

TIME WARNER INC.  
Form DEFM14A  
January 09, 2017  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under § 240.14a-12

**Time Warner Inc.**

**(Name of Registrant as Specified In Its Charter)**

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

Payment of Filing Fee (Check the appropriate box):

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(4) Date Filed:

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**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

January 9, 2017

Dear Fellow Stockholder:

We cordially invite you to attend a special meeting of stockholders of Time Warner Inc., a Delaware corporation, to be held on February 15, 2017, at 3:00 P.M. Eastern time, at Omni Atlanta Hotel at CNN Center, 100 CNN Center, Atlanta, GA 30303, which we refer to as the special meeting. As previously announced, on October 22, 2016, Time Warner entered into a merger agreement providing for the combination of Time Warner with AT&T Inc., a Delaware corporation. At the special meeting, you will be asked to consider and vote on a proposal to adopt the merger agreement.

If the transaction is completed, you will be entitled to receive for each share of Time Warner common stock an amount equal to \$53.75 in cash plus a number of shares of AT&T common stock equal to the exchange ratio set forth in the merger agreement, which we refer to as the exchange ratio. The exchange ratio depends on the average of the volume weighted averages of the trading price of AT&T common stock on the New York Stock Exchange, which we refer to as the NYSE, on each of the 15 consecutive NYSE trading days ending on and including the trading day that is three trading days prior to the closing of the transaction, which we refer to as the average stock price. If the average stock price is between (or equal to) \$37.411 and \$41.349 per share, the exchange ratio will be equal to \$53.75 divided by the average stock price. If the average stock price is greater than \$41.349, the exchange ratio will be 1.300. If the average stock price is less than \$37.411, the exchange ratio will be 1.437. AT&T common stock is traded on the NYSE under the trading symbol **T** and we encourage you to obtain quotes for the AT&T common stock, given that part of the merger consideration is payable in shares of AT&T common stock.

The transaction cannot be completed unless Time Warner stockholders holding at least a majority of the shares of Time Warner common stock outstanding as of the close of business on January 3, 2017, the record date for the special meeting, vote in favor of the adoption of the merger agreement at the special meeting.

**Your vote is very important, regardless of the number of shares you own. The transaction cannot be completed unless the holders of at least a majority of the outstanding shares of Time Warner common stock entitled to vote thereon vote to adopt the merger agreement. A failure to vote or an abstention will have the same effect as a vote AGAINST the adoption of the merger agreement.**

Even if you plan to attend the special meeting in person, Time Warner requests that you complete, sign, date and return, as promptly as possible, the enclosed proxy or voting instruction card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares of Time Warner common stock will be represented at the special meeting if you are unable to attend. If you hold your shares in street name through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares.

**YOUR PROXY IS BEING SOLICITED BY THE BOARD OF DIRECTORS OF TIME WARNER. AFTER CAREFUL CONSIDERATION, THE TIME WARNER BOARD OF DIRECTORS**

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**HAS UNANIMOUSLY DETERMINED THAT THE MERGER OF WEST MERGER SUB, INC., A WHOLLY OWNED SUBSIDIARY OF AT&T, WITH AND INTO TIME WARNER, WHICH WE REFER TO AS THE INITIAL MERGER, AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ARE FAIR TO AND IN THE BEST INTERESTS OF TIME WARNER AND ITS STOCKHOLDERS, APPROVED AND DECLARED ADVISABLE THE MERGER AGREEMENT, THE INITIAL MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT AND DIRECTED THAT THE MERGER AGREEMENT BE SUBMITTED TO TIME WARNER STOCKHOLDERS. OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT AND FOR THE OTHER PROPOSALS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS. THE BOARD OF DIRECTORS MADE ITS DETERMINATION AFTER EVALUATING THE TRANSACTION IN CONSULTATION WITH TIME WARNER'S MANAGEMENT AND LEGAL AND FINANCIAL ADVISORS AND CONSIDERING A NUMBER OF FACTORS.** In considering the recommendation of the board of directors of Time Warner, you should be aware that directors and executive officers of Time Warner have certain interests in the transaction that may be different from, or in addition to, the interests of Time Warner stockholders generally. See the sections entitled **Non-Binding, Advisory Vote on Transaction-Related Compensation for Time Warner's Named Executive Officers** beginning on page 112 of the accompanying proxy statement/prospectus and **Interests of Time Warner's Directors and Executive Officers in the Transaction** beginning on page 119 of the accompanying proxy statement/prospectus for a more detailed description of these interests.

**In particular, we urge you to read carefully the section entitled Risk Factors beginning on page 39 of the accompanying proxy statement/prospectus. If you have any questions regarding the accompanying proxy statement/prospectus, you may contact Time Warner's proxy solicitor, Morrow Sodali LLC, at the telephone numbers, email address or address below.**

Morrow Sodali LLC

470 West Avenue 13 floor

Stamford, CT 06902

Banks and Brokerage Firms Call: (203) 658-9400

Stockholders Call Toll Free: (800) 662-5200

Email: [twx.info@morrowsodali.com](mailto:twx.info@morrowsodali.com)

We urge you to read carefully and in its entirety the accompanying proxy statement/prospectus, including the Annexes and the documents incorporated by reference.

On behalf of the board of directors of Time Warner, thank you for your consideration and continued support.

Sincerely,

Jeffrey L. Bewkes

*Chairman of the Board and Chief Executive Officer*

Robert C. Clark

*Lead Independent Director*

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**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE INITIAL MERGER OR OTHER TRANSACTIONS DESCRIBED IN THE ATTACHED PROXY STATEMENT/PROSPECTUS OR THE SECURITIES TO BE ISSUED PURSUANT TO THE INITIAL MERGER UNDER THE ATTACHED PROXY STATEMENT/ PROSPECTUS NOR HAVE THEY DETERMINED IF THE ATTACHED PROXY STATEMENT/ PROSPECTUS IS ACCURATE OR ADEQUATE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The accompanying proxy statement/prospectus is dated January 9, 2017 and is first being mailed to Time Warner stockholders on or about January 9, 2017.

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**TIME WARNER INC.**

**One Time Warner Center**

**New York, New York 10019**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

Dear Fellow Stockholder:

You are cordially invited to attend a special meeting of Time Warner Inc. ( Time Warner ) stockholders. The special meeting will be held on February 15, 2017, at 3:00 P.M. Eastern time, at Omni Atlanta Hotel at CNN Center, 100 CNN Center, Atlanta, GA 30303, to consider and vote on the following matters:

1. a proposal to adopt the Agreement and Plan of Merger, dated as of October 22, 2016, as it may be amended from time to time (the Merger Agreement ), by and among Time Warner, a Delaware corporation, AT&T Inc. ( AT&T ), a Delaware corporation, West Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of AT&T, and West Merger Sub II, LLC, a Delaware limited liability company and a wholly owned subsidiary of AT&T. A copy of the merger agreement is attached as **Annex A** to the accompanying proxy statement/prospectus;
2. a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Time Warner s named executive officers in connection with the transaction and the agreements and understandings pursuant to which such compensation may be paid or become payable; and
3. a proposal to approve adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

The record date for the special meeting is January 3, 2017. Only stockholders of record as of the close of business on January 3, 2017 are entitled to notice of, and to vote at, the special meeting. All stockholders of record as of that date are cordially invited to attend the special meeting in person.

**Your vote is very important, regardless of the number of shares of Time Warner common stock that you own.**

The transaction cannot be completed unless the merger agreement is adopted by the affirmative vote of the holders of at least a majority of the outstanding shares of Time Warner common stock entitled to vote thereon. Even if you plan to attend the special meeting in person, Time Warner requests that you complete, sign, date and return, as promptly as possible, the enclosed proxy or voting instruction card in the accompanying prepaid reply envelope or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares of Time Warner common stock will be represented at the special meeting if you are unable to attend. If you hold your shares in street name through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares. If you fail to submit a proxy or to attend the special meeting in person or do not provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares of Time Warner common stock, as applicable, your shares of Time Warner common stock will not be counted for purposes of



determining whether a quorum is present at the special meeting and will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

Your proxy is being solicited by the board of directors of Time Warner. After careful consideration, our board of directors has unanimously (i) determined that the merger of West Merger Sub, Inc., which we refer to as Corporate Merger Sub, with and into Time Warner, which we refer to as the initial merger, and the other transactions contemplated by the merger agreement are fair to and in the best interests of Time Warner and its stockholders, (ii) approved and declared advisable the merger agreement, the initial merger and the other transactions contemplated by the merger agreement and (iii) directed that the merger agreement be submitted to Time Warner stockholders and recommended the adoption of the merger agreement by Time Warner

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stockholders. **Our board of directors unanimously recommends that you vote FOR the adoption of the merger agreement and FOR the other proposals described in the accompanying proxy statement/prospectus. Our board of directors made its determination after evaluating the transaction in consultation with Time Warner's management and legal and financial advisors and considering a number of factors. In considering the recommendation of the board of directors of Time Warner, you should be aware that the directors and executive officers of Time Warner have certain interests in the transaction that may be different from or in addition to the interests of Time Warner stockholders generally. See the sections entitled Non-Binding, Advisory Vote on Transaction-Related Compensation for Time Warner's Named Executive Officers beginning on page 112 of the accompanying proxy statement/prospectus and Interests of Time Warner's Directors and Executive Officers in the Transaction beginning on page 119 of the accompanying proxy statement/prospectus for a more detailed description of these interests.**

To gain admittance to the special meeting, please detach and retain the admission ticket attached to your proxy or voting instruction card. If you are attending the special meeting in person, you will be required to present valid photo identification, such as a driver's license or passport, and an admission ticket to be admitted to the special meeting. If your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee, please visit the website listed in the instructions provided by your bank, brokerage firm or other nominee and follow the instructions to print an admission pass, or bring evidence that you own Time Warner common stock to the special meeting and we will provide you an admission ticket. If you received your special meeting materials electronically and wish to attend the meeting, please follow the instructions provided for attendance. A form of government issued photo ID will be required to enter the special meeting. In addition, packages and bags may be inspected and other measures may be employed to enhance the security of persons attending the special meeting. These procedures may require additional time, so please plan your arrival time accordingly. To avoid disruption, admission may be limited once the special meeting begins.

Under Delaware law, subject to certain limitations, Time Warner stockholders who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares of Time Warner common stock as determined by the Delaware Court of Chancery if the initial merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the adoption of the merger agreement and comply with the other Delaware law procedures explained in the accompanying proxy statement. Time Warner stockholders who do not vote in favor of the adoption of the merger agreement and who submit a written demand for such an appraisal prior to the vote on the adoption of the merger agreement and comply with the other Delaware law procedures will not receive the merger consideration, unless they fail to perfect, withdraw or otherwise lose their right to appraisal.

**WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD OR VOTING INSTRUCTION CARD IN THE ACCOMPANYING PREPAID REPLY ENVELOPE, OR SUBMIT YOUR PROXY BY TELEPHONE OR THE INTERNET. IF YOU ATTEND THE SPECIAL MEETING AND VOTE IN PERSON, YOUR VOTE BY BALLOT WILL REVOKE ANY PROXY PREVIOUSLY SUBMITTED.**

By Order of the Board of Directors,

Paul F. Washington

*Corporate Secretary*

New York, New York

Dated: January 9, 2017

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**REFERENCES TO ADDITIONAL INFORMATION**

This proxy statement/prospectus incorporates important business and financial information about Time Warner Inc., which we refer to as Time Warner, and AT&T Inc., which we refer to as AT&T, from other documents that Time Warner and AT&T have filed with the U.S. Securities and Exchange Commission, which we refer to as the SEC, and that are contained in or incorporated by reference into this proxy statement/prospectus. For a listing of documents incorporated by reference into this proxy statement/prospectus, please see the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus. This information is available for you to review at the SEC's public reference room located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549, and through the SEC's website at [www.sec.gov](http://www.sec.gov).

**You may request copies of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning Time Warner, without charge, by written or telephonic request directed to Time Warner Inc., Attention: Corporate Secretary, One Time Warner Center, New York, New York 10019, Telephone (212)-484-8000; or Time Warner's proxy solicitor, Morrow Sodali LLC, 470 West Avenue 3<sup>rd</sup> floor, Stamford, CT 06902 or by email at [twx.info@morrrowsodali.com](mailto:twx.info@morrrowsodali.com). Banks and brokers call collect: (203) 658-9400; stockholders call toll free: (800) 662-5200.**

**You may also request a copy of this proxy statement/prospectus and any of the documents incorporated by reference into this proxy statement/prospectus or other information concerning AT&T, without charge, by written or telephonic request directed to AT&T Inc., Attention: Stockholder Services, One AT&T Plaza, 208 South Akard Street, Dallas, Texas 75202, Telephone (210) 821-4105; or from the SEC through the SEC website at the address provided above.**

**In order for you to receive timely delivery of the documents in advance of the special meeting of Time Warner stockholders to be held on February 15, 2017, you must request the information no later than five business days prior to the date of the special meeting, being February 8, 2017.**

**ABOUT THIS PROXY STATEMENT/PROSPECTUS**

This document, which forms part of a registration statement on Form S-4 filed with the SEC by AT&T (File No. 333-214712), constitutes a prospectus of AT&T under Section 5 of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the shares of common stock, par value \$1.00 per share, of AT&T, which we refer to as AT&T common stock, to be issued to Time Warner stockholders pursuant to the Agreement and Plan of Merger, dated as of October 22, 2016, by and among Time Warner, AT&T, West Merger Sub, Inc. and West Merger Sub II, LLC, as it may be amended from time to time, which we refer to as the merger agreement. This document also constitutes a proxy statement of Time Warner under Section 14(a) of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. It also constitutes a notice of meeting with respect to the special meeting, at which Time Warner stockholders will be asked to consider and vote on the adoption of the merger agreement.

AT&T has supplied all information contained or incorporated by reference into this proxy statement/prospectus relating to AT&T, West Merger Sub, Inc. and West Merger Sub II, LLC and Time Warner has supplied all such information relating to Time Warner.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. AT&T and Time Warner have not authorized anyone to provide you with information that is

different from that contained in or incorporated by reference into this proxy statement/prospectus. This proxy statement/prospectus is dated January 9, 2017, and you should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than such date. Further, you should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this proxy statement/prospectus to Time Warner stockholders nor the issuance by AT&T of shares of its common stock pursuant to the merger agreement will create any implication to the contrary.

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<u>Annex A</u>	Agreement and Plan of Merger, dated as of October 22, 2016, by and among Time Warner Inc., AT&T Inc., West Merger Sub, Inc. and West Merger Sub II, LLC
<u>Annex B</u>	Opinion of Allen & Company LLC
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**QUESTIONS AND ANSWERS ABOUT THE TRANSACTION AND THE SPECIAL MEETING**

The following questions and answers are intended to briefly address some commonly asked questions regarding the transaction, the merger agreement and the special meeting. These questions and answers may not address all questions that may be important to you as a Time Warner stockholder. Please refer to the section entitled Summary beginning on page 13 of this proxy statement/prospectus and the more detailed information contained elsewhere in this proxy statement/prospectus, the annexes to this proxy statement/prospectus and the documents referred to in this proxy statement/prospectus, which you should read carefully and in their entirety. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled Where You Can Find More Information beginning on page 158 of this proxy statement/prospectus.

**Q: Why am I receiving this proxy statement/prospectus and proxy or voting instruction card?**

A: Time Warner has agreed to merge with AT&T under the terms of the merger agreement that are described in this proxy statement/prospectus. If the merger agreement is adopted by Time Warner stockholders and the other conditions to closing under the merger agreement are satisfied or waived, West Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of AT&T, which we refer to as Corporate Merger Sub, will merge with and into Time Warner, with Time Warner surviving the merger, which we refer to as the initial merger, as a wholly owned subsidiary of AT&T, which we refer to as the initial surviving company. The parties intend that, immediately thereafter, the initial surviving company will merge with and into West Merger Sub II, LLC, a Delaware limited liability company and wholly owned subsidiary of AT&T, which we refer to as LLC Merger Sub, with LLC Merger Sub surviving such merger, which we refer to as the subsequent merger, as a wholly owned subsidiary of AT&T, which we refer to as the final surviving entity. In certain circumstances, AT&T and Time Warner may agree not to consummate the subsequent merger. See the section entitled The Merger Agreement Alternative Structure beginning on page 106 of this proxy statement/prospectus. We refer to the mergers collectively, and the alternative structure of the initial merger occurring without the consummation of the subsequent merger (as described below), as the transaction.

As a result of the initial merger, Time Warner will no longer be a publicly held company. Following the initial merger, Time Warner common stock will be delisted from the New York Stock Exchange, which we refer to as the NYSE, and deregistered under the Exchange Act, and Time Warner will no longer be required to file periodic reports with the SEC in respect of Time Warner common stock.

Time Warner is holding the special meeting to ask its stockholders to consider and vote on a proposal to adopt the merger agreement. Time Warner stockholders are also being asked (i) to grant authority to proxy holders to vote in favor of adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and (ii) to consider and vote on a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Time Warner's named executive officers in connection with the transaction and the agreements and understandings pursuant to which such compensation may be paid or become payable, which we refer to as the transaction-related executive compensation.

This proxy statement/prospectus includes important information about the transaction, the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus, and the special meeting. Time Warner stockholders should read this information carefully and in its entirety. The enclosed voting materials allow stockholders to vote their shares without attending the special meeting in person.

**Q: Does my vote matter?**

A: Yes. The transaction cannot be completed unless the merger agreement is adopted by Time Warner stockholders. If you fail to submit a valid proxy or vote in person at the special meeting, or vote to abstain,



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or you do not provide your bank, brokerage firm or other nominee with instructions, as applicable, this will have the same effect as a vote **AGAINST** the adoption of the merger agreement. The Time Warner board unanimously recommends that stockholders vote **FOR** the adoption of the merger agreement.

**Q: What is the vote required to approve each proposal at the Time Warner special meeting?**

A: The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Time Warner common stock entitled to vote thereon. Because the affirmative vote required to adopt the merger agreement is based on the total number of outstanding shares of Time Warner common stock, if you fail to submit a valid proxy or vote in person at the special meeting, or vote to abstain, or you do not provide your bank, brokerage firm or other nominee with instructions, as applicable, this will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

The proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation requires the affirmative vote of a majority of votes cast thereon. If you vote to abstain or if you fail to submit a valid proxy or to vote in person at the special meeting or if your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee to vote your shares of Time Warner common stock, your shares of Time Warner common stock will not be voted, but this will not have an effect on the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation.

The approval of adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement requires the affirmative vote of the holders of a majority of shares of Time Warner common stock present in person or represented by proxy and entitled to vote thereon, whether or not a quorum is present. If your shares of Time Warner common stock are present at the special meeting but are not voted on the proposal, or if you vote to abstain on the proposal, each will have the effect of a vote **AGAINST** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. If you fail to submit a valid proxy and to attend the special meeting or if your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee to vote your shares of Time Warner common stock, your shares of Time Warner common stock will not be voted, but this will not have an effect on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

If you are a participant in the Time Warner Savings Plan and hold an interest in the Time Warner Inc. Stock Fund under the plan, and you (a) sign and return your voting instruction card without indicating your instructions for voting your interest, Fidelity Management Trust Company, as trustee, will vote your interest in the Time Warner Inc. Stock Fund **FOR** each of Proposals 1, 2 and 3 or (b) do not return your voting instruction card, Fidelity Management Trust Company, as trustee, will vote your interest in the Time Warner Inc. Stock Fund in the same proportion as other participants' interests for which Fidelity receives voting instructions (excluding interests attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan), except that any interests you hold attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan will not be voted.

See the section entitled **Information About the Special Meeting - Vote Required** beginning on page 51 of this proxy statement/prospectus.

**Q: How does the Time Warner board recommend that I vote at the special meeting?**

A: The board of directors of Time Warner, which we refer to as the Time Warner board, unanimously recommends that Time Warner stockholders vote **FOR** the adoption of the merger agreement, **FOR** the approval, by non-binding, advisory vote, of the transaction-related executive compensation and **FOR**

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adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. See the section entitled "The Transaction Recommendation of the Time Warner Board; Time Warner's Reasons for the Transaction" beginning on page 60 of this proxy statement/prospectus.

