AT&T INC.
Form S-4/A
January 05, 2017
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As filed with the Securities and Exchange Commission on January 5, 2017

Registration No. 333-214712

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

AT&T INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**4813**	**43-1301883**
(State of Incorporation)	**(Primary Standard Industrial Classification Code Number)**	**(IRS Employer Identification No.)**

One AT&T Plaza

208 South Akard Street

Dallas, Texas 75202

Telephone: (210) 821-4105

(Address, including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)

Stacey S. Maris

Senior Vice President Assistant General Counsel and Secretary

AT&T Inc.

One AT&T Plaza

208 South Akard Street

Dallas, Texas 75202

Telephone: (210) 821-4105

(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent for Service)

With a copy to:

rautheimer, Esq.	**Joseph B. Frumkin, Esq.**	**Wayne A. Wirtz, Esq.**	**Paul T. Cappuccio, Esq.**	**Faiza J. Saee**
Cromwell LLP	**Melissa Sawyer, Esq.**	**Vice President, Associate General Counsel and Assistant Secretary**	**Executive Vice President**	**Eric L. Schiel**
tury Park East	**Sullivan & Cromwell LLP**		**and General Counsel**	**Cravath, Swaine LLP**
Angeles,	**125 Broad Street**	**AT&T Inc.**	**Time Warner Inc.**	
ia 90067-1725	**New York, New York 10004**	**One AT&T Plaza**	**One Time Warner Center**	**825 Eighth A**
) 712-6600	**(212) 558-4000**	**208 South Akard Street**	**New York, New York 10019**	**New York, New Y**
		Dallas, Texas 75202	**(212) 484-8000**	**(212) 474-1**
		(210) 821-4105		

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement is declared effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, please check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/prospectus is not complete and may be changed. AT&T Inc. may not sell the securities offered by this proxy statement/prospectus until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/prospectus is not an offer to sell these securities and AT&T Inc. is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY SUBJECT TO COMPLETION, DATED JANUARY 5, 2017

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

[ ], 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 3rd floor

Stamford, CT 06902

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

Stockholders Call Toll Free: (800) 662-5200

Email: 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 [   ], 2017 and is first being mailed to Time Warner stockholders on or about [   ], 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: [ ], 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.

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 3rd floor, Stamford, CT 06902 or by email at twx.info@morrowsodali.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 [ ], 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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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** 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 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 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 3rd floor

Stamford, CT 06902

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

Stockholders Call Toll Free: (800) 662-5200

Email: 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. 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. 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 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

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 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)

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

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 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 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.

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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, 2016**	**2015**	**Years Ended December 31, 2015**	**2014**	**2013**	**2012**	**2011**
Selected Statement of Operations Information:							
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
Amounts attributable to Time Warner Inc. shareholders:							
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
Per share information attributable to Time Warner Inc. common shareholders:							
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

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 September 30, 2016	As of December 31, 2015	2014	2013	2012	2011
Selected Balance Sheet Information:						
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 September 30, 2016	Years Ended December 31, 2015	2014	2013	2012	2011
Cash dividends:						
Cash dividends declared per share of common stock	$ 1.2075	$ 1.40	$ 1.27	$ 1.15	$ 1.04	$ 0.94

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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.

(Dollar amounts in millions, except per share data)	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Years Ended December 31, 2015	2014	2013	2012	2011
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

	As of September 30,	As of December 31,				
(Dollar amounts in millions)	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
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

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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.

Unaudited Pro Forma Condensed Combined Statements of Income (Dollar amounts in millions, except per share data)	**Nine Months Ended September 30, 2016**	**Year Ended December 31, 2015**
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

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

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

(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.

(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.

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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.

Date	Time Warner Closing Price	AT&T Closing Price	Exchange Ratio	Estimated Equivalent Per Share Value(1)
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.

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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.

	Time Warner common stock		
	High	**Low**	**Cash Dividends Declared**
Calendar Year 2014			
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
Calendar Year 2015			
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
Calendar Year 2016			
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
Calendar Year 2017			
First quarter (Through January 4, 2017)	$ 97.21	$ 96.13	

	AT&T common stock		
	High	**Low**	**Cash Dividends Declared**
Calendar Year 2014			
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
Calendar Year 2015			
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

Calendar Year 2016			
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
Calendar Year 2017			
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, esti these words and 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.

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 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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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 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 3rd floor, Stamford, CT 06902 or by email at twx.info@morrowsodali.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 3rd Floor, Stamford, CT 06902, or by email at twx.info@morrowsodali.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. 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. 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. 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. 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

Dallas, Texas 75202

(210) 821-4105

Corporate Merger Sub, a Delaware corporation, was formed solely for the purpose of facilitating the initial merger. Corporate Merger Sub has not carried on any activities or operations to date, except for those activities

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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, 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.

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THE TRANSACTION

This section describes the transaction. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as **Annex A** and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not contain all the information about the transaction that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you any factual information about Time Warner or AT&T. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings Time Warner and AT&T make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 158 of this proxy statement/prospectus.

Merger Consideration

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, in each case 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 the merger consideration of (i) $53.75 in cash plus (ii) a number of shares of AT&T common stock equal to the exchange ratio. 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. 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 number of shares of AT&T common stock at the effective time of the initial merger. The value of the 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. AT&T common stock is traded on the NYSE under the trading symbol T.

In the event that Time Warner changes the number of shares of Time Warner common stock or securities convertible or exchangeable into or exercisable for any such shares of Time Warner common stock, or AT&T changes the number of shares of AT&T common stock, in each case issued and outstanding prior to the first effective time as a result of a distribution, reclassification, stock split (including a reverse stock split), stock dividend or distribution, recapitalization, subdivision or other similar transaction, the merger consideration will be equitably adjusted to eliminate the effects of such event on the merger consideration.

Background of the Transaction

The Time Warner board and management regularly consider strategic options for Time Warner s businesses, including acquisitions, dispositions and other strategic transactions. Since 2008, Time Warner has executed spin-offs of Time Warner Cable (in March 2009), AOL (in December 2009) and Time Inc. (in June 2014), positioning it as a video-centric entertainment company. In the summer of 2014, Twenty-First Century Fox made an unsolicited proposal to acquire Time Warner for a mix of $32.42 in cash and 1.531 shares of Twenty-First Century Fox Class A non-voting common stock. The Time Warner board determined the proposal was not in the best interests of Time Warner and its stockholders, and Twenty-First Century Fox subsequently withdrew it.

On August 25, 2016, Jeffrey Bewkes, Chairman and Chief Executive Officer of Time Warner, and Randall Stephenson, Chairman and Chief Executive Officer of AT&T, met at Time Warner s offices in New York. During the meeting, Mr. Stephenson expressed an interest in exploring a potential combination of Time Warner and AT&T, indicating that he believed AT&T could offer a price in the range of $100 per share of Time Warner common stock. Mr. Bewkes and Mr. Stephenson discussed their respective businesses and the potential benefits of a combination, and

Mr. Bewkes noted that while he believed the Time Warner board would require a meaningfully higher price to pursue such a transaction, he would discuss the matter with the Time Warner board.

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Later that day, Time Warner contacted a representative of Cravath, Swaine & Moore LLP, which we refer to as Cravath, legal counsel for Time Warner, regarding the approach from AT&T.

On August 26, 2016, Mr. Bewkes contacted Stephen Bollenbach, then Time Warner s Lead Independent Director, to inform him of AT&T s approach and discuss appropriate next steps, including entering into a confidentiality agreement with AT&T and convening a meeting of the Time Warner board to discuss how to respond to AT&T s expression of interest.

Also on August 26, 2016, AT&T sent a draft confidentiality agreement to Time Warner, which was negotiated over the next several days by representatives of Sullivan & Cromwell LLP, which we refer to as S&C, legal counsel for AT&T, and representatives of Cravath. On August 29, 2016, Time Warner and AT&T executed a confidentiality agreement.

On August 30, 2016, representatives of Time Warner met with representatives of AT&T in Washington, D.C. They discussed certain publicly available business information about both companies and the potential benefits of a combination.

On September 2, 2016, representatives of S&C provided a due diligence request list to representatives of Cravath. Later that day, Mr. Stephenson and Mr. Bewkes spoke and Mr. Stephenson reiterated that, after consulting again with the AT&T board, he continued to believe that AT&T could pay a price in the range of $100 per share to acquire Time Warner. Mr. Stephenson noted that AT&T was ready to begin its due diligence review and engage in discussions with Time Warner regarding a potential transaction. Mr. Bewkes reiterated his perspective on price and noted that the Time Warner board would need to meet to discuss the approach from AT&T and whether to authorize further engagement and the sharing of confidential information. Following discussion, Time Warner contacted a representative of Allen & Company regarding Time Warner s discussions with AT&T.

On September 7, 2016, the Time Warner board held a conference call, with representatives of Time Warner s management, Allen & Company and Cravath participating, to discuss AT&T s approach. A representative of Cravath reviewed the directors fiduciary duties and other legal matters, and Time Warner s management provided an overview of AT&T, including certain financial metrics. Following discussion, the Time Warner board authorized engagement with AT&T, including mutual due diligence, to enable AT&T to improve its initial proposed value and come forward with a more definitive proposal.

On September 8, 2016, Mr. Bewkes informed Mr. Stephenson of the decision of the Time Warner board.

Between September 9, 2016 and September 22, 2016, representatives of Time Warner and AT&T and their respective legal and financial advisors engaged in further telephonic discussions, as well as an in-person meeting on September 9, 2016 in Nashville, TN, and a second in-person meeting on September 20, 2016 in Nashville, TN. The meeting on September 20, 2016 included a discussion of Time Warner s and AT&T s respective long-range plans.

On September 22, 2016, the Time Warner board held a telephonic meeting, with representatives of Time Warner s management, Allen & Company and Cravath participating, to receive an update on the status of discussions with AT&T.

On September 28, 2016, Mr. Bewkes and Mr. Stephenson met at Cravath s offices in New York. During the meeting, Mr. Stephenson proposed that AT&T acquire Time Warner for $103 per share, consisting of 45% cash and 55% AT&T common stock, subject to a 5% symmetrical collar on the stock component of the consideration. Mr. Bewkes indicated that in his view, considering Time Warner s prospects on a stand-alone basis, the Time Warner board would require a purchase price well above Mr. Stephenson s proposal in order to pursue a potential combination with AT&T. Mr. Bewkes further indicated that the Time Warner board would be focused on deal certainty and AT&T s commitment to obtain necessary regulatory approvals. After further discussing, among other things, the strategic rationale for the transaction, Mr. Stephenson stated that AT&T could increase its proposal to $105 per share, subject to a 4% symmetrical collar on the stock component of the consideration, but that there would be no basis for further discussion if Time Warner s price expectation was in the teens. Mr. Bewkes stated that while he believed the Time Warner board would require a meaningfully higher value than that proposed by AT&T, he would discuss the matter with them.

On October 6, 2016, the Time Warner board held an in-person meeting at Cravath s offices in New York, with representatives of Time Warner s management, Allen & Company and Cravath participating, to consider AT&T s revised proposal. At the meeting, representatives of Cravath reviewed with the Time Warner board the directors fiduciary duties and other legal matters, including the regulatory approval process for a transaction with AT&T. Representatives of Time Warner s management discussed with the Time Warner board Time Warner s 2016 year-to-date operating and financial performance and the long-range plan approved by the Time Warner board in January 2016. Allen & Company discussed with the Time Warner board preliminary financial perspectives regarding Time Warner, AT&T and AT&T s revised proposal, including certain considerations regarding AT&T common stock. The Time Warner board discussed, among other things, other potential acquirors of Time Warner, the likelihood that any of them would provide a transaction superior to that being proposed by AT&T and how best to determine whether such a superior transaction could be obtained, as well as the latitude the Time Warner board would have under a merger agreement with AT&T to consider competing proposals following execution of an agreement with AT&T.

Following discussion, the Time Warner board authorized Time Warner s management to continue discussions with AT&T with a view to improving the price offered, changing the consideration mix to 50% cash and 50% AT&T common stock, improving the collar protection and securing commitments regarding obtaining regulatory approval as well as a payment to Time Warner in the event regulatory approvals could not be obtained notwithstanding AT&T s compliance with its commitments.

On October 7, 2016, Mr. Bewkes and Mr. Stephenson continued their discussion of price and other deal terms. Mr. Bewkes proposed a price of $110 per share consisting of 50% cash and 50% AT&T common stock, subject to a 5% symmetrical collar on the stock component of the consideration. Mr. Stephenson noted that AT&T already had improved the offer price significantly and for AT&T to consider any further increase, AT&T would need to conduct additional due diligence.

