UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 001-8610

AT&T INC.

Incorporated under the laws of the State of Delaware
I.R.S. Employer Identification Number 43-1301883

208 S. Akard St., Dallas, Texas 75202
Telephone Number: (210) 821-4105

Securities registered pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares (Par Value $1.00 Per Share)	T	New York Stock Exchange
Depositary Shares, each representing a 1/1000th interest in a share of 5.000% Perpetual Preferred Stock, Series A	T PRA	New York Stock Exchange
Depositary Shares, each representing a 1/1000th interest in a share of 4.750% Perpetual Preferred Stock, Series C	T PRC	New York Stock Exchange
AT&T Inc. Floating Rate Global Notes due August 3, 2020	T 20C	New York Stock Exchange
AT&T Inc. 1.875% Global Notes due December 4, 2020	T 20	New York Stock Exchange
AT&T Inc. 2.650% Global Notes due December 17, 2021	T 21B	New York Stock Exchange
AT&T Inc. 1.450% Global Notes due June 1, 2022	T 22B	New York Stock Exchange
AT&T Inc. 2.500% Global Notes due March 15, 2023	T 23	New York Stock Exchange
AT&T Inc. 2.750% Global Notes due May 19, 2023	T 23C	New York Stock Exchange
AT&T Inc. Floating Rate Global Notes due September 5, 2023	T 23D	New York Stock Exchange
AT&T Inc. 1.050% Global Notes due September 5, 2023	T 23E	New York Stock Exchange
AT&T Inc. 1.300% Global Notes due September 5, 2023	T 23A	New York Stock Exchange
AT&T Inc. 1.950% Global Notes due September 15, 2023	T 23F	New York Stock Exchange
AT&T Inc. 2.400% Global Notes due March 15, 2024	T 24A	New York Stock Exchange
AT&T Inc. 3.500% Global Notes due December 17, 2025	T 25	New York Stock Exchange

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
AT&T Inc. 0.250% Global Notes due March 4, 2026	T 26E	New York Stock Exchange
AT&T Inc. 1.800% Global Notes due September 5, 2026	T 26D	New York Stock Exchange
AT&T Inc. 2.900% Global Notes due December 4, 2026	T 26A	New York Stock Exchange
AT&T Inc. 1.600% Global Notes due May 19, 2028	T 28C	New York Stock Exchange
AT&T Inc. 2.350% Global Notes due September 5, 2029	T 29D	New York Stock Exchange
AT&T Inc. 4.375% Global Notes due September 14, 2029	T 29B	New York Stock Exchange
AT&T Inc. 2.600% Global Notes due December 17, 2029	T 29A	New York Stock Exchange
AT&T Inc. 0.800% Global Notes due March 4, 2030	T 30B	New York Stock Exchange
AT&T Inc. 2.050% Global Notes due May 19, 2032	T 32A	New York Stock Exchange
AT&T Inc. 3.550% Global Notes due December 17, 2032	T 32	New York Stock Exchange
AT&T Inc. 5.200% Global Notes due November 18, 2033	T 33	New York Stock Exchange
AT&T Inc. 3.375% Global Notes due March 15, 2034	T 34	New York Stock Exchange
AT&T Inc. 2.450% Global Notes due March 15, 2035	T 35	New York Stock Exchange
AT&T Inc. 3.150% Global Notes due September 4, 2036	T 36A	New York Stock Exchange
AT&T Inc. 2.600% Global Notes due May 19, 2038	T 38C	New York Stock Exchange
AT&T Inc. 1.800% Global Notes due September 14, 2039	T 39B	New York Stock Exchange
AT&T Inc. 7.000% Global Notes due April 30, 2040	T 40	New York Stock Exchange
AT&T Inc. 4.250% Global Notes due June 1, 2043	T 43	New York Stock Exchange
AT&T Inc. 4.875% Global Notes due June 1, 2044	T 44	New York Stock Exchange
AT&T Inc. 4.000% Global Notes due June 1, 2049	T 49A	New York Stock Exchange
AT&T Inc. 4.250% Global Notes due March 1, 2050	T 50	New York Stock Exchange
AT&T Inc. 3.750% Global Notes due September 1, 2050	T 50A	New York Stock Exchange
AT&T Inc. 5.350% Global Notes due November 1, 2066	TBB	New York Stock Exchange
AT&T Inc. 5.625% Global Notes due August 1, 2067	TBC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or emerging growth company. See definition of “accelerated filer,” “large accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	[X]	Accelerated Filer	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[ ]
		Emerging growth company	[ ]

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
Yes [ ] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ] No [X]

At July 31, 2020, there were 7,125 million common shares outstanding.

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements

AT&T INC.
CONSOLIDATED STATEMENTS OF INCOME
Dollars in millions except per share amounts
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Operating Revenues				
Service	**$ 37,051**	$ 41,023	**$ 75,934**	$ 81,707
Equipment	**3,899**	3,934	**7,795**	8,077
Total operating revenues	**40,950**	44,957	**83,729**	89,784
Operating Expenses				
Cost of revenues				
Equipment	**3,978**	4,061	**8,070**	8,563
Broadcast, programming and operations	**5,889**	7,730	**12,643**	15,382
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**8,116**	8,721	**16,458**	17,306
Selling, general and administrative	**9,831**	9,844	**18,591**	19,493
Asset impairments and abandonments	**2,319**	-	**2,442**	-
Depreciation and amortization	**7,285**	7,101	**14,507**	14,307
Total operating expenses	**37,418**	37,457	**72,711**	75,051
Operating Income	**3,532**	7,500	**11,018**	14,733
Other Income (Expense)				
Interest expense	**(2,041)**	(2,149)	**(4,059)**	(4,290)
Equity in net income (loss) of affiliates	**(10)**	40	**(16)**	33
Other income (expense) – net	**1,017**	(318)	**1,820**	(32)
Total other income (expense)	**(1,034)**	(2,427)	**(2,255)**	(4,289)
Income Before Income Taxes	**2,498**	5,073	**8,763**	10,444
Income tax expense	**935**	1,099	**2,237**	2,122
Net Income	**1,563**	3,974	**6,526**	8,322
Less: Net Income Attributable to Noncontrolling Interest	**(282)**	(261)	**(635)**	(513)
Net Income Attributable to AT&T	**$ 1,281**	$ 3,713	**$ 5,891**	$ 7,809
Less: Preferred Stock Dividends	**(52)**	-	**(84)**	-
Net Income Attributable to Common Stock	**$ 1,229**	$ 3,713	**$ 5,807**	$ 7,809
Basic Earnings Per Share Attributable to Common Stock	**$ 0.17**	$ 0.51	**$ 0.81**	$ 1.06
Diluted Earnings Per Share Attributable to Common Stock	**$ 0.17**	$ 0.51	**$ 0.81**	$ 1.06
Weighted Average Number of Common Shares Outstanding – Basic (in millions)	**7,145**	7,323	**7,166**	7,318
Weighted Average Number of Common Shares Outstanding – with Dilution (in millions)	**7,170**	7,353	**7,192**	7,347

See Notes to Consolidated Financial Statements.

AT&T INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Dollars in millions
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Net income	**$ 1,563**	$ 3,974	**$ 6,526**	$ 8,322
Other comprehensive income (loss), net of tax:				
Foreign currency:				
Translation adjustment (includes $(8), $2, $(59) and $2 attributable to noncontrolling interest), net of taxes of $(135), $(1), $(197) and $48	**305**	(127)	**(1,549)**	161
Securities:				
Net unrealized gains (losses), net of taxes of $5, $10, $27 and $15	**14**	26	**80**	42
Derivative instruments:				
Net unrealized gains (losses), net of taxes of $168, $(165), $(803) and $(131)	**631**	(617)	**(3,026)**	(490)
Reclassification adjustment included in net income, net of taxes of $4, $3, $4 and $5	**17**	6	**17**	17
Defined benefit postretirement plans:				
Amortization of net prior service credit included in net income, net of taxes of $(150), $(107), $(301) and $(220)	**(461)**	(342)	**(922)**	(688)
Other comprehensive income (loss)	**506**	(1,054)	**(5,400)**	(958)
Total comprehensive income	**2,069**	2,920	**1,126**	7,364
Less: Total comprehensive income attributable to noncontrolling interest	**(274)**	(263)	**(576)**	(515)
Total Comprehensive Income Attributable to AT&T	**$ 1,795**	$ 2,657	**$ 550**	$ 6,849

See Notes to Consolidated Financial Statements.

AT&T INC.
CONSOLIDATED BALANCE SHEETS
Dollars in millions except per share amounts

	June 30, 2020 (Unaudited)	December 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	**$ 16,941**	$ 12,130
Accounts receivable - net of related allowances for credit loss of $1,606 and $1,235	**19,127**	22,636
Prepaid expenses	**1,439**	1,631
Other current assets	**19,048**	18,364
Total current assets	**56,555**	54,761
Noncurrent Inventories and Theatrical Film and Television Production Costs	**14,514**	12,434
Property, plant and equipment	**332,883**	333,538
Less: accumulated depreciation and amortization	**(203,938)**	(203,410)
Property, Plant and Equipment – Net	**128,945**	130,128
Goodwill	**143,651**	146,241
Licenses – Net	**98,763**	97,907
Trademarks and Trade Names – Net	**23,757**	23,567
Distribution Networks – Net	**14,704**	15,345
Other Intangible Assets – Net	**18,452**	20,798
Investments in and Advances to Equity Affiliates	**2,302**	3,695
Operating Lease Right-Of-Use Assets	**24,692**	24,039
Other Assets	**21,563**	22,754
Total Assets	**$ 547,898**	$ 551,669
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	**$ 15,576**	$ 11,838
Accounts payable and accrued liabilities	**41,881**	45,956
Advanced billings and customer deposits	**5,723**	6,124
Accrued taxes	**2,548**	1,212
Dividends payable	**3,741**	3,781
Total current liabilities	**69,469**	68,911
Long-Term Debt	**153,388**	151,309
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**58,387**	59,502
Postemployment benefit obligation	**18,167**	18,788
Operating lease liabilities	**22,230**	21,804
Other noncurrent liabilities	**32,804**	29,421
Total deferred credits and other noncurrent liabilities	**131,588**	129,515
Stockholders' Equity		
Preferred stock ($1 par value, 10,000,000 authorized):		
Series A (48,000 issued and outstanding at June 30, 2020 and December 31, 2019)	**-**	-
Series B (20,000 issued and outstanding at June 30, 2020 and 0 issued and outstanding at December 31, 2019)	**-**	-
Series C (70,000 issued and outstanding at June 30, 2020 and 0 issued and outstanding at December 31, 2019)	**-**	-
Common stock ($1 par value, 14,000,000,000 authorized at June 30, 2020 and December 31, 2019: issued 7,620,748,598 at June 30, 2020 and December 31, 2019)	**7,621**	7,621
Additional paid-in capital	**130,046**	126,279
Retained earnings	**56,045**	57,936
Treasury stock (495,425,902 at June 30, 2020 and 366,193,458 December 31, 2019, at cost)	**(17,945)**	(13,085)
Accumulated other comprehensive income	**129**	5,470
Noncontrolling interest	**17,557**	17,713
Total stockholders' equity	**193,453**	201,934
Total Liabilities and Stockholders' Equity	**$ 547,898**	$ 551,669

See Notes to Consolidated Financial Statements.

AT&T INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Dollars in millions
(Unaudited)

	Six months ended June 30, 2020	Six months ended June 30, 2019
Operating Activities		
Net income	**$ 6,526**	$ 8,322
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**14,507**	14,307
Amortization of television and film costs	**3,985**	5,199
Undistributed earnings from investments in equity affiliates	**64**	76
Provision for uncollectible accounts	**1,199**	1,216
Deferred income tax expense	**653**	1,080
Net (gain) loss on investments, net of impairments	**(705)**	(905)
Pension and postretirement benefit expense (credit)	**(1,495)**	(808)
Actuarial (gain) loss on pension and postretirement benefits	**-**	2,131
Asset impairments and abandonments	**2,442**	-
Changes in operating assets and liabilities:		
Receivables	**2,522**	3,584
Other current assets, inventories and theatrical film and television production costs	**(5,592)**	(5,422)
Accounts payable and other accrued liabilities	**(3,847)**	(3,056)
Equipment installment receivables and related sales	**226**	1,144
Deferred customer contract acquisition and fulfillment costs	**322**	(614)
Postretirement claims and contributions	**(228)**	(424)
Other - net	**346**	(494)
Total adjustments	**14,399**	17,014
Net Cash Provided by Operating Activities	**20,925**	25,336
Investing Activities		
Capital expenditures:		
Purchase of property and equipment	**(9,372)**	(10,542)
Interest during construction	**(60)**	(112)
Acquisitions, net of cash acquired	**(1,174)**	(320)
Dispositions	**347**	3,593
(Purchases), sales and settlements of securities and investments, net	**47**	396
Advances to and investments in equity affiliates, net	**(66)**	(314)
Net Cash Used in Investing Activities	**(10,278)**	(7,299)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**498**	119
Issuance of other short-term borrowings	**8,440**	3,067
Repayment of other short-term borrowings	**(5,975)**	(3,148)
Issuance of long-term debt	**21,060**	10,030
Repayment of long-term debt	**(17,284)**	(16,124)
Payment of vendor financing	**(1,354)**	(1,836)
Issuance of preferred stock	**3,869**	-
Purchase of treasury stock	**(5,480)**	(240)
Issuance of treasury stock	**84**	455
Dividends paid	**(7,474)**	(7,436)
Other	**(2,295)**	330
Net Cash Used in Financing Activities	**(5,911)**	(14,783)
Net increase in cash and cash equivalents and restricted cash	**4,736**	3,254
Cash and cash equivalents and restricted cash beginning of year	**12,295**	5,400
Cash and Cash Equivalents and Restricted Cash End of Period	**$ 17,031**	$ 8,654

See Notes to Consolidated Financial Statements.

AT&T INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Dollars and shares in millions except per share amounts
(Unaudited)

	Three months ended				Six months ended			
	June 30, 2020		June 30, 2019		**June 30, 2020**		June 30, 2019	
	Shares	**Amount**	Shares	Amount	**Shares**	**Amount**	Shares	Amount
Preferred Stock - Series A								
Balance at beginning of year	**-**	**$ -**	-	$ -	**-**	**$ -**	-	$ -
Issuance of stock	**-**	**-**	-	-	**-**	**-**	-	-
Balance at end of period	**-**	**$ -**	-	$ -	**-**	**$ -**	-	$ -
Preferred Stock - Series B								
Balance at beginning of year	**-**	**$ -**	-	$ -	**-**	**$ -**	-	$ -
Issuance of stock	**-**	**-**	-	-	**-**	**-**	-	-
Balance at end of period	**-**	**$ -**	-	$ -	**-**	**$ -**	-	$ -
Preferred Stock - Series C								
Balance at beginning of year	**-**	**$ -**	-	$ -	**-**	**$ -**	-	$ -
Issuance of stock	**-**	**-**	-	-	**-**	**-**	-	-
Balance at end of period	**-**	**$ -**	-	$ -	**-**	**$ -**	-	$ -
Common Stock								
Balance at beginning of period	**7,621**	**$ 7,621**	7,621	$ 7,621	**7,621**	**$ 7,621**	7,621	$ 7,621
Issuance of stock	**-**	**-**	-	-	**-**	**-**	-	-
Balance at end of period	**7,621**	**$ 7,621**	7,621	$ 7,621	**7,621**	**$ 7,621**	7,621	$ 7,621
Additional Paid-In Capital								
Balance at beginning of period		**$ 129,966**		$ 125,174		**$ 126,279**		$125,525
Repurchase and acquisition of common stock		**-**		-		**67**		-
Issuance of preferred stock		**-**		-		**3,869**		-
Issuance of treasury stock		**(7)**		(50)		**(54)**		(127)
Share-based payments		**87**		(15)		**(115)**		(289)
Balance at end of period		**$ 130,046**		$ 125,109		**$ 130,046**		$125,109
Retained Earnings								
Balance at beginning of period		**$ 58,534**		$ 59,424		**$ 57,936**		$ 58,753
Net income attributable to AT&T		**1,281**		3,713		**5,891**		7,809
Preferred stock dividends		**(36)**		-		**(68)**		-
Common stock dividends ($0.52, $0.51, $1.04, and $1.02 per share)		**(3,734)**		(3,748)		**(7,421)**		(7,489)
Cumulative effect of accounting change and other adjustments		**-**		-		**(293)**		316
Balance at end of period		**$ 56,045**		$ 59,389		**$ 56,045**		$ 59,389

See Notes to Consolidated Financial Statements.

AT&T INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - continued
Dollars and shares in millions except per share amounts
(Unaudited)

	Three months ended				Six months ended			
	June 30, 2020		June 30, 2019		**June 30, 2020**		June 30, 2019	
	Shares	**Amount**	Shares	Amount	**Shares**	**Amount**	Shares	Amount
Treasury Stock								
Balance at beginning of period	**(496)**	**$ (17,957)**	(324)	$ (11,452)	**(366)**	**$ (13,085)**	(339)	$ (12,059)
Repurchase and acquisition of common stock	**-**	**(34)**	(2)	(72)	**(148)**	**(5,581)**	(9)	(280)
Issuance of treasury stock	**1**	**46**	10	373	**19**	**721**	32	1,188
Balance at end of period	**(495)**	**$ (17,945)**	(316)	$ (11,151)	**(495)**	**$ (17,945)**	(316)	$ (11,151)
Accumulated Other Comprehensive Income Attributable to AT&T, net of tax								
Balance at beginning of period		**$ (385)**		$ 4,345		**$ 5,470**		$ 4,249
Other comprehensive income attributable to AT&T		**514**		(1,056)		**(5,341)**		(960)
Balance at end of period		**$ 129**		$ 3,289		**$ 129**		$ 3,289
Noncontrolling Interest								
Balance at beginning of period		**$ 17,670**		$ 9,839		**$ 17,713**		$ 9,795
Net income attributable to noncontrolling interest		**282**		261		**635**		513
Interest acquired by noncontrolling owners		**-**		1		**1**		10
Distributions		**(387)**		(279)		**(726)**		(525)
Translation adjustments attributable to noncontrolling interest, net of taxes		**(8)**		2		**(59)**		2
Cumulative effect of accounting change and other adjustments		**-**		-		**(7)**		29
Balance at end of period		**$ 17,557**		$ 9,824		**$ 17,557**		$ 9,824
Total Stockholders' Equity at beginning of period		**$ 195,449**		$ 194,951		**$ 201,934**		$ 193,884
Total Stockholders' Equity at end of period		**$ 193,453**		$ 194,081		**$ 193,453**		$ 194,081

See Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Dollars in millions except per share amounts

NOTE 1. PREPARATION OF INTERIM FINANCIAL STATEMENTS

Basis of Presentation Throughout this document, AT&T Inc. is referred to as "we," "AT&T" or the "Company." The consolidated financial statements include the accounts of the Company and subsidiaries and affiliates which we control. AT&T is a holding company whose subsidiaries and affiliates operate worldwide in the telecommunications, media and technology industries. You should read this document in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2019. The results for the interim periods are not necessarily indicative of those for the full year. These consolidated financial statements include all adjustments that are necessary to present fairly the results for the presented interim periods, consisting of normal recurring accruals and other items.

All significant intercompany transactions are eliminated in the consolidation process. Investments in subsidiaries and partnerships which we do not control but have significant influence are accounted for under the equity method. Earnings from certain investments accounted for using the equity method are included for periods ended within up to one quarter of our period end. We also record our proportionate share of our equity method investees' other comprehensive income (OCI) items.

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions, including potential impacts arising from the COVID-19 pandemic, that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Certain prior period amounts have been conformed to the current period's presentation, including the combination of our prior Xandr segment with the WarnerMedia segment.

In the tables throughout this document, percentage increases and decreases that are not considered meaningful are denoted with a dash.

Adopted and Pending Accounting Standards and Other Changes

Credit Losses As of January 1, 2020, we adopted, through modified retrospective application, the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" (ASU 2016-13, as amended), which replaces the incurred loss impairment methodology under prior GAAP with an expected credit loss model. ASU 2016-13 affects trade receivables, loans, contract assets, certain beneficial interests, off-balance-sheet credit exposures not accounted for as insurance and other financial assets that are not subject to fair value through net income, as defined by the standard. Under the expected credit loss model, we are required to consider future economic trends to estimate expected credit losses over the lifetime of the asset. Upon adoption, we recorded a $293 reduction to "Retained earnings," $395 increase to "allowances for doubtful accounts" applicable to our trade and loan receivables, $10 reduction of contract assets, $105 reduction of net deferred income tax liability and $7 reduction of "Noncontrolling interest" as an opening adjustment. Our adoption of ASU 2016-13 did not have a material impact on our financial statements.

Reference Rate Reform In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04), which provides optional expedients, and allows for certain exceptions to existing GAAP, for contract modifications triggered by the expected market transition of certain benchmark interest rates to alternative reference rates. ASU 2020-04 applies to contracts, hedging relationships and other arrangements that reference the London Interbank Offering Rate (LIBOR) or any other rates ending after December 31, 2022. We are evaluating the impact of our adoption of ASU 2020-04, including optional expedients, to our financial statements.

Intangible Assets Driven by significant and adverse economic and political environments in Latin America, including the impact of the COVID-19 pandemic, we have experienced accelerated subscriber losses and revenue decline in the region, as well as closure of our operations in Venezuela. When combining these business trends and higher weighted-average cost of capital resulting from the increase in country-risk premiums in the region, we concluded that it is more likely than not that the fair value of the Vrio reporting unit, estimated using discounted cash flow and market multiple approaches, is less than its carrying amount. We recorded a $2,212 goodwill impairment in the reporting unit, with $105 attributable to noncontrolling interest. The impairment is not deductible for tax purposes and resulted in an increase in our effective tax rate.

Dollars in millions except per share amounts

During the first quarter of 2020, we reassessed and changed the estimated economic lives of certain trade names in our Latin America business from indefinite to finite-lived and began amortizing them using the straight-line method over their average remaining economic life of 15 years. This change had an insignificant impact on our financial statements.

Also during the first quarter of 2020, in conjunction with the nationwide launch of AT&T TV and our customers' continued shift from linear to streaming video services, we reassessed the estimated economic lives and renewal assumptions for our orbital slot licenses. As a result, we have changed the estimated lives of these licenses from indefinite to finite-lived, effective January 1, 2020, and began amortizing our orbital slot licenses using the sum-of-months-digits method over their average remaining economic life of 15 years. This change in accounting increased amortization expense $379, or $0.04 per diluted share available to common stock during the second quarter and $765, or $0.08, per diluted share available to common stock for the first six months of 2020.

NOTE 2. EARNINGS PER SHARE

A reconciliation of the numerators and denominators of basic and diluted earnings per share for the three months and six months ended June 30, 2020 and 2019, is shown in the table below.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Numerators				
Numerator for basic earnings per share:				
Net Income	**$ 1,563**	$ 3,974	**$ 6,526**	$ 8,322
Less: Net income attributable to noncontrolling interest	**(282)**	(261)	**(635)**	(513)
Net Income attributable to AT&T	**1,281**	3,713	**5,891**	7,809
Less: Preferred stock dividends	**(52)**	-	**(84)**	-
Net income attributable to common stock	**1,229**	3,713	**5,807**	7,809
Dilutive potential common shares:				
Share-based payment	**5**	4	**11**	10
Numerator for diluted earnings per share	**$ 1,234**	$ 3,717	**$ 5,818**	$ 7,819
Denominators (000,000)				
Denominator for basic earnings per share:				
Weighted average number of common shares outstanding	**7,145**	7,323	**7,166**	7,318
Dilutive potential common shares:				
Share-based payment (in shares)	**25**	30	**26**	29
Denominator for diluted earnings per share	**7,170**	7,353	**7,192**	7,347
Basic earnings per share attributable to Common Stock	**$ 0.17**	$ 0.51	**$ 0.81**	$ 1.06
Diluted earnings per share attributable to Common Stock	**$ 0.17**	$ 0.51	**$ 0.81**	$ 1.06

In the first quarter of 2020, we completed an accelerated share repurchase agreement with a third-party financial institution to repurchase AT&T common stock. Under the terms of the agreement, we paid the financial institution $4,000 and received 104.8 million shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

NOTE 3. OTHER COMPREHENSIVE INCOME

Changes in the balances of each component included in accumulated OCI are presented below. All amounts are net of tax and exclude noncontrolling interest.

	Foreign Currency Translation Adjustment	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivative Instruments	Defined Benefit Postretirement Plans	Accumulated Other Comprehensive Income
Balance as of December 31, 2019	$ (3,056)	$ 48	$ (37)	$ 8,515	$ 5,470
Other comprehensive income (loss) before reclassifications	(1,490)	80	(3,026)	-	(4,436)
Amounts reclassified from accumulated OCI	- [1]	- [1]	17 [2]	(922) [3]	(905)
Net other comprehensive income (loss)	(1,490)	80	(3,009)	(922)	(5,341)
Balance as of June 30, 2020	**$ (4,546)**	**$ 128**	**$ (3,046)**	**$ 7,593**	**$ 129**

	Foreign Currency Translation Adjustment	Net Unrealized Gains (Losses) on Securities	Net Unrealized Gains (Losses) on Derivative Instruments	Defined Benefit Postretirement Plans	Accumulated Other Comprehensive Income
Balance as of December 31, 2018	$ (3,084)	$ (2)	$ 818	$ 6,517	$ 4,249
Other comprehensive income (loss) before reclassifications	159	42	(490)	-	(289)
Amounts reclassified from accumulated OCI	- [1]	- [1]	17 [2]	(688) [3]	(671)
Net other comprehensive income (loss)	159	42	(473)	(688)	(960)
Balance as of June 30, 2019	$ (2,925)	$ 40	$ 345	$ 5,829	$ 3,289

[1] (Gains) losses are included in "Other income (expense) - net" in the consolidated statements of income.
[2] (Gains) losses are included in "Interest expense" in the consolidated statements of income (see Note 7).
[3] The amortization of prior service credits associated with postretirement benefits are included in "Other income (expense) - net" in the consolidated statements of income (see Note 6).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

NOTE 4. SEGMENT INFORMATION

Our segments are strategic business units that offer products and services to different customer segments over various technology platforms and/or in different geographies that are managed accordingly. We analyze our segments based on segment operating contribution, which consists of operating income, excluding acquisition-related costs and other significant items (as discussed below), and equity in net income (loss) of affiliates for investments managed within each segment. We have three reportable segments: (1) Communications, (2) WarnerMedia and (3) Latin America.

We have recast our segment results for all prior periods to include our prior Xandr segment within our WarnerMedia segment.

We also evaluate segment and business unit performance based on EBITDA and/or EBITDA margin, which is defined as operating contribution excluding equity in net income (loss) of affiliates and depreciation and amortization. We believe EBITDA to be a relevant and useful measurement to our investors as it is part of our internal management reporting and planning processes and it is an important metric that management uses to evaluate operating performance. EBITDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. EBITDA margin is EBITDA divided by total revenues.

The ***Communications segment*** provides wireless and wireline telecom, video and broadband services to consumers located in the U.S. and businesses globally. This segment contains the following business units:

- **Mobility** provides nationwide wireless service and equipment.
- **Entertainment Group** provides video, including over-the-top (OTT) services, broadband and voice communications services primarily to residential customers. This segment also sells advertising on distribution platforms.
- **Business Wireline** provides advanced IP-based services, as well as traditional voice and data services to business customers.

The ***WarnerMedia segment*** develops, produces and distributes feature films, television, gaming and other content in various physical and digital formats globally. Historical financial results from Xandr, previously a separate reportable segment, have been combined with the WarnerMedia segment within Eliminations and other. This segment contains the following business units:

- **Turner** primarily operates multichannel basic television networks and digital properties. Turner also sells advertising on its networks and digital properties.
- **Home Box Office** consists of premium pay television and OTT and streaming services domestically and premium pay, basic tier television and OTT services internationally, as well as content licensing and home entertainment.
- **Warner Bros.** primarily consists of the production, distribution and licensing of television programming and feature films, the distribution of home entertainment products and the production and distribution of games.

The ***Latin America segment*** provides entertainment and wireless services outside of the U.S. This segment contains the following business units:

- **Vrio** provides video services primarily to residential customers using satellite technology in Latin America and the Caribbean.
- **Mexico** provides wireless service and equipment to customers in Mexico.

Corporate and Other reconciles our segment results to consolidated operating income and income before income taxes, and includes:

- *Corporate*, which consists of: (1) businesses no longer integral to our operations or which we no longer actively market, (2) corporate support functions, (3) impacts of corporate-wide decisions for which the individual operating segments are not being evaluated, and (4) the reclassification of the amortization of prior service credits, which we continue to report with segment operating expenses, to consolidated "Other income (expense) – net."
- *Acquisition-related items* which consists of items associated with the merger and integration of acquired businesses, including amortization of intangible assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

- *Certain significant items* includes (1) employee separation charges associated with voluntary and/or strategic offers, (2) losses resulting from abandonment of network assets and impairments and (3) other items for which the segments are not being evaluated.
- *Eliminations and consolidations*, which (1) removes transactions involving dealings between our segments, including content licensing between WarnerMedia and Communications, and (2) includes adjustments for our reporting of the advertising business.

"Interest expense" and "Other income (expense) – net," are managed only on a total company basis and are, accordingly, reflected only in consolidated results.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the three months ended June 30, 2020

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 17,149	$ 9,332	$ 7,817	$ 2,012	$ 5,805	$ -	$ 5,805
Entertainment Group	10,069	7,730	2,339	1,309	1,030	-	1,030
Business Wireline	6,374	3,779	2,595	1,318	1,277	-	1,277
Total Communications	33,592	20,841	12,751	4,639	8,112	-	8,112
WarnerMedia							
Turner	2,988	1,347	1,641	69	1,572	-	1,572
Home Box Office	1,627	1,489	138	25	113	(5)	108
Warner Bros.	3,256	2,583	673	40	633	(19)	614
Eliminations and other	(1,057)	(685)	(372)	33	(405)	28	(377)
Total WarnerMedia	6,814	4,734	2,080	167	1,913	4	1,917
Latin America							
Vrio	752	661	91	127	(36)	8	(28)
Mexico	480	538	(58)	115	(173)	-	(173)
Total Latin America	1,232	1,199	33	242	(209)	8	(201)
Segment Total	41,638	26,774	14,864	5,048	9,816	$ 12	$ 9,828
Corporate and Other							
Corporate	437	933	(496)	93	(589)		
Acquisition-related items	-	211	(211)	2,145	(2,356)		
Certain significant items	-	3,084	(3,084)	-	(3,084)		
Eliminations and consolidations	(1,125)	(869)	(256)	(1)	(255)		
AT&T Inc.	$ 40,950	$ 30,133	$ 10,817	$ 7,285	$ 3,532		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the three months ended June 30, 2019

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 17,292	$ 9,522	$ 7,770	$ 2,003	$ 5,767	$ -	$ 5,767
Entertainment Group	11,368	8,515	2,853	1,339	1,514	-	1,514
Business Wireline	6,607	3,975	2,632	1,242	1,390	-	1,390
Total Communications	35,267	22,012	13,255	4,584	8,671	-	8,671
WarnerMedia							
Turner	3,410	2,217	1,193	39	1,154	11	1,165
Home Box Office	1,716	1,131	585	12	573	15	588
Warner Bros.	3,389	2,918	471	31	440	-	440
Eliminations and other	320	170	150	22	128	29	157
Total WarnerMedia	8,835	6,436	2,399	104	2,295	55	2,350
Latin America							
Vrio	1,032	881	151	165	(14)	12	(2)
Mexico	725	813	(88)	119	(207)	-	(207)
Total Latin America	1,757	1,694	63	284	(221)	12	(209)
Segment Total	45,859	30,142	15,717	4,972	10,745	$ 67	$ 10,812
Corporate and Other							
Corporate	450	765	(315)	170	(485)		
Acquisition-related items	(30)	316	(346)	1,960	(2,306)		
Certain significant items	-	94	(94)	-	(94)		
Eliminations and consolidations	(1,322)	(961)	(361)	(1)	(360)		
AT&T Inc.	$ 44,957	$ 30,356	$ 14,601	$ 7,101	$ 7,500		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the six months ended June 30, 2020

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 34,551	$ 18,901	$ 15,650	$ 4,057	$ 11,593	$ -	$ 11,593
Entertainment Group	20,584	15,621	4,963	2,598	2,365	-	2,365
Business Wireline	12,706	7,730	4,976	2,619	2,357	-	2,357
Total Communications	67,841	42,252	25,589	9,274	16,315	-	16,315
WarnerMedia							
Turner	6,150	3,057	3,093	138	2,955	6	2,961
Home Box Office	3,124	2,542	582	46	536	15	551
Warner Bros.	6,496	5,533	963	81	882	(27)	855
Eliminations and other	(1,108)	(711)	(397)	65	(462)	25	(437)
Total WarnerMedia	14,662	10,421	4,241	330	3,911	19	3,930
Latin America							
Vrio	1,639	1,444	195	274	(79)	12	(67)
Mexico	1,183	1,252	(69)	249	(318)	-	(318)
Total Latin America	2,822	2,696	126	523	(397)	12	(385)
Segment Total	85,325	55,369	29,956	10,127	19,829	$ 31	$ 19,860
Corporate and Other							
Corporate	825	1,807	(982)	180	(1,162)		
Acquisition-related items	-	393	(393)	4,201	(4,594)		
Certain significant items	-	2,426	(2,426)	-	(2,426)		
Eliminations and consolidations	(2,421)	(1,791)	(630)	(1)	(629)		
AT&T Inc.	$ 83,729	$ 58,204	$ 25,525	$ 14,507	$ 11,018		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the six months ended June 30, 2019

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 34,655	$ 19,563	$ 15,092	$ 4,016	$ 11,076	$ -	$ 11,076
Entertainment Group	22,696	17,042	5,654	2,662	2,992	-	2,992
Business Wireline	13,085	8,007	5,078	2,464	2,614	-	2,614
Total Communications	70,436	44,612	25,824	9,142	16,682	-	16,682
WarnerMedia							
Turner	6,853	4,353	2,500	99	2,401	36	2,437
Home Box Office	3,226	2,052	1,174	34	1,140	30	1,170
Warner Bros.	6,907	5,837	1,070	83	987	6	993
Eliminations and other	654	347	307	44	263	50	313
Total WarnerMedia	17,640	12,589	5,051	260	4,791	122	4,913
Latin America							
Vrio	2,099	1,747	352	334	18	12	30
Mexico	1,376	1,538	(162)	250	(412)	-	(412)
Total Latin America	3,475	3,285	190	584	(394)	12	(382)
Segment Total	91,551	60,486	31,065	9,986	21,079	$ 134	$ 21,213
Corporate and Other							
Corporate	883	1,426	(543)	374	(917)		
Acquisition-related items	(72)	389	(461)	3,948	(4,409)		
Certain significant items	-	342	(342)	-	(342)		
Eliminations and consolidations	(2,578)	(1,899)	(679)	(1)	(678)		
AT&T Inc.	$ 89,784	$ 60,744	$ 29,040	$ 14,307	$ 14,733		

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

The following table is a reconciliation of Segment Contributions to "Income Before Income Taxes" reported on our consolidated statements of income:

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Communications	**$ 8,112**	$ 8,671	**$ 16,315**	$ 16,682
WarnerMedia	**1,917**	2,350	**3,930**	4,913
Latin America	**(201)**	(209)	**(385)**	(382)
Segment Contribution	**9,828**	10,812	**19,860**	21,213
Reconciling Items:				
Corporate and Other	**(589)**	(485)	**(1,162)**	(917)
Merger and integration items	**(211)**	(346)	**(393)**	(461)
Amortization of intangibles acquired	**(2,145)**	(1,960)	**(4,201)**	(3,948)
Impairments	**(2,319)**	-	**(2,442)**	-
Gain on spectrum transaction[1]	**-**	-	**900**	-
Employee separation costs and benefit-related losses	**(765)**	(94)	**(884)**	(342)
Segment equity in net income of affiliates	**(12)**	(67)	**(31)**	(134)
Eliminations and consolidations	**(255)**	(360)	**(629)**	(678)
AT&T Operating Income	**3,532**	7,500	**11,018**	14,733
Interest Expense	**2,041**	2,149	**4,059**	4,290
Equity in net income (loss) of affiliates	**(10)**	40	**(16)**	33
Other income (expense) - net	**1,017**	(318)	**1,820**	(32)
Income Before Income Taxes	**$ 2,498**	$ 5,073	**$ 8,763**	$ 10,444

1 Included as a reduction of "Selling, general and administrative expenses" in the consolidated statement of income.

The following table presents intersegment revenues by segment:

Intersegment Reconciliation

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six months ended June 30, 2020	Six months ended June 30, 2019
Intersegment Revenues				
Communications	**$ 2**	$ 8	**$ 4**	$ 8
WarnerMedia	**774**	861	**1,591**	1,719
Latin America	**-**	-	**-**	-
Total Intersegment Revenues	**776**	869	**1,595**	1,727
Consolidations	**349**	453	**826**	851
Eliminations and consolidations	**$ 1,125**	$ 1,322	**$ 2,421**	$ 2,578

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

NOTE 5. REVENUE RECOGNITION

Revenue Categories
The following tables set forth reported revenue by category and by business unit:

For the three months ended June 30, 2020

	Service Revenues								
	Wireless	Advanced Data	Legacy Voice & Data	Subscription	Content	Advertising	Other	Equipment	Total
Communications									
Mobility	$ 13,611	$ -	$ -	$ -	$ -	$ 58	$ -	$ 3,480	$ 17,149
Entertainment Group	-	2,092	560	6,682	-	294	397	44	10,069
Business Wireline	-	3,320	2,067	-	-	-	782	205	6,374
WarnerMedia									
Turner	-	-	-	1,804	334	796	54	-	2,988
Home Box Office	-	-	-	1,441	181	-	5	-	1,627
Warner Bros.	-	-	-	16	3,179	1	60	-	3,256
Eliminations and other	-	-	-	71	(1,516)	378	10	-	(1,057)
Latin America									
Vrio	-	-	-	752	-	-	-	-	752
Mexico	345	-	-	-	-	-	-	135	480
Corporate and Other	178	10	152	-	-	-	62	35	437
Eliminations and consolidations	-	-	-	-	(765)	(294)	(66)	-	(1,125)
Total Operating Revenues	$ 14,134	$ 5,422	$ 2,779	$ 10,766	$ 1,413	$ 1,233	$ 1,304	$ 3,899	$ 40,950

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the three months ended June 30, 2019

	Service Revenues								
	Wireless	Advanced Data	Legacy Voice & Data	Subscription	Content	Advertising	Other	Equipment	Total
Communications									
Mobility	$ 13,753	$ -	$ -	$ -	$ -	$ 71	$ -	$ 3,468	$ 17,292
Entertainment Group	-	2,109	658	7,636	-	399	563	3	11,368
Business Wireline	-	3,208	2,324	-	-	-	897	178	6,607
WarnerMedia									
Turner	-	-	-	1,943	111	1,266	90	-	3,410
Home Box Office	-	-	-	1,516	198	-	2	-	1,716
Warner Bros.	-	-	-	23	3,175	10	181	-	3,389
Eliminations and other	-	-	-	54	(237)	494	9	-	320
Latin America									
Vrio	-	-	-	1,032	-	-	-	-	1,032
Mexico	479	-	-	-	-	-	-	246	725
Corporate and Other	150	14	7	-	-	-	210	39	420
Eliminations and consolidations	-	-	-	-	(840)	(399)	(83)	-	(1,322)
Total Operating Revenues	$ 14,382	$ 5,331	$ 2,989	$ 12,204	$ 2,407	$ 1,841	$ 1,869	$ 3,934	$ 44,957

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the six months ended June 30, 2020

	Service Revenues								
	Wireless	Advanced Data	Legacy Voice & Data	Subscription	Content	Advertising	Other	Equipment	Total
Communications									
Mobility	$ 27,503	$ -	$ -	$ -	$ -	$ 134	$ -	$ 6,914	$ 34,551
Entertainment Group	-	4,201	1,141	13,664	-	707	816	55	20,584
Business Wireline	-	6,595	4,196	-	-	-	1,535	380	12,706
WarnerMedia									
Turner	-	-	-	3,853	420	1,753	124	-	6,150
Home Box Office	-	-	-	2,779	338	-	7	-	3,124
Warner Bros.	-	-	-	26	6,239	3	228	-	6,496
Eliminations and other	-	-	-	134	(2,162)	887	33	-	(1,108)
Latin America									
Vrio	-	-	-	1,639	-	-	-	-	1,639
Mexico	812	-	-	-	-	-	-	371	1,183
Corporate and Other	295	24	286	-	-	-	145	75	825
Eliminations and consolidations	-	-	-	-	(1,559)	(707)	(155)	-	(2,421)
Total Operating Revenues	$ 28,610	$ 10,820	$ 5,623	$ 22,095	$ 3,276	$ 2,777	$ 2,733	$ 7,795	$ 83,729

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

For the six months ended June 30, 2019

	Service Revenues								
	Wireless	Advanced Data	Legacy Voice & Data	Subscription	Content	Advertising	Other	Equipment	Total
Communications									
Mobility	$ 27,315	$ -	$ -	$ -	$ -	$ 138	$ -	$ 7,202	$ 34,655
Entertainment Group	-	4,179	1,341	15,360	-	749	1,063	4	22,696
Business Wireline	-	6,380	4,721	-	-	-	1,647	337	13,085
WarnerMedia									
Turner	-	-	-	3,908	246	2,527	172	-	6,853
Home Box Office	-	-	-	2,850	371	-	5	-	3,226
Warner Bros.	-	-	-	44	6,507	20	336	-	6,907
Eliminations and other	-	-	-	103	(389)	928	12	-	654
Latin America									
Vrio	-	-	-	2,099	-	-	-	-	2,099
Mexico	921	-	-	-	-	-	-	455	1,376
Corporate and Other	272	27	14	-	-	-	419	79	811
Eliminations and consolidations	-	-	-	-	(1,677)	(749)	(152)	-	(2,578)
Total Operating Revenues	$ 28,508	$ 10,586	$ 6,076	$ 24,364	$ 5,058	$ 3,613	$ 3,502	$ 8,077	$ 89,784

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

Deferred Customer Contract Acquisition and Fulfillment Costs
Costs to acquire and fulfill customer contracts, including commissions on service activations, for our wireless, business wireline and video entertainment services, are deferred and amortized over the contract period or expected customer relationship life, which typically ranges from three years to five years. For contracts with an estimated amortization period of less than one year, we expense incremental costs immediately.

The following table presents the deferred customer contract acquisition and fulfillment costs included on our consolidated balance sheets:

Consolidated Balance Sheets		**June 30, 2020**		December 31, 2019
Deferred Acquisition Costs				
Other current assets	**$**	**2,630**	$	2,462
Other Assets		**3,117**		2,991
Total deferred customer contract acquisition costs	$	**5,747**	**$**	5,453
Deferred Fulfillment Costs				
Other current assets	**$**	**4,362**	**$**	4,519
Other Assets		**5,980**		6,439
Total deferred customer contract fulfillment costs	**$**	**10,342**	$	10,958

The following table presents deferred customer contract acquisition and fulfillment cost amortization included in "Other cost of revenue" for the six months ended:

Consolidated Statements of Income		**June 30, 2020**		June 30, 2019
Deferred acquisition cost amortization	**$**	**1,278**	$	1,026
Deferred fulfillment cost amortization		**2,636**		2,381

Contract Assets and Liabilities
A contract asset is recorded when revenue is recognized in advance of our right to bill and receive consideration. The contract asset will decrease as services are provided and billed. For example, when installment sales include promotional discounts (e.g., "buy one get one free") the difference between revenue recognized and consideration received is recorded as a contract asset to be amortized over the contract term.

When consideration is received in advance of the delivery of goods or services, a contract liability is recorded for deferred revenue. Reductions in the contract liability will be recorded as we satisfy the performance obligations.

The following table presents contract assets and liabilities on our consolidated balance sheets:

Consolidated Balance Sheets		**June 30, 2020**		December 31, 2019
Contract asset	$	**2,546**	$	2,472
Contract liability		**6,533**		6,999

Our beginning of period contract liability recorded as customer contract revenue during 2020 was $5,004.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
Dollars in millions except per share amounts

Our consolidated balance sheets at June 30, 2020 and December 31, 2019 included approximately $1,638 and $1,611, respectively, for the current portion of our contract asset in “Other current assets” and $5,616 and $5,939, respectively, for the current portion of our contract liability in “Advanced billings and customer deposits.”

Remaining Performance Obligations
Remaining performance obligations represent services we are required to provide to customers under bundled or discounted arrangements, which are satisfied as services are provided over the contract term. In determining the transaction price allocated, we do not include non-recurring charges and estimates for usage, nor do we consider arrangements with an original expected duration of less than one year, which are primarily prepaid wireless, video and residential internet agreements.

Remaining performance obligations associated with business contracts reflect recurring charges billed, adjusted to reflect estimates for sales incentives and revenue adjustments. Performance obligations associated with wireless contracts are estimated using a portfolio approach in which we review all relevant promotional activities, calculating the remaining performance obligation using the average service component for the portfolio and the average device price. As of June 30, 2020, the aggregate amount of the transaction price allocated to remaining performance obligations was $36,362, of which we expect to recognize approximately 82% by the end of 2021, with the balance recognized thereafter.

NOTE 6. PENSION AND POSTRETIREMENT BENEFITS

Many of our employees are covered by one of our noncontributory pension plans. We also provide certain medical, dental, life insurance and death benefits to certain retired employees under various plans and accrue actuarially determined postretirement benefit costs. Our objective in funding these plans, in combination with the standards of the Employee Retirement Income Security Act of 1974, as amended (ERISA), is to accumulate assets sufficient to provide benefits described in the plans to employees upon their retirement. We do not have significant funding requirements in 2020.

We recognize actuarial gains and losses on pension and postretirement plan assets in our consolidated results as a component of “Other income (expense) – net” at our annual measurement date of December 31, unless earlier remeasurements are required.

The following table details pension and postretirement benefit costs included in the accompanying consolidated statements of income. The service cost component of net periodic pension cost (benefit) is recorded in operating expenses in the consolidated statements of income while the remaining components are recorded in “Other income (expense) – net.”

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued

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	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Pension cost:				
Service cost – benefits earned during the period	**$ 258**	$ 243	**$ 515**	$ 483
Interest cost on projected benefit obligation	**422**	508	**844**	1,057
Expected return on assets	**(890)**	(880)	**(1,779)**	(1,731)
Amortization of prior service credit	**(29)**	(24)	**(57)**	(57)
Actuarial (gain) loss	**-**	1,699	**-**	2,131
Net pension (credit) cost	**$ (239)**	$ 1,546	**$ (477)**	$ 1,883
Postretirement cost:				
Service cost – benefits earned during the period	**$ 13**	$ 18	**$ 26**	$ 36
Interest cost on accumulated postretirement benefit obligation	**104**	186	**208**	372
Expected return on assets	**(45)**	(56)	**(89)**	(112)
Amortization of prior service credit	**(582)**	(426)	**(1,164)**	(852)
Net postretirement (credit) cost	**$ (510)**	$ (278)	**$ (1,019)**	$ (556)
Combined net pension and postretirement (credit) cost	**$ (749)**	$ 1,268	**$ (1,496)**	$ 1,327

We also provide senior- and middle-management employees with nonqualified, unfunded supplemental retirement and savings plans. Net supplemental pension benefits costs not included in the table above were $19 and $25 in the second quarter and $38 and $50 for the first six months of 2020 and 2019, respectively.

NOTE 7. FAIR VALUE MEASUREMENTS AND DISCLOSURE

The Fair Value Measurement and Disclosure framework in ASC 820, "Fair Value Measurement," provides a three-tiered fair value hierarchy based on the reliability of the inputs used to determine fair value. Level 1 refers to fair values determined based on quoted prices in active markets for identical assets. Level 2 refers to fair values estimated using significant other observable inputs and Level 3 includes fair values estimated using significant unobservable inputs.

The level of an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Our valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable value or reflective of future fair values. We believe our valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used since December 31, 2019.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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Long-Term Debt and Other Financial Instruments
The carrying amounts and estimated fair values of our long-term debt, including current maturities, and other financial instruments, are summarized as follows:

	June 30, 2020		December 31, 2019	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Notes and debentures[1]	**$ 164,099**	**$ 190,284**	$ 161,109	$ 182,124
Commercial paper	**3,001**	**3,001**	-	-
Bank borrowings	**-**	**-**	4	4
Investment securities[2]	**3,632**	**3,632**	3,723	3,723

1 Includes credit agreement borrowings.
2 Excludes investments accounted for under the equity method.

The carrying amount of debt with an original maturity of less than one year approximates fair value. The fair value measurements used for notes and debentures are considered Level 2 and are determined using various methods, including quoted prices for identical or similar securities in both active and inactive markets.

Following is the fair value leveling for investment securities that are measured at fair value and derivatives as of June 30, 2020 and December 31, 2019. Derivatives designated as hedging instruments are reflected as “Other assets,” “Other noncurrent liabilities,” “Other current assets” and “Accounts payable and accrued liabilities” on our consolidated balance sheets.

	June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Equity Securities				
Domestic equities	**$ 832**	**$ -**	**$ -**	**$ 832**
International equities	**141**	**-**	**-**	**141**
Fixed income equities	**230**	**-**	**-**	**230**
Available-for-Sale Debt Securities	**-**	**1,522**	**-**	**1,522**
Asset Derivatives				
Cross-currency swaps	**-**	**67**	**-**	**67**
Foreign exchange contracts	**-**	**14**	**-**	**14**
Liability Derivatives				
Interest rate swaps	**-**	**(3)**	**-**	**(3)**
Cross-currency swaps	**-**	**(6,767)**	**-**	**(6,767)**
Foreign exchange contracts	**-**	**(10)**	**-**	**(10)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity Securities				
Domestic equities	$ 844	$ -	$ -	$ 844
International equities	183	-	-	183
Fixed income equities	229	-	-	229
Available-for-Sale Debt Securities	-	1,444	-	1,444
Asset Derivatives				
Interest rate swaps	-	2	-	2
Cross-currency swaps	-	172	-	172
Interest rate locks	-	11	-	11
Foreign exchange contracts	-	89	-	89
Liability Derivatives				
Cross-currency swaps	-	(3,187)	-	(3,187)
Interest rate locks	-	(95)	-	(95)

Investment Securities
Our investment securities include both equity and debt securities that are measured at fair value, as well as equity securities without readily determinable fair values. A substantial portion of the fair values of our investment securities is estimated based on quoted market prices. Investments in equity securities not traded on a national securities exchange are valued at cost, less any impairment, and adjusted for changes resulting from observable, orderly transactions for identical or similar securities. Investments in debt securities not traded on a national securities exchange are valued using pricing models, quoted prices of securities with similar characteristics or discounted cash flows.

