ABERDEEN CHILE FUND, INC.
Form PRE 14A
November 13, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

x	Preliminary Proxy Statement
o	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
o	Definitive Proxy Statement
o	Definitive Additional Materials
o	Soliciting Material under §240.14a-12

Aberdeen Chile Fund, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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o	Fee paid previously with preliminary materials.	
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(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

ABERDEEN CHILE FUND, INC.

December 11, 2017

DEAR SHAREHOLDER:

You are cordially invited to attend the annual meeting of shareholders (the "Annual Meeting") and a special meeting of shareholders (the "Special Meeting", and together with the Annual Meeting, the "Meetings") of Aberdeen Chile Fund, Inc. (the "Fund") to be held on Friday, January 19, 2018 at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103. The Annual Meeting will be held at 9:30 a.m. (Eastern time) and the Special Meeting will be held at 10:00 a.m.

The purpose of the Meetings is to seek shareholder approval of the proposals described in the enclosed proxy statement. At the Annual Meeting, shareholders of the Fund are being asked to approve the election of three Directors to the Board of Directors of the Fund (the "Annual Meeting Proposal"). At the Special Meeting, shareholders of the Fund are being asked to approve (i) an amendment to the Fund's Articles of Incorporation to increase the total number of shares of capital stock, (ii) the issuance of additional shares of common stock of the Fund in connection with the reorganizations of certain other closed-end funds into the Fund, (iii) the elimination of the Fund's fundamental investment policy to invest primarily in Chilean securities, (iv) an amendment to the Fund's fundamental investment restriction relating to borrowing and (v) an amendment to the Fund's Investment Advisory Agreement to provide that fees payable thereunder will be calculated at a lower annual rate based solely on net assets (each, a "Special Meeting Proposal" and collectively with the "Annual Meeting Proposal," the "Proposals").

The Proposals are being made in connection with the proposed consolidation of several closed-end funds, including the Fund. As discussed more fully in the enclosed proxy statement, the consolidation would be effected pursuant to separate Agreements and Plans of Reorganization between the Fund and each other closed-end fund (each, a "Target Fund") under which the Target Fund would reorganize into the Fund, subject in each case to the approval of the Target Fund's shareholders and certain other conditions (each, a "Reorganization" and collectively, the "Reorganizations"). Following the consolidation, the Fund will commence a tender offer for its shares. It is expected that assets distributed in the tender offer, together with accrued capital gains to be distributed in 2018, will aggregate up to a maximum distribution of 50%, and not less than 40%, of the net assets of the Fund post-consolidation. The Fund's shareholders are not required to approve the Reorganizations.

If approved by shareholders, the election of certain nominees for Director and the Special Meeting Proposals would take effect immediately before or upon the first Reorganization closing. In addition, as discussed more fully in the enclosed proxy statement, the Board has approved changes to the Fund's name, ticker symbol, investment objective and investment strategy (the "Additional Fund Changes"). The Additional Fund Changes will also take effect upon the first Reorganization closing, but are not required to be approved by Fund shareholders. It is anticipated that, if approved by Target Fund shareholders, each Reorganization will close on the same date.

The Board has unanimously approved and recommends that you vote "FOR" each of the Proposals.

I encourage you to carefully review the enclosed materials, which explain the Proposals in more detail. **As a shareholder, your vote is important, and we hope that you will respond today to ensure that your shares will be represented at the Meetings.** You may vote using one of the methods below by following the instructions on your proxy cards:

- By signing, dating and returning the enclosed proxy card in the postage-paid envelope;
- By telephone, using the toll free number on the enclosed proxy card;
- Through the Internet, using the website on the enclosed proxy card; or
- In person at the Meetings.

If you do not vote using one of these methods, you may be called by AST Fund Solutions, LLC, the Fund's proxy solicitor, to vote your shares.

If you have any questions regarding the enclosed proxy materials or need assistance in voting your shares, please call the Fund at 1-800-522-5465 or call AST Fund Solutions, LLC, the Fund's proxy solicitor, at 1-888 288-0951 (Monday to Friday, 9:00 a.m. to 10:00 p.m. Eastern time).

Sincerely,

/S/ CHRISTIAN PITTARD

CHRISTIAN PITTARD
PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE FUND

IMPORTANT INFORMATION
FOR FUND SHAREHOLDERS

While we encourage you to read the full text of the enclosed proxy statement for Aberdeen Chile Fund, Inc. (the "Fund"), for your convenience we have provided a brief overview, in a Questions and Answers format, of the proposals to be voted on.

Questions and Answers

Q. Why am I receiving this proxy statement?

A. The annual meeting of shareholders (the "Annual Meeting") and a special meeting of shareholders (the "Special Meeting" and together with the Annual Meeting, the "Meetings") of the Fund each will be held on Friday, January 19, 2018 at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103. The Annual Meeting will be held at 9:30 a.m. (Eastern time) and the Special Meeting will be held at 10:00 a.m. The enclosed proxy statement describes proposals that will be voted on at the Meetings, and which are being made in connection with the proposed consolidation of several closed-end funds into the Fund, which will have been restructured into a multi-cap emerging markets equity income fund. As a shareholder of the Fund as of the close of business on November 7, 2017 (the "Record Date"), you are entitled to notice of and to vote at the Meetings with respect to the proposals.

Q. What am I being asked to vote "FOR" in the proxy statement?

A. The purpose of the Meetings is to seek shareholder approval of proposals recently approved by the Fund's Board of Directors (the "Board," the members of which are referred to as "Directors") in connection with the consolidation of up to eight closed-end funds, including the Fund. Contingent on the consolidation, the Fund's investment strategy would change to a multi-cap emerging markets equity income investment strategy. The consolidation would achieve certain economies of scale and other operational efficiencies.

In the consolidation, the Fund would consolidate with one or more the following other closed-end funds: Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. ("ABE"), Aberdeen Israel Fund, Inc. ("ISL"), Aberdeen Indonesia Fund, Inc. ("IF"), Aberdeen Latin America Equity Fund, Inc. ("LAQ"), Aberdeen Singapore Fund, Inc. ("SGF"), Aberdeen Greater China Fund, Inc. ("GCH") and The Asia Tigers Fund, Inc. ("GRR" and collectively with ABE, ISL, IF, LAQ, SGF and GCH, the "Target Funds" and each, a "Target Fund"). The consolidation of each Target Fund with the Fund would be effected pursuant to an Agreement and Plan of Reorganization between the Fund and the Target Fund, and would be subject to the approval of the Target Fund's shareholders and certain other conditions (each, a "Reorganization" and collectively, the "Reorganizations"). The Reorganizations have been approved by the Fund's Board, but do not require approval by the Fund's shareholders. Shareholders of the Fund, however, are being asked to approve the proposals discussed in the enclosed proxy statement to enable the Fund to serve as the surviving fund in the consolidation and to allow the Fund to follow an emerging markets equity income investment strategy that utilizes leverage following the consolidation.

Specifically, shareholders of the Fund are being asked:

At the Annual Meeting:

1. To elect three Directors to the Board of Directors of the Fund (the "Annual Meeting Proposal").

At the Special Meeting:

1. To approve an amendment to the Fund's Articles of Incorporation to increase the total number of shares of capital stock ("Proposal 1");

2. To approve the issuance of additional shares of common stock of the Fund in connection with the Reorganizations ("Proposal 2");

3. To approve the elimination of the Fund's fundamental investment policy to invest primarily in Chilean equity and debt securities ("Proposal 3");

4. To approve an amendment to the Fund's fundamental investment restriction regarding borrowing to allow the Fund to use leverage for investment purposes ("Proposal 4"); and

5. To approve an amendment to the Fund's Investment Advisory Agreement to provide that fees payable thereunder will be calculated at a lower annual rate based solely on net assets ("Proposal 5," and collectively with Proposal 1, Proposal 2, Proposal 3 and Proposal 4, the "Special Meeting Proposals," and the Special Meeting Proposals together with the Annual Meeting Proposal, the "Proposals").

Q. Why am I being asked to vote on the election of three Directors in the Annual Meeting Proposal?

A. Section 16 of the Investment Company Act of 1940, as amended (the "1940 Act"), requires that certain percentages of directors on boards of registered investment companies, such as the Fund, must have been elected by shareholders under various circumstances. In general, at least a majority of the directors must have been elected to such office by shareholders. In addition, new directors cannot be appointed by existing directors to fill vacancies created by retirements, resignations or an expansion of a board unless, after those appointments, at least two thirds of the directors have been elected by shareholders.

The current Board, in considering the Reorganizations, was informed that, in order to represent the interests of Target Funds and their shareholders, certain individuals who currently serve as directors of a Target Fund be considered for nomination and election to the Board of the Fund post-Reorganizations (the "Combined Fund"), effective upon the Reorganization of the applicable Target Fund into the Fund. The current Board considered the candidates and nominated three of them for election to the Board of the Combined Fund (the "Post-Reorganization Nominees"). The Post-Reorganization Nominees are set out in the Annual Meeting Proposal.

With the exception of Enrique R. Arzac, each of the Fund's current Directors will continue to serve as Directors. Under the Fund's retirement policy, Mr. Arzac's term will expire at the Annual Meeting. Currently, there are no planned changes to the officers of the Fund if the Reorganizations are completed and the Post-Reorganization Nominees are elected.

Q. How do the Special Meeting Proposals relate to the Reorganizations?

A. The purpose of Proposal 1 is to enable the Fund to have a sufficient number of authorized shares of capital stock to issue to each Target Fund to effect the Reorganizations. The purpose of Proposal 2 is to authorize the issuance of additional shares of common stock in connection with the Reorganizations, which shares would be listed on the NYSE American (formerly, NYSE MKT), the exchange on which the Fund's outstanding shares of common stock are listed.

The Fund and the Target Funds are closed-end funds with different, but in most cases similar, investment objectives and policies. The Board has approved and the board of directors of each Target Fund has reviewed an investment strategy for the Combined Fund that has broader appeal than the more focused investment strategies

currently followed by the Fund and each of the Target Funds. Specifically, the Combined Fund would follow a multi-cap emerging markets equity income investment strategy that utilizes leverage. Since the Fund currently has a fundamental investment policy to invest primarily in Chilean equity and debt securities, shareholders are being asked in Proposal 3 to approve the elimination of such policy so that the Fund may implement the proposed investment strategy. Similarly, since the Fund's current fundamental investment restriction related to borrowing restricts the Fund's ability to borrow for leverage purposes, shareholders are being asked in Proposal 4 to approve an amendment to such restriction so that the Fund may employ leverage. The Fund will also need to implement certain other changes to its investment strategy described below, which have been approved by the Board, but do not require shareholder approval.

The purpose of Proposal 5 is to amend the Fund's Investment Advisory Agreement to provide for, under most circumstances, a reduced advisory fee, which is expected to make the Fund more attractive as a surviving fund to Target Fund shareholders voting on the Reorganizations and is also expected to make the Combined Fund more attractive to investors going forward.

The Special Meeting Proposals will take effect immediately before or upon the first Reorganization closing.

Q. Did the Board approve any other changes to the Fund relating to the Reorganizations?

A. As noted above, the Board has approved and the board of directors of each Target Fund have reviewed an investment strategy for the Combined Fund that has broader appeal than the more focused investment strategies currently followed by the Fund and each of the Target Funds. Specifically, the Board has approved changes to certain of the Fund's investment policies to enable it to follow a multi-cap emerging markets equity income investment strategy that utilizes leverage. These changes include those presented in Proposals 3 and 4, as noted above, as well as the amendment or elimination of the Fund's non-fundamental or operating policies that are inconsistent with the Fund's proposed investment strategy. These changes also included the adoption of a non-fundamental policy for the Fund to invest, under normal market conditions, at least 80% of its net assets, plus any borrowings for investment purposes, in emerging market equity securities.

The Board also approved a change in the Fund's investment objective to remove language indicating that the Fund will invest primarily in Chilean securities. Under its new investment objective, the Fund would seek total return through a combination of capital appreciation and income. Further, the Board approved changing the Fund's name to Aberdeen Emerging Markets Equity Income Fund, Inc. to reflect its revised investment strategy, and changing the Fund's ticker symbol to "AEF" to be consistent with the Fund's revised name. In connection with the revised investment strategy, the Fund's benchmark would change to the MSCI Emerging Markets Index. Lastly, the Board approved a total expense limitation agreement that provides for the Fund's investment adviser to waive fees and/or reimburse expenses (excluding leverage costs, interest, brokerage commissions and any non-routine expenses) to the extent necessary so that the Fund's total expense ratio does not exceed 1.20% for two years from the date of the first Reorganization closing.

The changes to the Fund's investment policies, other than those contemplated by Proposals 3 and 4, the changes to the Fund's name, ticker symbol, investment objective and benchmark index and the new expense limitation agreement (collectively, the "Additional Fund Changes") do not require shareholder approval, and will take effect upon the first Reorganization closing.

Q. Will the team managing the Fund change if the Reorganizations are completed and what is the experience of the team that will manage the Combined Fund?

The Fund's investment adviser is Aberdeen Asset Managers Limited ("AAML"), which is a wholly-owned subsidiary of Aberdeen Asset Management PLC ("Aberdeen PLC"). AAML and its affiliates are referred to herein as "Aberdeen". Aberdeen has a very large global emerging markets equity (GEM) investment team with over 50 investment professionals. The GEM team, which is currently responsible for the day-to-day management of the Fund, will also be responsible for the day-to-day management of the Combined Fund following the consolidation. Information regarding the members of the GEM team that will have the most significant responsibility for the day-to-day management of the Combined Fund's portfolio is set out under under Proposal 3.

The GEM team has approximately $49 billion in assets under management and has been investing in emerging market equities since the 1980s. The GEM team undertakes fundamental, first hand company research across emerging markets and makes approximately 1,800 company visits annually. The GEM team will follow a similar investment process for the Combined Fund that it currently uses for the Fund. Many of the securities the GEM team proposes to initially hold in the Combined Fund's portfolio following the Fund Consolidation are securities that are currently held in existing GEM team-managed portfolios. The GEM team has experience over many years managing listed closed-end funds with income or total return as an investment objective including First Trust/Aberdeen Emerging Opportunity Fund (listed in the United States), Aberdeen Asian Income Fund Limited (listed in the United Kingdom) and Aberdeen Latin American Income Fund Limited (listed in the United Kingdom).

Q. What is the proposed amendment to the Fund's Investment Advisory Agreement that shareholders are being asked to approve in Proposal 5?

A. The proposed amendment to the Fund's Investment Advisory Agreement that shareholders are being asked to approve in Proposal 5 would reduce the annual rate payable by the Fund to the Fund's investment adviser, but base the calculation of the advisory fee on net assets rather than the lower of market value or net assets. The current and proposed advisory fee rates are as follows:

Current Advisory Fee Rate	**Proposed Advisory Fee Rate**
• 1.20% of the first $50 million of the Fund's average weekly market value or net assets (whichever is lower); • 1.15% on amounts from $50 - $100 million; • 1.10% on amounts from $100 - $150 million; • 1.05% on amounts from $150 - $200 million; • 1.00% on amounts above $200 million.	• 0.90% of the first $250 million of the Fund's net assets; • 0.80% on the next $250 million; and • 0.75% on amounts above $500 million.