On October 11, 2016, representatives of Time Warner and AT&T, including Messrs. Bewkes and Stephenson, met in Dallas, TX, to, among other things, provide additional information with respect to Time Warner s businesses. Following the meeting, Mr. Bewkes and Mr. Stephenson continued their discussion of price and other deal terms, culminating in Mr. Bewkes and Mr. Stephenson agreeing to continue to work towards a transaction based on a purchase price of $107.50 per share, consisting of 50% cash and 50% AT&T common stock, with a 5% symmetrical collar on the stock component of the consideration, a regulatory commitment with respect to completing the transaction with details to be refined further among the legal teams and a $500 million payment in the event regulatory approvals could not be obtained. Mr. Bewkes and Mr. Stephenson also discussed the termination fee that would be payable in the event the Time Warner board were to pursue an alternative proposal that was superior to the transaction with AT&T.

On October 13, 2016, and October 17, 2016, Mr. Bewkes updated the members of the Time Warner board as to his discussions with Mr. Stephenson.

In the evening of October 13, 2016, representatives of S&C sent a draft merger agreement to representatives of Cravath. Between October 13, 2016 and the execution of the merger agreement on October 22, 2016, representatives of Time Warner, AT&T, Cravath and S&C had multiple meetings and telephone conferences to negotiate the terms of the merger agreement, including with respect to the representations and warranties, interim operating covenants of the parties, the regulatory commitments of AT&T, closing conditions, fiduciary and termination provisions, the reference price of AT&T common stock for the collar and the structure of the transaction, and exchanged numerous drafts of the merger agreement reflecting such discussions.

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Also between October 13, 2016 and October 15, 2016, Time Warner contacted each of Citi and Morgan Stanley to engage them to act as financial advisors, together with Allen & Company, to Time Warner in connection with the potential transaction with AT&T.

On October 21, 2016, representatives of AT&T and Time Warner agreed to the reference price for AT&T common stock to be used to calculate the exchange ratio for the stock component of the merger consideration. The representatives of AT&T and Time Warner also reconfirmed the timing of their respective board meetings and that all terms, including the exchange ratio, were subject to review and approval by their respective boards of directors.

On October 22, 2016, the Time Warner board held an in-person meeting at Cravath s offices in New York, with representatives of Time Warner s management, Allen & Company, Citi, Morgan Stanley and Cravath participating. Representatives of Cravath reviewed the directors fiduciary duties and other legal matters in connection with the Time Warner board s consideration of the transaction, including the proposed terms of the merger agreement that had been negotiated between the parties. The Time Warner board also discussed, with input from Time Warner s financial advisors, other potential acquirors of Time Warner and the likelihood that any of them could consummate a transaction superior to the transaction with AT&T. After discussion, Allen & Company, Citi and Morgan Stanley reviewed and discussed with the Time Warner board their financial analyses of the merger consideration and each separately 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 such date and based on and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken as set forth in such opinion, the merger consideration provided for pursuant to the merger agreement was fair, from a financial point of view, to holders of Time Warner common stock.

The Time Warner board also considered, among other things, the terms of the merger agreement that would allow Time Warner to entertain certain third-party proposals following the execution and announcement of the merger agreement, including the termination fee that would be payable in the event the Time Warner board were to pursue an alternative proposal that was superior to the transaction with AT&T, as well as AT&T s commitments with respect to obtaining regulatory approval.

After discussion, the Time Warner board, by unanimous vote, (i) declared that it is fair to and in the best interests of Time Warner and its stockholders that Time Warner enter into the merger agreement and consummate the initial merger and the other transactions contemplated by the merger agreement, (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 stockholders. The Time Warner board also adopted an amendment to Time Warner s bylaws to provide that courts in the state of Delaware be the exclusive forum for certain intra-company disputes.

Following the meeting, Time Warner and AT&T executed the merger agreement. In the evening of October 22, 2016, Time Warner and AT&T issued a joint press release announcing the transaction and the execution of the merger agreement.

Recommendation of the Time Warner Board; Time Warner s Reasons for the Transaction

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.

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In making its determination, the Time Warner board considered a number of factors, including the following (not necessarily in order of relative importance):

- the Time Warner board s belief that the transaction would create a leading integrated media and telecommunications company and that the combination would be consistent with Time Warner s strategy of ensuring that its content networks, television and film programming and brands is available to consumers on a wide range of distribution platforms;

- the Time Warner board s belief that the transaction was more beneficial than Time Warner s prior majority ownership in Time Warner Cable given AT&T s national subscriber base compared to Time Warner Cable s more limited regional subscriber base and the increase in consumption of video programming on mobile devices;

- the Time Warner board s view that a combination with AT&T would accelerate Time Warner s efforts to spur innovation in the media industry and improve the consumer experience in pay television bundles by creating compelling consumer offerings;

- the Time Warner board s view that a combination with AT&T would accelerate and reduce the risk in Time Warner s strategy to distribute content through other online and mobile services, including those offered directly to consumers, and develop more targeted advertising offerings;

- the Time Warner board s assessment of the complementary strengths of Time Warner and AT&T and the potential strategic and financial benefits, including synergies, to be realized from the combination of the two companies;

- the potential strategic alternatives available to Time Warner, including the possibility of remaining a stand-alone entity, and the Time Warner board s long-term assessment of the industries in which Time Warner operates;

- the Time Warner board s understanding of the business, assets and liabilities, results of operations, financial performance, strategic direction and prospects of each of Time Warner (including each of its operating segments individually and as a whole) and AT&T;

- the recent and historical trading prices of Time Warner common stock, as compared to the merger consideration, including the fact that the $107.50 per share implied merger consideration represented:

  - an approximately 36% premium to Time Warner s common stock closing price of $79.24 on October 19, 2016, the last trading day before the news media began publishing speculation about a potential transaction between Time Warner and AT&T; and

an approximately 20% premium to Time Warner s common stock closing price of $89.48 on October 21, 2016, the last trading day before public announcement of the merger agreement;

the benefits that Time Warner was able to obtain as a result of negotiations with AT&T, including an increase in the price per share from the time of initial discussions with AT&T to the final price of $107.50 per share, and the Time Warner board s belief that this was the highest price per share that AT&T was willing to pay;

the separate opinions of Allen & Company, Citi and Morgan Stanley, each 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 opinions, to holders of Time Warner common stock of the merger consideration provided for pursuant to the merger agreement, which opinions were based on and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken as set forth in such opinions and as more fully described in the section entitled The Transaction Opinions of Time Warner s Financial Advisors beginning on page 64 of this proxy statement/prospectus;

the fact that the cash component of the merger consideration to be paid to Time Warner s stockholders would provide immediate liquidity and certainty of value;

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the fact that the stock component of the merger consideration to be paid to Time Warner s stockholders would provide Time Warner s stockholders the opportunity to participate in the future earnings and growth potential of the combined company and potential future appreciation in the value of AT&T s common stock following the consummation of the transaction;

the fact that the stock component of the merger consideration is subject to a 5% collar mechanism which helps protect the value of the merger consideration during the pendency of the transaction;

the fact that the stock component of the transaction is intended to be completed as a tax-free reorganization for the purposes of U.S. federal income tax;

the result of Time Warner s due diligence investigation of AT&T and the reputation, business practices and experience of AT&T and its management;

the likelihood that the transaction would be consummated and anticipated timing of closing based on, among other things:

the absence of a financing condition in the merger agreement;

the scope of the conditions to closing;

the level of the commitment by AT&T to obtain applicable regulatory approvals, and the assessment of the Time Warner board, after considering the advice of counsel, regarding the likelihood of obtaining all required regulatory approvals; and

that Time Warner is entitled to specific enforcement of AT&T s obligations under the merger agreement;

other terms of the merger agreement, including, among other things:

Time Warner s ability, at any time prior to obtaining the Time Warner stockholder approval and under certain circumstances, to consider and respond to an unsolicited alternative acquisition proposal, to furnish non-public information to the person making such a proposal and to engage in discussions or negotiations with the person making such a proposal;

the Time Warner board s ability, under certain circumstances, to withhold, withdraw, qualify or modify the Time Warner board s recommendation to Time Warner s stockholders that they vote in favor of the adoption of the merger agreement or to approve, recommend or otherwise declare advisable an alternative acquisition proposal;

Time Warner s ability, under certain circumstances, to terminate the merger agreement in order to enter into an alternative acquisition agreement providing for a superior proposal, provided that Time Warner concurrently with such termination pays to AT&T a termination fee of $1.725 billion;

the availability of appraisal rights under the DGCL to Time Warner s stockholders who comply with the required procedures under Section 262 of the DGCL, which allows such stockholders to seek appraisal of the fair value of their shares of Time Warner common stock as determined by the Delaware Court of Chancery; and

the risk that pursuing other potential alternatives, including continuing to operate on a standalone basis, could have resulted in the loss of an opportunity to consummate a transaction with AT&T.

The Time Warner board also considered a number of uncertainties and risks in its deliberations concerning the transaction, including the following (not necessarily in order of relative importance):

the fact that because 50% of the merger consideration is payable in shares of AT&T common stock, Time Warner s stockholders will be adversely affected by any decrease in the trading price of AT&T common stock below the 5% floating exchange ratio collar prior to the completion of the transaction, and may receive less value for their shares upon completion of the transaction;

the fact that because 50% of the merger consideration is payable in cash and there is a 5% floating exchange ratio collar prior to the completion of the transaction, Time Warner s stockholders will not share in the entire amount of any increase in the trading price of AT&T common stock (nor in any dividends declared or paid by AT&T) prior to the completion of the transaction;

the potential length and uncertainty of the regulatory approval process and, consequently, the period during which Time Warner will be subject to the operating restrictions in the merger agreement, which among other things prohibit Time Warner from continuing its share repurchase program or increasing its regular quarterly cash dividend and could delay or prevent Time Warner from undertaking certain business opportunities that Time Warner would otherwise undertake absent the pending consummation of the transaction;

the limitations on AT&T s commitments to take certain actions and agree to certain conditions in order to obtain required regulatory approvals and the risk that the required regulatory approvals for the consummation of the transaction may not be obtained and the transaction may not be consummated;

the risk that governmental entities may impose conditions on the combined company that may adversely affect the ability of the combined company to realize the expected benefits of the transaction;

the risk that the expected synergies may not be realized or may not be captured to the extent and within the time expected;

the provisions of the merger agreement that restrict Time Warner s ability to solicit or participate in discussions or negotiations regarding alternative acquisition proposals, subject to certain exceptions, and that require Time Warner to give AT&T the opportunity to propose revisions to the terms of the transactions contemplated by the merger agreement prior to Time Warner being able to terminate the merger agreement to accept a superior proposal;

the fact that in certain circumstances, including if Time Warner terminates the merger agreement to accept a superior proposal or if AT&T terminates the merger agreement as a result of the Time Warner board changing its recommendation in favor of the transaction, Time Warner would be required to pay AT&T a termination fee of $1.725 billion, as more fully described in 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;

the significant costs incurred by Time Warner in connection with entering into the merger agreement and the substantial time and effort of Time Warner s management required to complete the transaction, which may disrupt Time Warner s business operations;

the possibility that the $500 million payment that AT&T would be required to pay Time Warner under certain circumstances would be insufficient to compensate Time Warner for its time and expenses in connection with the transaction;

the fact that Time Warner negotiated solely with AT&T rather than conducting a public or private auction or sales process of Time Warner;

the risks and challenges inherent in the combination of two businesses of the size, scope and complexity of Time Warner and AT&T, including the potential for unforeseen difficulties in integrating operations and systems and difficulties integrating employees;

the potential effect on Time Warner s business and relations with customers, distributors and other stakeholders as a result of the announcement of the transaction and the uncertainty regarding whether or not the transaction will be completed;

the fact that, despite the efforts of AT&T and Time Warner, and even if the transaction is approved by Time Warner stockholders, the transaction may not be completed or may be delayed; and

various other risks associated with the transaction and the business of Time Warner, AT&T and the combined company described in the section entitled Risk Factors beginning on page 39 of this proxy statement/prospectus.

The Time Warner board determined that, overall, these potential risks and uncertainties were outweighed by the benefits that the Time Warner board expects to achieve for its stockholders as a result of the transaction. The Time Warner board realized that there can be no assurance about future results, including results considered or expected as disclosed in the foregoing reasons.

The foregoing discussion of the information and factors that the Time Warner board considered is not intended to be exhaustive, but is meant to include the material factors supporting the transaction that the Time Warner board considered. In view of the complexity and wide variety of factors that the Time Warner board considered, the Time Warner board did not find it practical to, and did not attempt to, quantify, rank or otherwise assign relative or specific weights or values to any of the factors considered. In addition, individual members of the Time Warner board may have given different weights to different factors.

The foregoing description of Time Warner s consideration of the factors supporting the transaction is forward-looking in nature. This information should be read in light of the factors discussed in the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 37 of this proxy statement/prospectus.

