

AT&T INC.  
Form 424B5  
May 17, 2017  
Table of Contents

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**This prospectus supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This prospectus supplement and the accompanying prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.**

**Subject to Completion**

**Preliminary Prospectus Supplement Dated May 17, 2017**

**Prospectus Supplement**, 2017

**(To Prospectus dated February 25, 2016)**

**CAD\$**

**AT&T Inc.**

**CAD\$ % Global Notes due 2024**

**CAD\$ % Global Notes due 2047**

We will pay interest on the % global notes due 2024 (the 2024 Notes ) and the % global notes due 2047 (the 2047 Notes and, together with the 2024 Notes, the Notes ) on and of each year, commencing on , 2017. The 2024 Notes will mature on , 2024 and the 2047 Notes will mature on , 2047.

We may redeem some or all of the Notes at any time and from time to time at the prices and at the times indicated for each series under the heading Description of the Notes The Notes Optional Redemption beginning on page S-7 of this prospectus supplement. The Notes will be issued in minimum denominations of CAD\$150,000 and integral multiples of CAD\$1,000.

See ***Risk Factors*** beginning on page 34 of our 2016 Annual Report to Stockholders, portions of which are filed as Exhibit 13 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which are incorporated by reference herein, to read about factors you should consider before investing in the Notes.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per 2024 Note	Total	Per 2047 Note	Total
Initial public offering price	%	CAD \$	%	CAD\$
Underwriting discounts	%	CAD \$	%	CAD\$
Proceeds, before expenses, to AT&T	%	CAD \$	%	CAD\$

The initial public offering prices set forth above do not include accrued interest, if any. Interest on the Notes will accrue from \_\_\_\_\_, 2017.

The underwriters expect to deliver the Notes through the book-entry delivery system of CDS Clearing and Depository Services Inc., for the benefit of its participants, on \_\_\_\_\_, 2017. Investors may hold their positions in the Notes through CDS, Euroclear System and Clearstream Luxembourg.

The notes will be sold in Canada on a private placement basis to certain accredited investors as defined under applicable Canadian provincial securities laws, and on a private placement basis in other parts of the world outside of the United States subject to applicable law.

***Joint Book Running Managers***

**RBC Capital Markets**

**TD Securities**

**Table of Contents**

We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, we take no responsibility for, nor can we provide any assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information we previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

References herein to \$ and dollars are to the currency of the United States. References to CAD\$ are to the lawful currency of Canada. The financial information presented in this prospectus supplement has been prepared in accordance with generally accepted accounting principles in the United States.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus, on the other hand, the information contained in this prospectus supplement shall control. If any statement in this prospectus supplement conflicts with any statement in a document which we have incorporated by reference, then you should consider only the statement in the more recent document.

In this prospectus supplement, we, our, us and AT&T refer to AT&T Inc. and its consolidated subsidiaries.

**TABLE OF CONTENTS**

**Prospectus Supplement**

	Page
<u>Summary of the Notes Offering</u>	S-1
<u>Use of Proceeds</u>	S-3
<u>Capitalization</u>	S-4
<u>Foreign Exchange Risks</u>	S-5
<u>Description of the Notes</u>	S-6
<u>United States Tax Considerations</u>	S-14
<u>Underwriting</u>	S-20
<u>Validity of Securities</u>	S-23

**Prospectus**

<u>Description of AT&amp;T Inc.</u>	1
<u>Use of Proceeds</u>	1
<u>Summary Description of the Securities We May Issue</u>	1
<u>Description of Debt Securities We May Offer</u>	1

<u>Description of Preferred Stock We May Offer</u>	13
<u>Description of Depositary Shares We May Offer</u>	14
<u>Description of Common Stock We May Offer</u>	17
<u>Plan of Distribution</u>	20
<u>Validity of Securities</u>	22
<u>Experts</u>	22
<u>Documents Incorporated by Reference</u>	22
<u>Where You Can Find More Information</u>	23