The components comprising total gains and losses in the period on equity securities are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Total gains (losses) recognized on equity securities	**$ 161**	$ 50	**$ (42)**	$ 210
Gains (Losses) recognized on equity securities sold	**9**	9	**(24)**	27
Unrealized gains (losses) recognized on equity securities held at end of period	**152**	41	**(18)**	183

At June 30, 2020, available-for-sale debt securities totaling $1,522 have maturities as follows - less than one year: $64; one to three years: $175; three to five years: $156; five or more years: $1,127.

Our cash equivalents (money market securities), short-term investments (certificate and time deposits) and nonrefundable customer deposits are recorded at amortized cost, and the respective carrying amounts approximate fair values. Short-term investments and nonrefundable customer deposits are recorded in “Other current assets” and our investment securities are recorded in “Other Assets” on the consolidated balance sheets.

Derivative Financial Instruments
We enter into derivative transactions to manage certain market risks, primarily interest rate risk and foreign currency exchange risk. This includes the use of interest rate swaps, interest rate locks, foreign exchange forward contracts and combined interest rate foreign exchange contracts (cross-currency swaps). We do not use derivatives for trading or speculative purposes. We record derivatives on our consolidated balance sheets at fair value that is derived from observable market data, including yield curves and foreign exchange rates (all of our derivatives are Level 2). Cash flows associated with derivative instruments are presented in the same category on the consolidated statements of cash flows as the item being hedged.

Fair Value Hedging Periodically, we enter into and designate fixed-to-floating interest rate swaps as fair value hedges. The purpose of these swaps is to manage interest rate risk by managing our mix of fixed-rate and floating-rate debt. These swaps involve the receipt of fixed-rate amounts for floating interest rate payments over the life of the swaps without exchange of the underlying principal amount.

We also designate some of our foreign exchange contracts as fair value hedges. The purpose of these contracts is to hedge currency risk associated with foreign-currency-denominated operating assets and liabilities.

Accrued and realized gains or losses from fair value hedges impact the same category on the consolidated statements of income as the item being hedged. Unrealized gains on fair value hedges are recorded at fair market value as assets, and unrealized losses are recorded at fair market value as liabilities. Changes in the fair value of derivative instruments designated as fair value hedges are offset against the change in fair value of the hedged assets or liabilities through earnings. In the six months ended June 30, 2020 and 2019, no ineffectiveness was measured on fair value hedges.

Cash Flow Hedging We designate our cross-currency swaps as cash flow hedges. We have entered into multiple cross-currency swaps to hedge our exposure to variability in expected future cash flows that are attributable to foreign currency risk generated from the issuance of our foreign-denominated debt. These agreements include initial and final exchanges of principal from fixed foreign currency denominated amounts to fixed U.S. dollar denominated amounts, to be exchanged at a specified rate that is usually determined by the market spot rate upon issuance. They also include an interest rate swap of a fixed or floating foreign currency-denominated interest rate to a fixed U.S. dollar denominated interest rate.

We also designate some of our foreign exchange contracts as cash flow hedges. The purpose of these contracts is to hedge certain film production costs denominated in foreign currencies.

Unrealized gains on derivatives designated as cash flow hedges are recorded at fair value as assets, and unrealized losses are recorded at fair value as liabilities. For derivative instruments designated as cash flow hedges, changes in fair value are reported as a component of accumulated OCI and are reclassified into the consolidated statements of income in the same period the hedged transaction affects earnings.

Periodically, we enter into and designate interest rate locks to partially hedge the risk of changes in interest payments attributable to increases in the benchmark interest rate during the period leading up to the probable issuance of fixed-rate debt. We designate our interest rate locks as cash flow hedges. Gains and losses when we settle our interest rate locks are amortized into income over the life of the related debt. Over the next 12 months, we expect to reclassify $98 from accumulated OCI to “Interest expense” due to the amortization of net losses on historical interest rate locks.

We settled all interest rate locks in May 2020 in conjunction with issuance of fixed rate debt obligations that the interest rate locks were hedging. We paid $731 that was largely offset by the return of collateral at the time of settlement. Cash flows from the interest rate lock settlements and return of collateral were reported as Financing Activities in our Statement of Cash Flows, consistent with our accounting policy for these instruments.

Net Investment Hedging We have designated €1,450 million aggregate principal amount of debt as a hedge of the variability of some of the Euro-denominated net investments of our subsidiaries. The gain or loss on the debt that is designated as, and is effective as, an economic hedge of the net investment in a foreign operation is recorded as a currency translation adjustment within accumulated OCI, net on the consolidated balance sheet. Net losses on net investment hedges recognized in accumulated OCI in the second quarter were $30 and for the first six months of 2020 were $5.

Collateral and Credit-Risk Contingency We have entered into agreements with our derivative counterparties establishing collateral thresholds based on respective credit ratings and netting agreements. At June 30, 2020, we had posted collateral of $694 (a deposit asset) and held collateral of $16 (a receipt liability). Under the agreements, if AT&T’s credit rating had been downgraded one rating level by Fitch Ratings, before the final collateral exchange in June, we would have been required to post additional collateral of $76. If AT&T’s credit rating had been downgraded four ratings levels by Fitch Ratings, two levels by S&P, and two levels by Moody’s, we would have been required to post additional collateral of $5,487. If DIRECTV

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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Holdings LLC's credit rating had been downgraded below BBB- by S&P, we would have been required to post additional collateral of $321. At December 31, 2019, we had posted collateral of $204 (a deposit asset) and held collateral of $44 (a receipt liability). We do not offset the fair value of collateral, whether the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) exists, against the fair value of the derivative instruments.

Following are the notional amounts of our outstanding derivative positions:

	June 30, 2020	December 31, 2019
Interest rate swaps	$ 21	$ 853
Cross-currency swaps	45,606	42,325
Interest rate locks	-	3,500
Foreign exchange contracts	298	269
Total	$ 45,925	$ 46,947

Following are the related hedged items affecting our financial position and performance:

Effect of Derivatives on the Consolidated Statements of Income

	Three months ended June 30,		Six months ended June 30,	
Fair Value Hedging Relationships	2020	2019	2020	2019
Interest rate swaps (Interest expense):				
Gain (Loss) on interest rate swaps	$ (14)	$ 35	$ (4)	$ 59
Gain (Loss) on long-term debt	14	(35)	4	(59)

In addition, the net swap settlements that accrued and settled in the quarters ended June 30, 2020 and 2019 were offset against interest expense.

The following table presents information for our cash flow hedging relationships:

	Three months ended June 30,		Six months ended June 30,	
Cash Flow Hedging Relationships	2020	2019	2020	2019
Cross-currency swaps:				
Gain (Loss) recognized in accumulated OCI	$ 809	$ (763)	$ (3,170)	$ (595)
Foreign exchange contracts:				
Gain (Loss) recognized in accumulated OCI	2	4	(11)	(3)
Other income (expense) - net reclassified from accumulated OCI into income	(3)	7	13	10
Interest rate locks:				
Gain (Loss) recognized in accumulated OCI	(12)	(23)	(648)	(23)
Interest income (expense) reclassified from accumulated OCI into income	(18)	(16)	(34)	(32)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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NOTE 8. ACQUISITIONS, DISPOSITIONS AND OTHER ADJUSTMENTS

Acquisitions

HBO Latin America Group (HBO LAG) In May 2020, we acquired the remaining interest in HBO LAG for $141, net of cash acquired. At acquisition, we remeasured the fair value of the total business, which exceeded the carrying amount of our equity method investment and resulted in a pre-tax gain of $68. We consolidated that business upon close and recorded those assets at fair value, including $640 of trade names, $271 of distribution networks and $343 of goodwill that is reported in the WarnerMedia segment. These estimates are preliminary in nature and subject to adjustments, which will be finalized within one year from the date of acquisition.

Spectrum Auctions In June 2020, we completed the acquisition of $2,379 of 37/39 GHz spectrum in a Federal Communications Commission (FCC) auction. Prior to the auction, we exchanged the 39 GHz licenses with a book value of approximately $300 that were previously acquired through FiberTower Corporation for vouchers to be applied against the winning bids and recorded a $900 gain in the first quarter of 2020. These vouchers yielded a value of approximately $1,200, which was applied toward our gross bids. In the second quarter of 2020, we made the final cash payment of $949, bringing the total cash payment to $1,186.

NOTE 9. SALES OF RECEIVABLES

We have agreements with various third-party financial institutions pertaining to the sales of certain types of our accounts receivable. The most significant of these programs are discussed in detail below and generally consist of (1) receivables arising from equipment installment plans, which are sold for cash and a deferred purchase price, and (2) revolving service and trade receivables. Under these programs, we transfer receivables to purchasers in exchange for cash and additional consideration upon settlement of the receivables, where applicable. Under the terms of our agreements for these programs, we continue to bill and collect the payments from our customers on behalf of the financial institutions.

The sales of receivables did not have a material impact on our consolidated statements of income or to “Total Assets” reported on our consolidated balance sheets. We reflect cash receipts on sold receivables as cash flows from operations in our consolidated statements of cash flows. Cash receipts on the deferred purchase price are classified as cash flows from investing activities.

Our equipment installment and revolving receivable programs are discussed in detail below. The following table sets forth a summary of the receivables and accounts being serviced:

	June 30, 2020		December 31, 2019	
	Equipment Installment	**Revolving**	Equipment Installment	Revolving
Gross receivables:	**$ 3,931**	**$ 3,745**	$ 4,576	$ 3,324
Balance sheet classification				
Accounts receivable				
Notes receivable	**2,056**	**-**	2,467	-
Trade receivables	**496**	**3,547**	477	2,809
Other Assets				
Noncurrent notes and trade receivables	**1,379**	**198**	1,632	515
Outstanding portfolio of receivables derecognized from our consolidated balance sheets	**8,917**	**5,300**	9,713	4,300
Cash proceeds received, net of remittances[1]	**6,429**	**5,300**	7,211	4,300

1 Represents amounts to which financial institutions remain entitled, excluding the deferred purchase price.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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Equipment Installment Receivables Program
We offer our customers the option to purchase certain wireless devices in installments over a specified period of time and, in many cases, once certain conditions are met, they may be eligible to trade in the original equipment for a new device and have the remaining unpaid balance paid or settled.

We maintain a program under which we transfer a portion of these receivables through our bankruptcy-remote subsidiary in exchange for cash and additional consideration upon settlement of the receivables, referred to as the deferred purchase price. In the event a customer trades in a device prior to the end of the installment contract period, we agree to make a payment to the financial institutions equal to any outstanding remaining installment receivable balance. Accordingly, we record a guarantee obligation for this estimated amount at the time the receivables are transferred.

The following table sets forth a summary of equipment installment receivables sold under this program during the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Gross receivables sold	**$ 1,506**	$ 2,244	**$ 3,873**	$ 4,945
Net receivables sold[1]	**1,449**	2,133	**3,722**	4,679
Cash proceeds received	**1,225**	1,920	**3,175**	4,195
Deferred purchase price recorded	**232**	261	**585**	570
Guarantee obligation recorded	**27**	93	**71**	194

1 Receivables net of allowance, imputed interest and equipment trade-in right guarantees.

The deferred purchase price and guarantee obligation are initially recorded at estimated fair value and subsequently adjusted for changes in present value of expected cash flows. The estimation of their fair values is based on remaining installment payments expected to be collected and the expected timing and value of device trade-ins. The estimated value of the device trade-ins considers prices offered to us by independent third parties that contemplate changes in value after the launch of a device model. The fair value measurements used for the deferred purchase price and the guarantee obligation are considered Level 3 under the Fair Value Measurement and Disclosure framework (see Note 7).

The following table presents the previously transferred equipment installment receivables, which we repurchased in exchange for the associated deferred purchase price during the three and six months ended June 30, 2020 and 2019:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Fair value of repurchased receivables	**$ 285**	$ 235	**$ 573**	$ 658
Carrying value of deferred purchase price	**281**	225	**558**	632
Gain on repurchases[1]	**$ 4**	$ 10	**$ 15**	$ 26

1 These gains are included in "Selling, general and administrative" in the consolidated statements of income.

At June 30, 2020 and December 31, 2019, our deferred purchase price receivable was $2,319 and $2,336, respectively, of which $1,591 and $1,569 are included in "Other current assets" on our consolidated balance sheets, with the remainder in "Other Assets." The guarantee obligation at June 30, 2020 and December 31, 2019 was $315 and $384, respectively, of which $213 and $148 are included in "Accounts payable and accrued liabilities" on our consolidated balance sheets, with the remainder in "Other noncurrent liabilities." Our maximum exposure to loss as a result of selling these equipment installment receivables is limited to the total amount of our deferred purchase price and guarantee obligation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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Revolving Receivables Program
In 2019, we entered into a one-year revolving agreement to transfer up to $4,300 of certain receivables through our bankruptcy-remote subsidiaries to various financial institutions on a recurring basis in exchange for cash equal to the gross receivables transferred. In the first quarter of 2020, we expanded the program limit to $5,300. In the second quarter of 2020, we extended the agreement by one year. As customers pay their balances, we transfer additional receivables into the program, resulting in our gross receivables sold exceeding net cash flow impacts (e.g., collect and reinvest). The transferred receivables are fully guaranteed by our bankruptcy-remote subsidiaries, which hold additional receivables in the amount of $3,745 that are pledged as collateral under this agreement. The transfers are recorded at fair value of the proceeds received and obligations assumed less derecognized receivables. The obligation is subsequently adjusted for changes in estimated expected credit losses and interest rates. Our maximum exposure to loss related to these receivables transferred is limited to the amount outstanding.

The fair value measurement used for the obligation is considered Level 3 under the Fair Value Measurement and Disclosure framework (see Note 7).

The following table sets forth a summary of receivables sold:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Gross receivables sold/cash proceeds received[1]	**$ 3,805**	$ 4,452	**$ 8,027**	$ 5,852
Collections reinvested under revolving agreement	**3,805**	2,127	**7,027**	2,127
Net cash proceeds received (remitted)	**$ -**	$ 2,325	**$ 1,000**	$ 3,725
Net receivables sold[2]	**$ 3,819**	$ 4,134	**$ 7,957**	$ 5,497
Obligations recorded (reversed)	**(12)**	384	**114**	436

1 Includes initial sale of receivables of $0 and $2,325 for the three months and $1,000 and $3,725 for the six months ended June 30, 2020 and 2019, respectively.
2 Receivables net of allowance, return and incentive reserves and imputed interest

NOTE 10. LEASES

We have operating and finance leases for certain facilities and equipment used in operations. Our leases generally have remaining lease terms of up to 15 years. Some of our real estate operating leases contain renewal options that may be exercised, and some of our leases include options to terminate the leases within one year.

We have recognized a right-of-use asset for both operating and finance leases, and an operating lease liability that represents the present value of our obligation to make payments over the lease term. The present value of the lease payments is calculated using the incremental borrowing rate for operating and finance leases, which was determined using a portfolio approach based on the rate of interest that we would have to pay to borrow an amount equal to the lease payments on a collateralized basis over a similar term. We use the unsecured borrowing rate and risk-adjust that rate to approximate a collateralized rate in the currency of the lease, which will be updated on a quarterly basis for measurement of new lease liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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The components of lease expense were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	**2020**	2019
Operating lease cost	**$ 1,449**	$ 1,610	**$ 2,826**	$ 2,852
Finance lease cost:				
Amortization of right-of-use assets	**$ 73**	$ 70	**$ 140**	$ 136
Interest on lease obligation	**36**	42	**77**	84
Total finance lease cost	**$ 109**	$ 112	**$ 217**	$ 220

Supplemental balance sheet information related to leases is as follows:

	June 30, 2020	December 31, 2019
Operating Leases		
Operating lease right-of-use assets	**$ 24,692**	$ 24,039
Accounts payable and accrued liabilities	**$ 3,474**	$ 3,451
Operating lease obligation	**22,230**	21,804
Total operating lease obligation	**$ 25,704**	$ 25,255
Finance Leases		
Property, plant and equipment, at cost	**$ 3,468**	$ 3,534
Accumulated depreciation and amortization	**(1,347)**	(1,296)
Property, plant and equipment, net	**$ 2,121**	$ 2,238
Current portion of long-term debt	**$ 180**	$ 162
Long-term debt	**1,683**	1,872
Total finance lease obligation	**$ 1,863**	$ 2,034
Weighted-Average Remaining Lease Term (years)		
Operating leases	**8.5**	8.4
Finance leases	**10.2**	10.7
Weighted-Average Discount Rate		
Operating leases	**4.2 %**	4.7 %
Finance leases	**8.2 %**	8.5 %

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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Future minimum maturities of lease obligations are as follows:

At June 30, 2020	Operating Leases	Finance Leases
Remainder of 2020	$ 2,447	$ 190
2021	4,582	309
2022	4,277	291
2023	3,889	262
2024	3,357	242
Thereafter	13,031	1,632
Total lease payments	31,583	2,926
Less imputed interest	(5,879)	(1,063)
Total	$ 25,704	$ 1,863

NOTE 11. PREFERRED SHARES

We have authorized 10 million preferred shares of AT&T stock, each with a par value of $1.00 per share. Cumulative perpetual preferred shares consist of the following:

- Series A: 48 thousand shares outstanding at June 30, 2020 and December 31, 2019, with a $25,000 per share liquidation preference and a dividend rate of 5.00%.
- Series B: 20 thousand shares outstanding at June 30, 2020 and zero issued and outstanding at December 31, 2019, with a €100,000 per share liquidation preference, and an initial dividend rate of 2.875%, subject to reset beginning on May 1, 2025.
- Series C: 70 thousand shares outstanding at June 30, 2020 and zero issued and outstanding at December 31, 2019, with a $25,000 per share liquidation preference and a dividend rate of 4.75%.

So long as the preferred dividends are declared and paid on a timely basis on each series of preferred shares, there are no limitations on our ability to declare a dividend on or repurchase AT&T common shares. The preferred shares are optionally redeemable by AT&T at the liquidation price generally on or after five years from the issuance date, or upon certain other contingent events.

NOTE 12. ADDITIONAL FINANCIAL INFORMATION

Cash and Cash Flows
We typically maintain our restricted cash balances for purchases and sales of certain investment securities and funding of certain deferred compensation benefit payments:

	June 30,		December 31,	
	2020	2019	2019	2018
Cash and cash equivalents	**$ 16,941**	$ 8,423	$ 12,130	$ 5,204
Restricted cash in Other current assets	**3**	15	69	61
Restricted cash in Other Assets	**87**	216	96	135
Cash and Cash Equivalents and Restricted Cash	**$ 17,031**	$ 8,654	$ 12,295	$ 5,400

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) - Continued
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Consolidated Statements of Cash Flows	Six months ended June 30,	
Cash paid (received) during the period for:	**2020**	2019
Interest	**$ 4,202**	$ 4,410
Income taxes, net of refunds	**(214)**	(32)

	Six months ended June 30,	
	2020	**2019**
Cash Flows from Operating Activities		
Cash paid for amounts included in lease obligations		
Operating cash flows from operating leases	**$ 2,424**	$ 2,464
Supplemental Lease Cash Flow Disclosures		
Operating lease right-of-use assets obtained in exchange for new operating lease obligations	**2,895**	3,899

Other Noncash Investing and Financing Activities In connection with capital improvements and the acquisition of other productive assets, we negotiate favorable payment terms (referred to as vendor financing), which are reported as financing activities when paid. For the first six months, we recorded vendor financing commitments related to capital investments of approximately $1,680 in 2020 and $1,265 in 2019.

Financing Activities

Debt Transactions At June 30, 2020, our total long-term debt obligations totaled $168,964. Our debt activity primarily consisted of the following:

- Net borrowings of approximately $2,960 of debt under our commercial paper program.
- In April 2020, entry into and draw on a $5,500 Term Loan Credit Agreement, with certain commercial banks and Bank of America, N.A., as lead agent, which was redeemed in May 2020 (originally due on December 31, 2020).
- Issuance of $16,545 of AT&T global notes due 2027 to 2060.
- Issuance of €3,000 million global notes ($3,281 at issuance) due 2028 to 2038.
- Redemptions of $12,689 of AT&T global notes due 2020 to 2047.
- Redemptions of $1,800 under term loan credit agreements with certain banks.
- Redemptions of $1,000 annual put reset securities issued by BellSouth.

Our long-term debt issuances carried a weighted average interest rate of 3.5%, and our long-term debt redemptions had a weighted average interest rate of 3.4%.

Subsequent Events In July 2020, we completed redemptions of $4,264 of AT&T, WarnerMedia and DIRECTV notes due 2022, with an average interest rate of 3.4%.

In August 2020, we issued $11,000 of global notes due 2028 to 2061, with an average interest rate of 2.7%.

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OVERVIEW

AT&T Inc. is referred to as "we," "AT&T" or the "Company" throughout this document, and the names of the particular subsidiaries and affiliates providing the services generally have been omitted. AT&T is a holding company whose subsidiaries and affiliates operate worldwide in the telecommunications, media and technology industries. You should read this discussion in conjunction with the consolidated financial statements and accompanying notes (Notes).

We have three reportable segments: (1) Communications, (2) WarnerMedia and (3) Latin America. Our segment results presented in Note 4 and discussed below follow our internal management reporting. We analyze our segments based on segment operating contribution, which consists of operating income, excluding acquisition-related costs and other significant items and equity in net income (loss) of affiliates for investments managed within each segment. Percentage increases and decreases that are not considered meaningful are denoted with a dash.

We have recast our segment results for all prior periods to include our prior Xandr segment within our WarnerMedia segment.

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating Revenues						
Communications	**$ 33,592**	$ 35,267	(4.7)%	**$ 67,841**	$ 70,436	(3.7)%
WarnerMedia	**6,814**	8,835	(22.9)	**14,662**	17,640	(16.9)
Latin America	**1,232**	1,757	(29.9)	**2,822**	3,475	(18.8)
Corporate and other	**437**	420	4.0	**825**	811	1.7
Eliminations and consolidation	**(1,125)**	(1,322)	14.9	**(2,421)**	(2,578)	6.1
AT&T Operating Revenues	**40,950**	44,957	(8.9)	**83,729**	89,784	(6.7)
Operating Contribution						
Communications	**8,112**	8,671	(6.4)	**16,315**	16,682	(2.2)
WarnerMedia	**1,917**	2,350	(18.4)	**3,930**	4,913	(20.0)
Latin America	**(201)**	(209)	3.8	**(385)**	(382)	(0.8)
Segment Operating Contribution	**$ 9,828**	$ 10,812	(9.1)%	**$ 19,860**	$ 21,213	(6.4)%

The ***Communications segment*** provides services to businesses and consumers located in the U.S. and businesses globally. Our business strategies reflect bundled product offerings that cut across product lines and utilize shared assets. This segment contains the following business units:

- **Mobility** provides nationwide wireless service and equipment.
- **Entertainment Group** provides video, including over-the-top (OTT) services, broadband and voice communications services primarily to residential customers. This segment also sells advertising on distribution platforms.
- **Business Wireline** provides advanced IP-based services, as well as traditional voice and data services to business customers.

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The ***WarnerMedia segment*** develops, produces and distributes feature films, television, gaming and other content in various physical and digital formats globally. Historical financial results from Xandr, previously a separate reportable segment, have been combined with the WarnerMedia segment within Eliminations and other. This segment contains the following business units:

- **Turner** primarily operates multichannel basic television networks and digital properties. Turner also sells advertising on its networks and digital properties.
- **Home Box Office** consists of premium pay television and OTT and streaming services domestically and premium pay, basic tier television and OTT services internationally, as well as content licensing and home entertainment.
- **Warner Bros.** primarily consists of the production, distribution and licensing of television programming and feature films, the distribution of home entertainment products and the production and distribution of games.

The ***Latin America segment*** provides entertainment and wireless services outside of the U.S. This segment contains the following business units:

- **Vrio** provides video services primarily to residential customers using satellite technology in Latin America and the Caribbean.
- **Mexico** provides wireless service and equipment to customers in Mexico.

COVID-19 Update
In March 2020, the World Health Organization designated the coronavirus (COVID-19) a pandemic and the President of the United States declared a national emergency. To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions and business slowdowns or shutdowns.

Disruptions caused by COVID-19 and measures taken to prevent its spread or mitigate its effects both domestically and internationally have impacted our results of operations. We recorded approximately $320, or $0.03 per diluted share, in the second quarter and $750, or $0.08 per diluted share, for the first six months of 2020, of incremental costs associated with voluntary corporate actions taken primarily to protect and compensate front-line employees and contractors, and WarnerMedia production disruption costs.

In addition to these incremental costs, we estimate that our operations and comparability were impacted by approximately $510, or $0.06 per diluted share, in the second quarter and $470, or $0.05 per diluted share, for the first six months of 2020, for the following COVID-19 related pressures: (1) the cancellation and postponement of televised sporting events, resulting in lower advertising revenues and associated expenses, (2) the closure of movie theaters and postponement of theatrical releases, leading to lower content revenues and associated expenses, (3) the imposition of travel restrictions, driving significantly lower international wireless roaming services that do not have a directly correlated expense reduction and most significantly impact profitability and (4) closures of retail stores, contributing to lower wireless equipment sales, with a corresponding reduction in equipment expense.

All subscriber counts at and for the period ended June 30, 2020, exclude customers who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge." For reporting purposes, we count the following nonpaying subscribers as if they had disconnected, even though they are still receiving service:

- Postpaid subscribers totaling 466,0000 (including 338,000 postpaid phone) in the second quarter and 521,000 (including 382,000 postpaid phone) for the first six months;
- Premium TV connections totaling 91,000 in the second quarter and 157,000 for the first six months; and
- Broadband connections totaling 159,000 (including 48,000 fiber) in the second quarter and 194,000 (including 58,000 fiber) for the first six months.

The economic effects of the pandemic and resulting societal changes are currently not predictable. There are a number of uncertainties that could impact our future results of operations, including the effectiveness of COVID-19 mitigation measures; the duration of the pandemic; global economic conditions; changes to our operations; changes in consumer confidence, behaviors and spending; work from home trends; and the sustainability of supply chains. We expect operating results and cash flows to continue to be adversely impacted by COVID-19 for at least the duration of the pandemic. We expect our third-quarter results to be impacted by the following:

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- The shift in timing of advertising revenues from the postponement, restarting or cancellation of sporting events and the related timing of the sports costs;
- Lower revenues from the closure of movie theaters and postponement of theatrical releases, partially offset by lower production and marketing costs, and other programming expenses;
- The decline in revenues from international roaming wireless services due to reduced travel;
- Higher expenses to protect front-line employees, contractors and customers; and
- The continued transition of customers to our fiber broadband services and the acceleration of the disconnection of linear TV services due to the pandemic.

RESULTS OF OPERATIONS

Consolidated Results Our financial results are summarized in the discussions that follow. Additional analysis is discussed in our "Segment Results" section. Certain prior period amounts have been reclassified to conform to the current period's presentation.

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating Revenues						
Service	**$ 37,051**	$ 41,023	(9.7)%	**$ 75,934**	$ 81,707	(7.1)%
Equipment	**3,899**	3,934	(0.9)	**7,795**	8,077	(3.5)
Total Operating Revenues	**40,950**	44,957	(8.9)	**83,729**	89,784	(6.7)
Operating expenses						
Operations and support	**30,133**	30,356	(0.7)	**58,204**	60,744	(4.2)
Depreciation and amortization	**7,285**	7,101	2.6	**14,507**	14,307	1.4
Total Operating Expenses	**37,418**	37,457	(0.1)	**72,711**	75,051	(3.1)
Operating Income	**3,532**	7,500	(52.9)	**11,018**	14,733	(25.2)
Interest expense	**2,041**	2,149	(5.0)	**4,059**	4,290	(5.4)
Equity in net income (loss) of affiliates	**(10)**	40	-	**(16)**	33	-
Other income (expense) – net	**1,017**	(318)	-	**1,820**	(32)	-
Income Before Income Taxes	**2,498**	5,073	(50.8)	**8,763**	10,444	(16.1)
Net Income	**1,563**	3,974	(60.7)	**6,526**	8,322	(21.6)
Net Income Attributable to AT&T	**1,281**	3,713	(65.5)	**5,891**	7,809	(24.6)
Net Income Attributable to Common Stock	**$ 1,229**	$ 3,713	(66.9)%	**$ 5,807**	$ 7,809	(25.6)%

Operating revenues decreased in the second quarter and in the first six months of 2020, driven by declines in our WarnerMedia, Communications and Latin America segments. Lower WarnerMedia segment revenues reflect lower advertising revenue from cancelled and postponed live sports programming and lower revenue due to postponed theatrical releases. Communications segment revenue declines were driven by continued declines in video and legacy services, and lower wireless revenues from the imposition of international travel restrictions and closure of retail stores. Latin America segment revenue declines were primarily due to foreign exchange rate pressure and store closures related to COVID-19. Partially offsetting these decreases were revenue increases in strategic and managed business service in our Communications segment.

Operations and support expenses decreased in the second quarter and in the first six months of 2020. The decreases were driven by lower broadcast and programming costs in our Communications and WarnerMedia segments. Expense declines in the first six months were also driven by a noncash gain of $900 on a spectrum transaction, reduced wireless equipment costs resulting from lower device sales and our continued focus on cost management. Partially offsetting expense declines were charges for a goodwill impairment at our Vrio business unit, employee separation charges and incremental costs related to COVID-19, including increased first-quarter 2020 bad debt expense. As part of our cost and efficiency initiatives, we expect operations and support expense improvements to continue as we size our operations to reflect the new economic activity level.

Depreciation and amortization expense increased in the second quarter and for the first six months of 2020.
Depreciation expense increased $36, or 0.7% in the second quarter and $65, or 0.6% for the first six months of 2020, primarily due to ongoing capital spend for network upgrades and expansion in our Communications segment.

Amortization expense increased $148, or 7.1% in the second quarter and $135, or 3.2% for the first six months of 2020 primarily due to the amortization of orbital slot licenses, which began in the first quarter of 2020 (see Note 1).

Operating income decreased in the second quarter and the first six months of 2020. Our operating income margin for the second quarter decreased from 16.7% in 2019 to 8.6% in 2020 and for the first six months decreased from 16.4% in 2019 to 13.2% in 2020.

Interest expense decreased in the second quarter and first six months of 2020, primarily due to lower debt balances and interest rates.

Equity in net income of affiliates decreased in the second quarter and for the first six months of 2020, reflecting changes in our investment portfolio, including our second-quarter 2020 acquisition of the remaining interest in HBO Latin America Group (HBO LAG).

Other income (expense) – net increased in the second quarter and for the first six months of 2020. The increases were primarily due to the recognition of actuarial losses in 2019, with no comparable interim remeasurement in 2020, totaling $1,699 and $2,131 in the second quarter and for the first six months of 2019, respectively, and higher prior service credit amortization in 2020 (see Note 6). The increase was partially offset by the write-off of certain investments in 2020 and the second-quarter 2019 gain on sale of our interest in Hulu.

Income taxes decreased in the second quarter and increased for the first six months of 2020. The decrease in income tax expense in the second quarter was primarily attributable to lower income before tax.

Our effective tax rate was 37.5% for the second quarter and 25.5% for the first six months of 2020, versus 21.7% and 20.3% for the comparable year-prior periods, respectively. The increases in our effective tax rates were primarily due to the Vrio goodwill impairment, which is not deductible for tax purposes.

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COMMUNICATIONS SEGMENT

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Segment Operating Revenues						
Mobility	**$ 17,149**	$ 17,292	(0.8) %	**$ 34,551**	$ 34,655	(0.3) %
Entertainment Group	**10,069**	11,368	(11.4)	**20,584**	22,696	(9.3)
Business Wireline	**6,374**	6,607	(3.5)	**12,706**	13,085	(2.9)
Total Segment Operating Revenues	**33,592**	35,267	(4.7)	**67,841**	70,436	(3.7)
Segment Operating Contribution						
Mobility	**5,805**	5,767	0.7	**11,593**	11,076	4.7
Entertainment Group	**1,030**	1,514	(32.0)	**2,365**	2,992	(21.0)
Business Wireline	**1,277**	1,390	(8.1)	**2,357**	2,614	(9.8)
Total Segment Operating Contribution	**$ 8,112**	$ 8,671	(6.4) %	**$ 16,315**	$ 16,682	(2.2) %

Selected Subscribers and Connections

	June 30,	
(000s)	**2020**	2019
Mobility Subscribers[1]	**171,407**	158,622
Total domestic broadband connections[1]	**15,201**	15,698
Network access lines in service	**7,878**	9,207
U-verse VoIP connections	**4,058**	4,766

1 Excludes 521 wireless and 194 broadband customers who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge," which was implemented March 13, 2020.

Operating revenues decreased in the second quarter and for the first six months of 2020, driven by declines in each of our business units, Entertainment Group, Business Wireline and Mobility. The decreases reflect the continued shift away from linear video and legacy services, lower wireless service revenues from a decline in international travel and waived fees, and suppressed equipment sales in the first quarter of 2020 attributable to store closures. Partially offsetting these declines was growth in our prepaid subscriber base.

Operating contribution decreased in the second quarter and for the first six months of 2020, reflecting declines in our Business Wireline and Entertainment Group business units, largely offset by improvement in our Mobility business unit. Our Communications segment operating income margin in the second quarter decreased from 24.6% in 2019 to 24.1% in 2020 and for the first six months increased from 23.7% in 2019 to 24.0% in 2020.

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Communications Business Unit Discussion
Mobility Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Service	**$ 13,669**	$ 13,824	(1.1)%	**$ 27,637**	$ 27,453	0.7 %
Equipment	**3,480**	3,468	0.3	**6,914**	7,202	(4.0)
Total Operating Revenues	**17,149**	17,292	(0.8)	**34,551**	34,655	(0.3)
Operating expenses						
Operations and support	**9,332**	9,522	(2.0)	**18,901**	19,563	(3.4)
Depreciation and amortization	**2,012**	2,003	0.4	**4,057**	4,016	1.0
Total Operating Expenses	**11,344**	11,525	(1.6)	**22,958**	23,579	(2.6)
Operating Income	**5,805**	5,767	0.7	**11,593**	11,076	4.7
Equity in Net Income (Loss) of Affiliates	**-**	-	-	**-**	-	-
Operating Contribution	**$ 5,805**	$ 5,767	0.7 %	**$ 11,593**	$ 11,076	4.7 %

The following tables highlight other key measures of performance for Mobility:

Subscribers

	June 30,		Percent
(in 000s)	**2020**	2019	Change
Postpaid	**74,919**	75,478	(0.7)%
Prepaid	**18,008**	17,434	3.3
Reseller	**6,718**	7,323	(8.3)
Connected devices[1]	**71,762**	58,387	22.9
Total Mobility Subscribers[2]	**171,407**	158,622	8.1 %

1 Includes data-centric devices such as session-based tablets, monitoring devices and primarily wholesale automobile systems.
2 Excludes 521 customers who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge."

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Net Additions

	Second Quarter			Six-Month Period		
(in 000s)	**2020**	2019	Percent Change	**2020**	2019	Percent Change
Postpaid Phone Net Additions	**(151)**	74	- %	**12**	153	(92.2)%
Total Phone Net Additions	**(16)**	357	-	**104**	525	(80.2)
Postpaid[2, 5]	**(154)**	(146)	(5.5)	**(127)**	(353)	64.0
Prepaid	**165**	341	(51.6)	**120**	442	(72.9)
Reseller	**(58)**	(204)	71.6	**(248)**	(446)	44.4
Connected devices[3]	**2,255**	3,959	(43.0)	**5,773**	7,047	(18.1)
Mobility Net Subscriber Additions[1, 5]	**2,208**	3,950	(44.1)%	**5,518**	6,690	(17.5)%
Postpaid Churn[4, 5]	**1.05**	1.07	(2)BP	**1.06**	1.12	(6)BP
Postpaid Phone-Only Churn[4, 5]	**0.84**	0.86	(2)BP	**0.85**	0.89	(4)BP

1 Excludes acquisition-related additions during the period.

2 In addition to postpaid phones, includes tablets and wearables and other. Tablet net (losses) were (159) and (357) for the three months and (426) and (767) for the six months ended June 30, 2020 and 2019, respectively. Wearables and other net adds were 155 and 137 for the three months and 287 and 264 for the six months ended June 30, 2020 and 2019, respectively.

3 Includes data-centric devices such as session-based tablets, monitoring devices and primarily wholesale automobile systems. Excludes postpaid tablets.

4 Calculated by dividing the aggregate number of wireless subscribers who canceled service during a month divided by the total number of wireless subscribers at the beginning of that month. The churn rate for the period is equal to the average of the churn rate for each month of that period.

5 The second quarter and six-month period ended June 30, 2020, exclude 466 (338 phone) and 521 (382 phone), respectively, who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge." The second quarter and six-month period ended June 30, 2020, postpaid churn includes 21 bps (18 bps phone) and 22 bps (19 bps phone) pressure for these customers.

Service revenue decreased in the second quarter and increased for the first six months of 2020. The second quarter decrease is due to lower roaming revenue from decreased international travel and waived fees, reflecting a full quarter of pandemic-related impacts. Revenues from the first six months were not as affected by the pandemic, with approximately 15 days of impact in the first quarter. Increases in postpaid phone average revenue per subscriber (ARPU) and gains in prepaid subscribers, largely offset by impacts of the pandemic for the first six months.

ARPU
Postpaid ARPU decreased in the second quarter and increased for the first six months. ARPU during 2020 has been pressured by the decline in international roaming revenues and waived fees.

Churn
The effective management of subscriber churn is critical to our ability to maximize revenue growth and to maintain and improve margins. Postpaid churn and postpaid phone-only churn were lower in the first six months due to migrations to unlimited plans, continued network improvements and industry-wide store closures from COVID-19, partially offset by higher accrual for subscriber disconnections under the "Keep Americans Connected Pledge."

Equipment revenue was stable in the second quarter and decreased for the first six months of 2020 driven by lower postpaid smartphone sales reflecting store closures.

Operations and support expenses decreased in the second quarter and for the first six months of 2020. The decreases were primarily due to higher bad debt expense in 2019 resulting from prior-year charges in response to credit easing policies, cost initiatives and asset optimization, and lower marketing and sales costs, partially offset by higher commission deferral amortization, including the impacts of second-quarter 2020 updates to extend the expected economic life of our Mobility customers.

Depreciation expense increased in the second quarter and for the first six months of 2020 primarily due to ongoing capital spending for network upgrades and expansion partially offset by fully depreciated assets.

Operating income increased in the second quarter and for the first six months of 2020. Our Mobility operating income margin in the second quarter increased from 33.4% in 2019 to 33.9% in 2020, and for the first six months increased from 32.0% in 2019 to 33.6% in 2020. Our Mobility EBITDA margin in the second quarter increased from 44.9% in 2019 to 45.6% in 2020, and for the first six months increased from 43.5% in 2019 to 45.3% in 2020. EBITDA is defined as operating contribution excluding equity in net income (loss) of affiliates and depreciation and amortization.

Subscriber Relationships
As the wireless industry has matured, future wireless growth will depend on our ability to offer innovative services, plans and devices that take advantage of our premier 5G wireless network, which recently went nationwide (in July 2020), and to provide these services in bundled product offerings. Subscribers that purchase two or more services from us have significantly lower churn than subscribers that purchase only one service. To support higher mobile data usage, our priority is to best utilize a wireless network that has sufficient spectrum and capacity to support these innovations on as broad a geographic basis as possible.

To attract and retain subscribers in a mature and highly competitive market, we have launched a wide variety of plans, including our FirstNet and prepaid products, and arrangements that bundle our video services. Virtually all of our postpaid smartphone subscribers are on plans that provide for service on multiple devices at reduced rates, and such subscribers tend to have higher retention and lower churn rates. We offer unlimited data plans and such subscribers also tend to have higher retention and lower churn rates. Our offerings are intended to encourage existing subscribers to upgrade their current services and/or add devices, attract subscribers from other providers and/or minimize subscriber churn.

Connected Devices
Connected devices include data-centric devices such as wholesale automobile systems, monitoring devices, fleet management and session-based tablets. The number of connected device subscribers increased in 2020, and during the second quarter and for the first six months of 2020, we added approximately 1.3 million and 3.6 million wholesale connected cars through agreements with various carmakers, and experienced strong growth in other Internet of Things (IoT) connections. We believe that these connected car agreements give us the opportunity to create future retail relationships with the car owners.

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Entertainment Group Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Video entertainment	**$ 6,976**	$ 8,035	(13.2)%	**$ 14,371**	$ 16,109	(10.8)%
High-speed internet	**2,092**	2,109	(0.8)	**4,201**	4,179	0.5
Legacy voice and data services	**560**	658	(14.9)	**1,141**	1,341	(14.9)
Other service and equipment	**441**	566	(22.1)	**871**	1,067	(18.4)
Total Operating Revenues	**10,069**	11,368	(11.4)	**20,584**	22,696	(9.3)
Operating expenses						
Operations and support	**7,730**	8,515	(9.2)	**15,621**	17,042	(8.3)
Depreciation and amortization	**1,309**	1,339	(2.2)	**2,598**	2,662	(2.4)
Total Operating Expenses	**9,039**	9,854	(8.3)	**18,219**	19,704	(7.5)
Operating Income	**1,030**	1,514	(32.0)	**2,365**	2,992	(21.0)
Equity in Net Income (Loss) of Affiliates	**-**	-	-	**-**	-	-
Operating Contribution	**$ 1,030**	$ 1,514	(32.0)%	**$ 2,365**	$ 2,992	(21.0)%

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The following tables highlight other key measures of performance for Entertainment Group:

Connections

	June 30,		Percent
(in 000s)	**2020**	2019	Change
Video Connections			
Premium TV[1]	**17,690**	21,581	(18.0)%
AT&T TV Now	**720**	1,340	(46.3)
Total Video Connections	**18,410**	22,921	(19.7)
Total Broadband Connections	**13,944**	14,420	(3.3)
Fiber Broadband Connections	**4,321**	3,378	27.9
Retail Consumer Switched Access Lines	**3,096**	3,630	(14.7)
U-verse Consumer VoIP Connections	**3,480**	4,211	(17.4)
Total Retail Consumer Voice Connections	**6,576**	7,841	(16.1)%

1 Excludes 157 premium TV and 194 broadband connections who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge."

Net Additions

	Second Quarter			Six-Month Period		
			Percent			Percent
(in 000s)	**2020**	2019	Change	**2020**	2019	Change
Video Net Additions						
Premium TV[1]	**(886)**	(778)	(13.9)%	**(1,783)**	(1,322)	(34.9)%
AT&T TV Now	**(68)**	(168)	59.5	**(206)**	(251)	17.9
Net Video Additions[1]	**(954)**	(946)	(0.8)	**(1,989)**	(1,573)	(26.4)
Net Broadband Additions[1]	**(102)**	(34)	-	**(175)**	11	-
Fiber Broadband Net Additions	**225**	318	(29.2)%	**434**	615	(29.4)%

1 The second quarter and six-month period ended June 30, 2020, exclude 91 and 157 premium TV and 159 and 194 broadband (48 and 58 fiber) connections, respectively, who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge."

Video entertainment revenues are comprised of subscription and advertising revenues. Revenues decreased in the second quarter and for the first six months of 2020, largely driven by a decline in premium TV and OTT subscribers as we continue to focus on retention of existing subscribers with a particular focus on our high-value subscribers, and lower subscription-based advertising revenues driven by impacts of the pandemic. Consistent with the rest of the industry, our customers continue to shift from a premium linear service to more economically priced OTT and subscription video on demand services, which has pressured our video revenues.

High-speed internet revenues decreased in the second quarter and increased for the first six months of 2020. The decrease in the second quarter was driven by a decline in the average subscriber base, partially offset by higher ARPU. The increase for the six months reflects higher ARPU resulting from an increase in high-speed fiber and pricing.

Legacy voice and data service revenues decreased in the second quarter and for the first six months of 2020, reflecting the continued decline in the number of customers.

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Operations and support expenses decreased in the second quarter and for the first six months of 2020. Contributing to the decreases were lower content and selling costs largely due to fewer subscribers, lower marketing costs and our ongoing focus on cost initiatives. Partially offsetting the decreases were annual content rate increases, higher amortization of fulfillment cost deferrals, including the impact of second-quarter 2020 updates to decrease the estimated economic life for our Entertainment Group customers, and pandemic-related compassion payments.

Depreciation expense decreased in the second quarter and for the first six months of 2020 due to network assets becoming fully depreciated. Partially offsetting the decreases was ongoing capital spending for network upgrades and expansion.

Operating income decreased in the second quarter and for the first six months of 2020. Our Entertainment Group operating income margin in the second quarter decreased from 13.3% in 2019 to 10.2% in 2020, and for the first six months decreased from 13.2% in 2019 to 11.5% in 2020. Our Entertainment Group EBITDA margin in the second quarter decreased from 25.1% in 2019 to 23.2% in 2020, and for the first six months decreased from 24.9% in 2019 to 24.1% in 2020.

Business Wireline Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Strategic and managed services	**$ 3,943**	$ 3,834	2.8 %	**$ 7,822**	$ 7,613	2.7 %
Legacy voice and data services	**2,067**	2,324	(11.1)	**4,196**	4,721	(11.1)
Other service and equipment	**364**	449	(18.9)	**688**	751	(8.4)
Total Operating Revenues	**6,374**	6,607	(3.5)	**12,706**	13,085	(2.9)
Operating expenses						
Operations and support	**3,779**	3,975	(4.9)	**7,730**	8,007	(3.5)
Depreciation and amortization	**1,318**	1,242	6.1	**2,619**	2,464	6.3
Total Operating Expenses	**5,097**	5,217	(2.3)	**10,349**	10,471	(1.2)
Operating Income	**1,277**	1,390	(8.1)	**2,357**	2,614	(9.8)
Equity in Net Income (Loss) of Affiliates	**-**	-	-	**-**	-	-
Operating Contribution	**$ 1,277**	$ 1,390	(8.1)%	**$ 2,357**	$ 2,614	(9.8)%

Strategic and managed services revenues increased in the second quarter and for the first six months of 2020. Our strategic services are made up of (1) data services, including our VPN, dedicated internet ethernet and broadband, (2) voice service, including VoIP and cloud-based voice solutions, (3) security and cloud solutions, and (4) managed, professional and outsourcing services. Revenue increases were primarily attributable to growth in our security and cloud solutions, dedicated internet and managed services and also includes the impact of higher demand for connectivity due to the pandemic.

Legacy voice and data service revenues decreased in the second quarter and for the first six months of 2020, primarily due to lower demand as customers continue to shift to our more advanced IP-based offerings or our competitors.

Other service and equipment revenues decreased in the second quarter and for the first six months of 2020, reflecting prior-year licensing of intellectual property assets. Revenue trends are impacted by the licensing of intellectual property assets, which vary from period-to-period. Other service revenues include project-based revenue, which is nonrecurring in nature, as well as revenues from customer premises equipment.

Operations and support expenses decreased in the second quarter and for the first six months of 2020, primarily due to our continued efforts to drive efficiencies in our network operations through automation and reductions in customer support expenses through digitization.

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Depreciation expense increased in the second quarter and for the first six months of 2020, primarily due to increases in capital spending for network upgrades and expansion.

Operating income decreased in the second quarter and for the first six months of 2020. Our Business Wireline operating income margin in the second quarter decreased from 21.0% in 2019 to 20.0% in 2020, and for the first six months decreased from 20.0% in 2019 to 18.6% in 2020. Our Business Wireline EBITDA margin in the second quarter increased from 39.8% in 2019 to 40.7% in 2020, and for the first six months increased from 38.8% in 2019 to 39.2% in 2020.

WARNERMEDIA SEGMENT	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Segment Operating Revenues						
Turner	**$ 2,988**	$ 3,410	(12.4)%	**$ 6,150**	$ 6,853	(10.3)%
Home Box Office	**1,627**	1,716	(5.2)	**3,124**	3,226	(3.2)
Warner Bros.	**3,256**	3,389	(3.9)	**6,496**	6,907	(6.0)
Eliminations and other	**(1,057)**	320	-	**(1,108)**	654	-
Total Segment Operating Revenues	**6,814**	8,835	(22.9)	**14,662**	17,640	(16.9)
Cost of revenues						
Turner	**965**	1,796	(46.3)	**2,285**	3,476	(34.3)
Home Box Office	**1,095**	839	30.5	**1,911**	1,509	26.6
Warner Bros.	**2,233**	2,492	(10.4)	**4,579**	4,922	(7.0)
Selling, general and administrative	**1,324**	1,344	(1.5)	**2,788**	2,716	2.7
Eliminations and other	**(883)**	(35)	-	**(1,142)**	(34)	-
Depreciation and amortization	**167**	104	60.6	**330**	260	26.9
Total Operating Expenses	**4,901**	6,540	(25.1)	**10,751**	12,849	(16.3)
Operating Income	**1,913**	2,295	(16.6)	**3,911**	4,791	(18.4)
Equity in Net Income (Loss) of Affiliates	**4**	55	(92.7)	**19**	122	(84.4)
Total Segment Operating Contribution	**$ 1,917**	$ 2,350	(18.4)%	**$ 3,930**	$ 4,913	(20.0)%

Our WarnerMedia segment includes our Turner, Home Box Office (HBO) and Warner Bros. business units. The order of presentation reflects the consistency of revenue streams, rather than overall magnitude as that is subject to timing and frequency of studio releases.

Operating revenues decreased in the second quarter and for the first six months of 2020, primarily due to lower advertising revenues from the postponement or cancellation of televised sporting events at Turner; lower theatrical product revenues, reflecting the pandemic-related closure of movie theaters and postponement of theatrical releases, and unfavorable programming comparisons, including strong carryover revenues in the first quarter of 2019 at Warner Bros.; and lower linear subscription revenue at HBO.

