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AT&T profit beats expectations, shares rise

Wednesday April 22, 2009, 9:05 am EDT

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NEW YORK (Reuters) - AT&T Inc (NYSE:T - [News](#)) posted a smaller-than-expected drop in quarterly profit due to strong growth in its nascent video and high-speed Internet service, sending shares up 2 percent.



Reuters - The AT&T logo is seen at a building in a handout photo. REUTERS/AT&T/Handout ...

Growth in wireless subscribers, which met Wall Street expectations, also helped AT&T offset declines in its traditional telephone business.

The biggest U.S. phone company's first quarter profit fell to \$3.13 billion, or 53 cents per share, from \$3.46 billion, or 57 cents a share, a year earlier. The results beat the average analyst forecast of 48 cents per share, according to Reuters Estimates.

While revenue edged down 0.6 percent to \$30.57 billion, which was below average analyst expectations for \$31.06 billion, investors were pleased with AT&T's performance in its growth markets, including its U-verse video service.

"You had broadband net adds very strong, U-verse net adds very strong and wireless was very strong," said Commresearch analyst Gregory Lundberg. "For this economy, it was an outstanding performance."

AT&T added 284,000 subscriptions to U-verse in the first quarter, ahead of three analyst estimates that ranged from 240,000 to 281,500 subscriptions. It added 264,000 subscribers in the fourth quarter, giving U-verse a total subscriber base of 1.3 million.

The company added 359,000 broadband Internet subscribers in the quarter, well ahead of Lundberg's forecast for 225,000

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additions.

AT&T, which trails Verizon Wireless, owned by Verizon Communications ([VZ](#) - [News](#)) and Vodafone (LSE:VOD.L - [News](#)) in mobile phone customers, added 1.2 million net cell phone customers in the quarter, in line analyst expectations.

The company said 1.6 million customers activated services on the AT&T network using Apple Inc's (NasdaqGS:AAPL - [News](#)) iPhone during the quarter, more than 40 percent of which were new AT&T customers.

AT&T shares rose 2 percent in premarket trade on Wednesday to \$25.80.

(Reporting by Sinead Carew; editing by John Wallace and Derek Caney)

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