ACCORDINGLY, THE TIME WARNER BOARD UNANIMOUSLY RECOMMENDS THAT TIME WARNER STOCKHOLDERS VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT, FOR THE NON-BINDING, ADVISORY VOTE ON CERTAIN COMPENSATION ARRANGEMENTS 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.

Opinions of Time Warner s Financial Advisors

Opinion of Allen & Company LLC

Time Warner has engaged Allen & Company as a financial advisor in connection with the transaction. In connection with this engagement, Time Warner requested that Allen & Company render an opinion to the Time Warner board regarding the fairness, from a financial point of view, to holders of Time Warner common stock of the merger consideration provided for pursuant to the merger agreement. On October 22, 2016, at a meeting of the Time Warner board held to 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 to the effect that, as of that date and based on and subject to the assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken described in its opinion, the merger consideration to be paid to holders 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 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.

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Allen & Company s opinion reflected and gave effect to Allen & Company s general familiarity with Time Warner and AT&T as well as information that it received during the course of its assignment, including information provided by the managements of Time Warner and AT&T in the course of discussions relating to the transaction as more fully described below. In arriving at its opinion, Allen & Company neither conducted a physical inspection of the properties or facilities of Time Warner, AT&T or any other entity nor made or obtained any evaluations or appraisals of the assets or liabilities (contingent, accrued, derivative, off-balance sheet or otherwise) of Time Warner, AT&T or any other entity, or conducted any analysis concerning the solvency of Time Warner, AT&T or any other entity.

In arriving at its opinion, Allen & Company, among other things:

reviewed the financial terms and conditions of the initial merger as reflected in a draft, dated October 22, 2016, of the merger agreement;

reviewed certain publicly available historical business and financial information relating to Time Warner and AT&T, including public filings of Time Warner and AT&T and historical market prices for Time Warner common stock and AT&T common stock;

reviewed certain financial forecasts, estimates and other financial and operating data of Time Warner provided to or discussed with Allen & Company by the management of Time Warner, including certain internal financial forecasts, estimates and other financial and operating data of Time Warner prepared by the management of Time Warner for calendar years 2016 through 2019 as reflected in such management s long-range plan for Time Warner (as updated, in the case of calendar year 2016, for Time Warner s recent financial results) and as extrapolated by such management for calendar years 2020 through 2025, which we refer to collectively as the Time Warner management forecasts;

reviewed certain financial forecasts, estimates and other financial and operating data of AT&T provided to or discussed with Allen & Company by the management of AT&T as reviewed and approved by the management of Time Warner, including certain internal financial forecasts, estimates and other financial and operating data of AT&T prepared by the management of AT&T for calendar years 2016 through 2021, which we refer to collectively as the AT&T management forecasts;

held discussions with the managements of Time Warner and AT&T relating to the past and current operations and financial condition and prospects of Time Warner and AT&T;

reviewed the strategic rationale for, and certain potential pro forma financial effects of, the transaction, including certain information relating to potential strategic implications and other benefits anticipated by the managements of Time Warner and AT&T to result from the transaction;

reviewed and analyzed certain publicly available information, including certain stock market data and financial information, relating to selected companies with businesses that Allen & Company deemed generally relevant in evaluating Time Warner and AT&T;

reviewed certain publicly available financial information relating to selected transactions that Allen & Company deemed generally relevant in evaluating the initial merger; and

conducted such other financial analyses and investigations as Allen & Company deemed necessary or appropriate for purposes of its opinion.

In rendering its opinion, Allen & Company relied on and assumed, with Time Warner s consent and without independent verification, the accuracy and completeness of all of the financial, legal, regulatory, tax, accounting and other information available to Allen & Company from public sources, provided to or discussed with Allen & Company by Time Warner, AT&T or their respective representatives or otherwise reviewed by Allen & Company. With respect to the Time Warner management forecasts, the AT&T management forecasts and the information relating to potential strategic implications and other benefits anticipated by the managements of Time Warner and AT&T to result from the transaction that Allen & Company was directed to utilize for purposes of its analyses, Allen & Company was advised and Allen & Company assumed, with Time Warner s consent, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Time Warner and AT&T, as the case may be, as to the future financial and operating performance of Time Warner and AT&T, such potential strategic implications and other benefits (including the amount, timing and achievability thereof), the potential pro forma financial effects of the transaction and the other matters covered thereby. Allen & Company further assumed, with Time Warner s consent, that the financial results reflected in the Time Warner management forecasts, the AT&T management forecasts and the other information and data utilized in Allen & Company s analyses would be realized in the amounts and at the times projected. Allen & Company assumed no responsibility for and expressed no view or opinion as to any financial forecasts, estimates or other information or data, including the Time Warner management forecasts, the AT&T management forecasts, and estimates as to potential strategic implications and other benefits or the assumptions on which they were based. Allen & Company relied, at Time Warner s direction, on the assessments of the managements of Time Warner and AT&T as to, among other things, (i) matters relating to the separation of Time Warner Cable Inc., AOL Inc. and Time Inc. from Time Warner consummated in March 2009, December 2009 and June 2014, respectively, and any related tax indemnities and other arrangements, (ii) the potential impact on Time Warner and AT&T of certain market, competitive and other trends and developments in and prospects for, and governmental, regulatory and legislative policies and matters relating to or otherwise affecting, the industries in which Time Warner and AT&T operate, (iii) existing and future relationships, agreements and arrangements with, and the ability to attract, retain and/or replace, content providers, distributors, customers and other commercial relationships of Time Warner and AT&T and (iv) the ability to integrate the businesses of Time Warner and AT&T. Allen & Company assumed, with Time Warner s consent, that there would be no developments with respect to any such matters or alternative transaction structures that would have an adverse effect on Time Warner, AT&T or the mergers (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to Allen & Company s analyses or opinion.

Further, Allen & Company s opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Allen & Company as of, the date of its opinion. It should be understood that subsequent developments may affect the conclusion expressed in Allen & Company s opinion and that Allen & Company assumed no responsibility for advising any person of any change in any matter affecting its opinion or for updating or revising its opinion based on circumstances or events occurring after the date of its opinion. As the Time Warner board was aware, the credit, financial and stock markets, and the industries in which Time Warner and AT&T operate, have experienced volatility and Allen & Company expressed no opinion or view as to any potential effects of such volatility on Time Warner, AT&T or the transaction (including the contemplated benefits thereof).

In connection with its engagement, Allen & Company was not requested to, and it did not, undertake a third-party solicitation process on Time Warner s behalf with respect to the acquisition of all or a part of Time Warner. Allen & Company did not express any opinion as to the fairness, financial or otherwise, of the amount, nature or any other aspect of any compensation or consideration payable to any officers, directors or employees of any party to the transaction, or any class of such persons or any other party, relative to the merger consideration or otherwise. Allen & Company did not express any opinion as to the actual value of AT&T common stock when issued in the initial merger or the prices at which AT&T common stock, Time Warner common stock or any other securities may trade or otherwise be transferable at any time.

In addition, Allen & Company did not express any opinion as to any tax or other consequences that might result from the transaction, nor did its opinion address any legal, regulatory, tax or accounting matters, as to which Allen & Company understood that Time Warner obtained such advice as it deemed necessary from qualified professionals. Allen & Company assumed, with Time Warner s consent, that the transaction would be consummated in accordance with their respective terms and in compliance with all applicable laws, documents and other requirements, without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary governmental, regulatory or third party approvals, consents, releases, waivers, decrees and agreements for the transaction, no delay, limitation, restriction or condition, including any divestiture or other requirements or remedies, amendments or modifications, would be imposed or occur that would have an adverse effect on Time Warner, AT&T or the transaction (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to its analyses or opinion. Allen & Company also assumed, with Time Warner s consent, that the transaction would qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Allen & Company further assumed, with Time Warner s consent, that the final executed merger agreement would not differ from the draft reviewed by Allen & Company in any respect meaningful to its analyses or opinion.

Allen & Company s opinion was limited to the fairness, from a financial point of view and as of the date of the opinion, to holders of Time Warner common stock of the merger consideration (to the extent expressly specified in the opinion). Allen & Company s opinion did not address any other terms, aspects or implications of the transaction, including, without limitation, the form or structure of the merger consideration, the form or structure of the mergers (including any alternative transaction structures) or any terms, aspects or implications of any agreement, arrangement or understanding entered into in connection with or contemplated by the transaction or otherwise.

Miscellaneous

Time Warner selected Allen & Company as its financial advisor in connection with the transaction based on, among other things, Allen & Company s reputation, experience and familiarity with Time Warner and its business. Allen & Company, as part of its investment banking business, is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements and related financings, bankruptcy reorganizations and similar recapitalizations, negotiated underwritings, secondary distributions of listed and unlisted securities, and valuations for corporate and other purposes. In the ordinary course, Allen & Company as a broker-dealer and market maker and certain of its affiliates may have long or short positions, either on a discretionary or non-discretionary basis, for their own account or for those of Allen & Company s clients, in the debt and equity securities (or related derivative securities) of Time Warner, AT&T and/or their respective affiliates. The issuance of Allen & Company s opinion was approved by Allen & Company s fairness opinion committee.

For Allen & Company s financial advisory services, Time Warner has agreed to pay Allen & Company an aggregate cash fee of $50 million, of which $5 million was payable upon delivery of Allen & Company s opinion and $45 million is payable contingent on consummation of the initial merger. Time Warner also agreed to reimburse Allen & Company s reasonable expenses and to indemnify Allen & Company and related parties against certain liabilities, including liabilities under the federal securities laws, arising out of its engagement.

As the Time Warner board was aware, Allen & Company in the past has provided and in the future may provide investment banking services to Time Warner and/or certain of its affiliates unrelated to the transaction, for which services Allen & Company has received and/or may receive compensation, including during the two-year period prior to the date of its opinion, having acted as financial advisor to Time Warner in connection with certain merger and acquisition transactions and other corporate matters, for which services Allen & Company received during such two-year period aggregate fees of approximately $9 million from Time Warner. Although Allen & Company did not during the two-year period prior to the date of its opinion provide investment banking services to AT&T, Allen & Company may provide such services in the future for which services Allen & Company would expect to receive compensation.

Opinion of Citigroup Global Markets Inc.

Time Warner also has engaged Citi as a financial advisor in connection with the transaction. In connection with this engagement, Time Warner requested that Citi evaluate the fairness, from a financial point of view, to holders of Time

Warner common stock of the merger consideration provided for pursuant to the merger agreement. On October 22, 2016, at a meeting of the Time Warner board held to evaluate the transaction, Citi

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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 various assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken described in its opinion, the merger consideration to be received by holders 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 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 below 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 any stockholder should vote or act on any matters relating to the transaction or otherwise.**

In arriving at its opinion, Citi:

- reviewed a draft, dated October 22, 2016, of the merger agreement;

- held discussions with certain senior officers, directors and other representatives of Time Warner and certain senior officers and other representatives of AT&T concerning the businesses, operations and prospects of Time Warner and AT&T;

- reviewed certain publicly available and other business and financial information relating to Time Warner provided to or discussed with Citi by the management of Time Warner, including the Time Warner management forecasts;

- reviewed certain publicly available and other business and financial information relating to AT&T provided to or discussed with Citi by the management of AT&T as reviewed and approved by the management of Time Warner, including the AT&T management forecasts;

- reviewed the financial terms of the initial merger as set forth in the merger agreement in relation to, among other things, current and historical market prices of Time Warner common stock and AT&T common stock, the financial condition and historical and projected earnings and other operating data of Time Warner and AT&T, and the capitalization of Time Warner and AT&T;

analyzed certain financial, stock market and other publicly available information relating to the businesses of other companies whose operations Citi considered relevant in evaluating those of Time Warner and AT&T and Citi considered, to the extent publicly available, the financial terms of certain other transactions which Citi considered relevant in evaluating the initial merger;

evaluated certain potential pro forma financial effects of the transaction on AT&T utilizing the Time Warner management forecasts, the AT&T management forecasts and certain information and data relating to potential strategic implications and other benefits anticipated by the managements of Time Warner and AT&T to result from the transaction; and

conducted such other analyses and examinations and considered such other information and financial, economic and market criteria as Citi deemed appropriate in arriving at its opinion.