Operating contribution decreased in the second quarter and for the first six months of 2020. The WarnerMedia segment operating income margin in the second quarter increased from 26.0% in 2019 to 28.1% in 2020 and for the first six months decreased from 27.2% in 2019 to 26.7% in 2020.

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WarnerMedia Business Unit Discussion
Turner Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Subscription	**$ 1,804**	$ 1,943	(7.2)%	**$ 3,853**	$ 3,908	(1.4)%
Advertising	**796**	1,266	(37.1)	**1,753**	2,527	(30.6)
Content and other	**388**	201	93.0	**544**	418	30.1
Total Operating Revenues	**2,988**	3,410	(12.4)	**6,150**	6,853	(10.3)
Operating expenses						
Cost of revenues	**965**	1,796	(46.3)	**2,285**	3,476	(34.3)
Selling, general and administrative	**382**	421	(9.3)	**772**	877	(12.0)
Depreciation and amortization	**69**	39	76.9	**138**	99	39.4
Total Operating Expenses	**1,416**	2,256	(37.2)	**3,195**	4,452	(28.2)
Operating Income	**1,572**	1,154	36.2	**2,955**	2,401	23.1
Equity in Net Income (Loss) of Affiliates	**-**	11	-	**6**	36	(83.3)
Operating Contribution	**$ 1,572**	$ 1,165	34.9 %	**$ 2,961**	$ 2,437	21.5 %

Operating revenues decreased in the second quarter and for the first six months of 2020, primarily due to decreases in advertising revenue largely resulting from the postponement of the NBA season and the cancellation of the NCAA Division I Men's Basketball Tournament, in the first quarter of 2020. Subscription revenue declines reflect lower regional sports network revenue and unfavorable exchange rates. These decreases were partially offset by higher content and other revenue, including internal sales to HBO Max, which are eliminated in consolidation within the WarnerMedia segment.

Cost of revenues decreased in the second quarter and for the first six months of 2020, primarily due to lower programming costs, including a decline of approximately $850 in the second quarter and $1,125 for the first six months in sports costs resulting from the postponement of the NBA season, the cancellation of the NCAA tournament and other smaller items.

Selling, general and administrative decreased in the second quarter and for the first six months of 2020, primarily due to lower marketing costs.

Operating income increased in the second quarter and for the first six months of 2020. Our Turner operating income margin in the second quarter increased from 33.8% in 2019 to 52.6% in 2020, and for the first six months increased from 35.0% in 2019 to 48.0% in 2020.

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Home Box Office Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Subscription	**$ 1,441**	$ 1,516	(4.9)%	**$ 2,779**	$ 2,850	(2.5)%
Content and other	**186**	200	(7.0)	**345**	376	(8.2)
Total Operating Revenues	**1,627**	1,716	(5.2)	**3,124**	3,226	(3.2)
Operating expenses						
Cost of revenues	**1,095**	839	30.5	**1,911**	1,509	26.6
Selling, general and administrative	**394**	292	34.9	**631**	543	16.2
Depreciation and amortization	**25**	12	-	**46**	34	35.3
Total Operating Expenses	**1,514**	1,143	32.5	**2,588**	2,086	24.1
Operating Income	**113**	573	(80.3)	**536**	1,140	(53.0)
Equity in Net Income (Loss) of Affiliates	**(5)**	15	-	**15**	30	(50.0)
Operating Contribution	**$ 108**	$ 588	(81.6)%	**$ 551**	$ 1,170	(52.9)%

Operating revenues decreased in the second quarter and for the first six months of 2020, primarily due to decreases in subscription revenue resulting from domestic linear subscriber decline, including Cinemax depackaging, partially offset by growth in digital and international, including HBO Latin America Group, following our May 2020 acquisition of the remaining interest in this entity. At June 30, 2020, we had 36.3 million U.S. subscribers from HBO Max and HBO, up from 34.6 million at December 31, 2019.

Cost of revenues increased in the second quarter and for the first six months of 2020, primarily due to higher programming costs and expenses related to HBO Max.

Selling, general and administrative increased in the second quarter and for the first six months of 2020, primarily due to higher marketing costs associated with HBO Max.

Operating income decreased in the second quarter and for the first six months of 2020. Our HBO operating income margin in the second quarter decreased from 33.4% in 2019 to 6.9% in 2020, and for the first six months decreased from 35.3% in 2019 to 17.2% in 2020.

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Warner Bros. Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Theatrical product	**$ 1,029**	$ 1,527	(32.6)%	**$ 2,135**	$ 3,033	(29.6)%
Television product	**1,876**	1,310	43.2	**3,645**	2,923	24.7
Games and other	**351**	552	(36.4)	**716**	951	(24.7)
Total Operating Revenues	**3,256**	3,389	(3.9)	**6,496**	6,907	(6.0)
Operating expenses						
Cost of revenues	**2,233**	2,492	(10.4)	**4,579**	4,922	(7.0)
Selling, general and administrative	**350**	426	(17.8)	**954**	915	4.3
Depreciation and amortization	**40**	31	29.0	**81**	83	(2.4)
Total Operating Expenses	**2,623**	2,949	(11.1)	**5,614**	5,920	(5.2)
Operating Income	**633**	440	43.9	**882**	987	(10.6)
Equity in Net Income (Loss) of Affiliates	**(19)**	-	-	**(27)**	6	-
Operating Contribution	**$ 614**	$ 440	39.5 %	**$ 855**	$ 993	(13.9)%

Operating revenues decreased in the second quarter and for the first six months of 2020, primarily due to lower theatrical product resulting from the absence of theatrical releases in the second quarter of 2020 and, for the six months, unfavorable comparisons to the prior year, which included, in 2019, carryover revenues from the theatrical release of *Aquaman*. Games and other revenue declines were primarily due to unfavorable games comparison to the prior year, which included the release of *Mortal Kombat 11,* and other revenue decreased due to reduced studio operations. Partially offsetting these decreases were higher television product revenues, driven by licensing, including internal sales to HBO Max, partially offset by lower initial telecast revenues resulting from pandemic-related television production delays.

Cost of revenues decreased in the second quarter and for the first six months of 2020, primarily due to lower marketing of theatrical product, partially offset by incremental costs incurred due to the production hiatus.

Selling, general and administrative decreased in the second quarter and increased for the first six months of 2020. The decrease in the quarter was primarily due to lower distribution fees and favorable collection experience that allowed us to reduce our first quarter bad debt estimates for COVID-19. The increase for the six months primarily resulted from higher first-quarter pandemic-related bad debt expense and other charges.

Operating income increased in the second quarter and decreased for the first six months of 2020. Our Warner Bros. operating income margin in the second quarter increased from 13.0% in 2019 to 19.4% in 2020, and for the first six months decreased from 14.3% in 2019 to 13.6% in 2020.

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LATIN AMERICA SEGMENT

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Segment Operating Revenues						
Vrio	**$ 752**	$ 1,032	(27.1)%	**$ 1,639**	$ 2,099	(21.9)%
Mexico	**480**	725	(33.8)	**1,183**	1,376	(14.0)
Total Segment Operating Revenues	**1,232**	1,757	(29.9)	**2,822**	3,475	(18.8)
Segment Operating Contribution						
Vrio	**(28)**	(2)	-	**(67)**	30	-
Mexico	**(173)**	(207)	16.4	**(318)**	(412)	22.8
Total Segment Operating Contribution	**$ (201)**	$ (209)	3.8 %	**$ (385)**	$ (382)	(0.8)%

Operating Results
Our Latin America operations conduct business in their local currency and operating results are converted to U.S. dollars using official exchange rates, subjecting results to foreign currency fluctuations. In May 2020, we found it necessary to close our DIRECTV operations in Venezuela due to political instability in the country and to comply with sanctions of the U.S. government.

Operating revenues decreased in the second quarter and for the first six months of 2020 primarily driven by foreign exchange pressures and the impact of COVID-19.

Operating contribution increased in the second quarter and decreased for the first six months of 2020, reflecting foreign exchange pressures and the impact of COVID-19. Our Latin America segment operating income margin in the second quarter decreased from (12.6)% in 2019 to (17.0)% in 2020, and for the first six months decreased from (11.3)% in 2019 to (14.1)% in 2020.

Latin America Business Unit Discussion
Vrio Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues	**$ 752**	$ 1,032	(27.1)%	**$ 1,639**	$ 2,099	(21.9)%
Operating expenses						
Operations and support	**661**	881	(25.0)	**1,444**	1,747	(17.3)
Depreciation and amortization	**127**	165	(23.0)	**274**	334	(18.0)
Total Operating Expenses	**788**	1,046	(24.7)	**1,718**	2,081	(17.4)
Operating Income	**(36)**	(14)	-	**(79)**	18	-
Equity in Net Income (Loss) of Affiliates	**8**	12	(33.3)	**12**	12	-
Operating Contribution	**$ (28)**	$ (2)	- %	**$ (67)**	$ 30	- %

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The following tables highlight other key measures of performance for Vrio:

	June 30,		Percent
(in 000s)	**2020**	2019	Change
Vrio Video Subscribers	**10,664**	13,473	(20.8)%

	Second Quarter			Six -Month Period		
(in 000s)	**2020**	2019	Percent Change	**2020**	2019	Percent Change
Vrio Video Net Additions[1]	**(312)**	(111)	- %	**(426)**	(143)	- %

1 The second-quarter and six-month period ended June 30, 2020, exclude the impact of 2.2 million subscriber disconnections resulting from the closure of our DIRECTV operations in Venezuela.

Operating revenues decreased in the second quarter and for the first six months of 2020, primarily driven by foreign exchange and COVID-19 pressures.

Operations and support expenses decreased in the second quarter and for the first six months of 2020, primarily driven by foreign exchange and COVID-19 pressures. Approximately 21% of Vrio expenses are U.S. dollar based, with the remainder in the local currency.

Depreciation expense decreased in the second quarter and for the first six months of 2020, primarily due to changes in foreign exchange rates.

Operating income decreased in the second quarter and for the first six months of 2020. Our Vrio operating income margin in the second quarter decreased from (1.4)% in 2019 to (4.8)% in 2020, and for the first six months decreased from 0.9% in 2019 to (4.8)% in 2020. Our Vrio EBITDA margin in the second quarter decreased from 14.6% in 2019 to 12.1% in 2020, and for the first six months decreased from 16.8% in 2019 to 11.9% in 2020.

Mexico Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Service	**$ 345**	$ 479	(28.0)%	**$ 812**	$ 921	(11.8)%
Equipment	**135**	246	(45.1)	**371**	455	(18.5)
Total Operating Revenues	**480**	725	(33.8)	**1,183**	1,376	(14.0)
Operating expenses						
Operations and support	**538**	813	(33.8)	**1,252**	1,538	(18.6)
Depreciation and amortization	**115**	119	(3.4)	**249**	250	(0.4)
Total Operating Expenses	**653**	932	(29.9)	**1,501**	1,788	(16.1)
Operating Income (Loss)	**(173)**	(207)	16.4	**(318)**	(412)	22.8
Equity in Net Income (Loss) of Affiliates	**-**	-	-	**-**	-	-
Operating Contribution	**$ (173)**	$ (207)	16.4 %	**$ (318)**	$ (412)	22.8 %

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The following tables highlight other key measures of performance for Mexico:

	June 30,		Percent
(in 000s)	**2020**	2019	Change
Mexico Wireless Subscribers			
Postpaid	**4,771**	5,489	(13.1)%
Prepaid	**12,777**	12,180	4.9
Reseller	**425**	352	20.7
Total Mexico Wireless Subscribers	**17,973**	18,021	(0.3)%

	Second Quarter			Six-Month Period		
			Percent			Percent
(in 000s)	**2020**	2019	Change	**2020**	2019	Change
Mexico Wireless Net Additions[1]						
Postpaid	**(191)**	(153)	(24.8)%	**(332)**	(222)	(49.5)%
Prepaid	**(915)**	401	-	**(807)**	515	-
Reseller	**21**	51	(58.8)	**53**	99	(46.5)
Mexico Wireless Net Additions	**(1,085)**	299	- %	**(1,086)**	392	- %

1 The second-quarter and six-month period ended June 30, 2020, exclude the impact of 101 subscriber disconnections resulting from conforming our policy on reporting of fixed wireless resellers.

Service revenues decreased in the second quarter and for the first six months of 2020, primarily due to foreign exchange pressures, as well as lower volumes and store traffic related to COVID-19.

Equipment revenues decreased in the second quarter and for the first six months of 2020, primarily due to lower equipment sales volumes related to COVID-19 and foreign exchange rates.

Operations and support expenses decreased in the second quarter and for the first six months of 2020, primarily due to changes in foreign exchange rates and lower equipment sales. Approximately 8% of Mexico expenses are U.S. dollar based, with the remainder in the local currency.

Depreciation and amortization expense decreased in the second quarter and for the first six months of 2020, primarily due to foreign exchange pressures.

Operating income increased in the second quarter and first six months of 2020. Our Mexico operating income margin in the second quarter decreased from (28.6)% in 2019 to (36.0)% in 2020, and for the first six months increased from (29.9)% in 2019 to (26.9)% in 2020. Our Mexico EBITDA margin in the second quarter was stable at (12.1)% in 2019 and 2020, and for the first six months increased from (11.8)% in 2019 to (5.8)% in 2020.

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SUPPLEMENTAL TOTAL ADVERTISING REVENUE INFORMATION

As a supplemental presentation, we are providing a view of total advertising revenues generated by AT&T. See revenue categories tables in Note 5 for a reconciliation.

Total Advertising Revenues

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating Revenues						
Turner	**$ 796**	$ 1,266	(37.1)%	**$ 1,753**	$ 2,527	(30.6)%
Entertainment Group	**294**	399	(26.3)	**707**	749	(5.6)
Xandr	**362**	485	(25.4)	**851**	911	(6.6)
Other	**75**	90	(16.7)	**173**	175	(1.1)
Eliminations	**(294)**	(399)	26.3	**(707)**	(749)	5.6
Total Advertising Revenues	**$ 1,233**	$ 1,841	(33.0)%	**$ 2,777**	$ 3,613	(23.1)%

SUPPLEMENTAL COMMUNICATIONS OPERATING INFORMATION

As a supplemental presentation to our Communications segment operating results, we are providing a view of our AT&T Business Solutions results which includes both wireless and wireline operations. This combined view presents a complete profile of the entire business customer relationship and underscores the importance of mobile solutions to serving our business customers. Results have been recast to conform to the current period's classification of consumer and business wireless subscribers. See "Discussion and Reconciliation of Non-GAAP Measure" for a reconciliation of these supplemental measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Business Solutions Results

	Second Quarter			Six-Month Period		
	2020	2019	Percent Change	**2020**	2019	Percent Change
Operating revenues						
Wireless service	**$ 1,884**	$ 1,881	0.2 %	**$ 3,833**	$ 3,658	4.8 %
Strategic and managed services	**3,943**	3,834	2.8	**7,822**	7,613	2.7
Legacy voice and data services	**2,067**	2,324	(11.1)	**4,196**	4,721	(11.1)
Other service and equipment	**364**	449	(18.9)	**688**	751	(8.4)
Wireless equipment	**585**	617	(5.2)	**1,295**	1,207	7.3
Total Operating Revenues	**8,843**	9,105	(2.9)	**17,834**	17,950	(0.6)
Operating expenses						
Operations and support	**5,424**	5,512	(1.6)	**11,134**	11,126	0.1
Depreciation and amortization	**1,637**	1,545	6.0	**3,262**	3,070	6.3
Total Operating Expenses	**7,061**	7,057	0.1	**14,396**	14,196	1.4
Operating Income	**1,782**	2,048	(13.0)	**3,438**	3,754	(8.4)
Equity in Net Income (Loss) of Affiliates	**-**	-	-	**-**	-	-
Operating Contribution	**$ 1,782**	$ 2,048	(13.0)%	**$ 3,438**	$ 3,754	(8.4)%

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OTHER BUSINESS MATTERS

Spectrum Auction In March 2020, we were the winning bidder of high-frequency 37/39 GHz licenses in FCC Auction 103 covering an average of 786 MHz nationwide for approximately $2,400. Prior to the auction, we exchanged the 39 GHz licenses with a book value of approximately $300 that were previously acquired through FiberTower Corporation for vouchers to be applied against the winning bids and recorded a $900 gain in the first quarter of 2020. These vouchers yielded a value of approximately $1,200 which was applied toward our $2,400 gross bids. We made our final payment of approximately $950 for the Auction 103 payment in April 2020. The FCC granted the licenses in June 2020.

Labor Contracts As of June 30, 2020, we employed approximately 243,000 persons. Approximately 40% of our employees are represented by the Communications Workers of America (CWA), the International Brotherhood of Electrical Workers (IBEW) or other unions. After expiration of the collective bargaining agreements, work stoppages or labor disruptions may occur in the absence of new contracts or other agreements being reached.

- A contract covering approximately 7,000 Mobility employees expired in February 2020. In March 2020, a new 4-year contract was ratified by employees and will expire in February 2024.
- A contract covering approximately 13,000 wireline employees in our West region expired in April 2020. In March 2020, a tentative agreement was reached on a new 4-year contract. The tentative agreement is subject to ratification by employees.
- A contract covering approximately 14,000 employees in the Southwest region scheduled to expire in April 2021 was extended 4 years and will now expire in April 2025.

COMPETITIVE AND REGULATORY ENVIRONMENT

Overview AT&T subsidiaries operating within the United States are subject to federal and state regulatory authorities. AT&T subsidiaries operating outside the United States are subject to the jurisdiction of national and supranational regulatory authorities in the markets where service is provided.

In the Telecommunications Act of 1996 (Telecom Act), Congress established a national policy framework intended to bring the benefits of competition and investment in advanced telecommunications facilities and services to all Americans by opening all telecommunications markets to competition and reducing or eliminating regulatory burdens that harm consumer welfare. Nonetheless, over the ensuing two decades, the FCC and some state regulatory commissions have maintained or expanded certain regulatory requirements that were imposed decades ago on our traditional wireline subsidiaries when they operated as legal monopolies. More recently, the FCC has pursued a more deregulatory agenda, eliminating a variety of antiquated and unnecessary regulations and streamlining its processes in a number of areas. In addition, we are pursuing, at both the state and federal levels, additional legislative and regulatory measures to reduce regulatory burdens that are no longer appropriate in a competitive telecommunications market and that inhibit our ability to compete more effectively and offer services wanted and needed by our customers, including initiatives to transition services from traditional networks to all IP-based networks. At the same time, we also seek to ensure that legacy regulations are not further extended to broadband or wireless services, which are subject to vigorous competition.

Communications Segment
Internet The FCC currently classifies fixed and mobile consumer broadband services as information services, subject to light-touch regulation. The D.C. Circuit upheld the FCC's current classification, although it remanded three discrete issues to the FCC for further consideration. No party sought Supreme Court review of the D.C. Circuit's decision, so that decision is final, although the FCC's consideration of the three issues remains pending.

Some states have adopted legislation or issued executive orders that would reimpose net neutrality rules repealed by the FCC. Suits have been filed concerning such laws in two states. In October 2016, the FCC adopted new rules governing the use of customer information by providers of broadband internet access service. Those rules were more restrictive in certain respects than those governing other participants in the internet economy, including so-called "edge" providers such as Google and

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Facebook. In April 2017, the President signed a resolution passed by Congress repealing the new rules under the Congressional Review Act.

Privacy-related legislation has been considered or adopted in a number of states. Legislative and regulatory action and ballot initiatives could result in increased costs of compliance, claims against broadband internet access service providers and others, and increased uncertainty in the value and availability of data. Effective as of January 1, 2020, a California state law gives consumers the right to know what personal information is being collected about them, and whether and to whom it is sold or disclosed, and to access and request deletion of this information. Subject to certain exceptions, it also gives California consumers the right to opt out of the sale of personal information.

Wireless The industry-wide deployment of 5G technology, which is needed to satisfy extensive demand for video and internet access, will involve significant deployment of "small cell" equipment and therefore increase the need for local permitting processes that allow for the placement of small cell equipment on reasonable timelines and terms. Federal regulations also can delay and impede the deployment of infrastructure used to provide telecommunications and broadband services, including small cell equipment. In March, August and September 2018, the FCC adopted orders to streamline federal and local wireless infrastructure review processes in order to facilitate deployment of next-generation wireless facilities. Specifically, the FCC's March 2018 Order streamlined historical, tribal, and environmental review requirements for wireless infrastructure, including by excluding most small cell facilities from such review. The Order was appealed and in August 2019, the D.C. Circuit Court of Appeals vacated the FCC's finding that most small cell facilities are excluded from review, but otherwise upheld the FCC's Order. The FCC's August and September 2018 Orders simplified the regulations for attaching telecommunications equipment to utility poles and clarified when local government right-of-way access and use restrictions can be preempted because they unlawfully prohibit the provision of telecommunications services. Those orders were appealed to the 9th Circuit Court of Appeals, where they remain pending. In addition to the FCC's actions, to date, 28 states and Puerto Rico have adopted legislation to facilitate small cell deployment.

In December 2018, we introduced the nation's first commercial mobile 5G service. In July 2020, we announced nationwide 5G coverage. We anticipate the introduction of 5G handsets and devices will contribute to a renewed interest in equipment upgrades.

LIQUIDITY AND CAPITAL RESOURCES

We had $16,941 in “Cash and cash equivalents” available at June 30, 2020. “Cash and cash equivalents” included cash of $3,781 and money market funds and other cash equivalents of $13,160. Approximately $2,529 of our “Cash and cash equivalents” were held by our foreign entities in accounts predominantly outside of the U.S. and may be subject to restrictions on repatriation.

The Company's liquidity and capital resources were not materially impacted by COVID-19 and related economic conditions during the first six months of 2020. We will continue to monitor impacts on the COVID-19 pandemic on our liquidity and capital resources.

“Cash and cash equivalents” increased $4,811 since December 31, 2019. In the first six months of 2020, cash inflows were primarily provided by the cash receipts from operations, including cash from our sale and transfer of our receivables to third parties, and the issuances of commercial paper, long-term debt and cumulative preferred stock. These inflows were offset by cash used to meet the needs of the business, including, but not limited to, payment of operating expenses, spectrum acquisitions, debt repayments, funding capital expenditures and vendor financing payments, collateral posted to banks and other participants in derivative arrangements, share repurchase and dividends to stockholders.

Cash Provided by or Used in Operating Activities

During the first six months of 2020, cash provided by operating activities was $20,925, compared to $25,336 for the first six months of 2019. Lower operating cash flows in 2020 were primarily driven by lower incremental receivable securitization (see Note 9).

We actively manage the timing of our supplier payments for non-capital items to optimize the use of our cash. Among other things, we seek to make payments on 90-day or greater terms, while providing the suppliers with access to bank facilities that permit earlier payments at their cost. In addition, for payments to a key supplier, we have arrangements that allow us to extend payment terms up to 90 days at an additional cost to us (referred to as supplier financing). The net impact of supplier financing on cash from operating activities was to decrease working capital $1,452 and $496 for the six months ended June 30, 2020 and 2019, respectively. All supplier financing payments are due within one year.

Cash Used in or Provided by Investing Activities

For the first six months of 2020, cash used in investing activities totaled $10,278, and consisted primarily of $9,432 (including interest during construction) for capital expenditures, final payment of approximately $950 for wireless spectrum licenses won in Auction 103, and $141 for acquiring the remaining interest in HBO LAG.

For capital improvements, we have negotiated favorable vendor payment terms of 120 days or more (referred to as vendor financing) with some of our vendors, which are excluded from capital expenditures and reported as financing activities. For the first six months of 2020, vendor financing payments were $1,354, compared to $1,836 for the first six months of 2019. Capital expenditures in the first six months of 2020 were $9,432, and when including $1,354 cash paid for vendor financing and excluding $79 of FirstNet reimbursements, gross capital investment was $10,865 ($1,728 lower than the prior-year comparable period).

The vast majority of our capital expenditures are spent on our networks, including product development and related support systems. During the first six months, we placed $1,681 of equipment in service under vendor financing arrangements (compared to $1,265 in the prior-year comparable period) and approximately $640 of assets related to the FirstNet build (compared to $600 in the prior-year comparable period). The amount of capital expenditures is influenced by demand for services and products, capacity needs and network enhancements.

Cash Provided by or Used in Financing Activities

For the first six months of 2020, cash used in financing activities totaled $5,911 and was comprised of debt issuances and repayments, issuances of preferred stock, share repurchase, payments of dividends and required collateral deposits.

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During the first six months of 2020, debt issuances included proceeds of $8,440 in short-term borrowings and $21,060 of net proceeds from long-term debt. Borrowing activity consisted of approximately $2,940 in commercial paper draws and the following issuances:

Issued and redeemed in 2020:
- March draw of $750 on a private financing agreement (repaid in the second quarter).
- April draw of $5,500 on a term loan credit agreement with certain commercial banks and Bank of America, N.A., as lead agent (repaid in the second quarter).

Issued and outstanding in 2020:
- February issuance of $2,995 of 4.000% global notes due 2049.
- March borrowings of $665 from loan programs with export agencies of foreign governments to support network equipment purchases in those countries.
- May issuances totaling $12,500 in global notes, comprised of $2,500 of 2.300% global notes due 2027, $3,000 of 2.750% global notes due 2031, $2,500 of 3.500% global notes due 2041, $3,000 of 3.650% global notes due 2051 and $1,500 of 3.850% global notes due 2060.
- May issuances totaling €3,000 million in global notes (approximately $3,281 at issuance), comprised of €1,750 million of 1.600% global notes due 2028, €750 million of 2.050% global notes due 2032 and €500 million of 2.600% global notes due 2038.
- June issuance of $1,050 of 3.750% global notes due 2050.

During the first six months of 2020, repayments of debt included $5,975 of short-term borrowings and $17,284 of long-term debt. Repayments were comprised of $475 in commercial paper and the following:

Notes redeemed at maturity:
- $800 of AT&T floating-rate notes in the first quarter.
- $687 of AT&T floating-rate notes in the second quarter.

Notes redeemed prior to maturity:
- $2,619 of 4.600% AT&T global notes with original maturity in 2045, in the first quarter.
- $2,750 of 2.450% AT&T global notes with original maturity in 2020, in the second quarter
- $1,000 of annual put reset securities issued by BellSouth, in the second quarter.
- $683 of 4.600% AT&T global notes with original maturity in 2021, in the second quarter.
- $1,695 of 2.800% AT&T global notes with original maturity in 2021, in the second quarter.
- $853 of 4.450% AT&T global notes with original maturity in 2021, in the second quarter.
- $1,172 of 3.875% AT&T global notes with original maturity in 2021, in the second quarter.
- $1,430 of 5.500% AT&T global notes with original maturity in 2047, in the second quarter.

Credit facilities repaid and other borrowings:
- $750 of borrowings under a private financing agreement, in the first quarter.
- $750 of borrowings under a private financing agreement, in the second quarter.
- $5,500 under our April 2020 term loan credit agreement with certain commercial banks and Bank of America, in the second quarter.
- $1,300 under our term loan credit agreement with Bank of America, in the second quarter.
- $500 under our term loan credit agreement with Bank of Communications Co., in the second quarter.

Our weighted average interest rate of our entire long-term debt portfolio, including the impact of derivatives, was approximately 4.3% as of June 30, 2020 and 4.4% as of December 31, 2019. We had $164,099 of total notes and debentures outstanding at June 30, 2020, which included Euro, British pound sterling, Canadian dollar, Swiss franc, Australian dollar, Brazilian real, and Mexican peso denominated debt that totaled approximately $44,798.

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At June 30, 2020, we had $15,576 of debt maturing within one year, consisting of $3,001 of commercial paper borrowings and $12,575 of long-term debt issuances. Debt maturing within one year includes the following notes that may be put back to us by the holders:
- An accreting zero-coupon note that may be redeemed each May until maturity in 2022. If the remainder of the zero-coupon note (issued for principal of $500 in 2007 and partially exchanged in the 2017 debt exchange offers) is held to maturity, the redemption amount will be $592.

For the first six months of 2020, we paid $1,354 of cash under our vendor financing program, compared to $1,836 in the first six months of 2019. Total vendor financing payables included in our June 30, 2020 consolidated balance sheet were approximately $1,556, with $718 due within one year (in "Accounts payable and accrued liabilities") and the remainder predominantly due within two to three years (in "Other noncurrent liabilities").

Financing activities in the first six months of 2020 also included $3,869 for the February issuance of Series B and Series C preferred stock (see Note 11).

We repurchased approximately 142 million shares of common stock, predominantly in the first quarter, and completed the share repurchase authorization approved by the Board of Directors in 2013. In March 2020, we cancelled an accelerated share repurchase agreement that was planned for the second quarter and other repurchases to maintain flexibility and focus on continued investment in serving our customers, taking care of our employees and enhancing our network, including 5G. At June 30, 2020, we had approximately 178 million shares remaining from our share repurchase authorizations approved by the Board of Directors in 2014.

We paid dividends on common and preferred shares of $7,474 during the first six months of 2020, compared with $7,436 for the first six months of 2019. Dividends were higher in 2020, primarily due to dividend payments to preferred stockholders and the increase in our quarterly dividend on common stock approved by our Board of Directors in December 2019, partially offset by fewer shares outstanding.

Dividends on common stock declared by our Board of Directors totaled $1.04 per share in the first six months of 2020 and $1.02 per share for the first six months of 2019. Our dividend policy considers the expectations and requirements of stockholders, capital funding requirements of AT&T and long-term growth opportunities. It is our intent to provide the financial flexibility to allow our Board of Directors to consider dividend growth and to recommend an increase in dividends to be paid in future periods. All dividends remain subject to declaration by our Board of Directors.

Financing Activities Subsequent to the Second Quarter
Taking advantage of attractive rates, we completed the following financing activities subsequent to the second quarter of 2020.

In July 2020, we redeemed a total of $4,264 in notes:
- $1,457 of 3.000% global notes due 2022 issued by AT&T.
- $1,250 of 3.200% global notes due 2022 issued by AT&T.
- $1,012 of 3.800% global notes due 2022 issued by AT&T.
- $422 of 4.000% global notes due 2022 issued by AT&T.
- $60 of 3.800% senior notes due 2022 issued by DIRECTV.
- $63 of 4.00% notes due 2022 issued by WarnerMedia.

In August 2020, we issued a total of $11,000 in global notes and will use the proceeds to pay down near-term debt:
- $2,250 of 1.650% global notes due 2028.
- $2,500 of 2.250 % global notes due 2032.
- $2,500 of 3.100% global notes due 2043.
- $2,250 of 3.300% global notes due 2052.
- $1,500 of 3.500% senior notes due 2061.

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Credit Facilities
The following summary of our various credit and loan agreements does not purport to be complete and is qualified in its entirety by reference to each agreement filed as exhibits to our Annual Report on Form 10-K.

We use credit facilities as a tool in managing our liquidity status. In December 2018, we amended our five-year revolving credit agreement (the "Amended and Restated Credit Agreement") and concurrently entered into a new five-year agreement (the "Five Year Credit Agreement") such that we now have two $7,500 revolving credit agreements totaling $15,000. The Amended and Restated Credit Agreement terminates on December 11, 2021 and the Five Year Credit Agreement terminates on December 11, 2023. No amounts were outstanding under either agreement as of June 30, 2020.

In September 2019, we entered into and drew on a $1,300 term loan credit agreement containing (i) a 1.25 year $400 facility due in 2020 (BAML Tranche A Facility), (ii) a 2.25 year $400 facility due in 2021 (BAML Tranche B Facility), and (iii) a 3.25 year $500 facility due in 2022 (BAML Tranche C Facility), with Bank of America, N.A., as agent. These facilities were repaid and terminated in the second quarter of 2020.

On April 6, 2020, we entered into and drew on a $5,500 Term Loan Credit Agreement (Term Loan) with 11 commercial banks and Bank of America, N.A. as lead agent. We repaid and terminated the Term Loan in May 2020.

We also utilize other external financing sources, which include various credit arrangements supported by government agencies to support network equipment purchases as well as a commercial paper program.

Each of our credit and loan agreements contains covenants that are customary for an issuer with an investment grade senior debt credit rating as well as a net debt-to-EBITDA financial ratio covenant requiring AT&T to maintain, as of the last day of each fiscal quarter, a ratio of not more than 3.5-to-1. As of June 30, 2020, we were in compliance with the covenants for our credit facilities.

Collateral Arrangements
During 2019 and 2020, we amended collateral arrangements with certain counterparties to require cash collateral posting by AT&T only when derivative market values exceed certain thresholds. Under these arrangements, counterparties are still required to post collateral. During the first six months of 2020, we deposited approximately $518 of cash collateral, on a net basis as we exceeded the market value thresholds with some of the counterparties. Cash postings under these arrangements vary with changes in credit ratings and netting agreements. (See Note 7)

Other
Our total capital consists of debt (long-term debt and debt maturing within one year) and stockholders' equity. Our capital structure does not include debt issued by our equity method investments. At June 30, 2020, our debt ratio was 46.6%, compared to 46.8% at June 30, 2019 and 44.7% at December 31, 2019. Our net debt ratio was 41.9% at June 30, 2020, compared to 44.5% at June 30, 2019 and 41.4% at December 31, 2019. The debt ratio is affected by the same factors that affect total capital, and reflects our recent debt issuances and repayments and debt acquired in business combinations.

During the first six months of 2020, we have received $347 from the disposition of assets, and when combined with working capital monetization initiatives, which include the sale of receivables, total cash received from monetization efforts, net of $1,046 of spectrum acquisitions, was approximately $300. We plan to continue to explore similar opportunities throughout 2020.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued
Dollars, subscribers and connections in millions, except per share and per subscriber amounts

DISCUSSION AND RECONCILIATION OF NON-GAAP MEASURE

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We believe the following measure is relevant and useful information to investors as it is used by management as a method of comparing performance with that of many of our competitors. This supplemental measure should be considered in addition to, but not as a substitute of, our consolidated and segment financial information.

Business Solutions Reconciliation
We provide a supplemental discussion of our Business Solutions operations that is calculated by combining our Mobility and Business Wireline business units, and then adjusting to remove non-business operations. The following table presents a reconciliation of our supplemental Business Solutions results.

	Three Months Ended							
	June 30, 2020				June 30, 2019			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 13,669**	**$ -**	**$ (11,785)**	$ 1,884	$ 13,824	$ -	$ (11,943)	$ 1,881
Strategic and managed services	**-**	**3,943**	**-**	3,943	-	3,834	-	3,834
Legacy voice and data services	**-**	**2,067**	**-**	2,067	-	2,324	-	2,324
Other service and equipment	**-**	**364**	**-**	364	-	449	-	449
Wireless equipment	**3,480**	**-**	**(2,895)**	585	3,468	-	(2,851)	617
Total Operating Revenues	**17,149**	**6,374**	**(14,680)**	8,843	17,292	6,607	(14,794)	9,105
Operating Expenses								
Operations and support	**9,332**	**3,779**	**(7,687)**	5,424	9,522	3,975	(7,985)	5,512
EBITDA	**7,817**	**2,595**	**(6,993)**	3,419	7,770	2,632	(6,809)	3,593
Depreciation and amortization	**2,012**	**1,318**	**(1,693)**	1,637	2,003	1,242	(1,700)	1,545
Total Operating Expense	**11,344**	**5,097**	**(9,380)**	7,061	11,525	5,217	(9,685)	7,057
Operating Income	**5,805**	**1,277**	**(5,300)**	1,782	5,767	1,390	(5,109)	2,048
Equity in net income (loss) of affiliates	**-**	**-**	**-**	-	-	-	-	-
Operating Contribution	**$ 5,805**	**$ 1,277**	**$ (5,300)**	$ 1,782	$ 5,767	$ 1,390	$ (5,109)	$ 2,048

[1]Non-business wireless reported in the Communications segment under the Mobility business unit.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations - Continued
Dollars, subscribers and connections in millions, except per share and per subscriber amounts

	Six Months Ended							
	June 30, 2020				June 30, 2019			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 27,637**	**$ -**	**$ (23,804)**	**$ 3,833**	$ 27,453	$ -	$ (23,795)	$ 3,658
Strategic and managed services	**-**	**7,822**	**-**	**7,822**	-	7,613	-	7,613
Legacy voice and data services	**-**	**4,196**	**-**	**4,196**	-	4,721	-	4,721
Other service and equipment	**-**	**688**	**-**	**688**	-	751	-	751
Wireless equipment	**6,914**	**-**	**(5,619)**	**1,295**	7,202	-	(5,995)	1,207
Total Operating Revenues	**34,551**	**12,706**	**(29,423)**	**17,834**	34,655	13,085	(29,790)	17,950
Operating Expenses								
Operations and support	**18,901**	**7,730**	**(15,497)**	**11,134**	19,563	8,007	(16,444)	11,126
EBITDA	**15,650**	**4,976**	**(13,926)**	**6,700**	15,092	5,078	(13,346)	6,824
Depreciation and amortization	**4,057**	**2,619**	**(3,414)**	**3,262**	4,016	2,464	(3,410)	3,070
Total Operating Expense	**22,958**	**10,349**	**(18,911)**	**14,396**	23,579	10,471	(19,854)	14,196
Operating Income	**11,593**	**2,357**	**(10,512)**	**3,438**	11,076	2,614	(9,936)	3,754
Equity in net income (loss) of affiliates	**-**	**-**	**-**	**-**	-	-	-	-
Operating Contribution	**$ 11,593**	**$ 2,357**	**$ (10,512)**	**$ 3,438**	$ 11,076	$ 2,614	$ (9,936)	$ 3,754

[1]Non-business wireless reported in the Communications segment under the Mobility business unit.

Item 3. Quantitative and Qualitative Disclosures About Market Risk
Dollars in millions except per share amounts

At June 30, 2020, we had interest rate swaps with a notional value of $21 and a fair value of $(3).

We have fixed-to-fixed and floating-to-fixed cross-currency swaps on foreign currency-denominated debt instruments with a U.S. dollar notional value of $45,606 to hedge our exposure to changes in foreign currency exchange rates. These derivatives have been designated at inception and qualify as cash flow hedges with a net fair value of $(6,700) at June 30, 2020. We have no rate locks at June 30, 2020.

We have foreign exchange contracts with a U.S. dollar notional value of $298 to provide currency at a fixed rate to hedge a portion of the exchange risk involved in foreign currency-denominated transactions. These foreign exchange contracts include fair value hedges, cash flow hedges and economic (nonqualifying) hedges with a total net fair value of $4 at June 30, 2020.

We have designated €1,450 million aggregate principal amount of debt as a hedge of the variability of some of the Euro-denominated net investments of our subsidiaries. The gain or loss on the debt that is designated as, and is effective as, an economic hedge of the net investment in a foreign operation is recorded as a currency translation adjustment within accumulated other comprehensive income, net on the consolidated balance sheet.

Item 4. Controls and Procedures

The registrant maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed by the registrant is recorded, processed, summarized, accumulated and communicated to its management, including its principal executive and principal financial officers, to allow timely decisions regarding required disclosure, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. The chief executive officer and chief financial officer have performed an evaluation of the effectiveness of the design and operation of the registrant's disclosure controls and procedures as of June 30, 2020. Based on that evaluation, the chief executive officer and chief financial officer concluded that the registrant's disclosure controls and procedures were effective as of June 30, 2020.

There have not been any changes in our internal control over financial reporting during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Due to the COVID-19 pandemic, most of our corporate employees are working remotely. We continue to monitor and assess the COVID-19 situation on our internal controls over financial reporting to address any potential impact on their design and operating effectiveness.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

Information set forth in this report contains forward-looking statements that are subject to risks and uncertainties, and actual results could differ materially. Many of these factors are discussed in more detail in the "Risk Factors" section. We claim the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

The following factors could cause our future results to differ materially from those expressed in the forward-looking statements:

- The severity, magnitude and duration of the COVID-19 pandemic and containment, mitigation and other measures taken in response, including the potential impacts of these matters on our business and operations.
- Our inability to predict the extent to which the COVID-19 pandemic and related impacts will continue to impact our business operations, financial performance and results of operations.
- Adverse economic, political and/or capital access changes in the markets served by us or in countries in which we have significant investments and/or operations, including the impact on customer demand and our ability and our suppliers' ability to access financial markets at favorable rates and terms.
- Increases in our benefit plans' costs, including increases due to adverse changes in the United States and foreign securities markets, resulting in worse-than-assumed investment returns and discount rates; adverse changes in mortality assumptions; adverse medical cost trends; and unfavorable or delayed implementation or repeal of healthcare legislation, regulations or related court decisions.
- The final outcome of FCC and other federal, state or foreign government agency proceedings (including judicial review, if any, of such proceedings) and legislative efforts involving issues that are important to our business, including, without limitation, pending Notices of Apparent Liability; the transition from legacy technologies to IP-based infrastructure, including the withdrawal of legacy TDM-based services; universal service; broadband deployment; wireless equipment siting regulations and, in particular, siting for 5G service; E911 services; competition policy; privacy; net neutrality; multichannel video programming distributor services and equipment; content licensing and copyright protection; availability of new spectrum on fair and balanced terms; and wireless and satellite license awards and renewals.
- Enactment of additional state, local, federal and/or foreign regulatory and tax laws and regulations, or changes to existing standards and actions by tax agencies and judicial authorities including the resolution of disputes with any taxing jurisdictions, pertaining to our subsidiaries and foreign investments, including laws and regulations that reduce our incentive to invest in our networks, resulting in lower revenue growth and/or higher operating costs.
- Potential changes to the electromagnetic spectrum currently used for broadcast television and satellite distribution being considered by the FCC could negatively impact WarnerMedia's ability to deliver linear network feeds of its domestic cable networks to its affiliates, and in some cases, WarnerMedia's ability to produce high-value news and entertainment programming on location.
- U.S. and foreign laws and regulations regarding intellectual property rights protection and privacy, personal data protection and user consent are complex and rapidly evolving and could result in adverse impacts to our business plans, increased costs, or claims against us that may harm our reputation.
- The ability of our competitors to offer product/service offerings at lower prices due to lower cost structures and regulatory and legislative actions adverse to us, including non-regulation of comparable alternative technologies and/or government-owned or subsidized networks.
- Disruption in our supply chain for a number of reasons, including, difficulties in obtaining export licenses for certain technology, inability to secure component parts, general business disruption, natural disasters, safety issues, economic and political instability and public health emergencies.
- The continued development and delivery of attractive and profitable wireless, video and broadband offerings and devices, and, in particular, the success of our new HBO Max platform; the extent to which regulatory and build-out requirements apply to our offerings; our ability to match speeds offered by our competitors and the availability, cost and/or reliability of the various technologies and/or content required to provide such offerings.
- Our ability to generate advertising revenue from attractive video content, especially from WarnerMedia, in the face of unpredictable and rapidly evolving public viewing habits and legal restrictions on the use of personal data.
- The availability and cost and our ability to adequately fund additional wireless spectrum and network upgrades; and regulations and conditions relating to spectrum use, licensing, obtaining additional spectrum, technical standards and deployment and usage, including network management rules.
- Our ability to manage growth in wireless data services, including network quality and acquisition of adequate spectrum at reasonable costs and terms.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

- The outcome of pending, threatened or potential litigation (which includes arbitrations), including, without limitation, patent and product safety claims by or against third parties.
- The impact from major equipment or software failures on our networks, including satellites operated by DIRECTV; the effect of security breaches related to the network or customer information; our inability to obtain handsets, equipment/software or have handsets, equipment/software serviced in a timely and cost-effective manner from suppliers; and in the case of satellites launched, timely provisioning of services from vendors; or severe weather conditions including flooding and hurricanes, natural disasters including earthquakes and forest fires, pandemics, energy shortages, wars or terrorist attacks.
- The issuance by the Financial Accounting Standards Board or other accounting oversight bodies of new accounting standards or changes to existing standards.
- Our ability to successfully integrate our WarnerMedia operations, including the ability to manage various businesses in widely dispersed business locations and with decentralized management.
- Changes in our corporate strategies, such as changing network-related requirements or acquisitions and dispositions, which may require significant amounts of cash or stock, to respond to competition and regulatory, legislative and technological developments.
- The uncertainty surrounding further congressional action to address spending reductions, which may result in a significant decrease in government spending and reluctance of businesses and consumers to spend in general.

Readers are cautioned that other factors discussed in this report, although not enumerated here, also could materially affect our future earnings.

PART II – OTHER INFORMATION
Dollars in millions except per share amounts

Item 1A. Risk Factors

We discuss in our Annual Report on Form 10-K for the year ended December 31, 2019 and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020 various risks that may materially affect our business. We use this section to update this discussion to reflect material developments. For the second quarter of 2020, there were no such material developments.

PART II – OTHER INFORMATION - CONTINUED
Dollars in millions except per share amounts

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) A summary of our repurchases of common stock during the second quarter of 2020 is as follows:

Period	(a) Total Number of Shares (or Units) Purchased [1, 2, 3]	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs[1]	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under The Plans or Programs
April 1, 2020 - April 30, 2020	48,894	$ 33.41	-	177,942,230
May 1, 2020 - May 31, 2020	145,630	33.33	-	177,942,230
June 1, 2020 - June 30, 2020	937,490	29.85	-	177,942,230
Total	1,132,014	$ 30.45	-	

1 In March 2014, our Board of Directors approved an authorization to repurchase up to 300 million shares of our common stock. The authorization has no expiration date.
2 Of the shares repurchased, 556,889 shares were acquired through the withholding of taxes on the vesting of restricted stock and performance shares or on the exercise price of options.
3 Of the shares repurchased, 575,125 shares were acquired through reimbursements from AT&T maintained Voluntary Employee Benefit Association (VEBA) trusts.

Item 6. Exhibits

The following exhibits are filed or incorporated by reference as a part of this report:

Exhibit Number	Exhibit Description
3.1	Bylaws (Exhibit 3.1 to Form 8-K filed on June 26, 2020)
4.1	Description of AT&T's Securities Registered Under Section 12 of the Exchange Act
10.1	Supplemental Life Insurance Plan (Exhibit 10.1 to Form 8-K filed on June 26, 2020)
10.2	Agreement between Jason Kilar and WarnerMedia LLC
31	Rule 13a-14(a)/15d-14(a) Certifications
	31.1 Certification of Principal Executive Officer
	31.2 Certification of Principal Financial Officer
32	Section 1350 Certifications
101	The following financial statements from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, formatted in Inline XBRL: (i) Consolidated Statements of Cash Flows, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Balance Sheets, and (v) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from the Company’s Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AT&T Inc.

August 5, 2020

/s/ John J. Stephens
John J. Stephens
Senior Executive Vice President
and Chief Financial Officer

DESCRIPTION OF SECURITIES OF AT&T
EXCHANGE ACT AS OF DECEMBER 31, 2019

INC. REGISTERED UNDER SECTION 12 OF
TABLE OF CONTENTS

DESCRIPTION OF THE COMPANY'S COMMON STOCK

The following summary of AT&T Inc.'s ("AT&T") common stock is based on and qualified by the Company's Restated Certificate of Incorporation and the Bylaws, both of which are filed as exhibits to AT&T's Annual Report on Form 10-K for the year ended December 31, 2019. For a complete description of the terms and provisions of the Company's equity securities, including its common stock, refer to the Restated Certificate of Incorporation and the Bylaws. Throughout this exhibit, references to "we," "our," "us" and "the Company" refer to AT&T.

General

Our authorized share capital consists of 14,010,000,000 shares, of which 14,000,000,000 are common shares having a par value of $1.00 per share and 10,000,000 are shares of preferred stock, par value $1.00 per share. As of December 31, 2019, 7,254,555,140 shares of common stock were outstanding and 48,000 shares of preferred stock were outstanding.

Our common stock is listed on the New York Stock Exchange under the symbol "T".

The transfer agent for the common stock is Computershare Trust Company, Box 505000, Louisville, Kentucky 40233.

We typically do not issue physical stock certificates. Instead, we record evidence of stock ownership solely on our corporate records. However, we will issue a physical stock certificate if a stockholder so requests.

Holders of common stock do not have any conversion, redemption, or cumulative voting rights. In the event of our dissolution, liquidation or winding-up, common stockholders share ratably in any assets remaining after all creditors are paid in full, including holders of our debt securities and after the liquidation preference of holders of preferred stock has been satisfied.

Some of the provisions of our Restated Certificate of Incorporation and our Bylaws may tend to deter any potential unfriendly tender offers or other efforts to obtain control of us. At the same time, these provisions will tend to assure continuity of management and corporate policies and to induce any persons seeking control or a business combination with us to negotiate on terms acceptable to our then-elected board of directors.

Dividends

Common stockholders are entitled to participate equally in dividends when dividends are declared by our board of directors out of funds legally available for dividends.

Voting Rights of Stockholders

Each holder of common stock is entitled to one vote for each share for all matters voted on by common stockholders.

Election of Directors

Holders of common stock may not cumulate their votes in the election of directors. In an election of directors, each director must be elected by the vote of the majority of the votes cast with respect to that director's election. If a director is not elected and the nominee is an incumbent director, such incumbent director must promptly tender his or her resignation to the board of directors, subject to acceptance by the board of directors. The Corporate Governance and Nominating Committee of the board of directors (the "Corporate Governance and Nominating Committee") will make a recommendation to the board of directors as to whether to accept or reject the tendered resignation, or whether other action should be taken. The board of directors will act on the tendered resignation, taking into account the Corporate Governance and Nominating Committee's recommendation, and publicly disclose (by a press release, a filing with the Securities and Exchange Commission or other broadly disseminated means of communication) its decision regarding the tendered resignation and the rationale behind the decision within 90 days from the date of certification of election results. The Corporate Governance and Nominating Committee in making its recommendation and the board of directors in making its decision may each consider any factors or other information that they consider appropriate and relevant. Any incumbent director who tenders his or her resignation following such failure to be elected will not participate in the recommendation of

the Corporate Governance and Nominating Committee or
resignation.

the decision of the board of directors with respect to his or
If the number of persons properly nominated for election
date for the meeting at which such vote is to be held
elected by a plurality of the votes cast.

her
as directors as of the date that is 10 days before the record
exceeds the number of directors to be elected, then the directors
For purposes of the election of directors, a majority of
the election of a director exceeds the number of votes

shall be
Other Matters
votes cast shall mean that the number of shares voted "for"
cast "against" the election of such director.

Except with respect to the election of directors as described
the votes cast, unless otherwise required by law or

above, all other matters are determined by a majority of
For these purposes, a majority of votes cast shall mean that
number of votes cast "against" such matter.
the certificate of incorporation for the action proposed.

