

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

Form 8937, Part II, Box 14:

On June 14, 2018, pursuant to the Agreement and Plan of Merger, dated as of October 22, 2016, by and among Time Warner Inc. ("Time Warner"), AT&T Inc. ("AT&T") and West Merger Sub, Inc. ("Merger Sub") (a wholly owned subsidiary of AT&T), Merger Sub merged with and into Time Warner with Time Warner surviving (the "First Merger") and Time Warner thereafter merged with and into Time Warner LLC (a wholly owned subsidiary of AT&T that is disregarded for U.S. federal income tax purposes) with Time Warner LLC surviving (the "Second Merger", and the First Merger and Second Merger together, the "Merger").

At the closing of the First Merger, each outstanding share of Time Warner common stock, par value \$0.01 per share ("Time Warner common stock"), was converted into the right to receive 1.437 shares of AT&T common stock, par value \$1.00 per share ("AT&T common stock") plus \$53.75 in cash, provided that if the aggregate number of shares of AT&T common stock a Time Warner shareholder was entitled to receive included a fraction of a share of AT&T common stock, cash was paid in lieu of that fractional share based on a per share price of \$32.80.

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 material U.S. federal income 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 January 5, 2017, under the heading "Material United States Federal Income Tax Consequences" (available at: <https://www.sec.gov/Archives/edgar/data/732717/000119312517003062/d255304ds4a.htm>) (the "Form S-4").

Consistent with the Intended Tax Treatment (as defined in the Form S-4), based on the value of the AT&T common stock at the time the Merger was completed, the Merger will be reported as, and AT&T believes that the Merger qualified 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 U.S. federal income tax consequences of the Merger. Assuming that the Merger constitutes a reorganization, with respect to holders of Time Warner 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 Time Warner 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 Time Warner common stock (approximately \$100.51 per share of Time Warner common stock, based upon a fair market value of \$32.54 per share of AT&T common stock, as described in the response to box 16 below) exceeds such holder's tax basis in the holder's Time Warner common stock,

and (2) the amount of cash received by such holder of Time Warner common stock (\$53.75 per share of Time Warner common stock), in each case treating any cash received in lieu of a fractional share of AT&T common stock as if such fractional share was actually received and then sold for cash as described below; and

- the aggregate tax basis of the AT&T common stock received in the Merger (including any fractional share 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 Time Warner common stock exchanged for the AT&T common stock, decreased by the amount of cash received in the Merger (excluding any cash received instead of a fractional share 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 any fractional share in AT&T common stock for which cash is received, as discussed below.

If holders of Time Warner common stock acquired different blocks of Time Warner common stock at different times or at different prices, any gain will be determined separately with respect to each block of Time Warner common stock.

A holder of Time Warner 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 Time Warner 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 \$32.54 as of the effective time of the First Merger. This fair market value is based on an average of the highest and lowest quoted prices (\$32.98 and \$32.10, respectively) of the AT&T common stock on the New York Stock Exchange on June 14, 2018, 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 Time Warner common stock will not recognize any loss upon receipt of AT&T common stock in the Merger, except with respect to any cash received in lieu of a fractional share of AT&T common stock. A U.S. holder of Time Warner 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.