In rendering its opinion, Citi assumed and relied, without independent verification, on the accuracy and completeness of all financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with Citi and on the assurances of the managements and other representatives of Time

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Warner and AT&T that they were not aware of any relevant information that had been omitted or that remained undisclosed to Citi. With respect to the Time Warner management forecasts, the AT&T management forecasts and the information and data relating to potential strategic implications and other benefits anticipated by the managements of Time Warner and AT&T to result from the transaction that Citi was directed to utilize for purposes of its analyses, Citi was advised and Citi assumed, with Time Warner s consent, that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the managements of Time Warner and AT&T, as the case may be, as to the future financial performance of Time Warner and AT&T, such potential strategic implications and other benefits (including the amount, timing and achievability thereof), the potential pro forma financial effects of the transaction and the other matters covered thereby. Citi further assumed, with Time Warner s consent, that the financial results reflected in the Time Warner management forecasts, the AT&T management forecasts and the other information and data utilized in its analyses would be realized in the amounts and at the times projected. Citi relied, at Time Warner s direction, on the assessments of the managements of Time Warner and AT&T as to, among other things, (i) matters relating to the separation of Time Warner Cable Inc., AOL Inc. and Time Inc. from Time Warner consummated in March 2009, December 2009 and June 2014, respectively, and any related tax indemnities and other arrangements, (ii) the potential impact on Time Warner and AT&T of certain market, competitive and other trends and developments in and prospects for, and governmental, regulatory and legislative policies and matters relating to or otherwise affecting, the industries in which Time Warner and AT&T operate, (iii) existing and future relationships, agreements and arrangements with, and the ability to attract, retain and/or replace, content providers, distributors, customers and other commercial relationships of Time Warner and AT&T and (iv) the ability to integrate the businesses of Time Warner and AT&T. Citi assumed, with Time Warner s consent, that there would be no developments with respect to any such matters or alternative transaction structures that would have an adverse effect on Time Warner, AT&T or the mergers (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to Citi s analyses or opinion.

Citi did not make, and was not provided with, an independent evaluation or appraisal of the assets or liabilities (contingent, accrued, derivative, off-balance sheet or otherwise) of Time Warner, AT&T or any other entity and nor did Citi make any physical inspection of the properties or assets of Time Warner, AT&T or any other entity. Citi assumed, with Time Warner s consent, that the transaction would be consummated in accordance with their respective terms and in compliance with all applicable laws, documents and other requirements, without waiver, modification or amendment of any material term, condition or agreement, and that, in the course of obtaining the necessary governmental, regulatory or third party approvals, consents, releases, waivers, decrees and agreements for the transaction, no delay, limitation, restriction or condition, including any divestiture or other requirements or remedies, amendments or modifications, would be imposed or occur that would have an adverse effect on Time Warner, AT&T or the transaction (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to Citi s analyses or opinion. Representatives of Time Warner advised Citi, and Citi also assumed, that the final terms of the merger agreement would not vary materially from those set forth in the draft reviewed by Citi. Citi further assumed, with Time Warner s consent, that the transaction would qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. Citi did not express any view or opinion as to the actual value of AT&T common stock when issued in the initial merger or the prices at which AT&T common stock, Time Warner common stock or any other securities may trade or otherwise be transferable at any time. Citi did not express any opinion with respect to accounting, tax, regulatory, legal or similar matters and Citi relied, with Time Warner s consent, on the assessments of representatives of Time Warner and AT&T as to such matters.

Citi s opinion addressed only the fairness, from a financial point of view and as of its date, of the merger consideration (to the extent expressly specified therein) and did not address any other terms, aspects or implications of the transaction, including, without limitation, the form or structure of the merger consideration, the form or structure of the mergers (including any alternative transaction structures) or any terms, aspects or implications of any agreement, arrangement or understanding to be entered into in connection with or contemplated by the transaction or otherwise.

In connection with its engagement, Citi was not requested to, and Citi did not, undertake a third-party solicitation process on Time Warner s behalf with respect to the acquisition of all or a part of Time Warner. Citi expressed no view as to, and its opinion did not address, the fairness (financial or otherwise) of the amount or nature or any other aspect of any compensation or other payments to any officers, directors or employees of any parties to the transaction, or any class of such persons, relative to the merger consideration or otherwise. Citi s opinion was necessarily based on information available, and financial, stock market and other conditions and circumstances existing and disclosed, to Citi as of the date of its opinion. Although subsequent developments may affect Citi s opinion, Citi has no obligation to update, revise or reaffirm its opinion. As the Time Warner board was aware, the credit, financial and stock markets, and the industries in which Time Warner and AT&T operate, have experienced volatility and Citi expressed no opinion or view as to any potential effects of such volatility on Time Warner, AT&T or the transaction (including the contemplated benefits thereof). The issuance of Citi s opinion was authorized by Citi s fairness opinion committee.

Miscellaneous

In connection with Citi s services as Time Warner s financial advisor, Time Warner has agreed to pay Citi an aggregate fee of $50 million, of which $5 million was payable upon delivery of its opinion and $45 million is payable contingent on consummation of the initial merger. In addition, Time Warner has agreed to reimburse Citi s expenses, including fees and expenses of counsel, and to indemnify Citi and related parties against certain liabilities, including liabilities under federal securities laws, arising out of Citi s engagement.

As the Time Warner board was aware, Citi and its affiliates in the past have provided, currently are providing and in the future may provide investment banking, commercial banking and other similar financial services to Time Warner and/or certain of its affiliates unrelated to the transaction, for which services Citi and such affiliates have received and expect to receive compensation, including, during the two-year period prior to the date of Citi s opinion, having acted or acting as (i) financial advisor to Time Warner in connection with certain corporate matters, (ii) joint bookrunning manager and underwriter for certain note and debenture offerings of Time Warner and (iii) administrative agent, joint lead arranger and joint bookrunner for, and a lender under, certain credit facilities of Time Warner and certain of its affiliates, for which services described in clauses (i) through (iii) above Citi and its affiliates received during such two-year period aggregate fees of approximately $4.5 million from Time Warner. As the Time Warner board also was aware, Citi and its affiliates in the past have provided, currently are providing and in the future may provide investment banking, commercial banking and other similar financial services to AT&T and/or certain of its affiliates, for which services Citi and such affiliates have received and expect to receive compensation, including, during the two-year period prior to the date of its opinion, having acted or acting as (i) financial advisor to AT&T in connection with certain disposition transactions, (ii) joint bookrunning manager and underwriter for certain note offerings of AT&T and (iii) administrative agent, joint lead arranger and joint bookrunner for, and a lender under, certain credit facilities of AT&T, for which services described in clauses (i) through (iii) above Citi and its affiliates received during such two-year period aggregate fees of approximately $14.5 million from AT&T. In the ordinary course of business, Citi and its affiliates may actively trade or hold the securities of Time Warner, AT&T and their respective affiliates for their own account or for the account of their customers and, accordingly, may at any time hold a long or short position in such securities. In addition, Citi and its affiliates (including Citigroup Inc. and its affiliates) may maintain relationships with Time Warner, AT&T and their respective affiliates.

Time Warner selected Citi as its financial advisor in connection with the transaction based on, among other things, Citi s reputation, experience and familiarity with Time Warner, AT&T and their respective businesses. Citi is an internationally recognized investment banking firm that regularly engages in the valuation of businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities, private placements and valuations for estate, corporate and other purposes.

Opinion of Morgan Stanley & Co. LLC

Time Warner also has engaged Morgan Stanley as a financial advisor in connection with the transaction. As part of that engagement, Time Warner requested that Morgan Stanley evaluate the fairness, from a financial point of view, to the holders of shares of Time Warner common stock of the merger consideration provided for pursuant to the merger agreement. 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 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 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.**

For purposes of its opinion, Morgan Stanley:

- reviewed certain publicly available financial statements and other business and financial information of Time Warner and AT&T, respectively;

- reviewed certain financial forecasts, estimates and other financial and operating data relating to Time Warner supplied or otherwise made available to or discussed with Morgan Stanley by the management of Time Warner, including the Time Warner management forecasts;

- reviewed certain financial forecasts, estimates and other financial and operating data relating to AT&T supplied or otherwise made available to or discussed with Morgan Stanley by the management of AT&T as reviewed and approved by the management of Time Warner, including the AT&T management forecasts;

- reviewed information relating to certain strategic and other benefits anticipated to result from the transaction, as provided by the managements of Time Warner and AT&T;

- discussed the past and current operations and financial condition and the prospects of Time Warner with senior executives of Time Warner;

discussed the past and current operations and financial condition and the prospects of AT&T with senior executives of AT&T;

reviewed the potential pro forma financial impact of the transaction on AT&T s earnings per share and cash flow utilizing the Time Warner management forecasts and the AT&T management forecasts;

reviewed the reported prices for Time Warner common stock and AT&T common stock;

compared the financial performance of Time Warner and AT&T and the prices of Time Warner common stock and AT&T common stock with that of certain other publicly-traded companies comparable with Time Warner and AT&T, respectively, and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

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discussed the strategic rationale for the transaction with senior executives of Time Warner and AT&T and participated with respect to certain discussions and negotiations among representatives of Time Warner and AT&T and their financial and legal advisors;

reviewed a draft, dated October 22, 2016, of the merger agreement and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

Morgan Stanley assumed and relied on, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to or discussed with Morgan Stanley by Time Warner and AT&T, and formed a substantial basis for its opinion. With respect to the Time Warner management forecasts, the AT&T management forecasts and the information relating to certain strategic and other benefits anticipated to result from the transaction that Morgan Stanley was directed to utilize for purposes of its analyses, Morgan Stanley was advised and Morgan Stanley assumed that they were reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Time Warner and AT&T, as the case may be, of the future financial performance of Time Warner and AT&T, such strategic and other benefits (including the amount, timing and achievability thereof), the potential pro forma financial impact of the transaction and the other matters covered thereby. Morgan Stanley further assumed that the financial results reflected in the Time Warner management forecasts, the AT&T management forecasts and the other information and data utilized in its analyses would be realized in the amounts and at the times forecasted. Morgan Stanley relied, at Time Warner s direction, on the assessments of the managements of Time Warner and AT&T as to, among other things, (i) matters relating to the separation of Time Warner Cable Inc., AOL Inc. and Time Inc. from Time Warner consummated in March 2009, December 2009 and June 2014, respectively, and any related tax indemnities and other arrangements, (ii) the potential impact on Time Warner and AT&T of certain market, competitive and other trends and developments in and prospects for, and governmental, regulatory and legislative policies and matters relating to or otherwise affecting, the industries in which Time Warner and AT&T operate, (iii) existing and future relationships, agreements and arrangements with, and the ability to attract, retain and/or replace, content providers, distributors, customers and other commercial relationships of Time Warner and AT&T and (iv) the ability to integrate the businesses of Time Warner and AT&T. Morgan Stanley assumed, with Time Warner s consent, that there would be no developments with respect to any such matters or alternative transaction structures that would have an adverse effect on Time Warner, AT&T or the mergers (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to Morgan Stanley s analyses or opinion.

In addition, Morgan Stanley assumed that the transaction would be consummated in accordance with the terms set forth in the merger agreement and in compliance with all applicable laws, documents and other requirements without any waiver, amendment or delay of any terms or conditions, including, among other things, that the transaction would be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, and that the definitive merger agreement would not differ in any material respect from the draft thereof furnished to Morgan Stanley. Morgan Stanley assumed that in connection with the receipt of all necessary governmental, regulatory or other approvals and consents required for the transaction, no delays, limitations, conditions or restrictions, including any divestiture or other requirements or remedies, would be imposed that would have an adverse effect on Time Warner, AT&T or the transaction (including the contemplated benefits thereof) or that otherwise would be meaningful in any respect to Morgan Stanley s analyses or opinion. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and has relied on, without independent verification, the assessments of AT&T, Time Warner and their respective legal, tax or regulatory advisors with respect to legal, tax or regulatory matters.

Morgan Stanley s opinion 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 (to the extent expressly specified in the opinion). Morgan Stanley was not asked to, nor did its opinion address, any other terms, aspects or implications of the transaction, including, without limitation, the form or structure of the merger consideration, the form or structure of the mergers (including any alternative transaction structures) or any terms, aspects or implications of any agreement, arrangement or understanding entered into in connection with or contemplated by the transaction or otherwise. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Time Warner s officers, directors or employees, or any class of such persons, relative to the merger consideration to be received by the holders of shares of Time Warner common stock in the transaction. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities (contingent, accrued, derivative, off-balance sheet or otherwise) of Time Warner, AT&T or any other entity, nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, the date of its opinion. Events occurring after the date of its opinion may affect Morgan Stanley s opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion. As the Time Warner board was aware, the credit, financial and stock markets, and the industries in which Time Warner and AT&T operate, have experienced volatility and Morgan Stanley expressed no opinion or view as to any potential effects of such volatility on Time Warner, AT&T or the transaction (including the contemplated benefits thereof). In arriving at its opinion, Morgan Stanley was not authorized to, and it did not, solicit interest from any party with respect to the acquisition, business combination or other extraordinary transaction involving Time Warner. Morgan Stanley s opinion did not in any manner address the actual value of AT&T common stock when issued in the initial merger or the prices at which AT&T common stock, Time Warner common stock or any other securities would trade or otherwise be transferable following consummation of the transaction or at any time. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Miscellaneous

Time Warner has agreed to pay Morgan Stanley for its financial advisory services in connection with the transaction an aggregate fee of $40 million, of which $5 million was payable upon delivery of its opinion and $35 million is payable contingent on the closing of the initial merger. Time Warner also has agreed to reimburse Morgan Stanley for its expenses incurred in performing its services, including fees, disbursements and other charges of counsel, and to indemnify Morgan Stanley and its affiliates, their respective officers, directors, employees and agents and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses, including under the federal securities laws, related to or arising out of Morgan Stanley s engagement.