Quorum
the number of shares voted "for" a matter exceeds the

At least 40% of the shares entitled to vote at the meeting
constitute a quorum.

Board of Directors
must be present in person or by proxy,

Our Bylaws provide that all directors are required to stand
directors, a majority of the total number of the directors constitutes a
in order to

Action without Stockholder Meeting
for re-election every year. At any
quorum.

Our Restated Certificate of Incorporation also requires that
number of shares outstanding and entitled to vote
meeting of our board of
stockholders.

stockholders representing at least two-thirds of the
Advance Notice Bylaws
thereon must sign a written consent for any action without a meeting

Our Bylaws establish advance notice procedures with regard
total
candidates for election as directors or new business to be
of the
provide that notice of such stockholder proposals must be
meeting at which the action is to be taken. Generally,
to stockholder proposals relating to the nomination of
not less than 90 days nor more than 120 days prior to the
brought before meetings of our stockholders. These procedures
notice must contain certain information specified in
timely given in writing to the Secretary of AT&T
to be timely, notice must be

Proxy Access
anniversary date of the annual meeting for the preceding
the Bylaws.
prior to the
Our Bylaws permit any stockholder or group of up to twenty
received at our principal executive offices
qualifying ownership of 3% or more of our outstanding
year. The
specified number of director nominees in our proxy materials for
of stockholder nominees permitted under the proxy access provisions
stockholders who have maintained continuous
total number of directors of AT&T.
common stock for at least the previous three years to include
an annual meeting of stockholders. The maximum number
Notice of a nomination pursuant to the proxy access provisions
of our Bylaws shall be the greater of two or 20% of the
AT&T
up to a
on the last day a notice of nomination may be submitted.
that we mailed our proxy statement for the previous year's
information specified in our Bylaws.
of our Bylaws must be submitted to the Secretary of
at our principal executive office no earlier than
annual meeting of stockholders. The notice must contain

150 days and no later than 120 days before the anniversary
certain

of the date

Section 203 of the General Corporation Law of the State of Delaware

We are also subject to Section 203 of the General Corporation Law of the State of Delaware. Section 203 prohibits us from engaging in any business combination (as defined in Section 203) with an "interested stockholder" for a period of three years subsequent to the date on which the stockholder became an interested stockholder unless:

- prior to such date, our board of directors approves either the business combination or the transaction in which the stockholder became an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of the outstanding voting stock (with certain exclusions); or
- the business combination is approved by our board of directors and authorized by a vote (and not by written consent) of at least 66 2/3% of the outstanding voting stock not owned by the interested stockholder.

For purposes of Section 203, an "interested stockholder" is defined as an entity or person beneficially owning 15% or more of our outstanding voting stock, based on voting power, and any entity or person affiliated with or controlling or controlled by such an entity or person.

A "business combination" includes mergers, asset sales and other transactions resulting in financial benefit to a stockholder. Section 203 could prohibit or delay mergers or other takeover or change of control attempts with respect to us and, accordingly, may discourage attempts that might result in a premium over the market price for the shares held by stockholders. Such provisions may have the effect of deterring hostile takeovers or delaying changes in control of management or us.

DESCRIPTION OF THE DEPOSITARY
AND 5.000% PERPETUAL PREFERRED STOCK,
SHARES
SERIES A

The following summary of the terms
our Restated Certificate of Incorporation, including
Stock, Series A (the "Series A"). For a complete
Series A, please refer to our Restated
above referenced
Form 10-K for the year ended December 31, 2019 and
the Certificate of Designations creating the
8-A filed with the Securities and Exchange Commission on
description of the terms and
Certificate of Incorporation, which is filed as an exhibit to AT&T's
securities is based on and qualified by the pertinent sections of
5.000% Perpetual Preferred
to the Certificate of Designations, which is filed as an exhibit to a
provisions of the depositary shares
References to the "holders" of the Series
N.A. (the "Depositary"). References to
Annual Report on
their own names, on the books that we or the Depositary
Form
beneficial interests in depositary shares
"Depositary" shall mean Computershare Inc. and
Company ("DTC"). Holders of the depositary shares
and the
"holders" of depositary shares mean
rights and preferences
maintain for this purpose, and not indirect
registered in street
Computershare Trust
are entitled through
those who own depositary shares registered
of the Series A, as described under "Description of the Depositary
holders who own
name or issued in book-entry form through
Company,
the Depositary to exercise their proportional
the
Shares."
the Depositary Trust

DESCRIPTION OF THE 5.000% PERPETUAL PREFERRED
STOCK, SERIES A

General

Under our Restated Certificate of Incorporation, we have
stock, par value $1.00 per share. Our board of directors
further stockholder action to cause the issuance of shares
single series of our authorized preferred stock.
the authority to issue up to 10,000,000 shares of preferred
(or a duly authorized committee of the board) is authorized without
of preferred stock, including the Series A. The Series A represents a
We have issued
reopen and issue additional shares and/or increase or decrease
below. The shares
our common stock or any other class or series of our other
48,000 shares of the Series A, which remains the amount
obligation of us for their repurchase or retirement. The
the number of designated shares of Series A as described
are held solely by the Depositary as described under "Description
of Series A are fully paid and nonassessable and are not
securities and are not subject to any sinking fund or any other
outstanding, subject to our ability to
shares of Series A have a stated amount per share of $25,000
The number of designated shares of Series A may from time to
number of shares of preferred stock authorized under
convertible into, or exchangeable for, shares
of preferred stock designated at the time of such increase)
outstanding) by resolution of the board (or a duly authorized
and time be increased (but not in excess of the total
holders of the Series A. Shares of Series A that are redeemed,
our Restated Certificate of Incorporation, less shares of any other
shall revert to authorized but unissued shares of preferred
or decreased (but not below the number of shares of Series
fractional shares of Series A.
committee of the board), without the vote or consent
purchased or otherwise acquired by us will be cancelled
series
A then
Ranking
designated as to series. We
of the
and
With respect to the payment of dividends
the Series A ranks:
have the authority to issue

- senior to
and distributions of assets upon any liquidation, dissolution or
payment of
(including our common stock, "junior stock");
winding up,
our common
- senior to
dividends or
series that may be issued upon the requisite vote or consent
of the Series A at the time outstanding and entitled to vote, voting together with any other series of preferred
stock and
stock that would be adversely affected by such issuance substantially in
in the a
as a single
of the holders of at least two thirds of the shares
and distributions of assets upon any liquidation, dissolution
any class
parity with each
distribution of
class in proportion
the same manner and entitled to vote
or winding up of the Company; and
of series
other series of
assets upon
to their respective
of our
our preferred
our liquidation

- junior to all existing and future indebtedness and other

Dividends

non-equity claims on us.

Holders of Series A shall be entitled to receive, when,
committee of the board), but only out of funds legally
5.000% of the stated amount per share, and no more, payable quarterly
August and November, respectively,
as and if declared by our board (or a duly authorized
respect to the dividend period (or portion thereof) ending
available therefor, cumulative cash dividends
holders of record on the 15th calendar day before such dividend
in arrears on the 1st day of each February,
less than 10 days preceding such dividend payment date fixed
in each year, beginning on February
of the board) in advance of payment of each particular
at the annual rate on such respective dividend payment
dividend period (or portion thereof) is calculated
May,
payment date or such other record date not more than 60
dividend payment date is not a business day,
1, 2020 (each, a "dividend payment date"), with
authorized committee
without adjustment. We
date, to
The amount of the dividend per share of Series A for each
arrears on the Series A.
on the basis of a 360-day year consisting of twelve 30-day months.
the applicable dividend will be paid on the first business day
will not pay interest or any sum of money instead of interest
"Dividend period" means each period commencing on (and
(but not including) the next succeeding dividend payment
if any
shares of Series A shall commence on (and include) the original
following that day
on any dividend payment that may be in
including) a dividend payment date and continuing
date, except that the first dividend period for the initial issuance
A "business day" means each Monday,
The City of New York
issue date.

to

Restrictions on Dividends, Redemption and Repurchases

or
Tuesday,
are not authorized or obligated by law,

So long as any share of Series A remains outstanding,
Series A through and including the most recently completed dividend
Wednesday,
for the payment thereof has been set aside for payment:
regulation or executive order to close.
unless full accrued dividends on all outstanding shares
period have been paid or declared and a sum sufficient
Thursday or Friday on which banking institutions in
(i) no dividend may be declared or paid or set aside for
payable solely in stock that ranks junior to the Series A
or
on any liquidation, dissolution or winding up of the Company;
payment on any junior stock, other than a dividend
in the payment of dividends and in the distribution of assets
(ii) no monies may be paid or made available for a
and
stock, nor shall any shares of junior stock be purchased,
directly or indirectly,
sinking fund for the redemption or retirement of junior
redeemed or otherwise acquired for consideration by
other than:
stock for or into
the distribution of assets on any liquidation, dissolution
us,
(x) a reclassification
- through the use of another share of stock
junior to
or winding up of the Company; or
of junior stock,
dissolution or winding up of the Company; or
that ranks junior to
of the proceeds
- purchases, redemptions
the Series
contract, benefit plan,
or (y) the exchange
or consultants
the Series A in
substantially
A or
or other acquisitions
"Accrued dividends" means, with respect to shares of
of conversion of arrangement
Series A from, as to each share, the date of issuance of
for the payment of dividends
accrued (whether or not such dividends have been declared),
the payment
such share
Series A, an amount computed at the annual dividend rate for
one share of junior
such share to and including the date to which such dividends are
and
other shares of
less the aggregate amount of all dividends previously
If our board (or a duly authorized committee of the board)
junior stock in
a dividend payment date and related dividend period
benefit of employees,
to be
stock that ranks
paid on
elects to declare only partial instead of full dividends for
connection with any
on the shares of Series A or any class or series of our stock
officers, directors

the distribution
employment
that ranks on

a parity with Series A in the payment of dividends ("dividend
Series A and each outstanding series of dividend parity stock
and dividend parity stock, and dividends so declared
period in amounts such that the ratio of the partial dividends
parity stock"), then to the extent permitted by the terms of the
such series is the same. As used in this paragraph, "full
such partial dividends shall be declared on shares of Series A
that bears dividends on a cumulative basis, the amount
shall be paid, as to any such dividend payment date and related
Series A and such dividend parity stock current in dividends,
declared and paid on each such series to full dividends on
is, for Series A, full accrued dividends). To
dividends" means, as to the Series A and any dividend parity
parity stock (in either case, the "first series") coincides with
dividends that would need to be declared and paid
dividend
applicable (in either case, a "second series"), for purposes
including undeclared dividends for
each
authorized committee of the board) may
the extent a dividend period with respect to the Series A or any
stock
period for the first series as two or more consecutive
more than one dividend period with respect to another
to bring the
period with respect to the second series, or may treat
of the immediately preceding sentence our board
past dividend periods (that
dividend period(s) with respect to the Series A for purposes
to the extent permitted by the terms of each affected series,
series of dividend
deems to be fair and equitable in order to achieve ratable
dividend periods, none of which coincides with more than one
series as
A
such dividend period(s) with respect to any dividend parity stock and
(or a duly
of the immediately preceding sentence in any other
treat such dividend
payments of dividends on such dividend parity stock.
Subject to the foregoing, and not otherwise, such dividends
dividend
determined by our board (or a duly authorized committee
time to time out of any funds legally available therefor,
manner that it
such dividend
and the Series
(payable in cash, stock or otherwise) as may be
of the board) may be declared and paid on any junior stock
and the shares of Series A shall not be entitled to participate

Optional Redemption

from
in any

The Series A is perpetual and has no maturity date. We

(i) in whole or in part, at any time on or after December

the stated amount (*i.e.*, $25,000 per share of Series A) (equivalent
may, at our option, redeem
otherwise provided herein) an amount equal to all accrued
to, but not including, the date fixed for redemption;
12, 2024, at a cash redemption price equal to
the shares of Series A:
to $25.00 per depositary share), plus (except as
and unpaid dividends thereon (whether or not declared),
(ii) in whole but not in part at any time within 90 days after
or
process instituted by us following the occurrence of
share of Series A (equivalent to $25.50 per depositary share), plus
equal to all accrued and unpaid dividends thereon (whether
the conclusion of any review or appeal
redemption
a ratings event at a cash redemption price equal to $25,500 per
(except as otherwise provided herein) an amount
"Ratings event" means that any nationally recognized
or not declared) to, but not including, the date fixed for
the Exchange Act or in any successor provision thereto,
clarifies or changes the criteria it uses to assign equity credit to
clarification or change results in:
statistical rating organization as defined in Section
that then publishes a rating for us (a "rating agency") amends,
securities such as the Series A, which amendment,
(i) the shortening of the length of time the Series A is assigned a
that rating agency as compared to the length of time they would
3(a)(62) of
rating agency or its predecessor on the initial issuance of

particular level of equity credit by
have been assigned that level of equity credit by that
(ii) the lowering of the equity credit (including up to a
rating agency as compared to the equity credit assigned
the Series A; or
issuance of the Series A.

lesser amount) assigned to the Series A by that
The redemption price for any shares of Series A shall be payable
by that rating agency or its predecessor on the initial
against surrender of the certificate(s) evidencing such shares to
certificated form. Any accrued but unpaid dividends payable
record date for a dividend period shall not be paid to the
on the redemption date to the holder of such shares
date, but rather shall be paid to the holder of record of
us or our agent, if the shares of Series A are issued in
dividend payment date.
on a redemption date that occurs subsequent to the applicable
holder entitled to receive the redemption price on the redemption
the redeemed shares on such record date relating to the applicable

In case of any redemption of only part of the shares of Series A at the time outstanding, the shares to be redeemed shall be selected either *pro rata* from the holders of record of Series A in proportion to the number of shares of Series A held by such holders or by lot. Subject to the provisions hereof, our board (or a duly authorized committee of the board) shall have full power and authority to prescribe the terms and conditions on which shares of Series A shall be redeemed from time to time. If we shall have issued certificates for the Series A and fewer than all shares represented by any certificates are redeemed, new certificates shall be issued representing the unredeemed shares without charge to the holders thereof.

Redemption Procedures

A notice of every redemption of shares of Series A shall be given by first class mail, postage prepaid, addressed to the holders of record of the shares to be redeemed at their respective last addresses appearing on our books. Such mailing shall be at least 30 days and not more than 60 days before the date fixed for redemption. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the holder receives such notice, but failure duly to give such notice by mail, or any defect in such notice or in the mailing thereof, to any holder of shares of Series A designated for redemption shall not affect the validity of the proceedings for the redemption of any other shares of Series A. Notwithstanding the foregoing, if the Series A or any depositary shares representing interests in the Series A are issued in book-entry form through The Depository Trust Company or any other similar facility, our Company or such other facility will provide notice of redemption prior to the data fixed for redemption of the Series A and applicable Series A or depositary shares representing interests in the Series A by any authorized method to holders of record of the Series A not less than 30, nor more than 60, days related depositary shares.

Each notice of redemption given to a holder shall state:

- the redemption date;
- the number of shares of the Series A to be redeemed and, if less than all the shares held by such holder are to be redeemed, the number of shares to be redeemed from such holder;
- the redemption price;
- the place or places where certificates for such shares are to be surrendered for payment of the redemption price; and
- that dividends will cease to accrue on the redemption date.

If notice of redemption has been duly given, and if on or before the redemption date specified in the notice all funds necessary for the redemption have been set aside by us, separate and apart from our other funds, in trust for the *pro rata* benefit of the holders of the shares called for redemption, so as to be and continue to be available for that purpose, then, notwithstanding that any certificate for any share so called for redemption has not been surrendered for cancellation in case that the shares of Series A are issued in certificated form, on and after the redemption date dividends shall cease to accrue on all shares so called for redemption, all shares so called for redemption shall no longer be deemed outstanding and all rights with respect to such shares shall forthwith on the redemption date cease and terminate, except only the right of the holders thereof to receive the amount payable on such redemption, without interest. Any funds unclaimed at the end of two years from the redemption date shall, to the extent permitted by law, be released from the trust so established and may be commingled with our other funds, and after that time the holders of the shares so called for redemption shall look only to us for payment of the redemption price of such shares.

The Series A is not subject to any mandatory redemption, sinking fund or other similar provisions. Holders of Series A do not have the right to require redemption of any shares of Series A.

Liquidation Right

In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, before any distribution or payment out of our assets may be made to or set aside for the holders of any junior stock, holders of Series A will be entitled to receive out of our assets legally available for distribution to our stockholders an amount equal to the stated amount per share, together with an amount equal to all accrued dividends to the date of payment whether or not earned or declared (the "liquidation preference").

If our assets are not sufficient to pay the liquidation preference in full to all holders of Series A and all holders of any class or series of our stock that ranks on a parity with Series A as to the distribution of assets on liquidation, dissolution or winding up of the Company (the "liquidation preference parity stock"), the amounts paid to the holders of Series A and holders of all liquidation preference parity stock shall be *pro rata* in accordance with the respective aggregate liquidation preferences of Series A and of such liquidation preference parity stock. In any such distribution, the "liquidation preference" of any holder of our stock other than the Series A means the amount otherwise payable to such holder in such distribution (assuming no limitation on our assets available for such distribution), including an amount equal to any declared but unpaid dividends (in the case of any holder of stock on which dividends accrue on a noncumulative basis) and, in the case of any holder of stock on which dividends accrue on a cumulative basis, an amount equal to any unpaid, accrued, cumulative dividends, whether or not earned or declared, as applicable. If the liquidation preference has been paid in full to all holders of Series A and all holders of any liquidation preference parity stock, the holders of junior stock will be entitled to receive our remaining assets according to their respective rights and preferences.

For purposes of the liquidation rights, the merger, consolidation or other business combination of us with or into any other corporation, including a transaction in which the holders of Series A receive cash, securities or property for their shares, or the sale, conveyance, lease, exchange or transfer of all or substantially all of our assets, shall not constitute a liquidation (for cash, shares of stock, securities or other consideration) dissolution or winding up of the Company.

Voting Rights

Except as indicated below or otherwise required by law, the holders of the Series A do not have any voting rights.

Right to Elect Two Directors on Nonpayment Events. If and whenever dividends payable on Series A have not been declared and paid in an aggregate amount equal to full dividends for at least six quarterly dividend periods or their equivalent (whether or not consecutive) (a "nonpayment event"), the number of directors then constituting our board shall be automatically increased by two and the holders of Series A, together with the holders of any and all other series of outstanding voting preferred stock then entitled to vote for additional directors, voting together as a single class in proportion to their respective stated amounts, shall be entitled to elect the two additional directors (the "preferred stock directors"); *provided* that our board shall at no time include more than two preferred stock directors (including, for purposes of this limitation, all directors that the holders of any series of voting preferred stock are entitled to elect pursuant to like voting rights).

"Voting preferred stock" means any other class or series of preferred stock that ranks equally with the Series A as to the payment of dividends and as to the distribution of assets upon liquidation, dissolution or winding up of the Company and upon which like voting rights have been conferred and are exercisable.

In the event that the holders of Series A and such other holders of voting preferred stock shall be entitled to vote for the election of the preferred stock directors following a nonpayment event, such directors shall be initially elected following such nonpayment event only at a special meeting called at the request of the holders of record of at least 20% of (i) the amount of the Series A and (ii) each other series of voting preferred stock then outstanding (unless such request for a special meeting is received less than 90 days before the date fixed for the next annual or special meeting of our stockholders, in which event such election shall be held only at such next annual or special meeting of stockholders), and at each subsequent annual meeting of our stockholders. Such request to call a special meeting for the initial election of the preferred stock directors after a nonpayment event shall be made by written notice, signed by the requisite holders of Series A or voting preferred stock, and delivered to our Secretary in such manner as provided for in the certificate of designations creating Series A, or as may otherwise be required or permitted by applicable law. If our Secretary fails to call a special meeting for the election of the preferred stock directors within 20 days of receiving proper notice, any holder of Series A may call such a meeting at our expense solely for the election of the preferred stock directors, and for this purpose and no other (unless provided otherwise by applicable law) such Series A holder shall have access to our stock ledger.

At each meeting of stockholders at which holders of the Series A and voting preferred stock (determined on a series by series basis) entitled to vote for the election of the preferred stock directors, the holders of record of 40% of the total number of Series A and such other holders of voting preferred stock entitled to vote at the meeting, present in person or by proxy, will constitute a quorum for the transaction of business. Each preferred stock director will be elected by a vote of the majority of the votes cast with respect to that preferred stock director's election [illegible]

When (i) accrued dividends have been paid in full on the Series A after a nonpayment event, and (ii) the rights of holders of any voting preferred stock to participate in electing the preferred stock directors shall have ceased, the [illegible]

holders of the Series A to participate in the election
revesting of such voting rights in the case of any future
directors shall immediately terminate, and the number
accordingly.
of preferred stock directors shall cease (but subject always
nonpayment event), the terms of office of all the
of directors constituting our board shall automatically
Any preferred stock director may be removed at any time without
outstanding shares of Series A and voting preferred
to the
as a single class in proportion
preferred stock
meeting shall hold office until the next annual
be reduced
cause by the holders of record of a majority of the
as above provided. In case any vacancy shall occur
stock, when they have the voting rights described above (voting
board to serve until the next annual meeting of
director or, if no preferred stock director
remains in office, by the vote of the holders of record
outstanding shares of Series A and such voting preferred
together
the preferred stock directors, a successor shall be elected by our
class in proportion to their respective stated amounts
the stockholders on the nomination of the then remaining preferred
director on any matter that shall come before our board
previously terminated
stock for which dividends have not been paid, voting as a single
s
The preferred stock directors shall each be entitled to one
stock
Other Voting
for a vote.

So long as any shares of the Series A are outstanding,
required by law or by our Restated Certificate of Incorporation,
Rights
shares of Series A at the time outstanding, voting together
affected in substantially the same manner and
In addition to any other vote or consent of stockholders
(to the exclusion of all other series of preferred stock)
the vote or consent of the holders of at least two-thirds of the
of a majority of the
vote at any meeting called for the purpose, will be
with any other series of preferred stock that would be adversely
entitled to vote as a single class in proportion to their respective stated amounts
given in person or by proxy,
necessary for effecting or validating:
either in writing without a meeting or by

- **Amendment of Restated Certificate of Incorporation or Bylaws**. Any amendment, alteration or repeal of any provision of our Restated Certificate of Incorporation or Bylaws that would alter or change the voting powers, preferences or special rights of the Series A so as to affect them adversely; *provided*, *however*, that the amendment ... authorized amount ... payment of dividends ... Company shall ... Series A;

- **Authorization of Senior Stock**. Any amendment or alteration of the certificate of incorporation to authorize or create, or increase the authorized amount of, any shares of any class or series or any securities convertible into shares of any class or series of our capital stock ranking prior to Series A in the distribution of assets on any liquidation, dissolution or winding up of the Company; or

- **Share Exchanges, Reclassifications, Mergers and Consolidations and Other Transactions**. Any consummation of a binding share exchange or reclassification involving the Series A, or of a merger or consolidation of the Company with another entity (whether or not a corporation), unless in each case (A) the shares of Series A remain outstanding or, in the case of any such merger or consolidation with respect to which we are not the surviving or resulting entity, the shares of Series A are converted into or exchanged for preference securities of the surviving or resulting entity or its ultimate parent and such surviving or resulting entity or ultimate parent, as the case may be, is a corporation, and (B) such shares remaining outstanding or such preference securities, as the case may be, have such rights, preferences, privileges and voting powers, and limitations and restrictions thereof, taken as a whole, as are not materially less favorable to the holders thereof than the rights, preferences, privileges and voting powers, and restrictions and limitations thereof, of Series A immediately prior to such consummation, taken as a whole.

To the fullest extent permitted by law, without the consent of the holders of the Series A, so long as such action does not adversely affect the special rights, preferences, privileges and voting powers, and limitations and restrictions thereof, of the Series A, we may amend, alter, supplement or repeal any terms of the Series A contained in our Restated Certificate of Incorporation or the certificate of designations for the following purposes:

(i) to cure any ambiguity,

(ii) to make any provision with respect to matters or questions

inconsistent with the provisions of the certificate of designations.

omission, inconsistency or mistake in any such instrument;

The foregoing voting provisions will not apply if, at or

relating to the Series A that is not

would otherwise be required shall be effected,

or

redemption on proper notice and sufficient

effect the redemption, unless in the case of

prior to the time when the act with respect to which the

being redeemed with the proceeds from the sale of the

all outstanding shares of the Series A have been redeemed

funds have been set aside by us for the benefit of the holders

Under current provisions of the Delaware General Corporation

a vote or consent required to authorize senior stock if the shares

stock are entitled to vote as a class, with the consent of

or called for authorized.

our Restated Certificate of Incorporation if the amendment

of the Series A to

shares of such class or increase or decrease the par

of Series A are the holders of issued

the majority of the class being required to approve an amendment to

No Preemptive and Conversion Rights

would increase or decrease the aggregate number of

value of the shares of such class.

and outstanding preferred

Holders of the Series A do not have any preemptive

property or shares of any other series or class of our capital

authorized

Additional Classes or Series of Stock

rights. The Series A is not convertible into or exchangeable for

stock.

We have the

A as to dividends and distribution of assets upon our liquidation,

holders of the Series A, or the holders of the related depositary

right to create and issue additional classes or series of stock

Transfer Agent and

dissolution, or winding up without the consent of the

shares.

Computershare Trust Company,

ranking equally with or junior to the Series

We may terminate

Registrar

time, provided that we will use our best efforts

person or entity appointed and serving as transfer

N.A. is the transfer agent and registrar for the Series A as of the

or entity affiliated with us.

such appointment and may appoint a successor transfer agent

to ensure that there is, at all relevant times when the Series A is outstanding,

agent and/or registrar. The transfer agent

DESCRIPTION OF THE DEPOSITARY

original issue date.

and/or registrar at any time and from time to

General

a

and/or registrar may be a person

SHARES

We have issued

represents a 1/1,000th ownership interest in a share

The Series A represented by depositary shares has been

fractional interests in shares of the Series A in the form

Computershare Inc. and Computershare Trust

of the Series A and is evidenced by a depositary receipt.

depositary receipts evidencing the depositary shares.

depositary share is entitled, through the Depositary,

of depositary shares. Each depositary share

among us,

represented by such depositary shares, to all the rights and

Company, N.A., as the Depositary,

dividend, voting, redemption and liquidation rights).

Subject to the terms of the deposit agreement, each holder

in proportion to the applicable fraction of a share of

preferences of the Series A represented thereby (including

The depositary shares are listed on the NYSE under the

and the holders from time to time of the

of a

Dividends and Other Distributions

the Series A

symbol “T PRA”.

Each dividend on a depositary share will be in an amount

share of the Series A.

equal to 1/1,000th of the dividend declared on the related

The Depositary distributes any cash dividends or other cash distributions received in respect of the deposited Series A to the record holders of depositary shares relating to the underlying Series A in proportion to the number of depositary shares held by each holder on the relevant record date. The Depositary distributes any property received by it other than cash to the record holders of depositary shares entitled to those distributions, in proportion to the number of depositary shares held by each such holder, unless it determines that the distribution cannot be made proportionally among those holders or that it is not feasible to make such distribution. In that event, the Depositary may, with our approval, sell such property received by it and distribute the net proceeds from the sale to the holders of the depositary shares entitled to such distribution in proportion to the number of depositary shares they hold.

Record dates for the payment of dividends and other matters relating to the depositary shares are the same as the corresponding record dates for the Series A.

The amounts distributed to holders of depositary shares are reduced by any amounts required to be withheld by the Depositary or by us on account of taxes or other governmental charges.

Redemption of Depositary Shares

If we redeem the Series A represented by the depositary shares, in whole or in part, a corresponding number of depositary shares will be redeemed from the proceeds received by the Depositary resulting from the redemption of the Series A held by the Depositary. The redemption price per depositary share will be equal to 1/1,000th of the redemption price per share payable with respect to the Series A, plus an amount equal to any dividends thereon that, pursuant to the provisions of the Certificate of Designations, are payable upon redemption. Whenever we redeem shares of the Series A held by the Depositary, the Depositary will redeem, as of the same redemption date, the number of depositary shares representing shares of the Series A so redeemed.

In case of any redemption of less than all of the outstanding depositary shares, the depositary shares to be redeemed will be selected by the Depositary either *pro rata* or by lot. In any such case, we will redeem depositary shares only in increments of 1,000 depositary shares and any integral multiple thereof.

The Depositary will provide notice of redemption by any authorized method to holders of the depositary shares not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series A and the related depositary shares.

After the date fixed for redemption, the depositary shares called for redemption will no longer be deemed to be outstanding, and all rights of the holders of those shares will cease, except the right to receive the amount payable and any other property to which the holders were entitled upon the redemption. To receive this amount or other property, the holders must surrender the depositary receipts evidencing their depositary shares to the depositary. Any funds that we deposit with the Depositary for any depositary shares that the holders fail to redeem will be returned to us after a period of two years from the date we deposit the funds.

Voting the Shares

Because each depositary share represents a 1/1,000th interest in a share of the Series A, holders of depositary shares are entitled to a 1/1,000th of a vote per depositary share under those limited circumstances in which holders of the Series A are entitled to a vote, as described above in "Description of the 5.000% Perpetual Preferred Stock, Series A—Voting Rights."

When the depositary receives notice of any meeting at which the holders of the Series A are entitled to vote, the Depositary will mail (or otherwise transmit by an authorized method) the information contained in the notice to the holders of the depositary shares relating to the Series A. Each record holder of the depositary shares on the record date, which will be the same date as the record date for the Series A, may instruct the Depositary to vote the amount of the Series A represented by the holder's depositary shares. Although each depositary share is entitled to 1/1,000th of a vote, the Depositary can only vote whole shares of the Series A. To the extent possible, the Depositary will vote the amount of the Series A represented by depositary shares in accordance with the instructions it receives. We will agree to take all reasonable actions that the Depositary determines are necessary to enable the Depositary to vote as instructed. If the Depositary does not receive specific instructions from the holders of any depositary shares representing the Series A, it will not vote the amount of the Series A represented by such depositary shares.

Form of the Depositary Shares

The depositary shares are issued in book-entry form through Depositary.

DTC. The Series A is issued in registered form to the

DESCRIPTION OF THE FLOATING

NOTES DUE 2023

RATE GLOBAL *The following summary of AT&T's*
dated as of May 15, 2013, with The Bank of New York
the Floating Rate Global Notes due 2020 (the "Floating
"Floating Rate 2023 Notes" and together with the Floating
NOTES DUE 2020 AND THE FLOATING
the terms and provisions of the Notes, please
Mellon Trust Company
Form 10-K for the year ended December 31, 2019 and
Rate 2020 Notes") and Floating Rate Global Notes due
with the Securities and Exchange Commission on June
RATE GLOBAL *securities is based on and qualified by the Indenture,*
refer to the Indenture,
General
2023 (the
and forms of Notes, which are filed as exhibits
of
21, 2017 and August 3, 2018.
which is filed as an exhibit to AT&T's
to the Form 8-A filed
N.A., acting as trustee (the "Indenture")
Annual Report on
and

The Floating Rate 2020 Notes:

- were issued in an aggregate initial principal amount of €2,250,000,000, which remains the amount outstanding, subject to our ability to issue additional Floating Rate 2020 Notes which may be of the same series as the Floating Rate 2020 Notes as described under "— Further Issues";
- mature on August 3, 2020;
- bear interest at the applicable interest rate on the Floating Rate 2020 Notes in effect for each day of an Interest Period (as defined below) equal to the Applicable EURIBOR Rate plus 40 basis points (0.400%), payable quarterly in arrears;
- are repayable at par at maturity;
- are redeemable by us in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The Floating Rate 2023 Notes:

- were issued in an aggregate initial principal amount of €878,507,000, which remains the amount outstanding, subject to our ability to issue additional Floating Rate 2023 Notes which may be of the same series as the Floating Rate 2023 Notes as described under "— Further Issues";
- mature on September 5, 2023;
- bear interest at the applicable interest rate on the Floating Rate 2023 Notes in effect for each day of an Interest Period (as defined below) equal to the Applicable EURIBOR Rate plus 85 basis points (0.850%), payable quarterly in arrears;
- are repayable at par at maturity;
- are redeemable by us in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The Notes are our unsecured and unsubordinated obligations and rank *pari passu* with all other indebtedness issued under our Indenture. Each series of Notes constitutes a separate series thereunder. The Notes are issued in fully registered form only and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Principal and interest payments on the Notes are payable by us in euro. Payments of principal, interest and additional amounts, if any, in respect of the Notes will be made to Euroclear System, Clearstream Banking S.A. or such nominee or common depositary,

as the case may be, as registered holder thereof. Under
on the Notes are due under any circumstances, AT&T
The principal and interest payable in U.S. dollars on a
immediately available funds against presentation of a
the terms of the Indenture, if the euro ceases to exist when
may supplement the Indenture to allow for payment in U.S. dollars.
Note at maturity, or upon
Interest
Note at the office of the paying agent.
payments
The Floating Rate 2020 Notes bear interest from August
provided below, payable
redemption, will be paid by wire transfer of
date”), commencing on November 3, 2018, to the persons
close of business on the 15th day preceding the respective
3, 2018 at a floating rate determined in the manner
interest rate on the Floating Rate 2020 Notes in effect
on February 3, May 3, August 3 and November 3 of each year
Rate plus 40 basis points (0.400%). The interest rate
in whose names the Floating Rate 2020 Notes are registered
February 3, May 3, August 3 and November 3 of each
interest payment date, subject to certain exceptions. The per annum
such date, a “2020 Interest Reset Date”), until the principal
(each such day, an Interest Period is equal to the Applicable EURIBOR
payment (the “2020 Principal Payment Date”). If any
for the Floating Rate 2020 Notes for each Interest Period is set on
occurring on August 3, 2018) and interest payment
year, and was set for the initial Interest Period
2020 Interest Reset Date and interest payment date shall
each Floating Rate 2020 Notes is paid or made available
preceding EURIBOR business day is in the next succeeding calendar
2020 Interest Reset Date (other than the initial 2020 Interest
and interest payment date shall be the immediately
on August 3, 2018) each a day that is not a EURIBOR business day,
be the next succeeding EURIBOR business day,
for
month, The Floating Rate 2023 Notes bear interest from December
Reset Date which case such 2020 Interest Reset Date
provided below, payable
preceding EURIBOR business day.
date”), commencing on March 4, 2019, to the persons
unless the next
close of business on the 15th day preceding the respective
4, 2018 at a floating rate determined in a manner
the last interest payment date will be made on the maturity
on March 4, June 4, September 4 and December 4 of each
one day. The per annum interest rate on the Floating
whose names the Floating Rate 2023 Notes are registered at the
the Applicable EURIBOR Rate plus 85 basis points (0.850%).
interest payment date, subject to certain exceptions, including
Interest Period is set on March 4, June 4, September 4
year (each such day, an interest payment date
on December 4, 2018 (each such date, a “2023 Interest
Rate 2023 Notes in effect for each day of an Interest Period
individual date, an “Interest Reset Date”) until the principal
that interest rate for the Floating Rate 2023 Notes for
payment (the “2023 Principal Payment Date” and, together
(an “Interest Payment
Date”); provided that the last 2023 Interest Reset Date will be
is equal to and, together with a 2020 Interest Reset Date, such
each Floating Rate 2023 Notes is paid or made
Period which for the avoidance of doubt, will include one
initial 2023 Interest Reset Date which occurred on
the initial Interest Period Payment Date, the “Principal
that is not a EURIBOR business day
on June 4, 2023, and will be calculated for the entire Interest
EURIBOR business day,
available for). If any
which case such 2023 Interest Reset Date and interest payment
Payment 4, 2018) and interest payment date would otherwise be a
day
such 2023 Interest Reset Date and interest payment date shall
unless the next succeeding EURIBOR business day is in the
2023 Interest Reset Date (other than the
date shall be the immediately preceding EURIBOR business
“EURIBOR business day”
be the next succeeding
City of London, is not a day on which banking institutions
on which the TARGET
next succeeding calendar month, in

are generally authorized or obligated by law to close,
“Interest Period” any day that is not a Saturday or Sunday and
System, or any successor thereto, operates.
Reset Date to but excluding the next succeeding Interest
including the relevant Interest Reset Date immediately preceding
may be, to but not including such maturity date or Principal
and is a day, in the City of New York
or maturity date is not a EURIBOR business day,
Reset Date and, in the case of the last such period, from the relevant
thereon shall be paid on the next succeeding EURIBOR business day
the maturity date or Principal Payment Date, as the case
Principal Payment Date or any day thereafter
Payment Date, as the case may be. If the Principal Payment
of the
then the principal amount of the Notes plus accrued and unpaid
and period from and including an Interest
The “Applicable EURIBOR Rate”
and no interest shall accrue for the maturity date,
Date
interest
(1) Two prior TARGET
interbank market preceding each Interest Reset Date (each such
means the rate determined in accordance with the following
of New York
EURIBOR Rate which shall be the rate for deposits in euro
days on which dealings in deposits in euros are transacted
date, an “Interest Determination Date”), The Bank
provisions:
Mellon, London Branch (the “Calculation Agent”), as agent
having a maturity of three months commencing on the
in the euro-zone

for AT&T,

first day of the applicable interest period that appears on (i)
Floating Rate 2020 Notes, or (ii) the Reuters Screen EURIBOR01
Notes, as of 11:00 a.m., Brussels time, on
means the display designated on page "BBAM" on Bloomberg
the Bloomberg Screen BBAM Page, with respect to the
Page, or that service or any successor service for the purpose of
Page, with respect to the Floating Rate 2023
euro-denominated deposits of major banks). "Reuters Screen EURIBOR01
such Interest Determination Date. "Bloomberg
page "EURIBOR01" on Reuters (or such other page
(or such other page as may replace the "BBAM1
successor service for the purpose of displaying euro-zone interbank
displaying euro-zone interbank offered rates for
major banks). If the Applicable EURIBOR Rate on such Interest
Screen BBAM Page" means the display designated on
Bloomberg Screen BBAM Page or the Reuters Screen
as may replace the EURIBOR01 page on that service or any
Rate will be determined as described in (2) below.
offered rates for euro-denominated deposits of
Determination Date does not appear on the
(2) With respect to an Interest Determination
EURIBOR01 Page, as applicable, the Applicable EURIBOR
appear on the Bloomberg Screen BBAM Page or
in (1) above, the Applicable EURIBOR Rate will be determined
are offered by four major banks in the euro-zone
Date for which the Applicable EURIBOR Rate does not
approximately 11:00 a.m., Brussels time,
the Reuters Screen EURIBOR01 Page, as applicable, as specified
interbank market having a maturity of three months, and
on the basis of the rates at which deposits in euro
€1,000,000 that is representative for a single transaction
interbank market selected by AT&T
direction from AT&T.
on such Interest Determination Date to prime banks in the
quotation of its rate. If at least two such quotations are
in a principal amount equal to an amount of not less than
Determination Date will be the arithmetic mean (rounded upwards)
(the "Reference Banks") at . The Calculation Agent, upon
are provided, the Applicable EURIBOR Rate on such Interest
euro-zone the principal euro-zone office of each
(rounded upwards) of the rates quoted by three major banks
provided, the Applicable EURIBOR Rate on such Interest
11:00 a.m., Brussels time, on such Interest
of such quotations. If fewer than two quotations
maturity of three months and in a principal amount equal
of such Reference Banks to provide a mean
representative for a single transaction in such market
in the euro-zone selected by AT&T
as aforesaid by AT&T
Determination Date for loans in euro to leading European
commencing on the Interest Reset Date following such Interest Determination
to an amount of not less than €1,000,000 that is
on such Interest Determination Date (i.e., the same as the
at approximately provided, however,
Reset Date).
banks, having as mentioned in this sentence, the relevant
Date will be the interest rate in effect
The amount of interest for each day that the Notes are
that if the banks so selected immediately preceding Interest
dividing the interest rate in effect for such
interest rate for the Interest Period
as the "Actual/360" day count). The amount of interest
Daily Interest Amount for each day in such Interest Period
outstanding (the "Daily Interest Amount") is calculated by
day by 360 and multiplying the result by the principal amount
The interest rate and amount of interest paid on the Notes
paid on the Notes for any Interest Period is calculated by adding
Agent. With respect to the Floating
maximum rate permitted by New York
of the Note (known
Calculation Agent will, upon the request of any holder
the for each Interest Period is determined by the Calculation
Notes. All calculations made by the Calculation Agent
Rate 2020 Notes, the interest rate will in no event be lower than
and binding on AT&T
law as the same may be modified by United States law of general
with respect to the Notes, there will at all times be a Calculation
of the Notes, provide the interest rate then in effect with
shall be unable or unwilling to act, or that such Calculation
zero or higher than the manifest error be conclusive for all purposes
for any Interest Period, or that AT&T
application. The of the Notes. So long as the Applicable EURIBOR Rate
person which is a bank, trust company,
respect to the event that any then acting Calculation Agent
Agent shall fail to duly establish the Applicable EURIBOR Rate
Payment of Additional Amounts
is required to be determined Calculation Agent, AT&T
investment banking firm or other financial institution to act
We will, subject to
additional amounts as are necessary so that the net payment
shall appoint itself or another
Notes to a person that is a United States Alien, after deduction
as the Calculation Agent.
charge of the United States or a political subdivision
the exceptions and limitations set forth below,
respect to the payment, will not be less than the amount
by us or our paying agent of the principal of and interest
withholding or deduction been required. As used herein,
for any present or future tax, assessment or governmental
federal income tax purposes, is a foreign corporation, a
or taxing pay as additional interest on the Notes such withholding
that would have been payable in respect of the Notes had no
on the
"United States Alien" means any person who, for United
non-resident alien individual, a non-resident alien fiduciary
with

States
of a

foreign estate or trust, or a foreign partnership one or more
purposes, a foreign corporation, a non-resident alien individual

of the members of which is, for United States federal
Our obligation to pay Additional Amounts shall not apply:
or a non-resident alien fiduciary of a foreign estate or trust.

(1) to any tax, assessment or governmental charge
income tax
owner, or a fiduciary,
or partnership, or a person holding a power over an estate or trust
that is imposed or withheld solely because the beneficial
settlor, beneficiary or member of the
(a) is or was present or engaged in a trade or business in the
administered by a fiduciary holder,
establishment in the United States, or has any other
any political subdivision or taxing authority thereof
beneficial owner if the beneficial owner is an estate, trust
United States, has or had a permanent
present or former connection with the United States or
(b) is or was a citizen or resident or is or was treated
or therein;
(c) is or was a foreign or domestic personal holding company,
company or a controlled foreign corporation with respect
as a resident of the United States;
has accumulated earnings to avoid United States federal
a passive foreign investment
to the United States or is or was a corporation that
(d) is or was a bank receiving interest described in
income tax;
Code of 1986, as amended (the "Code"); or
Section 881(c)(3)(A) of the Internal Revenue
(e) is or was an actual or constructive owner of 10% or
of all classes of stock of AT&T

(2) to any holder that is not the sole beneficial owner of
more of the total combined voting power
or partnership, but only to the extent that the beneficial owner,
entitled to vote;
or a member of the partnership would not have been entitled
beneficial owner, beneficiary
the Notes, or a portion thereof, or that is a fiduciary
a beneficiary or settlor with respect to the fiduciary,
to the payment of an additional amount had such
(3) to any tax, assessment or governmental charge
settlor or member received directly its beneficial or distributive
or any other person failed to comply with certification,
concerning the nationality,
of the Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
share of the payment;
applicable income tax treaty to which the United States is a party
identification or information reporting requirements
assessment or other governmental charge;
residence, identity or connection with the United States of the holder
of the United States Treasury Department or
as a precondition to exemption from such tax,
(4) to any tax, assessment or governmental charge
by AT&T
or beneficial owner
by an
(5) to any tax, assessment or governmental charge
that is imposed other than by deduction or withholding
law, regulation
or a paying agent from the payment;
which the payment becomes due or is duly provided for,
that is imposed or withheld solely because of a change in
or administrative or judicial interpretation that is announced
(6) to an estate, inheritance, gift, sales, excise, transfer,
assessment or governmental charge;
whichever occurs later;
or becomes effective after the day on
(7) to any tax, assessment or other governmental charge
wealth or personal property tax or any similar tax,
must withhold from any payment of principal of or interest on
withholding by any other paying agent; or
any paying agent (which term may include us)
any Note, if such payment can be made without such
(8) in the case of any combination of the above items.

In addition, any amounts to be paid on the Notes will be
required pursuant to Sections 1471 through 1474 of the
thereof, any agreement entered into pursuant to Section 1471(b)
paid net of any deduction or withholding imposed or
Code, any current or future regulations or official interpretations
of the Code, or any fiscal or regulatory legislation, rules or

practices adopted pursuant to any intergovernmental
Sections of the Code, and no additional amounts will be

agreement entered into in connection with the implementation
The Notes are subject in all cases to any tax, fiscal or
required to be paid on account of any such deduction or withholding.
interpretation applicable. Except as specifically provided
the heading "— Redemption Upon a Tax
governmental charge imposed by any government
or such other law or regulation or administrative or judicial
under this heading "— Payment of Additional Amounts" and under
Event", we do not have to make any payment with respect to
Any reference in the terms of the Notes of each series to any
refer to any additional amounts which may be payable
or a political subdivision or taxing authority.

Redemption Upon a Tax
any tax, assessment or
in respect of the Notes shall be deemed also
under this provision.

If (a) we become or will become obligated to pay additional

Event
under the heading "— Payment of Additional Amounts"
to
regulations or rulings promulgated thereunder) of the United States (or
therein), or any change in, or amendments to, any
amounts with respect to any Notes as described herein
regulations or rulings, which change or amendment
as a result of any change in, or amendment to, the laws (or
respect to the Floating Rate 2023 Notes and July 30, 2018
any political subdivision or taxing authority thereof or
authority of the United States takes an action on or after
official position regarding the application or
July 30, 2018 with respect to the Floating Rate 2020 Notes,
announced or becomes effective, on or after February
any
results in a substantial probability that we will or may
with respect to the Floating Rate 2020 Notes, or (b) a taxing
option, redeem the Notes as a whole, but not in part, the applicable
interpretation of such laws,
with respect to the Floating Rate 2023 Notes
more than 60 calendar days'
13, 2018 with
with respect to us or any of our affiliates,
interest accrued thereon to the date fixed for redemption
be required to pay such additional amounts, then we may,
have received an opinion of independent counsel to the
and
series of Notes on any interest payment date on not less than 30 nor
results in a substantial probability that we will or may
prior notice, at a redemption price equal to 100% of their principal
heading "— Payment of Additional Amounts"
at our
No redemption pursuant to (b) above may be made unless we shall
authorized officer, stating
effect that an act taken by a taxing authority
be required to pay the additional amounts described herein under
amount, together with

Further Issues
and we shall have delivered to the trustee a certificate, signed
that based on such opinion we are entitled to redeem the Notes pursuant
of the United States
the
We may from
further notes ranking equally and ratably with such series
by a duly
accruing prior to the issue date or except for the first payment
to their terms.
further notes will have the same terms as to status, redemption
time to time, without notice to or the consent of the holders of any
income tax purposes with the Notes of the applicable series. Any
in all respects, or in all respects except for the payment
board of directors, a supplement to the Indenture, or under
of interest following the issue date of those further
or otherwise as, and will be fungible for United States federal
series of the Notes, create and issue

Governing Law
of interest
notes shall be issued pursuant to a resolution of our
an officers'
notes. Any

The Notes will be governed by and interpreted in accord

Special Situations Covered by Our Indenture

certificate pursuant to the Indenture.

Mergers and Similar Transactions
ance with the laws of the State of New York.

We are generally
substantially all of our assets to another company.
conditions are met:

permitted to consolidate or merge with another company.

However, we may not take any of
- Where we merge out of existence or sell our
organized under the laws of a foreign country.

We are also permitted
United States, any State thereof, or the District of Columbia.
these actions unless all the following
assets, the company we merge into or sell to may not
- The company we merge into or sell to must agree
It must be a corporation organized under
to sell
be
to be legally responsible for our debt securities.
the laws of the

- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Further, we may buy substantially all of the assets of another company without complying with any of the foregoing conditions.

Modification and Waiver

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Modification of Holders' Contractual Rights

Changes Requiring Approval of Holders. First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;
- to make changes in the securities or convert any security that would be adverse to the interests of holders;
- to change the right of holders to waive an existing default by majority vote;
- to reduce the amount of principal or interest payable upon redemption or exchange rights, or impair the right of holders to sue for payment; and
- to make any change to this list of changes that requires specific approval of holders.

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except as set forth in the following paragraph. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain each holder's individual consent to the waiver.

Changes Not Requiring Approval of Holders. The third type of change does not require any vote by holders of securities. This type includes, among others, clarifications of ambiguous contract terms, changes to make securities payable in U.S. dollars (if the stated denomination ceases to exist) and other changes that would not materially adversely affect holders of the securities.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore
trust for the applicable holders money for their payment
we or an affiliate of us is holding the security.

not eligible to vote, if we have deposited or set aside in
or redemption. A security does not cease to be outstanding because
We will generally
outstanding securities that are entitled to vote or take
oblige us to fix any record date at all. If we set a record
series, that vote or action may be taken only by persons
be entitled to set any day as a record date for the purpose
date and must be taken within 90 days following the record
other action under the Indenture. However,
date for a vote or other action to be taken by holders of a
who are holders of outstanding securities of that series on
of determining the holders of
date
the Indenture does not
particular
the record

Holders who hold in "street name" and other indirect holders, including securities, should consult their banks or brokers for information to change the Indenture or the securities or request a waiver. holders of any securities issued as global on how approval may be granted or denied if we seek

Discharge of Our Obligations

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
enough cash to make interest, principal and any other payments on
However, we cannot discharge
on the securities of any series if we make a
unless we provide for it in the terms of these securities.
in trust for

the
If we accomplish full discharge, as described
ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent
above, holders will have to rely solely on the trust deposit for
exchangeable securities,
to us for repayment in the unlikely event of any shortfall. Conversely,
claims of our lenders and other creditors if we ever become bankrupt
We will indemnify
obligations we deposited with the trustee or against the principal

the
or
the trustee and holders against any tax, fee or other charge
and interest received on these obligations.

