
[Table of Contents](#)

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 [●] 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AT&T or Time Warner, in each case not held on behalf of third parties, or by stockholders that have perfected and not withdrawn a demand for appraisal rights pursuant to Section 262 of the DGCL, will be converted into the right to receive the merger consideration of (i) \$53.75 in cash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.

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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 [●] 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;

Table of Contents

- 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;

Table of Contents

- 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 [●] 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 [●] of this proxy statement/prospectus.

Table of Contents

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 [●] 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.**