As the Time Warner board was aware, in the two years prior to the date of its opinion, Morgan Stanley and its affiliates have acted or are acting as (i) financial advisor to Time Warner in connection with certain merger and acquisition transactions and other corporate matters, (ii) joint bookrunning manager and underwriter for certain note and debenture offerings of Time Warner and (iii) a lender under certain credit facilities of Time Warner and certain of its affiliates, for which services described in clauses (i) through (iii) above Morgan Stanley and its affiliates received during such two-year period aggregate fees of approximately $2.5 million from Time Warner. As the Time Warner board also was aware, in the two years prior to the date of its opinion, Morgan Stanley and its affiliates have acted or are acting as (i) joint bookrunning manager and/or underwriter for certain note offerings of AT&T and (ii) joint lead arranger, joint bookrunner and a documentation agent for, and a lender under, certain credit facilities of AT&T, for which services described in clauses (i) and (ii) above Morgan Stanley and its affiliates received during such two-year period aggregate fees of approximately $23 million from AT&T. Morgan Stanley and its affiliates may also seek to provide financial advisory and financing services to Time Warner, AT&T and their respective affiliates in the future and would expect to receive fees for the rendering of these services.

Time Warner selected Morgan Stanley as its financial advisor in connection with the transaction based on Morgan Stanley s reputation, experience and familiarity with Time Warner, AT&T and their respective businesses. Morgan

Stanley is a global financial services firm engaged in the securities, investment management

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and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading and prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of Time Warner, AT&T or any other company, or any currency or commodity, that may be involved in the transaction, or any related derivative instrument.

Financial Analyses

In connection with the rendering of their respective opinions to the Time Warner board, Allen & Company, Citi and Morgan Stanley performed a variety of financial and comparative analyses which are summarized below. The preparation of a financial opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a financial opinion is not readily susceptible to summary description. Allen & Company, Citi and Morgan Stanley arrived at their respective opinions based on the results of all analyses undertaken and assessed as a whole, and they did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, the Time Warner financial advisors believe that the financial analyses and this summary must be considered as a whole.

In performing the financial analyses, the Time Warner financial advisors considered industry performance, general business, economic, market and financial conditions and other matters existing as of the date of their respective opinions, many of which are beyond Time Warner s and AT&T s control. The assumptions and estimates contained in the financial analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than those suggested by such analyses. In addition, financial analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the assumptions and estimates used in, and the results derived from, the financial analyses are inherently subject to substantial uncertainty.

The Time Warner financial advisors were not requested to, and they did not, determine or recommend the specific consideration payable in the initial merger or that any given consideration constituted the only appropriate consideration in the initial merger. The type and amount of consideration payable in the initial merger were determined through negotiations between Time Warner and AT&T, and the decision to effect the transaction was solely that of the Time Warner board. The Time Warner financial advisors financial analyses and respective opinions were only one of many factors considered by the Time Warner board in its evaluation of the transaction and should not be viewed as determinative of the views of the Time Warner board or management with respect to the transaction or the merger consideration.

The following is a summary of the material financial analyses presented to the Time Warner board in connection with the Time Warner financial advisors respective opinions, each dated October 22, 2016. **The summary set forth below does not purport to be a complete description of the financial analyses performed by, and underlying the opinions of, the Time Warner financial advisors, nor does the order of the financial analyses described represent the relative importance or weight given to those financial analyses by the Time Warner financial advisors. Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary as the tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the financial analyses, could create a misleading or incomplete view**

of such financial analyses. Future results may differ from those described and such differences may be material. Implied per share equity value reference ranges reflected in the summaries of the financial analyses and historical trading price and stock price target ranges described below were rounded to the nearest whole dollar.

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Time Warner Financial Analyses

Selected Public Companies Analysis. The Time Warner financial advisors reviewed publicly available financial and stock market information of Time Warner and eight selected companies that the Time Warner financial advisors considered generally relevant as publicly traded companies with operations in the media and entertainment industry, consisting of the following four publicly traded diversified entertainment companies, which we refer to as the Time Warner selected diversified entertainment companies, and the following four publicly traded cable network/studio companies, which we refer to as the Time Warner selected cable network/studio companies and, together with the Time Warner selected diversified entertainment companies, collectively, the Time Warner selected companies:

Time Warner Selected Diversified Entertainment Companies	Time Warner Selected Cable Network/Studio Companies
CBS Corporation	AMC Networks Inc.
The Walt Disney Company	Discovery Communications, Inc.
Twenty-First Century Fox, Inc.	Lions Gate Entertainment Corp.
Viacom Inc.	Scripps Networks Interactive, Inc.

The Time Warner financial advisors reviewed, among other information, enterprise values, calculated as fully diluted equity values based on closing stock prices on October 19, 2016 (the last trading day prior to published reports regarding a potential acquisition of Time Warner by AT&T), plus total debt, preferred equity and non-controlling interests (as applicable) and less cash and cash equivalents and unconsolidated assets (as applicable), as a multiple of next 12 months (as of September 30, 2016) estimated operating income before depreciation and amortization, which we refer to as OIBDA. The Time Warner financial advisors also reviewed closing stock prices on October 19, 2016, as a multiple, to the extent publicly available, of next 12 months (as of September 30, 2016) estimated earnings per share, which we refer to as EPS. Financial data of the Time Warner selected companies were based on public filings, publicly available Wall Street research analysts estimates and other publicly available information (pro forma, as applicable, for certain recent investments and acquisitions, dividends paid and/or debt raised). Financial data of Time Warner was based on the Time Warner management forecasts.

The overall low to high next 12 months (as of September 30, 2016) estimated OIBDA multiples observed for the Time Warner selected companies were 7.2x to 9.7x, with overall low to high next 12 months (as of September 30, 2016) estimated OIBDA multiples observed for the Time Warner selected diversified entertainment companies of 7.6x to 9.5x and overall low to high next 12 months (as of September 30, 2016) estimated OIBDA multiples observed for the Time Warner selected cable network/studio companies of 7.2x to 9.7x. The overall low to high next 12 months (as of September 30, 2016) estimated EPS multiples observed for the Time Warner selected companies were 8.3x to 15.2x, with overall low to high next 12 months (as of September 30, 2016) estimated EPS multiples observed for the Time Warner selected diversified entertainment companies of 8.8x to 15.2x and overall low to high next 12 months (as of September 30, 2016) estimated EPS multiples observed for the Time Warner selected cable network/studio companies of 8.3x to 11.7x.

The Time Warner financial advisors then applied selected ranges of next 12 months (as of September 30, 2016) estimated OIBDA and EPS multiples of 8.5x to 9.5x and 12.0x to 15.0x, respectively, derived from the Time Warner selected companies to the next 12 months (as of September 30, 2016) estimated adjusted OIBDA and adjusted EPS of

Time Warner. This analysis indicated the following approximate implied per share equity value reference ranges for Time Warner, as compared to the merger consideration:

Implied Per Share Equity Value Reference Ranges Based On:		Merger Consideration
Next 12 Months Adjusted OIBDA	Next 12 Months Adjusted EPS	
$69 - $80	$69 - $86	$107.50

No company or business used in this analysis is identical to Time Warner and, accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and

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judgments concerning differences in financial characteristics and other factors that could affect the public trading or other values of the companies or businesses to which Time Warner was compared.

Selected Precedent Transactions Analysis. Using publicly available information, the Time Warner financial advisors reviewed financial data relating to the following nine selected transactions that the Time Warner financial advisors considered generally relevant as transactions announced since October 22, 2006 with transaction values in excess of $950 million involving U.S. target companies with operations in the media and entertainment industry, which we refer to collectively as the selected transactions:

Announcement Date	Acquiror	Target
June 2016	Lions Gate Entertainment Corp.	Starz
April 2016	Comcast Corporation	Dreamworks Animation SKG, Inc.
November 2012	News Corporation	Yankees Entertainment and Sports Network
October 2012	The Walt Disney Company	Lucasfilm Ltd.
December 2009	Comcast Corporation/General Electric Company (joint venture)	NBC Universal, Inc.
November 2009	Scripps Networks Interactive, Inc.	Travel Channel
August 2009	The Walt Disney Company	Marvel Entertainment, Inc.
July 2008	NBC Universal, Inc./Bain Capital, LLC/The Blackstone Group L.P.	The Weather Channel
March 2007	Cox Communications, Inc.	Travel Channel

The Time Warner financial advisors reviewed, among other information, transaction values of the selected transactions, calculated as the enterprise values implied for the target companies based on the consideration paid in the relevant transactions or purchase prices paid for the fully diluted equity values of the target companies based on closing stock prices as of the dates prior to the announcement dates of the relevant transactions, plus total debt, preferred equity and non-controlling interests (as applicable) and less cash and cash equivalents and unconsolidated assets (as applicable), as a multiple, to the extent publicly available, of the applicable target company s or business latest 12 months estimated earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA (a metric functionally equivalent to OIBDA), or, in the case of the Lucasfilm Ltd. transaction, earnings before interest and taxes, which we refer to as EBIT, as of the applicable announcement date. Financial data of the selected transactions were based on public filings, publicly available Wall Street research analysts estimates and other publicly available information. Financial data of Time Warner was based on the Time Warner management forecasts.

The overall low to high latest 12 months estimated EBITDA (or, estimated EBIT, as the case may be) multiples observed for the selected transactions were 10.9x to 32.3x (with a median of 12.6x). The Time Warner financial advisors then applied a selected range of latest 12 months estimated EBITDA multiples of 11.0x to 14.0x derived from the selected transactions to the latest 12 months (as of September 30, 2016) estimated adjusted OIBDA of Time Warner. This analysis indicated the following approximate implied per share equity value reference range for Time Warner, as compared to the merger consideration:

Implied Per Share Equity Value Reference Range	Merger Consideration
$87 -$117	$107.50

No company, business or transaction used in this analysis is identical to Time Warner or the initial merger and, accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial and operating characteristics that could affect the acquisition or other values of the companies, businesses or transactions to which Time Warner and the initial merger were compared.

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Discounted Cash Flow Analyses. The Time Warner financial advisors performed separate discounted cash flow analyses of Time Warner by calculating the estimated present value (as of September 30, 2016) of the unlevered, after-tax free cash flows that Time Warner was forecasted to generate during the last three months of the fiscal year ending December 31, 2016 through the full fiscal year ending December 31, 2025 based on the Time Warner management forecasts. For purposes of these analyses, stock-based compensation was treated as a cash expense.

Allen & Company calculated implied terminal values for Time Warner by applying to Time Warner s unlevered, after-tax free cash flows for the fiscal year ending December 31, 2025 (normalized by the management of Time Warner in the terminal year for depreciation, amortization, capital expenditures and tax rate) a selected range of perpetuity growth rates of 1.75% to 2.25%. The present values (as of September 30, 2016) of the cash flows and terminal values were then calculated using a selected range of discount rates of 7.0% to 8.0%. This analysis indicated an approximate implied per share equity value reference range for Time Warner of $98 to $130, as compared to the merger consideration of $107.50.

Citi calculated implied terminal values for Time Warner by applying to Time Warner s unlevered, after-tax free cash flows for the fiscal year ending December 31, 2025 (normalized by the management of Time Warner in the terminal year for depreciation, amortization, capital expenditures and tax rate) a selected range of perpetuity growth rates of 1.25% to 1.75%. The present values (as of September 30, 2016) of the cash flows and terminal values were then calculated using a selected range of discount rates of 6.5% to 7.7%. This analysis indicated an approximate implied per share equity value reference range for Time Warner of $98 to $135, as compared to the merger consideration of $107.50.

Morgan Stanley calculated implied terminal values for Time Warner by applying to Time Warner s next 12 months (as of December 31, 2025) estimated adjusted OIBDA (extrapolated based on the Time Warner management forecasts) a selected range of next 12 months OIBDA multiples of 8.0x to 9.5x. The present values (as of September 30, 2016) of the cash flows and terminal values were then calculated using a selected range of discount rates of 6.0% to 7.5%. This analysis indicated an approximate implied per share equity value reference range for Time Warner of $101 to $130, as compared to the merger consideration of $107.50.