**Q: What will I receive if the initial merger is completed?**

A: If the initial merger is completed, each share of Time Warner common stock issued and outstanding immediately prior to the completion of the initial merger will be converted into the right to receive \$53.75 in cash, plus a number of shares of AT&T common stock equal to an exchange ratio set forth in the merger agreement and defined below, which we refer to as the exchange ratio.

**Q: What is the exchange ratio?**

A: The exchange ratio is used to determine the number of shares of AT&T common stock Time Warner stockholders will be entitled to receive for each share of Time Warner common stock they hold. The exchange ratio is established in accordance with the merger agreement and depends on the average of the volume weighted averages of the trading price of AT&T common stock on the NYSE, on each of the 15 consecutive NYSE trading days ending on and including the trading day that is three trading days prior to the date of the initial merger, which we refer to as the average stock price. If the average stock price is between (or equal to) \$37.411 and \$41.349 per share, the exchange ratio will be the quotient obtained by dividing \$53.75 by the average stock price. If the average stock price is greater than \$41.349, the exchange ratio will be 1.300. If the average stock price is less than \$37.411, the exchange ratio will be 1.437. Accordingly, the actual number of shares and the value of AT&T common stock delivered to Time Warner stockholders will depend on the average stock price. See the section entitled "The Transaction Merger Consideration" beginning on page 57 of this proxy statement/prospectus.

**Q: What is the value of the merger consideration?**

A: The exact value of the merger consideration that Time Warner stockholders receive will depend on the price per share of AT&T common stock at the time of the initial merger and the number of shares received will depend on the average price per share at which AT&T common stock trades during a period leading up to the initial merger. Those prices will not be known at the time of the special meeting and may be less than the current price or the price at the time of the special meeting.

Based on the closing stock price of AT&T common stock on the NYSE on January 4, 2017, the latest practicable date before the mailing of this proxy statement/prospectus, of \$42.77, and assuming that such price was to be the average stock price, the applicable exchange ratio would be 1.300 and the value of the merger consideration would be \$109.35 for each share of Time Warner common stock. We urge you to obtain current market quotations of AT&T common stock and Time Warner common stock. See the section entitled "Where You Can Find More Information" beginning at page 158 of this proxy statement/prospectus.

**Q: What happens if I am eligible to receive a fraction of a share of AT&T common stock as part of the merger consideration?**

A: If the aggregate number of shares of AT&T common stock that you are entitled to receive as part of the merger consideration includes a fraction of a share of AT&T common stock, you will receive cash in lieu of that fractional share. See the section entitled "The Merger Agreement - Fractional Shares" beginning on page 93 of this proxy statement/prospectus.

**Q: What will holders of Time Warner equity compensation awards receive in the transaction?**

A: At the effective time of the initial merger, which we refer to as the first effective time, each outstanding Time Warner option, whether vested or unvested, will be converted into an AT&T option covering a number of shares of AT&T common stock (rounded down to the nearest whole number) equal to the product of (i) the number of shares of Time Warner common stock subject to such option immediately prior to the

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first effective time and (ii) the option exchange ratio (defined below), at an exercise price per share (rounded up to the nearest whole cent) equal to the result obtained by dividing (A) the exercise price per share of such option immediately prior to the first effective time by (B) the option exchange ratio. After the first effective time, each option will have the same general terms and conditions as were applicable to such option immediately prior to the first effective time, except that each option granted to a non-employee director of Time Warner will vest and become immediately exercisable at the first effective time. The option exchange ratio means a fraction, the numerator of which is the sum of \$53.75 plus an amount equal to the product of the exchange ratio and the average stock price, and the denominator of which is the average stock price.

Additionally, at the first effective time, each Time Warner restricted stock unit award, other than a restricted stock unit award subject to performance conditions, which we refer to as a performance stock unit award, or a restricted stock unit award held by a non-employee director of Time Warner, which we refer to as a director restricted stock unit award, will be converted, on the same general terms and conditions as were applicable immediately prior to the first effective time, into (x) the right to receive a cash amount equal to \$53.75 multiplied by the number of shares of Time Warner common stock underlying such restricted stock unit award, plus any accrued and unpaid retained distributions, in each case, without interest, and (y) an AT&T restricted stock unit award covering a number of shares of AT&T common stock equal to the number of shares of Time Warner common stock underlying such restricted stock unit award multiplied by the exchange ratio. Each director restricted stock unit award will be cancelled at the first effective time in exchange for the merger consideration, which will be paid promptly following the first effective time, for each share underlying such director restricted stock unit award, plus any accrued and unpaid retained distributions, in each case, without interest and less applicable tax withholdings. Each performance stock unit award will be cancelled at the first effective time in exchange for the merger consideration, which will be paid promptly following the first effective time, for each share underlying such performance stock unit award, plus any accrued and unpaid retained distributions, in each case, without interest and less applicable tax withholdings. The number of shares underlying each performance stock unit for purposes of the foregoing sentence will be determined by the Compensation and Human Development Committee of the Time Warner board, in accordance with the terms of the applicable award and subject to review by AT&T.

See the section entitled "Interests of Time Warner's Directors and Executive Officers in the Transaction - Equity Compensation Awards" beginning on page 119 of this proxy statement/prospectus for additional details regarding the Time Warner equity compensation awards.

**Q: What will happen to Time Warner as a result of the transaction?**

A: If the initial merger is completed, Corporate Merger Sub will be merged with and into Time Warner, with Time Warner continuing as the initial surviving company and a wholly owned subsidiary of AT&T. Time Warner will no longer be a public company, its shares will be delisted from the NYSE, deregistered under the Exchange Act and cease to be publicly traded and you will be entitled to receive the merger consideration if you were a Time Warner stockholder of record at the time of the initial merger.

If the subsequent merger is completed, Time Warner will be merged with and into LLC Merger Sub, with LLC Merger Sub continuing as the final surviving entity and a wholly owned subsidiary of AT&T.

**Q: What equity stake will Time Warner stockholders hold in AT&T immediately following the transaction?**

- A: Based on the number of issued and outstanding shares of AT&T common stock and Time Warner common stock as of December 16, 2016, and based on the minimum and maximum potential exchange ratios of 1.300 and 1.437, respectively, holders of shares of Time Warner common stock as of immediately prior to the closing of the initial merger will hold, in the aggregate, between approximately 14.0% and 15.3% of the issued and outstanding shares of AT&T common stock immediately following the closing of the initial merger. The exact number of shares of AT&T common stock that will be issued in the initial merger will not be determined until the exchange ratio is established and the number of outstanding shares of Time Warner common stock, director restricted stock unit awards and performance stock units that will vest at the first effective time is known, which will not be determined until the date of the initial merger is known.

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**Q: When do you expect the transaction to be completed?**

A: Subject to the satisfaction or waiver of the closing conditions described under the section entitled "The Merger Agreement - Conditions to Completion of the Transaction" beginning on page 107 of this proxy statement/prospectus, including the adoption of the merger agreement by Time Warner stockholders at the special meeting, Time Warner and AT&T expect that the transaction will be completed by the end of 2017. However, it is possible that factors outside the control of both companies could result in the transaction being completed at a different time or not at all.

**Q: What are the material United States federal income tax consequences of the transaction to Time Warner stockholders?**

A: It is intended that, for United States federal income tax purposes, the initial merger, together with the subsequent merger, will constitute a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), which we refer to as the Intended Tax Treatment. As described below, if the transaction qualifies for the Intended Tax Treatment, a holder of Time Warner common stock generally will recognize any taxable gain with respect to such stock up to the amount of cash received pursuant to the transaction, but will not recognize any taxable gain in excess of the amount of cash received.

However, the completion of the transaction is not conditioned on the transaction qualifying for the Intended Tax Treatment or upon the receipt of an opinion from counsel to that effect, and whether or not the transaction will qualify for the Intended Tax Treatment depends on facts that will not be known until the transaction is completed. In particular, the Intended Tax Treatment requires that the value of the shares of AT&T common stock issued to holders of Time Warner common stock in the transaction, determined as of completion of the transaction, represents at least a minimum percentage of the total consideration paid to holders of Time Warner common stock in the transaction.

While there is no specific guidance as to precisely what minimum percentage is necessary to satisfy this requirement, it would be satisfied if the AT&T common stock (valued as of completion of the transaction) represents at least 40% of the total consideration. Because this test is based on the value of AT&T common stock as of completion of the transaction, a decline in the value of the AT&T common stock could cause this requirement not to be met.

Accordingly, no assurance can be given that the transaction will qualify for the Intended Tax Treatment. In addition, neither AT&T nor Time Warner intends to request a ruling from the Internal Revenue Service regarding the United States federal income tax consequences of the transaction. Accordingly, even if AT&T and Time Warner conclude that the transaction qualifies for the Intended Tax Treatment, no assurance can be given that the Internal Revenue Service will not challenge that conclusion or that a court would not sustain such a challenge.

Assuming the transaction qualifies for the Intended Tax Treatment, subject to the limitations and qualifications described in the section entitled "Material United States Federal Income Tax Consequences" of this proxy statement/prospectus, a holder of Time Warner common stock whose shares of Time Warner common stock are exchanged in the initial merger for shares of AT&T common stock and cash generally will recognize capital gain (but not loss) realized on the exchange in an amount not exceeding the amount of cash received by the holder (except with respect to any cash received in lieu of a fractional share of AT&T common stock, as discussed below under the section entitled "Material United States Federal Income Tax Consequences - Cash Received Instead of a Fractional Share of AT&T Common Stock" beginning on page 137 of this proxy statement/prospectus).

In the event the transaction will reasonably be likely to fail to qualify for the Intended Tax Treatment, AT&T and Time Warner will cooperate in good faith to explore alternative structures that would permit the transactions

contemplated by the merger agreement to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, as discussed below in the section entitled The Merger Agreement Alternative Structure beginning on page 106 of this proxy statement/prospectus. However, the failure of the parties to the merger agreement to agree to an alternative structure will not cause any condition to the closing of the transaction set forth in the merger agreement not to be satisfied or otherwise cause any



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breach of the merger agreement. In addition, in the event the transaction will reasonably be likely to fail to qualify for the Intended Tax Treatment, the parties may agree not to consummate the subsequent merger. The initial merger would still be completed if the subsequent merger is not consummated. In that event, holders of Time Warner common stock would still receive the merger consideration and Time Warner would still become a wholly owned subsidiary of AT&T.

If the transaction fails to qualify for the Intended Tax Treatment, a holder of Time Warner common stock generally would recognize gain or loss in an amount equal to the difference between (1) the fair market value of the shares of AT&T common stock and the amount of cash received in the transaction by the holder (including cash received in lieu of a fractional share of AT&T common stock) and (2) the holder's basis in the Time Warner common stock surrendered.

It will not be known at the time of the special meeting whether the requirements for the transaction to qualify for the Intended Tax Treatment will be met. AT&T will make a public announcement no later than 45 days after the first effective time as to whether or not the transaction will be reported as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. **HOWEVER, TIME WARNER WILL NOT RESOLICIT STOCKHOLDER VOTES IN THE EVENT THAT THE TRANSACTION FAILS TO QUALIFY FOR THE INTENDED TAX TREATMENT.**

For a more detailed discussion of the material United States federal income tax consequences of the transaction, please see the section entitled "Material United States Federal Income Tax Consequences" beginning on page 135 of this proxy statement/prospectus.

In addition, for a description of the actions required in connection with the tax treatment of the transaction, please see the section entitled "The Merger Agreement Alternative Structure" beginning on page 106 of this proxy statement/prospectus.

The tax consequences of the transaction to any particular stockholder will depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the transaction.

### **Q: What are the conditions to completion of the transaction?**

A: In addition to the adoption of the merger agreement by Time Warner stockholders as described above, completion of the transaction is subject to the satisfaction or, to the extent permitted by applicable law, waiver of a number of other conditions, including the receipt of required regulatory approvals, the accuracy of AT&T's and Time Warner's respective representations and warranties under the merger agreement (subject to certain materiality exceptions) and AT&T's and Time Warner's performance of their respective obligations under the merger agreement. For a more complete summary of the conditions that must be satisfied or waived prior to completion of the transaction, see the section entitled "The Merger Agreement Conditions to Completion of the Transaction" beginning on page 107 of this proxy statement/prospectus.

### **Q: What happens if the transaction is not completed?**

- A: If the merger agreement is not adopted by Time Warner stockholders or if the initial merger is not completed for any other reason, Time Warner stockholders will not receive any consideration for their shares of Time Warner common stock. Instead, Time Warner will remain an independent public company, Time Warner common stock will continue to be listed and traded on the NYSE and registered under the Exchange Act and Time Warner will continue to file periodic reports with the SEC. Under specified circumstances, Time Warner may be required to pay AT&T a termination fee of \$1,725,000,000, or AT&T may be required to pay Time Warner a payment of \$500,000,000. See the section entitled The Merger Agreement Termination of the Merger Agreement Termination Fee & AT&T Payment beginning on page 110 of this proxy statement/prospectus.

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**Q: What happens if the subsequent merger is not completed?**

A: In the event the transaction will reasonably be likely to fail to qualify for the Intended Tax Treatment, the parties may agree, in their respective reasonable business discretion, not to consummate the subsequent merger. AT&T is also not required to cause the subsequent merger to occur if it would, among other things, constitute or result in a breach or violation of, a default or termination or modification under, any agreement, instrument or indenture with respect to indebtedness for borrowed money to which Time Warner or any of its subsidiaries is a party. If the parties agree not to consummate the subsequent merger, the initial merger will still be completed, the Time Warner stockholders will still receive the merger consideration and Time Warner will still become a wholly owned subsidiary of AT&T. However, the transaction likely would not qualify for the Intended Tax Treatment, in which case a holder of Time Warner common stock generally would recognize gain or loss equal to the difference between (i) the fair market value of the shares of AT&T common stock and the amount of cash received in the transaction by the holder, including cash received in lieu of fractional shares of AT&T common stock, and (ii) the holder's basis in the Time Warner common stock surrendered in connection with the transaction. See the section entitled "The Merger Agreement Alternative Structure" beginning on page 106 of this proxy statement/prospectus.

**Q: Who can vote at the special meeting?**

A: All holders of record of Time Warner common stock as of the close of business on January 3, 2017, the record date for the special meeting, which we refer to as the record date, are entitled to receive notice of, and to vote at, the special meeting. Each holder of Time Warner common stock is entitled to cast one vote on each matter properly brought before the special meeting for each share of Time Warner common stock that such holder owned of record as of the record date.

**Q: When and where is the special meeting?**

A: The special meeting will be held on February 15, 2017, at 3:00 P.M. Eastern time, at Omni Atlanta Hotel at CNN Center, 100 CNN Center, Atlanta, GA 30303. To gain admittance to the special meeting, please detach and retain the admission ticket attached to your proxy or voting instruction card. If your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee, please visit the website listed in the instructions provided by your bank, brokerage firm or other nominee and follow the instructions to print an admission pass, or bring evidence that you own Time Warner common stock to the special meeting and we will provide you an admission ticket. If you received your special meeting materials electronically and wish to attend the meeting, please follow the instructions provided for attendance. If you are attending the special meeting in person, you will be required to present valid, government-issued photo identification, such as a driver's license or passport, and an admission ticket to be admitted to the special meeting. For additional information about the special meeting, see the section entitled "Information About the Special Meeting" beginning on page 50 of this proxy statement/prospectus.

**Q: How will I receive the merger consideration to which I am entitled?**

- A: If you hold physical share certificates of Time Warner common stock, you will be sent a letter of transmittal promptly after the first effective time describing how you may exchange your shares of Time Warner common stock for the merger consideration, and the exchange agent will forward to you the AT&T common stock (or applicable evidence of ownership) and cash to which you are entitled after receiving the proper documentation from you. If you hold your shares of Time Warner common stock in uncertificated book-entry form, you are not required to take any specific actions to exchange your shares of Time Warner common stock, and after the completion of the transaction, such shares will be automatically exchanged for the merger consideration. For more information on the documentation you are required to deliver to the exchange agent, see the section entitled The Merger Agreement Exchange and Payment Procedures beginning on page 91 of this proxy statement/prospectus.

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**Q: Will my shares of AT&T common stock acquired in the initial merger receive a dividend?**

A: After the closing of the initial merger, as a holder of AT&T common stock you will receive the same dividends on shares of AT&T common stock that all other holders of shares of AT&T common stock will receive with any dividend record date that occurs after the first effective time.

Prior to the closing of the initial merger, Time Warner will coordinate with AT&T regarding the declaration and payment of dividends on Time Warner common stock so that you will not receive dividends on shares of both Time Warner common stock and AT&T common stock received in the transaction, or fail to receive any dividend on shares of Time Warner common stock and AT&T common stock received in the initial merger, in each case, in respect of the same calendar quarter.

Former Time Warner stockholders who hold Time Warner share certificates will not be entitled to be paid dividends otherwise payable on the shares of AT&T common stock into which their shares of Time Warner common stock are exchangeable until they surrender their Time Warner share certificates according to the instructions provided to them. Dividends will be accrued for these stockholders and they will receive the accrued dividends when they surrender their Time Warner share certificates. AT&T most recently paid a quarterly dividend on November 1, 2016, in an amount equal to \$0.48 per share of AT&T common stock, and announced on October 22, 2016 that it would be increasing its dividend to \$0.49 per share beginning in the first quarter of 2017.

All future AT&T dividends will remain subject to approval by the board of directors of AT&T, which we refer to as the AT&T board.

**Q: What am I being asked to vote on at the special meeting?**

A: You are being asked to consider and vote on (i) a proposal to adopt the merger agreement, (ii) a proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation and (iii) a proposal to approve adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

**Q: Why am I being asked to consider and vote on a proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation?**

A: Under SEC rules, Time Warner is required to seek a non-binding, advisory vote with respect to the transaction-related executive compensation.

**Q: What will happen if Time Warner stockholders do not approve this transaction-related executive compensation?**

A: Approval of the transaction-related executive compensation is not a condition to completion of the transaction. The vote is an advisory vote and will not be binding on Time Warner, the initial surviving company, the final

surviving entity or AT&T. If the transaction is completed, the transaction-related executive compensation may be paid to Time Warner's named executive officers to the extent payable in accordance with the terms of their compensation agreements and arrangements even if Time Warner stockholders do not approve, by non-binding, advisory vote, the transaction-related executive compensation.

**Q: What is the difference between holding shares as a stockholder of record and as a beneficial owner?**

A: If your shares of Time Warner common stock are registered directly in your name with the transfer agent of Time Warner, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those shares. As the stockholder of record, you have the right to vote or to grant a proxy for your vote directly to Time Warner or to a third party to vote at the special meeting.

If your shares are held by a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares held in street name, and your bank, brokerage firm or other nominee is considered the

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stockholder of record with respect to those shares. Your bank, brokerage firm or other nominee will send you, as the beneficial owner, a package describing the procedure for voting your shares. You should follow the instructions provided by them to vote your shares. You are invited to attend the special meeting; however, you may not vote these shares in person at the special meeting unless you obtain a legal proxy from your bank, brokerage firm or other nominee that holds your shares, giving you the right to vote the shares at the special meeting.

**Q: If my shares of Time Warner common stock are held in street name by my bank, brokerage firm or other nominee, will my bank, brokerage firm or other nominee automatically vote those shares for me?**

A: Your bank, brokerage firm or other nominee will only be permitted to vote your shares of Time Warner common stock if you instruct your bank, brokerage firm or other nominee how to vote. You should follow the procedures provided by your bank, brokerage firm or other nominee regarding the voting of your shares of Time Warner common stock. In accordance with the rules of the NYSE, banks, brokerage firms and other nominees who hold shares of Time Warner common stock in street name for their customers have authority to vote on routine proposals when they have not received instructions from beneficial owners. However, banks, brokerage firms and other nominees are precluded from exercising their voting discretion with respect to non-routine matters, such as the adoption of the merger agreement, the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation, and adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. As a result, absent specific instructions from the beneficial owner of such shares, banks, brokerage firms and other nominees are not empowered to vote such shares.

The effect of not instructing your bank, broker or other nominee how you wish your shares to be voted will be the same as a vote **AGAINST** the adoption of the merger agreement, and will not have an effect on either the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation or on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

**Q: How many votes do I have?**

A: Each Time Warner stockholder is entitled to one vote for each share of Time Warner common stock held of record as of the record date. As of the close of business on the record date, there were 771,830,769 outstanding shares of Time Warner common stock.