Since the advisory fee rate is lower at each asset level, it is anticipated that the Fund will pay a lower advisory fee in most circumstances under the proposed advisory fee rate. However, because the proposed advisory fee would be calculated based on net assets while the current advisory fee is calculated based on the lower of net assets or market value, there are certain limited circumstances under which the advisory fee payable under the proposed advisory fee rate could be higher. Such a circumstance would only occur in the event that the Fund is trading at such a significant discount that the percentage reduction in the annual fee rate is less than the percentage discount of the market value to net asset value. The proposed amendment to the Investment Advisory Agreement contains no other changes other than the proposed advisory fee rate change.

Q. Why did the Fund's Board vote to approve the Proposals, the Additional Fund Changes and the Reorganizations (collectively, the "Fund Consolidation")?

A. The Fund's shares have tended to trade in recent years at prices that are below their net asset values, or at a discount. The Fund's investment adviser and the Board have regularly analyzed options to address the discount at which Fund shares have traded. As a result of those considerations, the Board had authorized, but does not require, Fund management to make open market purchases from time to time in an amount up to 10% of the Fund's outstanding shares when, in the reasonable judgment of Fund management, such repurchases may enhance shareholder value. Nonetheless, the Fund's discount has persisted. Each of the Target Funds has been facing similar discounts and issues and, for most of the Target Funds, institutional investors have accumulated significant holdings. Given the size of these holdings, the Target Funds are vulnerable to shareholder proposals that could be costly to the Target Funds, distracting to management and potentially detrimental to certain investors. In light of the changes in the markets and the potential for activism, an affiliate of the Fund's investment adviser and the investment advisers of each Target Fund undertook an analysis of available alternatives, ultimately recommending a consolidation of the Fund and the Target Funds into a single Aberdeen-advised fund, which would be restructured to have an emerging markets equity income strategy, followed by a post-consolidation tender offer to provide liquidity to shareholders and increase the likelihood of shareholder support for the consolidation. The Board and the Target Funds' boards asked for further analysis supporting this recommendation and other available alternatives, such as liquidation.

After further review and consideration, the Board was tentatively in favor of pursuing the Fund Consolidation followed by a tender offer. Certain Target Fund boards were advised that it would be difficult, if not impossible, to obtain the shareholder vote necessary to implement the Fund Consolidation without the support of certain large institutional holders. These holders subsequently advised that they support a consolidation and that, given the significant change to the strategy of each Target Fund that would result from the Fund Consolidation, it would, in their view, be advisable and appropriate for the Combined Fund to conduct a tender offer in order to provide liquidity to shareholders of the Fund and the Target Funds that may not wish to remain invested in a Combined Fund with an emerging markets equity income focus. The Board considered that the tender offer would provide an opportunity for both Fund shareholders and for Target Fund shareholders to sell at least a portion of the shares of the Combined Fund at a price close to net asset value ("NAV").

The Board approved the Fund Consolidation because the Board believes that the Fund Consolidation would be in the best interests of Fund shareholders. The Board believes that the Reorganizations provide the following potential benefits to Fund shareholders:

i. a lower operating expense ratio;

ii. an expected dividend yield for the Combined Fund that is higher than the current dividend yield of the Fund, with the dividend yield expected to be enhanced through the use of leverage by the Combined Fund;

iii. greater secondary market liquidity for the Combined Fund's shares of common stock, which may result in tighter bid-ask spreads;

iv. better trade execution for shareholders when purchasing or selling shares of common stock;

v. improved premium/discount levels;

vi. operating and administrative efficiencies, including greater investment flexibility and investment options, greater diversification of portfolio investments, the ability to trade in larger positions and more favorable transaction terms;

vii. benefits from having fewer closed-end funds in the market, including an increased focus by investors on the remaining funds in the market (including the Combined Fund) and additional research coverage; and

viii. benefits from having fewer similar funds in the same fund complex achieved from reorganizing Target Funds into the Fund, including a simplified operational model and a reduction in risk of operational, legal and financial errors.

The Board considered the Fund Consolidation in detail, including a proposal for the Board of the Combined Fund to add as members certain individuals who currently serve as board members of one or more of the Target Funds, subject to election by shareholders, and the range of sizes of a tender offer that might be conducted after the Fund Consolidation. The Board recognized that the size of the tender offer should be limited so that the Combined Fund maintains sufficient assets in order to achieve certain benefits of a consolidation. For example, higher trading volume is generally associated with a larger fund. Nonetheless, the Board of the Fund and the board of each Target Fund were of the view that a tender offer of a meaningful size post-Fund Consolidation is reasonable and appropriate. In considering the tender offer amount, the Board was also cognizant that the Combined Fund will realize capital gains in connection with the realignment of its portfolio following the Fund Consolidation and that the required distributions of those gains would shrink the size of the Combined Fund. With these considerations in mind, the Funds and the Target Funds except GRR entered into a Standstill Agreement with City of London Investment Management Company Limited ("CoL"), a large holder of certain Target Funds, which requires the Combined Fund to commence a tender offer for shares of the Combined Fund at 99% of NAV in an amount that, together with capital gains then-accrued by the Combined Fund and to be distributed in 2018, will aggregate up to a maximum distribution of 50%, and not less than 40%, of the net assets of the Combined Fund. The size and final terms of the tender offer will be determined at a later date.

In addition to a requirement to conduct a tender offer on the terms described above, the Standstill Agreement with CoL requires the Combined Fund to establish a targeted discount policy, which will seek to manage the Combined Fund's share trading discount by: (1) committing the Combined Fund to buy back shares in the open market when the Combined Fund's shares trade at a discount of 10% or more to NAV and (2) undertaking a 15% tender offer if the average discount exceeds 11% of NAV over any rolling twelve-month period commencing on the closing of a Reorganization and ending on December 31, 2019, provided that the Combined Fund shall not be required to conduct more than one tender offer during such period. Also, pursuant to the Standstill Agreement, the Combined Fund's expense ratio will be capped at 1.20% (excluding leverage costs, taxes, interest, brokerage commissions and any non-routine expenses) through December 31, 2019, which the Fund's investment adviser has agreed to extend until two years from the date of the first Reorganization closing.

The Standstill Agreement will remain in effect until the earliest of the "Standstill Period" (which expires on December 31, 2019), such other date mutually agreed by the parties to the Agreement or termination of the Agreement. The Standstill Agreement will terminate if the Fund or any Target Fund fails to complete its Reorganization on or before the end of the second calendar quarter of 2018 or the Fund fails to complete the tender offer and distribute the proceeds of the tender offer in cash to the participating shareholders on or before the end of the third calendar quarter of 2018, unless the parties agree to extend the time period for such actions.

Under the Standstill Agreement, CoL has agreed to (1) tender all shares of the Combined Fund beneficially owned by it in the tender offer, (2) vote all shares beneficially owned by it in favor of all Combined Fund Director nominees and all proposals submitted at shareholder meetings in 2018 relating to the Fund Consolidation and (3) be bound by certain "standstill" covenants through December 21, 2019.

Q. How will the Fund Consolidation affect the Fund's fees and expenses?

A. The Fund's Board believes that the completion of the Fund Consolidation would result in a reduced total expense ratio for the shareholders of the Fund because certain fixed administrative costs would be spread across the Combined Fund's larger asset base. In addition, the amendment to the Fund's investment advisory agreement would reduce the Fund's advisory fees in most instances, as described above, and the proposed expense limitation agreement described above would cap the Combined Fund's total operating expenses (excluding leverage costs, taxes, interest, brokerage commissions and any non-routine expenses) at 1.20% for two years from the date of the first Reorganization closing. As described in more detail in the enclosed proxy statement, these changes are expected to reduce the Fund's total expense ratio (after taking into account the advisory fee reduction and expense cap) to 1.46% assuming a fully subscribed tender offer and 50% reduction in assets as a result of the tender offer and capital gains distributions following the Fund Consolidation and the implementation of leverage in the amount of 10% of the Combined Fund's total assets. The amount of cost savings depends on several factors, including the number of and particular Reorganizations consummated and the extent to which the post-Fund Consolidation distributions and tender offer reduce the net assets of the Combined Fund.

Q. Are any of the Proposals contingent upon the approval of any other Proposal(s) or on the Reorganizations?

A. The election of each Post-Reorganization Nominee is contingent upon the Reorganization of the Target Fund for which such Post-Reorganization Nominee currently serves as a director. If such Target Fund's shareholders do not approve the Reorganization of their Target Fund, the term of the corresponding Post-Reorganization Nominee will not commence and the Board will be comprised of the Post-Reorganization Nominees that have received the requisite shareholder vote and whose Target Fund's Reorganization has been approved by shareholders, plus the remaining board members.

Each of the Special Meeting Proposals, as well as the Additional Fund Changes, is contingent upon shareholder approval of Proposals 1, 2 and 3. Thus, if Proposal 1, Proposal 2 or Proposal 3 is not approved, none of the Special Meeting Proposals or the Additional Fund Changes will go into effect and the Reorganizations will not proceed; in which case the Board will consider other options with respect to the Fund. If Proposal 4 and/or Proposal 5 is not approved, but Proposal 1, Proposal 2 and Proposal 3 are approved, the Reorganizations will proceed and Proposal 1, Proposal 2 and Proposal 3 will go into effect. If Proposal 4 is not approved, the Fund's revised investment strategy would not utilize leverage, and if Proposal 5 is not approved, the Fund's current advisory fee rate would remain in effect.

As noted above, the Special Meeting Proposals and Additional Fund Changes will take effect immediately before or upon the first Reorganization closing. If none of the Reorganizations are consummated because they either were not approved by Target Fund shareholders or the conditions for consummation are not met, none of the Special Meeting Proposals or Additional Fund Changes will take effect and the Fund will continue to operate as it does currently.

Q. If Proposals 1, 2 and 3 are approved, when will the Fund Consolidation take place?

A. If Proposals 1, 2 and 3 are approved, and one or more of the Reorganizations are approved by Target Fund shareholders, it is expected that the Fund Consolidation will occur in the second quarter of 2018. Although it is anticipated that the Reorganizations would all be consummated on the same date, one or more Reorganizations could be delayed and occur at a later date. Although the Fund would be permitted to utilize leverage for investment purposes upon the Fund Consolidation if Proposal 4 is approved, it is not anticipated that the Fund would implement leverage until after the proposed tender offer is completed. Management believes that with more certainty as to the size of the Fund after the Reorganization(s), it can seek more competitive proposals from potential lenders.

Q. Will my vote make a difference?

A. Your vote is very important and can make a difference in the governance and management of the Fund, no matter how many shares you own. Your vote can help ensure that the Proposals recommended by the Board can be implemented. We encourage all shareholders to participate in the governance of the Fund.

Q. How do the Directors of my Fund recommend that I vote?

A. The Directors of your Fund recommend that you vote "FOR" each Proposal.

Q. What is the required vote?

A. Shareholders of the Fund must approve each Proposal for it to be effective. With regard to the Annual Meeting Proposal, the affirmative vote of a majority of the votes cast of common stock outstanding and entitled to vote thereon at the Annual Meeting at which a quorum is present is necessary for the election of a Director. Each of Proposal 1 and Proposal 2 must be approved by the affirmative vote of a majority of votes entitled to be cast at the Special Meeting. Each of Proposal 3, Proposal 4 and Proposal 5 must be approved by the affirmative vote of a "majority of the outstanding voting securities" of the Fund (as defined in the 1940 Act), which, for this purpose, means the affirmative vote of the lesser of (1) more than 50% of the outstanding voting securities of the Fund, or (2) 67% or more of the voting securities of the Fund present at the Special Meeting, if more than 50% of the outstanding voting securities of the Fund are represented at the Special Meeting in person or by proxy.

Q. Is the Fund paying for the preparation, printing and mailing of the proxy statement?

A. The expense of preparation, printing and mailing of the enclosed proxy statement, Notice of Annual Meeting of Shareholders, Notice of Special Meeting of Shareholders and proxy cards will be borne by the Fund. It is estimated that these costs will total approximately [$47,000].

Q. Whom do I call if I have questions?

A. If you need any assistance, or have any questions regarding the Proposals or how to vote your shares, please call the Fund at 1-800-522-5465 or call AST Fund Solutions, LLC, the Fund's proxy solicitor, at 1-888 288-0951 (Monday to Friday, 9:00 a.m. to 10:00 p.m. Eastern time).

Q. How do I vote my shares?

A. You can vote in one of the following four ways:

- **By Mail:** You may vote by completing the enclosed proxy card by dating, signing and returning it in the postage-paid envelope. Please note that if you sign and date the proxy card but give no voting instructions, your shares will be voted "FOR" each Proposal described above.

- **In Person:** Attend the Meetings and vote as described in the proxy statement.

- **By Telephone:** You may vote by telephone by calling 1-888-288-0951.

- **By Internet:** You may vote online by visiting www.proxyonline.com/docs/aberdeenchilefund2017.pdf.

To vote by telephone or Internet, you will need the "control number" that appears on your proxy card(s).

Q. Will anyone contact me?

A. You may receive a call to verify that you received your proxy materials, to answer any questions you may have about the Proposals and to encourage you to vote.

Please vote. Your vote is important.

We urge you to indicate your voting instructions on the proxy cards, if received by mail, date and sign them and return them promptly in the envelope provided, or record your voting instructions by telephone or via the Internet, no matter how large or small your holdings may be. If you submit a properly executed proxy but do not indicate how you wish your shares to be voted, your shares will be voted "FOR" each Proposal. If your shares are held through a broker, you must provide voting instructions to your broker about how to vote your shares in order for your broker to vote your shares as you instruct at the Meetings.

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ABERDEEN CHILE FUND, INC.

1735 Market Street, 32nd Floor
Philadelphia, PA 19103

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To be held on January 19, 2018

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that the annual meeting of shareholders of Aberdeen Chile Fund, Inc. (the "Fund") will be held at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, on Friday, January 19, 2018 at 9:30 a.m. (Eastern time) (the "Annual Meeting") to consider and vote on the following proposal (the "Annual Meeting Proposal"), and to consider and act upon such other matters as may properly come before the Annual Meeting or any adjournments or postponements thereof:

1. To elect three Directors to the Board of Directors of the Fund.

The Annual Meeting Proposal is discussed in greater detail in the enclosed Proxy Statement. You are entitled to notice of, and to vote at, the Annual Meeting if you owned shares of the Fund at the close of business on November 7, 2017 (the "Record Date"). If you attend the Annual Meeting, you may vote your shares in person. Even if you expect to attend the Meeting, please complete, date, sign and return the enclosed proxy card in the enclosed postage-paid envelope.

We will admit to the Annual Meeting (1) all shareholders of record on the Record Date, (2) persons holding proof of beneficial ownership at the Record Date, such as a letter or account statement from the person's broker, (3) persons who have been granted proxies, and (4) such other persons that we, in our sole discretion, may elect to admit. All persons wishing to be admitted to the Meeting must present photo identification. If you plan to attend the Annual Meeting, we ask that you call us in advance at 1-800-522-5465.

This notice and related proxy material are first being mailed to shareholders on or about December 11, 2017.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on January 19, 2017: This Notice and the Proxy Statement are available on the Internet at http://www.aberdeen-asset.us/cef. On this website, you will be able to access the Notice, the Proxy Statement, and any amendments or supplements to the foregoing material that are required to be furnished to shareholders.

By order of the Board of Directors,

/S/ MEGAN KENNEDY

MEGAN KENNEDY, VICE PRESIDENT AND SECRETARY

ABERDEEN CHILE FUND, INC.

WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE ANNUAL MEETING. ACCORDINGLY, YOU ARE REQUESTED TO PLEASE DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD FOR THE ANNUAL MEETING PROMPTLY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. IT IS IMPORTANT THAT YOUR PROXY CARD BE RETURNED PROMPTLY IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION. YOU ALSO HAVE THE OPPORTUNITY TO PROVIDE VOTING INSTRUCTIONS VIA TELEPHONE OR THE INTERNET. TO VOTE BY TELEPHONE PLEASE CALL THE TOLL-FREE NUMBER LOCATED ON YOUR PROXY CARD. TO VOTE BY USING THE INTERNET, PLEASE USE THE LINK LOCATED ON YOUR PROXY CARD AND FOLLOW THE ON-SCREEN INSTRUCTIONS.

December 11, 2017
Philadelphia, Pennsylvania

ABERDEEN CHILE FUND, INC.

1735 Market Street, 32nd Floor
Philadelphia, PA 19103

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To be held on January 19, 2018

TO THE SHAREHOLDERS:

NOTICE IS HEREBY GIVEN that a special meeting of shareholders of Aberdeen Chile Fund, Inc. (the "Fund") will be held at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, on Friday, January 19, 2018 at 10:00 a.m. (Eastern time) (the "Special Meeting") to consider and vote on the following proposals (each, a "Proposal" and collectively, the "Proposals"), as more fully described in the accompanying proxy statement, and to consider and act upon such other matters as may properly come before the Special Meeting or any adjournments or postponements thereof:

PROPOSAL 1: To approve an amendment to the Fund's Articles of Incorporation increase the total number of shares of capital stock.

PROPOSAL 2: To approve the issuance of additional shares of common stock of the Fund in connection with the reorganizations of certain other closed-end funds into the Fund.

PROPOSAL 3: To approve the elimination of the Fund's fundamental investment policy to invest primarily in Chilean securities.

PROPOSAL 4: To approve an amendment to the Fund's fundamental investment restriction regarding borrowing to allow the Fund to use leverage for investment purposes.

PROPOSAL 5: To approve an amendment to the Fund's investment advisory agreement to provide that fees payable thereunder will be calculated at a lower annual rate based solely on net assets.

The Proposals are discussed in greater detail in the enclosed Proxy Statement. You are entitled to notice of, and to vote at, the Special Meeting if you owned shares of the Fund at the close of business on November 7, 2017 (the "Record Date"). If you attend the Special Meeting, you may vote your shares in person. Even if you expect to attend the Meeting, please complete, date, sign and return the enclosed proxy card in the enclosed postage-paid envelope.

We will admit to the Special Meeting (1) all shareholders of record on the Record Date, (2) persons holding proof of beneficial ownership at the Record Date, such as a letter or account statement from the person's broker, (3) persons who have been granted proxies, and (4) such other persons that we, in our sole discretion, may elect to admit. All persons wishing to be admitted to the Special Meeting must present photo identification. If you plan to attend the Special Meeting, we ask that you call us in advance at 1-800-522-5465.

This notice and related proxy material are first being mailed to shareholders on or about December 11, 2017.

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Shareholders to Be Held on January 19, 2018: This Notice and the Proxy Statement are available on the Internet at http://www.aberdeen-asset.us/cef. On this website, you will be able to access the Notice, the Proxy Statement, and any amendments or supplements to the foregoing material that are required to be furnished to shareholders.

By order of the Board of Directors,

/S/ MEGAN KENNEDY

MEGAN KENNEDY, VICE PRESIDENT AND SECRETARY
ABERDEEN CHILE FUND, INC.

WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING IN PERSON, IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE SPECIAL MEETING. ACCORDINGLY, YOU ARE REQUESTED TO PLEASE DATE, SIGN AND RETURN THE ENCLOSED PROXY CARD FOR THE SPECIAL MEETING PROMPTLY. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. IT IS IMPORTANT THAT YOUR PROXY CARD BE RETURNED PROMPTLY IN ORDER TO AVOID THE ADDITIONAL EXPENSE OF FURTHER SOLICITATION. YOU ALSO HAVE THE OPPORTUNITY TO PROVIDE VOTING INSTRUCTIONS VIA TELEPHONE OR THE INTERNET. TO VOTE BY TELEPHONE PLEASE CALL THE TOLL-FREE NUMBER LOCATED ON YOUR PROXY CARD. TO VOTE BY USING THE INTERNET, PLEASE USE THE LINK LOCATED ON YOUR PROXY CARD AND FOLLOW THE ON-SCREEN INSTRUCTIONS.

December 11, 2017
Philadelphia, Pennsylvania

ABERDEEN CHILE FUND, INC.

(the "Fund")

1735 Market Street, 32nd Floor
Philadelphia, PA 19103

PROXY STATEMENT

For the Annual and Special Meetings of Shareholders
to be held on January 19, 2018

This proxy statement (the "Proxy Statement") is furnished in connection with the solicitation by the Board of Directors of the Fund (the "Board," the members of which are referred to as "Directors") of proxies for use at the annual meeting of shareholders (the "Annual Meeting") and a special meeting of shareholders (the "Special Meeting," and together with the Annual Meeting, the "Meetings") to be held at the offices of Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, on January 19, 2018, and at any adjournments or postponements thereof. The Annual Meeting will be held at 9:30 a.m. Eastern time, and the Special Meeting will be held at 10:00 a.m. Eastern time. A Notice of Annual Meeting of Shareholders, a Notice of Special Meeting of Shareholders and proxy cards (each, a "Proxy Card") accompany this Proxy Statement. This Proxy Statement is first being mailed to shareholders on or about December 11, 2017.

The purpose of the Meetings is to seek shareholder approval of the following proposals:

At the Annual Meeting:

1. To elect three Directors to the Board of the Fund (the "Annual Meeting Proposal").

At the Special Meeting:

1. To approve an amendment to the Fund's Articles of Incorporation to increase the total number of shares of capital stock ("Proposal 1");

2. To approve the issuance of additional shares of common stock of common stock of the Fund in connection with the reorganizations of certain other closed-end funds into the Fund ("Proposal 2");

3. To approve the elimination of the Fund's fundamental investment policy to invest primarily in Chilean equity and debt securities ("Proposal 3");

4. To approve an amendment to the Fund's fundamental investment restriction regarding borrowing to allow the Fund to use leverage for investment purposes ("Proposal 4"); and

5. To approve an amendment to the Fund's investment advisory agreement to provide that fees payable thereunder will calculated at a lower annual rate based solely on net assets ("Proposal 5" and collectively with Proposal 1, Proposal 2, Proposal 3 and Proposal 4 the "Special Meeting Proposals," and the Special Meeting Proposals together with the Annual Meeting Proposal, the "Proposals").

The Proposals are being made in connection with the proposed consolidation of several closed-end funds with the Fund. Upon the consolidation, the Fund's investment strategy would change to a multi-cap emerging markets equity income investment strategy that utilizes leverage. The consolidation would combine up to eight funds, including the Fund with different, but in most cases similar, investment objectives and investment policies to achieve certain economies of scale and other operational efficiencies. The consolidation would be effected pursuant to separate Agreements and Plans of Reorganization between the Fund and each of Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. ("ABE"), Aberdeen Israel Fund, Inc. ("ISL"), Aberdeen Indonesia Fund, Inc. ("IF"), Aberdeen Latin America Equity Fund, Inc. ("LAQ"), Aberdeen Singapore Fund, Inc. ("SGF"), Aberdeen Greater China Fund, Inc. ("GCH") and The Asia Tigers Fund, Inc. ("GRR" and collectively with ABE, ISL, IF, LAQ, SGF and GCH, the "Target Funds" and each, a "Target Fund"), under which the Target Fund would reorganize into the Fund, subject in each case to the approval of the Target Fund's shareholders and certain other conditions (each a "Reorganization", and together, the "Reorganizations"). The Fund's shareholders are not required to approve the Reorganizations, but are being asked to approve each of the Special Meeting Proposals which are necessary to enable the Fund to serve as the surviving fund in the consolidation. The Fund's shareholders are also being asked to approve the Annual Meeting Proposal in connection with the consolidation.

All properly executed proxies received prior to the Meetings will be voted at the Meetings, or at any adjournments thereof, in accordance with the instructions marked on the applicable proxy card. Unless instructions to the contrary are marked on the applicable proxy card, proxies received will be voted **"FOR"** each Proposal. The persons named as proxy holders on the proxy card will vote in their discretion on any other matters that may properly come before the Meetings or any adjournments or postponements thereof. Any proxy may be revoked at any time prior to its exercise by submitting a properly executed, subsequently dated proxy, giving written notice to Megan Kennedy, Secretary of the Fund, 1735 Market Street, 32nd Floor, Philadelphia, Pennsylvania 19103, or by attending the Meetings and voting in person. Shareholders may authorize proxy voting by using the enclosed proxy cards along with the enclosed envelope with pre-paid postage or vote by telephone or the Internet as described on your proxy card(s). Shareholders do not have dissenter's rights of appraisal in connection with the matters to be voted on by the shareholders at the Meetings.

A quorum of shareholders for a Meeting is constituted by the presence in person or by proxy of the holders of a majority of the outstanding shares of the Fund entitled to vote at the Meeting. In the event that a quorum is not present at a Meeting, the chairman of the Meeting or the holders of a majority of those shares present in person or by proxy will have the power to adjourn the Meeting, without notice other than an announcement at the Meeting, until the requisite number of shares entitled to vote at the Meeting is present. Absent the establishment of a subsequent record date and the giving of notice to the holders of record thereon, the adjourned Meeting must take place not more than 120 days after the record date. At such adjourned Meeting, any business may be transacted which might have been transacted at the original Meeting. If a quorum is present, a shareholder vote may be taken on any proposal properly brought before the Meeting prior to any adjournment if sufficient votes have been received and it is otherwise appropriate.

For purposes of the Annual Meeting Proposal, withheld votes and broker "non-votes" (that is, proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular matter with respect to which the brokers or nominees do not have discretionary power) will be treated as shares that are present for the purposes of determining a quorum for the transaction of business, but will not be counted as votes cast and will have no effect on the result of the vote. For purposes of determining the presence of a quorum for transacting business at the Special Meeting, abstentions and broker "non-votes" will be treated as shares that are present and will have the effect of votes "against" the Special Meeting Proposals. Accordingly, shareholders are urged to forward their voting instructions promptly.

Only shareholders or their duly appointed proxy holders can attend the Meetings and any adjournment or postponement thereof. To gain admittance, if you are a shareholder of record or a proxy holder of a shareholder of record, you must bring a form of photo identification to the Meetings, where your name will be verified against our shareholder list. If a broker or other nominee holds your shares and you plan to attend the Meetings, you should bring a recent brokerage statement showing your ownership of the shares, as well as a form of personal identification. If you are a beneficial owner and plan to vote at the Meetings, you should also bring a proxy card from your broker.

The Board has fixed the close of business on November 7, 2017 as the record date (the "Record Date") for the determination of shareholders entitled to notice of, and to vote at, each Meeting and at any adjournment or postponement thereof.

The Fund has one class of shares of capital stock, par value $0.001 per share. Each share of the Fund is entitled to one vote on each Proposal at the Meetings, and fractional shares are entitled to a proportionate share of one vote. On the Record Date, [9,357,689] shares of common stock of the Fund were issued and outstanding.

Important Notice Regarding the Availability of Proxy Materials for the Annual and Special Meetings to be Held on Friday, January 19, 2018. The Proxy Materials and the Fund's most recent annual and semi-annual reports are available on the Internet at http://www.aberdeen-asset.us/cef. The Fund will furnish, without charge, a copy of its most recent annual report, and any more recent reports, to Fund shareholders upon request. To request a copy, please write to the Fund c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor, Philadelphia, PA 19103, or call 1-800-522-5465. You may also call for information on how to obtain directions to be able to attend the Meetings and vote in person.

BACKGROUND ON THE FUND CONSOLIDATION

The Reorganizations seek to combine eight funds that have different, but in most cases similar, investment objectives and investment policies to achieve certain economies of scale and other operational efficiencies. In the consolidation, the Fund would consolidate with one or more the Target Funds. The consolidation of each Target Fund with the Fund would be effected pursuant to an Agreement and Plan of Reorganization between the Fund and the Target Fund (each, a "Plan of Reorganization"), and would be subject to the approval of the respective Target Fund's shareholders and certain other conditions (each, a "Reorganization" and collectively, the "Reorganizations"). The Reorganizations have been approved by the Fund's Board, but do not require approval by the Fund's shareholders. Shareholders of the Fund, however, are being asked to approve each of the Proposals to enable the Fund to serve as the surviving fund in the consolidation and to allow the Fund to follow an emerging markets equity income investment strategy that utilizes leverage following the consolidation.

The Board has approved and the board of directors of each Target Fund has reviewed an investment strategy for the Fund post-Reorganizations (the "Combined Fund") that has broader appeal than the more focused investment strategies currently followed by the Fund and each of the Target Funds. Specifically, the Combined Fund would follow a multi-cap emerging markets equity income investment strategy that utilizes leverage. These changes included those reflected in Proposals 3 and 4, as well as the amendment or elimination of the Fund's non-fundamental or operating policies that are inconsistent with the Fund's proposed investment strategy. These changes also include the adoption of a non-fundamental policy for the Fund to invest, under normal market conditions, at least 80% of its net assets, plus any borrowings for investment purposes, in emerging market equity securities. The Board also approved a change in the Fund's investment objective to remove language indicating that the Fund will invest primarily in Chilean securities. Under its new investment objective, the Fund would seek total return through a combination of capital appreciation and income. Further, the Board approved changing the Fund's name to Aberdeen Emerging Markets Equity Income Fund, Inc. to reflect its revised investment strategy, and changing the Fund's ticker symbol to "AEF" to be consistent with the Fund's revised name. In connection with the revised investment strategy, the Fund's benchmark would change to the MSCI Emerging Markets Index. Further, the Board approved a new expense limitation agreement whereby Fund operating expenses (excluding leverage costs, taxes, interest, brokerage commissions and any non-routine expenses) would be capped at 1.20% for two years from the date of

5

the first Reorganization closing. The changes to the Fund's investment policies, other than those contemplated by Proposals 3 and 4, and the changes to the Fund's name, ticker symbol, investment objective, expense limitation and benchmark index (collectively, the "Additional Fund Changes") do not require shareholder approval, and will take effect upon the first Reorganization closing. A comparison of the Fund's current and proposed investment objective, strategies, policies, risks and fundamental investment restrictions is set out in Appendix A.

At the Annual Meeting, shareholders are being asked to elect as Directors of the Fund three individuals who currently serve as independent directors of a Target Fund (the "Post-Reorganization Nominees") so that the Board of the Fund includes members who can represent the interests of the Target Funds and their shareholders. Further, a tender offer would be conducted for shares of the Combined Fund at 99% of net asset value ("NAV"). It is expected that assets distributed in the tender offer together with capital gains accrued to-date by the Fund and to be distributed in 2018 will aggregate up to a maximum distribution of 50%, and not less than 40%, of the net assets of the Combined Fund.

