur a fourth quarter 2011 charge of $4 billion and pay T-Mobile USA a break up fee consisting of $3 billion in cash and $1 billion book value of spectrum.

In Fitch's view, the current 'A' rating is supported by AT&T's financial flexibility, which will enable it to maintain leverage in a 1.5 times (x) to 1.7x range appropriate for the current rating category. Additional key factors considered in AT&T's ratings include the company's diversified revenue mix, its significant size and economies of scale as the largest telecommunications operator in the U.S., and Fitch's expectation that AT&T will benefit from continued growth in wireless operating cash flows.

The primary concern for AT&T remains its need to address intermediate spectrum needs to support continued wireless growth now that the acquisition of T-Mobile USA has been terminated. In Fitch's view, AT&T will continue to seek spectrum to address its needs. Fitch believes AT&T has up to a two-year window before such needs become a pressing concern and Fitch will assess the effect of efforts to gain access to spectrum on AT&T's credit profile as the financial implications become known. Fitch also notes that AT&T did not engage in stock repurchase activities while the T-Mobile USA transaction was being reviewed, and that stock repurchases could be reviewed in light of the company's strong FCF. In Fitch's opinion, repurchases could have an effect on the company's credit profile if they were to exceed expected FCF levels.

For the last 12 months (LTM) ending Sept. 30, 2011, AT&T's gross leverage was 1.8x but was only 1.5x on a net debt basis. Fitch expects yearend 2012 gross leverage to approximate 1.5x, which takes into account the payment of the break-up fee and the acquisition of the wireless spectrum from Qualcomm. In 2011, Fitch estimates FCF will approximate $5 billion, prior to the payment of the break up fee, and in 2012 FCF could approximate a similar level.

Liquidity is provided by cash and free cash flow (FCF), and additional financial flexibility is provided by availability on the company's revolving credit facilities. At Sept. 30, 2011, total debt outstanding was approximately $71.2 billion, an increase from approximately $66.2 billion at the end of 2010. Of the total, $8.9 billion consists of debt maturing within one year. At Sept. 30, 2011, cash amounted to $10.8 billion, and in the LTM ending Sept. 30, 2011, AT&T produced $5.4 billion in FCF (net cash provided by operating activities less capital expenditures and dividends).

The company did not have any drawings on its four-year $5 billion revolving credit facility on Sept. 30, 2011. The facility's maturity was extended one year to December 2015 on Dec. 19, 2011. At the end of the third quarter, there were no outstanding amounts on the previous $3 billion 364-day revolving credit facility. The latter facility was replaced by a new $5 billion, 364-day facility on Dec. 19, 2011. The principal financial covenant, which is only in the four-year agreement, requires debt to EBITDA, as defined in the agreement, to be no more than 3x.

AT&T increased guidance for capital spending in 2011 to the $20 billion range compared to earlier 2011 guidance in the low to mid $19 billion range. This compares to the $20.3 billion spent in 2010. The increase in capital spending guidance is due primarily from wireless. The company indicates pre-dividend FCF is expected to grow from the $14.7 billion achieved in 2010. Fitch believes reinforcing its strong competitive position in the wireless business and wireless fiber backhaul related spending will remain priorities of AT&T's 2011 capital spending.

As of Nov. 28, 2011, AT&T had $2 billion in maturing debt in 2011, consisting of a May 2012 issue that was called and will be repaid on Dec. 28, 2011. Maturing debt in 2012, including amounts that could be put to the company, approximates $3.4 billion.

The following rating has been withdrawn due to the termination of the T-Mobile USA transaction:

AT&T, Inc.
--$20 billion bridge financing facility 'A'.

The following ratings have been affirmed:

AT&T, Inc.
--Long-Term IDR at 'A';
--Senior unsecured debt at 'A';
--$5 billion four-year revolving credit facility at 'A';
--Short-Term IDR at 'F1';
--Commercial paper at 'F1'.

AT&T Corp.
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

BellSouth Corp.
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

BellSouth Capital Funding Corp.
--Senior unsecured at 'A'.

BellSouth Telecommunications, Inc.
--IDR at 'A';
--Senior unsecured at 'A'.

AT&T Mobility LLC (formerly Cingular Wireless, LLC)
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

New Cingular Wireless Services, LLC (formerly AT&T Wireless Services, Inc.)
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

Ameritech Capital Funding
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

Indiana Bell Telephone Company
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

Michigan Bell Telephone Company
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

Pacific Bell Telephone Company
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

Wisconsin Bell Telephone Company
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

Southwestern Bell Telephone Company
--Long-term IDR at 'A';
--Senior unsecured at 'A'.

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Applicable Criteria and Related Research:
--'Corporate Rating Methodology' (Aug. 12, 2011);
--'Rating Global Telecoms Companies' (Sept. 16, 2010).

Applicable Criteria and Related Research:
Corporate Rating Methodology
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=647229
Rating Global Telecoms Companies - Sector Credit Factors
http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=550205

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