**Q: What constitutes a quorum for the special meeting?**

A: The presence, in person or represented by proxy, of a majority of the votes entitled to be cast by the holders of Time Warner common stock entitled to vote at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions are considered for purposes of establishing a quorum. A quorum is necessary to transact business at the special meeting. The Time Warner bylaws and the Delaware General Corporation Law, which we refer to as the DGCL, provide that if a quorum shall fail to attend any meeting, the Chairman of the

meeting or the holders of a majority of the votes entitled to be cast by the stockholders who are present in person or by proxy may adjourn the meeting from time to time, without notice other than by announcement at the meeting, to another date, place, if any, and time until a quorum shall be present, unless the adjournment is for more than 30 days or, after adjournment, a new record date is fixed for the adjourned meeting.



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**Q: How do I vote?**

A: *Stockholder of Record.* If you are a stockholder of record, you may have your shares of Time Warner common stock voted on the matters to be presented at the special meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or by Internet. Proxies delivered over the Internet or by telephone must be submitted by 1:00 A.M. Eastern time on February 15, 2017. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

in person you may attend the special meeting and cast your vote there.

*Beneficial Owner.* If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must obtain a legal proxy from your bank, brokerage firm or other nominee.

*Time Warner Savings Plan.* If you are a participant in the Time Warner Savings Plan, which we refer to as the 401(k) savings plan, and you hold an interest in the Time Warner Stock Fund, you are a named fiduciary for voting purposes under the Employee Retirement Income Security Act of 1974, which we refer to as ERISA. As a named fiduciary, you direct the trustee of the 401(k) savings plan on how to vote the shares allocated to your account as well as a portion of the shares for which timely instructions are not received. If you do not provide instructions on how to vote your shares held in the Time Warner Stock Fund, those shares may be voted by the trustee in the same proportion as the shares for which the trustee receives instructions from all other participants (excluding interests attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan), except that any interests you hold attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan and the WCI Employee Stock Ownership Plan will not be voted. For stock held through the Time Warner Stock Fund, whether you submit voting instructions for your stock by telephone, through the mail or by Internet, your directions must be received by no later than February 10, 2017. Please note that while you may attend the special meeting, you may not vote stock held through the Time Warner Stock Fund at the meeting.

**Q: How can I change or revoke my vote?**

A: You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by signing and returning a new proxy card with a later date, by attending the special meeting and voting in person or by giving

written notice of revocation to Time Warner prior to the time the special meeting begins. Written notice of revocation should be mailed to: Time Warner Inc., Attention: Corporate Secretary, One Time Warner Center, New York, New York 10019-8016.

**Q: If a stockholder gives a proxy, how are the shares of Time Warner common stock voted?**

A: Regardless of the method you choose to vote, the individuals named on the enclosed proxy card will vote your shares of Time Warner common stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Time Warner common stock should be voted **FOR** or **AGAINST** or to **ABSTAIN** from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares should be voted on a matter, the shares represented by your properly signed proxy will be voted **FOR** the adoption of the

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merger agreement, **FOR** the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation, and **FOR** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

**Q: What should I do if I receive more than one set of voting materials?**

A: If you hold shares of Time Warner common stock in street name and also directly as a record holder or otherwise or if you hold shares of Time Warner common stock in more than one brokerage account, you may receive more than one set of voting materials relating to the special meeting. Please complete, sign, date and return each proxy card (or cast your vote by telephone or Internet as provided on your proxy card) or otherwise follow the voting instructions provided in this proxy statement/prospectus in order to ensure that all of your shares of Time Warner common stock are voted. If you hold your shares in street name through a bank, brokerage firm or other nominee, you should follow the procedures provided by your bank, brokerage firm or other nominee to vote your shares.

**Q: What happens if I sell my shares of Time Warner common stock before the special meeting?**

A: The record date is earlier than both the date of the special meeting and the first effective time. If you transfer your shares of Time Warner common stock after the record date but before the special meeting, you will, unless the transferee requests a proxy from you, retain your right to vote at the special meeting but will transfer the right to receive the merger consideration to the person to whom you transfer your shares. In order to receive the merger consideration, you must hold your shares at the first effective time.

**Q: Who will solicit and pay the cost of soliciting proxies?**

A: Time Warner has engaged Morrow Sodali LLC, which we refer to as Morrow Sodali, to assist in the solicitation of proxies for the special meeting. Time Warner estimates that it will pay Morrow Sodali a fee of approximately \$75,000. Time Warner has agreed to reimburse Morrow Sodali for certain out-of-pocket fees and expenses and also will indemnify Morrow Sodali against certain losses, claims, damages, liabilities or expenses. Time Warner also may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of Time Warner common stock. Time Warner's directors, officers and employees also may solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

**Q: What do I need to do now?**

A: Even if you plan to attend the special meeting in person, after carefully reading and considering the information contained in this proxy statement/prospectus, please vote promptly to ensure that your shares are represented at the special meeting.

If you hold your shares of Time Warner common stock in your own name as the stockholder of record, you may submit a proxy to have your shares of Time Warner common stock voted at the special meeting in one of three ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or by Internet. Proxies delivered over the Internet or by telephone must be submitted by 1:00 A.M. Eastern time on February 15, 2017. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or

in person you may attend the special meeting and cast your vote there.

If you decide to attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

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If you are a beneficial owner, please refer to the instructions provided by your bank, brokerage firm or other nominee to see which of the above choices are available to you. Please note that if you are a beneficial owner and wish to vote in person at the special meeting you must obtain a legal proxy from the bank, brokerage firm or other nominee that holds your shares of Time Warner common stock.

**Q: If I hold physical share certificates representing my shares of Time Warner common stock, should I send in my share certificates now?**

A: **No, please do NOT return your share certificate(s) with your proxy.** If the merger agreement is adopted by Time Warner stockholders and the initial merger is completed, and you hold physical share certificates, you will be sent a letter of transmittal promptly after the first effective time describing how you may exchange your shares of Time Warner common stock for the merger consideration.

**Q: Where can I find the voting results of the special meeting?**

A: The preliminary voting results will be announced at the special meeting. In addition, within four business days following certification of the final voting results, Time Warner intends to file the final voting results with the SEC on a Current Report on Form 8-K.

**Q: Am I entitled to exercise appraisal rights instead of receiving the merger consideration for my shares of Time Warner common stock?**

A: Yes. Time Warner stockholders are entitled to appraisal rights under Section 262 of the DGCL provided they follow the procedures and satisfy the conditions set forth in Section 262 of the DGCL. For more information regarding appraisal rights, see the section entitled *Appraisal Rights of Time Warner Stockholders* beginning on page 146 of this proxy statement/prospectus. In addition, a copy of Section 262 of the DGCL is attached as **Annex E** to this proxy statement/prospectus. Failure to strictly comply with Section 262 of the DGCL may result in your waiver of, or inability to, exercise appraisal rights.

**Q: Are there any risks that I should consider in deciding whether to vote for the adoption of the merger agreement?**

A: Yes. You should read and carefully consider the risk factors set forth in the section entitled *Risk Factors* beginning on page 39 of this proxy statement/prospectus. You also should read and carefully consider the risk factors of AT&T and Time Warner contained in the documents that are incorporated by reference into this proxy statement/prospectus.

**Q: Do AT&T shareholders have to vote on anything in connection with the transaction?**

A: No, AT&T shareholders do not have to vote in connection with the transaction (including the initial merger); accordingly, AT&T shareholders will not vote on approval of the merger agreement or the other proposals contained in this proxy statement/prospectus.

**Q: Who can help answer any other questions I have?**

A: If you have additional questions about the transaction, need assistance in submitting your proxy or voting your shares of Time Warner common stock, or need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact Morrow Sodali, Time Warner's proxy solicitor, at the telephone numbers, email address or address below.

Morrow Sodali LLC

470 West Avenue 19 floor

Stamford, CT 06902

Banks and Brokerage Firms Call: (203) 658-9400

Stockholders Call Toll Free: (800) 662-5200

Email: [twx.info@morrowsodali.com](mailto:twx.info@morrowsodali.com)

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**SUMMARY**

*The following summary highlights selected information in this proxy statement/prospectus and may not contain all the information that may be important to you as a Time Warner stockholder. Accordingly, we encourage you to read carefully this entire proxy statement/prospectus, its annexes and the documents referred to in this proxy statement/prospectus. Each item in this summary includes a page reference directing you to a more complete description of that topic. You may obtain the information incorporated by reference into this proxy statement/prospectus without charge by following the instructions under the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus.*

**Parties to the Transaction (Page 55)**

*Time Warner Inc.*

*One Time Warner Center*

*New York, New York 10019*

*(212) 484-8000*

Time Warner, a Delaware corporation, is one of the world's leading providers of media and entertainment services. Through its three reportable segments, Turner, Home Box Office and Warner Bros., Time Warner provides digital and premium pay television and streaming services and produces television programs, feature films and videogames. Time Warner's home page on the Internet is [www.timewarner.com](http://www.timewarner.com). The information provided on Time Warner's website is not part of this proxy statement and is not incorporated herein by reference.

Time Warner's common stock is listed on the NYSE under the symbol TWX.

*AT&T Inc.*

*One AT&T Plaza*

*208 South Akard Street*

*Dallas, Texas 75202*

*(210) 821-4105*

AT&T is a holding company incorporated under the laws of the State of Delaware in 1983. AT&T's home page on the Internet is [www.att.com](http://www.att.com). AT&T is a leading provider of communications and digital entertainment services in both the United States and the world. The information provided on AT&T's website is not part of this proxy statement and is not incorporated herein by reference.

AT&T's common stock is listed on the NYSE under the symbol T.

*West Merger Sub, Inc.*

*c/o AT&T Inc.*

*One AT&T Plaza*

*208 South Akard Street*

*Dallas, Texas 75202*

*(210) 821-4105*

Corporate Merger Sub, a Delaware corporation and a wholly owned subsidiary of AT&T, was formed solely for the purpose of facilitating the initial merger. Corporate Merger Sub has not carried on any activities or



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operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the initial merger, Corporate Merger Sub will be merged with and into Time Warner, with Time Warner surviving the initial merger as a wholly owned subsidiary of AT&T.

*West Merger Sub II, LLC*

*c/o AT&T Inc.*

*One AT&T Plaza*

*208 South Akard Street*

*Dallas, Texas 75202*

*(210) 821-4105*

LLC Merger Sub, a Delaware limited liability company and a wholly owned subsidiary of AT&T, was formed solely for the purpose of facilitating the subsequent merger. LLC Merger Sub acceded to the merger agreement on October 28, 2016. LLC Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the transactions contemplated by the merger agreement. By operation of the subsequent merger, Time Warner will be merged with and into LLC Merger Sub, with LLC Merger Sub surviving the subsequent merger as a wholly owned subsidiary of AT&T.

**The Transaction and the Merger Agreement**

The terms and conditions of the transaction are contained in the merger agreement, a copy of which is attached as **Annex A** to this proxy statement/prospectus. We encourage you to read the merger agreement carefully and in its entirety, as it is the legal document that governs the transaction.

The merger agreement provides for two mergers, which will occur in immediate succession and which we refer to collectively as the mergers. First, Corporate Merger Sub will merge with and into Time Warner, which we refer to as the initial merger. Time Warner will survive the initial merger as a wholly owned subsidiary of AT&T. The parties intend that, immediately thereafter, Time Warner will merge with and into LLC Merger Sub, which we refer to as the subsequent merger. LLC Merger Sub will survive the subsequent merger as a wholly owned subsidiary of AT&T. Under certain circumstances the subsequent merger may not occur. See the section entitled **The Merger Agreement Alternative Structure** beginning on page 106 of this proxy statement/prospectus. We refer to the mergers collectively, and the alternative structure of the initial merger occurring without the consummation of the subsequent merger, as the transaction.

Following the effective time of the initial merger, which we refer to as the first effective time, Time Warner common stock will be delisted from the NYSE, deregistered under the Exchange Act and cease to be publicly traded.

**Merger Consideration (Page 57)**

Upon completion of the initial merger, each issued and outstanding share of Time Warner common stock other than shares owned by AT&T or Time Warner and not held on behalf of third parties, or by stockholders that have perfected and not withdrawn a demand for appraisal rights pursuant to Section 262 of the DGCL, will be converted into the right

to receive (i) an amount equal to \$53.75 in cash plus (ii) a number of shares of AT&T common stock equal to the exchange ratio, which we refer to together as the merger consideration. The exchange ratio depends on the average of the volume weighted averages of the trading prices of AT&T common stock on the NYSE on each of the 15 consecutive NYSE trading days ending on and including the trading day that is three trading days prior to the first effective time, which we refer to as the average stock price. If the average stock

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price is between (or equal to) \$37.411 and \$41.349 per share, the exchange ratio will be the quotient obtained by dividing \$53.75 by the average stock price. If the average stock price is greater than \$41.349, the exchange ratio will be 1.300. If the average stock price is less than \$37.411, the exchange ratio will be 1.437.

### **Financing of the Transaction (Page 84)**

AT&T's obligation to complete the transaction is not contingent on the receipt by AT&T of any financing. AT&T estimates that it will need approximately \$42.9 billion in order to pay Time Warner stockholders the cash amounts due to them as merger consideration under the merger agreement and to pay related fees and expenses in connection with the transaction. AT&T anticipates that the funds needed to pay the foregoing amounts will be derived from (i) cash on hand, (ii) borrowings under its existing and new credit facilities, (iii) the proceeds from the sale of debt securities or (iv) any combination of the foregoing.

In connection with entry into the merger agreement, on October 22, 2016, AT&T entered into a \$40 billion term loan credit agreement, which we refer to as the bridge credit agreement, with JPMorgan Chase Bank, N.A., as agent, and JPMorgan Chase Bank, N.A. and Bank of America, N.A., as lenders. On November 15, 2016, AT&T entered into a \$10 billion term loan credit agreement, which we refer to as the new term loan credit agreement and, together with the bridge credit agreement, the credit agreements. The entry into the new term loan credit agreement resulted in the reduction of the aggregate commitments under the bridge credit agreement from \$40 billion to \$30 billion. In the event advances are made under the bridge credit agreement or the new term loan credit agreement, those advances would be used solely to finance a portion of the cash consideration to be paid in the initial merger, refinance the debt of Time Warner and its subsidiaries, and pay related fees and expenses.

The obligations of the lenders under each of the credit agreements to provide advances will terminate on the earliest of (i) October 23, 2017 or, if the termination date (as defined below) of the merger agreement is extended, the date that is one day following such extended termination date (but in no event later than April 23, 2018), (ii) the consummation of the transaction without the borrowing of advances under such credit agreement and (iii) the termination of the merger agreement.

### **Recommendation of the Time Warner Board; Time Warner's Reasons for the Transaction (Page 60)**

At a meeting held on October 22, 2016, the Time Warner board unanimously (i) determined that the initial merger and the other transactions contemplated by the merger agreement are fair to and in the best interests of Time Warner and its stockholders, (ii) approved and declared advisable the merger agreement, the initial merger and the other transactions contemplated by the merger agreement and (iii) directed that the merger agreement be submitted to Time Warner's stockholders and recommended the adoption of the merger agreement by Time Warner's stockholders. In doing so, the Time Warner board considered the business, assets and liabilities, results of operations, financial performance, strategic direction and prospects of each of Time Warner and AT&T and certain anticipated effects of the transaction on the combined company. In making its determination, the Time Warner board considered a number of factors, which are described in greater detail in the section entitled "The Transaction Recommendation of the Time Warner Board; Time Warner's Reasons for the Transaction" beginning on page 60 of this proxy statement/prospectus.

### **Opinions of Time Warner's Financial Advisors (Page 64)**

#### *Opinion of Allen & Company LLC*

Time Warner has engaged Allen & Company LLC, which we refer to as Allen & Company, as a financial advisor in connection with the transaction. On October 22, 2016, at a meeting of the Time Warner board held to



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evaluate the transaction, Allen & Company rendered an oral opinion, which was confirmed by delivery of a written opinion dated October 22, 2016, to the Time Warner board as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be paid to holders of Time Warner common stock pursuant to the merger agreement. The full text of Allen & Company's written opinion, dated October 22, 2016, which describes the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken, is attached to this proxy statement/prospectus as **Annex B**. The description of Allen & Company's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Allen & Company's opinion. **Allen & Company's opinion was intended for the benefit and use of the Time Warner board (in its capacity as such) in connection with its evaluation of the merger consideration from a financial point of view and did not address any other terms, aspects or implications of the transaction. Allen & Company's opinion did not constitute a recommendation as to the course of action that the Time Warner board or Time Warner should pursue in connection with the transaction, or otherwise address the merits of the underlying decision by Time Warner to engage in the transaction, including in comparison to other strategies or transactions that might be available to Time Warner or in which Time Warner might engage or consider. Allen & Company's opinion does not constitute advice or a recommendation to any stockholder as to how such stockholder should vote or act on any matter relating to the transaction or otherwise.**

*Opinion of Citigroup Global Markets Inc.*

Time Warner also has engaged Citigroup Global Markets Inc., which we refer to as Citi, as a financial advisor in connection with the transaction. On October 22, 2016, at a meeting of the Time Warner board held to evaluate the transaction, Citi rendered an oral opinion, confirmed by delivery of a written opinion dated October 22, 2016, to the Time Warner board as to the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration to be received by holders of Time Warner common stock pursuant to the merger agreement. The full text of Citi's written opinion, dated October 22, 2016, which describes the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken, is attached as **Annex C** to this proxy statement/prospectus and is incorporated herein by reference. The description of Citi's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Citi's opinion. **Citi's opinion was provided for the information of the Time Warner board (in its capacity as such) in connection with its evaluation of the merger consideration from a financial point of view and did not address any other terms, aspects or implications of the transaction. Citi expressed no view as to, and its opinion did not address, the underlying business decision of Time Warner to effect or enter into the transaction, the relative merits of the transaction as compared to any alternative business strategies that might exist for Time Warner or the effect of any other transaction in which Time Warner might engage or consider. Citi's opinion is not intended to be and does not constitute a recommendation to any stockholder as to how such stockholder should vote or act on any matters relating to the transaction or otherwise.**

*Opinion of Morgan Stanley & Co. LLC*

Time Warner also has engaged Morgan Stanley & Co. LLC, which we refer to as Morgan Stanley and, together with Allen & Company and Citi, collectively, the Time Warner financial advisors, as a financial advisor in connection with the transaction. As part of that engagement, on October 22, 2016, at a meeting of the Time Warner board held to evaluate the transaction, Morgan Stanley rendered an oral opinion, confirmed by delivery of a written opinion dated October 22, 2016, to the Time Warner board to the effect that, as of that date and based on and subject to the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Morgan Stanley as set forth in its opinion, the merger consideration to be received by the holders of shares of Time Warner common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of Morgan Stanley's written opinion, dated October 22, 2016, which sets forth, among other

things, the procedures followed, assumptions made, matters

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considered and qualifications and limitations on the review undertaken by Morgan Stanley in connection with its opinion, is attached as **Annex D** to, and is incorporated by reference into, this proxy statement/prospectus. The description of Morgan Stanley's opinion set forth in this proxy statement/prospectus is qualified in its entirety by reference to the full text of Morgan Stanley's opinion. **Morgan Stanley's opinion was for the information of the Time Warner board and was limited to and addressed only the fairness, from a financial point of view and as of the date of the opinion, of the merger consideration and did not address any other terms, aspects or implications of the transaction. Morgan Stanley's opinion did not address Time Warner's underlying business decision to proceed with or effect the transaction, or the relative merits of the transaction as compared to any other alternative transactions or other alternatives, whether or not such alternatives could be achieved or were available. Morgan Stanley expressed no opinion or recommendation as to how the stockholders of Time Warner should vote at the stockholders' meeting to be held in connection with the transaction or otherwise.**

### **Information About the Special Meeting (Page 50)**

#### *Time, Place and Purpose of the Special Meeting (Page 50)*

The special meeting to consider and vote on the adoption of the merger agreement, which we refer to as the special meeting, will be held on February 15, 2017, at 3:00 P.M. Eastern time, at Omni Atlanta Hotel at CNN Center, 100 CNN Center, Atlanta, GA 30303.