AT&T Financial Analyses

Selected Public Companies Analysis. The Time Warner financial advisors reviewed publicly available financial and stock market information of AT&T and seven selected companies that the Time Warner financial advisors considered generally relevant as publicly traded companies with operations in the telecommunications industry, consisting of the following four publicly traded telecommunications companies, which we refer to as the AT&T selected telecommunications companies, and the following three publicly traded cable/satellite companies, which we refer to as the AT&T selected cable/satellite companies and, together with the AT&T selected telecommunications companies, collectively, the AT&T selected companies:

AT&T Selected Telecommunications Companies	AT&T Selected Cable/Satellite Companies
CenturyLink, Inc.	Charter Communications, Inc.
Sprint Corporation	Comcast Corporation
T-Mobile US, Inc.	DISH Network Corporation

Verizon Communications Inc.

The Time Warner financial advisors reviewed, among other information, enterprise values, calculated as fully diluted equity values based on closing stock prices on October 19, 2016, plus total debt, preferred equity, non-controlling interests, after-tax unfunded pension and other post-employment benefit liabilities and expected near-term network asset expenditures (as applicable) and less cash and cash equivalents, unconsolidated assets and non-operating network assets (as applicable), as a multiple of next 12 months (as of September 30, 2016) estimated OIBDA (adding back pension and other post-employment benefit expense other than service

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costs). The Time Warner financial advisors also reviewed closing stock prices on October 19, 2016, as a multiple, to the extent meaningful, of next 12 months (as of September 30, 2016) estimated EPS. Financial data of the AT&T selected companies were based on public filings, publicly available Wall Street research analysts estimates and other publicly available information (pro forma, as applicable, for certain recent acquisitions, dividends paid and/or debt raised). Financial data of AT&T was based on publicly available Wall Street research analysts estimates and the AT&T management forecasts.

The overall low to high next 12 months (as of September 30, 2016) estimated OIBDA multiples observed for the AT&T selected companies were 5.2x to 9.4x, with overall low to high next 12 months (as of September 30, 2016) estimated OIBDA multiples observed for the AT&T selected telecommunications companies of 6.2x to 8.9x and overall low to high next 12 months (as of September 30, 2016) estimated OIBDA multiples observed for the AT&T selected cable/satellite companies of 5.2x to 9.4x. The overall low to high next 12 months (as of September 30, 2016) estimated EPS multiples observed for the AT&T selected companies were 11.7x to 27.0x, with overall low to high next 12 months (as of September 30, 2016) estimated EPS multiples observed for the AT&T selected telecommunications companies of 11.7x to 27.0x and, given the absence of meaningful data for Charter Communications, Inc. and DISH Network Corporation, a next 12 months (as of September 30, 2016) estimated EPS multiple observed for Comcast Corporation of 17.3x. The Time Warner financial advisors noted that the next 12 months (as of September 30, 2016) estimated OIBDA and EPS multiples observed for AT&T were 7.5x and 13.2x, respectively, based on publicly available Wall Street research analysts estimates.

The Time Warner financial advisors then applied selected ranges of next 12 months (as of September 30, 2016) estimated OIBDA and EPS multiples of 7.0x to 8.0x and 12.0x to 14.0x, respectively, derived from the AT&T selected companies to the next 12 months (as of September 30, 2016) estimated OIBDA (adding back pension and other post-employment benefit expense other than service costs) and adjusted EPS of AT&T based on the AT&T management forecasts. This analysis indicated the following approximate implied per share equity value reference ranges for AT&T, as compared to the unaffected closing price of AT&T common stock on October 19, 2016 of $39.38 per share:

Implied Per Share Equity Value Reference Ranges Based On:		AT&T Unaffected Closing Stock Price
Next 12 Months Pension-Adjusted OIBDA	Next 12 Months Adjusted EPS	
$35 - $44	$36 - $42	$ 39.38

No company or business used in this analysis is identical to AT&T and, accordingly, an evaluation of the results of this analysis is not entirely mathematical. Rather, this analysis involves complex considerations and judgments concerning differences in financial characteristics and other factors that could affect the public trading or other values of the companies or businesses to which AT&T was compared.

Discounted Cash Flow Analyses. The Time Warner financial advisors performed separate discounted cash flow analyses of AT&T by calculating the estimated present value (as of September 30, 2016) of the unlevered, after-tax free cash flows that AT&T was forecasted to generate during the last three months of the fiscal year ending December 31, 2016 through the full fiscal year ending December 31, 2021 based on the AT&T management forecasts. For purposes of these analyses, stock-based compensation was treated as a cash expense.

Allen & Company calculated implied terminal values for AT&T by applying to AT&T s unlevered, after-tax free cash flows for the fiscal year ending December 31, 2021 (normalized per the management of Time Warner in the terminal year for depreciation, amortization, capital expenditures, pension funding and tax rates and after taking into account network capital expenditures) a selected range of perpetuity growth rates of 0.5% to 1.0%. The present values (as of September 30, 2016) of the cash flows and terminal values were then calculated using a selected range of discount rates of 5.5% to 6.5%. This analysis indicated an approximate implied per share equity value reference range for AT&T of $37 to $56, as compared to the unaffected closing price of AT&T common stock on October 19, 2016 of $39.38 per share.

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Citi calculated implied terminal values for AT&T by applying to AT&T s unlevered, after-tax free cash flows for the fiscal year ending December 31, 2021 (normalized per the management of Time Warner in the terminal year for depreciation, amortization, capital expenditures, pension funding and tax rates and after taking into account network capital expenditures) a selected range of perpetuity growth rates of 0% to 0.5%. The present values (as of September 30, 2016) of the cash flows and terminal values were then calculated using a selected range of discount rates of 4.9% to 5.6%. This analysis indicated an approximate implied per share equity value reference range for AT&T of $43 to $59, as compared to the unaffected closing price of AT&T common stock on October 19, 2016 of $39.38 per share.

Morgan Stanley calculated implied terminal values for AT&T by applying to AT&T s next 12 months (as of December 31, 2021) estimated OIBDA (extrapolated based on the AT&T management forecasts and adding back pension and other post-employment benefit expense other than service costs) a selected range of next 12 months OIBDA multiples of 6.5x to 7.5x. The present values (as of September 30, 2016) of the cash flows and terminal values were then calculated using a selected range of discount rates of 5.00% to 6.25%. This analysis indicated an approximate implied per share equity value reference range for AT&T of $41 to $53, as compared to the unaffected closing price of AT&T common stock on October 19, 2016 of $39.38 per share.

Certain Informational Factors

The Time Warner financial advisors observed certain factors that were not considered part of their financial analyses for their respective opinions but were referenced for informational purposes, including the following:

historical trading prices of Time Warner common stock during the 52-week period ended October 19, 2016, which indicated low to high intraday prices for Time Warner common stock during such period of approximately $56 to $81 per share, as compared to the merger consideration of $107.50;

historical trading prices of AT&T common stock during the 52-week period ended October 19, 2016, which indicated low to high intraday prices for AT&T common stock during such period of approximately $32 to $44 per share, as compared to the unaffected closing price of AT&T common stock on October 19, 2016 of $39.38 per share;

undiscounted forward stock price targets for Time Warner common stock and AT&T common stock as reflected in selected publicly available Wall Street research analysts reports and other publicly available information as of October 19, 2016, which indicated an overall low to high range of stock price targets for Time Warner common stock of approximately $74 to $106 per share (with a mean of $88 per share and a median of $90 per share), as compared to the merger consideration of $107.50, and an overall low to high range of stock price targets for AT&T common stock of approximately $35 to $51 per share (with a mean of $44 per share and a median of $45 per share), as compared to the unaffected closing price of AT&T common stock on October 19, 2016 of $39.38 per share; and

the illustrative pro forma financial impact of the transaction on the pro forma combined company s estimated free cash flow per share and estimated adjusted EPS for the fiscal years ending December 31, 2018 and December 31, 2019 based on the Time Warner management forecasts and the AT&T management forecasts, among other things, assuming Time Warner s share repurchase program is suspended as of December 31, 2016, after taking into account potential illustrative net synergies anticipated by the management of Time Warner to result from the transaction (assuming for illustrative purposes, at the direction of the management of Time Warner, that no such synergies would be realized in fiscal year 2018) and, as applicable, amortization of related financing fees and before taking into account purchase price accounting adjustments and certain AT&T restructuring expenses, which indicated that the transaction could be dilutive to the pro forma combined company s estimated free cash flow per share for the fiscal year ending December 31, 2018 and accretive to the pro forma combined company s estimated free cash flow per share for the fiscal year ending December 31, 2019 and estimated adjusted EPS for the fiscal years ending December 31, 2018 and December 31, 2019. Actual results achieved by the combined company may vary from forecasted results and variations may be material.

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Certain Time Warner Forecasts

Other than annual financial guidance provided to investors, which covers Adjusted Diluted Income per Common Share from Continuing Operations, and which may be updated from time to time, Time Warner does not as a matter of course make public forecasts or projections as to future revenues, operating income or other results. The prospective financial information set forth below, which we refer to in this section as the Time Warner management forecasts, was prepared by the management of Time Warner. The forecasts of Revenue and Adjusted OIBDA set forth below were presented to the Time Warner board in January 2016 as part of the normal annual business plan review, and were updated in October 2016 as part of the normal business plan review based on more current information to reflect Time Warner s recent financial results. The forecast of Unlevered Free Cash Flow set forth below was calculated by Time Warner s management based on the information presented to the Time Warner board in January 2016 and was also presented to the Time Warner board in October 2016.

The Time Warner management forecasts were not prepared with a view toward public disclosure or with a view toward complying with U.S. GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for the preparation and presentation of prospective financial information. Neither Time Warner s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. The reports of Time Warner s independent registered public accounting firm incorporated by reference into this proxy statement/prospectus relate to Time Warner s historical financial information, and no such report (or report of any other independent accounting firm incorporated by reference herein) extends to Time Warner s forecasts or should be read to do so.

The Time Warner management forecasts were provided on a confidential basis to AT&T s management and financial advisors in the due diligence process and to Time Warner s financial advisors. In connection with the transaction, the Time Warner board and Time Warner s management authorized Allen & Company, Citi and Morgan Stanley to use and rely on such Time Warner management forecasts in connection with their financial analyses and respective opinions as described in the section entitled Opinions of Time Warner s Financial Advisors beginning on page 64 of this proxy statement/prospectus. The inclusion of the Time Warner management forecasts in this proxy statement/prospectus should not be regarded as an indication that any of Time Warner, AT&T or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results or material information, and, in fact, both Time Warner and AT&T view the prospective financial information as non-material because of the inherent risks and uncertainties associated with such forecasts. The Time Warner management forecasts included in this proxy statement/prospectus are presented solely to give Time Warner stockholders access to the information that was made available to AT&T and its advisors and to the Time Warner board and Time Warner s financial advisors.

The Time Warner management forecasts are subjective in many respects and thus subject to interpretation. While presented with numerical specificity, the Time Warner management forecasts reflect numerous estimates and assumptions made by Time Warner s management at the time the forecasts were prepared that are difficult to predict and that are beyond Time Warner s control and are subject to change. The assumptions and estimates underlying the Time Warner management forecasts are inherently uncertain and, though considered reasonable by the management of Time Warner as of the date of their preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the Time Warner management forecasts, including, among others, the following: risks and uncertainties relating to Time Warner s business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general global business and economic conditions and other matters described in the sections entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 37 of this proxy statement/prospectus, Risk Factors beginning on page 39 of this proxy statement/prospectus, and Part I, Item IA in Time Warner s Annual Report

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on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this document. Some or all of the estimates and assumptions underlying the Time Warner management forecasts may have changed since the date the Time Warner management forecasts were prepared.

Accordingly, there can be no assurance that the prospective results are necessarily predictive of the future performance of Time Warner or that actual results will not differ materially from those presented in the Time Warner management forecasts. Additionally, the Time Warner management forecasts cover multiple years and such information by its nature becomes less predictive with each successive year. Therefore, the inclusion of the Time Warner management forecasts in this proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

The Time Warner management forecasts were developed for Time Warner on a stand-alone basis without giving effect to the transaction or entry into the merger agreement, including any changes to Time Warner s strategy or operations that may be implemented after the consummation of the transaction or any costs incurred in connection with the transaction. Furthermore, the Time Warner management forecasts do not take into account the effect of any failure of the transaction to be completed and should not be viewed as relevant or continuing in that context.

Certain of the Time Warner management forecasts set forth below may be considered non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP, and non-GAAP financial measures as used in the Time Warner management forecasts may not be comparable to similarly titled measures used by other companies.

Time Warner does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, Time Warner does not intend to update or otherwise revise the Time Warner management forecasts to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, Time Warner does not intend to update or revise the Time Warner management forecasts to reflect changes in general economic or industry conditions.