Liens on Assets

The Indenture does not restrict us from pledging or otherwise
subsidiaries.
imposed on the U.S. government

encumbering any of our assets and those of our

Default and Related Matters

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has
to security holders after a default.
ownership of securities means each
therefore
a right to receive

Events of Default

Holders will have special rights if an event of default occurs
and is not cured, as described later in this subsection.

What Is an Event of Default?

The term "event of default" with respect to any series of securities means any of the
following:

- We fail to make any interest payment on the securities of such series when it is due, and we do not cure this default within 90 days.

● We fail to make
redemption.

● We fail to comply any payment of principal when it is due at the maturity
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
with any of our other agreements regarding a particular series of securities
of such series of securities or upon
● We file for default by the trustee or holders of 25% in
90 days.
or with a
bankruptcy, or other

Remedies if an Event of Default Occurs

Holders and the trustee will have the following remedies if an event of default occurs:

Acceleration. If an event of default has occurred and has not been cured events in bankruptcy,
25% in principal amount of the securities of the affected
interest on all the securities of that series to be due
by the holders of at least a majority in principal amount insolvency or reorganization occur. the holders of
series may declare the entire principal amount of and any accrued
been cured or waived.
and immediately payable. An acceleration of maturity may be cancelled
of the securities of the affected series, if all events

Special Duties of Trustee. If an event of default occurs, the trustee will have some
the trustee will be obligated to use those of its rights and
skill in doing so, that a prudent person would use in
of default have special duties. In that situation,
powers under the Indenture, and to use the same degree
that situation in conducting his or her own affairs.

Other Remedies of Trustee. If an event of default occurs, the trustee is authorized
collect defaulted principal and interest and to enforce other
a lawsuit.
of care and to pursue any available remedy to
provisions of the securities and the Indenture, including bringing

Majority Holders May Direct the
take any action under the Indenture at the request of any
from expenses and liability.
to it, the holders of a majority in principal amount The trustee is not required to

Trustee to Take
place of conducting any lawsuit or other formal legal
holders unless the holders offer the trustee reasonable
holders may also direct the trustee in performing any other
This is called an "indemnity". If the trustee is provided with
of the relevant series of debt securities may direct the time, method

Actions to Protect Their Interests
action seeking any remedy available to the trustee. These
protection

Individual Actions Holders May Take
such holder's own lawsuit or other formal
an indemnity reasonably satisfactory
holder's interests relating to the securities, the following
and
majority *if the Trustee Fails to Act.* Before a holder bypasses the trustee and brings
legal action or take other steps to enforce such holder's
must occur:

● Such holder must give the trustee written notice that an
● The holders of 25% in principal amount
rights or protect such
event of default has occurred and remains uncured.
against the cost and other liabilities of taking that action.

● The trustee must not have taken action for 60 days after
of all outstanding securities of the relevant

● During the 60-day period, the holders of
receipt of the above notice and offer of indemnity.
written direction inconsistent with the request.
series must make a written request
However, a holder is entitled
a majority in principal amount of the securities
holder's of the

Waiver of Default
of that series do not give the
at any time to bring an individual lawsuit for the payment of the money
security on or after its due date.
default, and
The holders of a majority in principal amount of the relevant
relevant series of debt securities. If this happens, the
due on such
payment default on a holder's debt security,
must offer
series of debt securities may waive a default for all the
default will be treated as if it had not occurred. No one can waive
however, without such holder's
indemnity reasonably

a
individual

We Will

Every year we will give to the trustee a written statement of

her knowledge we are in compliance with the Indenture and

Give the Trustee Information About Defaults

The trustee may withhold from holders notice of any

one of our officers certifying that to the

all the securities under it, or else specifying any default.

that withholding notice is in holders' interest.

Annually

uncured default, except for payment defaults, if it determines

best of his or

information on how to give notice or direction

a declaration of acceleration.

Holders who hold in "street name" and other

Regarding the Trustee

to or make a request of the trustee and how to

The Bank of New York

indirect holders should consult their banks or brokers

The Bank of New York

make or cancel

banking services for us and our subsidiaries from time

for

Mellon Trust Company,

Mellon Trust Company,

to time in the ordinary course of business.

N.A. is the trustee under the Indenture. In addition, affiliates

N.A. may perform various commercial banking and investment

of

DESCRIPTION OF THE 1.875% GLOBAL NOTES DUE 2020, 2.500% GLOBAL NOTES DUE 2023 AND THE 3.550% GLOBAL NOTES DUE 2032

The following summary of AT&T's ... November 1, 1994, with The Bank of New York ... 2020 (the "1.875% 2020 Notes"), 2.500% Global Notes due 2023 (the "2.500% 2023 Notes"), and the 3.550% Global Notes due 2032 (the "2032 Notes" and, together with the 1.875% ... above referenced ... complete description of the terms and provisi... Mellon acting as trustee (the "Indenture") ... AT&T is ... Notes... securities is based on and qualified by the Indenture, exhibits to the Form 8-A filed with the Securities and Exchange ... and the 1.875% Global Notes due ... March 13, 2013 ... Annual Report on Form 10-K for the year ended December ... Notes, please refer to the Indenture, ... Commission on December 6, 2012, December 17, 2012 and ... a dated as of ... which is filed as an exhibit ... Notes, which are ... filed as

General

The 1.875% 2020 Notes:

- were issued in an aggregate initial principal amount of €1,000,000,000, which remains the amount outstanding, subject to our ability to issue additional 1.875% 2020 Notes which may be of the same series as the 1.875% 2020 Notes as described under "— Further Issues";
- mature on December 4, 2020;
- bear interest at the rate of 1.875% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund.

The 2.500% 2023 Notes:

- were issued in an aggregate initial principal amount of €1,250,000,000, which remains the amount outstanding, subject to our ability to issue additional 2.500% 2023 Notes which may be of the same series as the 2.500% 2023 Notes as described under "— Further Issues";
- mature on March 15, 2023;
- bear interest at the rate of 2.500% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund.

The 2032 Notes:

- were issued in an aggregate initial principal amount of €1,000,000,000 and an additional aggregate principal amount of €400,000,000 was subsequently issued such that €1,400,000,000 remains the amount outstanding, subject to our ability to issue additional 2032 Notes which may be of the same series as the 2032 Notes as described under "— Further Issues";
- mature on December 17, 2032;

- bear interest at the rate of 3.550% per annum, payable
- are repayable at par at maturity;
  annually in arrears;
- are redeemable by us at the time described below under
  certain tax events as described below under "— Redemption
- are not subject to any sinking fund.
  "— Optional Redemption" and in connection with
  Upon a Tax Event";

The Notes are unsecured and unsubordinated obligations *pari passu* with all other indebtedness issued
under our Indenture. Each series of Notes constitutes a separate
registered form only and in minimum denominations of
and
and interest payments on the Notes are payable by us in
and rank
in respect of the Notes will be made to Euroclear
series under the Indenture. The Notes are issued in fully
as the case may be, as registered holder thereof.
€100,000 and integral multiples of €1,000 in excess thereof.
euro. Payments of principal, interest and additional amounts, if
System, Clearstream Banking S.A., or such nominee or common
For purposes of the Notes, a business day means a business day
Principal

Interest

any,
depositary,
in the City of New York

The 1.875% 2020 Notes bear interest at the rate of 1.875%
2.500% per annum and the 2032 Notes bear interest at the
and London.
per annum, the 2.500% 2023 Notes bear interest at the rate
We pay interest
to the persons in whose names the 1.875% 2020 Notes
rate of 3.550% per annum.
the interest payment date. We
March 15
on the 1.875% 2020 Notes annually in arrears on December
of
preceding the interest payment date. We
are registered at the close of business on the November 15
December 17, 2013, to
pay interest on the 2.500% 2023 Notes annually in arrears
preceding the interest payment date.
4, commencing on December 4, 2013,
2014 interest on the 2032 Notes annually in arrears on December
to the persons in whose names the 2.500% 2023 Notes are
The 1.875% 2020 Notes will mature on December 4, 2020,
on March 15, commencing on
and the 2032 Notes will mature on December 17, 2032.
the persons in whose names the 2032 Notes are registered
17, commencing on
registered at the close of business on the March 1
Interest on the Notes is computed on the basis of the actual
the 2.500% 2023 Notes will mature on March 15,
calculated and the actual number of days from and including
at the close of business on the December 1
excluding the next scheduled interest payment date.
as defined in the rulebook of the International Capital Market
2023
number of days in the period for which interest is being
the last date on which interest was paid on the Notes, to
This payment convention is referred to as ACTUAL/ACTUAL (ICMA)
Association.

Optional Redemption

but
At any time prior to the applicable Par Call Date (as set forth
whole or in part, at our option, at any time and from time
mailed to the registered address of each holder of the
to the greater of (1) 100% of the principal amount of
in the table below), the Notes will be redeemable, as a
values of the Remaining Scheduled Payments (as defined
to time on at least 30 days', but not more than 60 days', prior
(ACTUAL/ACTUAL (ICMA)) at a rate equal to the
Notes of such series to be redeemed. The redemption price will be
the applicable Make-Whole Spread (as set forth in
the Notes of such series to be redeemed or (2) the sum of the present
redemption date. At any time on or after the applicable
notice) discounted to the redemption date, on an annual
redeem the Notes, as a whole or in part,
Treasury Rate (as defined below) plus a number
address of each holder of the Notes of such series to be
the table below). In either case, accrued interest will be payable
amount of such series of Notes to be redeemed. Accrued
basis
Par Call Date (as set forth in the table below), we have the
on at least 30 days', but not more than 60 days', prior notice
of basis points equal to
redeemed, at a redemption price equal to 100% of the principal
to the
interest will be payable to the redemption date.
option to
mailed to the registered

Series	**Par Call Date**	**Make-Whole Spread**
1.875% 2020 Notes	September 4, 2020	15 bps
2.500% 2023 Notes	December 15, 2022	15 bps
2032 Notes	September 17, 2032	25 bps

"*Treasury Rate*" means the price, expressed as a percentage (rounded
upwards), at which the gross redemption yield on the Notes
on the third dealing day prior to the date fixed for redemption,
day of the Reference Bond (as defined below) on the to three decimal places, 0.0005 being rounded
11:00 a.m. (London time) on such
of the applicable series, if they were to be purchased at
determined by either the Company or an investment bank
would be equal to the gross redemption yield on such dealing
and the 2032 Notes.
basis of the middle market price of the Reference Bond
such price
dealing day as determined by the trustee with respect to the 1.875%
appointed by the Company with respect to the 2.500% Treasury Rate calculation,
"*Reference Bond*" means, in relation to
is closest to the maturity of the Notes of the applicable
prevailing at
2020 Notes or (ii) the Company or an investment
2020 Notes and as
2032 Notes considers that such similar bond is not in
2023 Notes a German government bond whose maturity
discretion with respect to the 1.875% 2020 Notes or
series, or if (i) the trustee in its discretion with respect
respect to the 2.500% 2023 Notes and 2032 Notes may
bank appointed by the Company with respect to the 2.500%
German government bonds selected by (i) the trustee
issue, such other German government bond as (i) the trustee in its
Company or an investment bank appointed by the Company
to the 1.875% 2020 Notes or an investment bank appointed by the Company
determine to be appropriate for determining such Treasury
2023 Notes and of three brokers of, and/or market makers
in its discretion with respect to the 1.875% 2020 Notes or
with respect to the 2.500% 2023 Notes and the 2032
"*Remaining Scheduled Payments*" means, with respect to each Note of a series to be redeemed,
Rate.
scheduled payments of principal of and interest on
redemption. If that redemption date is not an interest paym
(ii) the
of the next succeeding scheduled interest payment on
Notes, the remaining
Notes to the redemption date.
such Note that would be due after the related redemption date

On and after the redemption date, interest will cease to accrue
the dates with respect to the applicable series of Notes, the amount
redemption unless we default in the payment of the
but for the
we will deposit with a paying agent or the trustee money
on the Notes or any portion of the Notes called for
Notes to be redeemed on that date.
redemption price and accrued interest. On or before the redemption
In the case of any partial redemption, selection of the
sufficient to pay the redemption price of and accrued
by lot or by such other method as the trustee in its sole discretion
date,
interest on the
Notes of any series to be redeemed will be made by the trustee
deems to be fair and appropriate.

Redemption for Taxation Reasons

If (a) as a result of any change
below under "Interpretation"), or any change in the official
Jurisdiction, which change or amendment becomes effec
in, or amendment to, the laws or regulations of a Relevant Jurisdiction
Notes, March 6, 2013 with respect to the 2.500% 2023 Notes and
interpretation of the laws or regulations of a Relevant
next Interest Payment Date we would be required to
Payment Without Withholding"
we may at our option, having given not less than 30
December 4, 2012 with respect to the 1.875% 2020
(as defined
shall be irrevocable), redeem all, but not a portion of,
pay additional amounts as provided or referred to below under
accrued to, but excluding, the date of redemption provided
and (b) the requirement cannot be avoided by our taking reasonable
days prior to the earliest date on which we would be obliged
2032 Notes, on the days' notice to the holders of the Notes (which
Notes then due. Prior to the publication of any notice
the Notes at any time at their principal amount together with interest
a certificate signed by two of our executive officers
measures available to us,
Interest Payment Date and setting forth a statement of facts
of redemption shall be given earlier
to pay such additional amounts were a payment in respect
redeem have occurred, cannot be avoided by us taking reasonable
of redemption pursuant to this paragraph, we shall deliver
legal advisers of recognized international standing to the
than 90
stating that the requirement referred to in (a) above will
amounts as a result of the change or amendment, in
showing that the conditions precedent to the right of AT&T
offices of the trustee on request by any
to the trustee
measures available to us and an opinion of independent
effect that AT&T
apply on the next
each case to be held by the trustee and made available for viewing
such
holder of the Notes.
has or will become obliged to pay such additional
at the

Payment Without Withholding

All payments in respect of the Notes by or on behalf of
or on account of, any present or future taxes, duties, assessments
imposed, collected, withheld, assessed or levied by or
deduction of the Taxes
AT&T
States Alien (as defined below) as may be necessary in
or governmental charges of whatever nature
withholding or deduction shall equal the respective amounts
on behalf of the Relevant Jurisdiction, unless the withholding
absence of the withholding or deduction; except that no
is required shall be made without withholding or deduction for,
in respect of any Note:
("Taxes") the net amounts received by the holder after the
which would have been receivable in respect of the
or
such additional amounts shall be payable
(a) where such withholding or deduction would not have
In that event, we will pay such additional amounts to a holder

Notes in the
(i) in the case of payment by AT&T,
payment
the holder of the Note (or between a fiduciary,
who is a United
been so imposed but for:
the Note, if such holder is an estate, a trust, a corporation
without limitation, such holder (or such fiduciary,
the existence of any present or former connection between
having been a citizen or resident or treated as a resident
settlor, shareholder,
or business or presence therein or having or having had
or a partnership) and the United States, including,
settlor, shareholder,
thereof, (ii) in the case of payment by AT&T,
beneficiary or member of the holder engaged in trade
a personal holding company,
a permanent establishment therein;
a controlled foreign corporation for United States federal
beneficiary or member) being or
accumulates earnings to avoid United States federal income
the present or former status of the holder of the Note
a foreign personal holding company,
(iii) in the case of payment by AT&T,
income tax purposes or a corporation which
tax,
as the actual or constructive owner of 10% or more
as a
of stock of AT&T,
a passive foreign investment company,
AT&T,
the past or present or future status of the holder of the Note
receiving interest described in Section 881(c)(3)(A)
of either the total combined voting power of all classes
or
entitled to vote if AT&T
if AT&T
(iv) the failure by the holder of the Note to comply with
reporting requirements concerning the nationality,
of the Internal Revenue Code of 1986, as amended; or
(in the case of payment by AT&T)
was treated as a corporation, or the capital or profits interest in
precondition to exemption from such withholding
is treated as a partnership for United States federal income tax
residence, identity or connection with the United States
(b) in the case of payment by AT&T
of such holder, if compliance is required
or other than the sole beneficial owner of any such payment,
purposes or as a bank
such fiduciary, a
amounts had such beneficiary
by statute or by regulation as a
a United States Alien, if such person is a fiduciary or
"United States Alien" means any person who, for United
to the extent that a beneficiary or settlor with respect to
corporation, a non-resident alien individual, a non-resident alien
member of such partnership or the beneficial owner would not
partnership one or more of the members of which is, for United
settlor, member
partnership
or beneficial owner
corporation, a non-resident alien individual or a non-resident
States federal income tax purposes, is a foreign
fiduciary of a foreign estate or trust, or a foreign
have been entitled to the additional
States federal income tax purposes, a foreign
(c) to the extent that the withholding or deduction is as a
been the holder of such Note. As used herein,
estate, sales, transfer, personal property
alien fiduciary of a foreign estate or trust;

(d) to, or to a third party on behalf of, a holder who is liable for
result of the imposition of any gift, inheritance,
of his having any or some present or former connection,
or any similar tax, assessment or other governmental charge;
residency and substantial interest shareholdings, with the
Notes;
the Taxes in respect
including but not limited to fiscal residency,
Relevant Jurisdiction, other than the mere holding of the
(e) presented for payment more than 30 days after the
would have been entitled to additional amounts on
of the Notes by reason
period of 30 days assuming that day to have been an Interest
fiscal deemed
Relevant Date except to the extent that a holder
presenting the relevant Notes for payment on the last day of the
Payment Date;

(f) any tax, assessment or other governmental charge
payment of principal or of interest on any Notes, if such
paying agent;
required to be withheld by any paying agent from
payment can be made without withholding by any other
(g) any tax, assessment or governmental charge
owner or any other person failed to comply with certification,
concerning the nationality,
any
of our Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
applicable income tax treaty to which the United States is a party
identification or information reporting requirements
assessment or other governmental charge;
residence, identity or connection with the United States of the holder
of the United States Treasury Department or
as a precondition to exemption from such tax,
(h) any tax, assessment or governmental charge
law, regulation,
or beneficial owner
payment becomes due or is duly provided for,
by an
that is imposed or withheld solely because of a change in
or administrative or judicial interpretation that becomes effective
(i) any combination of (a), (b), (c), (d), (e), (f), (g)
whichever occurs later; or

Interpretation

or (h).
after the day on which the
As used in this description:

(a) “Relevant Date” means the date on which the payment
money payable has not been received by the trustee on
after the date on which, the full amount of the money
duly given to the holders of Notes by us; and
first becomes due but, if the full amount of the
or before the due date, it means the date which is seven days
having been so received, notice to that effect shall have
(b) “Relevant Jurisdiction” means the State of Delaware
or any authority thereof or therein having power to tax or
authority thereof or therein having power to tax to which
principal and interest on the Notes.
been
and the United States or any political subdivision
any other jurisdiction or any political subdivision or any
we become subject in respect of payments made by it of

Additional Amounts

Any reference in the terms of the Notes of each series to any
refer to any additional amounts which may be payable

Further Issues

amounts in respect of the Notes shall be deemed also
under this provision.
We may from
to
notes ranking equally and ratably with such series of Notes
accruing prior to the issue date or except for the first payment
further notes will have the same terms as to status, redemption
time to time, without notice to or the consent of the holders of the
pursuant to a resolution of our board of directors, a
in all respects, or in all respects except for the payment of interest
the Indenture.
of interest following the issue date of those further
or otherwise as the Notes. Any further notes shall be issued
Notes, create and issue further

Governing Law

supplement to the Indenture, or under an officers’
notes. Any
The Notes will be governed by and interpreted in accordance
certificate pursuant to

Special Situations Covered by Our Indenture

with the laws of the State of New York.

Mergers and Similar Transactions

We are generally
substantially all of our assets to another company,
may not take any of these actions unless all the following
permitted to consolidate or merge with another company.
or to buy substantially all of the assets of another company.
conditions are met:
We are also permitted
However, we

to sell

- Where we merge out of existence or sell our assets, the company we merge into or sell to may not be organized under the laws of a foreign country. It must be a corporation organized under the laws of the United States, any State thereof, or the District of Columbia.
- The company we merge into or sell to must agree to be legally responsible for our debt securities.
- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default (unless the merger or other transaction would cure the default). For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Modification and Waiver

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Changes Requiring Approval of Holders; Contractual Rights

First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security;
- in the case of convertible or exchangeable securities, to make changes to conversion or exchange rights that would be adverse to the interests of holders;
- to reduce the amount of principal or interest payable
- to change conversion or exchange rights, or impair the right of holders to sue for payment; and
- to make any change to this list of changes that requires the right of holders to waive an existing default by majority vote; specific approval of holders.

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and certain other changes that would not adversely affect holders of the securities. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain each holder's individual consent to the waiver.

Changes Not Requiring Approval of Holders. The third type of change does not require any vote by holders of securities. This type includes, among others, clarifications of ambiguous contract terms and other changes that would not materially adversely affect holders of the securities.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for the applicable holders money for their payment or redemption. A security does not cease to be outstanding because we or an affiliate of us is holding the security.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding securities that are entitled to vote or take other action under the Indenture. However, the Indenture does not oblige us to fix any record date at all. If we set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding securities of that series on the record date and must be taken within 90 days following the record date.

Holders who hold in "street name" and other indirect holders, including holders of any securities issued as global securities, should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Indenture or the securities or request a waiver.

Discharge of Our Obligations

We can fully discharge ourselves from any payment or other obligations on the securities of any series if we make a deposit for the applicable holders with the trustee and certain other conditions are met. The deposit must be held in trust for the benefit of all direct holders of the securities and must be a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the securities on their various due dates. However, we cannot discharge ourselves from the obligations under any convertible or exchangeable securities, unless we provide for it in the terms of these securities.

If we accomplish full discharge, as described above, holders will have to rely solely on the trust deposit for repayment of the securities. Holders could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent.

We will indemnify the trustee and holders against any tax, fee or other charge imposed on the U.S. government obligations we deposited with the trustee or against the principal and interest received on these obligations.

Liens on Assets

The Indenture does not restrict us from pledging or otherwise encumbering any of our assets and those of our subsidiaries.

Default and Related Matters

Ranking Compared to Other Creditors

The securities are not secured by any of our property or assets. Accordingly, ownership of securities means each holder is one of our unsecured creditors. The securities are not subordinated to any of our other debt obligations and therefore they rank equally with all our other unsecured and unsubordinated indebtedness. However, the trustee has a right to receive payment for its administrative services prior to any payment to security holders after a default.

Events of Default

Holders will have special rights if an event of default occurs and is not cured, as described later in this subsection.

What Is an Event of Default? The term "event of default" with respect to any series of securities means any of the following:

- We fail to make any interest payment on the securities of such series when it is due, and we do not cure this default within 90 days.
- We fail to make any payment of principal when it is due at the maturity of such series of securities or upon redemption.
- We fail to comply with any of our other agreements regarding a particular series of securities or the applicable supplemental indenture, and after we have been notified of the default by the trustee or holders of 25% in principal amount of the series, we do not cure the default within 90 days.
- We file for bankruptcy, or other events in bankruptcy, insolvency or reorganization occur.

Remedies if an Event of Default Occurs

Holders and the trustee will have the following remedies if an event of default occurs:

Acceleration. If an event of default has occurred and has not been cured or waived, then the trustee or the holders of 25% in principal amount of the securities of the affected series may declare the entire principal amount of and any accrued interest on all the securities of that series to be due and immediately payable. An acceleration of maturity may be cancelled by the holders of at least a majority in principal amount of the securities of the affected series, if all events of default have been cured or waived.

Special Duties of Trustee. If an event of default occurs, the trustee will have some special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the Indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs.

Other Remedies of Trustee. If an event of default occurs, the trustee is authorized to pursue any available remedy to collect defaulted principal and interest and to enforce other provisions of the securities and the Indenture, including bringing a lawsuit.

Majority Holders May Direct the Trustee to Take Actions to Protect Their Interests. The trustee is not required to take any action under the Indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an "indemnity". If the trustee is provided with an indemnity reasonably satisfactory to it, the holders of a majority in principal amount of the relevant series of debt securities may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the Indenture.

Individual Actions Holders May Take if the Trustee Fails to Act. Before a holder bypasses the trustee and brings such holder's own lawsuit or other formal legal action or takes other steps to enforce such holder's rights or protect such holder's interests relating to the securities, the following must occur:

- Such holder must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding securities of the relevant series must make a written request that the trustee take action because of the default, and must offer indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action.
- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity.
- During the 60-day period, the holders of a majority in principal amount of the securities of that series do not give the trustee a direction inconsistent with the request.

However, a holder is entitled at any time to bring an individual lawsuit for the payment of the money due on such holder's security on or after its due date.

Waiver of Default

The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all the relevant series of debt securities. If this happens, the default will be treated as if it had not occurred. No one can waive a payment default on a holder's debt security, however, without such holder's individual approval.

We Will Give the Trustee Information About Defaults Annually

Every year we will give to the trustee a written statement of one of our officers certifying that to the best of his or her knowledge we are in compliance with the Indenture and the securities issued under it, or else specifying any default.

The trustee may withhold from holders notice of any uncured default, except for payment defaults, if it determines that withholding notice is in holders' interest.

Holders who hold in "street name" and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to make or cancel a declaration of acceleration.

Regarding the Trustee

The Bank of New York Mellon is the trustee under the Indenture. In addition, affiliates of The Bank of New York Mellon may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

DESCRIPTION OF THE 2.650% GLOBAL NOTES DUE 2021, THE 2.400% GLOBAL NOTES DUE 2024, THE 3.500% GLOBAL NOTES DUE 2025 AND THE 3.375% GLOBAL NOTES DUE 2034

The following summary of AT&T's the 2.650% Global Notes due 2021 (the "2021 Notes"), the 2.400% Global Notes due 2024 (the "2024 Notes"), the 3.500% Global Notes due 2025 (the "2025 Notes") and the 3.375% Global Notes due 2034 (the "2034 Notes" and, together with the 2021 Notes, the 2024 Notes and the 2025 Notes, the "Notes"). debt securities is based on and qualified by the indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee (the "Indenture") and provisions of the above-referenced Notes, please refer to the Indenture, which is filed as an exhibit to AT&T's Annual Report on Form 10-K for the year ended December 31, 2019 and to the forms of Notes which are filed as exhibits to the Form 8-As filed with the Securities and Exchange Commission on November 13, 2013 and June 11, 2014.

General

The 2021 Notes:

- were issued in an aggregate initial principal amount of €1,000,000,000, which remains the amount outstanding, subject to our ability to issue additional 2021 Notes which may be of the same series as the 2021 Notes as described under "— Further Issues";
- mature on December 17, 2021;
- bear interest at the rate of 2.650% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund; and

The 2024 Notes:

- were issued in an aggregate initial principal amount of €1,600,000,000, which remains the amount outstanding, subject to our ability to issue additional 2024 Notes which may be of the same series as the 2024 Notes as described under "— Further Issues";
- mature on March 15, 2024;
- bear interest at the rate of 2.400% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund; and

The 2025 Notes:

- were issued in an aggregate initial principal amount of €1,000,000,000, which remains the amount outstanding, subject to our ability to issue additional 2025 Notes which may be of the same series as the 2025 Notes as described under "— Further Issues";
- mature on December 17, 2025;

- bear interest at the rate of 3.500% per annum, payable
- are repayable at par at maturity;
annually in arrears;
- are redeemable by us at the time described below under
certain tax events as described below under "— Redemption
- are not subject to any sinking fund.
"— Optional Redemption" and in connection with
Upon a Tax Event";

The 2034 Notes:

- were issued in an aggregate initial principal amount
and
outstanding, subject to our ability to issue additional 2034
2034 Notes as described under "— Further Issues";
of €500,000,000, which remains the amount
- mature on March 15, 2034;
Notes which may be of the same series as the
- bear interest at the rate of 3.375% per annum, payable
- are repayable at par at maturity;
annually in arrears;
- are redeemable by us at the time described below under
certain tax events as described below under "— Redemption
- are not subject to any sinking fund.
"— Optional Redemption" and in connection with
Upon a Tax Event";

The Notes are unsecured and unsubordinated obligations *pari passu* with all other indebtedness issued
under our Indenture. Each series of Notes constitutes a separate
registered form only and in minimum denominations of
and
and interest payments on the Notes are payable by us in
and rank
in respect of the Notes will be made to Euroclear
series under the Indenture. The Notes are issued in fully
€100,000 and integral multiples of €1,000 in excess thereof.
€100,000 may be as registered holder thereof. Under
euro. Payments of principal, interest and additional amounts, if
on the Notes are due under any circumstances, AT&T
System, Clearstream Banking S.A. or such nominee or common
The principal and interest payable in U.S. dollars on a
the terms of the Indenture, if the euro ceases to exist when
immediately available funds against presentation of a
any,
may supplement the Indenture to allow for payment in U.S. dollars.
For purposes of the Notes, a business day means a business day
Note at maturity, or upon
depositary,
Note at the office of the paying agent.
payments

Interest

in the City of New York
redemption, will be paid by wire transfer of
The 2021 Notes bear interest at the rate of 2.650% per
annum, the 2025 Notes bear interest at the rate of 3.500%
per annum,
and London.
annum, the 2024 Notes bear interest at the rate of 2.400% per
We pay interest
per annum and the 2034 Notes bear interest at the rate
17, 2014, to the persons in whose names the 2021
December 1 preceding the interest payment date. The
mature on December 17, 2025.
of 3.375% on the 2021 Notes and 2025 Notes annually in arrears on December
Notes and 2025 Notes are registered at the close of business on the
We pay interest
2021 Notes will mature on December 17, 2021 and the 2025 Notes will
2015, to the persons in whose names the 2024 Notes
17, commencing on December
day preceding the interest payment date. The 2024
on the 2024 Notes and 2034 Notes annually in arrears on March
March 15, 2034.
and 2034 Notes are registered at the close of business on
Interest on the Notes is computed on the basis of the actual
Notes will mature on March 15, 2024 and the 2034 Notes will mature on
15, commencing on March 15,
calculated and the actual number of days from and including
the business
number of days in the period for which interest is being
the last date on which interest was paid on the Notes, to

but

excluding the next scheduled interest payment date.
as defined in the rulebook of the International Capital Market

Optional Redemption
This payment convention is referred to as ACTUAL/ACTUAL (ICMA)
Association.

At any time prior to the applicable Par Call Date (as set forth
whole or in part, at our option, at any time and from time
mailed to the registered address of each holder of the
to the greater of (1) 100% of the principal amount of
in the table below), the Notes will be redeemable, as a
values of the Remaining Scheduled Payments (as defined
to time on at least 30 days', but not more than 60 days', prior
(ACTUAL/ACTUAL (ICMA)), at a rate equal to the
Notes of such series to be redeemed. The redemption price will be
the applicable Make-Whole Spread (as set forth in
the Notes of such series to be redeemed or (2) the sum of the present
redemption date. At any time on or after the applicable
below) discounted to the redemption date, on an annual
redeem the Notes, as a whole or in part, at our option,
Treasury Rate (as defined below) plus a number
equal
than 60 days' prior notice mailed to the registered address of
the table below). In either case, accrued interest will be payable
redemption price equal to 100% of the principal amount
basis
Par Call Date (as set forth in the table below), we have the
payable to the redemption date.
of basis points equal to
time to time, on at least 30 days', but not
to the
each holder of the Notes of such series to be redeemed,
of such series of Notes to be redeemed. Accrued interest will be
option to
more
at a

Series	**Par Call Date**	**Make-Whole Spread**
2021 Notes	September 17, 2021	25 bps
2024 Notes	December 15, 2023	15 bps
2025 Notes	September 17, 2025	30 bps
2034 Notes	December 15, 2033	20 bps

"*Treasury Rate*" means the price, expressed as a percentage (rounded
upwards), at which the gross redemption yield on the Notes
on the third dealing day prior to the date fixed for redemption,
day of the Reference Bond (as defined below) on the
to three decimal places, 0.0005 being rounded
11:00 a.m. (London time) on such
of the applicable series, if they were to be purchased at
Company
would be equal to the gross redemption yield on such dealing
basis of the middle market price of the Reference Bond
dealing day
"*Reference Bond*" means, in relation to any Treasury Rate calculation,
such price as determined by the Company or an investment bank
is closest to the maturity of the Notes of the applicable
Company considers that such similar bond is not
prevailing at
investment bank appointed by the Company.
appointed by the
a German government bond whose maturity
government bonds selected by the Company or an investment
series, or if the Company or an investment bank appointed
for determining such Treasury Rate.
in issue, such other German government bond as the Company
with the advice of three brokers of, and/or market makers in,
bank appointed by the Company.
by the
"*Remaining Scheduled Payments*" means, with respect to each Note of a series to be redeemed,
scheduled payments of principal of and interest on
or an
redemption. If that redemption date is not an interest payment
German
of the next succeeding scheduled interest payment on
determine to be appropriate
the remaining
Notes to the redemption date.
such Note that would be due after the related redemption date
date with respect to the applicable series of Notes, the amount
On and after the redemption date, interest will cease to accrue
the Notes will be reduced by the amount of interest accrued on the
redemption unless we default in the payment of the
but for the
we will deposit with a paying agent or the trustee money
Notes to be redeemed on that date.
on the Notes or any portion of the Notes called for
redemption price and accrued interest. On or before the redemption
In the case of any partial redemption, selection of the
sufficient to pay the redemption price of and accrued
by lot or by such other method as the trustee in its sole discretion
date,
interest on the
Notes of a series to be redeemed will be made by the trustee
deems to be fair and appropriate.

Redemption for Taxation Reasons

If (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined below under "Interpretation"), or any change in the official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after November 5, 2013 with respect to the 2021 Notes and Notes and 2034 Notes, and after June 4, 2014 with respect to the 2024 Notes and 2023 Notes, on the next Interest Payment Date we would be required to pay additional amounts as provided or referred to below under "— Payment Without Withholding" and (b) the requirement cannot be avoided by our taking reasonable measures available to us, we may at our option, having given not less than 30 nor more than 60 days' notice to the holders of the Notes (which notice shall be irrevocable), redeem all, but not a portion of the Notes at any time at their principal amount together with interest accrued to, but excluding, the date of redemption provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by two of our executive officers stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and setting forth a statement of facts showing that the conditions precedent to the right of AT&T so to redeem have occurred, and that the requirement cannot be avoided by us taking reasonable measures available to us and an opinion of independent legal advisers of recognized international standing to the effect that AT&T has or will become obliged to pay such additional amounts as a result of the change or amendment, in each case to be available for viewing at the offices of the trustee on request by any holder of the Notes.

Payment Without Withholding

All payments in respect of the Notes by or on behalf of AT&T shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, collected, withheld, assessed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required. In that event, we will pay such additional amounts to a holder of the Notes in the payment who is a United States Alien (as defined below) as may be necessary in order that the net amounts received by the holder after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable in respect of any Note:

(a) where such withholding or deduction would not have been so imposed but for:

(i) in the case of payment by AT&T, the existence of any present or former connection between the holder of the Note (or between a fiduciary, settlor, beneficiary or member of the holder of the Note, if such holder is an estate, a trust, a corporation or a partnership) and the United States, including, without limitation, such holder (or such fiduciary, settlor, shareholder, beneficiary or member) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein;

(ii) in the case of payment by AT&T, the presence or former status of the holder of the Note as a personal holding company, a foreign personal holding company, a controlled foreign corporation for United States federal income tax purposes or a corporation which accumulates earnings to avoid United States federal income tax;

(iii) in the case of payment by AT&T, the past or present or future status of the holder of the Note as a passive foreign investment company, as the actual or constructive owner of 10% or more of either the total combined voting power of all classes of stock of AT&T entitled to vote if AT&T was treated as a corporation, or the capital or profits interest in AT&T, if AT&T is treated as a partnership for United States federal income tax purposes or as a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended; or

(iv) the failure by the holder of the Note to comply with any certification, identification or other reporting requirements concerning the nationality, residence, identity or connection with the United States (in the case of payment by AT&T) of such holder, if compliance is required as a precondition to exemption from such withholding or deduction;

(b) in the case of payment by AT&T to any United States Alien if such person is a fiduciary or partnership or other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to

such fiduciary, a
amounts had such beneficiary,
"United States Alien" means any person who, for United
corporation, a non-resident alien individual, a non-resident alien
member of such partnership or the beneficial owner would not
partnership one or more of the members of which is, for United
settlor, member or beneficial owner
States federal income tax purposes, is a foreign
corporation, a non-resident alien individual or a non-resident
have been entitled to the additional
fiduciary of a foreign estate or trust, or a foreign
States federal or the extent that the withholding or deduction is as a
been the bearer of such Notes, used herein,
estate, sales, transfer, personal property
alien fiduciary of a foreign estate or trust;

(d) to, or to a third party on behalf of, a holder who is liable for
result of the imposition of any gift, inheritance,
of his having any or some present or former connection,
or any similar tax, assessment or other governmental charge;
residency and substantial interest shareholdings, with the
Notes; the Taxes in respect
including but not limited to fiscal residency,
Relevant Jurisdiction, other than the mere holding of the
(e) presented for payment more than 30 days after the
would have been entitled to additional amounts on
of the Notes by reason
period of 30 days assuming that day to have been an Interest
fiscal deemed
Relevant Date except to the extent that a holder
presenting the relevant Notes for payment on the last day of the
(f) any tax, assessment or other governmental charge
Payment Date;
payment of principal or of interest on any Notes, if such
paying agent;
required to be withheld by any paying agent from
payment can be made without withholding by any other
(g) any tax, assessment or governmental charge
owner or any other person failed to comply with certification,
concerning the nationality,
any
of our Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
identification or information reporting requirements
applicable income tax treaty to which the United States is a party
residence, identity or connection with the United States of the holder
assessment or other governmental charge;
of the United States Treasury Department or
as a precondition to exemption from such tax,
(h) any tax, assessment or governmental charge
or beneficial owner
law, regulation,
by an
payment becomes due or is duly provided for,
that is imposed or withheld solely because of a change in
or administrative or judicial interpretation that becomes effective
(i) any combination of (a), (b), (c), (d), (e), (f), (g)
whichever occurs later; or

Interpretation

or (h).
after the day on which the
As used in this description:

(a) "Relevant Date" means the date on which the payment
money payable has not been received by the trustee on
after the date on which, the full amount of the money
first becomes due but, if the full amount of the
duly given to the holders of Notes by us, and
or before the due date, it means the date which is seven days
having been so received, notice to that effect shall have
(b) "Relevant Jurisdiction" means the State of Delaware
or any authority thereof or therein having power to tax or
authority thereof or therein having power to tax to which
been and the United States or any political subdivision
principal and interest on the Notes.
any other jurisdiction or any political subdivision or any
we become subject in respect of payments made by it of

Additional Amounts

Any reference in the terms of the Notes to any amounts in
additional amounts which may be payable under

respect of the Notes shall be deemed also to refer to any
this provision.

Further Issues

We may from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally and ratably with such series of Notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as the Notes. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the Indenture, or under an officers' certificate pursuant to the Indenture.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

Special Situations Covered by Our Indenture

Mergers and Similar Transactions

We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell our assets, the company we merge into or sell to may not be organized under the laws of a foreign country. It must be a corporation organized under the laws of the United States, any State thereof, or the District of Columbia. The company we merge into or sell to must agree to be legally responsible for our debt securities.
- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default (unless the merger or other transaction would cure the default). For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Further, we may buy substantially all of the assets of another company without complying with any conditions.

Modification and Waiver of Holders' Contractual Rights

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Changes Requiring Approval of Holders

First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;

- in the case of convertible or exchangeable securities, to would be adverse to the interests of holders;

- to change the right of holders to waive an existing default / to make the right of holders to exchange rights that

- to reduce the amount of principal or interest payable by majority vote; conversion or exchange rights, or impair the right of

- to make any change to this list of changes that requires / to holders following a default to change any holders to sue for payment; and

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the

requires a vote in favor by security holders owning a majority specific approval of holders.

changes fall into this category,

obtain a waiver of an existing default. However,

holder's individual consent to the waiver.

of the principal amount of the particular series affected.

except as set forth in the following paragraph. The same Find that

we cannot obtain a waiver of a payment default unless we obtain

Changes Not Requiring Approval of

Most

securities. This type includes, among others, clarifications

in U.S. dollars (if the stated denomination ceases to exist) and The third type of change does not require any vote by holders of

vote would be required for us to

each

holders of the securities. *Holders.*

of ambiguous contract terms, changes to make securities payable

other changes that would not materially adversely affect

Further Details Concerning Voting.

principal amount to attribute to a security:

When taking a vote, we will use the following rules to decide how much

- For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore

trust for the applicable holders money for their payment

we or an affiliate of us is holding the security.

not eligible to vote, if we have deposited or set aside in

We will generally

or redemption. A security does not cease to be outstanding because

outstanding securities

oblige us to fix any record date at all. If we set a record

series, that vote or action may be taken only by persons

be entitled to set any day as a record date for the purpose

date and must be taken within 90 days following the record

date for a vote or other action to be taken by holders of a

that are entitled to vote or take other action under the

of determining the holders of that series or

who are holders on the record

date.

Holders who hold in "street name" and other indirect holders,

global securities, should consult their banks or brokers for information

particular Indenture. However, the Indenture

denied if we seek to change the Indenture or the securities or

the record

including holders of any securities issued as

Discharge of Our Obligations

on how approval may be granted or

does not

request a waiver.

We can fully

deposit for the applicable holders with the trustee and

the benefit of all direct holders of the securities and

government agency notes or bonds that will generate

discharge ourselves from any payment or other obligations

securities on their various due dates.

certain other conditions are met. The deposit must be held

must be a combination of money and U.S. government or U.S.

enough cash to make interest, principal and any other payments on

However, we cannot discharge

on the securities of any series if we make a

unless we provide for it in the terms of these securities.

in trust for

If we accomplish full discharge, as described

the

ourselves from the obligations under any convertible or

repayment of the securities. Holders could not look

trust deposit would most likely be protected from

insolvent

above, holders will have to rely solely on the trust deposit for

exchangeable securities,

to us for repayment in the unlikely event of any shortfall. Conversely,

claims of our lenders and other creditors if we ever become bankrupt

the

or

We will indemnify
obligations we deposited with the trustee or against the principal

Liens on Assets the trustee and holders against any tax, fee or other charge
and interest received on these obligations.
The Indenture does not restrict us from pledging or otherwise
subsidiaries imposed on the U.S. government

Default and Related Matters encumbering any of our assets and those of our

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has
Events of Default
to security ownership of securities means each
therefore Holders will have special rights if an event of default occurs
a right to receive
What Is an Event of Default? The term "event of default" with respect to any series of
following and is not cured, as described later in this subsection.
holders after a default.

- We fail to make securities means any of the
default within 90 days.

- We fail to make any interest payment on the securities of such series when it is due,
redemption.

- We fail to comply with this any payment of principal when it is due at the maturity
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
with any of our other agreements regarding a particular series of securities
of such series of securities or upon

- We file for of the default by the trustee or holders of 25% in
90 days.

Remedies if an Event of Default Occurs
or with a
bankruptcy, or other
Holders and the trustee will have the following remedies

Acceleration events in bankruptcy,
25% in principal amount of the securities of the affected
if an event of default occurs:
interest on all the securities of that series to be due
If an event of default has occurred and has not been cured or waived,
by the holders of at least a majority in principal amount
insolvency or reorganization occur.
been cured or waived.
series may declare the entire principal amount of and any accrued
and immediately payable. An acceleration of maturity may be cancelled
then the trustee or the holders of
of the securities of the affected series, if all events
Special Duties of Trustee
the trustee will be obligated to use those of its rights and
skill in doing so, that a prudent person would use in
If an event
of default have
powers under the Indenture, and to use the same degree
Other Remedies of Trustee
collect defaulted principal and interest and to enforce other
that situation in conducting his or her own affairs.
a lawsuit.
If an event of default occurs, the trustee is authorized
of default occurs, the trustee will have some special duties. In
of care and
provisions of the securities and the Indenture, including bringing
Majority Holders May Direct the
take any action under the Indenture at the request of any
that situation, any available remedy to
from expenses and liability.
Trustee to Take The trustee is not required to
holders unless the holders offer the trustee reasonable
This is called an "indemnity". If the trustee is provided with

Actions to Protect Their Interests
protection

to it, the holders
place of conducting any lawsuit or other formal legal
holders may also direct the trustee in performing any other

action under the indenture.
of a majority in principal amount of the relevant series of debt

Individual Actions Holders Can Take. These

action seeking any remedy available to the trustee.
holder's own lawsuit or other formal legal
interests relating to the securities, the following must occur:

Before a holder bypasses the trustee and bring such

if the Trustee Fails to Act
majority
securities may direct the time, method and
action or take other steps to enforce such holder's rights

- Such holder must give the trustee written notice that an
- The holders of 25% in principal amount of all outstanding

or protect such holder's
event of default has occurred and remains uncured.

written request that the trustee take action because of
satisfactory to the trustee against the cost and other liabilities
securities of the relevant series must make a
the default, and must offer indemnity reasonably
- The trustee must not have taken action for 60 days after
of taking that action.
- During the 60-day period, the holders of a majority in
receipt of the above notice and offer of indemnity.
not give the trustee a direction inconsistent with the request.

However, a holder is entitled
principal amount of the securities of that series do
holder's security on or after its due date.

Waiver of Default
at any time to bring an individual lawsuit for the payment of the money

The holders of a majority in principal amount of the relevant
relevant series of debt securities. If this happens, the
due on such
payment default on a holder's debt security,

series of debt securities may waive a default for all the
We Will
default will be treated as if it had not occurred. No one can waive
however, without such holder's

Every year we will give to the trustee a written statement of
her knowledge we are in compliance with the Indenture and
a
Give the Trustee Information About Defaults
individual approval.

The trustee may withhold from holders notice of any
one of our officers certifying that to the
that withholding notice is in holders' interest.
all the securities under it, or else specifying any default.
Annually

Holders who hold in "street name" and other
uncured default, except for payment defaults, if it determines
best of his or
information on how to give notice or direction
a declaration of acceleration.
indirect holders should consult their banks or brokers
Regarding the Trustee
to or make a request of the trustee and how to

The Bank of New York
for
Bank of New York
make or cancel
for us and our subsidiaries from time to time in the
Mellon Trust Company,
Mellon Trust Company,
ordinary course of business.
N.A. is the trustee under the Indenture. In addition, affiliates
N.A. may perform various commercial banking and investment

of The
banking services

DESCRIPTION OF THE 1.450% GLOBAL NOTES DUE
1.050% GLOBAL NOTES DUE 2023, THE 1.300% GLOBAL NOTES
DUE 2023, THE 1.800% GLOBAL NOTES DUE 2026,
2022, THE 2.750% GLOBAL NOTES DUE 2023,
GLOBAL NOTES DUE 2029, THE 2.450% GLOBAL NOTES DUE
DUE 2023, THE 1.950% GLOBAL NOTES 2036
THE 2.350% GLOBAL NOTES DUE 2029, THE 2.600%
2035 AND THE 3.150% GLOBAL NOTES DUE

The following summary of AT&T's
dated as of May 15, 2013, with The Bank of New York
the 1.450% Global Notes due 2022
1.050% Global Notes due 2023 (the "1.050% 2023
above referenced
the 1.950% Global Notes due 2023 (the "1.950% 2023
Mellon Trust Company,
Notes"), the 2.350% Global Notes due 2029 (the "2.350%
(the "2022 Notes"), the 2.750% Global Notes due 2023 (the
2029 Notes"), the 2.450% Global Notes due 2035
Notes"), debt securities is based on and qualified by the Indenture,
1.300% 2023 Notes"),
Notes" and, together with the 2022 Notes, 2.750% 2023 Notes,
N.A., acting as trustee (the "Indenture"),
2026 (the "1.800% 2026
the 1.800% 2026 Notes, the 2.350% 2029 Notes, the
"2.750% 2023 Notes"), the Global Notes due 2029 (the "2.600%
description of the terms and provisions
(the "2035 Notes") and the 3.150% Global Notes due 2036
and
Annual Report on Form 10-K for the year ended December
1.050% 2023 Notes, 1.300% 2023 Notes, 1.950% 2023
the Form 8-As filed with the Securities and Exchange
2.600% 2029 Notes and the 2035 Notes, the "Notes"). For a complete
June 21, 2017, December 19, 2018 and June 5, 2019.
(the "2036
Notes, please refer to the Indenture,
31, 2019 and to the forms of Notes, which are
Notes,

General

Commission on December 2, 2014, March 9,
which is filed as an exhibit to AT&T's
filed as exhibits to
2015, March 24, 2016,

The 2022 Notes:

- were issued in an aggregate initial principal amount of €1,500,000,000, which remains the amount outstanding, subject to our ability to issue additional 2022 Notes which may be of the same series as the 2022 Notes as described under "— Further Issues";
- mature on June 1, 2022;
- bear interest at the rate of 1.450% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund; and

The 2.750% 2023 Notes:

- were issued in an aggregate initial principal amount of €426,473,000, which remains the amount outstanding, subject to our ability to issue additional 2.750% 2023 Notes which may be of the same series as the 2.750% 2023 Notes as described under "— Further Issues";
- mature on May 19, 2023;
- bear interest at the rate of 2.750% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund; and

The 1.050% 2023 Notes:

- were issued in an aggregate initial principal amount outstanding, subject to our ability to issue additional 1.050% as the 1.050% 2023 Notes as described under "— Further of €450,273,000, which remains the amount
- matures on September 5, 2023;
  2023 Notes which may be of the same series Issues";
- bear interest at the rate of 1.050% per annum, payab
- are repayable at par at maturity;
- are redeemable by us at the time described below under annually in arrears; certain tax events as described below under "— Redemption
- are not subject to any sinking fund.
  "— Optional Redemption" and in connection with Upon a Tax Event";

The 1.300% 2023 Notes:

- were issued in an aggregate initial principal amount outstanding, subject to our ability to issue additional 1.300% as the 1.300% 2023 Notes as described under "— Further of €1,250,000,000, which remains the amount
  and
- matures on September 5, 2023;
  2023 Notes which may be of the same series Issues";
- bear interest at the rate of 1.300% per annum, payable
- are repayable at par at maturity;
  annually in arrears;
- are redeemable by us at the time described below under certain tax events as described below under "— Redemption
- are not subject to any sinking fund.
  "— Optional Redemption" and in connection with Upon a Tax Event";

The 1.950% 2023 Notes:

- were issued in an aggregate initial principal amount outstanding, subject to our ability to issue additional 1.950% as the 1.950% 2023 Notes as described under "— Further of €535,591,000, which remains the amount
  and
- matures on September 15, 2023;
  2023 Notes which may be of the same series Issues";
- bear interest at the rate of 1.950% per annum, payable
- are repayable at par at maturity;
  annually in arrears;
- are redeemable by us at the time described below under certain tax events as described below under "— Redemption
- are not subject to any sinking fund.
  "— Optional Redemption" and in connection with Upon a Tax Event";

The 1.800% 2026 Notes:

- were issued in an aggregate initial principal amount outstanding, subject to our ability to issue additional 1.800% as the 1.800% 2026 Notes as described under "— Further of €1,489,219,000, which remains the amount
  and
  2026 Notes which may be of the same series Issues";

- mature on September 5, 2026;

- bear interest at the rate of 1.800% per annum, payable

- are repayable at par at maturity;
annually in arrears;
- are redeemable by us at the time described below under
certain tax events as described below under “— Redemption

- “— Optional Redemption” and in connection with
are not subject to any sinking fund; and
Upon a Tax Event”;

The 2.350% 2029 Notes:

- were issued in an aggregate initial principal amount
and
outstanding, subject to our ability to issue additional 2.350%
as the 2.350% 2029 Notes as described under “— Further
of €1,260,469,000, which remains the amount
- 2029 Notes which may be of the same series
mature on September 5, 2029;
Issues”;
- bear interest at the rate of 2.350% per annum, payable

- are repayable at par at maturity;
annually in arrears;
- are redeemable by us at the time described below under
certain tax events as described below under “— Redemption

- “— Optional Redemption” and in connection with
are not subject to any sinking fund; and
Upon a Tax Event”;

The 2.600% 2029 Notes:

- were issued in an aggregate initial principal amount
and
outstanding, subject to our ability to issue additional 2.600%
as the 2.600% 2029 Notes as described under “— Further
of €800,000,000, which remains the amount
- 2029 Notes which may be of the same series
mature on December 17, 2029;
Issues”;
- bear interest at the rate of 2.600% per annum, payable

- are repayable at par at maturity;
annually in arrears;
- are redeemable by us at the time described below under
certain tax events as described below under “— Redemption

- “— Optional Redemption” and in connection with
are not subject to any sinking fund; and
Upon a Tax Event”;

The 2035 Notes:

- were issued in an aggregate initial principal amount
and
outstanding, subject to our ability to issue additional 2035
2035 Notes as described under “— Further Issues”;
of €1,250,000,000, which remains the amount
- Notes which may be of the same series as the
mature on March 15, 2035;

- bear interest at the rate of 2.450% per annum, payable

- are repayable at par at maturity;
annually in arrears;

- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund.