At the special meeting, Time Warner stockholders will be asked to consider and vote on (i) a proposal to adopt the merger agreement, (ii) a proposal to approve, by non-binding, advisory vote, certain compensation that may be paid or become payable to Time Warner's named executive officers in connection with the transaction and the agreements and understandings pursuant to which such compensation may be paid or become payable, which we refer to as the transaction-related executive compensation and (iii) a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

#### *Record Date and Quorum (Page 50)*

You are entitled to receive notice of, and to vote at, the special meeting if you are a stockholder of record of shares of Time Warner common stock as of the close of business on January 3, 2017, the record date. On the record date, there were 771,830,769 shares of Time Warner common stock outstanding and entitled to vote. You will have one vote on all matters properly coming before the special meeting for each share of Time Warner common stock that you owned on the record date.

The presence, in person or represented by proxy, of a majority of the votes entitled to be cast by holders of Time Warner common stock entitled to vote at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions are considered for purposes of establishing a quorum. A quorum is necessary to transact business at the special meeting.

Additionally, the Time Warner bylaws and the DGCL provide that if a quorum shall fail to attend any meeting, the Chairman of the meeting may adjourn the meeting from time to time, without notice other than by announcement at the meeting, to another date, place, if any, and time until a quorum shall be present.

#### *Vote Required (Page 51)*

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Time Warner common stock entitled to vote thereon. Votes to abstain will not be counted



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as votes cast in favor of the adoption of the merger agreement, but will count for the purpose of determining whether a quorum is present. If you fail to submit a proxy or to vote in person at the special meeting or if you vote to abstain, each will have the same effect as a vote **AGAINST** the adoption of the merger agreement.

The proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation requires the affirmative vote of a majority of votes cast thereon. For purposes of the proposal, if your shares of Time Warner common stock are present at the special meeting but are not voted on this proposal, or if you have given a proxy and abstained on this proposal or if you fail to submit a proxy or to vote in person at the special meeting, as applicable, the shares of Time Warner common stock held by you or your bank, brokerage firm or other nominee will not be counted in respect of, and will not have an effect on, the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation.

If the Chairman of the special meeting does not adjourn the special meeting, an adjournment of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement, requires the affirmative vote of the holders of a majority of the shares of Time Warner common stock present in person or represented by proxy and entitled to vote thereon, whether or not a quorum is present. If your shares of Time Warner common stock are present at the special meeting but are not voted on this proposal, or if you vote to abstain on this proposal, this will have the effect of a vote **AGAINST** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. If you fail to submit a proxy or to attend the special meeting or if your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee to vote your shares of Time Warner common stock, your shares of Time Warner common stock will not be voted, but this will not have an effect on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

If you are a participant in the Time Warner Savings Plan and hold an interest in the Time Warner Inc. Stock Fund under the plan, and you (a) sign and return your voting instruction card without indicating your instructions for voting your interest, Fidelity Management Trust Company, as trustee, will vote your interest in the Time Warner Inc. Stock Fund **FOR** each of Proposals 1, 2 and 3 or (b) do not return your voting instruction card, Fidelity Management Trust Company, as trustee, will vote your interest in the Time Warner Inc. Stock Fund in the same proportion as other participants' interests for which Fidelity receives voting instructions (excluding interests attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan), except that any interests you hold attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan will not be voted.

As of the record date, the directors and executive officers of Time Warner beneficially owned and were entitled to vote, in the aggregate, 959,405 shares of Time Warner common stock, representing less than 1% of the outstanding shares of Time Warner common stock as of the close of business on the record date. The directors and executive officers of Time Warner have informed Time Warner that they currently intend to vote all such shares of Time Warner common stock **FOR** the adoption of the merger agreement, **FOR** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and **FOR** the approval, by non-binding, advisory vote, of the transaction-related executive compensation. As of November 8, 2016, AT&T directors and executive officers beneficially owned approximately 1,070 shares of Time Warner common stock, representing less than 0.01% of the shares of Time Warner common stock then outstanding and entitled to vote.

*Proxies and Revocations (Page 52)*

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Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, over the Internet, by returning the enclosed proxy card in the accompanying prepaid reply envelope or may vote in person by appearing at the special meeting. If your shares of Time Warner common stock are held in street name

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through a bank, brokerage firm or other nominee, you should instruct your bank, brokerage firm or other nominee on how to vote your shares of Time Warner common stock using the instructions provided by your bank, brokerage firm or other nominee. If you fail to submit a proxy or to vote in person at the special meeting, or do not provide your bank, brokerage firm or other nominee with instructions as to how to vote your shares, as applicable, your shares of Time Warner common stock will not be voted on the adoption of the merger agreement, which will have the same effect as a vote **AGAINST** the adoption of the merger agreement, and your shares of Time Warner common stock will not be voted on and will not have an effect on the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation or on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by signing and returning a new proxy card with a later date, by attending the special meeting and voting in person, or by giving written notice of revocation to Time Warner prior to the time the special meeting begins. Written notice of revocation should be mailed to: Time Warner Inc., Attention: Corporate Secretary, One Time Warner Center, New York, New York 10019-8016.

**Interests of Time Warner's Directors and Executive Officers in the Transaction (Page 119)**

The directors and executive officers of Time Warner have certain interests in the transaction that may be different from or in addition to those of Time Warner stockholders generally. These interests include the treatment in the transaction of Time Warner equity compensation awards, severance protections under the applicable executive officer's employment agreement, retention awards, and certain other rights held by Time Warner's directors and executive officers, and the indemnification of former Time Warner directors and officers by AT&T. The Time Warner board was aware of and considered these interests, among other matters, in reaching its decisions to (i) approve the transaction, (ii) approve and declare advisable the merger agreement, and (iii) resolve to recommend the adoption of the merger agreement by Time Warner stockholders. See the sections entitled **Non-Binding, Advisory Vote on Transaction-Related Compensation for Time Warner's Named Executive Officers** beginning on page 112 of this proxy statement/prospectus and **Interests of Time Warner's Directors and Executive Officers in the Transaction** beginning on page 119 of this proxy statement/prospectus for a more detailed description of these interests.

**Regulatory Approvals (Page 86)**

Completion of the transaction is conditioned on (i) the expiration of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, which we refer to as the HSR Act; (ii) receipt of any consents from the Federal Communications Commission, which we refer to as the FCC, if required in connection with the consummation of the transaction, which we refer to as the FCC consent and (iii) receipt of consents from certain state public utility commissions, if required in connection with the transaction, which we refer to as the PUC consents, and (iv) receipt of consents from foreign regulators in Brazil, Canada, China, the European Union and Mexico, which we refer to as the foreign regulator consents. It is also a condition to AT&T's obligation to consummate the transaction that all governmental consents described in the foregoing sentence and all other governmental consents required under applicable law in connection with the consummation of the transaction not have imposed any regulatory conditions that, individually or in the aggregate, would be reasonably likely to have a regulatory material adverse effect (as defined below).

Time Warner and AT&T have agreed to cooperate with each other and use, and cause their respective subsidiaries to use, their respective reasonable best efforts to obtain all regulatory approvals required to complete



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the transaction. In furtherance of the foregoing, AT&T and Time Warner have agreed, as promptly as reasonably practicable, to:

prepare and file all documentation to effect all necessary notices, reports and other filings; and

obtain all consents, registrations, approvals, permits, expirations of waiting periods and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to consummate the transaction.

However, AT&T's and Time Warner's respective obligations to use reasonable best efforts to obtain all regulatory approvals required to complete the transaction do not require AT&T and its subsidiaries, including Time Warner and its subsidiaries, to take or refrain from taking, or agree to take or refrain from taking, any action or actions that, individually or in the aggregate, would:

be reasonably likely to have a material adverse effect on the financial condition, properties, assets, business or results of operations of the businesses included in AT&T's Entertainment Group Segment Results as of the date of the merger agreement, together with the businesses of Time Warner and its subsidiaries, which we refer to collectively as the combined entertainment group, treating for this purpose the effects of all regulatory actions wherever imposed (whether on AT&T, its subsidiaries, Time Warner and/or its subsidiaries) as if they affected a company the size of, and having the financial and operating metrics of, the combined entertainment group;

result in a material increase in the aggregate capital expenditures of AT&T and its subsidiaries from the closing date of the transaction through 2021 relative to the aggregate corresponding amounts in AT&T's consolidated 2017-2021 capital budget as provided to Time Warner prior to the date of the merger agreement; or

require AT&T or its subsidiaries to divest, dispose of or hold separate any businesses or assets of AT&T or its subsidiaries (not including any businesses or assets of Time Warner or its subsidiaries) that are more than *de minimis*.

We refer to the occurrence of any of the matters specified in any of the above bullets as a regulatory material adverse effect.

Time Warner and AT&T filed their notification and report forms under the HSR Act on November 4, 2016. On December 8, 2016, the Department of Justice issued a request for additional information under the HSR Act, which we refer to as a Second Request.

**Appraisal Rights of Time Warner Stockholders (Page 146)**

Time Warner stockholders have appraisal rights under the DGCL in connection with the initial merger. Time Warner stockholders who do not vote in favor of the adoption of the merger agreement and who otherwise comply with the applicable provisions of Section 262 of the DGCL will be entitled to exercise appraisal rights thereunder, subject to

certain limitations in the DGCL. Any shares of Time Warner common stock held by a Time Warner stockholder on the date of making an appraisal demand, who continues to own shares through the effective date of the initial merger, who has not voted in favor of the adoption of the merger agreement and who has demanded appraisal for such shares in accordance with the DGCL will not be converted into a right to receive the merger consideration, unless such Time Warner stockholder fails to perfect, withdraws or otherwise loses such stockholder's appraisal rights under the DGCL. If, after the consummation of the initial merger, such holder of Time Warner common stock fails to perfect, withdraws or otherwise loses his, her or its appraisal rights, each such share will be treated as if it had been converted as of the consummation of the initial merger into a right to receive the merger consideration. The relevant provisions of the DGCL are included as **Annex E** to this proxy statement/prospectus.

You are encouraged to read these provisions carefully and in their entirety. Due to the complexity of the procedures for exercising your appraisal rights, Time Warner stockholders who are considering exercising such

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rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in the loss of appraisal rights. See the section entitled "Appraisal Rights of Time Warner Stockholders" beginning on page 146 of this proxy statement/prospectus for additional information and the text of Section 262 of the DGCL reproduced in its entirety as **Annex E** to this proxy statement/prospectus.

**Conditions to Completion of the Transaction (Page 107)**

Each party's obligation to consummate the transaction is subject to the satisfaction or waiver, to the extent applicable, at or prior to the closing of the transaction of the following conditions:

the adoption of the merger agreement by the holders of shares of Time Warner common stock constituting at least a majority of the outstanding shares entitled to vote thereon, which we refer to as the Time Warner stockholder approval;

the shares of AT&T common stock to be issued in the initial merger must have been approved for listing on the NYSE upon official notice of issuance;

any applicable waiting period under the HSR Act must have expired or been terminated;

receipt of the FCC consent (if required), the PUC consents (if required) and the foreign regulator consents;

no domestic, foreign or transnational governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law or order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the transaction; and

the effectiveness of, and absence of an initiated or threatened stop order with respect to, the registration statement on Form S-4 filed by AT&T in respect of the shares of AT&T common stock to be issued in the initial merger, of which this proxy statement/prospectus forms a part.

The obligations of AT&T and Merger Subs to effect the transaction also are subject to the satisfaction or waiver by AT&T and Merger Subs, at or prior to the closing of the transaction, of the following conditions:

the accuracy of the representations and warranties of Time Warner in the manner described in the merger agreement;

the performance, in all material respects, by Time Warner of its obligations under the merger agreement at or prior to the closing of the transaction; and

none of the required governmental consents or any other governmental consents required under applicable law in connection with the consummation of the transaction will have imposed any regulatory actions that, individually or in the aggregate, would be reasonably likely to have a regulatory material adverse effect.

Time Warner's obligation to effect the transaction is also subject to the satisfaction or waiver by Time Warner at or prior to the closing of the transaction of the following additional conditions:

the accuracy of the representations and warranties of AT&T to the extent required under the merger agreement; and

the performance, in all material respects, by each of AT&T and Merger Subs of its obligations under the merger agreement at or prior to the closing of the transaction.

For a more complete summary of the conditions that must be satisfied or waived prior to the closing of the transaction, see the section entitled "The Merger Agreement - Conditions to Completion of the Transaction" beginning on page 107 of this proxy statement/prospectus.



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**No Solicitation or Negotiation of Acquisition Proposals (Page 101)**

The merger agreement provides that neither Time Warner nor any of its subsidiaries nor any of their respective officers, directors and employees will, and Time Warner will instruct and use its reasonable best efforts to cause its and its subsidiaries' representatives, not to, directly or indirectly:

initiate, solicit, knowingly encourage or otherwise knowingly facilitate any inquiries or the making of any proposal or offer that constitutes, or would reasonably be expected to lead to, any acquisition proposal (as defined below);

engage or otherwise participate in any discussions or negotiations relating to any acquisition proposal or any proposal or offer that would reasonably be expected to lead to an acquisition proposal;

provide any information or data to any person in connection with any acquisition proposal or any proposal, inquiry or offer that would reasonably be expected to lead to an acquisition proposal; or

otherwise knowingly facilitate any effort or attempt to make an acquisition proposal.

The merger agreement provides that an acquisition proposal means (i) any proposal or offer from any person or group of persons with respect to a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, spin-off, extraordinary dividend, share exchange, business combination or similar transaction involving Time Warner or any of its subsidiaries which is structured to permit such person or group of persons (or their stockholders) to acquire, directly or indirectly, beneficial ownership of 15% or more of Time Warner's consolidated total assets or any class of Time Warner's equity interests and (ii) any acquisition by any person or group of persons (or their stockholders) resulting in, or proposal or offer, which, if consummated would result in, any person or group of persons (or their stockholders) obtaining control over or becoming the beneficial owner of, directly or indirectly, in one or a series of related transactions, 15% or more of the total voting power of any class of equity securities of Time Warner, or 15% or more of the consolidated total assets (including equity securities of its subsidiaries) of Time Warner, in each case other than the transactions contemplated by the merger agreement.

*Fiduciary Exception (Page 101)*

Prior to the time, but not after, the Time Warner stockholder approval is obtained, Time Warner may do any of the following in response to an unsolicited bona fide written acquisition proposal made after the date of the merger agreement:

contact the person who made such acquisition proposal and its representatives solely to clarify the terms and conditions thereof; and

if the Time Warner board has determined in good faith that (A) based on the information available and after consultation with outside legal counsel, the unsolicited proposal either constitutes a superior proposal (as

defined below) or could be reasonably likely to result in a superior proposal and (B) the failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law:

provide access to information regarding Time Warner or any of its subsidiaries in response to a request to the person who made such acquisition proposal and such person's representatives, provided that such information has previously been, or is substantially concurrently, made available to AT&T and that, prior to furnishing any such non-public information, Time Warner receives from the person making such acquisition proposal an executed confidentiality agreement with terms at least as restrictive in all material respects on such person as the confidentiality agreement between Time Warner and AT&T (it being understood that such confidentiality agreement need not contain a "standstill" or similar obligations to the extent that AT&T is,

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concurrently with the entry by Time Warner or its subsidiaries into such confidentiality agreement, released from any standstill or similar obligations in its confidentiality agreement with Time Warner), provided, further, that if the person making such acquisition proposal is a competitor of Time Warner and its subsidiaries, Time Warner will not provide information that in the good faith determination of Time Warner constitutes commercially sensitive non-public information to such person in connection with such permitted actions other than in accordance with a clean room or other similar procedures designated to limit any potential adverse effect on Time Warner from sharing such information; and

engage or participate in any discussions or negotiations with any such person and its representatives regarding such acquisition proposal.

The merger agreement provides that a superior proposal means an unsolicited bona fide acquisition proposal made after the date of the merger agreement that would result in a person or group (or their stockholders) becoming, directly or indirectly, the beneficial owner of, all or substantially all of Time Warner's consolidated total assets or more than 50% of the total voting power of the equity securities of Time Warner or the successor person of Time Warner, that the Time Warner board has determined in its good faith judgment is reasonably likely to be consummated in accordance with its terms, taking into account all legal, financial and regulatory aspects of the proposal and the person or group of persons making the proposal, and, if consummated, would result in a transaction more favorable to Time Warner's stockholders from a financial point of view than the transaction contemplated by the merger agreement (after taking into account any revisions to the terms of the transaction and the time likely to be required to consummate the acquisition proposal).

**No Change in Recommendation or Alternative Acquisition Agreement (Page 103)**

Subject to certain exceptions described in the section entitled "The Merger Agreement - No Change in Recommendation or Alternative Acquisition Agreement - Fiduciary Exception" beginning on page 103 of this proxy statement/prospectus, the Time Warner board and each committee of the Time Warner board may not:

withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify), in a manner adverse to AT&T, its recommendation to Time Warner stockholders that they vote in favor of the adoption of the merger agreement, which we refer to as the Time Warner recommendation (it being understood that if any acquisition proposal structured as a tender or exchange offer is commenced, the Time Warner board failing to recommend against acceptance of such tender or exchange offer by Time Warner's stockholders within 10 business days after commencement thereof pursuant to Rule 14d-2 of the Exchange Act will be considered a modification adverse to AT&T);

approve or recommend, or publicly declare advisable or publicly propose to enter into an alternative acquisition agreement relating to any acquisition proposal; or

cause or permit Time Warner to enter into an alternative acquisition agreement.

*Fiduciary Exception (Page 103)*

However, at any time before the Time Warner stockholder approval is obtained, the Time Warner board may:

make a change in recommendation in connection with an acquisition proposal if:

the acquisition proposal did not result from or in connection with a material breach of the merger agreement and the acquisition proposal is not withdrawn; and

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the Time Warner board determines in good faith, after consultation with outside counsel and a financial advisor of nationally recognized reputation, that (A) such acquisition proposal constitutes a superior proposal and (B) the failure to take such action would be inconsistent with its fiduciary duties under applicable law;

make a change in recommendation other than in connection with an acquisition proposal if (i) a development or change in circumstances occurs or arises after the date of the merger agreement that was not known by nor was reasonably foreseeable to the Time Warner board as of the date of the merger agreement and (ii) the Time Warner board determines in good faith and after consultation with outside counsel and a financial advisor of nationally recognized reputation that the failure to take such action would be inconsistent with its fiduciary duties under applicable law; and/or

terminate the merger agreement and concurrently cause Time Warner to enter into an alternative acquisition agreement providing for a superior proposal, which superior proposal did not result from or in connection with a material breach of the merger agreement, which termination we refer to as a superior proposal termination event.

The Time Warner board is in no event permitted to take, or agree or resolve to take, any such action other than in compliance with this provision of the merger agreement. Additionally, the Time Warner board may not make a change in recommendation and/or effect a superior proposal termination until after at least five business days following AT&T's receipt of written notice from Time Warner advising that the Time Warner board intends to take such action and the basis for doing so (which notice will include a copy of any such superior proposal and a copy of any relevant proposed transaction agreements, the identity of the party making such superior proposal and the material terms of the superior proposal or, in the case of notice given other than in connection with a superior proposal, a reasonably detailed description of the development or change in connection with which the Time Warner board has given such notice). After providing such notice and prior to effecting such change in recommendation and/or a superior proposal termination event:

Time Warner must, during such five business day period negotiate in good faith with AT&T and its representatives, to the extent AT&T wishes to negotiate, with respect to any revisions to the terms of the transaction contemplated by the merger agreement proposed by AT&T; and

in determining whether it may still under the terms of the merger agreement make a change in recommendation and/or effect a superior proposal termination, the Time Warner board must take into account any changes to the terms of the merger agreement proposed by AT&T and any other information provided by AT&T in response to such notice during such five business day period.

Any amendment to the financial terms or conditions or other material terms of any acquisition proposal will be deemed to be a new acquisition proposal except that the five business day notice period for such new acquisition proposal will be three business days. Subject to its right to change its recommendation described above, the Time Warner board is required to include its recommendation in this proxy statement/prospectus and recommend at the special meeting that Time Warner's stockholders adopt the merger agreement, and use its reasonable best efforts to obtain and solicit such adoption.