The Time Warner management forecasts are not included in this proxy statement/prospectus in order to induce any stockholder to vote in favor of the proposal to adopt the merger agreement or any of the other proposals to be voted on at the special meeting or to influence any stockholder to make any investment decision with respect to the transaction or otherwise. For the reasons described above, readers of this proxy statement/prospectus are cautioned not to place undue, if any, reliance on the Time Warner management forecasts. Time Warner has not made any representation in the merger agreement concerning the Time Warner management forecasts.

The following table presents the Time Warner management forecasts referred to above:

	Fiscal Year Ending December 31,			
($ in millions)	**2016E**	**2017E**	**2018E**	**2019E**
Revenue	$ 29,356	$ 31,103	$ 32,844	$ 34,529
Adjusted OIBDA(1)	$ 8,231	$ 8,922	$ 9,559	$ 10,465
Unlevered Free Cash Flow(2)	$ 4,817	$ 4,624	$ 4,970	$ 5,918

(1)

Adjusted OIBDA represents operating income before depreciation and amortization, adjusted to exclude: the impact, if any, of noncash impairments of goodwill, intangible and fixed assets; gains and losses on operating assets (other than deferred gains on sale-leasebacks); gains and losses recognized in connection with pension and other postretirement benefit plan curtailments or settlements; external costs related to mergers, acquisitions or dispositions (including restructuring and severance costs associated with dispositions), as well as contingent consideration related to such transactions, to the extent such costs are expensed; and amounts related to securities litigation and government investigations.

(2) Unlevered Free Cash Flow is calculated as Adjusted OIBDA less unlevered cash taxes, capital expenditures, changes in net working capital and other cash items.

Certain AT&T Forecasts

Other than annual financial guidance provided to investors, which may be updated from time to time, AT&T does not as a matter of course make public forecasts or projections as to future revenues, operating income or other results. However, the prospective financial information set forth below, which we refer to in this section as the AT&T forecasts, were prepared by the management of AT&T and provided to Time Warner and its financial advisors in connection with their evaluations of the transaction.

The AT&T forecasts were not prepared with a view toward public disclosure or with a view toward complying with U.S. GAAP, the published guidelines of the SEC regarding projections or the guidelines established by the American Institute of Certified Public Accountants for the preparation and presentation of prospective financial information. Neither AT&T s independent auditors, nor any other independent accountants, have compiled, examined or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information. The reports of AT&T s independent registered public accounting firm incorporated by reference into this proxy statement/prospectus relate to AT&T s historical financial information, and no such report (or report of any other independent accounting firm incorporated by reference herein) extends to AT&T s forecasts or should be read to do so.

The AT&T management forecasts were provided on a confidential basis to Time Warner s management and financial advisors in the due diligence process. The inclusion of the AT&T forecasts in this proxy statement/prospectus should not be regarded as an indication that any of Time Warner, AT&T or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results or material information, and, in fact, both Time Warner and AT&T view the prospective financial information as non-material because of the inherent risks and uncertainties associated with such forecasts. The AT&T forecasts included in this proxy statement/prospectus are presented solely to give Time Warner stockholders access to the information that was made available to the Time Warner board and Time Warner s financial advisors.

The AT&T forecasts are subjective in many respects and thus subject to interpretation. While presented with numerical specificity, the AT&T forecasts reflect numerous estimates and assumptions made by AT&T s management at the time the forecasts were prepared that are difficult to predict and that are beyond AT&T s control and are subject to change. The assumptions and estimates underlying the AT&T forecasts are inherently uncertain and, though considered reasonable by the management of AT&T as of the date of their preparation, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the AT&T forecasts, including, among others, the following: risks and uncertainties relating to AT&T s business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general global business and economic conditions and other matters described in the sections entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 37 of this proxy statement/prospectus, Risk Factors beginning on page 39 of this proxy statement/prospectus, and Part I, Item IA in AT&T s Annual Report on Form 10-K for the year ended December 31, 2015, which is incorporated by reference into this document. Some or all of the estimates and assumptions underlying the AT&T forecasts may have changed since the date the AT&T forecasts were prepared.

Accordingly, there can be no assurance that the prospective results are necessarily predictive of the future performance of AT&T or that actual results will not differ materially from those presented in the AT&T forecasts. Additionally, the AT&T forecasts cover multiple years and such information by its nature becomes less predictive with each successive year. Therefore, the inclusion of the AT&T forecasts in this proxy statement/prospectus should not be regarded as a representation by any person that the results contained in the prospective financial information will be achieved.

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The AT&T forecasts were developed through AT&T s customary strategic planning and budgeting process utilizing reasonable available estimates and judgments at the time of their preparation. The AT&T forecasts were developed on a stand-alone basis without giving effect to the transaction, and therefore the AT&T forecasts do not give effect to the transaction or any changes to AT&T s operations or strategy that may be implemented after the consummation of the transaction, including potential synergies to be realized as a result of the transaction, or to any costs incurred in connection with the transaction. Furthermore, the AT&T forecasts do not take into account the effect of any failure of the transaction to be completed and should not be viewed as relevant or continuing in that context.

Certain of the AT&T forecasts set forth below may be considered non-GAAP financial measures. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with U.S. GAAP, and non-GAAP financial measures as used in the AT&T forecasts may not be comparable to similarly titled measures used by other companies.

AT&T does not intend to update or otherwise revise the AT&T forecasts to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events or changes in general economic or industry conditions even in the event that any or all of the underlying assumptions may have changed.

The AT&T forecasts are not included in this proxy statement/prospectus in order to induce any stockholder to vote in favor of the proposal to adopt the merger agreement or any of the other proposals to be voted on at the special meeting or to influence any stockholder to make any investment decision with respect to the transaction or otherwise. For the reasons described above, readers of this proxy statement/prospectus are cautioned not to place undue, if any, reliance on the AT&T forecasts. AT&T has not made any representation in the merger agreement concerning the AT&T forecasts.

	Fiscal Year Ending December 31,		
($ in millions, except per share data)	**2017E**	**2018E**	**2019E**
Total Revenue	$ 166,852	$ 170,252	$ 173,995
Total EBITDA[1]	$ 55,522	$ 57,962	$ 59,849
Adjusted EPS[2]	$ 3.00	$ 3.15	$ 3.34

(1) EBITDA is defined for purposes of the AT&T forecasts as operating income before depreciation and amortization.

(2) Adjusted EPS is calculated for purposes of the AT&T forecasts by excluding from operating revenues, operating expenses and income tax expense certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs.

AT&T s Reasons for the Transaction

At its meeting held on October 22, 2016, after due consideration and consultation with AT&T s management and advisors, the AT&T board unanimously authorized and approved the merger agreement, the initial merger and the other transactions contemplated thereby and authorized the issuance of AT&T common stock pursuant to the merger agreement. In doing so, the AT&T board considered the business, assets, and liabilities, results of operations, financial performance, strategic direction and prospects of Time Warner and AT&T. In making its determination, the AT&T board considered a number of factors, including the following:

the ability to combine Time Warner s premium content with AT&T s distribution platforms and customer relationships;

the expectation that the transaction will advance its direct-to-consumer efforts and its ability to develop innovative new offerings;

the expectation that Time Warner will provide AT&T with certain diversification benefits, including the low level of capital expenditures as a percentage of revenues required by Time Warner s business and the fact that Time Warner s business is lightly regulated, in each case, as compared to AT&T s existing business; and

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the expectation that the transaction will be accretive to its adjusted earnings per share and accretive to its free cash flow per share within 12 months after the completion of the transaction.

The foregoing discussion of the information and factors that the AT&T board considered is not intended to be exhaustive, but is meant to include the material factors supporting the transaction that the AT&T board considered. In view of the complexity and wide variety of factors that the AT&T board considered, the AT&T board did not find it practical to, and did not attempt to, quantify, rank or otherwise assign relative or specific weights or values to any of the factors considered. In addition, individual members of the AT&T board may have given different weights to different factors.

The foregoing description of AT&T s consideration of the factors supporting the transaction is forward-looking in nature. This information should be read in light of the factors discussed in the section entitled Cautionary Statement Regarding Forward-Looking Statements on page 37 of this proxy statement/prospectus.

Financing of the Transaction

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, for the purposes of financing a portion of the cash consideration to be paid in the initial merger, refinancing of debt of Time Warner and its subsidiaries and payment of related fees and expenses. 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.

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 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.

The funding of each of the credit agreements is subject to terms and conditions precedent for such borrowing as set forth in such credit agreement including, among others:

the initial merger occurring substantially concurrently with the making of the advances in accordance with the terms of the merger agreement;

the absence of a material adverse effect of Time Warner;

delivery of certain historical and pro forma financial information of AT&T and Time Warner;

the absence of breaches of certain representations and warranties under such credit agreement and the merger agreement, including no payment or bankruptcy default under such credit agreement;

certain customary documentation requirements; and

payment of fees and expenses due under such credit agreement.

To the extent drawn, advances under each of the credit agreements will bear interest, at AT&T s option, either:

- at a variable annual rate equal to: (1) the highest of (a) the prime rate of JPMorgan Chase Bank, N.A., (b) 0.5% per annum above the federal funds rate, and (c) the London interbank offered rate, which we refer to as LIBOR, applicable to dollars for a period of one month plus 1.00%, plus (2) an applicable margin, as set forth in such credit agreement; or

- at a rate equal to: (i) LIBOR (adjusted upwards to reflect any bank reserve costs) for a period of one, two, three or six months, as applicable, plus (ii) an applicable margin, as set forth in such credit agreement.

Repayment of all advances made under the bridge credit agreement must be made no later than 364 days after the date on which the advances are made. Repayment of all advances with respect to the Tranche A Facility under the new term loan credit agreement must be made no later than two years and six months after the date on which such advances are made. Amounts borrowed under the Tranche B Facility under the new term loan credit agreement will be subject to amortization commencing two years and nine months after the date on which such advances are made, with 25 percent of the aggregate principal amount thereof being payable prior to the date that is four years and six months after the date on which such advances are made, and all remaining principal amount due and payable on the date that is four years and six months after the date on which such advances are made.

Each of the credit agreements contains certain representations and warranties and covenants, including a limitations on liens covenant and, beginning in the first full fiscal quarter ending after the closing date, a financial ratio covenant that AT&T will maintain, as of the last day of each fiscal quarter, a ratio of not more than 3.5 to 1 of net debt to earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA.

This proxy statement/prospectus includes important information about the bridge credit agreement, a copy of which is attached as Exhibit 10.1 to this proxy statement/prospectus, and the new term loan credit agreement, a copy of which is attached as Exhibit 10.2 to this proxy statement/prospectus. Time Warner stockholders should read this information carefully and in its entirety.

Closing and Effective Time

Unless the parties otherwise mutually agree, the closing of the transaction will occur as soon as reasonably practicable, and in no event later than the third business day after the day on which the last of the conditions to the closing of the transaction is satisfied or waived (other than those conditions that by their nature must be satisfied or waived at the closing of the transaction, but subject to the fulfillment or waiver of such conditions). Subject to the satisfaction or waiver of the conditions to the closing of the transaction described in 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, it is anticipated that the transaction will be completed before year-end 2017. 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.

The first effective time will occur as soon as practicable after the closing of the initial merger when the certificate of merger with respect to the initial merger is duly filed with the Secretary of State of the State of Delaware or at such later time as the parties may mutually agree and specify in such certificate of merger. Immediately following the first effective time, LLC Merger Sub will file a certificate of merger with respect to the subsequent merger. The second effective time will occur as soon as practicable after the certificate of merger with respect to the subsequent merger is duly filed with the Secretary of State of the State of Delaware or at such later time as the parties may mutually agree and specify in such certificate of merger. In certain circumstances, the parties may agree, in their respective reasonable business discretion, not to consummate the subsequent merger. However, the transaction will still be completed if the parties agree not to consummate the subsequent merger.

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Regulatory Approvals

Completion of the transaction is conditioned on (i) the expiration of the applicable waiting period under the HSR Act, (ii) receipt of any consents from the FCC, if required in connection with the consummation of the transaction, (iii) receipt of the PUC consents, if required in connection with the transaction, and (iv) receipt of the foreign regulator consents. Time Warner has conducted a review of all licenses that it holds that are granted by the FCC. While subject to change, it is currently anticipated that Time Warner will not need to transfer any of its FCC licenses to AT&T in order to continue to conduct its business operations after the closing of the transaction.

In addition to the foreign regulator consents, Time Warner will provide AT&T with all information requested by AT&T that is reasonably necessary to identify any consents required under any other foreign or transnational laws regarding the provision of broadcasting or audio-video media services applicable to the consummation of the transaction or the issuance of shares of AT&T common stock pursuant to the initial merger, which we refer to as additional consents. AT&T and Time Warner will use their reasonable best efforts to identify any additional consents within 30 days following Time Warner s delivery of the requested information to AT&T.

