

AT&T Inc., as successor to DIRECTV
EIN 43-1301883
Attachment to Form 8937

Form 8937, Part II, Box 14:

On July 24, 2015, pursuant to the Agreement and Plan of Merger, dated as of May 18, 2014, among DIRECTV (“DIRECTV”), AT&T Inc. (“AT&T”) and Steam Merger Sub LLC (now known as DIRECTV Group Holdings, LLC, and a wholly owned subsidiary of AT&T) (“Merger Sub”), DIRECTV merged with and into Merger Sub, with Merger Sub being renamed DIRECTV Group Holdings, LLC and continuing as the surviving entity and as a direct wholly owned subsidiary of AT&T (the “Merger”).

At the closing of the Merger, each outstanding share of DIRECTV common stock, par value \$0.01 per share (“DIRECTV common stock”), was converted into the right to receive 1.892 shares of AT&T common stock, par value \$1.00 per share (“AT&T common stock”) plus \$28.50 in cash, and cash in lieu of any fractional shares.

Form 8937, Part II, Box 15:

The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders.

Further discussion of the tax consequences of the Merger can be found in the Form S-4 for AT&T as filed with the Securities and Exchange Commission on July 1, 2014, under the heading “Material United States Federal Income Tax Consequences” (available at: <http://www.sec.gov/Archives/edgar/data/732717/000119312514256347/d750736ds4.htm>).

As stated in the Form S-4, the Merger was intended to qualify as a “reorganization” within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the “Code”). No ruling from the Internal Revenue Service has been requested or is intended to be obtained as to the United States federal income tax consequences of the Merger. Assuming the Merger constitutes a reorganization, with respect to holders of DIRECTV common stock that are U.S. taxpayers not in a special class of holders subject to special rules as described further in the Form S-4 (“U.S. holders”):

- A U.S. holder of DIRECTV common stock will recognize gain (but not loss) in an amount equal to the lesser of (1) the amount by which the sum of the fair market value of the AT&T common stock and cash received by a holder of DIRECTV common stock (approximately \$94.13 per share of DIRECTV common stock, based upon a fair market value of \$34.69 per share of AT&T common stock, as described in the response to box 16 below) exceeds such holder’s tax basis in its DIRECTV common stock, and (2) the amount of cash received by such holder of DIRECTV common stock (\$28.50 per share of DIRECTV common stock), in each case excluding any cash received in lieu of fractional share interests in AT&T common stock, which shall be treated as described below; and

- The aggregate tax basis of the AT&T common stock received in the Merger (including any fractional share interests in AT&T common stock deemed received and exchanged for cash, as discussed below) will be the same as the aggregate tax basis of the DIRECTV common stock for which it is exchanged, decreased by the amount of cash received in the Merger (excluding any cash received instead of fractional share interests in AT&T common stock), and increased by the amount of gain recognized on the exchange (regardless of whether such gain is classified as capital gain or dividend income, as discussed in the Form S-4), excluding any gain recognized with respect to fractional share interests in AT&T common stock for which cash is received, as discussed below.

If holders of DIRECTV common stock acquired different blocks of DIRECTV common stock at different times or at different prices, any gain will be determined separately with respect to each block of DIRECTV common stock and such holders' basis in their shares of AT&T common stock may be determined with reference to each block of DIRECTV common stock.

A holder of DIRECTV common stock who receives cash instead of a fractional share of AT&T common stock will generally be treated as having received the fractional share pursuant to the Merger and then as having sold to AT&T that fractional share of AT&T common stock for cash. As a result, a holder of DIRECTV common stock will generally recognize gain or loss equal to the difference between the amount of cash received and the tax basis allocated to such fractional share of AT&T common stock.

Form 8937, Part II, Box 16:

The fair market value for United States federal income tax purposes of each full share of AT&T common stock was determined to be \$34.69 as of the effective time of the Merger. This fair market value is based on an average of the highest and lowest quoted prices (\$35.09 and \$34.29, respectively) of the AT&T common stock on the New York Stock Exchange on July 24, 2015, the date of the Merger.

Form 8937, Part II, Box 18:

The Merger was intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. As described in the response to box 15, if the Merger is respected as a "reorganization" within the meaning of Section 368(a) of the Code, a U.S. holder of DIRECTV common stock will not recognize any loss upon receipt of AT&T common stock in the Merger, except with respect to cash received in lieu of fractional shares of AT&T common stock. A U.S. holder of DIRECTV common stock who receives cash in lieu of a fractional share of AT&T common stock in the Merger generally will be treated as having received such fractional share in the Merger and then as having received cash in redemption of such fractional share, and may recognize loss as a result of such redemption.