The 2036 Notes:

- were issued in an aggregate initial principal amount of €1,750,000,000, which remains the amount outstanding, subject to our ability to issue additional 2036 Notes which may be of the same series as the 2036 Notes as described under "— Further Issues";
- mature on September 4, 2036;
- bear interest at the rate of 3.150% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund.

The Notes are unsecured and unsubordinated obligations of AT&T and rank *pari passu* with all other indebtedness issued under our Indenture. Each series of Notes constitutes a separate series under the Indenture. The Notes are issued in fully registered form only and in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. Principal and interest payments on the Notes are payable by us in euro. Payments of principal, interest and additional amounts, if any, in respect of the Notes will be made to Euroclear System, Clearstream Banking S.A. or such nominee or common depositary, as the case may be, as registered holder thereof. Under the Indenture, if the euro ceases to exist when payments on the Notes are due under any circumstances, AT&T may supplement the Indenture to allow for payment in U.S. dollars. The principal and interest payable in U.S. dollars on a Note at maturity, or upon redemption, will be paid by wire transfer of immediately available funds against presentation of a Note at the office of the paying agent.

For purposes of the 2022 Notes, 1.050% 2023 Notes, 2.750% 2023 Notes, 1.950% 2023 Notes, 1.800% 2026 Notes, 2.350% 2029 Notes, 2.600% 2029 Notes and the 2036 Notes, a business day means any day other than a Saturday or Sunday and that, in the City of New York or the City of London, is not a day on which banking institutions are generally authorized or obligated by law to close and is a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System, or any successor thereto, operates.

For purposes of the 1.300% 2023 Notes and the 2035 Notes, a business day means a business day in the City of New York and London.

Interest

The interest rate per annum, annual interest payment date, date of commencement of interest payment and the maturity date of each series of Notes are set forth in the table below. We pay interest on the Notes annually in arrears to the persons in whose names the Notes are registered at the close of business on the business day preceding the respective interest payment date.

Series	Interest Rate	Interest Payment Date	Commencement of Interest Payment	Maturity Date
2022 Notes	1.450%	June 1	June 1, 2015	June 1, 2022
2.750% 2023 Notes	2.750%	May 19	May 19, 2016	May 19, 2023
1.050% 2023 Notes	1.050%	September 4*	September 4, 2019	September 5, 2023
1.300% 2023 Notes	1.300%	September 5	September 5, 2015	September 5, 2023
1.950% 2023 Notes	1.950%	September 15	September 15, 2019	September 15, 2023
1.800% 2026 Notes	1.800%	September 4*	September 4, 2019	September 5, 2026
2.350% 2029 Notes	2.350%	September 4*	September 4, 2019	September 5, 2029
2.600% 2029 Notes	2.600%	December 17	December 17, 2015	December 17, 2029
2035 Notes	2.450%	March 15	March 15, 2016	March 15, 2035
2036 Notes	3.150%	September 4	September 4, 2017	September 4, 2036

* We will also pay
the last annual interest payment date.

interest on this series of Notes on its maturity date in
Interest on the Notes is computed on the basis of the actual
calculated and the actual number of days from and including
excluding the next scheduled interest payment date.
an amount calculated for the period since
as defined in the rulebook of the International Capital Market
the last date on which interest was paid on the Notes, to
This payment convention is referred to as ACTUAL/ACTUAL (ICMA)
Optional Redemption
Association.
but
Each series of Notes (other than the 2.750% 2023 Notes) may
Call Date (as set forth in the table below), as a whole
days', but not more than 60 days' (or,
be redeemed at any time prior to the applicable Par
prior notice sent to the registered address of each holder
or in part, at our option, at any time and from time to time
will be calculated by us and will be equal to the greater
with respect to the 1.950% 2023 Notes, at least 15 days', but
redeemed or (2) the sum of the present values of the Remaining
of the Notes of such series to be redeemed. The redemption
redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)),
of (1) 100% of the principal amount of the Notes of such
plus a number of basis points equal to the applicable Make-Whole
not more than 45 days'), defined below) discounted to the
of clauses (1) and (2) accrued interest will be payable
price equal to the Treasury Rate (as
2023 Notes) may be redeemed at any time on or after
Spread (as set forth in the table below). In the case of
time and from time to time, on at least 30 days'
to the redemption date. Each series of Notes (other than the 2.750%
least 15 days', but not more than 45 days') prior notice
the Par Call Date, as a whole or in part, at our
series at a redemption price equal to 100% of the principal
will be payable to the redemption date. We
but not more than 60 days'
sent to the registered address of each holder of the Notes of
amount of such series of Notes to be redeemed. Accrued
option, at any
will calculate the redemption price in connection with any
(or, with respect to the 1.950% 2023
such
interest
redemption hereunder.
Notes, at

Series	Par Call Date	Make-Whole Spread
2022 Notes	March 1, 2022	20 bps
1.050% 2023 Notes	August 4, 2023	20 bps
1.300% 2023 Notes	June 5, 2023	20 bps
1.950% 2023 Notes	June 15, 2023	25 bps
1.800% 2026 Notes	June 4, 2026	25 bps
2.350% 2029 Notes	June 4, 2029	35 bps
2.600% 2029 Notes	September 17, 2029	25 bps
2035 Notes	December 15, 2034	25 bps
2036 Notes	June 4, 2036	35 bps

The 2.750% 2023 Notes may be redeemed as a whole or in part, at our option, at any time and from time to time, on at least 30 days', but not more than 60 days', prior notice sent to the registered address of each holder of the 2.750% 2023 Notes. The redemption price will be equal to the greater of (1) 100% of the principal amount of the 2.750% 2023 Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date, on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate (as defined below) and 25 basis points. In either case, accrued but unpaid interest will be payable to the redemption date. We will calculate the redemption price in connection with any redemption hereunder.

"*Treasury Rate*" means the rate expressed as a percentage (and, with respect to the 2022 Notes, 2.750% 2023 Notes, 1.950% 2023 Notes and 2.600% 2029 Notes, rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the Notes of the applicable series, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the applicable Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by the Company or an investment bank appointed by the Company.

"*Reference Bond*" means, in relation to any Treasury Rate calculation, a German government bond whose maturity is closest to the maturity of the Notes of the applicable series, or if the Company or an investment bank appointed by the Company considers that such similar bond is not in issue, such other German government bond as the Company or an investment bank appointed by the Company, with the advice of three brokers of, and/or market makers in, German government bonds selected by the Company or an investment bank appointed by the Company, determines to be appropriate for determining such Treasury Rate.

"*Remaining Scheduled Payments*" means, with respect to each Note of a series to be redeemed, the remaining scheduled payments of principal of and interest on such Note that would be due after the related redemption date but for the redemption. If that redemption date is not an interest payment date with respect to the applicable series of Notes, the amount of the next succeeding scheduled interest payment on the Notes will be reduced by the amount of interest accrued on the Notes to, but not including, the redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date.

In the case of any partial redemption, selection of the Notes of a series to be redeemed will be made by the trustee by lot or (i) with respect to the 1.050% 2023 Notes, 1.800% 2026 Notes, 2.350% 2029 Notes and 2036 Notes, pursuant to applicable depositary procedures and (ii) with respect to the 2022 Notes, 2.750% 2023 Notes, 1.300% 2023 Notes, 1.950% 2023 Notes, 2.600% 2029 Notes and 2035 Notes, by such other method as the trustee in its sole discretion deems to be fair and appropriate.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes had no withholding or deduction been required. As used herein, "United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in a trade or business in the
establishment in the United States, or has any other
any political subdivision or taxing authority thereof

United States, has or had a permanent
present or former connection with the United States or
(b) is or was a citizen or resident of or was treated
or therein;

(c) is or was a foreign or domestic personal holding company,
company or a controlled foreign corporation with respect
as a resident of the United States;
has accumulated earnings to avoid United States federal

a passive foreign investment
to the United States or is or was a corporation that
(d) is or was a bank receiving interest described in
income tax;
Code of 1986, as amended (the "Code"); or

Section 881(c)(3)(A) of the Internal Revenue
(e) is or was an actual or constructive owner of 10% or
of all classes of stock of AT&T

more of the total combined voting power
(2) to any holder that is not the sole beneficial owner of
entitled to vote;
or partnership, but only to the extent that the beneficial owner,
or a member of the partnership would not have been entitled
beneficial owner, beneficiary,
the Notes, or a portion thereof, or that is a fiduciary
a beneficiary or settlor with respect to the fiduciary,
(3) to any tax, assessment or governmental charge
to the payment of an additional amount had such
settlor or member received directly its beneficial or distributive
owner or any other person failed to comply with certification,
concerning the nationality,
that is imposed or withheld solely because the beneficial
of the Notes, if compliance is required by statute, by regulation
share of the payment;
information reporting requirements
applicable income tax treaty to which the United States is a party
residence, identity or connection with the United States of the holder
assessment or other governmental charge;
of the United States Treasury Department or
(4) to any tax, assessment or governmental charge
as a precondition to exemption from such tax,
by AT&T
or beneficial owner
by an

that is imposed otherwise than by deduction or withholding
(5) to any tax, assessment or governmental charge
or a paying agent from the payment;
law, regulation
which the payment becomes due or is duly provided for,
that is imposed or withheld solely because of a change in
(6) to an estate, inheritance, gift, sales, excise, transfer,
or administrative or judicial interpretation that is announced
whichever occurs later;
assessment or governmental charge;

(7) to any tax, assessment or other governmental charge
or becomes effective after the day on
wealth, personal property or any similar tax,
must withhold from any payment of principal of or interest on
withholding by any other paying agent; or

any paying agent (which term may include us)
(8) in the case of any combination of the above items.
any Note, if such payment can be made without such

In addition, any amounts to be paid on the Notes will be
required pursuant to Sections 1471 through 1474 of the
thereof, any agreement entered into pursuant to Section 1471(b)
paid net of any deduction or withholding imposed or
practices adopted pursuant to any intergovernmental
Code, any current or future regulations or official interpretations
Sections of the Code and no additional amounts will be
of the Code, or any fiscal or regulatory legislation, rules or
The Notes are subject in all cases to any tax, fiscal or
agreement entered into in connection with the implementation
required to be paid on account of any such deduction or withholding.
interpretation applicable. Except as specifically provided
the heading "—Redemption Upon a Tax
governmental charge imposed by any government
of such other laws or regulation or administrative or judicial
under this heading "—Payment of Additional Amounts" and
Any reference in the terms of the Notes of each series to any
Event," we do not have to make any payment with respect to any
or a political subdivision or taxing authority.
refer to any additional amounts which may be payable
under
amounts in respect of the Notes shall be deemed also
tax, assessment or
under this provision.

to

Redemption Upon a Tax Event

If (a) we become or will become obligated to pay additional amounts with respect to any Notes as described herein under the heading "—Payment of Additional Amounts" as a result of any change in, or amendment to, the laws (or regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendment to, any official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date set forth in the table below with respect to the relevant series of Notes or (b) a taxing authority of the United States takes an action after the date set forth in the table below with respect to the relevant series of Notes, whether or not with respect to us or any of our affiliates, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem, as a whole, but not in part, the Notes on any interest payment date on not less than 30 nor more than 60 calendar days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued thereon to, but not including, the date fixed for redemption. No redemption pursuant to (b) above may be made unless we shall have received an opinion of effect that an act taken by a taxing authority of the United States results in a substantial probability that we will or may be required to pay the additional amounts described herein under the heading "—Payment of Additional Amounts" and we shall have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes pursuant to their terms.

Series	Relevant Date of Taxation Change
2022 Notes	November 20, 2014
2.750% 2023 Notes	March 21, 2016
1.050% 2023 Notes	February 15, 2018
1.300% 2023 Notes	February 23, 2015
1.950% 2023 Notes	June 5, 2019
1.800% 2026 Notes	February 15, 2018
2.350% 2029 Notes	February 15, 2018
2.600% 2029 Notes	November 20, 2014
2035 Notes	February 23, 2015
2036 Notes	June 7, 2017

Further Issues

We may from time to time, without notice to or the consent of the holders of any series of the Notes, create and issue further notes ranking equally and ratably with such series in all respects, or in all respects except for the payment of interest accruing prior to the issue date of such further notes or interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as, and will be fungible for United States federal income tax purposes with, the Notes of the applicable series. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the Indenture, or under officers' certificate pursuant to the Indenture.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

Special Situations Covered by Our Indenture

Mergers and Similar Transactions

We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell our assets, the company we merge into or sell to may not be organized under the laws of a foreign country. It must be a corporation organized under the laws of the United States, any State thereof, or the District of Columbia.

- The company we merge into or sell to must agree to be legally responsible for our debt securities.
- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default (unless the merger or other transaction would cure the default). For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Further, we may buy substantially all of the assets of another company without complying with any conditions.

Modification and Waiver

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Modification of Contractual Rights

Changes Requiring Approval of Holders. First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;
- in the case of convertible or exchangeable securities, to make changes that would be adverse to the interests of holders;
- to change the right of holders to waive an existing default by majority vote;
- to reduce the amount of principal or interest payable upon conversion or exchange rights, or impair the right of holders to sue for payment; and
- to make any change to this list of changes that requires specific approval of holders.

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except as set forth in the following paragraph. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain each holder's individual consent to the waiver.

Changes Not Requiring Approval of Holders. The third type of change does not require any vote by holders of securities. This type includes, among others, clarifications of ambiguous contract terms, changes to make securities payable in U.S. dollars (if the stated denomination ceases to exist) and other changes that would not materially adversely affect holders of the securities.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

● For securities denominated in one or more foreign currencies or
equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore
currency units, we will use the U.S. dollar
trust for the applicable holders money for their payment
we or an affiliate of us is holding the security.

not eligible to vote, if we have deposited or set aside in
or redemption. A security does not cease to be outstanding because
We will generally
outstanding securities that are entitled to vote or take
oblige us to fix any record date at all. If we set a record
series, that vote or action may be taken only by persons
be entitled to set any day as a record date for the purpose
date and must be taken within 90 days following the record
other action under the Indenture. However,
date for a vote or other action to be taken by holders of a
who are holders on the record date
of determining the holders of securities of that series
date.
the Indenture does not
particular
the record

Holders who hold in "street name" and other indirect holders, including holders of any securities issued as global securities, should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Indenture or the securities or request a waiver.

Discharge of Our Obligations

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
enough cash to make interest, principal and any other payments on
However, we cannot discharge
on the securities of any series if we make a
unless we provide for it in the terms of these securities.
in trust for

If we accomplish full discharge, as described
the
ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent
above, holders will have to rely solely on the trust deposit for
exchangeable securities,
to us for repayment in the unlikely event of any shortfall. Conversely,
claims of our lenders and other creditors if we ever become bankrupt
We will indemnify
obligations we deposited with the trustee or against the principal
the
or
the trustee and holders against any tax, fee or other charge
and interest received on these obligations.

Liens on Assets

The Indenture does not restrict us from pledging or otherwise
subsidiaries.
imposed on the U.S. government
encumbering any of our assets and those of our

Default and Related Matters

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has
to security holders after a default.
ownership of securities means each
therefore
a right to receive

Events of Default

Holders will have special rights if an event of default occurs
and is not cured, as described later in this subsection.

What Is an Event of Default? The term "event of default" with respect to any series of
following:
securities means any of the

- We fail to make
default within 90 days.

- We fail to make any interest payment on the securities of such series when it is due, redemption.

- We fail to comply any payment of principal when it is due at the maturity
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
with any of our other agreements regarding a particular series of securities
of such series or other agreement upon
- We file default by the trustee or holders of 25% in
90 days.

Remedies if an Event of Default Occurs

of with a
bankruptcy, or other
Holders and the trustee will have the following remedies

Acceleration

events in bankruptcy,
25% in principal amount of the securities of the affected
if an event of default occurs.
interest on all the securities of that series to be due
If an event of default has occurred and has not been cured or waived,
by the holders of at least a majority in principal amount
insolvency or reorganization occur.
been cured or waived.
series may declare
and immediately payable. An acceleration of maturity may be cancelled
then the trustee or the holders of
of the securities of the affected series, if all events
Special Duties of Trustee
the trustee will be obligated to use those of its rights and
skill in doing so, that a prudent person would use in
If an event of default occurs, the trustee will have some special
the entire principal amount of and any accrued
of default have
powers under the Indenture, and to use the same degree
Other Remedies of Trustee
collect defaulted principal and interest and to enforce other
that situation in conducting his or her own affairs. In that situation,
a lawsuit.
If an event of default occurs, the trustee is authorized

of care and
provisions of the securities and the Indenture,
Majority Holders May Direct the
take any action under the Indenture at the request of any
to pursue any available remedy to
from expenses and liability.
to it, the holders of a majority in principal amount
including bringing
The trustee is not required to
place of conducting any lawsuit or other formal legal
holders unless the holders offer the trustee reasonable
holders may also direct the trustee in performing any other
This is called an "indemnity." If the trustee is provided with
of the relevant series of debt securities may direct the time, method
Actions to Protect Their Interests
action seeking any remedy available to the trustee. These
Individual Actions Holders May Take
protection
such holder's own lawsuit or other formal
an indemnity reasonably satisfactory
holder's interests relating to the securities, the following
and
Before a holder bypasses the trustee and brings
majority *if the Trustee Fails to Act.*
legal action or take other steps to enforce the holder's
- Such holder must give the trustee written notice that an
must occur:
- The holders of 25% in principal amount of all outstanding
rights or protect such written request that the trustee take action because of
event of default has occurred and remains uncured.
satisfactory to the trustee against the cost and other liabilities
securities of the relevant series must make a
- The trustee must not have taken action for 60 days after
the default, and must offer indemnity reasonably
of taking that action.
- During the 60-day period, the holders of a majority in
receipt of the above notice and offer of indemnity.
not give the trustee a direction inconsistent with the request.

However, a holder is entitled
principal amount of the securities of that series do
holder's security on or after its due date.

at any time to bring an individual lawsuit for the payment of the money

due on such

Waiver of Default

The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all the relevant series of debt securities. If this happens, the default will be treated as if it had not occurred. No one can waive a payment default on a holder's debt security, however, without such holder's individual approval.

We Will Give the Trustee Information About Defaults Annually

Every year we will give to the trustee a written statement of one of our officers certifying that to the best of his or her knowledge we are in compliance with the Indenture and all the securities issued under it, or else specifying any default.

The trustee may withhold from holders notice of any uncured default, except for payment defaults, if it determines that withholding notice is in holders' interest.

Holders who hold in "street name" and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to make or cancel a declaration of acceleration.

Regarding the Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee under the Indenture. In addition, affiliates of The Bank of New York Mellon Trust Company, N.A. may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

DESCRIPTION OF THE 0.250% GLOBAL NOTES DUE 2026, THE 0.800% GLOBAL NOTES DUE 2030 AND THE 1.800% GLOBAL NOTES DUE 2039

The following summary of AT&T's the 0.250% Global Notes due 2026 (the "0.250% 2026 Notes"), the 0.800% Global Notes due 2030 (the "2030 Notes") and the 1.800% Global Notes due 2039 (the "2039 Notes" and, together with the 0.250% 2026 Notes and the 2030 Notes, the "Notes"), the above referenced debt securities is based on and qualified by the indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee (the "Indenture"). For a complete description of the terms and provisions of the Notes, please refer to the Indenture, which is filed as an exhibit to AT&T's Annual Report on Form 10-K for the year ended December 31, 2019 and to the forms of Notes, which are filed as exhibits to the Form 8-K filed with the Securities and Exchange Commission on September 11, 2019.

General

The 0.250% 2026 Notes:

- were issued in an aggregate initial principal amount of €1,000,000,000, which remains the amount outstanding, subject to our ability to issue additional 0.250% 2026 Notes which may be of the same series as the 0.250% 2026 Notes as described under "— Further Issues";
- mature on March 4, 2026;
- bear interest at the rate of 0.250% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The 2030 Notes:

- were issued in an aggregate initial principal amount of €1,250,000,000, which remains the amount outstanding, subject to our ability to issue additional 2030 Notes which may be of the same series as the 2030 Notes as described under "— Further Issues";
- mature on March 4, 2030;
- bear interest at the rate of 0.800% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The 2039 Notes:

- were issued in an aggregate initial principal amount of €750,000,000, which remains the amount outstanding, subject to our ability to issue additional 2039 Notes which may be of the same series as the 2039 Notes as described under "— Further Issues";
- mature on September 14, 2039;
- bear interest at the rate of 1.800% per annum, payable annually in arrears;

- are repayable at par at maturity;
- are redeemable by us at the time described below under certain tax events as described below under "— Redemption Upon a Tax Event";
- are not subject to any sinking fund.

"— Optional Redemption" and in connection with

The Notes are unsecured and unsubordinated obligations *pari passu* with all other indebtedness issued under our Indenture. Each series of Notes constitutes a separate and rank

registered form only and in minimum denominations of

and interest payments on the Notes are payable by us in

in respect of the Notes will be made to Euroclear

series under the Indenture. The Notes are issued in fully

€100,000 and integral multiples of €1,000 in excess thereof.

as the case may be, as registered holder thereof. Under

on the Notes are due under any circumstances, AT&T

euro. Payments of principal, interest and additional amounts, if

System, Clearstream Banking S.A. or such nominee or common

The principal and interest payable in U.S. dollars on a

immediately available funds against presentation of a

Principal of the Indenture, if the euro ceases to exist when

any,

may supplement the Indenture to allow for payment in U.S. dollars.

For purposes of the Notes, a business day means any day

Note at maturity, or upon

depositary,

payments

New York

the office of the paying agent.

close.

that is not a Saturday or Sunday and that, in the City of

redemption, will be paid by wire transfer of

Interest

or the City of London, is not a day on which banking institutions

The 0.250% 2026 Notes bear interest at the rate of 0.250% per

are generally authorized or obligated by law to

0.800% per annum and the 2039 Notes bear interest at the

Notes and the 2030 Notes annually in arrears on each March

annum, the 2030 Notes bear interest at the rate of

names the 0.250% 2026 Notes and the 2030 Notes are

rate of 1.800% per annum. We

interest payment date. We

4, commencing on March 4, 2020, to the persons in whose

September 14, 2020, to the persons in whose names

registered at the close of business on the business day preceding

preceding the interest payment date. The 0.250% 2026

pay interest on the 0.250% 2026 annually in arrears on each

March 4, 2030 and the 2039 Notes will mature on

the 2039 Notes are registered at the close of business on

Interest on the Notes will be computed on the basis of

Notes will mature on March 4, 2026, the 2030 Notes will mature

the

September 14, 2039.

September 14, commencing on

being calculated at the actual number of days from and

September 11, 2019, if no interest has been

the business day

the actual number of days in the period for which interest is

This payment convention is referred to as ACTUAL/ACTUAL

on

Capital Market Association.

including the last date on which interest was paid on the

paid on the Notes), to but excluding the next scheduled interest payment

Because the first payment of interest on the 2039 Notes is more

(ICMA) as defined in the rulebook of the International

the 2039 Notes will be treated for U.S. federal income

Notes (or

amount equal to the excess of the principal amount

date.

than one year from the issue date of the 2039 Notes,

Notes. Accordingly,

purposes on a constant yield basis over the term of the

tax purposes as issued with original issue discount ("OID") in

method of tax accounting. Such holders, however,

and interest payments on the 2039 Notes over the issue price

the 2039 Notes in income for U.S. tax purposes.

United States holders of the 2039 Notes will generally be

2039 Notes even if the holder is otherwise subject to the cash basis

an

Optional Redemption

will generally not be required to include the stated interest payments

for the 2039

required to accrue such OID for U.S. tax

Each series of Notes may be redeemed at any time prior

below), as a whole or in part, at our option, at any

on

60 days', prior notice sent to the registered address of

price will be calculated by us and will be equal to the

to the applicable Par Call Date (as set forth in the table

time and from time to time on at least 30 days', but not more than

to be redeemed or (2) the sum of the present values

each holder of the Notes of such series to be redeemed. The

the redemption date, on an annual basis (ACTUAL/ACTUAL

greater of (1) 100% of the principal amount of the Notes of

defined below) plus a number of basis points equal

of the Remaining Scheduled Payments (as defined below)

the case of each of clauses (1) and (2), accrued but unpaid

(ICMA)) at a rate equal to the sum of the Treasury

on or after the applicable Par Call Date (as set forth in the

redemption

to the applicable Make-Whole Spread (as set forth in the table below).

such series

interest will be payable to the redemption date. At any time

discounted to

table below), the Notes may be redeemed, as a whole or in

Rate (as

In

on or

part, at our

option, at any time and from time to time, on at least 30 days', but not more than 60 days', prior notice sent to the registered address of each holder of the Notes of such series to be redeemed, at a redemption price equal to 100% of the principal amount of such series of Notes to be redeemed. Accrued interest will be payable to the redemption date.

Series	Par Call Date	Make-Whole Spread
0.250% 2026 Notes	February 4, 2026	20 bps
2030 Notes	December 4, 2029	25 bps
2039 Notes	March 14, 2039	35 bps

"*Treasury Rate*" means the price, expressed as a percentage, at which the gross redemption yield on the Notes of the applicable series, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the applicable Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by the Company or an investment bank appointed by the Company.

"*Reference Bond*" means, in relation to any Treasury Rate calculation, a German government bond whose maturity is closest to the maturity of the Notes of the applicable series, or if the Company or an investment bank appointed by the Company considers that such similar bond is not in issue, such other German government bond as the Company or an investment bank appointed by the Company, with the advice of three brokers of, and/or market makers in, German government bonds selected by the Company or an investment bank appointed by the Company, determine to be appropriate for determining such Treasury Rate.

"*Remaining Scheduled Payments*" means, with respect to each Note of a series to be redeemed, the remaining scheduled payments of principal and interest on such Note that, but for the redemption, would be due after the related redemption date through the applicable Par Call Date, assuming the applicable series of Notes matured on the Par Call Date (not including any portion of payments of interest accrued as of the redemption date). If that redemption date is not an interest payment date with respect to the applicable series of Notes, the amount of the next succeeding scheduled interest payment on the Notes will be reduced by the amount of interest accrued on the Notes to the redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with our paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date.

In the case of any partial redemption, selection of the Notes of a series to be redeemed will be made by the trustee by lot or pursuant to applicable depositary procedures.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing [illegible] with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes had no withholding or deduction been required. As used herein, "United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in a trade or business in the
establishment in the United States, or has any other
any political subdivision or taxing authority thereof

United States, has or had a permanent
present or former connection with the United States or
(b) is or was a citizen or resident of or is or was treated
or therein;

(c) is or was a foreign or domestic personal holding company,
company or a controlled foreign corporation with respect
as a resident of the United States;
has accumulated earnings to avoid United States fed

a passive foreign investment
to the United States or is or was a corporation that
(d) is or was a bank receiving interest described in
Code of 1986, as amended (the "Code"); or
eral income tax;

(e) is or was an actual or constructive owner of 10% or
Section 881(c)(3)(A) of the Internal Revenue
of all classes of stock of AT&T

(2) to any holder that is not the sole beneficial owner of
more of the total combined voting power
or partnership, but only to the extent that the beneficial owner,
entitled to vote;
or a member of the partnership would not have been entitled
beneficial owner, beneficiary
the Notes, or a portion thereof, or that is a fiduciary
a beneficiary or settlor with respect to the fiduciary,

(3) to any tax, assessment or governmental charge
to the payment of an additional amount had such
settlor or any other person failed to comply with certification,
settlor or member received directly its beneficial or distributive
concerning the nationality,
of the Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
applicable income tax treaty to which the United States is a party
share of the payment; information reporting requirements
assessment or other governmental charge;
residence, identity or connection with the United States of the holder
of the United States Treasury Department or

(4) to any tax, assessment or governmental charge
as a precondition to exemption from such tax,
by AT&T
or beneficial owner
by an

(5) to any tax, assessment or governmental charge
that is imposed other than by deduction or withholding
law, regulation
or a paying agent from the payment;
which the payment becomes due or is duly provided for,
that is imposed or withheld solely because of a change in

(6) to any estate, inheritance, gift, sales, excise, transfer,
or administrative or judicial interpretation that is announced
assessment or governmental charge;
whichever occurs later;

(7) to any tax, assessment or other governmental charge
or becomes effective after the day on
or personal property tax or any similar tax,
must withhold from any payment of principal of or interest on
withholding by any other paying agent; or
any paying agent (which term may include us)

(8) in the case of any combination of the above items.
any Note, if such payment can be made without such

In addition, any amounts to be paid on the Notes will be
required pursuant to Sections 1471 through 1474 of the
thereof, any agreement entered into pursuant to Section 1471(b)
paid net of any deduction or withholding imposed or
practices adopted pursuant to any intergovernmental
Sections of the Code and no additional amounts will be
Code, any current or future regulations or official interpretations
of the Code, or any fiscal or regulatory legislation, rules or

The Notes are subject in all cases to any tax, fiscal or
agreement entered into in connection with the implementation
interpretation applicable. Except as specifically provided
required to be paid on account of any such deduction or withholding.
the heading "— Redemption Upon a Tax
governmental charge imposed by any government
of such other law or regulation or administrative or judicial
under this heading "— Payment of Additional Amounts" and under

Any reference in the terms of the Notes of each series to any
Event," we do not have to make any payment with respect to
refer to any additional amounts which may be payable
or a political subdivision or taxing authority.

any tax, assessment or
amounts in respect of the Notes shall be deemed also
under this provision.

to

Redemption Upon a Tax Event

If (a) we become or will become obligated to pay additional

under the heading "— Payment of Additional Amounts"

regulations or rulings promulgated thereunder) of the United States (or

therein), or any change in, or amendment to, any

amounts with respect to any Notes as described herein

regulations or rulings, which change or amendment

as a result of any change in, or amendment to, the laws (or

taxing authority of the United States takes an action on or after

any political subdivision or taxing authority thereof or

our affiliates, that results in a substantial probability

official position regarding the application or

may, at our option,

announced or becomes effective, on or after September

than 30 nor more than 60 calendar days' prior notice, at a

September 4, 2019, whether or not with respect to us or

with interest accrued thereon to the date fixed for redemption

interpretation of such laws,

required to pay such additional amounts,

shall have received an opinion of independent counsel

4, 2019, or (b) a

whole, but not in part, the applicable series of

results in a substantial probability that we will or may

redemption price equal to 100% of their principal amount, together

heading "— Payment of Additional Amounts" and we shall

then redemption pursuant to (b) above may be made unless we

authorized officer, stating

taken by a taxing authority

Notes on any interest payment date on not less

be required to pay the additional amounts described herein under

Further Issues

have delivered to the trustee a certificate, signed by a duly

that based on such opinion we are entitled to redeem the Notes pursuant

of the United States

the

We may from

further notes ranking equally and ratably with such series

accruing prior to the issue date or except for the first payment

to their terms.

further notes will have the same terms as to status, redemption

time to time, without notice to or the consent of the holders of any

income tax purposes with the Notes of the applicable series. Any

in all respects, or in all respects except for the payment

board of directors, a supplement to the Indenture, or under

of interest following the issue date of those further

or otherwise as, and will be fungible for United States federal

series of the Notes, create and issue

Governing Law

of interest

further notes shall be issued pursuant to a resolution of our

an officers' certificate pursuant to the Indenture.

notes. Any

The Notes will be governed by and interpreted in accordance

Special Situations Covered by Our Indenture

with the laws of the State of New York.

Mergers and Similar Transactions

We are generally

substantially all of our assets to another company.

conditions are met:

permitted to consolidate or merge with another company.

However, we may not take any of

- Where we merge out of existence or sell our

organized under the laws of a foreign country.

We are also permitted

United States, any State thereof, or the District of Columbia.

these actions unless all the following

assets, the company we merge into or sell to may not

- The company we merge into or sell to must agree

be organized under

to sell

- The merger, sale of

be

the laws of the

already in default, unless the merger or other

legally responsible for our debt securities.

default test, a default would include an event of default

below under "— Default and Related Matters — Events of Default,

assets or other transaction must not cause a default on the securities,

default for this purpose would also include any event

transaction would cure the default. For purposes of this no-

for giving us default notice or our default having to exist

that has occurred and not been cured, as described

and we must not

— What Is an Event of Default?" A

Further, we may buy substantially

that would be an event of default if the requirements

conditions.

for a specific period of time were disregarded.

all of the assets of another company without complying with any

of the foregoing

Modification and Waiver

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Changes Requiring Approval of Holders; Contractual Rights. First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;
- in the case of convertible or exchangeable securities, to make changes to conversion or exchange rights that would be adverse to the interests of holders;
- to change the right of holders to waive an existing default by majority vote;
- to reduce the amount of principal or interest payable conversion or exchange rights, or impair the right of holders to sue for payment; and
- to make any change to the following list of changes that requires specific approval of holders.

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except as set forth in the following paragraph. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain each holder's individual consent to the waiver.

Changes Not Requiring Approval of Holders. The third type of change does not require any vote by holders of securities. This type includes, among others, clarifications of ambiguous contract terms, changes to make securities payable in U.S. dollars (if the stated denomination ceases to exist), and other changes that would not materially adversely affect holders of the securities.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for the applicable holders money for their payment or redemption. A security does not cease to be outstanding because we or an affiliate of us is holding the security.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding securities that are entitled to vote or take other action under the Indenture. However, the Indenture does not oblige us to fix any record date at all. If we set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding securities of that series on the record date and must be taken within 90 days following the record date.

Holders who hold in "street name" and other indirect holders,
global securities, should consult their banks or brokers for information
denied if we seek to change the Indenture or the securities or
including holders of any securities issued as

Discharge of Our Obligations ***on how approval may be granted or***
request a waiver.

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate discharge ourselves from any payment or other obligations
securities on their various due dates. certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
enough cash However, we cannot discharge on the securities of any series if we make a and any other payments on
unless we provide for it in the terms of these securities.
in trust for

the If we accomplish full discharge, as described ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent above, holders will have to rely solely on the trust deposit for exchangeable securities,
to us for repayment in the unlikely event of any shortfall. Conversely,
claims of our lenders and other creditors if we ever become bankrupt We will indemnify
obligations we deposited with the trustee or against the principal
the

Liens on Assets the trustee and holders against any tax, fee or other charge
or
and interest received on these obligations.

The Indenture does not restrict us from pledging or otherwise
subsidiaries imposed on the U.S. government

Default and Related Matters encumbering any of our assets and those of our

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has *Events of Default*
to security holders after a default ownership of securities means each
therefore Holders will have special rights if an event of default occurs
a right to receive

What Is an Event of Default? The term "event of default" with respect to any series of
following: and is not cured, as described later in this subsection.

- We fail to make securities means any of the
  default within 90 days.
- We fail to make any interest payment on the securities of such series when it is due,
  redemption.
- We fail to comply any payment of principal when it is due at the maturity
  supplemental indenture, and after we have been notified
  principal amount of the series, we do not cure the default within
  of such series of securities or upon with any of our other agreements regarding a particular series of securities
- We file for of the default by the trustee or holders of 25% in
  90 days.
  or with a
  bankruptcy, or other

events in bankruptcy,

Remedies if an Event of Default Occurs

Holders and the trustee will have the following remedies

Acceleration.

25% in principal amount of the securities of the affected
If an event of default occurs:
interest on all the securities of that series to be due
If an event of default has occurred and has not been cured or waived,
by the holders of at least a majority in principal amount
been cured or waived.
series may declare
and immediately payable. An acceleration of maturity may be cancelled
then the trustee or the holders of
of the securities of the affected series, if all events
Special Duties of Trustee.
the trustee will be obligated to use those of its rights and
skill in doing so, that a prudent person would use in
the entire principal amount of and any accrued
of default occurs, the trustee will have some special
of default have
powers under the Indenture, and to use the same degree
Other Remedies of Trustee.
collect defaulted principal and interest and to enforce other
that situation in conducting his or her own affairs.
duties. In that situation,
a lawsuit.
If an event of default occurs, the trustee is authorized

of care and
provisions of the securities and the Indenture,
Majority Holders May Direct the
take any action under the Indenture at the request of any
to pursue any available remedy to
from expenses and liability.
to it, the holders of a majority in principal amount
including bringing
Take
The trustee is not required to
place of conducting any lawsuit or other formal legal
holders unless the holders offer the trustee reasonable
holders may also direct the trustee in performing any other
This is called an "indemnity". If the trustee is provided with
of the relevant series of debt securities may direct the time, method
Actions to Protect Their Interests.
action seeking any remedy available to the trustee. These
protection
Individual Actions Holders May Take
such holder's own lawsuit or other formal
an indemnity reasonably satisfactory
and
holder's interests relating to the securities, the following
Before a holder bypasses the trustee and brings
majority *if the Trustee Fails to Act.*
legal action or take other steps to enforce such holder's
- Such holder must give the trustee written notice that an
must occur:

- The holders of 25% in principal amount of all outstanding
rights or protect such written request that the trustee take action because of
event of default has occurred and remains uncured.
satisfactory to the trustee against the cost and other liabilities
securities of the relevant series must make a
- The trustee must not have taken action for 60 days after
the default, and must offer indemnity reasonably
of taking that action.
- During the 60-day period, the holders of a majority in
not give the trustee a direction inconsistent with the request.
receipt of the above notice and offer of indemnity.

However, a holder is entitled
principal amount of the securities of that series do
holder's security on or after its due date.

Waiver of Default
at any time to bring an individual lawsuit for the payment of the money

The holders of a majority
series of debt securities. If this
due on such
on a holder's debt security,

in principal amount of the
We Will
happens, the default will be treated
however, without such holder's
Every year
knowledge, we are in compliance with the Indenture
Give the Trustee Information About Defaults
individual approval.
relevant series of debt securities
as if it had not
The trustee
will give
withhold notice is in holders' interest
and all the securities under it, or else specifying any default.
Annually

may withhold from
may waive a default for
occurred. No one can waive a

holders notice of
a written statement
all the relevant

Holders who hold in “street name” and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to make or cancel a declaration of acceleration.

Regarding the Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee under the Indenture. In addition, affiliates of The Bank of New York Mellon Trust Company, N.A. may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

DESCRIPTION OF THE 4.250% GLOBAL NOTES DUE 2050

The following summary of AT&T's above referenced debt securities is based on and qualified by the indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee (the "Indenture") and the 4.250% Global Notes due 2050 (the "Notes"). For a complete description of the terms and provisions of the Notes, please refer to the Indenture, which is filed as an exhibit to AT&T's Annual Report on Form 10-K for the year ended December 31, 2019 and to the forms of Notes, which are filed as exhibits to the Form 8-A filed with the Securities and Exchange Commission on December 12, 2019.

General

The Notes:

- were issued in an aggregate initial principal amount of $1,265,000,000, which remains the amount outstanding, subject to our ability to issue additional Notes which may be of the same series as the Notes as described under "— Further Issues";
- mature on March 1, 2050;
- bear interest at the rate of 4.250% per annum, payable semiannually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The Notes are unsecured and unsubordinated obligations and rank pari passu with all other indebtedness issued under our Indenture. The Notes constitute a single series under the Indenture. The Notes are issued in fully registered form only and in minimum denominations of $100,000 and integral multiples of $1,000 thereafter.

For purposes of the Notes, a business day means a business day in The City of New York and Taipei, Taiwan.

Principal and interest payments on the Notes registered in the name of the depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner.

Interest

The Notes bear interest at the rate of 4.250% per annum. We will pay interest on our Notes in arrears on each March 1 and September 1 commencing on March 1, 2020 to the persons in whose names the Notes are registered at the close of business on the fifteenth day preceding the respective interest payment date. The Notes will mature on March 1, 2050.

Optional Redemption

We have the option to redeem all, but not less than all, of the Notes then outstanding on each March 1 on or after March 1, 2025. In addition, on the first redemption date on which we opt to redeem Notes, we also have the option to instead only redeem 50% of the aggregate principal amount of the Notes then outstanding. If we opt to redeem 50% of the aggregate principal amount of the Notes then outstanding on a redemption date, any remaining Notes can be redeemed at our option on a future redemption date in whole but not in part. Any redemption described in this paragraph must be on not less than 10 nor more than 40 days' notice and will be at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued and unpaid interest to, but excluding, the date of redemption.

On and after the redemption date, interest will cease to accrue on the Notes or the portion of the Notes called for redemption, unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with our paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected pro rata or in accordance with applicable depositary procedures.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes had no withholding or deduction been required. As used herein, "United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in a trade or business in the United States, has or had a permanent establishment in the United States, or has any other present or former connection with the United States or any political subdivision or taxing authority thereof or therein;

(b) is or was a citizen or resident or is or was treated as a resident of the United States;

(c) is or was a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or is or was a corporation that has accumulated earnings to avoid United States federal income tax;

(d) is or was a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"); or

(e) is or was an actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of AT&T entitled to vote;

(2) to any holder that is not the sole beneficial owner of the Notes, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that the beneficial owner, a beneficiary or settlor with respect to the fiduciary, or a member of the partnership would not have been entitled to the payment of an additional amount had such beneficial owner, beneficiary, settlor or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner or any other person failed to comply with certification, information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of the Notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or governmental charge that is imposed otherwise than by deduction or withholding by AT&T or a paying agent from the payment;

(5) to any tax, assessment or governmental charge that is imposed or withheld solely because of a change in law, regulation, or administrative or judicial interpretation that becomes effective after the day on which the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or any similar tax, assessment or governmental charge;

(7) to any tax, assessment or other governmental charge any paying agent (which term may include us) must withhold from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of the above items.

In addition, any amounts to be paid on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code and no additional amounts will be required to be paid on account of any such deduction or withholding.

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable. Except as specifically provided under this heading "—Payment of Additional Amounts" and under the heading "—Redemption Upon a Tax Event," we do not have to make any payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority.

Any reference in the terms of the Notes to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this provision.

Redemption Upon a Tax Event

If (a) we become or will become obligated to pay additional amounts with respect to the Notes as described herein under the heading "—Payment of Additional Amounts" as a result of any change in, or amendment to, the laws (or regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, any official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective, on or after December 5, 2019, or (b) any taxing authority of the United States takes an action on or after December 5, 2019, whether or not with respect to us or any of our affiliates, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem the Notes as a whole, but not in part, on any interest payment date on not less than 10 nor more than 40 calendar days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption; … redemption pursuant to (b) above may be made unless we shall have received an opinion of independent counsel to the effect that an action taken by a taxing authority of the United States results in a substantial probability that we will or may be required to pay the additional amounts described herein under the heading "—Payment of Additional Amounts" and we shall have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes pursuant to their terms.

Further Issues

We may from time to time, without notice to or the consent of the holders of the Notes, create and issue further notes ranking equally and ratably with such Notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Those further notes will have the same terms as to status, redemption or otherwise … federal income tax purposes with the Notes. Any further notes shall be issued subject to the receipt of all necessary regulatory … by applicable authorities in the Republic, including but not limited to the Taipei Exchange and the Taiwan Securities … and listing approvals from such authorities, United States … Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the Indenture, or under an officers' certificate pursuant to the Indenture.

Notices

Notices to holders of the Notes will be given only to the depositary, in accordance with its applicable policies as in effect from time to time.

Prescription Period

Any money that we deposit with the trustee or any paying agent for the payment of principal or any interest on a Note that remains unclaimed for two years after the date upon which the principal and interest are due and payable will be

repaid to us upon our request unless otherwise required
After that time, unless otherwise required by mandatory
will be able to seek any payment to which that
by mandatory provisions of any applicable unclaimed
Governing Law
provisions of any unclaimed property law,
holder may be entitled to collect only from us.
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the holder of the Note

Special Situations Covered by Our Indenture

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be organized
- The company must agree to be legally responsible for our debt securities.
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default would include an event of default that has occurred
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Default and Related Matters — Events of Default —
also include any event that would be an event of default if
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would be adverse to the interests of holders;

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Discharge of Our Obligations

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
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Default and Related Matters
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- We fail to make
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redemption.

- We fail to comply
any payment of principal when it is due at the maturity
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of such series or other agreements regarding a particular series of securities
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Other Remedies of Trustee
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Majority Holders May Direct the
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Trustee to Take
The trustee is not required to
place of conducting any lawsuit or other formal legal
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This is called an "indemnity". If the trustee is provided with
of the relevant series of debt securities may direct the time, method
Actions to Protect Their Interests
action seeking any remedy available to the trustee. These
protection
action under the Indenture.
an indemnity reasonably satisfactory
and
majority

Individual Actions Holders May Take if the Trustee Fails to Act. Before a holder bypasses the trustee and brings such holder's own lawsuit or other formal legal action or takes other steps to enforce such holder's rights or protect such holder's interests relating to the securities, the following must occur:

- Such holder must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding securities of the relevant series must make a written request that the trustee take action because of the default, and must offer indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action.
- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity.
- During the 60-day period, the holders of a majority in principal amount of the securities of that series do not give the trustee a direction inconsistent with the request.

However, a holder is entitled at any time to bring an individual lawsuit for the payment of the money due on such holder's security on or after its due date.

Holders who hold in "street name" and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to make or cancel a declaration of acceleration.

Waiver of Default

The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all the relevant series of debt securities. If this happens, the default will be treated as if it had not occurred. No one can waive a payment default on a holder's debt security, however, without such holder's individual approval.

We Will Give the Trustee Information About Defaults Annually

Every year we will give to the trustee a written statement of one of our officers certifying that to the best of his or her knowledge we are in compliance with the Indenture and all the securities under it, or else specifying any default.

The trustee may withhold from holders notice of any default, except for payment defaults, if it determines that withholding notice is in holders' interest.

Regarding the Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee under the Indenture. In addition, affiliates of The Bank of New York Mellon Trust Company, N.A. may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

DESCRIPTION OF THE 5.350% GLOBAL NOTES DUE 2066 AND THE 5.625% GLOBAL NOTES DUE 2067

The following summary of AT&T's 5.350% Global Notes due 2066 (the "2066 Notes") and 5.625% Global Notes due 2067 (the "2067 Notes" and, together with the 2066 Notes, the "Notes") is based on and qualified by the indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee (the "Indenture"). For a complete description of the terms of the Notes, please refer to the above referenced Indenture, which is filed as an exhibit to AT&T's Annual Report on Form 10-K for the year ended December 31 2019 and to the forms of Notes, which are filed as exhibits to the Form 8-As filed with the Securities and Exchange Commission on October 27, 2017 and August 1, 2018.

General

The 2066 Notes:

- were issued in an aggregate initial principal amount of $1,322,500,000, which remains the amount outstanding, subject to our ability to issue additional 2066 Notes which may be of the same series as the 2066 Notes as described under "— Further Issues";
- mature on November 1, 2066;
- bear interest at the rate of 5.350% per annum, payable quarterly in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The 2067 Notes:

- were issued in an aggregate initial principal amount of $825,000,000, which remains the amount outstanding, subject to our ability to issue additional 2067 Notes which may be of the same series as the 2067 Notes as described under "— Further Issues";
- mature on August 1, 2067;
- bear interest at the rate of 5.625% per annum, payable quarterly in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The Notes are unsecured and unsubordinated obligations and rank pari passu with all other indebtedness issued under our Indenture. Each series of Notes constitutes a separate series under the Indenture. The Notes are issued in fully registered form only and in minimum denominations of $25 and integral multiples of $25 thereafter. Principal and interest payments on the Notes registered in the name of the depositary or its nominee will be made to the depositary or its nominee, as the case may be as the registered owner of the global notes.

For purposes of the Notes, a business day means a business day in the City of New York.

Interest

The 2066 Notes bear interest at the rate of 5.350% per annum and the 2067 Notes bear interest at the rate of 5.625% per annum. We pay interest on our Notes in arrears on each February 1, May 1, August 1 and November 1, commencing on February 1, 2018 with respect to the 2066 Notes and commencing on November 1, 2018 with respect to the 2067 Notes, to the persons in whose names the Notes are registered at the close of business on the fifteenth day preceding the respective interest payment date. The 2066 Notes will mature on November 1, 2066 and the 2067 Notes will mature on August 1, 2067.