Board Consideration of the Reorganizations, Proposals and Additional Fund Changes (collectively, the "Fund Consolidation")

The Fund's shares have tended to trade in recent years at prices that are below their net asset values. Over the years, the Fund's investment adviser and the Board have regularly analyzed options to address the discount at which Fund shares have traded. As a result of those considerations, the Board had authorized, but does not require, Fund management to make open market purchases from time to time in an amount up to 10% of the Fund's outstanding shares when, in the reasonable judgment of Fund management, such repurchases may enhance shareholder value. Nonetheless, the Fund's discount has persisted. Each of the Target Funds has been facing similar discounts and issues and, for most of the Target Funds, institutional investors have accumulated significant holdings. Given the size of these holdings, the Target Funds are vulnerable to shareholder proposals that could be costly to the Target Funds, distracting to management and potentially detrimental to certain investors. In light of the changes in the markets and the potential for shareholder activism, an affiliate of the Fund's investment adviser and the investment advisers of each Target Fund undertook an analysis of available alternatives, ultimately recommending a consolidation of the Fund and the Target Funds into a single Aberdeen-advised fund, which would be restructured to have an emerging markets equity income strategy. The recommendation included conducting a tender offer post-consolidation to provide liquidity to shareholders and increase the likelihood of shareholder support. The Board and the Target Funds' boards asked for further analysis supporting this recommendation and reviewed other available alternatives, such as liquidation.

After further review and consideration, the Board was tentatively in favor of pursuing the Fund Consolidation followed by a tender offer. Certain Target Fund boards were advised that it would be difficult, if not impossible, to obtain the shareholder vote necessary to implement the Fund Consolidation without the support of certain large institutional holders. These Target Fund shareholders subsequently advised that they support a consolidation and that, given the significant change to the strategy of each Target Fund that would result from the Fund Consolidation, it would, in their view, be advisable and appropriate for the Combined Fund to conduct a tender offer in order to provide liquidity to shareholders of the Fund and the Target Funds that may not wish to remain invested in a fund with an emerging markets equity income focus. The Board considered that the tender offer would provide an opportunity for both Fund shareholders and for Target Fund shareholders to sell at least a portion of the shares of the Combined Fund at a price close to NAV.

The Board considered the Fund Consolidation over a series of meetings (collectively, the "Board Meetings"). The Board (or one or more of its Committees) met on June 13, 2017, September 6, 11, and 12, 2017 October 12 and 30, 2017 and November 13, 2017. In preparation for the Board Meetings, the Fund's investment adviser or its affiliates provided the Board with information regarding the proposed Reorganizations, including the rationale therefor. Based on the considerations below, the Board, including the Directors who are not "interested persons" (as that term is defined in the Investment Company Act of 1940 (the "1940 Act")) ("Independent Directors"), has determined

6

that each potential combination of Reorganizations would be in the best interests of the Fund's shareholders and that the interests of the existing shareholders of the Fund would not be diluted as a result of each Reorganization. The Board considered a number of factors in reaching its determinations, including, but not limited to, the following:

- potential for improved economies of scale and a lower total expense ratio with respect to the Fund;
- the potential effects of the Reorganizations on the Fund's premium/discount to NAV;
- the broader appeal of a global emerging markets equity income strategy than the Fund's current more narrow Chile-focused strategy;
- the compatibility of the Fund's current investment objective, policies and related risks with those of the Combined Fund;
- the potential for improved secondary market trading;
- the potential for operating and administrative efficiencies;
- the effects on the Fund's undistributed net investment income;
- the expected costs of the Reorganizations;
- the terms of the Reorganizations and whether the Reorganizations would dilute the interests of shareholders of the Fund;
- any potential benefits of the Reorganizations to the Fund's investment adviser and its affiliates.

The Board's determination was made on the basis of each Director's business judgment after consideration of all of the factors taken as a whole with respect to the Fund and its shareholders, although individual Directors may have placed different weight on various factors and assigned different degrees of materiality to various factors. Further, the Board considered all of the aspects of the Reorganizations, including the Proposals and the Additional Fund Changes that would be required to enable the Fund to serve as the surviving fund in each Reorganization and to allow the Fund to follow an emerging markets equity income investment strategy that utilizes leverage following the Reorganizations, and concluded that the Fund Consolidation is in the best interests of the Fund's shareholders. If any one or more of the Proposals is not approved by Fund shareholders, or if none of the Reorganizations are ultimately consummated, then none of the Special Meeting Proposals or Additional Fund Changes will take effect and the Board will consider further options with respect to the Fund.

The Board further considered the Fund Consolidation in detail, including that the Board for the Combined Fund was proposed to add as members certain individuals who currently serve as board members of one or more of the Target Funds, subject to election by shareholders, and the range of sizes of a tender offer that might be conducted by the Combined Fund after the Fund Consolidation. The Board recognized that the size of the tender offer should be limited so that the Combined Fund maintains sufficient assets in order to achieve certain benefits of a consolidation. For example, higher trading volume is generally associated with a larger fund. Nonetheless, the Board of the Fund and the board of each Target Fund were of the view that a tender offer of a meaningful size post-Fund Consolidation is reasonable and appropriate. In considering the tender offer amount, the Board was also cognizant that the Combined Fund will realize capital gains in connection with the realignment of its portfolio following the Fund Consolidation and that the required distributions of those gains would shrink the size of the Combined Fund. With these considerations in mind, the Fund and the Target Funds except for GRR entered into a Standstill Agreement with City of London Investment Management Company Limited ("CoL"), a large shareholder of certain Target Funds, which requires the Combined Fund to commence a tender offer for shares of the Combined Fund at 99% of NAV in an amount that, together with capital gains then-accrued by the Combined Fund and to be distributed in

2018, will aggregate up to a maximum distribution of 50%, and not less than 40%, of the net assets of the Combined Fund. The size and final terms of the tender offer will be determined at a later date.

In addition to a requirement to conduct a tender offer on the terms described above, the Standstill Agreement requires the Combined Fund to establish a targeted discount policy, which will seek to manage the Combined Fund's share trading discount by: (1) committing the Combined Fund to buy back shares in the open market when the Combined Fund's shares trade at a discount of 10% or more to NAV and (2) undertaking a 15% tender offer if the average discount exceeds 11% of NAV over any rolling twelve-month period commencing on the closing of a Reorganization and ending on December 31, 2019, provided that the Fund shall not be required to conduct more than one tender offer during such period. Also, pursuant to the Standstill Agreement, the Combined Fund's expense ratio will be capped at 1.20% (excluding leverage costs, taxes, interest, brokerage commissions and any non-routine expenses) through December 31, 2019, which the Fund's investment adviser has agreed to extend until two years from the date of the first Reorganization closing.

Pursuant to the Standstill Agreement, CoL has agreed to (1) tender all shares of the Combined Fund beneficially owned by it in the proposed tender offer, (2) vote all shares beneficially owned by it in favor of all Post-Reorganization Director nominees and proposals submitted at the 2018 special and/or annual meetings relating to the Fund Consolidation and (3) be bound by certain "standstill" covenants through December 31, 2019.

If the Fund or any Target Fund fails to complete the applicable Reorganization on or before the end of the second calendar quarter of 2018 or the Combined Fund fails to complete the proposed tender offer and distribute the proceeds of the tender offer in cash to the participating shareholders on or before the end of the third calendar quarter of 2018, the Standstill Agreement will terminate and be of no further force or effect unless the parties agree to extend the time period for such actions. The Standstill Agreement will remain in full force and effect until the earliest of: (i) December 31, 2019; (ii) termination of the Standstill Agreement as described above; and (iii) such other date mutually agreed in writing between the Fund and Target Funds and CoL.

Expenses

The Fund's Board believes that the completion of the Fund Consolidation would result in a reduced total expense ratio for the shareholders of the Fund because certain fixed administrative costs would be spread across the Combined Fund's larger asset base. In addition, Aberdeen Asset Managers Limited ("AAML"), the Fund's investment adviser, is proposing in Proposal 5 an amendment to the Fund's Investment Advisory Agreement that would reduce the Fund's advisory fees under most circumstances and, as noted above, AAML has contractually agreed to limit the total operating expenses of the Combined Fund (excluding leverage costs, taxes, interest, brokerage commissions and any non-routine expenses) from exceeding 1.20% for two years from the date of the first Reorganization closing. The Combined Fund will be authorized to reimburse AAML for management fees previously limited and/or for expenses previously paid by AAML, provided, however, that any reimbursements must be paid at a date not more than three years after the date when AAML limited the fees or reimbursed the expenses and the reimbursements do not cause the Fund to exceed the lesser of the applicable expense limitation in the contract at the time the fees were limited or expenses are paid or the applicable expense limitation in effect at the time the expenses are being recouped by AAML. The proposed amendment to the Fund's Investment Advisory Agreement that shareholders are being asked to approve in Proposal 5 would reduce the annual rate payable by the Fund to AAML, but base the calculation of the advisory fee on net assets rather than the lower of market value or net assets. The current and proposed advisory fee rates are as follows:

	Fund	Combined Fund
Advisory fee	• 1.20% of the first $50 million of the Fund's average weekly market value or net assets (whichever is lower); • 1.15% on amounts from $50 - $100 million; • 1.10% on amounts from $100 - $150 million; • 1.05% on amounts from $150 - $200 million; • 1.00% on amounts above $200 million.	• 0.90% of the first $250 million of the Fund's average weekly net assets; • 0.80% on the next $250 million; and • 0.75% on amounts above $500 million.

The Combined Fund is expected to benefit from economies of scale and certain operating efficiencies that should result in a lower total expense ratio. The level of expense savings will vary depending on the combination of the Target Funds that reorganize in the Fund Consolidation and the level of the Combined Fund's net assets following any required capital gain distributions and the proposed tender offer. The below table provides some information on the pro forma Combined Fund's total expense ratio if all Reorganizations are consummated (both prior to the proposed tender offer (third column) and assuming a reduction in Combined Fund net assets of 50% as a result of the capital gain distributions and tender offer (fourth column)) compared to the Fund's current total expense ratio (first column), both before the impact of the expense cap that would go into effect upon the first Reorganization closing (gross) and after the impact of the cap (net). The table also shows the pro forma Combined Fund's total expense ratio if the only Reorganization consummated is the Reorganization that will yield the least amount of cost savings (assuming a reduction in Combined Fund net assets of 50% as a result of the capital gain distributions and tender offer (second column)). It is expected that other possible permutations of Reorganizations will yield a pro forma Combined Fund total expense ratio within the range of the pro forma Combined Fund total expense ratios set out in the second and third columns in the table below. In addition, as stated above, the Combined Fund intends to utilize leverage as part of its investment strategy. AAML estimates that initially such leverage will equate to approximately 10% of the Combined Fund's total assets. Accordingly, the table below shows the pro forma expense ratios of the Combined Fund excluding the interest expenses associated with such leverage and including the interest expenses associated with such leverage. The total expense ratios in the table below are based on information for the Fund and Target Funds from their most recent available financial statements:

	Current Total Expense Ratio	**Highest Potential Pro Forma Combined Fund Total Expense Ratio***	**Lowest Potential Pro Forma Combined Fund Total Expense Ratio Pre-Tender Offer**	**Lowest Potential Pro Forma Combined Fund Total Expense Ratio Post-Tender Offer****
Excluding Interest Expense Associated with Estimated Leverage				
Gross	2.41%	1.67%	1.13%	1.28%
Net	2.21%	1.20%	1.13%	1.20%
*Including Interest Expense Associated with Estimated Leverage****				
Gross	2.41%****	1.95%	1.38%	1.54%
Net	2.21%****	1.48%	1.38%	1.46%

* Assumes that the only Reorganization consummated is the Reorganization that will yield the least amount of cost savings and assumes a reduction in Combined Fund net assets of 50% as a result of the capital gain distributions and tender offer

9

** Assumes all Reorganizations are consummated and assumes a reduction in Combined Fund net assets of 50% as a result of the capital gain distributions and tender offer.

*** Includes interest expense associated with estimated leverage, but does not reflect the increase in assets that would result from the use of leverage.

**** The Fund does not currently use leverage, so the current expense ratio does not include any interest expenses associated with leverage.

Although it is expected that the Fund's shareholders would experience a lower total expense ratio on both a gross and net basis, there can be no assurance that future expenses will not increase or that any expense savings for the Combined Fund will be realized.

Comparison of the Fund Before and After the Proposed Fund Consolidation

As noted above, if the requisite approvals by Fund and Target Fund shareholders are obtained and the Fund Consolidation is implemented, the Fund would undergo several changes, only some of which require shareholder approval at the Special Meeting. The below table highlights certain material changes to the Fund if the Fund Consolidation is implemented. As shown, the Fund will cease to focus on Chilean securities and will invest in emerging market equity securities more broadly. As a result, the Combined Fund may have little exposure to the performance of Chilean securities. In certain cases, such as the assets under management ("AUM"), the below table assumes that all of the Reorganizations are consummated and that all of the Proposals are approved.

	Current Fund	**Combined Fund**
Fund Name	Aberdeen Chile Fund, Inc.	Aberdeen Emerging Markets Equity Income Fund, Inc.
Ticker	CH	AEF
Exchange	NYSE American (formerly known as NYSE MKT)	NYSE American (formerly known as NYSE MKT)
Investment objective	The Fund seeks total return, consisting of capital appreciation and income, by investing primarily in Chilean securities.	The Fund seeks total return through a combination of capital appreciation and income.
80% investment policy	Under normal market conditions, substantially all, but not less than 80%, of the Fund's net assets will be invested in Chilean securities.	Under normal market conditions, the Fund will invest at least 80% of its net assets (plus any borrowings for investment purposes) in emerging markets equity securities.

	Current Fund	Combined Fund
Leverage Restriction	The Fund may not issue senior securities, borrow or pledge its assets, except that the Fund may borrow from a bank for temporary or emergency purposes in amounts not exceeding 5% (taken at the lower of cost or current value) of its total assets (not including the amount borrowed) and may also pledge its assets to secure such borrowings; provided that the Fund may borrow from a bank an amount not exceeding 33 1/3% of its total assets (not including the amount borrowed) for the purpose of (a) obtaining amounts necessary to make distributions for qualification as a registered investment company or to avoid imposition of an excise tax under United States tax laws and (b) to pay Fund expenses outside Chile, and not for the purpose of leveraging. Additional investments may not be made when borrowings exceed 5% of the Fund's total assets.	The Fund may not borrow money or issue senior securities, except that the Fund may enter into reverse repurchase agreements and may otherwise borrow money and issue senior securities as and to the extent permitted by the 1940 Act or any rule, order or interpretation thereunder.
Benchmark	Morgan Stanley Capital International Chile Index	Morgan Stanley Capital International Emerging Markets Index
AUM/Pro Forma AUM as of August 31, 2017	$85.9 million	$1,030 million
Number of authorized shares	100 million	1 billion
Advisory fee	• 1.20% of the first $50 million of the Fund's average weekly market value or net assets (whichever is lower); • 1.15% on amounts from $50 - $100 million; • 1.10% on amounts from $100 - $150 million; • 1.05% on amounts from $150 - $200 million; • 1.00% on amounts above $200 million.	• 0.90% of the first $250 million of the Fund's average weekly net assets; • 0.80% on the next $250 million; and • 0.75% on amounts above $500 million.

	Current Fund	Combined Fund
Advisory fee waiver/ expense limitation	The investment adviser has agreed to waive 0.21% of its annual advisory fee, which may not be terminated prior to the end of the current term of the advisory agreement without the prior approval of the Fund's Independent Directors.	The investment adviser has agreed to cap total operating expenses at 1.20% (excluding leverage costs, taxes, interest, brokerage commissions and any non-routine expenses) for two years from the date of the first Reorganization closing.

In addition to the changes noted in the chart above, and in view of the higher yielding characteristics of the proposed strategy changes, management intends to recommend that the Fund begin paying distributions more frequently. The adoption of a more frequent distribution policy would be subject to Board approval.