**Termination of the Merger Agreement (Page 109)**

The merger agreement may be terminated and the transaction may be abandoned at any time prior to the first effective time:

by mutual written consent of AT&T and Time Warner, by action of their respective boards of directors;

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by either AT&T or Time Warner if, provided in each case that the party terminating the merger agreement has not breached in any material respect its obligations under the merger agreement in any manner that has proximately contributed to the failure of the transaction to be consummated:

whether before or after the Time Warner stockholder approval is obtained, the transaction has not been consummated by October 22, 2017, which we refer to as the termination date, which may be extended one or more times by AT&T or Time Warner to a date not later than April 22, 2018 if on such termination date any required governmental consents have not been obtained, which we refer to as an outside date termination event;

the Time Warner stockholder approval is not obtained at a meeting duly convened therefor or at any adjournment or postponement thereof at which a stockholder vote is taken on the adoption of the merger agreement, which we refer to as a stockholder approval termination event; or

whether before or after the Time Warner stockholder approval is obtained, any law or order permanently restrains, enjoins or otherwise prohibits consummation of the transaction, and such law or order has become final and non-appealable, which we refer to as a final law or order termination event;

by Time Warner if:

whether before or after the Time Warner stockholder approval is obtained, AT&T breaches any of its representations, warranties, covenants or agreements in the merger agreement, or any of its representations or warranties shall have become untrue after the date of the merger agreement, such that the related conditions to the obligation of Time Warner to close the transaction would not be satisfied and such breach is not curable or, if curable, is not cured by the 30th day following notice to AT&T from Time Warner of such breach or failure, provided that Time Warner is not then in material breach of any of its representations, warranties, covenants or agreements under the merger agreement; or

before the Time Warner stockholder approval is obtained, Time Warner effects a superior proposal termination, after having complied with the procedures described under the section entitled *The Merger Agreement No Change in Recommendation or Alternative Acquisition Agreement* beginning on page 103 of this proxy statement/prospectus, provided that prior to or concurrently with such termination Time Warner pays AT&T a termination fee equal to \$1,725,000,000, which we refer to as the termination fee;

by AT&T if:

the Time Warner board effects a change in recommendation, which we refer to as an adverse recommendation change termination event; or

Time Warner breaches any of its representations, warranties, covenants or agreements in the merger agreement, or any of its representations or warranties shall have become untrue after the date of the merger agreement, such that the related conditions to the obligation of AT&T and Merger Subs to close the transaction would not be satisfied and such breach is not curable or, if curable, is not cured by the 30th day following notice to Time Warner from AT&T of such breach or failure, provided that AT&T is not then in material breach of any of its representations, warranties, covenants or agreements under the merger agreement, which we collectively refer to as a Time Warner breach termination event.

**Termination Fee & AT&T Payment (Page 110)**

Time Warner will pay AT&T the termination fee if:

AT&T terminates the merger agreement pursuant to an adverse recommendation change termination event;



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Time Warner terminates the merger agreement pursuant to a stockholder approval termination event at a time when AT&T had the right to terminate pursuant to an adverse recommendation change termination event;

Time Warner terminates the merger agreement pursuant to a superior proposal termination event; or

a tail termination fee event occurs.

A tail termination fee event occurs if:

AT&T or Time Warner terminates the merger agreement pursuant to an outside date termination event at a time when the conditions to closing relating to governmental consents, laws and orders and governmental approval have been satisfied, and between the date of the merger agreement and such termination, any person publicly made an acquisition proposal to Time Warner or any of its subsidiaries;

AT&T or Time Warner terminates the merger agreement pursuant to a stockholder approval termination event, and between the date of the merger agreement and such termination, any person publicly made an acquisition proposal to Time Warner or any of its subsidiaries; or

AT&T terminates the merger agreement pursuant to a Time Warner breach termination event, and between the date of the merger agreement and such termination, any person made an acquisition proposal to Time Warner publicly or privately; and

in each of the above three circumstances, within 12 months after the date of such termination, Time Warner consummates or enters into an agreement contemplating an acquisition proposal.

In defining acquisition proposal for purposes of the tail termination fee event, all references to 15% or more in the definition of acquisition proposal (found on page 101 of this proxy statement/prospectus) are replaced with references to 50% or more .

AT&T will pay Time Warner an amount equal to \$500,000,000, which we refer to as the AT&T payment, if:

AT&T or Time Warner terminates the merger agreement pursuant to a final law or order termination event as a result of any applicable antitrust law, communications law, utilities law or foreign regulatory law or an order imposed by a governmental entity with jurisdiction over enforcement of any applicable antitrust law, communications law, utilities law or foreign regulatory law with respect to such laws; or

AT&T or Time Warner terminates the merger agreement pursuant to an outside date termination event at a time when one or more of the conditions to closing relating to governmental consents or governmental approvals or laws and orders (to the extent such failure of conditions relating to laws and orders relates to

certain applicable antitrust laws, communications laws, utilities laws or foreign regulatory laws) have not been satisfied; and

In each of the above two circumstances, both of the following requirements are satisfied:

all other conditions to the obligation of AT&T to effect the transaction have been satisfied or waived; and

Time Warner is not in breach in any material respect of its obligations under the merger agreement in any manner that would have proximately contributed to the events giving rise to the right of AT&T or Time Warner to terminate the merger agreement.

In the event that a payment of a termination fee or the AT&T payment is paid in the above circumstances, the recipient may refund such payment to the payer upon giving written notice within five business days after the

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receipt of such payment with the refund of the AT&T payment being paid within five business days of delivery of the written notice, and, in that event, the original recipient of the AT&T payment who makes such refund will be entitled to all remedies available under the merger agreement.

AT&T and Time Warner have agreed that payment of the termination fee or the AT&T payment, if such payment is actually paid and the recipient of such payment fails to exercise its right to refund such payment as described in the preceding paragraph, subject to certain exceptions under the merger agreement, the payer of the termination fee or the AT&T payment will have no further liabilities to the recipient of such payment, and such payer will have no further liabilities to the recipient under the merger agreement.

Under no circumstances will the termination fee or the AT&T payment be payable more than once.

## **Accounting Treatment (Page 88)**

AT&T prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which we refer to as GAAP. The transaction will be accounted for using the acquisition method of accounting. AT&T will be treated as the acquiror for accounting purposes.

## **Material United States Federal Income Tax Consequences (Page 135)**

It is intended that, for United States federal income tax purposes, the initial merger, together with the subsequent merger, will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, which we refer to as the Intended Tax Treatment. As described below, if the transaction qualifies for the Intended Tax Treatment, a holder of Time Warner common stock generally will recognize any taxable gain with respect to such stock up to the amount of cash received pursuant to the transaction, but will not recognize any taxable gain in excess of the amount of cash received.

However, the completion of the transaction is not conditioned on the transaction qualifying for the Intended Tax Treatment or upon the receipt of an opinion from counsel to that effect, and whether or not the transaction will qualify for the Intended Tax Treatment depends on facts that will not be known until the transaction is completed. In particular, the Intended Tax Treatment requires that the value of the shares of AT&T common stock issued to holders of Time Warner common stock in the transaction, determined as of completion of the transaction, represents at least a minimum percentage of the total consideration paid to holders of Time Warner common stock in the transaction. While there is no specific guidance as to precisely what minimum percentage is necessary to satisfy this requirement, it would be satisfied if the AT&T common stock (valued as of completion of the transaction) represents at least 40% of the total consideration. Because this test is based on the value of AT&T common stock as of completion of the transaction, a decline in the value of the AT&T common stock could cause this requirement not to be met. Accordingly, no assurance can be given that the transaction will qualify for the Intended Tax Treatment. In addition, neither AT&T nor Time Warner intends to request a ruling from the Internal Revenue Service regarding the United States federal income tax consequences of the transaction. Accordingly, even if AT&T and Time Warner conclude that the transaction qualifies for the Intended Tax Treatment, no assurance can be given that the Internal Revenue Service will not challenge that conclusion or that a court would not sustain such a challenge.

Assuming the transaction qualifies for the Intended Tax Treatment, subject to the limitations and qualifications described in the section entitled *Material United States Federal Income Tax Consequences* beginning on page 135 of this proxy statement/prospectus, a holder of Time Warner common stock whose shares of Time Warner common stock are exchanged in the initial merger for shares of AT&T common stock and cash generally will recognize a capital gain (but not loss) realized on the exchange in an amount not exceeding the amount of cash received by the

holder (except with respect to any cash received in lieu of a fractional share of AT&T common stock, as discussed in the section entitled **Material United States Federal Income Tax Consequences - Cash Received Instead of a Fractional Share of AT&T Common Stock** beginning on page 137 of this proxy statement/prospectus).

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If the transaction fails to qualify for the Intended Tax Treatment, a holder of Time Warner common stock generally would recognize gain or loss in an amount equal to the difference between (1) the fair market value of the shares of AT&T common stock and the amount of cash received in the transaction by the holder (including cash received in lieu of a fractional share of AT&T common stock) and (2) the holder's basis in the Time Warner common stock surrendered.

It will not be known at the time of the special meeting whether the requirements for the transaction to qualify for the Intended Tax Treatment will be met. AT&T will make a public announcement no later than 45 days after the first effective time as to whether or not the transaction will be reported as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. **HOWEVER, TIME WARNER WILL NOT RESOLICIT STOCKHOLDER VOTES IN THE EVENT THAT THE TRANSACTION FAILS TO QUALIFY FOR THE INTENDED TAX TREATMENT.**

For a more detailed discussion of the material United States federal income tax consequences of the transaction, please see the section entitled "Material United States Federal Income Tax Consequences" beginning on page 135 of this proxy statement/prospectus.

**The tax consequences of the transaction to any particular stockholder will depend on that stockholder's particular facts and circumstances. Accordingly, you are urged to consult your tax advisor to determine your tax consequences from the transaction.**

**Comparison of Stockholders' Rights (Page 139)**

The rights of Time Warner stockholders are governed by its restated certificate of incorporation, as amended through May 24, 2011, which we refer to as the Time Warner charter, and bylaws as amended through October 22, 2016, which we refer to as the Time Warner bylaws, and by the DGCL. Your rights as a stockholder of AT&T will be governed by AT&T's restated certificate of incorporation, as amended through December 13, 2013, and bylaws, as amended through December 18, 2015, which we refer to as the AT&T charter and the AT&T bylaws, respectively, and by the DGCL. Your rights under the AT&T charter and the AT&T bylaws will differ in some respects from your rights under the Time Warner charter and the Time Warner bylaws. For more detailed information regarding a comparison of your rights as a stockholder of Time Warner and AT&T, see the section entitled "Comparison of Stockholders' Rights" beginning on page 139 of this proxy statement/prospectus.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF TIME WARNER**

The following table presents selected historical consolidated financial data for Time Warner as of and for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011, as of September 30, 2016 and for the nine months ended September 30, 2016 and September 30, 2015. The statement of operations information for each of the three years in the period ended December 31, 2015 and the balance sheet information as of December 31, 2015 and 2014 have been obtained from Time Warner's audited consolidated financial statements contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which is incorporated by reference into this proxy statement/prospectus. The statements of operations data for the years ended December 31, 2012 and 2011 and the balance sheet data as of December 31, 2013, 2012 and 2011 have been derived from Time Warner's audited consolidated financial statements for such years, which have not been incorporated into this document by reference, and have been recast as described in and set forth in Time Warner's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The financial data as of September 30, 2016 and for the nine months ended September 30, 2016 and September 30, 2015 have been obtained from Time Warner's unaudited consolidated financial statements included in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, which is incorporated by reference into this proxy statement/prospectus.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in Time Warner's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Time Warner's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, including Management's Discussion and Analysis of Results of Operations and Financial Condition and the consolidated financial statements and related notes therein. See the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus.

(Dollar amounts in millions, except per share data)	Nine Months Ended September 30,		Years Ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
<b>Selected Statement of Operations Information:</b>							
Total revenues	\$ 21,427	\$ 21,039	\$ 28,118	\$ 27,359	\$ 26,461	\$ 25,325	\$ 25,364
Operating income	5,856	5,479	6,865	5,975	6,268	5,498	5,242
Net income	3,632	2,975	3,832	3,827	3,691	2,922	2,882
<b>Amounts attributable to Time Warner Inc. shareholders:</b>							
Income from continuing operations	\$ 3,598	\$ 2,939	\$ 3,796	\$ 3,894	\$ 3,354	\$ 2,666	\$ 2,521
Discontinued operations, net of tax	35	37	37	(67)	337	259	365
Net income	\$ 3,633	\$ 2,976	\$ 3,833	\$ 3,827	\$ 3,691	\$ 2,925	\$ 2,886
<b>Per share information attributable to Time Warner Inc. common shareholders:</b>							
Basic income per common share from continuing operations	\$ 4.58	\$ 3.57	\$ 4.64	\$ 4.49	\$ 3.63	\$ 2.77	\$ 2.40
Discontinued operations	0.04	0.05	0.05	(0.07)	0.36	0.28	0.34

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Basic net income per common share	\$ 4.62	\$ 3.62	\$ 4.69	\$ 4.42	\$ 3.99	\$ 3.05	\$ 2.74
Diluted income per common share from continuing operations	\$ 4.53	\$ 3.52	\$ 4.58	\$ 4.41	\$ 3.56	\$ 2.73	\$ 2.37
Discontinued operations	0.04	0.04	0.04	(0.07)	0.36	0.27	0.34
Diluted net income per common share	\$ 4.57	\$ 3.56	\$ 4.62	\$ 4.34	\$ 3.92	\$ 3.00	\$ 2.71
Average common shares (in millions):							
Basic	783.8	820.4	814.9	863.3	920.0	954.4	1,046.2
Diluted	795.1	835.5	829.5	882.6	942.6	976.3	1,064.5

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(Dollar amounts in millions)	As of		As of December 31,				
	September 30, 2016	2015	2014	2013	2012	2011	
<b>Selected Balance Sheet Information:</b>							
Cash and equivalents	\$ 2,308	\$ 2,155	\$ 2,618	\$ 1,816	\$ 2,760	\$ 3,381	
Total assets	65,764	63,848	63,146	67,890	67,984	67,698	
Debt due within one year	52	198	1,118	66	749	23	
Long-term debt	24,419	23,594	21,263	19,952	18,975	19,354	
Time Warner Inc. shareholders equity	24,278	23,619	24,476	29,904	29,796	29,957	
	Nine Months Ended		Years Ended December 31,				
	September 30, 2016	2015	2014	2013	2012	2011	
<b>Cash dividends:</b>							
Cash dividends declared per share of common stock	\$ 1.2075	\$ 1.40	\$ 1.27	\$ 1.15	\$ 1.04	\$ 0.94	



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF AT&T**

The following table presents selected historical consolidated financial data for AT&T as of and for the fiscal years ended December 31, 2015, 2014, 2013, 2012 and 2011, as of September 30, 2016 and for the nine months ended September 30, 2016 and September 30, 2015. The statement of operations data for each of the three years in the period ended December 31, 2015 and the balance sheet data as of December 31, 2015 and 2014 have been obtained from AT&T's audited consolidated financial statements contained in its Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which are incorporated by reference into this proxy statement/prospectus. The statements of operations data for the years ended December 31, 2012 and 2011 and the balance sheet data as of December 31, 2013, 2012 and 2011 have been derived from AT&T's audited consolidated financial statements for such years, which have not been incorporated into this document by reference, and have been adjusted as described in AT&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. The financial data as of September 30, 2016 and for the nine months ended September 30, 2016 and September 30, 2015, have been obtained from AT&T's unaudited condensed consolidated financial statements included in its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, which is incorporated by reference into this proxy statement/prospectus.

The information set forth below is not necessarily indicative of future results and should be read together with the other information contained in AT&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and AT&T's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes therein. See the section entitled Where You Can Find More Information beginning on page 158 of this proxy statement/prospectus.

<b>(Dollar amounts in millions, except per share data)</b>	<b>Nine Months</b>			<b>Years Ended December 31,</b>			
	<b>Ended September 30, 2016</b>	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Operating revenues	\$ 121,945	\$ 104,682	\$ 146,801	\$ 132,447	\$ 128,752	\$ 127,434	\$ 126,723
Operating expenses	101,846	87,429	122,016	120,235	98,000	114,380	117,223
Operating income	20,099	17,253	24,785	12,212	30,752	13,054	9,500
Interest expense	(3,689)	(2,977)	4,120	3,613	3,940	3,444	3,535
Equity in net income of affiliates	57	48	79	175	642	752	784
Other income (expense) net	154	61	(52)	1,581	596	134	249
Income tax expense	5,803	4,784	7,005	3,619	9,328	2,922	2,639
Income from continuing operations	10,818	9,601	13,687	6,736	18,722	7,574	4,359
Less: Net Income attributable to Noncontrolling Interest	(279)	(262)	(342)	(294)	(304)	(275)	(240)
Income from continuing operations attributable to Registrant	\$ 10,539	\$ 9,339	\$ 13,345	\$ 6,442	\$ 18,418	\$ 7,299	\$ 4,119
Basic earnings per share attributable to Registrant	\$ 1.70	\$ 1.71	\$ 2.37	\$ 1.24	\$ 3.42	\$ 1.26	\$ 0.69
	\$ 1.70	\$ 1.71	\$ 2.37	\$ 1.24	\$ 3.42	\$ 1.26	\$ 0.69

Diluted earnings per share  
attributable to Registrant

<b>(Dollar amounts in millions)</b>	<b>As of September 30,</b>		<b>As of December 31,</b>			
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>
Total assets	\$ 402,975	\$ 402,672	\$ 296,834	\$ 281,423	\$ 275,834	\$ 273,467
Long-term debt	\$ 117,239	\$ 118,515	\$ 75,778	\$ 69,091	\$ 66,152	\$ 61,091
Dividends declared per common share	\$ 1.44	\$ 1.89	\$ 1.85	\$ 1.81	\$ 1.77	\$ 1.73

**Table of Contents****SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The selected unaudited pro forma condensed combined financial statements presented below are derived from the historical consolidated financial statements of AT&T, DIRECTV and Time Warner. The selected unaudited pro forma condensed combined financial statements do not give effect to (a) the acquisition of Quickplay Media, Inc., which was acquired by AT&T during 2016, nor do they reflect (b) the consolidation of the ROOT SPORTS™ Southwest joint venture between AT&T and DIRECTV, or (c) the acquisitions of GSF Telecom Holdings, S.A.P.I. de C.V. (marketed as Iusacell) and Nextel Mexico, which were acquired by AT&T during 2015. The selected unaudited pro forma condensed combined financial statements are prepared as a business combination reflecting AT&T's acquisitions of DIRECTV and Time Warner as if those acquisitions had been completed on January 1, 2015 for statement of income purposes and as if AT&T's acquisition of Time Warner acquisition had been completed on September 30, 2016 for balance sheet purposes.

The selected unaudited pro forma condensed combined financial statements, which are preliminary in nature, have been derived from, and should be read in conjunction with, the more detailed unaudited pro forma combined financial information and the accompanying notes appearing in the section entitled "Unaudited Pro Forma Condensed Combined Financial Data" beginning on page 122 of this proxy statement/prospectus. The selected unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations of AT&T would have been had the DIRECTV and Time Warner acquisitions occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or consolidated financial position.

<b>Unaudited Pro Forma Condensed Combined Statements of Income</b>	<b>Nine Months Ended</b>	
<b>(Dollar amounts in millions, except per share data)</b>	<b>September 30,</b>	<b>Year Ended</b>
	<b>2016</b>	<b>December 31, 2015</b>
Total operating revenues	\$ 141,281	\$ 191,134
Operating Income	23,386	28,489
Income from continuing operations	12,181	13,835
Income from continuing operations attributable to Registrant	\$ 11,903	\$ 13,491
Basic earnings per share attributable to Registrant	\$ 1.64	\$ 1.86
Diluted earnings per share attributable to Registrant	\$ 1.63	\$ 1.85

<b>Unaudited Pro Forma Condensed Combined Balance Sheet</b>	<b>As of September 30, 2016</b>
<b>(Dollar amounts in millions)</b>	
Total assets	\$ 548,216
Long-term debt	\$ 188,173
Shares of AT&T common stock outstanding (in millions)	7,249



**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following selected unaudited pro forma per share information for the year ended December 31, 2015 and the nine months ended September 30, 2016 reflects the transaction as if it had occurred on January 1, 2015. The book value per share amounts in the table below reflect the transaction as if it had occurred on September 30, 2016 or December 31, 2015, as applicable. The information in the table is based on, and should be read together with, and the information is qualified in its entirety by (i) the historical financial information that AT&T and Time Warner have presented in their respective filings with the SEC and (ii) the financial information contained in the Unaudited Pro Forma Condensed Combined Financial Data and the notes thereto included elsewhere in this proxy statement/prospectus. See the sections entitled Where You Can Find More Information beginning on page 158 of this proxy statement/prospectus and Unaudited Pro Forma Condensed Combined Financial Data beginning on page 122 of this proxy statement/prospectus.

