AT&T says promotions are pulling in a large number of new phone customers, but the cost of subsidizing phones for them will hold back profits this year.

The nation's second-largest cellphone company expects to report that it added a net 500,000 new devices on contract-based plans during the April-June period. That would be the best second-quarter figure since 2010.

Since most Americans already have phones, the number of new-customers has been slipping across the industry. AT&T's tallies have been propped up by the addition of tablets, but these carry lower monthly fees than phones.

Dallas-based AT&T doesn't expect the influx of new customers to move the needle on overall sales this year. It said it still expects revenue to rise 2 percent in 2013, as margins decline.

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