

AT&T INC.
EIN: 43-1301883
Date of Action: December 7, 2020
Attachment to Internal Revenue Service Form 8937

The information herein is provided pursuant to Section 6045B of the Internal Revenue Code of 1986, as amended (the “Code”). The information herein does not constitute tax advice. Note holders are urged to consult their own tax advisors regarding the U.S. federal income tax consequences of the exchanges described herein and the tax basis resulting from the exchanges.

Line 10 – CUSIP Numbers:

<u>Old Notes:</u>	<u>New Notes:</u>	<u>Old Notes:</u>	<u>New Notes:</u>
00206RCG5 00206RDJ8 00206RBK7 / U04644AE7 00206RBH4 / 00206RBG6	00206RMG4 / U04644CY1	00206RCT7 00206RHT2 00206RHV7 00206RGL0 / 00206RER9 / U04644BB2 00206RDQ2 00206RHW5	00206RMF6 / U04644CX3

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders’ ownership is measured for the action.

On December 7, 2020, holders of 10 outstanding series of notes of AT&T Inc. (“AT&T”) listed below (collectively, the “Old Notes”) exchanged their Old Notes for newly issued 2.550% notes due 2033 and, if applicable, cash, and 3.800% notes due 2057 of AT&T (the “New Notes”) (the “Exchange”).

Exchange of the following series of Old Notes for 3.800% Global Notes due 2057:

- 4.800% Global Notes due 2044
- 4.500% Global Notes due 2048
- 4.35% Global Notes due 2045
- 4.30% Global Notes due 2042

Exchange of the following series of Old Notes for 2.550% Global Notes due 2033 and, if applicable, cash:

- 4.125% Global Notes due 2026
- 3.875% Global Notes due 2026
- 2.950% Global Notes due 2026
- 4.100% Global Notes due 2028
- 4.250% Global Notes due 2027
- 3.800% Global Notes due 2027

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Exchange of Old Notes with an Initial Term of More than 10 Years for New Notes

This section applies to an exchange of the 4.800% Global Notes due 2044, the 4.500% Global Notes due 2048, the 4.35% Global Notes due 2045, the 4.30% Global Notes due 2042, the 4.125% Global Notes due 2026, the 4.100% Global Notes due 2028 and the 4.250% Global Notes due 2027.

The tax treatment of an exchange of such Old Notes for New Notes pursuant to the Exchange depends on whether the Exchange qualifies as a recapitalization for U.S. federal income tax purposes. In order for the Exchange to qualify as a recapitalization, such Old Notes and the New Notes must both be treated as “securities” under the relevant provisions of the Code. AT&T believes that the Old Notes with an initial maturity of more than 10 years and the corresponding New Notes should be treated as securities for this purpose, and that accordingly the Exchange of the Old Notes described in this section for New Notes (and, if applicable, cash) should be treated as a recapitalization for U.S. federal income tax purposes.

Under the rules that govern a recapitalization, a U.S. holder generally recognized gain (but not loss), if any, on an exchange of such Old Notes for New Notes in an amount equal to the lesser of (i) the excess of (a) the issue price of the New Notes (including any fractional New Notes for which the holder received cash) that the holder received in the Exchange plus any cash (other than cash for accrued interest and cash in lieu of fractional amounts of New Notes) that the holder received in the Exchange over (b) the holder’s tax basis in such Old Notes and (ii) the sum of (a) any cash (other than cash for accrued interest and cash in lieu of fractional amounts of New Notes) that the holder received in the Exchange and (b) the fair market value of the excess of the principal amount of the New Notes (including any fractional New Notes for which the holder received cash) that the holder received in the Exchange over the principal amount of such Old Notes that the holder surrendered in the Exchange. The issue price of the New Notes is equal to the amount set forth under line 16 below.

A holder’s initial tax basis in the New Notes (including any fractional New Notes for which the holder received cash) is equal to the holder’s adjusted tax basis in such Old Notes exchanged for the New Notes, increased by any gain that the holder recognized in the Exchange (excluding any gain that it recognized in respect of fractional New Notes for which the holder received cash), and decreased by any cash that the holder received in the Exchange (excluding cash the holder received in lieu of fractional amounts of New Notes).

In addition, a holder that received cash in lieu of fractional New Notes recognized gain or loss in an amount equal to the difference between the holder’s tax basis in the fractional New Notes and the cash that the holder received for the fractional New Notes. A holder’s tax basis in the New Notes would then be reduced by the tax basis that was allocated to the fractional New Notes.