It is also a condition to AT&T s obligation to consummate the transaction that all governmental consents described in the foregoing paragraphs 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).

Under the HSR Act, certain transactions, including the transaction, may not be completed unless certain waiting period requirements have expired or been terminated. The HSR Act provides that each party must file a pre-merger notification with the Federal Trade Commission, which we refer to as the FTC, and the Antitrust Division of the Department of Justice, which we refer to as the DOJ. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties filings of their respective HSR Act notification forms or the termination of that waiting period. If the DOJ issues a Request for Additional Information and Documentary Material prior to the expiration of the initial waiting period, the parties must observe a second 30-calendar-day waiting period, which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier.

Time Warner and AT&T filed their notification and report forms under the HSR Act on November 4, 2016. On December 8, 2016, the DOJ issued a Second Request.

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 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.

In furtherance of the foregoing, Time Warner and AT&T have agreed that reasonable best efforts includes taking any and all actions necessary to obtain the consents, approvals, permits, waiting period expirations or authorizations of any governmental entity required to consummate the transaction prior to the termination date, including agreeing to regulatory conditions 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, which we refer to as regulatory actions.

Notwithstanding the foregoing, 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 bullets above as a regulatory material adverse effect.

Time Warner and its subsidiaries may not agree to any regulatory actions without the prior written consent of AT&T (which, subject to certain exceptions, may be granted or withheld in AT&T s sole discretion).

Subject to applicable laws relating to the exchange of information, AT&T and Time Warner will have the right to review in advance, and to the extent practicable each will consult the other on, all of the information relating to AT&T or Time Warner, as the case may be, and any of their respective subsidiaries, that appears in any filing made with, or written materials submitted to, any third party and/or any governmental entity in connection with the transaction and the other transactions contemplated by the merger agreement. To the extent permitted by applicable law, each party must provide the other with copies of all material written correspondence between it (or its advisors) and any governmental entity relating to the transaction and the other transactions contemplated by the merger agreement and, to the extent reasonably practicable, all telephone calls and meetings with a governmental entity regarding the transactions contemplated by the merger agreement must include representatives of AT&T and Time Warner.

In addition, AT&T and Time Warner will coordinate with respect to antitrust laws and communications laws and with respect to the appropriate course of action with respect to obtaining the consents, approvals, permits, waiting period expirations or authorizations of any governmental entity required to consummate the transaction. To the extent permitted by applicable law, each of AT&T and Time Warner has agreed to:

- notify the other, as far in advance as practicable, of any filing or material or substantive communication or inquiry it or any of its subsidiaries intends to make with any governmental entity relating to regulatory approvals required to complete the transaction;

prior to submitting any such filing or making any such communication or inquiry, provide the other party and its counsel a reasonable opportunity to review, and consider in good faith the comments of the other party in connection with, any such filing, communication or inquiry;

promptly following the submission of such filing or making such communication or inquiry, provide the other party a copy of any such filing or, if in written form, communication or inquiry; and

consult with the other party in connection with any inquiry, hearing, investigation or litigation by, or negotiations with, any governmental entity relating to the transaction.

In exercising the foregoing rights, Time Warner and AT&T each must act reasonably and as promptly as reasonably practicable.

Accounting Treatment

AT&T prepares its financial statements in accordance with GAAP. The transaction will be accounted for using the acquisition method of accounting. AT&T will be treated as the acquiror for accounting purposes.

NYSE Market Listing

The shares of AT&T common stock to be issued in the initial merger will be listed for trading on the NYSE.

Delisting and Deregistration of Time Warner Common Stock

If the initial merger is completed, Time Warner common stock will be delisted from the NYSE and deregistered under the Exchange Act, and Time Warner will no longer be required to file periodic reports with the SEC.

Prior to the closing of the transaction, Time Warner has agreed to cooperate with AT&T to take all actions reasonably necessary, proper or advisable on its part under applicable laws and rules and regulations of the NYSE to enable such delisting and deregistration.

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THE MERGER AGREEMENT

This section describes the material terms of the merger agreement. The description in this section and elsewhere in this proxy statement/prospectus is qualified in its entirety by reference to the complete text of the merger agreement, a copy of which is attached as ***Annex A*** *and is incorporated by reference into this proxy statement/prospectus. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. You are encouraged to read the merger agreement carefully and in its entirety. This section is not intended to provide you with any factual information about Time Warner or AT&T. Such information can be found elsewhere in this proxy statement/prospectus and in the public filings Time Warner and AT&T make with the SEC, as described in the section entitled Where You Can Find More Information beginning on page 158 of this proxy statement/prospectus.*

Explanatory Note Regarding Representations, Warranties and Covenants in the Merger Agreement

The merger agreement is included to provide you with information regarding its terms. Factual disclosures about Time Warner and AT&T contained in this proxy statement/prospectus or in the public reports of Time Warner and AT&T filed with the SEC may supplement, update or modify the factual disclosures about Time Warner and AT&T contained in the merger agreement. The representations, warranties and covenants made in the merger agreement by Time Warner, AT&T, Corporate Merger Sub and LLC Merger Sub, which we refer to together as the Merger Subs, were qualified and subject to important limitations agreed to by Time Warner, AT&T and Merger Subs in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purpose of establishing circumstances in which a party to the merger agreement may have the right not to consummate the transaction if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties also may be subject to a contractual standard of materiality different from that generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by the matters contained in the disclosure schedules that Time Warner and AT&T each delivered in connection with the merger agreement, which disclosures were not reflected in the merger agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement.

Effects of the Mergers; Organizational Documents; Officers

The merger agreement provides for two mergers, which would occur in immediate succession. First, Corporate Merger Sub will merge with and into Time Warner. Time Warner will survive the initial merger as a wholly owned subsidiary of AT&T, which we refer to as the initial surviving company. We refer to the effective time of the initial merger as the first effective time.

The merger agreement provides that immediately following the first effective time, Time Warner will merge with and into LLC Merger Sub. LLC Merger Sub will survive the subsequent merger as a wholly owned subsidiary of AT&T, which we refer to as the final surviving entity. We refer to the effective time of the subsequent merger as the second effective time. However, 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 initial merger and the subsequent merger collectively as the mergers.

At the first effective time, each share of common stock, par value $0.01 per share, of Time Warner issued and outstanding immediately prior to the first effective time (other than shares owned by AT&T or Time Warner in each case not held on behalf of third parties and shares that are owned by stockholders, whom we refer to as dissenting stockholders, who have perfected and not withdrawn a demand for appraisal rights pursuant to Section 262 of the DGCL, all of which such shares we refer to as excluded shares) will be converted into the right to receive the merger consideration. The merger consideration will consist of (i) $53.75 in cash, plus (ii) a number of validly issued, fully paid and non-assessable shares of common stock of AT&T equal to the exchange ratio. 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.

At the first effective time, all shares of Time Warner common stock (other than excluded shares) will cease to be outstanding, will be cancelled and will cease to exist, and each certificate formerly representing any shares of Time Warner common stock (other than excluded shares) and each book-entry account formerly representing any uncertificated share of Time Warner common stock (other than excluded shares) will thereafter represent only the right to receive the merger consideration and the right, if any, to receive cash in lieu of fractional shares into which such shares have been converted and any distribution or dividend issued or payable after the first effective time.

At the first effective time, except for the rights available to dissenting stockholders described in the section entitled The Merger Agreement Appraisal Rights and the section entitled Appraisal Rights of Time Warner Stockholders beginning on pages 93 and 146 of this proxy statement/prospectus, respectively, each excluded share will cease to be outstanding, will be cancelled without payment of any consideration in return and will cease to exist.

The Certificate of Incorporation; the Bylaws

At the first effective time, the certificate of incorporation of the initial surviving company will be amended and restated so as to read in its entirety as the certificate of incorporation of Corporate Merger Sub in effect immediately prior to the first effective time, except that references to the name of Corporate Merger Sub will be replaced by the name of the initial surviving company and references to the incorporator will be removed, until thereafter amended as provided therein or by applicable law.

Also at the first effective time, the bylaws of the initial surviving company will be amended and restated so as to read in their entirety as the bylaws of Corporate Merger Sub in effect immediately prior to the first effective time, except that references to the name of Corporate Merger Sub will be replaced by the name of the initial surviving company, until thereafter amended as provided therein or by applicable law.

Directors

The parties will take all actions necessary so that the directors of Corporate Merger Sub immediately prior to the first effective time will, from and after the first effective time, be the directors of the initial surviving company until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the initial surviving company s certificate of incorporation and bylaws.

Officers

The parties will take all actions necessary so that the officers of Time Warner immediately prior to the first effective time will, from and after the first effective time, be the officers of the initial surviving company until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the initial surviving company s certificate of incorporation and bylaws.

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Treatment of Time Warner Equity Compensation Awards in the Transaction

Treatment of Stock Options

At 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 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.

Under the merger agreement, 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.

Treatment of Restricted Stock Units

At the first effective time, each director restricted stock unit award will be cancelled in exchange for the merger consideration for each share underlying such director restricted stock unit award, plus any retained distributions, in each case, without interest and less applicable tax withholdings.

At the first effective time, each outstanding restricted stock unit award, other than a director restricted stock unit award or a performance stock unit award, whether vested or unvested, will be converted into (i) the right to receive a cash amount equal to $53.75 multiplied by the number of shares underlying such restricted stock unit award, plus any retained distributions, in each case, without interest, and (ii) 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. Any fractional AT&T restricted stock units will be converted into a cash payment based on the average stock price, and the payment will be treated as a retained distribution. After the first effective time, the cash consideration, the AT&T restricted stock units and the retained distributions will continue to be governed by the same general terms and conditions as were applicable to such restricted stock unit award immediately prior to the first effective time.

Treatment of Performance Stock Units

At the first effective time, each outstanding performance stock unit award, whether vested or unvested, will be cancelled 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 immediately prior to the first effective time, plus any retained distributions, in each case, without interest and less applicable tax withholdings. The number of shares of Time Warner common stock subject to the performance stock unit award 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.

Exchange and Payment Procedures

At the first effective time, AT&T will deposit with the exchange agent a number of shares of AT&T common stock and an amount of cash comprising approximately the aggregate merger consideration to which Time Warner stockholders will become entitled. After the first effective time, on the appropriate payment date, if applicable, AT&T will deposit with the exchange agent the amount of any dividends or other distributions payable on shares of AT&T common stock issued pursuant to the initial merger with a record and payment date after the first effective time and prior to the surrender of such shares and cash in lieu of fractional shares payable.

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Promptly (and in any event within four business days) after the first effective time, AT&T will cause the exchange agent to mail a letter of transmittal to each holder of record of a certificate representing shares of Time Warner common stock converted pursuant to the merger agreement. The letter of transmittal will advise the holder of the effectiveness of the initial merger and the conversion of the holder s Time Warner common stock into the right to receive the merger consideration and specify that delivery will be effected, and risk of loss and title to the shares of Time Warner common stock will pass, only upon proper delivery of such certificate (or affidavit of loss in lieu of the certificate) to the exchange agent and will provide instructions for use in effecting the surrender of share certificates in exchange for payment of the merger consideration.

Upon the delivery of a certificate (or affidavit of loss) to the exchange agent, the holder of such certificate will receive the number of whole shares of AT&T common stock and the amount of cash that such holder is entitled to receive in respect of each such uncertificated share, including any cash in lieu of fractional shares and any dividends and other distributions in respect of the AT&T common stock to be issued or paid (after giving effect to any required tax withholdings). Surrendered share certificates will be cancelled and no interest will be paid or accrue on any cash.

Holders of shares of Time Warner common stock that are not registered in Time Warner s transfer record will not be entitled to receive the merger consideration unless and until the certificate formerly representing such shares is presented to the exchange agent, along with documents evidencing such transfer and the payment of applicable stock transfer taxes.

If any shares of AT&T common stock are issued to a name not matching that of its certificate, the holder requesting such exchange must pay any required stock transfer or other taxes, or must establish to AT&T or the exchange agent that such taxes have been paid or are not applicable.

For holders of uncertificated shares of Time Warner common stock, promptly after the first effective time, AT&T will cause the exchange agent to (i) mail to each holder of uncertificated shares of Time Warner common stock (other than excluded shares) materials advising such holder of the effectiveness of the initial merger and the conversion of its shares into the right to receive the merger consideration and (ii) issue, to each holder of uncertificated shares the number of whole shares of AT&T common stock and the amount of cash that such holder is entitled to receive in respect of such uncertificated shares, including any cash in lieu of fractional shares and any dividends and other distributions in respect of the AT&T common stock to be issued or paid (after giving effect to any required tax withholdings).