Further Information Regarding the Reorganizations

The Board has determined that each Reorganization is in the best interests of Fund shareholders and that the interests of Fund shareholders will not be diluted as a result of such Reorganization. As a result of the Reorganizations, however, Fund shareholders will hold a reduced percentage of ownership in the larger Combined Fund than they did of the Fund.

The Board requests that shareholders approve the Proposals at the Special Meeting to be held on January 19, 2018. As noted above, the Proposals are required to enable the Fund to serve as the surviving fund in the Fund Consolidation and to allow the Fund to follow an emerging markets equity income investment strategy that utilizes leverage upon the Fund Consolidation. Fund shareholders do not need to approve the Reorganizations, however, approval is required by shareholders of each Target Fund. It is expected that the Target Funds will hold shareholder meetings for the purpose of voting on the approval of the Reorganizations during the first quarter of 2018. Subject to the requisite approval of the shareholders of each Target Fund with regard to each Reorganization, it is expected that the closing date of each Reorganization will be [during the second quarter of 2018], but one or more Reorganizations may be delayed to a later date.

The anticipated costs relating to the preparation, printing and mailing of this Proxy Statement, combined with the estimated costs to the Fund of effecting the Fund Consolidation, are approximately [$375,000]. Each Target Fund would also have costs associated with its respective Reorganization, which are not included in this cost estimate since they would be paid by the Target Fund rather than the Fund. Depending on the size of the Combined Fund, the Fund's costs could be entirely offset [within the first few months following the Fund Consolidation] by the Combined Fund shareholders' pro rata portion of: (i) the Combined Fund's ongoing cost savings from the reduction in total expenses, and (ii) the one time accretive value to the Combined Fund's NAV should the Fund conduct a tender offer as anticipated.

ANNUAL MEETING OF SHAREHOLDERS

ANNUAL MEETING PROPOSAL THE ELECTION OF POST-REORGANIZATION NOMINEES

Background

The Fund's Board is responsible for the overall management of the Fund, including general supervision and review of the Fund's investment activities. The Board, in turn, elects the officers of the Fund who are responsible for administering the Fund's day-to-day operations. Among other things, the Board generally oversees the portfolio management of the Fund and reviews and approves the Fund's advisory and sub-advisory contracts and other principal contracts.

At its September 12, 2017 meeting, the current Board, in considering the Reorganizations, was informed that, in order to represent interests of the Target Funds and their investors, one or more of the Target Funds have identified candidates from its Board and have recommended them to the Fund to serve on the Fund's Board if such Target Fund's Reorganization were to be completed. The current Board considered that the addition of Board members from the Target Funds would be appropriate under the circumstances, subject to each of them being highly experienced and qualified.

The Board and its Nominating Committee subsequently received a list of candidates of the Target Funds' Boards and their biographies. At joint meetings of the Board and the Nominating Committee held on October 16, October 30 and November 3, 2017, the Directors met with counsel to the current Independent Directors and discussed the candidates, three of which were identified by the current Board as ideal candidates to serve as Directors of the Combined Fund (the "Post-Reorganization Nominees"). At a meeting held on November 6, 2017, the Board, its Nominating Committee and counsel to the current Independent Directors, spoke with each of the Post-Reorganization Nominees, and discussed, among other things, various matters bearing on their qualifications and selection. At a subsequent meeting held on November 9, 2017, upon the unanimous recommendation of the Nominating Committee, the Directors, including a majority of the Independent Directors, considered and approved the Post-Reorganization Nominees and recommended that shareholders of the Fund elect the Post-Reorganization Nominees.

Election of Post-Reorganization Nominees

Section 16 of the 1940 Act requires that certain percentages of directors on boards of registered investment companies, such as the Fund, must have been elected by shareholders under various circumstances. In general, at least a majority of the directors must have been elected to such office by shareholders. In addition, new directors cannot be appointed by existing directors to fill vacancies created by retirements, resignations or an expansion of a board unless, after those appointments, at least two thirds of the directors have been elected by shareholders.

James Cattano, Lawrence J. Fox, Steven N. Rappaport and Enrique R. Arzac currently serve as Directors of the Fund. The current Board has determined that, if the Reorganizations are approved by shareholders of the Target Funds and completed, it would be in the best interests of the Fund and its shareholders if the Post-Reorganization Nominees are elected to serve as Independent Directors. Accordingly, shareholders are being asked at the Annual Meeting to elect the Post-Reorganization Nominees, who are described below.

The Fund's Articles of Incorporation provide that the Board shall be divided into three classes designated as Class I, Class II and Class III. The terms of office of the Post-Reorganization Nominees in each class, if elected, will expire at the annual meeting, or at a special meeting held in lieu thereof, in the year indicated or thereafter in each case when their respective successors are elected and qualified: Class I, 2021; Class II, 2019; and Class III, 2020. Upon the expiration of the initial term of office of each Class as set forth above, if re-elected by the shareholders at the applicable annual meeting, the Directors of each Class will hold office for a three-year term.

The Target Fund currently overseen by each Post-Reorganization Nominee as well as the Class to which each Post-Reorganization Nominee has been assigned is set forth as follows:

Post-Reorganization Nominees	Class of Director	Target Fund Currently Overseen by Nominee
Nancy Yao Maasbach	Nominee for Class I Director to serve for a term expiring in 2021	The Asia Tigers Fund, Inc. (GRR)
C. William Maher	Nominee for Class II Director to serve for a term expiring in 2019	Aberdeen Greater China Fund, Inc. (GCH)
Rahn Porter	Nominee for Class I Director to serve for a term expiring in 2021	Aberdeen Singapore Fund, Inc. (SGF)

13

If the Fund's shareholders approve each of Proposal 1, 2 and 3, and all Post-Reorganization Nominees described in this Annual Meeting Proposal are elected, it is anticipated that each newly elected Post-Reorganization Nominee will take office as an Independent Director of the Fund effective upon the closing of the Reorganization of the corresponding "Target Fund Currently Overseen by Nominee" set forth in the table above. The term of office of each Post-Reorganization Nominee will not commence until the closing of the Reorganization of the corresponding "Target Fund Currently Overseen by Nominee" set forth in the table above. If the shareholders of the applicable Target Fund fail to approve the Target Fund's Reorganization, the term of the corresponding Post-Reorganization Nominee will not commence and the Board will be comprised of the Post-Reorganization Nominees that have received the requisite shareholder vote and whose Target Fund's Reorganization has been approved by shareholders, plus the remaining Board members.

Under the Fund's retirement policy, the term of Mr. Arzac, the Fund's current chairperson and sole Class I Director, will expire at the Annual Meeting. Messrs. Cattano, Fox and Rappaport will continue to serve as Directors.

If the Fund's shareholders do not approve each of Proposal 1, 2 and 3, none of the Post-Reorganization Nominees in this Annual Meeting Proposal will serve as a Director to the Fund, even if elected by shareholders. In such event, this Annual Meeting Proposal would not be implemented and each member of the current Board, with the exception of Mr. Arzac, will continue to comprise the Fund's Board.

The following tables set forth certain information regarding the Post-Reorganization Nominees, Directors whose terms of office continue beyond the Annual Meeting, and the Director whose term of office expires at the Annual Meeting.

Independent Post-Reorganization Nominees:

Name, Address and Age	Expected Position(s) with the Fund	Term of Office to be Served	Principal Occupation(s) During the Past Five Years and Other Relevant Experience	Number of Portfolios in Post-Reorganization Fund Complex* Overseen by Nominee	Other Directorships Held by Director During the Past Five Years
Nancy Yao Maasbach c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year of Birth: 1972	Class I Director	Nominee for Class I Director to serve for a term expiring in 2021	Nancy Yao Maasbach is the President of the Museum of Chinese in America since 2015. From 2009 to 2014, she was the executive director of the Yale-China Association, one of the oldest non-profit organizations dedicated to building U.S.-China relations at a grassroots level. She has over twenty years of experience working in and covering Asia, including positions at Goldman Sachs & Co., Center for Finance and Research Analysis, and the Council on Foreign Relations. Member of the Council on Foreign Relations since [__].	2	Director of The India Fund, Inc. and The Asia Tigers Fund, Inc. since 2016.
C. William Maher c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year	Class II Director	Nominee for Class II Director to serve for a term expiring in 2019	Retired. From 2014 to 2016, Chief Executive Officer, Santa Barbara Tax Products Group; From 2010 to 2014, Chief Financial Officer of Santa Barbara Tax Producuts Group; From 2005 to 2008, Managing Director and Chief Financial Officer of LPL Financial; From 1999 to 2005, Managing Director of Nicholas Applegate Capital Management	1	Director of Aberdeen Greater China Fund, Inc. since 2003.

of
Birth:
1961

Name, Address and Age	Expected Position(s) with the Fund	Term of Office to be Served	Principal Occupation(s) During the Past Five Years and Other Relevant Experience	Number of Portfolios in Post-Reorganization Fund Complex* Overseen by Nominee	Other Directorships Held by Director During the Past Five Years
Rahn Porter c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year of Birth: 1954	Class I Director	Nominee for Class I Director to serve for a term expiring in 2021	Mr. Porter has been the Chief Financial and Administrative Officer of The Colorado Health Foundation since 2013, and was the Interim Chief Executive Officer of The Colorado Health Foundation from 2014 to 2015.	19	Director of Aberdeen Singapore Fund, Inc. since 2007. Director of CenturyLink Investment Management Company (formerly Qwest Asset Management Company) since 2006; Director of Blackridge Financial, Inc., since 2005.

Current Independent Directors whose terms of office continue beyond the Annual Meeting:

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years and Other Relevant Experience	Number of Portfolios in Post-Reorganization Fund Complex* Overseen by Director	Other Directorships Held by Director During the Past Five Years
James Cattano** † 1366 Wood Duck Trail Naples, FL 34108 Year of Birth: 1943	Chairman of the Audit and Valuation Committees; Class III Director.	Since 1989; current term ends at the 2020 annual meeting.	Mr. Cattano has been the President of Costal Trade Corporation (international commodity trade) since October 2011. Previously, he was the President of Primary Resources Inc. (agricultural and raw materials) from 1996 to 2011.	1	Director of Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. (since 1993); Aberdeen Israel Fund, Inc. (since 2005); Aberdeen Indonesia Fund, Inc. (since 2007); and Aberdeen Latin America Equity Fund, Inc. (since 1990). Director of Credit Suisse Asset Management Income Fund, Inc. since 2006 and Director of Credit Suisse High Yield Bond Fund since 2006.
Lawrence J. Fox** c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year of Birth: 1943	Class II Director.	Since 2006; current term ends at the 2019 annual meeting.	Mr. Fox is a partner at Schoeman, Updike & Kaufman LLP since February 2017. Previously, he was a Partner at Drinker Biddle & Reath LLP (law firm) from 1972 to January 2017. He has also been a Lecturer at Yale Law School (education) since 2009.	1	Director of Aberdeen Israel Fund, Inc. (since 2006); Aberdeen Indonesia Fund, Inc. (since 2000); and Aberdeen Latin America Equity Fund, Inc. (since 2006). Director of Credit Suisse Asset Management Income Fund, Inc. since 1990; Director of Credit Suisse High Yield Bond Fund since 2001; and Director of Dynasil Corporation of America since 2011.

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years and Other Relevant Experience	Number of Portfolios in Post-Reorganization Fund Complex* Overseen by Director	Other Directorships Held by Director During the Past Five Years
Steven N. Rappaport** † c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year of Birth: 1948	Class III Director	Since 2003; current terms ends at the 2020 annual meeting	Mr. Rappaport has been a Partner of Lehigh Court, LLC (private investment firm) and RZ Capital LLC (private investment firm) since 2004.	19	Director of Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. (since 2006); Aberdeen Israel Fund, Inc. (since 1992); Aberdeen Indonesia Fund, Inc. (since 2005); and Aberdeen Latin America Equity Fund, Inc. (since 2005). Director of iCAD, Inc. since 2006; Director of Credit Suisse Funds (9) since 1999; Director of Credit Suisse High Yield Bond Fund, Inc. since 2005; Director of Credit Suisse Asset Management Income Fund, Inc. since 2005, Director of Backstage LLC.

Current Independent Director whose term of office expires at the Annual Meeting:

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During the Past Five Years and Other Relevant Experience	Number of Portfolios in Post-Reorganization Fund Complex* Overseen by Director	Other Directorships Held by Director During the Past Five Years
Enrique R. Arzac** † c/o Aberdeen Asset Management Inc., 1735 Market Street, 32nd Floor Philadelphia, PA 19103 Year of Birth: 1941	Chairman of the Board; Class I Director.	Since 1996; Chairman since 2005; current term ends at the 2018 annual meeting.	Mr. Arzac is currently a Professor Emeritus of Finance and Economics of Columbia University since 2015. Previously, he was a Professor of Finance and Economics at the Graduate School of Business at Columbia University (education) from 1971 to 2015. He has been a Director of Aberdeen Asia-Pacific Income Investment Company Limited (Canadian investment fund) since 2010.	0	Director of Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. (since 1996); Aberdeen Israel Fund, Inc. (since 1996); Aberdeen Indonesia Fund, Inc. (since 2000); and Aberdeen Latin America Equity Fund, Inc. (since 1996). Director of Adams Diversified Equity Fund since 1983; Director of Adams Natural Resources Fund since 1987; Director of Mirae Asset Discovery Funds (4) since 2010; Director of Credit Suisse Funds (9) since 1990; Director of Credit Suisse High Yield Bond Fund, Inc. since 2001; Director of Credit Suisse Asset Management Income Fund, Inc. since 1990.

* The Post-Reorganization Fund Complex consists of Aberdeen Asia-Pacific Income Fund, Inc., Aberdeen Global Income Fund, Inc., Aberdeen Australia Equity Fund, Inc., Aberdeen Chile Fund, Inc. (to be renamed Aberdeen Emerging Markets Equity Income Fund upon the closing of one or more Reorganizations), Aberdeen Japan Equity Fund, Inc., The India Fund, Inc., Aberdeen Greater China Fund, Inc., Aberdeen Investment Funds (which currently consists of 4 portfolios) and Aberdeen Funds (which currently consists of 18 portfolios), which have a common investment manager and/or investment adviser, or an investment adviser that is affiliated with the investment manager and investment adviser, and may thus be deemed to be part of the same "Fund Complex."

** Member of the Nominating and Corporate Governance Committee.

† Member of the Audit and Valuation Committee.

Additional Information About the Directors and the Post-Reorganization Nominees

The Board believes that each Director's and Post-Reorganization Nominee's experience, qualifications, attributes and skills on an individual basis and in combination with those of the other Directors and Post-Reorganization Nominees lead to the conclusion that the Directors and Post-Reorganization Nominees possess the requisite experience, qualifications, attributes and skills to serve on the Board. The Board believes that the Directors' and Post-Reorganization Nominees' ability to review critically, evaluate, question and discuss information provided to them; to interact effectively with AAML (the investment adviser to the Fund), other service providers, counsel and independent auditors; and to exercise effective business judgment in the performance of their duties, support this conclusion. The Board has also considered the contributions that each Director and Post-Reorganization Nominee can make to the Board and to the Fund.

A Director's or Post-Reorganization Nominee's ability to perform his or her duties effectively may have been attained through the individual's executive, business, consulting, and/or legal positions; experience from service as a Director of the Fund and/or other funds/portfolios in the Aberdeen complex, other investment funds, public companies, or non-profit entities or other organizations; educational background or professional training or practice; and/or other life experiences. In this regard, the following specific experience, qualifications, attributes and/or skills apply as to each continuing current Director in addition to the information set forth in the table above: Mr. Cattano business background and executive management and financial experience as president and CEO of a commodities trading company; Mr. Fox legal experience as a partner at a law firm and as a law professor; and Mr. Rapport investment management experience as partner at investment firms, accounting experience and other board experience.