**Table of Contents**

**SUMMARY OF THE NOTES OFFERING**

Issuer	AT&T Inc.
Securities Offered	CAD\$                      aggregate principal amount of    % global notes due 2024 (the 2024 Notes ).
CAD\$	aggregate principal amount of    % global notes due 2047 (the 2047 Notes ).
Maturity Date	, 2024, at par, for the 2024 Notes. , 2047, at par, for the 2047 Notes.
Interest Rate	The 2024 Notes will bear interest from                      , 2017 at the rate of                      % per annum and the 2047 Notes will bear interest from                      , 2017 at the rate of                      % per annum. Interest on each series of Notes will be payable semi-annually in arrears in two equal payments. For an interest period that is not a full semi-annual interest period, other than in respect of any regular semi-annual coupon payments, interest will be computed on the basis of a 365-day year and the actual number of days in such interest period (also known as Actual/Actual Canadian Compound Method).
Interest Payment Dates	and                      of each year, commencing on                      , 2017. In the event that any interest payment date for the Notes falls on a day that is not a business day in New York or Toronto, the payment due on that date will be paid on the next day that is a business day, with the same force and effect as if made on that payment date and without any interest or other payment with respect to the delay.
Optional Redemption	Each series of Notes may be redeemed at any time prior to the applicable Par Call Date (as set forth in the table below), in whole or from time to time in part, at a make-whole call equal to the greater of (i) 100% of the principal amount of the Notes of such series to be redeemed or (ii) a price equal to the price which, if the Notes being redeemed were to be issued at such price on the date of redemption, would provide a yield thereon from the date of redemption to their Par Call Date equal to the Government of Canada Yield plus the applicable Make-Whole Spread (as set forth in the table below), calculated on the third business day preceding the date of redemption of the Notes. Each series of Notes may be redeemed at any time on or after the applicable Par Call Date, in

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whole or from time in time in part, 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.

<b>Series</b>	<b>Par Call Date</b>	<b>Make-Whole Spread</b>
2024 Notes		bps
2047 Notes		bps

S-1

**Table of Contents**

See Description of the Notes The Notes Optional Redemption of the Notes.

The Notes of each series are also redeemable at our option in connection with certain tax events. See Description of the Notes Redemption Upon a Tax Event.

Markets The Notes are offered for sale in those jurisdictions in the United States, Canada, Europe and Asia where it is legal to make such offers. See Underwriting.

No Listing The Notes are not being listed on any organized exchange or market.

**Form and Settlement**

The Notes will be represented by one or more global certificates (a global note ) issued in registered form to and held by CDS Clearing and Depository Services Inc. ( CDS ) or its nominee. Registration of interests in and transfers of the Notes will be made only through the book based system of CDS, and owners of Notes will only receive the customary confirmation from their registered agent. Investors may elect to hold interests in the global notes through any of CDS, Clearstream Banking, Société Anonyme or Euroclear Bank S.A./N.V., as operator of the Euroclear System, if they are participants in these systems, or indirectly through organizations which are participants in these systems.

Governing Law The Notes will be governed by the laws of the State of New York.

**Table of Contents**

**USE OF PROCEEDS**

The net proceeds to AT&T from the Notes offering will be approximately CAD\$ , after deducting underwriting discounts (based on the , 2017 exchange rate). These proceeds will be used for general corporate purposes.

S-3



**Table of Contents****CAPITALIZATION**

The following table sets forth the capitalization of AT&T as of March 31, 2017 and as adjusted solely to reflect (i) the issuance of CAD\$ (approximately \$ based on the , 2017 exchange rate) of the Notes and the application of the net proceeds as described under Use of Proceeds above assuming that all of the net proceeds from the sale of the Notes would be used for general corporate purposes and (ii) U.S.\$1,500,000,000 Floating Rate Global Notes due 2021, issued subsequent to March 31, 2017. AT&T's total capital consists of debt (long-term debt and debt maturing within one year) and stockholders' equity.