Optional Redemption

We may, at our option, redeem the 2066 Notes, in whole or in part, at any time and from time to time on or after November 1, 2022, and redeem the 2067 Notes, in whole or in part, at any time and from time to time on or after August 1, 2023, in each case, on at least 30 days', but not more than 60 days', prior notice mailed (or otherwise transmitted in accordance with The Depository Trust Company ("DTC") procedures) to the registered address of each holder of the Notes to be redeemed. The redemption price will be equal to 100% of the principal amount of the Notes to be redeemed plus accrued but unpaid interest to, but excluding, the redemption date. On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption, unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with our paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date. In the case of any partial redemption, selection of the Notes of a series to be redeemed will be made in accordance with applicable procedures of DTC.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes had no withholding or deduction been required. As used herein, "United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in a trade or business in the United States, has or had a permanent establishment in the United States, or has any other present or former connection with the United States or any political subdivision or taxing authority thereof or therein;

(b) is or was a citizen or resident or is or was treated as a resident of the United States;

(c) is or was a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or is or was a corporation that has accumulated earnings to avoid United States federal income tax;

(d) is or was a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"); or

(e) is or was an actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of AT&T entitled to vote;

(2) to any holder that is not the sole beneficial owner of
or partnership, but only to the extent that the beneficial owner,
or a member of the partnership would not have been entitled
beneficial owner, beneficiary
the Notes, or a portion thereof, or that is a fiduciary
a beneficiary or settlor with respect to the fiduciary,
to the payment of an additional amount had such
(3) to any tax, assessment or governmental charge
owner or any other person failed to comply with certification,
settlor or member received directly its beneficial or distributive
concerning the nationality,
of the Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
applicable income tax treaty to which the United States is a party
share of the payment, information reporting requirements
assessment or other governmental charge;
residence, identity or connection with the United States of the holder
of the United States Treasury Department or
as a precondition to exemption from such tax,
(4) to any tax, assessment or governmental charge
by AT&T
or beneficial owner
by an
(5) to any tax, assessment or governmental charge
that is imposed other than by deduction or withholding
law, regulation
or a paying agent from the payment;
which the payment becomes due or is duly provided for,
that is imposed or withheld solely because of a change in
or administrative or judicial interpretation that is announced
(6) to an estate, inheritance, gift, sales, excise, transfer,
assessment or governmental charge;
whichever occurs later;
or becomes effective after the day on
(7) to any tax, assessment or other governmental charge
that any paying agent or any similar tax,
must withhold from any payment of principal of or interest on
withholding by any other paying agent; or
any paying agent (which term may include us)
any Note, if such payment can be made without such
(8) in the case of any combination of the above items.

In addition, any amounts to be paid on the Notes will be
required pursuant to Sections 1471 through 1474 of the
thereof, any agreement entered into pursuant to Section 1471(b)
practices adopted pursuant to any intergovernmental
paid net of any deduction or withholding imposed or
Sections of the Code and no additional amounts will be
Code, any current or future regulations or official interpretations
of the Code, or any fiscal or regulatory legislation, rules or
agreement entered into in connection with the implementation
The Notes are subject in all cases to any tax, fiscal or
interpretation applicable. Except as specifically provided
required to be paid on account of any such deduction or withholding.
the heading "— Redemption Upon a Tax
governmental charge imposed by any government
of such other law or regulation or administrative or judicial
under this heading "— Payment of Additional Amounts" and under
Event," we do not have to make any payment with respect to
Any reference in the terms of the Notes of each series to any
refer to any additional amounts which may be payable
or a political subdivision or taxing authority

Redemption Upon a Tax
any tax, assessment in respect of the Notes shall be deemed also
under this provision.

If (a) we become or will become obligated to pay additional
Event
under the heading "— Payment of Additional Amounts"
to
regulations or rulings promulgated thereunder) of the United States (or
therein), or any change in, or amendments to, any
amounts with respect to any Notes as described herein
regulations or rulings, which change or amendment
as a result of any change in, or amendment to, the laws (or
respect to the 2066 Notes or on or after July 25, 2018
any political subdivision or taxing authority thereof or
States takes an action on or after October 25, 2017 with respect
official position regarding the application or
the 2067 Notes, whether or not with respect to us or
any
is announced or becomes effective, on or after October
or may be required to pay such additional amounts, then
with respect to the 2067 Notes or (b) a taxing authority of the United
applicable series of Notes on any interest payment
interpretation of such laws, after July 25, 2018 with
redemption price equal to 100% of their principal amount,
25, 2017, with affiliates, that results in a substantial probability
redemption. No redemption pursuant to (b) above
we may, at our option,
counsel to the effect that an act taken by a taxing
respect to not less than 30 nor more than 60 calendar days'
or may be required to pay the additional amounts described
that we will interest accrued thereon to the date fixed for
may be made unless we shall have received an opinion of independent
redeem, as a whole, but not in part, the
authority of the United States results in a substantial probability
prior notice, at a
herein under the heading "— Payment of Additional Amounts"70

that we will

and we shall have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes pursuant to their terms.

Further Issues

We may from time to time, without notice to or the consent of the holders of any series of the Notes, create and issue further notes ranking equally and ratably with such series in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as, and will be fungible for United States federal income tax purposes with, the Notes of the applicable series. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the Indenture, or under an officers' certificate pursuant to the Indenture.

Notices

Notices to holders of the Notes will be given only to the depositary, in accordance with its applicable policies as in effect from time to time.

Prescription Period

Any money that we deposit with the trustee or any paying agent for the payment of principal or any interest on any global note of any series that remains unclaimed for two years after the date upon which the principal and interest are due and payable will be repaid to us upon our request unless otherwise required by mandatory provisions of any applicable unclaimed property law. After that time, unless otherwise required by mandatory provisions of any unclaimed property law, the holder of the global note will be able to seek any payment to which that holder may be entitled to collect only from us.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

Special Situations Covered by Our Indenture

Mergers and Similar Transactions

We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell our assets, the company we merge into or sell to may not be organized under the laws of a foreign country. It must be a corporation organized under the United States, any State thereof, or the District of Columbia. The company we merge into or sell to must agree to be legally responsible for our debt securities.
- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already have a default unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Further, we may buy substantially all of the assets of another company without complying with any of the foregoing conditions.

Modification and Waiver

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

of Holders; Contractual Rights

Changes Requiring Approval of Holders. First, there are changes that cannot be made to the securi[ties] without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;
- in the case of convertible or exchangeable securities, to make any change to conversion or exchange rights that would be adverse to the interests of holders;
- to change the right of holders to waive an existing default by majority vote;
- to reduce the amount of principal or interest payable on any security, or impair the right of holders to sue for payment; and
- to make any change to the following list of changes that requires specific approval of holders.

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except as set forth in the following paragraph. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain each holder's individual consent to the waiver.

Changes Not Requiring Approval of Holders. The third type of change does not require any vote by holders of securities. This type includes, among others, clarifications of ambiguous contract terms, changes to make securities payable in U.S. dollars (if the stated denomination ceases to exist) and other changes that would not materially adversely affect holders of the securities.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for the applicable holders money for their payment or redemption. A security does not cease to be outstanding because we or an affiliate of us is holding the security.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding securities that are entitled to vote or take other action under the Indenture. However, the Indenture does not oblige us to fix any record date at all. If we set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding securities of that series on the record date and must be taken within 90 days following the record date.

Holders who hold in "street name" and other indirect holders,
global securities, should consult their banks or brokers for information
denied if we seek to change the Indenture or the securities or
including holders of any securities issued as
on how approval may be granted or

Discharge of Our Obligations

request a waiver.

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
enough cash to make interest, principal and any other payments on
However, we cannot discharge
on the securities of any series if we make a
unless we provide for it in the terms of these securities.
in trust for

If we accomplish full discharge, as described
the
ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent
above, holders will have to rely solely on the trust deposit for
exchangeable securities,
to us for repayment in the unlikely event of any shortfall. Conversely,
We will indemnify
claims of our lenders and other creditors if we ever become bankrupt
obligations we deposited with the trustee or against the principal
the
or
the trustee and holders against

Liens on Assets

and interest received on these obligations.

The Indenture does not restrict us from pledging or otherwise
subsidiaries
any tax, fee or other charge imposed on the U.S.

Default and Related Matters

encumbering any of our assets and those of our
government

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has

Events of Default

to security holders after a default.
ownership of securities means each
therefore
Holders will have special rights if an event of default occurs
a right to receive

What Is an Event of Default? The term "event of default" with respect to any series of
following:
and is not cured, as described later in this subsection.

- We fail to make securities means any of the
default within 90 days.

- We fail to make
any interest payment on the securities of such series when it is due,
redemption.

- We fail to comply with this
any payment of principal when it is due at the maturity
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
of such series of securities or upon
with any of our other agreements regarding a particular series of securities
of the default by the trustee or holders of 25% in
90 days.

- We file for
or with a
bankruptcy, or other events

in bankruptcy, insolvency

Remedies if an Event of Default Occurs

Holders and the trustee will have the following remedies if an event of default occurs:

Acceleration. If an event of default has occurred and has not been cured or waived, then the trustee or the holders of 25% in principal amount of the securities of the affected series may declare the entire principal amount of and any accrued interest on all the securities of that series to be due and immediately payable. An acceleration of maturity may be cancelled by the holders of at least a majority in principal amount of the securities of the affected series, if all events of default have been cured or waived.

Special Duties of Trustee. If an event of default occurs, the trustee will have some special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the Indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs.

Other Remedies of Trustee. If an event of default occurs, the trustee is authorized to pursue any available remedy to collect defaulted principal and interest and to enforce other provisions of the securities and the Indenture, including bringing a lawsuit.

Majority Holders May Direct the Trustee to Take Actions to Protect Their Interests. The trustee is not required to take any action under the Indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an "indemnity". If the trustee is provided with an indemnity reasonably satisfactory to it, the holders of a majority in principal amount of the relevant series of debt securities may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in performing any other action under the Indenture.

Individual Actions Holders May Take if the Trustee Fails to Act. Before a holder bypasses the trustee and brings such holder's own lawsuit or other formal legal action or takes other steps to enforce such holder's rights or protect such holder's interests relating to the securities, the following must occur:

- Such holder must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding securities of the relevant series must make a written request that the trustee take action because of the default, and must offer indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action.
- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity.
- During the 60-day period, the holders of a majority in principal amount of the securities of that series do not give the trustee a direction inconsistent with the request.

However, a holder is entitled at any time to bring an individual lawsuit for the payment of the money due on such holder's security on or after its due date.

Waiver of Default

The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all the relevant series of debt securities. If this happens, the default will be treated as if it had not occurred. No one can waive a payment default on a holder's debt security, however, without such holder's individual approval.

We Will Give the Trustee Information About Defaults Annually

Every year we will give to the trustee a written statement of one of our officers certifying that to the best of his or her knowledge we are in compliance with the Indenture and all the securities thereunder, or else specifying any default.

The trustee may withhold from holders notice of any uncured default, except for payment defaults, if it determines that withholding notice is in holders' interest.

Holders who hold in "street name" and other indirect holders should
information on how to give notice or direction to or make
declaration of acceleration.
consult their banks or brokers for
a request of the trustee and how to make or cancel a

Regarding the Trustee

The Bank of New York
Bank of New York
for us and our subsidiaries from time to time in the

Mellon Trust Company,
Mellon Trust Company,
ordinary course of business.

N.A. is the trustee under the Indenture. In addition, affiliates
N.A. may perform various commercial banking and investment

of The
banking services

DESCRIPTION OF THE 7.000% GLOBAL NOTES DUE 2040 AND THE 4.875% GLOBAL NOTES DUE 2044

The following summary of AT&T's
dated as of November 1, 1994 with The Bank of New York
Global Notes due 2040 (the "2040 Notes") and the 4.875%
2040 Notes, the "Notes"). For a complete description
above referenced
which is filed as an exhibit to AT&T's
Mellon, acting as trustee (the "Indenture")
of Notes, which are filed as exhibits to
Global Notes due 2044 (the "2044 Notes" and, together
and May 30, 2012
of the terms and provisions of the Notes
of the debt securities is based on and qualified by the indenture,
Annual Report on Form 10-K for the year ended December
and the 7.000%
with the
Form 8-As filed with the Securities and Exchange Commission
please refer to the Indenture,
31, 2019 and to the forms
on May 1, 2009

General

The 2040 Notes:

- were issued in an aggregate initial principal amount of £1,100,000,000, which remains outstanding, subject to our ability to issue additional 2040 Notes which may be Notes as described under "— Further Issues";
- mature on April 30, 2040;
- bear interest at the rate of 7.000% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at our option at any time in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; the amount described below under "Optional Redemption" and
- are not subject to any sinking fund.

The 2044 Notes:

- were issued in an aggregate initial principal amount of £550,000,000, which remains outstanding, subject to our ability to issue additional 2044 Notes which may be Notes as described under "— Further Issues";
- mature on June 1, 2044;
- bear interest at the rate of 4.875% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at our option at any time in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; the amount described below under "Optional Redemption" and
- are not subject to any sinking fund.

The Notes are unsecured and unsubordinated obligations and rank *pari passu* with all other indebtedness issued under our Indenture. Each series of Notes constitutes a separate series under the Indenture. The Notes are issued in fully registered form only and (i) with respect to the 2040 Notes, in minimum denominations of £50,000 and integral multiples of £50,000 thereafter and (ii) with respect to the 2044 Notes, in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. Principal and interest payments of the Notes are payable by us in pound sterling. Payments of principal, interest and additional amounts, if any, in respect of the Notes will be made to the Depository Trust Company, Euroclear System, Clearstream Banking S.A. or such nominee or common depositary, as the case may be, as registered holder thereof.

For purposes of the 2040 Notes, a business day means any day other than a Saturday or Sunday or a day on which banking institutions in the City of New York or the City of London are authorized or required by law or executive order to close.

For purposes of the 2044 Notes, a business day means a business day in the City of New York and London.

Interest

The 2040 Notes bear interest at the rate of 7.000% per annum and the 2044 Notes bear interest at the rate of 4.875% per annum. We pay interest on the 2040 Notes annually in arrears on April 30, commencing on April 30, 2010, to the persons in whose names our 2040 Notes are registered at the close of business on the April 15 preceding each interest payment date. We pay interest on the 2044 Notes annually in arrears on June 1, commencing on June 1, 2013, to the persons in whose names the 2044 Notes are registered at the close of business on the May 15 preceding the interest payment date. The 2040 Notes mature on April 30, 2040 and the 2044 Notes will mature on June 1, 2044.

Interest on the Notes is computed on the basis of the actual number of days in the period for which interest is being calculated and the actual number of days from and including the last date on which interest was paid on the Notes, to but excluding the next scheduled interest payment date. This payment convention is referred to as ACTUAL/ACTUAL (ICMA) as defined in the rulebook of the International Capital Market Association.

Optional Redemption of the Notes

The Notes of each series will be redeemable, as a whole or in part, at our option, at any time and from time to time on at least 30 days', but not more than 60 days', prior notice mailed to the registered address of each holder of the Notes of that series. The redemption price will be equal to the greater of (1) 100% of the principal amount of the Notes of that series to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date on an annual basis (actual/actual (ICMA)) at a rate equal to the Treasury Rate (as defined below) and 25 basis points for each series of the Notes. In either case, accrued interest will be payable to the redemption date.

"Treasury Rate" means the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards) at which the gross redemption yield on the Notes of the applicable series, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by the trustee.

"Reference Bond" means, in relation to any Treasury Rate calculation, at the discretion of the trustee, a United Kingdom government bond whose maturity is closest to the maturity of the Notes of the applicable series, or if the trustee in its discretion considers that such similar bond is not in issue, such other United Kingdom government bond as the trustee may, with the advice of three brokers of, and/or market makers in, United Kingdom government bonds selected by the trustee, determine to be appropriate for determining the Treasury Rate.

"Remaining Scheduled Payments" means, with respect to each Note of a series to be redeemed, the remaining scheduled payments of principal of and interest on the Note that would be due after the related redemption date but for the redemption. If that redemption date is not an interest payment date with respect to the applicable series of Notes, the amount of the next succeeding scheduled interest payment on the Notes will be reduced by the amount of interest accrued on the Notes to the redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date.

In the case of any partial redemption, selection of the Notes of a series will be made by the trustee by lot or by such other method as the trustee in its sole discretion deems to be fair and appropriate.

Redemption for Taxation Reasons

If (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined below under "Interpretation"), or any change in the official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after April 24, 2009 with respect to the 2040 Notes and May 22, 2012 with respect to the 2044 Notes, on the next Interest Payment Date we would be required to pay additional amounts as provided or referred to below under "— Payment Without Withholding" and (b) the requirement cannot be avoided by our taking reasonable measures available to us, we may, at our option, having given not less than 30 nor more than 60 days' notice to the holders of Notes of each applicable series (which notice shall be irrevocable), redeem all, but not a portion of, the applicable series of Notes at any time at their principal amount together with interest accrued to, but excluding, the date of redemption provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which we would be obliged to pay such additional amounts were a payment in respect of the applicable series of Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, we shall deliver to the trustee a certificate signed by two of our executive officers stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and setting forth a statement of facts showing that the conditions precedent to the right of AT&T so to redeem have occurred, cannot be avoided by us taking reasonable measures available to us and an opinion of independent legal advisers of recognized international standing to the effect that AT&T has or will become obliged to pay such additional amounts as a result of the change or amendment, in each case to be held by the trustee and made available for viewing at the offices of the trustee on request by any holder of each applicable series of Notes.

Payment Without Withholding

All payments in respect of the Notes by or on behalf of AT&T shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, collected, withheld, assessed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, we will pay such additional amounts to a holder who is a United States Alien (as defined below) as may be necessary in order that the net amounts received by the holder after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of each applicable series of the Notes in the absence of the withholding or deduction; except that no such additional amounts shall be payable in relation to any payment in respect of any Note:

(a) where such withholding or deduction would not have been so imposed but for:

(i) in the case of payment by AT&T, the existence of any present or former connection between the holder of the Note (or between a fiduciary, settlor, beneficiary or member of the holder of the Note, if such holder is an estate, a trust, a corporation or a partnership) and the United States, including, without limitation, such holder (or such fiduciary, settlor, shareholder, beneficiary or member) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in trade or business or present therein or having or having had a permanent establishment therein;

(ii) in the case of payment by AT&T, the present or former status of the holder of the Note as a personal holding company, a foreign personal holding company, a controlled foreign corporation for United States federal income tax purposes or a corporation which accumulates earnings to avoid United States federal income tax;

(iii) in the case of payment by AT&T, the past or present or future status of the holder of the Note as the actual or constructive owner of 10% or more of either the total combined voting power of all classes of stock of AT&T entitled to vote if AT&T was treated as a corporation, or the capital or profits interest in AT&T, if AT&T is treated as a partnership, for United States federal income tax purposes or as a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended; or

(iv) the failure by the holder of the Note to comply with any reporting requirements concerning the nationality, residence, identity or connection with the United States (in the case of payment by AT&T) is required by statute or by regulation as a precondition to exemption from such withholding or deduction;

(b) to any United States Alien, if such person is a fiduciary or partnership or other than the sole beneficial owner of any such payment, to the extent that a beneficiary or settlor with respect to

such fiduciary, a
amounts had such beneficiary,
"United States Alien" means any person who, for United
corporation, a non-resident alien individual, a non-resident alien
member of such partnership or the beneficial owner would not
partnership one or more of the members of which is, for United
settlor, member or beneficial owner
corporation, a non-resident alien individual or a non-resident
States federal income tax purposes, is a foreign
fiduciary of a foreign estate or trust, or a foreign
have been entitled to the additional
States federal income tax purposes, a foreign
(c) to the extent that the withholding or deduction is as a
been the holder of such Note; as used herein,
estate, sales, transfer, personal property
alien fiduciary of a foreign estate or trust;

(d) to, or to a third party on behalf of, a holder who is liable for
result of the imposition of any gift, inheritance,
of his having any or some present or former connection,
or any similar tax, assessment or other governmental charge;
residency and substantial interest shareholdings, with the
Notes;
the Taxes in respect
including but not limited to fiscal residency,
(e) presented for payment more than 30 days after the
Relevant Jurisdiction, other than the mere holding of the
would have been entitled to additional amounts on
of the Notes by reason
period of 30 days assuming that day to have been an Interest
fiscal deemed
Relevant Date except to the extent that a holder
(f) any tax, assessment or other governmental charge
presenting the relevant Notes for payment on the last day of the
payment of principal or of interest on any Notes, if such
Payment Date;
paying agent;
required to be withheld by any paying agent from
(g) any tax, assessment or governmental charge
payment can be made without withholding by any other
owner or any other person failed to comply with certification,
concerning the nationality,
any
of our Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
applicable income tax treaty to which the United States is a party
identification or information reporting requirements
assessment or other governmental charge;
residence, identity or connection with the United States of the holder
of the United States Treasury Department or
(h) any tax, assessment or governmental charge
as a precondition to exemption from such tax,
law, regulation,
or beneficial owner
payment becomes due or is duly provided for,
by an
that is imposed or withheld solely because of a change in
(i) any combination of (a), (b), (c), (d), (e), (f), (g)
or administrative or judicial interpretation that becomes effective
whichever occurs later; or

Interpretation

or (h).
after the day on which the
As used in this description:

(a) "Relevant Date" means the date on which the payment
money payable has not been received by the trustee on
after the date on which, the full amount of the money
duly given to the holders of Notes by us; and
first becomes due but, if the full amount of the
or before the due date, it means the date which is seven days
(b) "Relevant Jurisdiction" means the State of Delaware
having been so received, notice to that effect shall have
or any authority thereof or therein having power to tax or
authority thereof or therein having power to tax to which
principal and interest on the Notes.
and the United States or any political subdivision
been
any other jurisdiction or any political subdivision or any
we become subject in respect of payments made by it of

Additional Amounts

Any reference in the terms of the Notes to any amounts in
additional amounts which may be payable under

respect of the Notes shall be deemed also to refer to any
this provision.

Further Issues

We may from time to time, without notice to or the consent of the holders of any series of the Notes, create and issue further notes ranking equally and ratably with such series in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as the Notes of the applicable series. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the Indenture, or under an officers' certificate pursuant to the Indenture.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

Special Situations Covered by Our Indenture

Mergers and Similar Transactions

We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company, or to buy substantially all of the assets of another company. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell our assets, the company we merge into or sell to may not be organized under the laws of a foreign country. It must be a corporation organized under the United States, any State thereof, or the District of Columbia. The company we merge into or sell to must agree to be legally responsible for our debt securities.
- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Modification and Waiver

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Changes Requiring Approval

First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security;
- in the case of convertible or exchangeable securities, to make changes to conversion or exchange rights that would be adverse to the interests of holders;

- to change
- to reduce the amount of principal or interest payable
conversion or exchange rights, or impair the right of
the right of holders to waive an existing default by majority
- to make any change to this list of changes that requires
holders to sue for payment; and
vote;
Changes Requiring a Majority Vote.
requires a vote in favor by security holders owning a majority
specific approval of holders.
changes fall into this category,
The second type of change to the Indenture and the securities is the
of the securities. The same vote would be required for us
obtain a waiver of a payment default unless we obtain
of the principal amount of the particular series affected.
except for clarifying changes and certain other changes
and that
to obtain a waiver of an existing default. However,
Changes Not Requiring Approval of
securities. This type includes, among others, clarifications
Most holder's individual consent to the waiver.
materially adversely affect holders of the
that would not adversely affect holders
The third type of change does not require any vote by holders of
we cannot
Holders.
of ambiguous contract terms and other changes that would not
Further Details Concerning Voting
principal amount to attribute to a security:
securities.
When taking a vote, we will use the following rules to decide how much
- For securities denominated in one or more foreign currencies or
equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore
currency units, we will use the U.S. dollar
trust for the applicable holders money for their payment
we or an affiliate of us is holding the security.
not eligible to vote, if we have deposited or set aside in
or redemption. A security does not cease to be outstanding because
We will generally
outstanding securities that are entitled to vote or take
oblige us to fix any record date at all. If we set a record
series, that vote or action may be taken only by persons
be entitled to set any day as a record date for the purpose
date and must be taken within 90 days following the record
other action under the Indenture. However,
date for a vote or other action to be taken by holders of a
Holders who hold in "street name" and other indirect holders,
who are holders of outstanding securities of that series on
of determining the holders of
date.
global securities, should consult their banks or brokers for information
the Indenture does not
particular
denied if we seek to change the Indenture or the securities or
including holders of any securities issued as
the record
Discharge of Our Obligations
on how approval may be granted or
request a waiver.
We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
However, we cannot discharge
enough cash to make interest, principal and any other payments on
on the securities of any series if we make a
unless we provide for it in the terms of these securities.
in trust for

If we accomplish full discharge, as described
the
ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent
above, holders will have to rely solely on the trust deposit for
exchangeable securities;
to us for repayment in the unlikely event of any shortfall. Conversely,
We will indemnify
claims of our lenders and other creditors if we ever become bankrupt
obligations we deposited with the trustee or against the principal
the
or
the trustee and holders against
and interest received on these obligations.

any tax, fee or other charge imposed on the U.S.

government

Liens on Assets

The Indenture does not restrict us from pledging or otherwise
subsidiaries.

Default and Related Matters
encumbering any of our assets and those of our

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has
Events of Default
to security holders after a default.
ownership of securities means each
therefore
Holders will have special rights if an event of default occurs
a right to receive
What Is an Event of Default? The term "event of default" with respect to any series of
following:
and is not cured, as described later in this subsection.

- We fail to make securities means any of the
default within 90 days.

- We fail to make
any interest payment on the securities of such series when it is due,
redemption.

- We fail to comply
any payment of principal when it is due at the maturity
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
with any of our other agreements
of such series of securities or upon regarding a particular series of securities
- We file for
of the default by the trustee or holders of 25% in
90 days.

Remedies if an Event of Default Occurs
of with a
bankruptcy, or other
Holders and the trustee will have the following remedies

Acceleration.
events in bankruptcy,
25% in principal amount of the securities of the affected
If an event of default occurs.
interest on all the securities of that series to be due
If an event of default has occurred and has not been cured or waived,
by the holders of at least a majority in principal amount
insolvency or reorganization occur.
been cured or waived.
series may declare the entire principal amount of and any accrued
and immediately payable. An acceleration of maturity may be cancelled
then the trustee or the holders of
Special Duties of Trustee.
of the securities of the affected series, if all event
the trustee will be obligated to use those of its rights and
skill in doing so, that a prudent person would use in
If an event of default occurs, the trustee will have some special

Other Remedies of Trustee.
powers under the Indenture, and to use the same degree
collect defaulted principal and interest and to enforce other
that situation in conducting his or her own affairs.
In that situation,
a lawsuit.
If an event of default occurs, the trustee is authorized

of care and
Majority Holders May Direct the
provisions of the securities and the Indenture, including bringing
of default have
.
take any action under the Indenture at the request of any
to pursue any available remedy to
from expenses and liability.
to it, the holders of a majority in principal amount
Trustee to Take
The trustee is not required to
place of conducting any lawsuit or other formal legal
holders unless the holders offer the trustee reasonable
holders may also direct the trustee in performing any other
This is called an "indemnity". If the trustee is provided with
of the relevant series of debt securities may direct the time, method
Actions to Protect Their Interests
action seeking any remedy available to the trustee. These
protection
action under the Indenture.
an indemnity reasonably satisfactory
and
majority

Individual Actions Holders May Take if the Trustee Fails to Act.

Before a holder bypasses the trustee and bring such holder's own lawsuit or other formal legal action or take other steps to enforce such holder's rights or protect such holder's interests relating to the securities, the following must occur:

- Such holder must give the trustee written notice that an event of default has occurred and remains uncured.
- The holders of 25% in principal amount of all outstanding securities of the relevant series must make a written request that the trustee take action because of the default, and must offer indemnity reasonably satisfactory to the trustee against the cost and other liabilities of taking that action.
- The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity.
- During the 60-day period, the holders of a majority in principal amount of the securities of that series do not give the trustee a direction inconsistent with the request.

However, a holder is entitled at any time to bring an individual lawsuit for the payment of the money due on such holder's security on or after its due date.

Waiver of Default

The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all the relevant series of debt securities. If this happens, the default will be treated as if it had not occurred. No one can waive a payment default on a holder's debt security, however, without such holder's individual approval.

We Will Give the Trustee Information About Defaults Annually

Every year we will give to the trustee a written statement of one of our officers certifying that to the best of his or her knowledge we are in compliance with the Indenture and all the securities, or else specifying any default.

The trustee may withhold from holders notice of any default, except for payment defaults, if it determines that withholding notice is in holders' interest.

Holders who hold in "street name" and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to make or cancel a declaration of acceleration.

Regarding the Trustee

The Bank of New York Mellon is the trustee under the Indenture. In addition, affiliates of The Bank of New York Mellon may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

DESCRIPTION OF THE 4.250% GLOBAL NOTES DUE

The following summary of AT&T's
dated as of May 15, 2013, with The Bank of New York **2043**
the 4.250% Global Notes due 2043 (the "Notes"). For
please refer to the Indenture, *above referenced*
December 31, 2019 and to the form of Notes, which is filed as an *Mellon Trust Company,*
Exchange Commission on May 15, 2013 *a complete description of the terms and provisions*
which is filed as an exhibit to AT&T's *debt securities is based on and qualified by the indenture,*
General *exhibit to the Form 8-K filed with the Securities and* *N.A., acting as trustee (the "Indenture")*
of the Notes,
Annual Report on Form 10-K for the year ended The Notes:
and

- were issued in an aggregate initial principal amount
  outstanding, subject to our ability to issue additional Notes
  described under "— Further Issues";
  of £1,000,000,000, which remains the amount
- mature on June 1, 2043; which may be of the same series as the Notes as
- bear interest at the rate of 4.250% per annum, payable
- are repayable at par at maturity;
  annually in arrears;
- are redeemable by us at the time described below under
  certain tax events as described below under "— Redemption
- "— Optional Redemption" and in connection with are not subject to any sinking fund.
  Upon a Tax Event";

The Notes are unsecured and unsubordinated obligations *pari passu* with all other indebtedness issued
under our Indenture. The Notes constitute a single series under
only and in minimum denominations of £100,000 and
payments on the Notes are payable by us in pound sterling. and
and rank
respect of the Notes will be made to Euroclear System
the Indenture. The Notes are issued in fully registered form
the case may be, as registered holder thereof. Under the
integral multiples of £1,000 in excess thereof. Principal
payments on the Notes are due under any circumstances, if
Payments of principal, interest and additional amounts, if
dollars. The principal and interest payable in U.S. dollars
Clearstream Banking S.A. or such nominee of common
transfer of immediately available funds against presentation
and interest the Indenture, if the pound sterling ceases to exist when
any, in
AT&T
on a Note at maturity, For purposes of the Notes, a business day means a business day
depositary, as
of a Note at the office of the paying agent.
Interest
may supplement the Indenture to allow for payment
or upon redemption, will be paid by wire in the City of New York
The Notes bear interest at the rate of 4.250% per annum.
in U.S.
commencing on June 1, 2014, to the persons in whose
preceding the interest payment date. The Notes will mature
and London.
We pay interest
Interest on the Notes is computed on the basis of the actual
names the Notes are registered at the close of business on
calculated and the actual number of days from and including
on June 1, 2043.
excluding the next scheduled interest payment date.
on the Notes annually in arrears on June 1,
as defined in the rulebook of the International Capital Market
the May number of days in the period for which interest is being
the last date on which interest was paid on the Notes, to
Optional Redemption
This payment convention is referred to as ACTUAL/ACTUAL (ICMA)
Association.
but At any time prior to December 1, 2042, the Notes will be redeemable,
time and from time to time on at least 30 days', but not
each holder of the Notes. The redemption price will
to be redeemed or (2) the sum of the present values
as a whole or in part, at our option, at any
more than 60 days', prior notice mailed to the registered
be equal to the greater of (1) 100% of the principal amount of
of the Remaining Scheduled Payments (as defined below)

address of
the Notes
discounted to

the redemption date, on an annual basis (ACTUAL/ACTUAL
below) and 20 basis points for the Notes. In either case,
on or after December 1, 2042, we have the option
more than 60 days' prior notice mailed to the registered
("ICMA")), at a rate equal to the Treasury
100% of the principal amount of the Notes to be redeemed.
accrued interest will be payable to the redemption date.
to redeem the Notes, as a whole or in part, on at least 30 days',
address of each holder of the Notes at a redemption price equal
"*Treasury Rate*" means the price, expressed as a percentage (rounded
Rate (as defined
upwards), at which the gross redemption yield on the Notes,
At any time
interest will be payable to the redemption date.
day prior to the date fixed for redemption, would be
but not
Bond (as defined below) on the basis of the middle market
to three decimal places, 0.0005 being rounded
time) on such dealing day as determined by the Company
if they were to be purchased at such price on the
equal to the gross redemption yield on such dealing day of the
price of the Reference Bond prevailing at 11:00
"*Reference Bond*" means, in relation to any Treasury Rate calculation,
maturity is closest to the maturity of the Notes, or if
third dealing
investment bank appointed by the Company.
considers that such similar bond is not in issue, such
Reference
investment bank appointed by the Company.
a.m. (London
a United Kingdom government bond whose
government bonds selected by the Company or an investment
the Company or an investment bank appointed by the Company
for determining such Treasury Rate.
other United Kingdom government bond as the Company
with the advice of three brokers of, and/or market makers in,
bank appointed by the Company,
"*Remaining Scheduled Payments*" means, with respect to each Note to be redeemed, the
payments of principal of and interest on the Note that would
or an
If that redemption date is not an interest payment date
United Kingdom
interest payment on the Note will be reduced by
determine to be appropriate
remaining scheduled
be due after the related redemption date but for the redemption.
with respect to a Note, the amount of the next succeeding
On and after the redemption date, interest will cease to accrue
redemption unless we default in the payment of the
the amount of interest accrued on the Note to the redemption
we will deposit with a paying agent or the trustee money
Notes to be redeemed on that date.
scheduled on the Notes or any portion of the Notes called for
redemption price and accrued interest. On or before the redemption
date.
In the case of any partial redemption, selection of the
sufficient to pay the redemption price of and accrued
method as the trustee in its sole discretion deems to
date,
Redemption for Taxation
interest on the Notes will be made by the trustee by lot or by such other
be fair and appropriate.
If (a) as a result of any change in, or amendment to, the laws
Reasons
below under "Interpretation"), or any change in the official
Jurisdiction, which change or amendment becomes effective
be required to pay additional amounts as provided
or regulations of a Relevant Jurisdiction (as defined
requirement cannot be avoided by our taking reasonable
interpretation of the laws or regulations of a Relevant
less than 30 nor more than 60 days' notice to the holders
after May 8, 2013, on the next Interest Payment Date we
portion of the Notes at any time at their principal amount
or referred to below under "Payment Without
redemption provided that no such notice of redemption
measures available to us, we may at our option, having given
we would be obliged to pay such additional amounts were a
would
of any notice of redemption pursuant to this paragraph
Withholding" and (b) the
(which notice shall be irrevocable), redeem all,
executive officers stating that the requirement
up to, but excluding, the date of
not be given earlier than 90 days prior to the earliest date
setting forth a statement of facts showing that the conditions
but not a
in respect of the Notes then due. Prior to the publication
cannot be avoided by us taking reasonable measures available
we shall deliver to the trustee a certificate signed by two of our
recognized international standing to the effect
of which
in (a) above will apply on the next Interest Payment
result of the change or amendment, in each case to be
precedent to the right of AT&T
trustee on request by any holder of the Notes.
to us and an opinion of independent legal advisers of
that AT&T
Date and
Payment Without Withholding
so to redeem have occurred,
available for viewing at the offices
has or will become obliged to pay such additional amount
All payments in respect of the Notes by or on behalf of
or on account of, any present or future taxes, duties, assessments
of the
imposed, collected, withheld, assessed or levied by or
deduction of the Taxes
AT&T
States Alien (as defined below) as may be necessary in
is as a
or governmental charges of whatever nature
on behalf of the Relevant Jurisdiction, unless the withholding
is required by law.
shall be made without withholding or deduction for,
order that the net amounts received by the holder after the
("Taxes")
or
In that event, we will pay such additional amounts to a holder

withholding or deduction shall equal the respective amounts
absence of the withholding or deduction; except that no
in respect of any Note:
which would have been receivable in respect of the
such additional amounts shall be payable in relation to any
(a) where such withholding or deduction would not have

Notes in the
payment

(i) in the case of payment by AT&T,
the holder of the Note (or between a fiduciary,
been so imposed but for:
the Note, if such holder is an estate, a trust, a corporation
without limitation, such holder (or such fiduciary,
the existence of any present or former connection between
having been a citizen or resident or treated as a resident
settlor, shareholder,
or business or presence therein, or having or having had
of a partnership) and the United States, including,
settlor, shareholder,
thereof; (ii) in the case of payment by AT&T,
beneficiary or member of the holder engaged in trade
personal holding company,
a permanent establishment therein;
a controlled foreign corporation for United States federal
beneficiary or member) being or
accumulates earnings to avoid United States federal income
the present or former status of the holder of the Note
a foreign personal holding company,
(iii) in the case of payment by AT&T,
income tax purposes or a corporation which
as the actual or constructive owner of 10% or more
tax;
as a
of stock of AT&T,
a passive foreign investment company,
AT&T,
the past or present or future status of the holder of the Note
receiving interest described in Section 881(c)(3)(A)
of either the total combined voting power of all classes
entitled to vote if AT&T
or
if AT&T (iv) the failure by the holder of the Note to comply with
reporting requirements concerning the nationality,
of the Internal Revenue Code of 1986, as amended; or
(in the case of payment by AT&T)
was treated as a corporation, or the capital or profits interest in
precondition to exemption from such withholding
is treated as a partnership for United States federal income tax
residence, identity or connection with the United States
(b) in the case of payment by AT&T,
of such holder, if compliance is required
or other than the sole beneficial owner of any such payment,
purposes or as a bank
such fiduciary, a
amounts had such beneficiary
by statute or by regulation, as a
United States Alien, if such person is a fiduciary or
"United States Alien" means any person who, for United
to the extent that a beneficiary or settlor with respect to
corporation, a non-resident alien individual, a non-resident alien
member of such partnership or the beneficial owner would not
partnership one or more of the members of which is, for United
settlor, member or beneficial owner
corporation, a non-resident alien individual or a non-resident
States federal income tax purposes, is a foreign
fiduciary of a foreign estate or trust, or a foreign
have been entitled to the additional
(c) to the extent that the withholding or deduction is as a
States federal income tax purposes,
been the holder of such Note. As used herein,
estate, sales, transfer, personal property
alien fiduciary of a foreign estate or trust;

(d) to, or to a third party on behalf of, a holder who is liable for
result of the imposition of any gift, inheritance,
of his having any or some present or former connection
of any similar tax, assessment or other governmental charge;
residency and substantial interest shareholdings, with the
Notes;
the Taxes in respect
including but not limited to fiscal residency,
(e) presented for payment more than 30 days after the
Relevant Jurisdiction, other than the mere holding of the
would have been entitled to additional amounts on
of the Notes by reason
period of 30 days assuming that day to have been an Interest
fiscal deemed
Relevant Date except to the extent that a holder
(f) any tax, assessment or other governmental charge
presenting the relevant Notes for payment on the last day of the
Payment Date;
payment of principal or of interest on any Notes, if such
paying agent;
required to be withheld by any paying agent from
(g) any tax, assessment or governmental charge
payment can be made without withholding by any other
owner or any other person failed to comply with certification,
concerning the nationality,
any
of our Notes, if compliance is required by statute, by regulation
that is imposed or withheld solely because the beneficial
identification or information reporting requirements
residence, identity or connection with the United States of the holder
of the United States Treasury Department or

or beneficial owner

applicable income tax treaty to which the United States is a party
assessment or other governmental charge;

as a precondition to exemption from such tax,
(h) any tax, assessment or governmental charge
law, regulation,
payment becomes due or is duly provided for,
that is imposed or withheld solely because of a change in
or administrative or judicial interpretation that becomes effective
(i) any combination of (a), (b), (c), (d), (e), (f), (g)
whichever occurs later; or
Interpretation
after the day on which the
to (h).
As used in this description:

(a) "Relevant Date" means the date on which the payment
money payable has not been received by the trustee on
after the date on which, the full amount
duly given to the holders of Notes by us; and
first becomes due but, if the full amount of the
or before the due date, it means the date which is seven days
(b) "Relevant Jurisdiction" means the State of Delaware
of the money having been so received, notice to that effect
or any authority thereof or therein having power to tax or
authority thereof or therein having power to tax to which
principal and interest on the Notes.
shall have been United States or any political subdivision
any other jurisdiction or any political subdivision or any
Additional Amounts
we become subject in respect of payments made by it of

Any reference in the terms
additional amounts which may be payable under

Further Issues
of the Notes to any amounts in respect of the Notes shall be
this provision.
We may from
notes ranking equally and ratably with such Notes in all
deemed also to refer to any
prior to the issue date or except for the first payment
notes will have the same terms as to status, redemption
time to time, without notice to or the consent of the holders of the
to a resolution of our board of directors, a supplement
respects, or in all respects except for the payment of interest
Indenture
of interest following the issue date of those further notes.
or otherwise as the Notes. Any further notes shall be issued
Notes, create and issue further
Governing Law
accruing thereon, or under an officers' certificate pursuant
Any further
pursuant
The Notes will be governed by and interpreted in accordance
to the
Special Situations Covered by Our Indenture
with the laws of the State of New York.
Mergers and Similar Transactions

We are generally
substantially all of our assets to another company.
conditions are met:
permitted to consolidate or merge with another company.
However, we may not take any of
● Where we merge out of existence or sell our
organized under the laws of a foreign country.
We are also permitted
United States, any State thereof, or the District of Columbia.
these actions unless all the following
assets, the company we merge into or sell to may not
● It must be a corporation organized under
The company we merge into or sell to must agree
to sell
● The merger, sale of
be
the debt securities, unless the merger or other
legally responsible for our debt securities.

assets or other transaction must not cause a default on the securities,
transaction would cure the default. For purposes of this no-

and we must not

default test, a default would include an event of default
below under "— Default and Related Matters — Events of Default
default for this purpose would also include any event
for giving us default notice or our default having to exist
that has occurred and not been cured, as described
— What Is an Event of Default?" A
Further, we may buy substantially
that would be an event of default if the requirements
conditions.
for a specific period of time were disregarded.

Modification and Waiver
all of the assets of another company without complying with any

Under certain circumstances, we can make changes to the Indenture
types of changes require the approval of each security
of the foregoing *Contractual Rights*
changes do not require any approval at all.

and the securities (including the Notes). Some
holder affected, some require approval by
Changes Requiring Approval
specific approval of holders. The following is a list of
First, there are changes that cannot be made to the securities without
a majority vote, and some
● *of Holders* to reduce the percentage of holders of securities who
those types of changes:
Indenture;

● must consent to a waiver or amendment of the
to reduce the rate of interest on any security or change the

● to reduce the principal due on any security or change
time for payment of interest;
● to waive a default in the payment of principal
the fixed maturity of any security;
● to change the currency of payment on a security,
or interest on any security;
ceases to exist;

● in the case of convertible or exchangeable securities, to
unless the security provides for payment in a currency that
would be adverse to the interests of holders;

● to change the right of holders to waive an existing default
make changes to conversion or exchange rights that

● to reduce the amount of principal or interest payable
by majority vote;
conversion or exchange rights, or impair the right of

● to make any change to this list of changes that requires
to holders following a default or maturity
holders to sue for payment; and
Changes Requiring a Majority Vote.
requires a vote in favor by security holders owning a majority
specific approval of holders.
changes fall into this category,
The second type of change to the Indenture and the securities is the
obtain a waiver of an existing default. However,
holder's individual consent to the waiver.
of the principal amount of the particular series affected.
except as set forth in the following paragraph. The same
Kind that
we cannot obtain a waiver of a payment default unless we obtain
Changes Not Requiring Approval of
securities. This type includes, among others, clarifica
Most
in U.S. dollars (if the stated denomination ceases to exist) and
vote would be required for us to
The third type of change does not require any vote by holders of
holders of the securities.
Holders.
each

Further Details Concerning Voting
other changes that would not adversely affect
tions of changes that conform, make securities payable
principal amount to attribute to a security:
When taking a vote, we will use the following rules to decide how much
● For securities denominated in one or more foreign currencies or
equivalent determined on the date of original issuance of these securities.

currency units, we will use the U.S. dollar

Securities will not be considered outstanding, and therefore
trust for the applicable holders money for their payment
we or an affiliate of us is holding the security.

not eligible to vote, if we have deposited or set aside in
or redemption. A security does not cease to be outstanding because
We will generally
outstanding securities that are entitled to vote or take
oblige us to fix any record date at all. If we set a record
series, that vote or action may be taken only by persons
be entitled to set any day as a record date for the purpose
date and must be taken within 90 days following the record
other action under the Indenture. However,
date for a vote or other
who are holders on the record date
of determining the holders of the series on
Holders who hold in "street name" and other indirect holders,
the Indenture does not
date.
global securities, should consult their banks or brokers for information
denied if we seek to change the Indenture or the securities or
action to be taken by holders of a particular
including holders of any securities issued as
on how approval may be granted or

Discharge of Our Obligations

request a waiver.

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
However, we cannot discharge
enough cash to make interest, principal and any other payments on
on the securities of any series if we make a
in trust for
unless we provide for it in the terms of these securities.

If we accomplish full discharge, as described
the
ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent
above, holders will have to rely solely on the trust deposit for
exchangeable securities;
to us for repayment in the unlikely event of any shortfall. Conversely,
claims of our lenders and other creditors if we ever become bankrupt
We will indemnify
obligations we deposited with the trustee or against the principal

the
or
the trustee and holders against any tax, fee or other charge

Liens on Assets

and interest received on these obligations.

The Indenture does not restrict us from pledging or otherwise
subsidiaries.
imposed on the U.S. government

Default and Related Matters

encumbering any of our assets and those of our

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has
Events of Default
to security
ownership of securities means each
therefore
Holders will have special rights if an event of default occurs
a right to receive

What Is an Event of Default? The term "event of default" with respect to any series of
following
and is not cured, as described later in this subsection.
holders after a default.

- We fail to make securities means any of the
default within 90 days.

any interest payment on the securities of such series when it is due,

and we do not cure this

- We fail to make
redemption.

- We fail to comply
any payment of principal when it is due at the maturity
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
with any of our other agreements regarding a particular series of securities
of such series of securities or upon
- We file for
of the default by the trustee or holders of 25% in
90 days.

Remedies if an Event of Default Occurs
or with a
bankruptcy, or other

Holders and the trustee will have the following remedies

Acceleration.
events in bankruptcy,
If an event of default occurs.
25% in principal amount of the securities of the affected
If an event of default has occurred and has not been cured or waived,
interest on all the securities of that series to be due
by the holders of at least a majority in principal amount
insolvency or reorganization occur.
series may declare
been cured or waived.
then the trustee or the holders of
and immediately payable. An acceleration of maturity may be cancelled
of the securities of the affected series, if all events
Special Duties of Trustee.
the trustee will be obligated to use those of its rights and
the entire principal amount of and any accrued
skill in doing so, that a prudent person would use in
If an event of default occurs, the trustee will have some special
of default have
powers under the Indenture, and to use the same degree
Other Remedies of Trustee.
collect defaulted principal and interest and to enforce other
that situation in conducting his or her own affairs.
In that situation,
a lawsuit.
If an event of default occurs, the trustee is authorized
of care and
provisions of the securities and the Indenture, including bringing
Majority Holders May Direct the
take any action under the Indenture at the request of any
to pursue any available remedy to
from expenses and liability.
to it, the holders of a majority in principal amount
Trustee to Take
The trustee is not required to
holders unless the holders offer the trustee reasonable
place of conducting any lawsuit or other formal legal
This is called an "indemnity". If the trustee is provided with
holders may also direct the trustee in performing any other
of the relevant series of debt securities may direct the time, method
Actions to Protect Their Interests.
action seeking any remedy available to the trustee. These
protection
Individual Actions Holders May Take
such holder's own lawsuit or other formal
an indemnity reasonably satisfactory
holder's interests relating to the securities, the following
Before a holder bypasses the trustee and brings
and
majority
if the Trustee Fails to Act.
legal action or take other steps to enforce such holder's
- Such holder must give the trustee written notice that an
must occur:

- The holders of 25% in principal amount of all outstanding
rights or protect such
event of default has occurred and remains uncured.
written request that the trustee take action because of
satisfactory to the trustee against the cost and other liabilities
securities of the relevant series must make a
- The trustee must not have taken action for 60 days after
the default, and must offer indemnity reasonably
of taking that action.
- During the 60-day period, the holders of a majority in
not give the trustee a direction inconsistent with the request.
receipt of the above notice and offer of indemnity.

However, a holder is entitled
principal amount of the securities of that series do
holder's security on or after its due date.

Waiver of Default.
at any time to bring an individual lawsuit for the payment of the money

The holders of a majority in principal amount of the relevant
relevant series of debt securities. If this happens, the
due on such
payment default on a holder's debt security,

series of debt securities may waive a default for all the
default will be treated as if it had not occurred. No one can waive
however, without such holder's

a
individual

We Will Give the Trustee Information About Defaults Annually

Every year we will give to the trustee a written statement of one of our officers certifying that to the best of her knowledge we are in compliance with the Indenture and all the securities issued under it, or else specifying any default.

The trustee may withhold from holders notice of any default, except for payment defaults, if it determines that withholding notice is in holders' interest.

Holders who hold in "street name" and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to make or cancel a declaration of acceleration.

Regarding the Trustee

The Bank of New York Mellon Trust Company, N.A. is the trustee under the Indenture. In addition, affiliates of The Bank of New York Mellon Trust Company, N.A. may perform various commercial banking and investment banking services for us and our subsidiaries from time to time in the ordinary course of business.

