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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

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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