	<b>As of March 31, 2017</b>	
	<b>Actual</b>	<b>As</b>
	<b>(Unaudited)</b>	<b>Adjusted</b>
	<b>(In millions)</b>	
Long-term debt	\$ 120,568	\$
Debt maturing within one year (1)	12,681	
Stockholders' equity:		
Common shares (\$1 par value, 14,000,000,000 authorized)	6,495	
Capital in excess of par value	89,411	
Retained earnings	35,175	
Treasury shares (347,741,277 at cost)	(12,400)	
Other adjustments	6,300	
Stockholders' equity	\$ 124,981	\$
Total Capitalization (2)	\$ 258,230	\$

- (1) Debt maturing within one year consists of the current portion of long-term debt and commercial paper and other short-term borrowings.
- (2) In addition to our other credit agreements, we have engaged certain banks to provide lines of credit for the purpose of providing financing in connection with our contemplated acquisition of Time Warner Inc., which includes a \$10 billion term loan credit agreement with JPMorgan Chase Bank, N.A., as agent, and a \$30 billion bridge loan facility, with certain investment and commercial banks and JPMorgan Chase Bank, N.A., as agent. As of the date of this prospectus supplement, we had no borrowings under the term loan credit agreement or bridge loan facility.

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**Table of Contents**

**FOREIGN EXCHANGE RISKS**

Investors will have to pay for the Notes in Canadian dollars. Principal and interest payments on the Notes are payable by us in Canadian dollars. An investment in Notes which are denominated in, and all payments in respect of which are to be made in, a currency other than the currency of the country in which the purchaser is resident or the currency in which the purchaser conducts its business or activities (the home currency), entails significant risks not associated with a similar investment in a security denominated in the home currency. These include the possibility of:

significant changes in rates of exchange between the home currency and the Canadian dollar, and

the imposition or modification of foreign exchange controls with respect to the Canadian dollar.

We have no control over a number of factors affecting this type of Note, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In recent years, rates of exchange for certain currencies, including the Canadian dollar, have been highly volatile and this volatility may be expected to continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative of fluctuations in the rate that may occur during the term of the Notes. Depreciation of the Canadian dollar against the home currency could result in a decrease in the effective yield of the Notes below the coupon rate, and in certain circumstances, could result in a loss to you on a home currency basis.

The Notes will be governed by New York law. Under New York law, a New York state court rendering a judgment on the Notes would be required to render the judgment in Canadian dollars. However, the judgment would be converted into U.S. dollars at the exchange rate prevailing on the date of entry of the judgment. Consequently, in a lawsuit for payment on the Notes, investors would bear currency exchange risk until a New York state court judgment is entered, which could be a long time.

In courts outside of New York, investors may not be able to obtain a judgment in a currency other than U.S. dollars. For example, a judgment for money in an action based on the Notes in many other U.S. federal or state courts ordinarily would be enforced in the United States only in U.S. dollars. The date used to determine the rate of conversion of Canadian dollars into U.S. dollars will depend upon various factors, including which court renders the judgment.

This description of foreign currency risks does not describe all the risks of an investment in securities denominated in a currency other than the home currency. You should consult your own financial and legal advisors as to the risks involved in an investment in the Notes.

On \_\_\_\_\_, 2017, the CAD\$/U.S.\$ rate of exchange was CAD\$1 /U.S.\$ \_\_\_\_\_.

**Table of Contents****DESCRIPTION OF THE NOTES**

The following description of the general terms of the Notes should be read in conjunction with the statements under **Description of Debt Securities We May Offer** in the accompanying prospectus. If this summary differs in any way from the **Summary Description of the Securities We May Issue** in the accompanying prospectus, you should rely on this summary.

**General**

The Notes will be issued under our indenture, dated as of May 15, 2013, with The Bank of New York Mellon Trust Company, N.A., acting as trustee, as described under **Description of Debt Securities We May Offer** in the accompanying prospectus. The Notes will be our unsecured and unsubordinated obligations and will rank *pari passu* with all other indebtedness issued under our indenture. The Notes will constitute two separate series under the indenture. We will issue the Notes in fully registered form only and in minimum denominations of CAD\$150,000 and integral multiples of CAD\$1,000 thereafter.