DESCRIPTION OF THE 2.900% GLOBAL NOTES DUE 2026, THE 4.375% GLOBAL NOTES DUE 2029 AND THE 5.200% GLOBAL NOTES DUE 2033

The following summary of AT&T's the 2.900% Global Notes due 2026 (the "2.900% 2026 Notes"), the 4.375% Global Notes due 2029 (the "4.375% 2029 Notes") and the 5.200% Global Notes due 2033 (the "2033 Notes" and, together with the 2.900% 2026 Notes and 4.375% 2029 Notes, the "Notes") debt securities is based on and qualified by the indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee (the "Indenture"). For a complete description of the terms and provisions of the Notes, please refer to the above-referenced Indenture, which is filed as an exhibit to AT&T's Annual Report on Form 10-K for the year ended December 31, 2019 and to the forms of Notes, which are filed as exhibits to AT&T's the Form 8-As filed with the Securities and Exchange Commission on March 31, 2016 and September 11, 2018.

General

The 2.900% 2026 Notes:

- were issued in an aggregate initial principal amount of £750,000,000, which remains the amount outstanding, subject to our ability to issue additional 2.900% 2026 Notes which may be of the same series as the 2.900% 2026 Notes as described under "— Further Issues";
- mature on December 4, 2026;
- bear interest at the rate of 2.900% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The 4.375% 2029 Notes:

- were issued in an aggregate initial principal amount of £745,000,000, which remains the amount outstanding, subject to our ability to issue additional 4.375% 2029 Notes which may be of the same series as the 4.375% 2029 Notes as described under "— Further Issues";
- mature on September 14, 2029;
- bear interest at the rate of 4.375% per annum, payable annually in arrears;
- are repayable at par at maturity;
- are redeemable by us at the time described below under "— Optional Redemption" and in connection with certain tax events as described below under "— Redemption Upon a Tax Event"; and
- are not subject to any sinking fund.

The 2033 Notes:

- were issued in an aggregate initial principal amount of £342,361,000, which remains the amount outstanding, subject to our ability to issue additional 2033 Notes which may be of the same series as the 2033 Notes as described under "— Further Issues";
- mature on November 18, 2033;

● bear interest at the rate of 5.200% per annum, payable

● are repayable at par at maturity;
annually in arrears;

● are redeemable by us at the time described below under
certain tax events as described below under "— Redemption

● are not subject to any sinking fund.
"— Optional Redemption" and in connection with
Upon a Tax Event";

The Notes are unsecured and unsubordinated obligations *pari passu* with all other indebtedness issued
under our Indenture. Each series of Notes constitutes a separate
registered form only and in minimum denominations of
and
and interest payments on the Notes are payable by us in
and rank
series under the Indenture. The Notes are issued in fully
amounts, if any,
£100,000 and integral multiples of £1,000 in excess thereof.
common depositary.
pound sterling. Payments of principal, interest and additional
ceases to exist when payments on the Notes are due under
in respect of the Notes will be made to Euroclear System, Clearstream
for payment in U.S. dollars. The principal and interest payable
Principal
be paid by wire transfer of immediately available funds against
as the case may be, as registered holder thereof. Under
any circumstances, AT&T
Banking S.A. or such nominee of ...
in U.S. dollars. For purposes of the 2.900% 2026 Notes, a business day means
the terms of the Indenture, if the pound sterling
London
surrender of a Note at the office of the
may supplement the Indenture to allow
or upon redemption, day in the City of New York
For purposes of the 4.375% 2029 Notes and 2033 Notes,
paying agent.
Sunday and that, in the City of New York
obligated by law to close, and is a day on which the
a business day means any day other than a Saturday or
Transfer (TARGET) or the City of
or London, is not a day on which banking institutions are generally

Interest

Trans-European Automated Real-time Gross Settlement
System, or any successor thereto, operates.
authorized or
The 2.900% 2026 Notes bear interest at the rate of 2.900% per
rate of 4.375% per annum and the 2033 Notes bear
Express

annum, the 4.375% 2029 Notes bear interest at the
We pay interest
interest at the rate of 5.200% per annum.
2018, to the persons in whose names the 2.900% 2026
preceding the interest payment date. The 2.900% 2026

on the 2.900% 2026 Notes annually in arrears on each
Notes are registered at the close of business on the business day
We pay interest
Notes will mature on December 4, 2026.
2016, to the persons in whose names the 4.375% 2029
preceding the interest payment date. The 4.375% 2029
December 4, commencing on December 4,
on the 4.375% 2029 Notes annually in arrears on September
Notes are registered at the close of business on the business day
We pay interest
Notes will mature on September 14, 2029.
persons in whose names the 2033 Notes are registered
payment date. The 2033 Notes will mature on November
14, commencing on September 14,
on the 2033 Notes annually in arrears on November 18,
Interest on the Notes is computed on the basis of the actual
at the close of business on the business day preceding the
18, 2033.
calculated and the actual number of days from and including
excluding the next scheduled interest payment date.
commencing on November 18, 2016, to the
as defined in the rulebook of the International Capital Market
interest number of days in the period for which interest is being
the last date on which interest was paid on the Notes, to
This payment convention is referred to as ACTUAL/ACTUAL (ICMA)

Optional Redemption

Association.
At any time prior to September 4, 2026, the 2.900% 2026 Notes may
but
option, at any time and from time to time on at least 30
address of each holder of the Notes to be redeemed. The
be redeemed, as a whole or in part, at our
greater of (1) 100% of the principal amount of the
days', but not more than 60 days', prior notice sent to the
Remaining Scheduled Payments (as defined below) discounted
redemption price will be calculated by us and will be equal
(ACTUAL/ACTUAL (ICMA)), at a rate equal to the
Notes to be redeemed or (2) the sum of the present values of the
to the redemption date, on an annual basis
registered
Treasury Rate (as defined below) plus 25
to the

basis points. In either case,

date. At any time on or after September 4, 2026, the Notes may be redeemed, as a whole or in part, at our option, at any time and from time to time on at least 30 days', but not more than 60 days', prior notice sent to the registered address of each holder of the Notes, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed. Accrued but unpaid interest will be payable to the redemption date.

The 4.375% 2029 Notes and the 2033 Notes may be redeemed as a whole or in part, at our option, at any time and from time to time on at least 30 days' but not more than 60 days', prior notice mailed to the registered address of each holder of the applicable series of Notes. The redemption price will be equal to the greater of (1) 100% of the principal amount of the applicable series of Notes to be redeemed or (2) the sum of the present values of the Remaining Scheduled Payments (as defined below) discounted to the redemption date on an annual basis (ACTUAL/ACTUAL (ICMA)), at a rate equal to the Treasury Rate (as defined below) plus, for the 4.375% 2029 Notes, 35 basis points, and for the 2033 Notes, 25 basis points. In either case, accrued but unpaid interest will be payable to the redemption date. We will calculate the redemption price in connection with any redemption hereunder.

"Treasury Rate" means the price, expressed as a percentage (and, with respect to the 4.375% 2029 Notes and the 2033 Notes, rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield on the Notes of the applicable series, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the Reference Bond (as defined below) on the basis of the middle market price of the Reference Bond prevailing at 11:00 a.m. (London time) on such dealing day as determined by the Company or an investment bank appointed by the Company.

"Reference Bond" means, in relation to any Treasury Rate calculation, a United Kingdom government bond whose maturity is closest to the maturity of the Notes of the applicable series, or if the Company or an investment bank appointed by the Company considers that such similar bond is not in issue, such other United Kingdom government bond as the Company or an investment bank appointed by the Company, with the advice of three brokers of, and/or market makers in, United Kingdom government bonds selected by the Company, determine to be appropriate for determining such Treasury Rate.

"Remaining Scheduled Payments" means, with respect to each Note of a series to be redeemed, the remaining scheduled payments of principal of and interest on the Note that would be due after the related redemption date but for the redemption. If that redemption date is not an interest payment date with respect to the applicable series of Notes, the amount of the next succeeding scheduled interest payment on the Notes will be reduced by the amount of interest accrued on the Notes to the redemption date.

On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent or the trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on that date.

In the case of any partial redemption, selection of the Notes of a series to be redeemed will be made by the trustee by lot or, with respect to the 2.900% 2026 Notes, pursuant to applicable depositary procedures and, with respect to the 4.375% 2029 Notes and the 2033 Notes, by such other method as the trustee in its sole discretion deems to be fair and appropriate.

Payment of Additional Amounts

We will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes such additional amounts as are necessary so that the net payment by us or our paying agent of the principal of and interest on the Notes to a person that is a United States Alien, after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority of or in the United States, imposed by withholding with respect to the payment, will not be less than the amount that would have been payable in respect of the Notes had no withholding or deduction been required. As used herein, "United States Alien" means any person who, for United States federal income tax purposes, is a foreign corporation, a non-resident alien individual, a non-resident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual or a non-resident alien fiduciary of a foreign estate or trust.

Our obligation to pay additional amounts shall not apply:

(1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder:

(a) is or was present or engaged in a trade or business in the United States, or has or had a permanent establishment in the United States, or has any other present or former connection with the United States or any political subdivision or taxing authority thereof or therein;

(b) is or was a citizen or resident or is or was treated as a resident of the United States;

(c) is or was a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or is or was a corporation that has accumulated earnings to avoid United States federal income tax;

(d) is or was a bank receiving interest described in Section 881(c)(3)(A) of the Internal Revenue Code of 1986, as amended (the "Code"); or

(e) is or was an actual or constructive owner of 10% or more of the total combined voting power of all classes of stock of AT&T entitled to vote;

(2) to any holder that is not the sole beneficial owner of the Notes, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that the beneficial owner, a beneficiary or settlor with respect to the fiduciary, or a member of the partnership would not have been entitled to the payment of an additional amount had such beneficial owner, beneficiary, settlor or member received directly its beneficial or distributive share of the payment;

(3) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner or any other person failed to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder of the Notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to any tax, assessment or governmental charge that is imposed other than by deduction or withholding by AT&T or a paying agent from the payment;

(5) to any tax, assessment or governmental charge that is imposed or withheld solely because of a change in law, regulation, or administrative or judicial interpretation that is announced or becomes effective after the day on which the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or any similar tax, assessment or governmental charge;

(7) to any tax, assessment or other governmental charge any paying agent (which term may include us) must withhold from any payment of principal of or interest on any Note, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of the above items.

In addition, any amounts to be paid on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code and no additional amounts will be required to be paid on account of any such deduction or withholding.

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable. Except as specifically provided under this heading "—Payment of Additional Amounts" and under

Any reference in the terms of the Notes of each series to any amounts which may be payable in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this provision.

Redemption Upon a Tax Event

If (a) we become or will become obligated to pay additional amounts with respect to any Notes as described herein under the heading "—Payment of Additional Amounts" as a result of any change in, or amendment to, the laws (or regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendment to, any official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after March 21, 2016 with respect to the 2.900% 2026 Notes or September 6, 2018 with respect to the 4.375% 2029 Notes and the 2033 Notes, or (b) on or after March 21, 2016 with respect to the 2.900% 2026 Notes or September 6, 2018 with respect to the 4.375% 2029 Notes and the 2033 Notes, any action is taken by a taxing authority of the United States, whether or not with respect to us or any of our affiliates, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may at our option redeem, as a whole, but not in part, the applicable series of Notes on any interest payment date on not less than 30 nor more than 60 calendar days' prior notice at a redemption price equal to 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption. No redemption pursuant to (b) above may be made unless we shall have received an opinion of independent counsel that an action taken by a taxing authority results in a substantial probability that we will or may be required to pay the additional amounts described herein under the heading "—Payment of Additional Amounts" and we have delivered to the trustee a certificate, signed by a duly authorized officer, stating that based on such opinion we are entitled to redeem the Notes pursuant to their terms.

Further Issues

We may from time to time, without notice to or the consent of the holders of any series of the Notes, create and issue further notes ranking equally and ratably with such series of Notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will have the same terms as to status, redemption or otherwise as, and will be fungible for United States federal income tax purposes with, the Notes of the applicable series. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the Indenture, or under an officers' certificate pursuant to the Indenture.

Governing Law

The Notes will be governed by and interpreted in accordance with the laws of the State of New York.

Special Situations Covered by Our Indenture

Mergers and Similar Transactions

We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company. However, we may not take any of these actions unless all the following conditions are met:

- Where we merge out of existence or sell our assets, the company we merge into or sell to may not be organized under the laws of a foreign country. It must be a corporation organized under the laws of the United States, any State thereof, or the District of Columbia.
- The company we merge into or sell to must agree to be legally responsible for our debt securities.
- The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "— Default and Related Matters — Events of Default — What Is an Event of Default?" A

default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded.

Further, we may buy substantially all of the assets of another company without complying with any of the foregoing conditions.

Modification and Waiver of the Notes

Under certain circumstances, we can make changes to the Indenture and the securities (including the Notes). Some types of changes require the approval of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all.

Changes Requiring Approval of Holders. First, there are changes that cannot be made to the securities without specific approval of holders. The following is a list of those types of changes:

- to reduce the percentage of holders of securities who must consent to a waiver or amendment of the Indenture;
- to reduce the rate of interest on any security or change the time for payment of interest;
- to reduce the principal due on any security or change the fixed maturity of any security;
- to waive a default in the payment of principal or interest on any security;
- to change the currency of payment on a security, unless the security provides for payment in a currency that ceases to exist;
- in the case of convertible or exchangeable securities, to make changes to conversion or exchange rights that would be adverse to the interests of holders;
- to change the right of holders to waive an existing default by majority vote;
- to reduce the amount of principal or interest payable to holders following a default or change any conversion or exchange rights, or impair the right of holders to sue for payment; and
- to make any change to this list of changes that requires specific approval of holders.

Changes Requiring a Majority Vote. The second type of change to the Indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except as set forth in the following paragraph. The same vote would be required for us to obtain a waiver of an existing default. However, we cannot obtain a waiver of a payment default unless we obtain each holder's individual consent to the waiver.

Changes Not Requiring Approval of Holders. The third type of change does not require any vote by holders of securities. This type includes, among others, clarifications of ambiguous contract terms, changes to make securities payable in U.S. dollars (if the stated denomination ceases to exist), and other changes that would not materially adversely affect holders of the securities.

Further Details Concerning Voting. When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security:

- For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities.

Securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for the applicable holders money for their payment or redemption. A security does not cease to be outstanding because we or an affiliate of us is holding the security.

We will generally
outstanding securities that are entitled to vote or take
oblige us to fix any record date at all. If we set a record
series, that vote or action may be taken only by persons
be entitled to set any day as a record date for the purpose
date and must be taken within 90 days following the record
other action under the Indenture. However,
date for a vote or other action to be taken by holders of a
who are holders on the record date
of determining the holders of
date.
the Indenture does not
particular
the record

Holders who hold in "street name" and other indirect holders, including holders of any securities issued as global securities, should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the Indenture or the securities or request a waiver.

Discharge of Our Obligations

We can fully
deposit for the applicable holders with the trustee and
the benefit of all direct holders of the securities and
government agency notes or bonds that will generate
discharge ourselves from any payment or other obligations
securities on their various due dates.
certain other conditions are met. The deposit must be held
must be a combination of money and U.S. government or U.S.
enough cash to make interest, principal and any other payments on
on the securities of any series if we make a
However, we cannot discharge
unless we provide for it in the terms of these securities.
in trust for

the
If we accomplish full discharge, as described
ourselves from the obligations under any convertible or
repayment of the securities. Holders could not look
trust deposit would most likely be protected from
insolvent
above, holders will have to rely solely on the trust deposit for
exchangeable securities,
to us for repayment in the unlikely event of any shortfall. Conversely,
claims of our lenders and other creditors if we ever become bankrupt
We will indemnify
obligations we deposited with the trustee or against the principal
the
or
the trustee and holders against any tax, fee or other charge
and interest received on these obligations.

Liens on Assets

The Indenture does not restrict us from pledging or otherwise
subsidiaries.
imposed on the U.S. government
encumbering any of our assets and those of our

Default and Related Matters

Ranking Compared to Other Creditors

The securities are not secured by any of our property
holder is one of our unsecured creditors. The securities are not
they rank equally with all our other unsecured and unsubordinated
payment for its administrative services prior to any payment
or assets. Accordingly,
subordinated to any of our other debt obligations and
indebtedness. However, the trustee has
to security holders after a default.
ownership of securities means each
therefore
a right to receive

Events of Default

Holders will have special rights if an event of default occurs
and is not cured, as described later in this subsection.

What Is an Event of Default? The term "event of default" with respect to any series of
securities means any of the
following:

- We fail to make any interest payment on the securities of such series when it is due, and we do not cure this default within 90 days.
- We fail to make any payment of principal when it is due at the maturity of such series of securities or upon redemption.

- We fail to comply
supplemental indenture, and after we have been notified
principal amount of the series, we do not cure the default within
with any of our other agreements regarding a particular series of securities
- We file for
of the default by the trustee or holders of 25% in
90 days.

Remedies if an Event of Default Occurs

or with a
bankruptcy, or other

Holders and the trustee will have the following remedies

Acceleration
events in bankruptcy,
If an event of default occurs.
25% in principal amount of the securities of the affected
interest on all the securities of that series to be due
If an event of default has occurred and has not been cured or waived,
by the holders of at least a majority in principal amount
insolvency or reorganization occur.
series may declare
been cured or waived.
and immediately payable. An acceleration of maturity may be cancelled
them the trustee or the holders of
of the securities of the affected series, if all events

Special Duties of Trustee

the trustee will be obligated to use those of its rights and
skill in doing so, that a prudent person would use in
the entire principal amount of and any accrued
If an event of default occurs, the trustee will have some special
of default have
powers under the indenture, and to use the same degree

Other Remedies of Trustee

collect defaulted principal and interest and to enforce other
that situation in conducting his or her own affairs.
In that situation,
a lawsuit.
If an event of default occurs, the trustee is authorized
of care and
provisions of the securities

Majority Holders May Direct the

.
take any action under the Indenture at the request of any
to pursue any available remedy to
from expenses and liability.
to it, the holders of a majority in principal amount
The trustee is not required to

Trustee to Take

place of conducting any lawsuit or other formal legal
and the indenture, including bringing
the trustee reasonable
holders may also direct the trustee in performing any other
This is called an "indemnity." If the trustee is provided with
of the relevant series of debt securities may direct the time, method

Actions to Protect Their Interests

action seeking any remedy available to the trustee. These
protection

Individual Actions Holders May Take

such holder's own lawsuit or other formal
an indemnity reasonably satisfactory
holder's interests relating to the securities, the following
Before a holder bypasses the trustee and brings
and
majority
if the Trustee Fails to Act.
legal action or take other steps to enforce such holder's
- Such holder must give the trustee written notice that an
must occur:
- The holders of 25% in principal amount of all outstanding
rights or protect such
written request that the trustee take action because of
event of default has occurred and remains uncured.
satisfactory to the trustee against the cost and other liabilities
securities of the relevant series must make a
- The trustee must not have taken action for 60 days after
the default, and must offer indemnity reasonably
of taking that action.
- During the 60-day period, the holders of a majority in
receipt of the above notice and offer of indemnity.
not give the trustee a direction inconsistent with the request.

However, a holder is entitled
principal amount of the securities of that series do
holder's security on or after its due date.

Waiver of Default
at any time to bring an individual lawsuit for the payment of the money

The holders of a majority in principal amount of the relevant
relevant series of debt securities. If this happens, the
due on such
payment default on a holder's debt security,
series of debt securities may waive a default for all the
default will be treated as if it had not occurred. No one can waive
however, without such holder's

a
individual approval.

We Will

Every year we will give to the trustee a written statement of
one of our officers certifying that to the
her knowledge we are in compliance with the Indenture and
all the securities under it, or else specifying any default.

Give the Trustee Information About Defaults

Annually

The trustee may withhold from holders notice of any
default, except for payment defaults, if it determines
that withholding notice is in holders' interest.

Holders who hold in "street name" and other
indirect holders should consult their banks or brokers
for
information on how to give notice or direction
to or make a request of the trustee and how to
make or cancel
a declaration of acceleration.

Regarding the Trustee

The Bank of New York
Mellon Trust Company,
N.A. is the trustee under the Indenture. In addition, affiliates
of The
Bank of New York
Mellon Trust Company,
N.A. may perform various commercial banking and investment
banking services
for us and our subsidiaries from time to time in the
ordinary course of business.

EXHIBIT 10.2

John Stankey 208
President and Chief Operating Officer Dallas, TX 75202
AT&T Inc.
S. Akard St.

March 20, 2020

Private & Confidential

Jason Kilar

Dear Jason:

This letter
"Company") as the Company's Chief Executive Officer reporting to me. The compensation and
set forth herein are contingent upon your acceptance of the terms of this offer letter as indicated by your
confirms our
signature on the last page of this letter.

benefits
Your
offer of
employee, contractor, sub
or other entity
employment would
charitable boards and other activities that you have previously disclosed.

contractor, agent or
during the term
Place of Employment and Effective Date
with WarnerMedia

You
otherwise for any
of your employment
a full-time
of employment is referred to in this letter as the "Effective Date."

would begin employment
Compensation (Base Salary, Short Term
employee and
of

Base Salary. Your starting base salary
Award
(the "Base
you would
review process.
2020 in Los
and Long Term Award)
for your employment
Annual Bonus. You
bonus is payable at the
Angeles, California. Your
Board) and is
would be eligible for an annual cash target bonus award of $2,500,000. Your
performance factors, including
discretion of the AT&T
actual first day
subject to adjustment
of 2020 divided by
actual
your individual performance.
as part of our normal review process. Bonuses are paid between January 1 and March 15 of the calendar
prorated based on
year immediately following the performance year.
366. The level of
For 2020, your
its delegate (collectively
Long-Term Compensation. You
the actual number
business objectives and
your annual cash target
annual cash
plan) as
would receive a one-time long-term compensation award granted in the
of days from
Restricted Stock
bonus award would be
target bonus
amended by
the Effective Date
Units ("RSUs")
subject to review
this letter

$48,000,000 determined in the sole discretion of the Board.

on February 15 of each

granted subject to the terms and conditions of the 2018 Incentive Plan as they apply to similarly situated

One-fourth (1/4) of the RSU grant will

executive employees of WarnerMedia and amended

year, starting in

RSUs are

distribution in the

vest

solicit Covenants of this

as provided in this

A copy of the prospectus for

form of

fully vested on February 15,

Benefits

dividend equivalents

job offer letter apply

job offer letter, including that the

the 2018 Incentive Plan is included with this letter.

Your

2024. RSUs are

conditions that the

from the

time to time, to the extent

would be

participate. These

drug, mental

Company makes them

stock, and the

deferred compensation benefits. Your

that your position, tenure,

health, disability,

governed in all

Confidentiality, Non-compete and Non-

participation would be under the standard terms and conditions of

reserves the right to amend or terminate its employee benefit plans, programs, and policies at any time.

medical, supplemental

may be amended from

salary and other qualifications make you

the 2018 Incentive

respects by the

Death or Disability.

benefit plans

medical, dental,

time to time. All rights of

employees from

insurance, group

plan documents establishing

termination date and a pro

eligible to

and programs.

vision, prescription

all employees under

death or disability and will pay out promptly.

coverage as

the benefits provided

event your employment terminates as a result of

Severance Benefits. This

the plans are

without cause or

under each

your death or disability, you

section is operative

to expressly assume the Company's obligations under this job offer letter.

401(k) and

AT&T

if you elect to

through your termination

date, and

business and

portion of your annual cash target bonus through your termination date, adjusted for performance.

nonqualified

of employment as

terminates your employment within

Moreover, if your Severance Period extends beyond the next

vesting of your RSU grant will

Company terminates

and in the event

six (6) months

February 15th following your termination,

termination, vesting of

be prorated for the portion of the

without the Company

your Severance Period

of employment, subject

your RSU grant

Severance Period following such date,

Salary earned

assume the successor

does not extend

to all other

will be prorated

the provisions

Moreover, you

of this

beyond the next February

terms and conditions

would also continue to be treated like an employee of the Company for twelve (12)

for the period

months after your termination

termination date

during the

15th following your

of such grants.

from the

employment if your

paragraph shall

Severance Period

Any RSUs that

most recent February

period of employment continued

be completely

years or for
for less than
Period”), so
covenants, you shall
six (6) months after
two (2) years.
long as

a) Base Salary (on the
prior to your termination of employment) at an annual rate equal to your Base Salary
be entitled to receive,
your termination of
you continue twelve
effect immediately prior to your termination;
Company’s normal payroll
in

b) an annual bonus (on the date such annual bonus
to comply
whether or not
employment if your
(12) or six
payment dates as in
respect of each calendar year or portion thereof (in which case a pro rata portion of
bonus will be payable) during such period equal to your annual cash target bonus award
as of the date immediately preceding your termination; and
with the
is paid to the Company’s employees) in
effect immediately
you become disabled or
such
period of employment
(6) month period, continued participation
Confidentiality, Non-compete,
disability), subject to their terms as they may be amended from time-to-time.

in the Company’s
die during such period.
Finally, so
continued (the
and Non-solicit
covenants, you shall be entitled
monthly payments that, taken together, total the cash amount described in (a) or (b) below:
long as
health and welfare
to receive, beginning in
“Severance
a) if your
the sum
benefit plans
you continue
immediately preceding your termination; or
the month after your termination,

(other than
period of employment
to comply
b) If your period of employment is three or more years, 1.99 times (1.99x) the sum of your
twelve equal
annual Base
with the
your termination.
annual Base
is two or

If, at the time of your
Salary and
Salary and
defined in Section 409A of the Code (and
Confidentiality, Non-compete
the Company will
more years but
termination of employment with the Company
any reduction in such payments
your annual
and related regulations or other pronouncements thereunder),
and Non-solicit
is permitted under Section 409A of the Code, if applicable.
defer for six
you are a “specified employee” as
or benefits ultimately paid or
If you voluntarily terminate your employment, you are not eligible for severance benefits.
less than three
cash target
months the
cash target
Confidentiality, Non-compete and Non-solicit Covenants
provided to you) until
bonus as
years, one times
Confidentiality Covenant
commencement of the
your employment bring
the earliest date as
bonus as
and their
of the
payments described above
profits, markets, sales, products, key personnel, organizational plans, pricing policies,
you into close
methods, technica
(1x)
respective Affiliates the
date
valuable nature and other business
(without
operational
public. You further acknowledge that the services to be
contact with many
unique, unusual, extraordinary and intellectual character.
(collectively, the
date immediately
affairs and methods and other information not readily available to the
confidential affairs of
performed under this Agreement are
“AT&T
processes, trade
your employment
preceding
the Company,
Group”), including
secrets, plans
of a special,
by the

You

to anyone outside of the AT&T

to know or use such

agree to keep secret all confidential matters of

a third party except

Group, or to anyone inside the

AT&T,

publicly known other than

information, and shall not use such

giving prior notice to the

provided that

prior written consent

matters to the

process. For the

Group and shall not disclose such matters

relating to AT&T personal benefit or the benefit of

extent required by

of the Chief Operating

addition, you

avoidance of doubt,

discussed or

Group to the extent practicable under

Group or any of its officers, directors, employees, agents and

provided that such discussions or disclosures shall be conditioned

applicable laws or

agree that

person to whom the

such confidential matters

Officer or Chief Executive Officer of

circumstances, disclose such

clauses (i) or

no such

governmental regulations or

joint venture partners

(ii) above

under any applicable law and receiving compensation therefore if provided by applicable law or rule.

you with

(ii) above. This

obligation to

judicial or regulatory

Moreover, you

to maintain the confidentiality of

or written information

any person other AT&T

confidentiality covenant

the extent

joint venture partners

Agreement shall

acknowledges as provided

social media or in any public communication to the media).

other than

Group or any

is not

such matters

Non-Compete Covenant. You

to any third

agree that

indirect subsidiaries (collectively,

intended to,

services are marketed throughout

acknowledge that the

business activities with other entities that are or could be located in nearly any part

(the "Warner

become

of the world, that the

which are conducted from nearly any location in the world.

Warner Media

Media Group") is

officers and other employees

during your employment,

Warner Media

any person

the consent of the Chief Operating Officer or Chief

global in scope

manage, operate, control

and expertise are such

you agree that

Group competes in nearly

agent, employee, consultant, owner,

Executive Officer of AT&T:

compensation) for,

that its products

that you are

basis, any interest

independent contractor or otherwise and

or beneficiary of any stock, stock options or other equity interest.

engage in any services to,

any person

and

capable of competing

directly or indirectly,

"Competitive Entity" means a

whether or not for

of any type

employment by (whether

or entity

through any

without the prior

business activities carried on by the Warner

business (whether conducted through an

Media Group conducts business (including without limitation a Competitive Activity as defined below),

as a principal, partner, director, officer, member,

parent, subsidiary,

written business

Media Group in any geographic location where the

the time of your termination

a Competitive

entity or by individuals including

Entity, including without limitation as

writing, not to compete with in connection with the disposition of such a business.

activities being planned by

of employment (as evidenced by written

Entity, or

materials) or

venture, partnership

an owner, holder

proposals, market research, RFPs

business that

the Warner Media Group or in

(2) any

or otherwise,

competes, directly

on a

"Competitive Activity"

Group, including without limitation, (a)

pay television services and direct-to-consumer video content providers
means business
provision and/or
the operation of domestic and international
telephone companies,
(including the production,
distribution platforms and outlets or directly to consumers) and websites and digital applications
activities within
delivery of
associated with
networks, premium
Internet Protocol
content on DVD
the lines
devices the Internet or other
programming to
such networks,
pictures and other entertainment assets, television
Television systems,
and Blu
distributed in
of business
cable system
digital applications associated with the foregoing.
services and
digital services; and (c) the
programming, animation, interactive games (whether
mobile operators,
physical form
Nothing in this job offer
providers, video
operators, satellite
providers) (b)
on your ability to seek employment with a Competitive Entity after your termination of employment.
broadband and
production, distribution and licensing of
or digitally)
is intended to (and shall
distribution services,
Non-Solicitation Covenant. For a period of
the sale,
written consent of the
other
and other
be interpreted to) provide for
one year after your termination of
full-time employee of the Warner
licensing and/or
Chief Operating Officer
six months prior
video products
eligible to receive overtime pay.
employment without the prior
Media Group at the date of such termination of employment or within
or Chief Executive Officer
General
any entity of
thereto, but such

Ownership of
of AT&T
discover, invent or create inventions, improvements, new contributions, literary property, material, ideas
which you are
and discoveries
prohibition shall not
Work Product
to herein as "Work Product"), and that
an affiliate to
websites and
of your employment by the Company. You
belong exclusively to
whether patentable
apply to your
they are either related
employ business opportunities shall be
acknowledge that all of the foregoing shall be owned by and
are, in
the Company and
Company's facilities or materials,
in any manner to
consideration or participation
secretary or executive assistant or to
the case
that you by
and outside
that you shall
or, in the case
additional compensation, the entire rights to such Work Product and business opportunities; (iii) sign all
acknowledge that
commercial or
a
papers necessary to
of the Company. You
effort to
deem to be appropriate
reason
to business opportunities,
experimental) of the Company
business opportunity as having been made or acquired by you prior to the date of this Agreement except
carry out the
product conceived
shall promptly
interest therein, provided
presented to you
writing prior to the date hereof.
employment, you
or
foregoing; and (iv)
Product or business
or trade
state that you
disclose any such
may conceive
the foregoing
give testimony in support
opportunities, if any,
to the
will not assert
of
Work Product
of your inventorship or
be specifically acknowledged
Company upon
any rights to

or with
the Company in
request and
any Work

Covenants to Others.

to be employed by WarnerMedia

functions of this position.

confidential information

in this position, or in any way would prevent you from performing the

employer or any

any other property belonging to any

or proprietary information

of confidentiality.

other entity or

are being used

to the employer or any other

this offer, we specifically instruct you

Withholding Taxes.

and social security taxes and other ordinary and customary payroll deductions.

party to whom you have an obligation

Compliance with IRC Section 409A. This job offer letter is

with Section 409A of the Internal Revenue Code. Notwithstanding anything herein to the contrary,

intended, and will be interpreted, to comply

any unpublished documents

result of such termination

tax under Section 409A of the Code, then the Company will defer the commencement

any such payments or benefits hereunder (without any reduction in such

of employment is necessary

official pronouncements thereunder)

until the date that is six

any accelerated or additional

other benefits due to you hereunder could cause the

such payment or

application of an accelerated

under Section 409A of the Code); and (ii) if any other

a "specified employee"

Reg. Section 1.409A-3(i)(1)(iv). To

neither you nor any

shall have any liability

encumbrance, attachment

Management Arbitration Agreement.

or commitment thereto.

this Company as Attachment A.

Management Arbitration

Indemnification. You

employment, to the extent relating to service

and indemnification provisions

would be

additions after

during your employment) to the benefit of.

protection afforded to you by those provisions).

contained in the

entitled throughout

the Effective

AT&T

the exculpation

amended from time-to-time ("Policy"), as applicable to executive level employees. The Policy currently

Company's bylaws

your employment

Date that

prohibits acquiring

Stock Trading

current Policy would not

(not including any

AT&T's

(and after

the stock

AT&T

Policy. You

amendments or liquidate

Senior Executive Vice President and General

your termination of employment.

of AT&T

narrow, but

currently subject

would be employment

cause; provided, if

Counsel prior to any sale of stock you hold in

Notwithstanding any other provision of this offer letter,

any existing

to the AT&T

time your

at will. Accordingly, either

employment, no further compensation shall be paid to you except as described in this

your employment

pursuant to any employee

holdings, you agree to

employment shall

of employment.

party may terminate

the Company

this offer letter and

benefit plans or policies

terminates your employment,

continue unless

Palkot, Senior Vice

While the

broaden, the

as they apply to

your employment, with

mutually agreed

On behalf of WarnerMedia

you will first

President Human Resources.

you at the time

/s/ John

regarding your

otherwise upon

offer. We look forward to working with you.

or without

Attachments Accepted

sixty (60) days advance

of your termination

specific compensation

your termination

and Agreed:

Chief Operating Officer

written notice, during which

/s/ Jason Kilar

Jason Kilar

may be

March 20, 2020

Date

directed to

John

Attachment A

MANAGEMENT ARBITRATION

Please carefully review this Management Arbitration Agreement.

AGREEMENT

Summary

Under this

Company"), agree

binding arbitration instead of court litigation. Arbitration is more

Agreement, you

may be faster. Arbitration

that any

discovery than

Arbitrators can award the same damages and

uses a neutral arbitrator instead of a

Agreement will take

dispute to

in court.

Except for a filing fee

relief that a court can award.

judge or jury,

Moreover, in arbitration you are entitled to recover attorneys' fees from AT&T

which this

you would be in court.

place on an

Any arbitration under this

How This Agreement Applies

Agreement applies

subject to This Agreement is governed

evidence a transaction involving commerce. This agreement applies to any

as

the Company pays all the

against any

very limited

by the Federal Arbitration

employees or agents in their

claim that you may have

affiliated entities, and all

arbitrations and class

against the Company or any other AT&T

review by Act, 9 U.S.C. §

fees and costs

capacity as such or otherwise,

in this Agreement,

employment or termination

and claims against you. Unless stated otherwise

(5) the Company's parent, subsidiary

covered claims include

for defamation, retaliation, discrimination or harassment and claims

of employment with

Uniform Trade Secrets

this Agreement,

trade secrets,

Discrimination in Employment

without limitation those

arising under the

Information Non-Discrimination Act, and state statutes and local laws, if any, addressing the same or

Civil Rights Act of

similar subject matters,

unfair competition,

Act; Family Medical

survives after the employment

them; and this

any other disputes

does not prevent or excuse you from utilizing the Company's or employee

1964; Americans With Disabilities

compensation, breaks

internal procedures for resolution of complaints.

relationship terminates. Nothing contained in this Agreement

Leave Act;

regarding the

Agreement also applies to any

and rest

that would otherwise would be resolved in a court. This Agreement requires all such disputes

Fair Labor Standards

shall be

resolved only by an arbitrator through

officers, directors,

it otherwise

trial. Such disputes

periods,

application of this Agreement, but not as to the enforceability,

Act; Genetic

final and binding arbitration and not

Agreement or any portion of the Agreement, which shall be determined only by a court of competent

provides, this

include without limitation

jurisdiction.

revocability or validity of the

by way of a court or jury

Agreement is

disputes arising out

law claims. This

intended to

of or relating

Agreement

apply to

to interpretation or

the resolution

Attachment A

Limitations On How This Agreement Applies

This Agreement does not apply to claims for workers compensation, state disability insurance and unemployment insurance

comply fully with Department of Labor regulations (for example, 29 C.F.R. § 2560.503-1(c)(4)), this Agreement also does not apply

(“ERISA”).

benefits. In order

Regardless of any

to claims arising under

administrative agencies or government offices or officials if applicable law permits access to such an agency, office, or official, notwithstanding the

to ensure that

other terms

include, but not be

Commission (www.eeoc.gov

the Employee Retirement Income Security

Relations Board

existence of this

employee benefit plan

(www.dol.gov/esa/ofccp). Nothing

from bringing an administrative

www.nlrb.gov), or

the party's obligation to exhaust administrative remedies before making a claim in arbitration.

or charges brought

in this Agreement

claims procedures

agreement to arbitrate. Examples

claim before any agency

U.S. Department

Disputes that may

the Office of

may still

before the Fair Employment

shall be deemed

excluded from the coverage of this Agreement.

or employee benefit plan

would not be subject

of Federal

bring certain claims

Wall Street

to preclude or

In order to fulfill

to a pre-dispute

of persons

Consumer Protection

action; collective action;

Reform and

the maximum extent permitted by law, you hereby waive any

excuse a party

action under

other than

arbitration agreement, such

statute. You

Labor

Programs

but only for yourself as

or representative action, including

the California

bring a representative

yourself right to bring on behalf

retain this right.

provided by

not in arbitration.

Act (Public

Private Attorneys

action in the PAGA court

Arbitration Rules, Selecting The Arbitrator,

however, to

The arbitration

Law 111

General Act

arbitration process:

any such claim

Location Of Hearing

Employment Arbitration Rules

determines that you cannot waive your right to

to any representative

at http://www.jamsadr.com/rules

(“PAGA”)

copy of those

other persons

arbitration, including PAGA

held under

the Arbitrator shall

& Procedures (and

licensed to practice

through the court

in-person arbitration. The Company will supply you with a

pursuant to JAMS rules or by mutual agreement of the parties.

claims.

rules upon your request.

the auspices

be either a retired

shall apply

The Arbitrator shall apply

class

state in

of a

Arbitrator and the

arbitration

substantive law (and

federal Rules

judge, or an attorney

which the

which are

except as provided in this Agreement.

third party

without jurisdiction

the arbitration is

the law of remedies

Company mutually agree otherwise,

claim arose

who is experienced in

currently available

to apply

convened (the

accordance with

if applicable) of

shall apply.

or federal

manage the

any different

employment law and

its

the

Unless each party to the arbitration agrees in writing

proceeding shall be a

worked for the Company. If you so choose, and if your residence is not

otherwise, the location of the arbitration

where you work

facility chosen by JAMS.

within the county (or parish) where you reside.

in the same county (or parish)

Notice Requirements And Starting An Arbitration

within the county (or

The Company must,

forms provided on the JAMS

for the Company,

parish) where you work

an arbitration

Company a written Notice

website (http://www.jamsadr.com

and you may notify the

Legal Department, 208 S. Akard St., Room 3305, Dallas, TX 75202 ("Notice

or last

against the

must (a) identify all parties, (b) describe the nature

the specific relief

Address"). The

and basis of the claim or dispute; and (c) set forth

for the claim.

will occur

sought ("Demand"). Any party

Notice to JAMS should be addressed to:

later than the

a claim to

arbitration. To the extent permitted by law,

temporary or preliminary injunctive relief in connection

employees, or

the ground that the award

A party may apply to a court of competent jurisdiction for

resolve all disputes

such provisional relief by using

expiration of the

agents by

with an arbitrable controversy, but only upon

Paying For The Arbitration

a claim to be arbitrated must

regarding the timeliness

statute of limitations

arbitration provided

be entitled would be rendered

amount equal to the

will be

you are (or

however that

propriety of

including without attorneys' fees,

(deadline for filing)

affords the

responsible for

were last employed

providing for

if any

attorneys' fees

the demand for

the prevailing party

applicable to the claim(s) at issue.

by the Company.

attorneys' fees

However, if any

and/or litigation

How Arbitration Proceedings Are Conducted

filing fee

Each party shall

arbitration, the parties

party initiating

dispositive motions, and present

court of general jurisdiction

and any disputes in this regard shall be resolved by the Arbitrator.

will have the right

pay in the

costs, the

the claim,

statutory claim which

the same Each party shall have the right to take depositions of up to three fact witnesses and any expert

witnesses and evidence as

in this section

to conduct limited civil

Arbitrator shall

production of documents to any party. Requests for additional depositions or discovery may be made

standards a

to the

costs of

by another

discovery. Bring

effective present their

contribute an

adequately arbitrate

court would

Arbitrator selected

effective dispute-resolution

party. Each

Arbitrator finds the

a motion

claims and defenses,

apply under

pursuant to

mechanism. Each party

this Agreement

party also

party has demons

for

taking into

the law

this Agreement.

shall have the

documents and witnesses from third

good cause shown.

parties subject to any limitations
The Arbitrator shall

to hold

Arbitrator shall
the Arbitrator shall impose for
judgment by any party and shall apply the standards governing such motions under the Federal Rules
pre-hearing conferences
have jurisdiction to hear
of Civil Procedure.
have the

Should any party refuse or
by telephone
Arbitrator shall have the authority to decide the dispute based upon whatever evidence is presented.
authority to
and rule on

neglect to appear for,
or in
Either party shall

be set by the Arbitrator.
entertain a
pre-hearing disputes and
or participate in, the arbitration
person. **The Arbitration Award**
have the right
motion to
The Arbitrator may

law, but such
hearing, the
the Arbitrator
is authorized
capacity in a court of law for the claims presented to and decided by the Arbitrator.
dismiss and/or

to file a
award any party
The Arbitrator will issue
deems advisable.
remedies shall be
and conclusions of law. A court of competent jurisdiction shall have the authority to
a motion
upon the award made pursuant to the arbitration.

The
a decision or
post-hearing brief. The
any remedy to

for summary
Non-Retaliation
limited to those
enter a judgment

It is against
award in writing,
his or her
time for filing
which that party
against by anyone at
that would be
871-2622 during the essentialgrc.com/att .
stating the reasons
Company policy for
right to

Sole and Entire Agreement
such a brief.
is entitled under
the Company. You should immediately report
findings of fact
available to
assert claims
This is
Agreement supersedes any
any Employee to

party is relying on
shall
the complete agreement
retaliation to the Alertline at 1-888-
this Agreement except as specifically set forth in this Agreement.
party in his
prior or contemporaneous
Construction and Severability
of the
If you believe
If any provision

whole or in part, such
or her individual
provision shall remain in full force and effect
that you retaliation if he
of this
agreement to arbitrate their disputes.

subject of the effect,
adjudication shall not affect the validity of the
Voluntary
Agreement is adjudicated
I ACKNOWLEDGE THAT
understanding on these
enforceability or
UNDERSTAND ITS
binding arbitration of
Agreement
remainder of the Agreement. All
BETWEEN THE COMPANY
I HAVE

subject. No
TERMS, THAT
disputes. This
AND ME RELATING
or otherwise unenforceable,
CAREFULLY

ALL UNDERSTANDINGS

TO THE SUBJECTS COVERED IN THE
READ THIS AGREEMENT,

Attachment A

AGREEMENT ARE

AGREEMENT VOLUNTARILY

REPRESENTATIONS

CONTAINED IN

AGREEMENT ITSELF.

AND NOT IN RELIANCE ON

BY THE IT, AND I UNDERSTAND THAT BY SIGNING THIS

TO A JURY TRIAL.

ANY PROMISES OR

COMPANY

THAT I FURTHER

AGREEMENT I AM

DISCUSS THIS AGREEMENT WITH

MYSELF OF THAT

OTHER THAN

I HAVE ACKNOWLEDGE THAT

GIVING UP MY

Employee:

MY PRIVATE

OPPORTUNITY TO THE EXTENT I WISH

THOSE CONTAINED

I HAVE

ENTERED INTO

/s/ Jason Kilar

LEGAL COUNSEL AND HAVE AVAILED

TO DO SO.

IN THIS

RIGHT.

THE BEEN GIVEN THE

Jason Kilar

March 20, 2020

OPPORTUNITY TO

Date

Exhibit 31.1

CERTIFICATION

I, John T. Stankey,

1. I have reviewed this report on Form 10-Q of AT&T

certify that:

2. Based on my knowledge, this report does not contain
Inc.;
fact necessary to make the statements made, in light of
misleading with respect to the period covered by this report;

any untrue statement of a material fact or omit to state a material

3. Based on my knowledge, the financial statements, and
the circumstances under which such statements were made, not
in all material respects the financial condition, results of
periods presented in this report;

other financial information included in this report, fairly

4. The registrant's other certifying
operations and cash flows of the registrant as of, and for,
procedures (as defined in Exchange Act Rules 13a-15(e) and
present
defined in Exchange Act Rules 13a-15(f) and 15d-15(f))

a) Designed such disclosure controls and procedures, or caused such
officer(s) and I are responsible for establishing and
under our supervision, to ensure that material information
15d-15(e)) and internal control over financial reporting
subsidiaries, is made known to us by others within those entities,
for the registrant and have:
being prepared;
maintaining disclosure controls and procedures to be designed

b) Designed such internal control over financial reporting,
relating to the registrant, including its consolidated
designed under our supervision, to provide reasonable
particularly during the period in which this report is
preparation of financial statements for external purposes in

c) Evaluated the effectiveness of the registrant's
or caused such internal control over financial reporting
conclusions about the effectiveness of the disclosure
assurance regarding the reliability of financial reporting and the
report based on such evaluation; and
accordance with generally accepted accounting principles;

d) Disclosed in this report any change in the registrant's
disclosure controls and procedures and presented in this report
to be
registrant's most recent
controls and procedures, as of the end of the period covered
materially affected, or is reasonably likely

and
internal control over financial reporting that occurred during
our
fiscal quarter (the registrant's
by this

5. The registrant's other certifying
to materially affect, the registrant's
over financial reporting, to the registrant's
the
persons performing the equivalent functions):
fourth fiscal quarter in the case of an annual report) that has

a) All significant deficiencies and material weaknesses in the
internal control over financial reporting; our most
which are reasonably likely to adversely affect the
auditors and the audit committee of the registrant's
information; and

b) Any fraud, whether or not material, that involves management
recent evaluation of internal control over financial reporting
registrant's internal control
board of directors (or record,

Date: August 5, 2020
or other employees who have a significant role in the
over financial reporting
process, summarize and report financial

/s/ John T. Stankey
John T.
Chief Executive Officer and

Stankey
President

Exhibit 31.2

CERTIFICATION

I, John J. Stephens, certify that:

1. I have reviewed this report on Form 10-Q of AT&T

2. Based on my knowledge, this report does not contain
Inc.;
fact necessary to make the statements made, in light of
misleading with respect to the period covered by this report;
any untrue statement of a material fact or omit to state a material
the circumstances under which such statements were made, not

3. Based on my knowledge, the financial statements, and
in all material respects the financial condition, results of
periods presented in this report;
other financial information included in this report, fairly
operations and cash flows of the registrant as of, and for,

4. The registrant's other certifying
procedures (as defined in Exchange Act Rules 13a-15(e) and
present
defined in Exchange Act Rules 13a-15(f) and 15d-15(f))
officer(s) and I are responsible for establishing and
15d-15(e)) and internal control over financial reporting
for the registrant and have:
maintaining disclosure controls and

a) Designed such disclosure controls and procedures, or caused such
under our supervision, to ensure that material information
subsidiaries, is made known to us by others within those entities,
being prepared;
relating to the registrant, including its consolidated
particularly during the period in which this report is

b) Designed such internal control over financial reporting,
designed under our supervision, to provide reasonable
preparation of financial statements for external purposes in
or caused such internal control over financial reporting
assurance regarding the reliability of financial reporting and the
accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's
conclusions about the effectiveness of the disclosure
report based on such evaluation; and
disclosure controls and procedures and presented in this report
controls and procedures, as of the end of the period covered
by this

d) Disclosed in this report any change in the registrant's
registrant's most recent
materially affected, or is reasonably likely
internal control over financial reporting that occurred during
our
fiscal quarter (the registrant's
to materially affect, the registrant's
and
the
fourth fiscal quarter in the case of an annual report) that has

5. The registrant's other certifying
over financial reporting, to the registrant's
persons performing the equivalent functions):
internal control over financial reporting; our most
auditors and the audit committee of the registrant's
recent evaluation of internal control over financial reporting
board of directors (or

a) All significant deficiencies and material weaknesses in the
which are reasonably likely to adversely affect the
information; and
officer(s) and I have disclosed, based on
registrant's ability to record,
process, summarize and report financial

b) Any fraud, whether or not material, that involves management
registrant's internal control
or other employees who have a significant role in the
over financial reporting.

Date: August 5, 2020

/s/ John J. Stephens
John J. Stephens
Senior Executive Vice
President
and Chief Financial Officer

Exhibit 32

Certification of Periodic Financial Reports

Pursuant to 18 U.S.C. Section 1350, each of the undersigned
that the Company's Quarterly
with the requirements of Section 13(a) or 15(d), as applicable,
contained in the Report fairly presents, in all material respects, the
officers of AT&T
Company.
Report on Form 10-Q for the three months ended June
of the Securities Exchange Act of 1934 and that information
August 5, 2020
financial condition and results of operations of the
Inc. (the "Company") hereby certifies
30, 2020 (the "Report") fully complies
By:

/s/ John T. Stankey
John T. Stankey
Chief Executive Officer
and President

August 5, 2020

By:

/s/ John J. Stephens
John J. Stephens
Senior Executive Vice
and Chief Financial Officer

President

The foregoing certification is being furnished solely pursuant
Report or as a separate disclosure document. This certification
Securities Exchange Act of 1934 ("Exchange Act")
not be deemed to be incorporated by reference into any filing
to 18 U.S.C. Section 1350 and is not being filed as part of the
the extent this Exhibit 32 is expressly and specifically
shall not be deemed "filed" for purposes of Section 18 of the
or otherwise subject to liability under that section. This certification
A signed original of this written statement required by Section
under the Securities Act of 1933 or the Exchange Act except to
otherwise adopting the signature that appears in typed
incorporated by reference in any such filing.
Section 906, has been provided to AT&T
shall
Exchange Commission or its staff upon request.
906, or other document authenticating, acknowledging, or
form within the electronic version of this written statement required
Inc. and will be retained by AT&T

by
Inc. and furnished to the Securities and