The current Board considered the Post-Reorganization Nominees' backgrounds and their oversight and service as members of the boards of other funds. With respect to the specific experience, qualifications, attributes or skills that led to the conclusion that each Post-Reorganization Nominee should serve as a Director of the Fund, the Board considered and evaluated each of the Post-Reorganization Nominees' relevant knowledge, experience, expertise and independence. The current Independent Directors, who currently comprise the Nominating Committee, also raised with the Post-Reorganization Nominees numerous questions or matters such as time commitment, potential conflicts and matters related to their prior experiences. In their evaluation of the Post-Reorganization Nominees, the current Board considered information including, but not limited to, the following: Ms. Maasbach financial and research analysis experience in and covering the Asia region and experience in world affairs; Mr. Maher experience as an officer in the financial services industry, including his experience as a chief financial officer and chief executive officer; and Mr. Porter business background and executive management and financial expertise as vice president and chief financial officer of public and private entities and director of other funds within the Aberdeen fund complex.

The Board believes that the significance of each Director's or Post-Reorganization Nominee's experience, qualifications, attributes or skills is an individual matter (meaning that experience important for one Director or Post-Reorganization Nominee may not have the same value for another) and that these factors are best evaluated at the Board level, with no single Director, Post-Reorganization Nominee, or particular factor, being indicative of Board effectiveness. In its periodic self-assessment of the effectiveness of the Board, the Board considers the complementary individual skills and experience of the individual Directors in the broader context of the Board's overall composition so that the Board, as a body, possesses the appropriate (and appropriately diverse) skills and experience to oversee the business of the Fund. References to the qualifications, attributes and skills of Directors are presented pursuant to disclosure requirements of the Securities and Exchange Commission ("SEC"), do not constitute holding out a Board or any Director or Post-Reorganization Nominee as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on a Board by reason thereof.

Officers

Information relating to the current officers of the Fund is set forth below. The Board elects the Fund's officers, who are responsible for administering the Fund's day-to-day operations. Currently, there are no planned changes to the officers of the Fund if the Reorganizations are completed and the Post-Reorganization Nominees are elected. The Fund does not pay any compensation to the officers. This information is subject to change.

Name, Address and Age	Positions(s) Held With Fund	Term of Office and Length of Time Served*	Principal Occupation(s) During the Past Five Years and Other Relevant Experience
Christian Pittard** Aberdeen Asset Managers Limited Bow Bells House, 1 Bread Street London United Kingdom Year of Birth: 1973	President of the Fund	Since 2009	Currently, Group Head of Product Opportunities, for Aberdeen Asset Managers Limited. Previously, Director and Vice President (2006-2008), Chief Executive Officer (from 2005 to 2006) and employee (since 2005) of Aberdeen Asset Management Inc; Member of Executive Management Committee of Aberdeen Asset Management PLC (since August 2005).
Jeffrey Cotton** Aberdeen Asset Managers Limited Bow Bells House, 1 Bread Street London United Kingdom Year of1%" style="TEXT-ALIGN: left">%	0.081 %	0.026 %	

AT&T Age-Based Allocation 2015 Fund	99.117 %	0.860 %	0.022 %	0.001 %
AT&T Age-Based Allocation 2020 Fund	95.801 %	3.965 %	0.186 %	0.048 %
AT&T Age-Based Allocation 2025 Fund	98.307 %	1.612 %	0.079 %	0.002 %
AT&T Age-Based Allocation 2030 Fund	93.983 %	5.719 %	0.263 %	0.035 %
AT&T Age-Based Allocation 2035 Fund	93.456 %	6.168 %	0.333 %	0.043 %
AT&T Age-Based Allocation 2040 Fund	84.621 %	14.518 %	0.728 %	0.133 %
	54.205 %	44.914 %	0.535 %	0.346 %

AT&T Age-Based Allocation 2045 Fund				
AT&T Age-Based Allocation 2050 Fund	65.746 %	33.552 %	0.597 %	0.105 %
Fidelity BrokerageLink®	98.932 %	1.068 %	-	-

9

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The Plans' percentage interest in each of the investment fund options within the AT&T Master Trust at December 31, 2009 is disclosed below:

December 31, 2009	AT&T Savings Plan	AT&T Retirement Savings Plan	AT&T Puerto Rico Savings Plan	AT&T Puerto Rico Retirement Savings Plan
Total U.S. Stock Market Index Fund	99.560 %	0.437 %	-	0.003 %
Large Cap U.S. Stock Index Fund	96.289 %	3.541 %	0.113 %	0.057 %
Small and Mid-Sized U.S. Stock Index Fund	97.326 %	2.502 %	0.122 %	0.051 %
International Stock Index Fund	96.942 %	2.832 %	0.185 %	0.040 %
AT&T Shares Fund	98.560 %	1.425 %	0.013 %	0.001 %
AT&T age-based asset allocation funds:				
AT&T Age-Based Allocation 2000 Fund	93.094 %	6.712 %	0.102 %	0.092 %
AT&T Age-Based Allocation 2005 Fund	99.856 %	0.138 %	0.001 %	0.005 %
AT&T Age-Based Allocation 2010 Fund	96.665 %	3.231 %	0.073 %	0.031 %
AT&T Age-Based Allocation 2015 Fund	99.514 %	0.481 %	0.005 %	-
AT&T Age-Based Allocation 2020 Fund	95.870 %	3.937 %	0.144 %	0.049 %
AT&T Age-Based Allocation 2025 Fund	98.994 %	0.972 %	0.034 %	0.001 %
AT&T Age-Based Allocation 2030 Fund	94.389 %	5.528 %	0.051 %	0.032 %
AT&T Age-Based Allocation 2035 Fund	96.572 %	3.382 %	0.023 %	0.022 %
AT&T Age-Based Allocation 2040 Fund	85.857 %	13.833 %	0.196 %	0.115 %
AT&T Age-Based Allocation 2045 Fund	62.685 %	36.947 %	0.053 %	0.315 %
AT&T Age-Based Allocation 2050 Fund	73.360 %	26.517 %	0.003 %	0.120 %
Fidelity BrokerageLink®	98.843 %	1.157 %	-	-

The financial position of the AT&T Master Trust was as follows:

	December 31, 2010	2009
Interest bearing cash	$ 7,960	$ 6,291
AT&T common stock	3,990,359	3,612,637
Common/collective trust funds	7,232,658	6,029,823
Short-term investments	9,038	12,063
Fidelity BrokerageLink:		
Registered investment companies	1,017,792	906,251
Common stock	223,091	168,495
Corporate debt instruments	1,856	1,060
Government bonds	1,557	1,274
Interest bearing cash	143,098	127,076
Other	54	11
Investment in Group Trust	9,590,518	9,108,208
AT&T Master Trust investments, at fair value	$ 22,217,981	$ 19,973,189
Net other assets and liabilities	(9,386)	(7,575)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(248,399)	(105,004)
Net assets available for benefits	$ 21,960,196	$ 19,860,610

10

Notes to Financial Statements (Continued)
(Dollars in Thousands)

Net Appreciation in Fair Value of AT&T Master Trust Investments and Total Investment Income for the year ended December 31, 2010:

	2010
AT&T common stock	$ 193,653
Common/collective trust funds	1,227,192
Short term investments	220
Fidelity BrokerageLink:	
Registered investment companies	163,765
Common stock	18,985
Corporate debt instruments	68
Government bonds	321
Interest bearing cash	137
Other	5
Investment in Group Trust	646,887
Total net appreciation in fair value of AT&T Master Trust Investments	$ 2,251,233
Investment interest income	$ 100

The following tables set forth by level, within the fair value hierarchy, the AT&T Master Trust's assets at fair value, excluding its investment in the Group Trust:

	AT&T Master Trust Assets at Fair Value as of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Interest bearing cash	$7,960	$-	$-	$7,960
Blended equity and debt:				
Asset allocation funds1	-	2,114,123	-	2,114,123
U.S. equity securities:				
AT&T common stock	3,990,359	-	-	3,990,359
Total U.S. stock market index fund2	-	382,039	-	382,039
Large cap U.S. stock index fund3	-	2,544,283	-	2,544,283
Small and mid-sized U.S. stock index fund4	-	1,298,312	-	1,298,312
International equity securities:				
International stock index fund5	-	893,901	-	893,901
Fidelity BrokerageLink:			-	
Registered investment companies	1,017,792	-	-	1,017,792
Common stock	223,091	-	-	223,091
Corporate debt instruments	-	1,856	-	1,856
Government bonds	-	1,557	-	1,557
Interest bearing cash	143,098	-	-	143,098
Other	-	54	-	54
Short-term investments	9,038	-	-	9,038
Total assets at fair value	$5,391,338	$7,236,125	$-	$12,627,463

11

Notes to Financial Statements (Continued)
(Dollars in Thousands)

	AT&T Master Trust Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Interest bearing cash	$6,291	$-	$-	$6,291
Blended equity and debt:				
Asset allocation funds1	-	1,700,741	-	1,700,741
U.S. equity securities:				
AT&T common stock	3,612,637	-	-	3,612,637
Total U.S. stock market index fund2	-	302,781	-	302,781
Large cap U.S. stock index fund3	-	2,282,746	-	2,282,746
Small and mid-sized U.S. stock index fund4	-	932,150	-	932,150
International equity securities:				
International stock index fund5	-	811,405	-	811,405
Fidelity BrokerageLink:			-	
Registered investment companies	906,251	-	-	906,251
Common stock	168,495	-	-	168,495
Corporate debt instruments	-	1,060	-	1,060
Government bonds	-	1,274	-	1,274
Interest bearing cash	127,076	-	-	127,076
Other	-	11	-	11
Short-term investments	12,063	-	-	12,063
Total assets at fair value	$4,832,813	$6,032,168	$$-	$10,864,981

1This category includes 11 common/collective trust funds also known as Aged-Based Asset Allocation Funds which are well diversified portfolios that adjust the mix of the various underlying investments over time. The change in allocation of investments is designed to move from a more aggressive investment strategy to a more conservative strategy through the projected retirement date and for a number of years thereafter. The year associated with the fund identification denotes the projected year of retirement of the participant selecting the fund. There are currently no redemption restrictions on these investments. The fair values of the investments in this category have been estimated using the net asset value per share.

2This category includes a common/collective trust fund with an objective of providing investment results that approximate the overall performance of the common stocks included in the Dow Jones Wilshire 5000 Index. There are currently no redemption restrictions on this investment. The fair value of the investment in this category has been estimated using the net asset value per share.

3This category includes a common/collective trust fund with an objective of providing investment results that approximate the overall performance of the common stocks included in the Standard and Poor's Composite Stock Price Index of 500 stocks (the S&P 500®). There are currently no redemption restrictions on this investment. The fair value of the investment in this category has been estimated using the net asset value per share.

4This category includes a common/collective trust fund with an objective of providing investment results that approximate the overall performance of the common stocks included in the Dow Jones Wilshire 4500 Index. There are currently no redemption restrictions on this investment. The fair value of the investment in this category has been estimated using the net asset value per share.

5This category includes a common/collective trust fund with an objective of providing investment results that approximate the overall performance of the common stocks included in the All Country World Index ex U.S. Index. Except for a short-term trading fee applicable to certain participant transactions, there are currently no redemption restrictions on this investment. The fair value of the investment in this category has been estimated using the net asset value per share.

(Dollars in Thousands)

AT&T Savings Group Investment Trust Investments

AT&T established the Group Trust to manage assets of pooled investment options among various AT&T sponsored employee benefit trusts. Each participating trust's interest in the investment fund options (i.e., separate accounts) of the Group Trust is based on account balances of the participants and their elected investment fund options. The Group Trust assets are allocated among the participating plans by assigning to each trust those transactions (primarily contributions, distributions, and expenses) that can be specifically identified and by allocating investment income and administrative expenses to the individual plans on a daily basis based on each participant's account balance within each investment fund option.

The participating entities' percentage interest of the Group Trust is listed below:

	December 31,			
	2010		2009	
AT&T Savings Plan Master Trust (AT&T Master Trust)	86.6	%	85.9	%
AT&T Savings Master Trust (Master Trust)	6.3	%	6.6	%
BellSouth Savings and Security Plan	7.1	%	7.5	%
Total	100.0	%	100.0	%

The AT&T Master Trust's percentage interest in each of the investment fund options within the Group Trust is disclosed below as of December 31, 2010:

	AT&T Total Return Bond Fund	AT&T U.S. Stock Fund	AT&T Inter-national Stock Fund	AT&T Stable Value Fund	Group Trust
Interest bearing cash	$-	$-	$3,669	$-	$3,669
Common/collective trust funds	-	815,433	218,702	-	1,034,135
103-12 investment entities	-	-	47,732	-	47,732
Equities	-	1,378,536	275,580	-	1,654,116
Equities – loaned	-	(69)	-	-	(69)
Publicly traded partnerships	-	3,676	-	-	3,676
Registered investment companies	1,326,799	36,762	2,120	545	1,366,226
Investment contracts (at fair value):					
Guaranteed investment contracts	-	-	-	27,223	27,223
Synthetic GICs:					
Interest bearing cash	-	-	-	36,594	36,594
Corporate preferred stock	-	-	-	3,311	3,311
Corporate and other bonds and notes	-	-	-	3,264,699	3,264,699
Registered investment companies	-	-	-	614,215	614,215
Futures	-	-	-	81	81
Government securities	-	-	-	3,468,987	3,468,987
Wrapper contracts	-	-	-	15,609	15,609
Market value of securities on loan	-	69	-	-	69
Collateral received for securities loaned	-	71	-	-	71
Group Trust investments at fair value	1,326,799	2,234,478	547,803	7,431,264	11,540,344
Unsettled trades and other	5,425	(609)	1,381	(446,763)	(440,566)
Adjustment from fair value to contract value for fully	-	-	-	(311,368)	(311,368)

benefit-responsive investment contracts					
Obligation to return collateral on loaned securities	-	(71)	-	-	(71)
Group Trust net assets	$1,332,224	$2,233,798	$549,184	$6,673,133	$10,788,339
AT&T Master Trust's percentage ownership interest of investments	98.5 %	97.0 %	98.1 %	79.8 %	86.6 %

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The AT&T Master Trust's percentage interest in each of the investment fund options within the Group Trust is disclosed below as of December 31, 2009:

	AT&T Total Return Bond Fund	AT&T U.S. Stock Fund	AT&T Inter-national Stock Fund	AT&T Stable Value Fund	Group Trust
Interest bearing cash	$-	$59	$ 3,631	$461	$4,151
Common/collective trust funds	-	555,780	256,331	-	812,111
Corporate and other bonds and notes	-	-	1,131	-	1,131
Equities	-	1,509,879	263,219	-	1,773,098
Equities – loaned	-	(86,639)	(5,511)	-	(92,150)
Publicly traded partnerships	-	3,245	-	-	3,245
Registered investment companies	1,115,939	40,042	2,976	9,842	1,168,799
Registered investment companies – loaned	(8,735)	-	-	-	(8,735)
Investment contracts (at fair value):					
Guaranteed investment contracts	-	-	-	28,986	28,986
Synthetic GICs:					
Interest bearing cash	-	-	-	19,469	19,469
Corporate preferred stock	-	-	-	3,213	3,213
Corporate and other bonds and notes	-	-	-	2,868,793	2,868,793
Corporate and other bonds and notes – loaned	-	-	-	(71,918)	(71,918)
Registered investment companies	-	-	-	262,154	262,154
Futures	-	-	-	2,253	2,253
Other investments	-	-	-	64,171	64,171
Government securities	-	-	-	3,682,357	3,682,357
Government securities – loaned	-	-	-	(613,841)	(613,841)