The unaudited pro forma combined per share data is presented for illustrative purposes only and is not necessarily indicative of actual or future financial position or results of operations that would have been realized if the transaction had been completed as of the dates indicated or will be realized upon the completion of the transaction.

	Historical		Unaudited Pro Forma Combined	Equivalent Basis Unaudited Pro Forma Combined <sup>(1)</sup>
	AT&T	Time Warner		
<b>Basic Income per Share from Continuing Operations</b>				
Nine Months Ended September 30, 2016	\$ 1.70	\$ 4.58	\$ 1.64	\$ 2.35
Year Ended December 31, 2015	\$ 2.37 <sup>(2)</sup>	\$ 4.64	\$ 1.86	\$ 2.67
<b>Diluted Income per Share from Continuing Operations</b>				
Nine Months Ended September 30, 2016	\$ 1.70	\$ 4.53	\$ 1.63	\$ 2.34
Year Ended December 31, 2015	\$ 2.37 <sup>(2)</sup>	\$ 4.58	\$ 1.85	\$ 2.66
<b>Cash Dividends Per Share</b>				
Nine Months Ended September 30, 2016	\$ 1.44	\$ 1.2075	\$ 1.44 <sup>(3)</sup>	\$ 2.07
Year Ended December 31, 2015	\$ 1.89	\$ 1.4000	\$ 1.89 <sup>(3)</sup>	\$ 2.72
<b>Book Value Per Share</b>				
At September 30, 2016	\$ 20.29 <sup>(4)</sup>	\$ 31.45 <sup>(5)</sup>	\$ 22.78 <sup>(6)</sup>	\$ 32.73 <sup>(6)</sup>
At December 31, 2015	\$ 20.12 <sup>(4)</sup>	\$ 29.71 <sup>(5)</sup>	\$ 22.80 <sup>(6)</sup>	\$ 32.76 <sup>(6)</sup>

- (1) The per share amounts are calculated by multiplying the unaudited pro forma combined per share amounts by an exchange ratio of 1.437 shares of AT&T common stock for each share of Time Warner common stock. The actual exchange ratio at the closing of the transaction will be determined based on the average stock price. If the average stock price is between (or equal to) \$37.411 and \$41.349 per share, the exchange ratio will be the quotient of \$53.75 divided by the average stock price. If the average stock price is greater than \$41.349, the exchange ratio will be 1.300. If the average stock price is less than \$37.411, the exchange ratio will be 1.437. Based on the closing stock price of AT&T common stock on the NYSE on November 11, 2016 of \$36.51,

- and assuming that price was the average stock price, the applicable exchange ratio would be 1.437.
- (2) Basic Earnings per Share and Diluted Earnings per Share for AT&T for the year ended December 31, 2015 only reflect the results of DIRECTV from the acquisition date, July 24, 2015.
  - (3) Amounts are the same as historical cash dividends per share since AT&T is not expected to change its dividend policy as a result of the transaction.
  - (4) Book value per share represents the total stockholders' equity as of December 31, 2015 or September 30, 2016 divided by the number of shares outstanding as of December 31, 2015 (treasury netted) and September 30, 2016, respectively.

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- (5) Book value per share represents the total stockholders' equity as of December 31, 2015 or September 30, 2016, divided by the number of shares outstanding as of December 31, 2015 or September 30, 2016, respectively.
- (6) Book value per share represents AT&T's total stockholders' equity as of December 31, 2015 or September 30, 2016, plus the estimated value of the stock issued (\$41,710 or \$40,503), based on the closing price of \$36.51 of AT&T common stock on November 11, 2016 and Time Warner's outstanding shares as of December 31, 2015 or September 30, 2016, respectively, divided by the pro forma shares outstanding at the applicable date.

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION****Comparative Per Share Market Price Information**

Time Warner common stock trades on the NYSE under the symbol TWX and AT&T common stock trades on the NYSE under the symbol T. The following table presents the closing prices of Time Warner common stock and AT&T common stock on October 19, 2016, the last trading day prior to the publication of press reports regarding a potential transaction, October 21, 2016, the last trading day before the public announcement of the merger agreement, and January 4, 2017, the last practicable trading day prior to the mailing of this proxy statement/prospectus. The table also shows the estimated equivalent per share value of the merger consideration for each share of Time Warner common stock on the relevant date.

<b>Date</b>	<b>Time Warner Closing Price</b>	<b>AT&amp;T Closing Price</b>	<b>Exchange Ratio</b>	<b>Estimated Equivalent Per Share Value<sup>(1)</sup></b>
October 19, 2016	\$ 79.24	\$ 39.38	1.365	\$ 107.50
October 21, 2016	\$ 89.48	\$ 37.49	1.434	\$ 107.50
January 4, 2017	\$ 96.71	\$ 42.77	1.300	\$ 109.35

- (1) The implied value of the merger consideration represents the sum of \$53.75, the cash portion of the merger consideration, plus the stock portion of the merger consideration, based on the closing prices of AT&T common stock of \$39.38 on October 19, 2016, \$37.49 on October 21, 2016 and \$42.77 on January 4, 2017, respectively, and, in each case, the applicable exchange ratio, assuming that such closing price was equal to the average stock price. The actual exchange ratio at the closing of the transaction will be determined based on the average stock price and there can be no assurance that the average stock price will be greater or less than, or equal to, \$39.38, \$37.49 or 42.77. If the average stock price is between (or equal to) \$37.411 and \$41.349 per share, the exchange ratio will be the quotient of \$53.75 divided by the average stock price. If the average stock price is greater than \$41.349, the exchange ratio will be 1.300. If the average stock price is less than \$37.411, the exchange ratio will be 1.437. The average stock price from October 3, 2016 through October 21, 2016 was \$39.21. The average stock price from December 8, 2016 through December 29, 2016 assuming January 4, 2017 was the closing date, was \$41.84.

The above table shows only historical comparisons. These comparisons may not provide meaningful information to Time Warner stockholders in determining whether to adopt the merger agreement. Time Warner stockholders are urged to obtain current market quotations for AT&T common stock and Time Warner common stock and to review carefully the other information contained in this proxy statement/prospectus or incorporated by reference into this proxy statement/prospectus in considering whether to adopt the merger agreement. See the section entitled **Where You Can Find More Information** beginning on page 158 of this proxy statement/prospectus.





**Table of Contents****Comparative Stock Prices and Dividends**

The following tables present, for the periods indicated, the intra-day high and low sales prices per share for Time Warner and AT&T common stock and the cash dividends declared per share of Time Warner and AT&T common stock. This information should be read together with the consolidated financial statements and related notes of Time Warner and AT&T that are incorporated by reference in this document and with the unaudited pro forma combined financial data included under **Unaudited Pro Forma Condensed Combined Financial Data** beginning on page 122 of this proxy statement/prospectus.

	<b>Time Warner common stock</b>		
	<b>High</b>	<b>Low</b>	<b>Cash Dividends Declared</b>
<b><u>Calendar Year 2014</u></b>			
First quarter	\$ 69.56	\$ 60.72	\$ 0.3175
Second quarter	71.62	62.44	0.3175
Third quarter	88.13	68.80	0.3175
Fourth quarter	87.44	67.78	0.3175
<b><u>Calendar Year 2015</u></b>			
First quarter	\$ 88.25	\$ 76.94	\$ 0.3500
Second quarter	88.82	82.17	0.3500
Third quarter	91.34	65.25	0.3500
Fourth quarter	78.31	62.94	0.3500
<b><u>Calendar Year 2016</u></b>			
First quarter	\$ 73.64	\$ 55.53	\$ 0.4025
Second quarter	77.40	68.97	0.4025
Third quarter	81.33	72.88	0.4025
Fourth quarter	97.10	78.32	0.4025
<b><u>Calendar Year 2017</u></b>			
First quarter (Through January 4, 2017)	\$ 97.21	\$ 96.13	

	<b>AT&amp;T common stock</b>		
	<b>High</b>	<b>Low</b>	<b>Cash Dividends Declared</b>
<b><u>Calendar Year 2014</u></b>			
First quarter	\$ 35.50	\$ 31.74	\$ 0.46
Second quarter	36.86	34.32	0.46
Third quarter	37.48	34.17	0.46
Fourth quarter	36.16	32.07	0.47
<b><u>Calendar Year 2015</u></b>			
First quarter	\$ 35.07	\$ 32.41	\$ 0.47
Second quarter	36.45	32.37	0.47
Third quarter	35.93	30.97	0.47
Fourth quarter	34.99	32.17	0.48

<b><u>Calendar Year 2016</u></b>			
First quarter	\$ 39.72	\$ 33.41	\$ 0.48
Second quarter	43.42	37.73	0.48
Third quarter	43.89	39.55	0.48
Fourth quarter	42.84	36.10	0.49
<b><u>Calendar Year 2017</u></b>			
First quarter (Through January 4, 2017)	\$ 43.03	\$ 42.52	

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Information set forth in this registration statement on Form S-4, of which this proxy statement/prospectus forms a part, and the documents to which Time Warner and AT&T refer you to in this registration statement, of which this proxy statement/prospectus forms a part, including financial estimates and statements as to the expected timing, completion and effects of the transaction between AT&T and Time Warner constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and the rules, regulations and releases of the Securities and Exchange Commission. These forward-looking statements are subject to risks and uncertainties, and actual results might differ materially from those discussed in, or implied by, the forward-looking statements. Such forward-looking statements include, but are not limited to, statements about the benefits of the transaction, including future financial and operating results, the combined company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based on the current beliefs and expectations of the management of Time Warner and AT&T and are subject to significant risks and uncertainties outside of our control.

Statements included in or incorporated by reference into this registration statement, of which this proxy statement/prospectus forms a part, that are not historical facts, including statements about the beliefs and expectations of the managements of Time Warner and AT&T, are forward-looking statements. Words such as believes, anticipates, estimates, expects, plans, intends, aims, potential, will, would, could, considered, likely, estimated, and other similar future or conditional expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. While Time Warner and AT&T believe these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the control of AT&T and Time Warner. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on future circumstances that may or may not occur. Actual results may differ materially from the current expectations of Time Warner and AT&T depending on a number of factors affecting their businesses and risks associated with the successful execution of the transaction and the integration and performance of their businesses following the transaction. These factors include, but are not limited to, risks and uncertainties detailed in AT&T's periodic public filings with the SEC, including those discussed under the sections entitled Risk Factors in AT&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and AT&T's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 and in Time Warner's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Time Warner's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, factors contained or incorporated by reference into such documents and in subsequent filings by AT&T and Time Warner with the SEC, and the following factors:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

the risk that Time Warner stockholders may not adopt the merger agreement;

the risk that the necessary regulatory approvals may not be obtained or may be obtained subject to conditions that are not anticipated;

risks that any of the closing conditions to the transaction may not be satisfied in a timely manner;

risks related to disruption of management time from ongoing business operations due to the transaction;

failure to realize the benefits expected from the transaction;

risks related to any legal proceedings that have been or may be instituted against AT&T, Time Warner and/or others relating to the transaction;

the risk that the subsequent merger is not consummated or that the transaction does not qualify for the Intended Tax Treatment;

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the effect of the announcement of the transaction on the ability of Time Warner and AT&T to retain customers and retain and hire key personnel;

the effect of the announcement of the transaction on the ability of Time Warner and AT&T to maintain relationships with their suppliers; and

the effect of the announcement of the transaction on Time Warner's and AT&T's operating results and businesses generally.

Consequently, all of the forward-looking statements Time Warner or AT&T make in this document are qualified by the information contained or incorporated by reference into this proxy statement/prospectus, including, but not limited to (i) the information contained under this heading and (ii) the information discussed under the sections entitled "Risk Factors" in AT&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and AT&T's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016 and in Time Warner's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Time Warner's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016. See the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus.

Except as otherwise required by law, neither AT&T nor Time Warner is under any obligation, and each expressly disclaim any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Persons reading this announcement are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

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**Table of Contents****RISK FACTORS**

*In addition to the other information contained or incorporated by reference into this proxy statement/prospectus, including the matters addressed in Cautionary Statement Regarding Forward-Looking Statements beginning on page 37 of this proxy statement/prospectus, Time Warner stockholders should carefully consider the following risk factors in determining whether to vote for the adoption of the merger agreement. You should also read and consider the risk factors associated with each of the businesses of Time Warner and AT&T because these risk factors may affect the business operations and financial results of the combined company. These risk factors may be found under Part II, Item 1A, Risk Factors in AT&T's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, filed on November 3, 2016, Part I, Item 1A, Risk Factors in AT&T's Annual Report on Form 10-K for the fiscal year ended 2015, filed on February 18, 2016, Part II, Item 1A, Risk Factors in Time Warner's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2016, filed on November 2, 2016 and Part I, Item 1A, Risk Factors, Time Warner's Annual Report on Form 10-K for the fiscal year ended 2015, filed on February 25, 2016, each of which is on file with the SEC and both of which are incorporated by reference into this proxy statement/prospectus.*

**RISK FACTORS RELATING TO THE TRANSACTION**

**The value of the stock portion of the merger consideration is subject to changes based on fluctuations in the value of AT&T common stock, and Time Warner stockholders may receive stock consideration with a value that, at the time received, is less than \$53.75 per share of Time Warner common stock.**

The market value of AT&T common stock will fluctuate during the period before the date of the special meeting of Time Warner stockholders to vote on the adoption of the merger agreement, during the 15 trading day period that the exchange ratio will be based on, and the time between the last day of the 15 trading day period and the time Time Warner stockholders receive merger consideration in the form of AT&T common stock, as well as thereafter. The closing price of one share of AT&T common stock on January 4, 2017 was \$42.77 and, assuming that price was the average stock price, this implied a total consideration per share of \$109.35 on such date.

Upon completion of the initial merger, each issued and outstanding share of Time Warner common stock will be converted into the right to receive the merger consideration. The number of shares of AT&T common stock included in the merger consideration depends on the average stock price. If the average stock price is between (or equal to) \$37.411 and \$41.349 per share, the exchange ratio will be the quotient obtained by dividing \$53.75 by the average stock price. If the average stock price is greater than \$41.349, the exchange ratio will be 1.300. If the average stock price is less than \$37.411, the exchange ratio will be 1.437. Accordingly, the actual number of shares and the value of AT&T common stock delivered to Time Warner stockholders will depend on the average stock price, and the value of the shares of AT&T common stock delivered for each such share of Time Warner common stock may be greater than or less than, or equal to, \$53.75.

It is impossible to accurately predict the market price of AT&T common stock at the first effective time or during the period over which the average stock price is calculated and therefore impossible to accurately predict the number or value of the shares of AT&T common stock that Time Warner stockholders will be delivered in the transaction.

**The market price of AT&T common stock after completion of the transaction will continue to fluctuate, and may be affected by factors different from those affecting shares of Time Warner common stock currently.**

Upon completion of the initial merger, holders of Time Warner common stock will become holders of shares of AT&T common stock. The market price of AT&T common stock may fluctuate significantly following

consummation of the transaction and holders of Time Warner common stock could lose the value of their



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investment in AT&T common stock. The issuance of shares of AT&T common stock in the initial merger could on its own have the effect of depressing the market price for AT&T common stock. In addition, many Time Warner stockholders may decide not to hold the shares of AT&T common stock they receive as a result of the initial merger. Other Time Warner stockholders, such as funds with limitations on their permitted holdings of stock in individual issuers, may be required to sell the shares of AT&T common stock they receive as a result of the initial merger. Such sales of AT&T common stock may take place shortly following the completion of the transaction and could have the effect of depressing the market price for AT&T common stock.

Moreover, general fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, the AT&T common stock, regardless of AT&T's actual operating performance.

The businesses of AT&T differ from those of Time Warner in important respects, and, accordingly, the results of operations of AT&T after the transaction, as well as the market price of AT&T common stock, may be affected by factors different from those currently affecting the results of operations of Time Warner. Following the closing of the transaction, Time Warner will be part of a larger company with other lines of business, so decisions affecting Time Warner may be made in respect of the larger combined business as a whole rather than the Time Warner business individually. For further information on the businesses of AT&T and Time Warner and certain factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus and referred to under **Where You Can Find More Information** beginning on page 158 of this proxy statement/prospectus.

### **AT&T and Time Warner may have difficulty attracting, motivating and retaining executives and other key employees in light of the transaction.**

AT&T's success after the transaction will depend in part on the ability of AT&T to retain key employees of Time Warner. Competition for qualified personnel can be intense. Current and prospective employees of Time Warner may experience uncertainty about the effect of the transaction, which may impair AT&T's and Time Warner's ability to attract, retain and motivate key management, sales, marketing, technical and other personnel prior to and following the transaction. Employee retention may be particularly challenging during the pendency of the transaction, as employees of Time Warner may experience uncertainty about their future roles with the combined company.

In addition, certain key employees of Time Warner are entitled to receive severance payments and benefits on a constructive termination of employment, including as a result of certain changes in such key employees' duties, authority, reporting relationship, compensation or primary office location. Such circumstances could occur in connection with the transaction, including as a result of changes in roles and responsibilities. See the section entitled **Interests of Time Warner's Directors and Executive Officers in the Transaction** beginning on page 119 of this proxy statement/prospectus for a further discussion.

If key employees of Time Warner depart, the integration of the companies may be more difficult and/or the combined company's business following the transaction may be harmed. Furthermore, AT&T may have to incur significant costs in identifying, hiring and retaining replacements for departing employees and may lose significant expertise and talent relating to the business of Time Warner, and AT&T's ability to realize the anticipated benefits of the transaction may be adversely affected. Accordingly, no assurance can be given that AT&T will be able to attract or retain key employees of Time Warner to the same extent that Time Warner has been able to attract or retain employees in the past.

### **Completion of the transaction is subject to conditions and if these conditions are not satisfied or waived, the transaction will not be completed.**

The obligations of AT&T and Time Warner to complete the transaction are subject to satisfaction or waiver of a number of conditions. The obligations of AT&T and Time Warner are each subject to, among other conditions: (i) adoption of the merger agreement by Time Warner stockholders, (ii) approval for the listing on the

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NYSE of the shares of AT&T common stock to be issued in the initial merger, upon official notice of issuance, (iii) expiration or termination of any applicable waiting period (or extension thereof) under the HSR Act, (iv) if required in connection with the consummation of the transaction, receipt of any necessary consents from the FCC, (v) receipt of consents from specified foreign regulators, (vi) if required in connection with the transaction, receipt of consents from state public utility commissions, (vii) absence of any applicable law or order that prohibits completion of the transaction, (viii) accuracy of the representations and warranties made in the merger agreement by the other party, subject to certain materiality qualifications, and (ix) performance in all material respects by the other party of the material obligations required to be performed by it at or prior to completion of the transaction. In addition, AT&T's obligation to complete the transaction is further subject to the governmental consents described in clauses (iii)-(vi) above and any other governmental consent required under applicable law in connection with consummation of the transaction having been received without the imposition of any regulatory conditions that, individually or in the aggregate, would be reasonably likely to have a regulatory material adverse effect (see the section entitled "The Transaction Regulatory Approvals" beginning on page 86 of this proxy statement/prospectus for a definition of regulatory material adverse effect).

For a more complete summary of the conditions that must be satisfied or waived prior to completion of the transaction, see the section entitled "The Merger Agreement Conditions to Completion of the Transaction" beginning on page 107 of this proxy statement/prospectus. The satisfaction of the required conditions could delay the completion of the transaction for a significant period of time or prevent it from occurring. Any delay in completing the transaction could cause AT&T not to realize some or all of the benefits that AT&T expects to achieve if the transaction is successfully completed within its expected timeframe. Further, there can be no assurance that the conditions to the closing of the transaction will be satisfied or waived or that the transaction will be completed. See the risk factor entitled "Failure to complete the transaction could negatively impact the stock price and the future business and financial results of AT&T and Time Warner," below.