If a holder held such Old Notes with differing tax bases and/or holding periods, the preceding rules must be applied separately to each identifiable block of such Old Notes.

Exchange of Old Notes with an Initial Term of Less than 10 Years for New Notes

This section applies to an exchange of the 3.875% Global Notes due 2026, the 2.950% Global Notes due 2026 and the 3.800% Global Notes due 2027.

The tax treatment of an exchange of such Old Notes for New Notes pursuant to the Exchange depends on whether the Exchange qualifies as a recapitalization for U.S. federal income tax purposes. In order for the Exchange to qualify as a recapitalization, such Old Notes and the New Notes must both be treated as “securities” under the relevant provisions of the Code. While AT&T believes the New Notes should be treated as securities for this purpose, it is unclear whether such Old Notes should be treated as securities for this purpose. If such Old Notes are treated as securities, the Exchange of such Old Notes for New Notes would be treated as a recapitalization and would be subject to the tax treatment described above under “Exchange of Old Notes with an Initial Term of More than 10 Years for New Notes.”

If such Old Notes are not treated as securities, an exchange of such Old Notes for New Notes pursuant to the Exchange would not be treated as a recapitalization and would be treated as described below. A holder would then have recognized gain or loss on an exchange of such Old Notes for New Notes in an amount equal to the difference between the amount the holder realized in the Exchange and the holder’s adjusted tax basis in such Old Notes. The amount a holder realized in the Exchange would equal the sum of (a) the issue price of the New Notes the holder received in the Exchange (determined in the manner described under line 16 below and excluding any fractional New Notes for which the holder received cash), and (b) any cash that a holder received in the Exchange, excluding any cash the holder received with respect to accrued interest but including any cash the holder received in lieu of fractional amounts of New Notes.

16. Describe the calculation of the change in basis and the data that support the calculation, such as the market values of securities and the valuation dates.

For New Notes received in an exchange treated as a recapitalization, as described in line 15 above, a holder’s initial tax basis in the New Notes (including any fractional New Notes for which the holder received cash) is equal to the holder’s adjusted tax basis in such Old Notes exchanged for the New Notes, increased by any gain that the holder recognized in the Exchange (excluding any gain that it recognized in respect of fractional New Notes for which the holder received cash), and decreased by any cash that the holder received in the Exchange (excluding cash the holder received in lieu of fractional New Notes).

In addition, a holder that received cash in lieu of fractional New Notes recognized gain or loss in an amount equal to the difference between the holder’s tax basis in the fractional New Notes and the cash that the holder received for the fractional New Notes. A holder’s tax basis in the New Notes would then be reduced by the tax basis that was allocated to the fractional New Notes.

For New Notes received in an exchange that is not treated as a recapitalization, as described in line 15 above, a holder’s initial tax basis in the New Notes is equal to the issue price of the New Notes.

Based on trading information following the issuance of the New Notes, AT&T has determined that:

- The issue price of the New Notes due 2033 is \$1,023.74 per \$1,000 face amount of such New Notes, or 102.374% of the face amount of such New Notes.
- The issue price of the New Notes due 2057 is \$1,044.40 per \$1,000 face amount of such New Notes, or 104.440% of the face amount of such New Notes.

17. List the applicable Internal Revenue Code section(s) upon which the tax treatment is based.

Section 354; Section 356; Section 358; Section 368; Section 1001; Section 1273.

18. Can any resulting loss be recognized?

A holder will not recognize a loss on an exchange of Old Notes for New Notes that is treated as a recapitalization as discussed above in line 15, except as described above in line 15 with respect to cash received in lieu of fractional New Notes. A holder may recognize a loss if an exchange of Old Notes for New Notes is not treated as a recapitalization as discussed above in line 15.

19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Exchange was consummated on December 7, 2020. For a holder whose taxable year is the calendar year, the reportable tax year is 2020.

Pursuant to U.S. Treasury Regulation section 1.1273-2(f)(9), AT&T has determined that, within the meaning of U.S. Treasury Regulation section 1.1273-2:

- The New Notes are “traded on an established market.”
- The issue price of the New Notes due 2033 is \$1,023.74 per \$1,000 face amount of such New Notes, or 102.374% of the face amount of such New Notes.
- The issue price of the New Notes due 2057 is \$1,044.40 per \$1,000 face amount of such New Notes, or 104.440% of the face amount of such New Notes.