(Dollars in Thousands)

Wrapper contracts	-	-	-	9,724	9,724
Market value of securities on loan	8,735	86,639	5,511	685,759	786,644
Collateral received for securities loaned (held in common/collective trust funds)	8,765	88,311	5,660	688,669	791,405
Group Trust investments at fair value	1,124,704	2,197,316	532,948	7,640,092	11,495,060
Unsettled trades and other	3,853	(1,719)	653	(87,909)	(85,122)
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	-	-	-	(132,112)	(132,112)
Obligation to return collateral on loaned securities	(8,914)	(89,817)	(5,757)	(700,413)	(804,901)
Group Trust net assets	$1,119,643	$2,105,780	$ 527,844	$6,719,658	$10,472,925
AT&T Master Trust's percentage ownership interest of investments	98.5 %	96.9 %	98.1 %	79.5 %	85.9 %

Net Appreciation (Depreciation) in Fair Value of Group Trust Investments and
Total Investment Income for the year ended December 31, 2010

	AT&T Total Return Bond Fund	AT&T U.S. Stock Fund	AT&T Inter-national Stock Fund	AT&T Stable Value Fund	Group Trust
Interest bearing cash	$-	$-	$ 64	$-	$64
Common/collective trust funds	-	134,382	3,365	-	137,747
103-12 investment entities	-	-	7,732	-	7,732
Equities	-	157,663	29,914	-	187,577
Publicly traded partnerships	-	(69)	-	-	(69)
Registered investment companies	34,716	26	5	-	34,747
Total net appreciation in fair value of Group Trust Investments	34,716	292,002	41,080	-	367,798
Investment income:					
Interest	$-	$46	$2,223	$230,556	$232,825
Dividends	79,410	17,423	6,797	-	103,630
Securities lending	-	176	32	728	936
Total investment income of Group Trust Investments	$79,410	$17,645	$9,052	$231,284	$337,391

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The following table sets forth by level, within the fair value hierarchy, the Group Trust's assets at fair value as of December 31, 2010:

	Group Trust Assets and Liabilities at Fair Value December 31, 2010			
	Level 1	Level 2	Level 3	Total
Interest bearing cash	$3,669	$-	$-	$3,669
U.S. equity securities:				
U.S. common stock:				
Large cap	910,941	-	-	910,941
Small cap	467,595	-	-	467,595
Common stock – registered investment companies	36,762	-	-	36,762
U.S. common stock – loaned	(69)	-	-	(69)
Common/collective trusts1	-	815,433	-	815,433
Publicly traded partnerships	3,676	-	-	3,676
International equity securities:				
Common stock	271,343	-	-	271,343
Common stock – registered investment companies	2,120	-	-	2,120
Common/collective trusts2	-	218,702	-	218,702
Preferred stock	4,237	-	-	4,237
103-12 investment entities3	-	47,732	-	47,732
Fixed income securities:				
Blackrock mutual fund	111,357	-	-	111,357
WAMCO mutual fund	378,428	-	-	378,428
PIMCO total return mutual fund	837,014	-	-	837,014
Stable Value Fund:				
Common stock – registered investment companies	545	-	-	545
Guaranteed investment contracts	-	27,223	-	27,223
Synthetic GICs:				
Interest bearing cash	-	36,594	-	36,594
Corporate preferred stock	3,311	-	-	3,311
Corporate and other bonds and notes:				
U.S. corporate bonds and notes	-	1,417,533	-	1,417,533
International corporate bonds and notes	-	612,459	-	612,459
Asset-backed securities	-	619,982	-	619,982
Collateralized mortgage obligations	-	80,829	-	80,829
Commercial mortgage-backed securities	-	533,896	-	533,896
Short term investment funds - registered investment companies	614,215	-	-	614,215
Futures	81	-	-	81
Government securities:				
U.S government4	53,911	3,325,640	-	3,379,551
Municipals	59,528	-	-	59,528
Other	1,035	-	-	1,035
Non U.S government	28,873	-	-	28,873
Wrapper contracts	-	15,609	-	15,609
Market value of securities on loan:				
U.S. stock fund	69	-	-	69

Collateral received for securities loaned	71	-	-	71
Total assets and liabilities at fair value	$3,788,712	$7,751,632	$-	$11,540,344

1The objective of these common/collective trust funds held in the AT&T U.S. Stock Fund is to deliver cost-effective, high-quality, active exposure to the large-capitalization U.S. equity market with close tracking of the Russell 3000 Index and to provide for liquidity. These common/collective trust funds have redemption restrictions limited to daily and monthly settlement. All of the common/collective trust funds are invested in either Large-cap or Mid-cap equities, with the majority being Large cap. The fair value of the investment in this category has been estimated using the net asset value per share.

17

Notes to Financial Statements (Continued)
(Dollars in Thousands)

2The objective of these common/collective trust funds held in the AT&T International Stock Fund is to provide a diversified fund that seeks to provide returns in excess of the international markets as represented by the All Country World Index U.S. index. The common/collective trust funds have redemption restrictions limited to daily, weekly or monthly and participants may be subject to short-term trading fees related to certain transactions. All but one of these funds are invested in developed countries (i.e., developed: Europe, Japan, UK, Australia, etc.). The fair value of the investment in this category has been estimated using the net asset value per share.

3This is an equity commingled fund that invests primarily in publically traded non-U.S. securities. The fair value of the investments in this category has been estimated using the net asset value per share reported by the fund manager. The fund is selected by AT&T, and AT&T determines the timing and amount of contributions/redemptions, redemptions occur at net asset value. This is an open ended fund with no fund maturity date.

4Average duration of U.S. governments securities is approximately 14 years.

The following table sets forth by level, within the fair value hierarchy, the Group Trust's assets at fair value as of December 31, 2009:

	Group Trust Assets and Liabilities at Fair Value December 31, 2009			
	Level 1	Level 2	Level 3	Total
Interest bearing cash	$3,690	$-	$-	$3,690
U.S. equity securities:				
U.S. common stock	1,549,921	-	-	1,549,921
U.S. common stock – loaned	(86,639)	-	-	(86,639)
Common/collective trusts1	-	559,025	-	559,025
International equity securities:				
Common stock	266,195	-	-	266,195
Common stock – loaned	(5,511)	-	-	(5,511)
Common/collective trusts2	-	257,462	-	257,462
Fixed income securities:				
Blackrock mutual fund	102,951	-	-	102,951
WAMCO core mutual fund	291,592	-	-	291,592
PIMCO total return mutual fund	721,396	-	-	721,396
Total return bond fund - loaned	(8,735)	-	-	(8,735)
Stable Value Fund:				
Interest bearing cash	461	-	-	461
U.S. common stock	9,842	-	-	9,842
Guaranteed investment contracts	-	28,986	-	28,986
Synthetic GICs:				
Interest bearing cash	19,469	-	-	19,469
Corporate preferred stock	3,213	-	-	3,213
Corporate and other bonds and notes:				
Asset-backed securities	-	606,757	-	606,757
Collateralized mortgage obligations	-	592,549	-	592,549
Commercial mortgage-backed securities	-	136,582	-	136,582
Other	-	1,532,905	-	1,532,905
Corporate and other bonds and notes – loaned	-	(71,918)	-	(71,918)
Registered investment companies	262,154	-	-	262,154
Futures	2,253	-	-	2,253
Other investments	64,171	-	-	64,171
Government securities	-	3,682,357	-	3,682,357
Government securities – loaned	-	(613,841)	-	(613,841)
Wrapper contracts	-	9,724	-	9,724
Market value of securities on loan:				
U.S. stock fund	86,639	-	-	86,639
International stock fund	5,511	-	-	5,511
Total return bond fund	8,735	-	-	8,735
Synthetic GICs:				
Corporate and other bonds and notes	-	71,918	-	71,918
Government securities	-	613,841	-	613,841
Collateral received for securities loaned3	-	791,405	-	791,405
Total assets and liabilities at fair value	$3,297,308	$8,197,752	$-	$11,495,060

1The objective of these common/collective trust fund held in the AT&T U.S. Stock Fund is to deliver cost-effective, high-quality, active exposure to the large-capitalization U.S. equity market with close tracking of the Dow Jones Wilshire 5000 and to provide for liquidity. These common/collective trust funds have redemption restrictions limited to daily and monthly settlement. All of the common/collective trust funds are invested in either Large-cap or Mid-cap equities, with the majority being Large cap. The fair value of the investment in this category has been estimated using the net asset value per share.

19

Notes to Financial Statements (Continued)
(Dollars in Thousands)

2The objective of these common/collective trust funds held in the AT&T International Stock Fund is to provide a diversified fund that seeks to provide returns in excess of the international markets as represented by the All Country World Index ex U.S. index. The common/collective trust funds have redemption restrictions limited to weekly, semi-monthly or monthly and participants may be subject to short-term trading fees related to certain transactions. All but one of these funds are invested in developed countries (i.e., developed: Europe, Japan, UK, Australia, etc.). The fair value of the investment in this category has been estimated using the net asset value per share.

3 There were three collateral pools in which the Group Trust invested: 1) The Pooled Employee ASL Short Term Fund, 2) The Term Assets Liquidating Trust and 3) The ASL Short Term Fund - SIGMA (Liquidating Fund). The Pooled Employee ASL Short Term Fund consisted of liquid securities that could be redeemed on a one-day notice for return to borrowers immediately upon recall of loaned securities. There was $520,143 invested in this fund as of December 31, 2009. The Term Assets Liquidating Trust consisted of non-liquid securities that were performing but were intended to be held until maturity. Redemptions from this Trust were prohibited; however, the Plan could exit this Trust, receive a proportionate share of the securities, and then sell the assets. It was expected that over 93% of this pool would mature within 360 days. There was $267,282 invested in this fund as of December 31, 2009. The ASL Short Term Fund - SIGMA (Liquidating Fund) consisted of assets in default that were valued at $526. Lending income was reserved to offset the deficiency in this the Liquidating Fund. Redemptions from the Liquidating Fund were prohibited; however, the Plan could exit the Liquidating Fund, receive a proportionate share of the securities, and then sell the assets. There was $3,454 invested in noncash investments, such as U.S. government debt.

Derivative Financial Instruments

In the normal course of operations, Group Trust assets and liabilities held in the AT&T Stable Value Fund (Stable Value Fund) may include derivative financial instruments (futures and foreign currency forward contracts). These instruments involve, in varying degrees, elements of credit and market volatility risks in excess of more traditional investment holdings such as equity and debt instruments. The contract or notional amounts disclosed provide a measure of the Group Trust's involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments as an economic hedge to manage market volatility and foreign currency exchange rate risk associated with the Stable Value Fund's investment assets. The Group Trust's fiduciaries do not anticipate any material adverse effect on the Group Trust's financial position resulting from its involvement in these instruments.

The following table presents the effect of gains with respect to these derivative instruments, by type of derivative. The gains are located on the Statement of Changes in Net Assets Available for Benefits as Net Income from Investment in AT&T Savings Plan Master Trust to the extent of the Plans' ownership in the AT&T Master Trust.

	Year Ended December 31, 2010
Futures contracts	$ 81
Forward foreign currency exchange rate contracts	$ 2,257

Futures Contracts

The primary risk managed by the Group Trust using futures contracts is the price risk associated with investments. On behalf of the AT&T Master Trust, investment managers enter into various futures contracts to economically hedge investments in domestic securities. These contracts, which are considered derivatives under Accounting Standards Codification Topic 815, Derivatives and Hedging, are agreements between two parties to buy or sell a security or financial interest at a set price on a future date and are standardized and exchange-traded. Upon entering into such a contract on behalf of the Group Trust, the investment manager is required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the exchange on which the contract is traded. Pursuant to the contract, the investment manager agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded on a daily basis by the trustee as a realized gain or loss equal to the difference in the value of the contract between daily closing prices. Upon entering into such contracts, the Group Trust bears the risk of interest or exchange rates or securities prices moving unexpectedly, in which case, the Group Trust may not achieve the anticipated benefits of the futures contracts and may realize a loss. With futures, there is minimal counterparty credit risk to the Group Trust since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. The investments in the Group Trust are subject to interest rate risk. The U.S. interest rate futures held in the portfolio as of December 31, 2010 and 2009 were used primarily to hedge and manage the duration risk of the portfolio.

The fair value of the open futures contracts is separately disclosed in the detail of the Group Trust investments presented below and are included in the Statement of Net Assets Available for Benefits to the extent of the Plans' ownership in the A&T Master Trust.

At December 31, 2010, open futures contracts held in the Group Trust were as follows:

Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Notional Value	Fair Value
90-Day EuroDollar Future	(405)	3/2012	$(100,288)	$(147)
U.S. Treasury Bond Future	(184)	3/2011	(22,471)	630
U.S. 10-Year Treasury Notes Future	(151)	3/2011	(18,186)	(61)
U.S. 5-Year Treasury Notes Future	283	3/2011	33,314	(5)
U.S. 2-Year Treasury Notes Future	170	3/2011	37,214	(19)
U.S Ultra Bond Future	(12)	3/2011	(1,525)	42
U.S. Treasury Bond Future	(45)	3/2011	(5,496)	129
U.S. 10-Year Treasury Notes Future	195	3/2011	23,485	(770)
U.S. 2-Year Treasury Notes Future	402	3/2011	88,000	(57)
U.S Ultra Bond Future	(160)	3/2011	(20,335)	339
Total			$13,712	$81

At December 31, 2009, open futures contracts held in the Group Trust were as follows:

Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Notional Value	Fair Value
90-Day EuroDollar Future	(39)	6/2010	$(9,684)	$(301)
U.S. Treasury Bond Future	(295)	3/2010	(34,036)	2,115
U.S. 10-Year Treasury Notes Future	(105)	3/2010	(12,123)	300
U.S. 5-Year Treasury Notes Future	57	3/2010	6,520	(101)
U.S. 2-Year Treasury Notes Future	(253)	3/2010	(54,715)	285
U.S. 10-Year Treasury Notes Future	(243)	3/2010	(28,055)	1,067
U.S. 5-Year Treasury Notes Future	197	3/2010	22,533	(363)
U.S. 2-Year Treasury Notes Future	639	3/2010	138,194	(749)
Total			$28,634	$2,253

Foreign Currency Contracts

The primary risks managed by the Group Trust using foreign currency contracts is the foreign currency exchange rate risk associated with the Group Trust's investments denominated in foreign currencies. On behalf of the Group Trust, investment managers enter into foreign currency forward contracts, which are agreements to exchange foreign currencies at a specified future date at a specified rate, the terms of which are not standardized on an exchange. These contracts are intended to minimize the effect of currency fluctuations on the performance of investments denominated in foreign currencies. Although in some cases, foreign currency forward contracts are used to express a view on the direction of a particular currency, risk arises both from the possible inability of the counterparties to meet the terms of the contracts (credit risk) and from movement in foreign currency exchange rates (market risk). Foreign currency forward contracts are entered into with major banks to minimize credit risk, and accordingly, no credit reserve has been established against these amounts.