**In order to complete the transaction, AT&T and Time Warner must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions, completion of the transaction may be jeopardized or the anticipated benefits of the transaction could be reduced.**

Although AT&T and Time Warner have agreed in the merger agreement to use their reasonable best efforts, subject to certain limitations, to make certain governmental filings and obtain the required governmental approvals or expiration or earlier termination of relevant waiting periods, as the case may be, there can be no assurance that the relevant waiting periods will expire or be terminated early or that the relevant approvals will be obtained. In addition, the governmental authorities that provide these approvals have broad discretion in administering the governing regulations. As a condition to approving the transaction or related transactions, these governmental authorities may impose conditions, terms, obligations or restrictions or require divestitures or place restrictions on the conduct of AT&T's business after completion of the transaction. Under the terms of the merger agreement, AT&T and its subsidiaries are required to take any and all actions necessary to obtain the consents, registrations, approvals, permits, waiting period expirations or authorizations imposed by governmental authorities required to consummate the transaction (including accepting any conditions imposed by governmental authorities that would have a serious and significant adverse impact on the current or future business or operations of AT&T and its subsidiaries, including Time Warner and its subsidiaries), except those actions which would result in a regulatory material adverse effect, as described in the section entitled "The Transaction Regulatory Approvals" beginning on page 86 of this proxy statement/prospectus. There can be no assurance that regulators will not impose conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the transaction or imposing additional material costs on or materially limiting the revenues of the combined company following the transaction, or otherwise adversely affecting, including to a material extent, AT&T's businesses and results of operations after completion of the transaction. In addition, we

can provide no assurance that these conditions, terms, obligations or restrictions will not result in the abandonment of the transaction. See the sections entitled The Merger Agreement Conditions to Completion of the Transaction and The Transaction Regulatory Approvals beginning on pages 107 and 86, respectively, of this proxy statement/prospectus.

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**AT&T's and Time Warner's business relationships may be subject to disruption due to uncertainty associated with the transaction.**

Parties with which AT&T or Time Warner do business may experience uncertainty associated with the transaction, including with respect to current or future business relationships with AT&T, Time Warner or the combined company. AT&T's and Time Warner's business relationships may be subject to disruption as customers, distributors, suppliers, vendors and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than AT&T, Time Warner or the combined company. These disruptions could have an adverse effect on the businesses, financial condition, results of operations or prospects of the combined company, including an adverse effect on AT&T's ability to realize the anticipated benefits of the transaction. In addition, the risk, and adverse effect, of such disruptions could be exacerbated by a delay in completion of the transaction or termination of the merger agreement.

**Time Warner's directors and executive officers have interests in the transaction that may be different from your interests as a stockholder of Time Warner.**

When considering the recommendation of the Time Warner board that Time Warner stockholders adopt the merger agreement, Time Warner stockholders should be aware that directors and executive officers of Time Warner have certain interests in the transaction that may be different from or in addition to the interests of Time Warner stockholders generally. These interests include the treatment in the transaction of Time Warner equity compensation awards, the employment agreements, retention awards, and certain other rights held by Time Warner's directors and executive officers, and the indemnification of former Time Warner directors and executive officers by AT&T. See the sections entitled "Non-Binding, Advisory Vote on Transaction-Related Compensation for Time Warner's Named Executive Officers" beginning on page 112 of this proxy statement/prospectus and "Interests of Time Warner's Directors and Executive Officers in the Transaction" beginning on page 119 of this proxy statement/prospectus for a more detailed description of these interests. The Time Warner board was aware of these interests and considered them, among other things, in evaluating and approving the merger agreement and the transaction and in recommending that the Time Warner stockholders adopt the merger agreement.

**The merger agreement contains provisions that could discourage a potential competing acquiror of Time Warner.**

The merger agreement contains "no shop" provisions that, subject to limited exceptions, restrict Time Warner's ability to solicit, initiate, or knowingly encourage and facilitate competing third-party proposals for the acquisition of its stock or assets. In addition, before the Time Warner board withdraws, qualifies or modifies its recommendation of the transaction with AT&T or terminates the merger agreement to enter into a third-party acquisition proposal, AT&T generally has an opportunity to offer to modify the terms of the transaction. In some circumstances, upon termination of the merger agreement, Time Warner will be required to pay a termination fee of \$1.725 billion.

These provisions could discourage a potential third-party acquiror that might have an interest in acquiring all or a significant portion of Time Warner from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than the market value proposed to be received or realized in the transaction, or might otherwise result in a potential third-party acquiror proposing to pay a lower price to Time Warner stockholders than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

If the merger agreement is terminated and Time Warner decides to seek another business combination, it may not be able to negotiate or consummate a transaction with another party on terms comparable to, or better than, the terms of

the merger agreement.

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**The completion of the transaction is not conditioned on the receipt of an opinion of counsel to the effect that the transaction will qualify for the Intended Tax Treatment, and neither AT&T nor Time Warner intends to request a ruling from the Internal Revenue Service regarding the United States federal income tax consequences of the transaction.**

It is intended that, for United States federal income tax purposes, the initial merger, together with the subsequent merger, will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, which we refer to as the Intended Tax Treatment. However, the completion of the transaction is not conditioned on the transaction qualifying for the Intended Tax Treatment or on the receipt of an opinion of counsel to that effect, and whether or not the transaction will qualify for the Intended Tax Treatment depends on facts that will not be known until the transaction is completed. In particular, the Intended Tax Treatment requires that the value of the shares of AT&T common stock issued to holders of Time Warner common stock in the transaction, determined as of completion of the transaction, represents at least a minimum percentage of the total consideration paid to holders of Time Warner common stock in the transaction. While there is no specific guidance as to precisely what minimum percentage is necessary to satisfy this requirement, it would be satisfied if the AT&T common stock (valued as of completion of the transaction) represents at least 40% of the total consideration. Because this test is based on the value of AT&T common stock as of completion of the transaction, a decline in the value of the AT&T common stock could cause this requirement not to be met. Accordingly, no assurance can be given that the transaction will qualify for the Intended Tax Treatment. In addition, neither AT&T nor Time Warner intends to request a ruling from the Internal Revenue Service regarding the United States federal income tax consequences of the transaction. Accordingly, even if AT&T and Time Warner conclude that the transaction qualifies for the Intended Tax Treatment, no assurance can be given that the Internal Revenue Service will not challenge that conclusion or that a court would not sustain such a challenge.

It will not be known at the time of the special meeting whether the requirements for the transaction to qualify for the Intended Tax Treatment will be met. AT&T will make a public announcement no later than 45 days after the first effective time as to whether or not the transaction will be reported as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. **HOWEVER, TIME WARNER WILL NOT RESOLICIT STOCKHOLDER VOTES IN THE EVENT THAT THE TRANSACTION FAILS TO QUALIFY FOR THE INTENDED TAX TREATMENT.**

You should read the section entitled **Material United States Federal Income Tax Consequences** and consult your own tax advisors regarding the United States federal income tax consequences of the transaction to you in your particular circumstances.

**Failure to complete the transaction could negatively impact the stock price and the future business and financial results of AT&T and Time Warner.**

If the transaction is not completed for any reason, including as a result of Time Warner stockholders failing to adopt the merger agreement, the ongoing businesses of AT&T and Time Warner may be adversely affected and, without realizing any of the benefits of having completed the transaction, AT&T and Time Warner would be subject to a number of risks, including the following:

AT&T and Time Warner may experience negative reactions from the financial markets, including negative impacts on their respective stock prices and debt instruments;

AT&T and Time Warner may experience negative reactions from their respective customers, regulators and employees;

AT&T and Time Warner will be required to pay certain costs relating to the transaction, whether or not the transaction is completed;

the merger agreement places certain restrictions on the conduct of Time Warner's and AT&T's businesses prior to completion of the transaction. Such restrictions, the waiver of which is subject to the consent of the other party (not to be unreasonably withheld, conditioned or delayed), may prevent



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Time Warner and AT&T from making certain acquisitions or taking certain other specified actions during the pendency of the transaction (see the sections entitled "The Merger Agreement - Conduct of Business of AT&T Prior to Completion of the Transaction" and "The Merger Agreement - Conduct of Businesses of Time Warner and its Subsidiaries Prior to Completion of the Transaction" beginning on page 100 and page 97, respectively, of this proxy statement/prospectus for a description of the restrictive covenants applicable to Time Warner and AT&T); and

matters relating to the transaction (including integration planning) will require substantial commitments of time and resources by AT&T and Time Warner management, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to either AT&T or Time Warner as an independent company.

In addition to the above risks, Time Warner may be required, under certain circumstances, to pay AT&T the termination fee, which may materially adversely affect Time Warner's financial results. Further, AT&T and Time Warner could be subject to litigation related to any failure to complete the transaction or related to any proceeding commenced against AT&T or Time Warner to enforce performance of their respective obligations under the merger agreement. If the transaction is not completed, these risks may materialize and may adversely affect AT&T's and Time Warner's businesses, financial condition, financial results and stock prices.

**Although AT&T expects that the transaction will result in synergies and other benefits to AT&T, AT&T may not realize those benefits because of difficulties related to integration, the realization of synergies, and other challenges.**

AT&T and Time Warner have operated and, until completion of the transaction, will continue to operate, independently, and there can be no assurances that their businesses can be combined in a manner that allows for the achievement of substantial benefits. It is possible that there could be loss of key AT&T or Time Warner employees, the loss of customers, the disruption of either company's or both companies' ongoing businesses or unexpected issues, higher than expected costs and an overall post-completion process that takes longer than originally anticipated. (See the risk factors entitled "AT&T and Time Warner may have difficulty attracting, motivating and retaining executives and other key employees in light of the transaction" and "AT&T's and Time Warner's business relationships may be subject to disruption due to uncertainty associated with the transaction" above.) Specifically, the following issues, among others, must be addressed in combining the operations of Time Warner and AT&T in order to realize the anticipated benefits of the transaction so the combined company performs as the parties hope:

combining the companies' corporate functions;

combining the businesses of AT&T and Time Warner in a manner that permits AT&T to achieve the synergies anticipated to result from the transaction, the failure of which would result in the anticipated benefits of the transaction not being realized in the time frame currently anticipated or at all;

maintaining existing agreements with customers, distributors, providers, talent and vendors and avoiding delays in entering into new agreements with prospective customers, distributors, providers, talent and vendors;

determining whether and how to address possible differences in corporate cultures and management philosophies;

operating in industry sectors in which AT&T may have little or no experience;

integrating the companies' administrative and information technology infrastructure;

developing products and technology that allow value to be unlocked in the future; and

effecting potential actions that may be required in connection with obtaining regulatory approvals.

In addition, at times the attention of certain members of either company's or both companies' management and resources may be focused on completion of the transaction and integration planning of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt each company's ongoing business and the business of the combined company.

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**The shares of AT&T common stock to be received by Time Warner stockholders as a result of the transaction will have rights different from the shares of Time Warner common stock.**

Upon completion of the transaction, Time Warner stockholders will no longer be stockholders of Time Warner, but will instead become AT&T stockholders, and their rights as stockholders will be governed by the terms of the AT&T charter and the AT&T bylaws. The terms of the AT&T charter and the AT&T bylaws are in some respects different from the terms of the Time Warner charter and the Time Warner bylaws, which currently govern the rights of Time Warner stockholders. See the section entitled *Comparison of Stockholders Rights* beginning on page 139 of this proxy statement/prospectus for a discussion of the difference in rights associated with AT&T common stock.

**After the transaction, Time Warner stockholders will have a significantly lower ownership and voting interest in AT&T than they currently have in Time Warner and will exercise less influence over management.**

Based on the number of shares of Time Warner common stock outstanding as of December 16, 2016, and the number of shares of AT&T common stock outstanding as of December 16, 2016, it is expected that, immediately after completion of the transaction, former Time Warner stockholders will own between 14.0% and 15.3% of the outstanding shares of AT&T common stock. Consequently, former Time Warner stockholders will have less influence over the management and policies of AT&T than they currently have over the management and policies of Time Warner.

**Time Warner guarantees the outstanding senior indebtedness of Central European Media Enterprises Ltd. The consummation of the transaction may cause this indebtedness to accelerate.**

Time Warner holds 47.6% of the voting power in Central European Media Enterprises Ltd. ( CME ) and an economic interest of approximately 75.9% in CME. In addition, Time Warner guarantees all of CME 's outstanding senior indebtedness, which has an outstanding principal amount of \$1.06 billion as of June 30, 2016. Pursuant to the terms of such indebtedness, a change of control of Time Warner may provide the administrative agent and/or lenders with respect to such indebtedness the right to declare such indebtedness to be due. If CME 's outstanding indebtedness is accelerated, Time Warner will be obligated under the terms of its guarantees to pay the full amount of such accelerated indebtedness subject to reimbursement from CME over time.

**The transaction may not be accretive, and may be dilutive, to AT&T 's earnings per share, which may negatively affect the market price of AT&T common stock.**

AT&T currently expects the transaction to be accretive to its adjusted earnings per share within 12 months after the completion of the transaction. This expectation, however, is based on preliminary estimates that may materially change. In addition, AT&T could fail to realize all the benefits anticipated in the transaction or experience delays or inefficiencies in realizing such benefits. Such factors could, combined with the issuance of shares of AT&T common stock in the initial merger, result in the transaction being dilutive to AT&T earnings per share, which could negatively affect the market price of shares of AT&T common stock.

**The unaudited pro forma condensed combined financial data included in this proxy statement/prospectus are presented for illustrative purposes only and the actual financial condition and results of operations of AT&T following the transaction may differ materially.**

The unaudited pro forma condensed combined financial data contained in this proxy statement/prospectus are presented for illustrative purposes only, are based on various adjustments, assumptions and preliminary estimates and may not be an indication of AT&T 's financial condition or results of operations following the transaction for several

reasons. The actual financial condition and results of operations of AT&T following the transaction may not be consistent with, or evident from, these unaudited pro forma condensed combined financial data. In addition, the assumptions used in preparing the unaudited pro forma financial information may not prove to be accurate, and other factors may affect AT&T's financial condition or results of operations following the transaction. Any potential decline in AT&T's financial condition or results of operations may cause significant variations in the stock price of AT&T. For more information, see the section entitled "Unaudited Pro Forma Condensed Combined Financial Data" beginning on page 122 of this proxy statement/prospectus.

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**RISK FACTORS RELATING TO AT&T FOLLOWING THE TRANSACTION**

**Consummation of the transaction will increase AT&T's exposure to the risks of operating internationally.**

AT&T's consumer services and products are currently offered primarily within the United States, Mexico and Latin America. AT&T also currently offers its services to businesses and other providers of telecommunications services worldwide. The combination with Time Warner will increase the importance of international operations to AT&T's future operations, growth and prospects. Through its three reportable segments, Turner, Home Box Office and Warner Bros., Time Warner produces, distributes and provides television networks, streaming services, premium pay television, feature films and videogames to consumers domestically and internationally.

Some of the risks inherent in conducting business internationally include:

issues related to integrating and managing international operations and investments;

difficulties and costs associated with complying with a wide variety of complex laws, treaties and regulations;

unexpected changes in political or regulatory environments;

potentially adverse tax developments;

lack of sufficient protection for intellectual property in some countries;

territorial restrictions on content licensing;

currency exchange restrictions, export controls and currency devaluation risks in some foreign countries;

the existence in some countries of statutory stockholder minority rights and restrictions on foreign direct ownership;

the existence of quotas and other content-related limitations or restrictions (e.g., government censorship);

restrictions on television advertising, marketing and network packaging;

issues related to occupational safety and adherence to local labor laws and regulations;

political and economic instability;

the absence of good diplomatic relations between the U.S. and certain countries;

difficulties in obtaining approval for significant transactions; and

the potential for government appropriation of the combined company's assets.

One or more of these factors could harm the combined company's international operations or investments and its overall operating results.

Any one or more of the above factors could adversely affect AT&T's international operations. Moreover, in order to compete effectively in certain foreign jurisdictions, it is frequently necessary or required to establish joint ventures, strategic alliances or marketing arrangements with local operators, partners or agents. Reliance on local operators, partners or agents could expose AT&T to the risk of being unable to control the scope or quality of its overseas services or products, or being held liable under the Foreign Corrupt Practices Act of 1977, which we refer to as the FCPA, for actions taken by its strategic or local partners or agents even though these partners or agents may not themselves be subject to the FCPA. Any determination that the combined company has violated the FCPA could have a material adverse effect on its business, results of operations or prospects.

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**Table of Contents****Adverse changes in global financial markets could limit AT&T's ability and its larger customers' ability to access capital or increase the cost of capital needed to fund business operations.**

While the global financial markets were generally stable during 2016, a continuing uncertainty surrounding global growth rates and other geopolitical factors has resulted in increasing volatility in the credit, currency, equity and fixed income markets. Volatility in some areas, such as in emerging markets, may affect companies' access to the credit markets, leading to higher borrowing costs for companies or, in some cases, the inability of these companies to fund their ongoing operations. In addition, AT&T contracts with large financial institutions to support its treasury operations, including contracts to hedge its exposure on interest rates and foreign exchange and the funding of credit lines and other short-term debt obligations, including commercial paper. These financial institutions also face stricter capital-related and other regulations in the United States and Europe, as well as ongoing legal and financial issues concerning their loan portfolios, which may hamper their ability to provide credit or raise the cost of providing such credit. A company's cost of borrowing is also affected by evaluations given by various credit rating agencies and these agencies have been applying tighter credit standards when evaluating a company's debt levels and future growth prospects. While AT&T has been successful in continuing to access the credit and fixed income markets when needed, adverse changes in the financial markets could render it either unable to access these markets or able to access these markets only at higher interest costs and with restrictive financial or other conditions, which may severely affect AT&T's business operations.

**AT&T has limited experience in the media and entertainment industry, which may hinder AT&T's ability to achieve the combined company's objectives.**

AT&T has limited experience operating a media and entertainment business, and will rely in large part on the existing management of Time Warner to continue to manage the Time Warner business. However, there is no assurance that AT&T will be able to retain the services of such management. If AT&T fails to retain the existing management of Time Warner, AT&T's ability to realize the anticipated benefits of the transaction may be adversely affected.

**The indebtedness of AT&T and its subsidiaries following completion of the transaction will be substantially greater than AT&T's indebtedness on a stand-alone basis. This increased level of indebtedness could adversely affect AT&T, including by decreasing AT&T's business flexibility.**

The consolidated indebtedness of AT&T as of September 30, 2016 was approximately \$125 billion. AT&T's pro forma consolidated indebtedness as of September 30, 2016, after giving effect to the transaction, including the financing under the credit agreements, as discussed in the section entitled "The Transaction Financing of the Transaction", would be approximately \$190 billion. AT&T would have substantially increased indebtedness following completion of the transaction in comparison to that of AT&T on a recent historical basis, which could have the effect of, among other things, reducing AT&T's flexibility to respond to changing business and economic conditions. In addition, the amount of cash required to pay interest on AT&T's increased indebtedness levels and increased aggregate dividends will increase following completion of the transaction, and thus the demands on AT&T's cash resources will be greater than the amount of cash flows required to service the indebtedness of AT&T and pay dividends prior to the transaction. The increased levels of indebtedness and dividends following completion of the transaction could also reduce funds available for AT&T's investments in product development as well as capital expenditures, share repurchases and other activities and may create competitive disadvantages for AT&T relative to other companies with lower debt levels. AT&T's funds on hand will be further constrained by issuing shares of AT&T common stock, because of AT&T's annual dividend payments per share of AT&T common stock, which, as of the date of this proxy statement/prospectus, equal \$1.93 per share of AT&T common stock.

In addition, AT&T's credit ratings impact the cost and availability of future borrowings and, accordingly, AT&T's cost of capital. Following the announcement of the transaction, Standard & Poor's Rating Services, Moody's Investor Service, Inc. and Fitch Ratings, Inc. each put AT&T's credit ratings on review/watch for a potential downgrade. Any negative review/watch or downgrade to AT&T's credit ratings could increase AT&T's



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cost of capital. AT&T's ratings reflect each rating organization's opinion of AT&T's financial strength, operating performance and ability to meet AT&T's debt obligations. Each of the ratings organizations reviews AT&T's ratings periodically, and there can be no assurance that AT&T's current ratings will be maintained in the future.

Moreover, AT&T intends to pursue financing that would replace the financing available under the bridge credit agreement. There is no guarantee that replacement financing will be available to AT&T on acceptable terms or at all. AT&T's ability to obtain permanent financing to replace the commitments under the bridge credit agreement will be subject to various factors, including AT&T's credit ratings.

In connection with executing AT&T's business strategies following the transaction, AT&T expects to continue to evaluate the possibility of acquiring additional assets and making further strategic investments, and AT&T may elect to finance these endeavors by incurring additional indebtedness. Moreover, to respond to competitive challenges, AT&T may be required to raise substantial additional capital to finance new product or service offerings. AT&T's ability to arrange additional financing will depend on, among other factors, AT&T's and, following the transaction, the combined company's financial position and performance, as well as prevailing market conditions and other factors beyond AT&T's control. AT&T cannot assure you that it will be able to obtain additional financing on terms acceptable to AT&T or at all. If AT&T is able to obtain additional financing, AT&T's credit ratings could be further adversely affected, which could further raise AT&T's borrowing costs and further limit its future access to capital and its ability to satisfy its obligations under its indebtedness.

**AT&T cannot assure you that it will be able to continue paying dividends at the current rate.**

AT&T plans to continue its current dividend practices following the transaction. However, based on the number of issued and outstanding shares of Time Warner common stock as of December 16, 2016, AT&T would issue between approximately 1,003 million and 1,109 million shares of AT&T common stock in connection with the initial merger. Continuing AT&T's current dividend practices following the transaction will require additional cash to pay such dividends, which it may not have. For this and other reasons generally affecting the ability to pay dividends, you should be aware that AT&T stockholders may not receive the same dividends following the transaction.

Stockholders also should be aware that they have no contractual or other legal right to dividends that have not been declared.

**Changes to federal, state and foreign government regulations and decisions in regulatory proceedings could further increase AT&T's operating costs and/or alter customer perceptions of AT&T's operations, which could materially adversely affect AT&T.**

AT&T's subsidiaries providing wired services are subject to significant federal and state regulation while many of AT&T's competitors are not. In addition, AT&T's subsidiaries and affiliates operating outside the United States are also subject to the jurisdiction of national and supranational regulatory authorities in the market where service is provided. AT&T's wireless and satellite video subsidiaries are regulated to varying degrees by the FCC and some state and local agencies. Adverse regulations and rulings by the FCC relating to broadband and satellite video issues could impede AT&T's ability to manage our networks and recover costs and lessen incentives to invest in AT&T's networks. The development of new technologies, such as IP-based services, also has created or potentially could create conflicting regulation between the FCC and various state and local authorities, which may involve lengthy litigation to resolve and may result in outcomes unfavorable to AT&T. In addition, increased public focus on a variety of issues related to AT&T's operations, such as privacy issues, government requests or orders for customer data, and potential global climate changes, have led to proposals at state, federal and foreign government levels to change or increase regulation on our operations. Should customers decide that AT&T's competitors operate in a more customer-friendly

environment, AT&T could be materially adversely affected.

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**Continuing growth in AT&T's wireless services will depend on continuing access to adequate spectrum, deployment of new technology and offering attractive services to customers.**

The wireless industry is undergoing rapid and significant technological changes and a dramatic increase in usage, in particular demand for and usage of data, video and other non-voice services. AT&T must continually invest in its wireless network in order to continually improve its wireless service to meet this increasing demand and remain competitive. Improvements in AT&T's service depend on many factors, including continued access to and deployment of adequate spectrum. AT&T must maintain and expand its network capacity and coverage as well as the associated wireline network needed to transport voice and data between cell sites. To this end, it has participated in spectrum auctions, at increasing financial cost, and continues to deploy technology advancements in order to further improve network quality and the efficient use of its spectrum.

Network service enhancements and product launches may not occur as scheduled or at the cost expected due to many factors, including delays in determining equipment and handset operating standards, supplier delays, increases in network equipment and handset component costs, regulatory permitting delays for tower sites or enhancements or labor-related delays. Deployment of new technology also may adversely affect the performance of the network for existing services. If the FCC does not fairly allocate sufficient spectrum to allow the wireless industry in general, and AT&T in particular, to increase its capacity or if AT&T cannot acquire needed spectrum or deploy the services customers desire on a timely basis without burdensome conditions or at adequate cost while maintaining network quality levels, then its ability to attract and retain customers, and therefore maintain and improve our operating margins, could be materially adversely affected.

**OTHER RISKS**

**Additional Risks Relating to AT&T and Time Warner.**

AT&T and Time Warner are, and following completion of the transaction AT&T will continue to be, subject to the risks described in (i) Part I, Item 1A in AT&T's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and (ii) Part I, Item 1A in Time Warner's Annual Report on Form 10-K for the fiscal year ended December 31, 2015. See the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus.

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**INFORMATION ABOUT THE SPECIAL MEETING**

**Time, Place and Purpose of the Special Meeting**

This proxy statement/prospectus is being furnished to Time Warner stockholders as part of the solicitation of proxies by the Time Warner board for use at the special meeting to be held on February 15, 2017, at 3:00 P.M. Eastern time, at Omni Atlanta Hotel at CNN Center, 100 CNN Center, Atlanta, GA 30303, or at any postponement or adjournment thereof.

At the special meeting, Time Warner stockholders will be asked to consider and vote on (i) a proposal to adopt the merger agreement, (ii) a proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation and (iii) a proposal to approve one or more adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

Time Warner stockholders must adopt the merger agreement in order for the transaction to occur. If Time Warner stockholders fail to adopt the merger agreement, the transaction will not occur. A copy of the merger agreement is attached as **Annex A** to this proxy statement/prospectus, and you are encouraged to read the merger agreement carefully and in its entirety.

**Record Date and Quorum**

Time Warner has set the close of business on January 3, 2017 as the record date for the special meeting, and only holders of record of Time Warner common stock on the record date are entitled to vote at the special meeting. You are entitled to receive notice of, and to vote at, the special meeting if you are a stockholder of record of shares of Time Warner common stock as of the close of business on the record date. On the record date, there were 771,830,769 shares of Time Warner common stock outstanding and entitled to vote. You will have one vote on all matters properly coming before the special meeting for each share of Time Warner common stock that you owned on the record date.

The presence, in person or represented by proxy, of a majority of the votes entitled to be cast by holders of Time Warner common stock entitled to vote at the special meeting constitutes a quorum for the purposes of the special meeting. Abstentions are considered for purposes of establishing a quorum. A quorum is necessary to transact business at the special meeting.

Additionally, the Time Warner bylaws and the DGCL provide that if a quorum shall fail to attend any meeting, the Chairman of the meeting may adjourn the meeting from time to time, without notice other than by announcement at the meeting, to another date, place, if any, and time until a quorum shall be present.

**Attendance**

Only Time Warner stockholders of record as of the close of business on the record date, their duly authorized proxy holders, beneficial owners with proof of ownership and guests of Time Warner may attend the special meeting. To gain admittance to the special meeting, please detach and retain the admittance ticket attached to your proxy card. If your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee, please visit the website listed in the instructions provided by your bank, brokerage firm or other nominee and follow the instructions to print an admission pass, or bring proof of your beneficial ownership of such shares to the special meeting. Acceptable proof could include an account statement showing that you owned shares of Time Warner common stock on the record date. If you received your special meeting materials electronically, please follow the instructions

provided for attendance. If you are the representative of a corporate or institutional stockholder, you must present proof that you are the representative of such stockholder. Any person attending the special meeting in person will be required to present valid, government-issued photo identification, such as a driver's license or passport, and an admission ticket to be admitted to the special

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meeting. Please note that cameras, recording devices and other electronic devices will not be permitted at the special meeting. In addition, packages and bags may be inspected and other measures may be employed to enhance the security of persons attending the special meeting. These procedures may require additional time, so please plan your arrival time accordingly. To avoid disruption, admission may be limited once the special meeting begins.

## **Vote Required**

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Time Warner common stock entitled to vote thereon. For the adoption of the merger agreement, you may vote **FOR**, **AGAINST** or **ABSTAIN**. Votes to abstain will not be counted as votes cast in favor of the adoption of the merger agreement, but will count for the purpose of determining whether a quorum is present. **If you fail to submit a valid proxy or to vote in person at the special meeting or if you vote to abstain, it will have the same effect as a vote AGAINST the adoption of the merger agreement.**

If your shares of Time Warner common stock are registered directly in your name with the transfer agent of Time Warner, Computershare Trust Company, N.A., you are considered, with respect to those shares of Time Warner common stock, the stockholder of record. If you are a stockholder of record, this proxy statement/prospectus and the enclosed proxy card have been sent directly to you by Time Warner.

If your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee, you are considered the beneficial owner of shares of Time Warner common stock held in street name. In that case, this proxy statement/prospectus has been forwarded to you by your bank, brokerage firm or other nominee who is considered, with respect to those shares of Time Warner common stock, the stockholder of record. As the beneficial owner, you have the right to direct your bank, brokerage firm or other nominee how to vote your shares by following their instructions for voting.

Under the rules of the NYSE, banks, brokerage firms or other nominees who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, banks, brokerage firms and other nominees are precluded from exercising their voting discretion with respect to approving non-routine matters, such as the adoption of the merger agreement, the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation, and adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. As a result, absent specific instructions from the beneficial owner of such shares of Time Warner common stock, banks, brokerage firms and other nominees are not empowered to vote those shares of Time Warner common stock on non-routine matters.

The proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation requires the affirmative vote of a majority of votes cast thereon. For purposes of the proposal, if your shares of Time Warner common stock are present at the special meeting but are not voted on this proposal, or if you have given a proxy and abstained on this proposal, or if you fail to submit a proxy or to vote in person at the special meeting, as applicable, the shares of Time Warner common stock held by you or your bank, brokerage firm or other nominee will not be counted in respect of, and will not have an effect on, the proposal to approve, by non-binding, advisory vote, the transaction-related executive compensation.

If the Chairman of the special meeting does not adjourn the special meeting, an adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement requires the affirmative vote of the holders of a majority of the shares of Time Warner common stock present in person or represented by proxy and entitled to vote thereon, whether or not a quorum is

present. For purposes of the vote on adjournments of the special meeting, if necessary or appropriate to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement, if your shares of Time Warner common stock are present at the special meeting but

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are not voted on the proposal, or if you vote to abstain on the proposal, this will have the effect of a vote **AGAINST** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. If you fail to submit a proxy or to attend the special meeting or if your shares of Time Warner common stock are held through a bank, brokerage firm or other nominee and you do not instruct your bank, brokerage firm or other nominee to vote your shares of Time Warner common stock, your shares of Time Warner common stock will not be voted, but this will not have an effect on the vote to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

If you are a participant in the Time Warner Savings Plan and hold an interest in the Time Warner Inc. Stock Fund under the plan, and you (a) sign and return your voting instruction card without indicating your instructions for voting your interest, Fidelity Management Trust Company, as trustee, will vote your interest in the Time Warner Inc. Stock Fund **FOR** each of Proposals 1, 2 and 3 or (b) do not return your voting instruction card, Fidelity Management Trust Company, as trustee, will vote your interest in the Time Warner Inc. Stock Fund in the same proportion as other participants' interests for which Fidelity receives voting instructions (excluding interests attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan), except that any interests you hold attributable to accounts transferred from the Time Incorporated Payroll-Based Employee Stock Ownership Plan or the WCI Employee Stock Ownership Plan will not be voted.

As of the record date, the directors and executive officers of Time Warner beneficially owned and were entitled to vote, in the aggregate, 959,405 shares of Time Warner common stock, representing less than 1% of the outstanding shares of Time Warner common stock as of the close of business on the record date. The directors and executive officers of Time Warner have informed Time Warner that they currently intend to vote all such shares of Time Warner common stock **FOR** the adoption of the merger agreement, **FOR** the approval, by non-binding, advisory vote, of the transaction-related executive compensation and **FOR** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement. As of November 8, 2016, AT&T directors and executive officers beneficially owned approximately 1,070 shares of Time Warner common stock, representing less than 0.01% of the shares of Time Warner common stock then outstanding and entitled to vote.

**Proxies and Revocations**

If you are a stockholder of record, you may have your shares of Time Warner common stock voted on matters presented at the special meeting in any of the following ways:

by telephone or over the Internet, by accessing the telephone number or Internet website specified on the enclosed proxy card. The control number provided on your proxy card is designed to verify your identity when voting by telephone or by Internet. Proxies delivered over the Internet or by telephone must be submitted by 1:00 A.M. Eastern time on February 15, 2017. Please be aware that if you vote by telephone or over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible;

by completing, signing, dating and returning the enclosed proxy card in the accompanying prepaid reply envelope; or



in person you may attend the special meeting and cast your vote there.

If you are a beneficial owner, you will receive instructions from your bank, brokerage firm or other nominee that you must follow in order to have your shares of Time Warner common stock voted. Those instructions will identify which of the above choices are available to you in order to have your shares voted. Please note that if you are a beneficial owner and wish to vote in person at the special meeting, you must provide a legal proxy from your bank, brokerage firm or other nominee at the special meeting.

Please refer to the instructions on your proxy or voting instruction card to determine the deadlines for voting over the Internet or by telephone. If you choose to submit a proxy by mailing a proxy card, your proxy card

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should be mailed in the accompanying prepaid reply envelope, and your proxy card must be filed with the Corporate Secretary of Time Warner by the time the special meeting begins. **Please do not send in your share certificates with your proxy card.** When the initial merger is completed, a separate letter of transmittal will be mailed to you that will enable you to receive the merger consideration in exchange for your share certificates.

If you vote by proxy, regardless of the method you choose to vote, the individuals named on the enclosed proxy card, and each of them, with full power of substitution, will vote your shares of Time Warner common stock in the way that you indicate. When completing the Internet or telephone processes or the proxy card, you may specify whether your shares of Time Warner common stock should be voted **FOR** or **AGAINST** or to **ABSTAIN** from voting on all, some or none of the specific items of business to come before the special meeting.

If you properly sign your proxy card but do not mark the boxes showing how your shares of Time Warner common stock should be voted on a matter, the shares of Time Warner common stock represented by your properly signed proxy will be voted **FOR** the adoption of the merger agreement, **FOR** the non-binding, advisory vote on the transaction-related executive compensation and **FOR** adjournments of the special meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement.

You have the right to revoke a proxy, whether delivered over the Internet, by telephone or by mail, at any time before it is exercised, by voting again at a later date through any of the methods available to you, by signing and returning a new proxy card with a later date, by attending the special meeting and voting in person, or by giving written notice of revocation to Time Warner prior to the time the special meeting begins. Written notice of revocation should be mailed to: Time Warner Inc., Attention: Corporate Secretary, One Time Warner Center, New York, New York 10019-8016.

If you have any questions or need assistance voting your shares, please contact Morrow Sodali, Time Warner's proxy solicitor, 470 West Avenue 9 floor, Stamford, CT 06902 or by email at [twx.info@morrrowsodali.com](mailto:twx.info@morrrowsodali.com). Banks and brokers call collect: (203) 658-9400; stockholders call toll free: (800) 662-5200.

**IT IS IMPORTANT THAT YOU VOTE YOUR SHARES OF TIME WARNER COMMON STOCK PROMPTLY. WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN, AS PROMPTLY AS POSSIBLE, THE ENCLOSED PROXY CARD IN THE PRE-ADDRESSED POSTAGE-PAID ENVELOPE, OR FOLLOW THE INSTRUCTIONS ON THE PROXY CARD TO VOTE BY TELEPHONE OR INTERNET. STOCKHOLDERS WHO ATTEND THE SPECIAL MEETING MAY REVOKE THEIR PROXIES BY VOTING IN PERSON.**

## **Adjournments and Postponements**

Although it is not currently expected, the special meeting may be adjourned on one or more occasions for the purpose of soliciting additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement or if a quorum is not present at the special meeting. However, the merger agreement provides that Time Warner may not adjourn the special meeting for more than an aggregate of 15 days for the purpose of soliciting additional proxies or obtaining a quorum. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow Time Warner stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned.

Time Warner may also postpone or adjourn the special meeting to allow reasonable additional time for the filing or mailing of any supplemental or amended disclosure that Time Warner has determined, after consultation with outside legal counsel, is reasonably likely to be required under applicable law and for such supplemental or amended

disclosure to be disseminated and reviewed by stockholders of Time Warner prior to the special meeting.

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An adjournment generally may be made with the affirmative vote of the holders of a majority of the shares of Time Warner common stock present in person or represented by proxy and entitled to vote thereon.

## **Anticipated Date of Completion of the Transaction**

Subject to the satisfaction or waiver of the closing conditions described under the section entitled "The Merger Agreement - Conditions to Completion of the Transaction" beginning on page 107 of this proxy statement/prospectus, including the adoption of the merger agreement by Time Warner stockholders at the special meeting, Time Warner and AT&T expect that the transaction will be completed by the end of 2017. However, it is possible that factors outside the control of both companies could result in the transaction being completed at a different time or not at all.

## **Solicitation of Proxies; Payment of Solicitation Expenses**

Time Warner has engaged Morrow Sodali to assist in the solicitation of proxies for the special meeting. Time Warner estimates that it will pay Morrow Sodali a fee of approximately \$75,000. Time Warner has agreed to reimburse Morrow Sodali for certain out-of-pocket fees and expenses and also will indemnify Morrow Sodali against certain losses, claims, damages, liabilities or expenses. Time Warner also may reimburse banks, brokerage firms, other nominees or their respective agents for their expenses in forwarding proxy materials to beneficial owners of Time Warner common stock. Time Warner's directors, officers and employees also may solicit proxies by telephone, by facsimile, by mail, on the Internet or in person. They will not be paid any additional amounts for soliciting proxies.

## **Questions and Additional Information**

If you have additional questions about the transaction, need assistance in submitting your proxy or voting your shares of Time Warner common stock or need additional copies of this proxy statement/prospectus or the enclosed proxy card, please contact Morrow Sodali, Time Warner's proxy solicitor, 470 West Avenue<sup>rd</sup> 3<sup>rd</sup> floor, Stamford, CT 06902, or by email at [twx.info@morrrowsodali.com](mailto:twx.info@morrrowsodali.com). Banks and brokers call collect: (203) 658-9400; stockholders call toll free: (800) 662-5200.

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**THE PARTIES TO THE TRANSACTION**

**Time Warner Inc.**

*One Time Warner Center*

*New York, New York 10019*

*(212) 484-8000*

Time Warner, a Delaware corporation, is one of the world's leading providers of media and entertainment services. Time Warner's home page on the Internet is [www.timewarner.com](http://www.timewarner.com). Through its three reportable segments, Turner, Home Box Office and Warner Bros., Time Warner provides digital and premium pay television and streaming services and produces television programs, feature films and videogames.

Time Warner common stock is listed on the NYSE under the symbol TWX.

For more information about Time Warner, please visit the Internet website of Time Warner at [www.timewarner.com](http://www.timewarner.com). The Internet website address of Time Warner is provided as an inactive textual reference only. The information contained on Time Warner's Internet website is not incorporated into, and does not form a part of, this proxy statement/prospectus or any other report or document on file with or furnished to the SEC. Additional information about Time Warner is included in the documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus.

**AT&T Inc.**

*One AT&T Plaza*

*208 South Akard Street*

*Dallas, Texas 75202*

*(210) 821-4105*

AT&T is a holding company incorporated under the laws of the State of Delaware in 1983. AT&T's home page on the Internet is [www.att.com](http://www.att.com). AT&T is a leading provider of communications and digital entertainment services in the United States and the world. The information provided on AT&T's website is not part of this proxy statement and is not incorporated herein by reference.

AT&T common stock is listed on the NYSE under the symbol T.

For more information about AT&T, please visit AT&T's Internet website at [www.att.com](http://www.att.com). AT&T's Internet website address is provided as an inactive textual reference only. The information contained on AT&T's Internet website is not incorporated into, and does not form a part of, this proxy statement/prospectus or any other report or document on file with or furnished to the SEC. Additional information about AT&T is included in the documents incorporated by reference into this proxy statement/prospectus. See the section entitled "Where You Can Find More Information" beginning on page 158 of this proxy statement/prospectus.

**West Merger Sub, Inc.**

*c/o AT&T Inc.*

*One AT&T Plaza*

*208 South Akard Street*