The contracts are recorded at fair value on the date the contract is entered into, which is typically zero. The fair value of the foreign currency contracts are disclosed in unsettled trades and other of the Group Trust and are included in the Statement of Net Assets Available for Benefits to the extent of the Plans' ownership in the A&T Master Trust.

As of December 31 2010 and 2009, the contracts held by the Group Trust were:

	Notional Value		Fair Value	
	2010	2009	2010	2009
Derivative assets	$ 105,795	$ 118,767	$ 671	$ (835)
Derivative liabilities	$ 105,795	$ 118,767	$ 408	$ 846

Fully Benefit-Responsive Investment Contracts
The Stable Value Fund consists of fully benefit-responsive investment contracts with various financial institutions and insurance companies, which can be accounted for by the plan at contract value. Generally contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

The benefit-responsive investment contracts held by the Stable Value Fund as of December 31, 2010 include registered investment contracts, Traditional Guaranteed Investment Contracts (“Traditional GICs” or “GICs”) and Synthetic GICs. Synthetic GICs are constructed by combining a stable value insurance wrapper contract and a fixed income portfolio. The assets supporting the Synthetic GICs are owned by the Group Trust and generally consist of high quality fixed income securities. At December 31, 2010, the underlying net assets in the Stable Value Fund allocated to the AT&T Master Trust had a fair value of $5,571,570 and a contract value of $5,323,171. At December 31, 2009, the underlying net assets in the Stable Value Fund allocated to the AT&T Master Trust had a fair value of $5,446,265 and a contract value of $5,341,262. For the years ended December 31, 2010 and 2009, the average yield earned on these contracts was 2.41% and 3.05%, and the average yield earned by the AT&T Master Trust and the Plans, adjusted to reflect actual interest rate credited to participants, was 3.60% and 3.43%. No valuation reserves were recorded to adjust contract amounts as of December 31, 2010 or 2009.

Traditional GICs are issued by insurance companies and typically pay a guaranteed fixed or floating rate of interest over the life of the contract with a repayment of principal at maturity. A Synthetic GIC is similar to a Traditional GIC but has unbundled the insurance and investment components of the Traditional GIC.

Wrapper contracts are typically issued by a bank or insurance company, and seek to provide preservation of principal by permitting daily liquidity at contract value for participant directed transactions, in accordance with the provisions of the Plans. Wrapper contracts amortize the realized and unrealized gains and losses on the underlying fixed income investments through adjustments to the future interest crediting rate of the contract. Wrapper contracts typically contain contractual provisions that prevent the interest crediting rate from falling below zero. The fair value of the wrapper contracts for the Group Trust was $15,609 and $9,724 at December 31, 2010 and 2009.

Wrapper contracts’ interest crediting rates are typically reset on a monthly or quarterly basis and are based on the characteristics of the underlying fixed income securities. Other key factors that influence the interest crediting rates are market interest rates, the amount and timing of participant transactions into and out of the wrapper contract, investment returns on the underlying fixed income securities, the duration of those investments, and the default or credit failure of any of the securities. In some instances, the default or credit failure of a security could result in the reduction of contract value, and a loss of principal would be realized by the Stable Value Fund. Changes in market interest rates can affect the yield to maturity and the market value of the underlying investment, and can have a material impact on the wrapper contract’s interest crediting rate. Additionally, participant withdrawals and transfers from the Stable Value Fund are paid at contract value but funded through the market value liquidation of the underlying investments, which also impacts the interest crediting rate. The resulting gains and losses in the market value of the underlying investments relative to the wrapper contract value are represented on the Plans’ statement of net assets available for benefits as the “Adjustment from fair value to contract value for fully benefit-responsive investment contracts,” and the amount allocated to the AT&T Master Trust totaled $(248,399) at December 31, 2010 and $(105,004) at December 31, 2009. If this adjustment is positive, it indicates that the wrapper contract value is greater than the market value of the underlying investments and the embedded market value losses will be amortized in the future through a lower interest crediting rate. If the adjustment is negative, the embedded market gains would cause the future interest crediting rate to be higher.

In certain circumstances, the amount withdrawn from the wrapper contract could be payable at fair value rather than at contract value. These events include termination of the Plans, a material adverse change to the provisions of the Plans, if AT&T elects to withdraw from a wrapper contract in order to switch to a different investment provider or, in the event of a spin-off or sale of a division, if the terms of the successor plan do not meet the contract issuers' underwriting criteria for issuance of a clone wrapper contract. Events that would permit a wrapper contract issuer to terminate a wrapper contract upon short notice include the Plans' loss of qualified status, un-cured material breaches of responsibilities or material and adverse changes to the provisions of the Plans. The Company does not believe any of the events are probable of occurring in the foreseeable future.

Securities Lending
The Group Trust is authorized to engage in the lending of certain assets. Securities lending is an investment management enhancement that utilizes the existing securities of the Group Trust to earn additional income. Securities lending involves the loaning of securities to a selected group of approved banks and broker-dealers. In return for the loaned securities, the trustee, prior to or simultaneous with delivery of the loaned securities to the borrower, receives collateral in the form of cash or U.S. government securities as a safeguard against possible default of any borrower on the return of the loan under terms that permit the Group Trust to repledge or sell the securities. Each loan is initially collateralized, in the case of: (a) loaned securities denominated in U.S. dollars or whose primary trading market is located in the U.S. to the extent of 102% of the market value of the loaned securities, or (b) loaned securities not denominated in U.S. dollars or whose primary trading market is not located in the U.S. to the extent of 105% of the market value of the loaned securities. The collateral is marked to market on a daily basis. The Group Trust elected to cease securities lending activity in 2010. All loans were returned to the Group Trust and all collateral was returned to the borrowers in early 2011.

The fair value of securities on loan was $69 and $786,644 as of December 31, 2010 and 2009, and the value of collateral held was $71 and $791,405 at December 31, 2010 and 2009. The reported collateral at December 31, 2010, did not include noncash holdings. The collateral is invested in equities (classified as Level 1). Income earned on securities lending is used to offset administrative expenses and was $936 for the year ended December 31, 2010.

Investment Risk
Investments held by the Group Trust and the AT&T Master Trust are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits. Participants' accounts that are invested in the Company stock fund option are exposed to market risk in the event of a significant decline in the value of AT&T stock.

Additionally, the Group Trust invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

5. Related Party Transactions

The assets of the Plans are invested in AT&T stock either through the Group Trust or AT&T Master Trust. Because the Company is the plan sponsor of the Plans, transactions involving the Company's stock qualify as party-in-interest transactions. In addition, certain investments held by the Plans, Group Trust and AT&T Master Trust are managed by BNY Mellon and Fidelity as trustee and record keeper, respectively, as defined by various agreements. In addition, certain investments were managed by State Street and Fidelity as trustee and record keeper as defined by various agreements. Therefore, these transactions and fees paid to these entities qualify as parties-in-interest transactions. All of these transactions are exempt from the prohibited transactions rules.

23

Notes to Financial Statements (Continued)
(Dollars in Thousands)

6. Tax Status

The ASP has received a determination letter from the Internal Revenue Service (IRS) dated August 20, 2009, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the ASP was amended. Once qualified, the ASP is required to operate in conformity with the IRC to maintain its qualification. The plan administrator believes the ASP is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the ASP, as amended, is qualified and the related trust is tax exempt.

The ARSP has received a determination letter from the IRS dated August 6, 2002, stating that the ARSP is qualified under Section 401(a) of the IRC and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the ARSP was amended. Once qualified, the ARSP is required to operate in conformity with the IRC to maintain its qualification. The plan administrator believes the ARSP is being operated in compliance with the applicable requirements of the IRC and, therefore, believes that the Plan, as amended and restated, is qualified and the related trust is tax exempt. In addition, the ARSP was filed with the IRS for a new favorable determination letter on February 2, 2009 pursuant to, and as a part of, the IRS determination letter filing program (Cycle C) and that request is still pending.

The ASP-PR has received a determination letter from the Commonwealth of Puerto Rico’s Department of Treasury (Treasury) dated December 30, 2010, stating that the ASP-PR is qualified under Sections 1165(a) and 1165(e) of the Puerto Rico Internal Revenue Code of 1994 (the Puerto Rico Code) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Treasury, the ASP-PR was amended. Once qualified, the ASP-PR is required to operate in conformity with the Puerto Rico Code to maintain its qualification. The plan administrator believes the ASP-PR is being operated in compliance with the applicable requirements of the Puerto Rico Code and, therefore, believes that the ASP-PR, as amended, is qualified and the related trust is tax exempt.

The ARSP-PR has received a determination letter from the Commonwealth of Puerto Rico’s Department of Treasury (Treasury) dated December 1, 2010, stating that the ARSP-PR is qualified under Sections 1165(a) and 1165(e) of the Puerto Rico Code and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the Treasury, the ARSP-PR was amended. Once qualified, the ARSP-PR is required to operate in conformity with the Puerto Rico Code to maintain its qualification. The plan administrator believes the ARSP-PR is being operated in compliance with the applicable requirements of the Puerto Rico Code and, therefore, believes that the ARSP-PR, as amended, is qualified and the related trust is tax exempt.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plans. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS or Treasury. The Plans administrator has analyzed the tax positions taken by the Plans, and has concluded that as of December 31, 2010, there were no uncertain positions taken or expected to be taken. The Plans have recognized no interest or penalties related to uncertain tax positions. The Plans are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plans administrator believes they are no longer subject to income tax examinations for years prior to 2007.

(Dollars in Thousands)

7. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of Net Assets Available for Benefits per the financial statements to the Form 5500 as of December 31, 2010:

	AT&T Savings Plan	AT&T Retirement Savings Plan	AT&T Puerto Rico Savings Plan	AT&T Puerto Rico Retirement Savings Plan
Net Assets Available for Benefits per the financial statements	$21,814,711	$633,794	$42,363	$6,848
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	242,945	4,903	507	44
Distributions payable to participants	(4,899)	(35)	-	-
Net Assets Available for Benefits per the Form 5500	$22,052,757	$638,662	$42,870	$6,892

The following is a reconciliation of Net Assets Available for Benefits per the financial statements to the Form 5500 as of December 31, 2009:

	AT&T Savings Plan	AT&T Retirement Savings Plan	AT&T Puerto Rico Savings Plan	AT&T Puerto Rico Retirement Savings Plan
Net Assets Available for Benefits per the financial statements	$19,851,480	$488,982	$15,803	$5,428
Adjustment from contract value to fair value for fully benefit-responsive investment contracts	102,825	2,071	89	18
Distributions payable to participants	(1,571)	-	-	-
Net Assets Available for Benefits per the Form 5500	$19,952,734	$491,053	$15,892	$5,446

Distributions payable to participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date. The following is a reconciliation of distributions to participants per the financial statements to the Form 5500 for the year ended December 31, 2010:

	AT&T Savings Plan	AT&T Retirement Savings Plan	AT&T Puerto Rico Savings Plan	AT&T Puerto Rico Retirement Savings Plan
Distributions to participants per the financial statements	$1,457,872	$69,344	$1,975	$593
Distributions payable to participants at December 31, 2010	4,899	35	-	-
Distributions payable to participants at December 31, 2009	(1,571)	-	-	-

Distributions to participants per the Form 5500	$1,461,200	$69,379	$1,975	$593

25

Notes to Financial Statements (Continued)
(Dollars in Thousands)

Fully benefit-responsive contracts are recorded on the Form 5500 at fair value versus contract value on the financial statements. The following is a reconciliation of total additions per the financial statements to total income per the Form 5500 for the year ended December 31, 2010:

	AT&T Savings Plan	AT&T Retirement Savings Plan	AT&T Puerto Rico Savings Plan	AT&T Puerto Rico Retirement Savings Plan
Total additions per the financial statements	$3,408,001	$192,784	$7,952	$2,053
Adjustment from contract value to fair value for fully benefit-responsive investment contracts at December 31, 2010	242,945	4,903	507	44
Adjustment from contract value to fair value for fully benefit-responsive investment contracts at December 31, 2009	(102,825)	(2,071)	(89)	(18)
Total income per the Form 5500	$3,548,121	$195,616	$8,370	$2,079

26

Notes to Financial Statements (Continued)
(Dollars in Thousands)

8. Nonparticipant-Directed Investments

The ESOP component of the Plans is held as a separate account under the AT&T Master Trust. The participating plans and ownership percentages of the ESOP are listed below:

	December 31, 2010	2009
AT&T Savings Plan	95.10 %	97.44 %
AT&T Retirement Savings Plan	4.73 %	2.49 %
AT&T Puerto Rico Savings Plan	0.12 %	0.04 %
AT&T Puerto Rico Retirement Savings Plan	0.05 %	0.03 %
Total	100.0 %	100.0 %

Information about the net assets and the significant components of the changes in net assets relating to the nonparticipant-directed investments as of December 31 was as follows:

	2010	2009
Assets		
AT&T common stock	$1,914,413	$1,614,044
Temporary cash investments	3,364	1,798
Receivable for investments sold	844	1,167
Other receivables	-	1
Total Assets	1,918,621	1,617,010
Liabilities		
Payable for investments purchased	768	11
Total Liabilities	768	11
Net Assets Available for Benefits*	$1,917,853	$1,616,999

*A portion of these amounts include participant and nonparticipant-directed investments.

	2010
Net Assets Available for Benefits, December 31, 2009*	$ 1,616,999
Transfers from other funds	427,440
Net appreciation in fair value of common stock	100,374
Administrative expenses	(227)
Transfers to other funds	(226,733)
	300,854
Net Assets Available for Benefits, December 31, 2010*	$ 1,917,853

*A portion of these amounts include participant and nonparticipant-directed investments.

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)
December 31, 2010
(Dollars in Thousands)

AT&T SAVINGS PLAN
EIN 43-1301883, PLAN NO. 002

	Identity of Issue	Description of Investment	Current Value
Loan Fund			
*	Loans to Plan participants	3.25% -11.0%	$ 475,022
	TOTAL		$ 475,022

* Party-in-Interest.

AT&T RETIREMENT SAVINGS PLAN
EIN 43-1301883, PLAN NO. 009

	Identity of Issue	Description of Investment	Current Value
Loan Fund			
*	Loans to Plan Participants	4% -10.5%	$ 54,645
	TOTAL		$ 54,645

* Party-in-Interest.

AT&T PUERTO RICO SAVINGS PLAN
EIN 43-1301883, PLAN NO. 010

	Identity of Issue	Description of Investment	Current Value
Loan Fund			
*	Loans to Plan Participants	3.25% - 9.25%	$ 3,055
	TOTAL		$ 3,055

* Party-in-Interest.

AT&T PUERTO RICO RETIREMENT SAVINGS PLAN
EIN 43-1301883, PLAN NO. 011

Identity of Issue	Description of Investment	Current Value

Loan Fund

*	Loans to Plan Participants	4.25% - 9.25%	$ 897
	TOTAL		$ 897

* Party-in-Interest.

28

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) has duly caused this annual report to be signed by the undersigned thereunto duly authorized.

AT&T Savings Plan

By AT&T Services, Inc.,
Plan Administrator for the Foregoing Plans

By /s/ Paul W. Stephens
Paul W. Stephens
Senior Vice President and Controller

Date: June 17, 2011

29

EXHIBIT INDEX

Exhibit identified below, Exhibit 23 is filed herein as an exhibit hereto.

Exhibit Number	
23	Consent of Independent Registered Public Accounting Firm

30