We may issue definitive Notes in the limited circumstances set forth in **Form and Title** below. If we issue definitive Notes, principal of and interest on our Notes will be payable in the manner described below, the transfer of our Notes will be registrable, and our Notes will be exchangeable for Notes bearing identical terms and provisions, at the office of BNY Trust Company of Canada, the paying agent for the Notes, at 1 York Street, 6<sup>th</sup> Floor, Toronto, Ontario M5J 0B6. However, payment of interest, other than interest at maturity, or upon redemption, may be made by wire or check mailed to the address of the person entitled to the interest as it appears on the security register at the close of business on the regular record date corresponding to the relevant interest payment date. Notwithstanding this, (1) CDS, as holder of our Notes, or (2) a holder of more than CAD\$5 million in aggregate principal amount of Notes in definitive form can require the paying agent to make payments of interest, other than interest due at maturity, or upon redemption, by wire transfer of immediately available funds into an account maintained by the holder in the United States or Canada, by sending appropriate wire transfer instructions as long as the paying agent receives the instructions not less than ten days prior to the applicable interest payment date. We will make all principal and interest payments on the Notes in Canadian dollars. Payment of principal and interest on the Notes at maturity, or upon redemption, will be made by BNY Trust Company of Canada, 1 York Street, 6<sup>th</sup> Floor, Toronto, Ontario M5J 0B6. Notwithstanding the foregoing, we may make payment on the Notes in accordance with the rules and practices of CDS.

**The Notes**

For purposes of the Notes, a business day means a business day in The City of New York and Toronto.

The 2024 Notes offered by this prospectus supplement will bear interest at the rate of % per annum and the 2047 Notes offered by this prospectus supplement will bear interest at the rate of % per annum. We will pay interest on our 2024 Notes and our 2047 Notes in arrears on each and , commencing on , 2017, to the persons in whose names our Notes are registered at the close of business on the fifteenth day preceding the respective interest payment date in equal semi-annual installments. If interest is calculated for a period shorter than one full year, other than a semi-annual period, such interest will be computed on the basis of a 365-day year and the actual number of days elapsed in that period. The 2024 Notes will mature on , 2024 and the 2047 Notes will mature on , 2047.

In the event that the maturity date or any interest payment date for the Notes falls on a day that is not a business day, the payment due on that date will be paid on the next day that is a business day, with the same force and effect as if

made on that payment date and without any interest or other payment with respect to the delay.

S-6

**Table of Contents****Optional Redemption**

Each series of Notes may be redeemed at any time prior to the applicable Par Call Date (as set forth in the table below), 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. The redemption price will be equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed or (2) the Canada Yield Price. Each series of Notes may be redeemed at any time on or after the applicable Par Call Date, in whole or from time to time in part, 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 such series, 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.

*Canada Yield Price* means a price equal to the price which, if the Notes being redeemed were to be issued at such price on the date of redemption, would provide a yield thereon from the date of redemption to their Par Call Date equal to the Government of Canada Yield plus the applicable Make-Whole Spread (as set forth in the table below), calculated by AT&T on the third business day preceding the date of redemption of the Notes.

*Government of Canada Yield* means, on any date, the bid-side yield to maturity on such date as determined from arithmetic average (rounded to three decimal places) of the yields quoted at 10:00 a.m. (Toronto time) by any two Canadian investment dealers selected by AT&T, assuming semi-annual compounding and calculated in accordance with generally accepted financial practice, which a non-callable Government of Canada bond, trading at par, would carry if issued in Canadian dollars in Canada on the date fixed for redemption with a maturity that most closely approximates the remaining term to the applicable Par Call Date.

<b>Series</b>	<b>Par Call Date</b>	<b>Make-Whole Spread</b>
2024 Notes.		bps
2047 Notes		bps

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.

If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected by lot or pursuant to applicable depository procedures.

**Form and Title**

Unless otherwise specified, and subject to certain exceptions, all Notes issued will at all times be represented by one or more global certificates (a global note ), issued in registered form to and held by CDS Clearing and Depository Services Inc. ( CDS ), or its nominee. For any and all global notes, CDS shall be the Holder of such notes for all purposes under the indenture and under the Notes. See Description of Debt Securities We May Offer Legal Ownership of Debt Securities in the accompanying prospectus. Registration of interests in and transfers of the Notes will be made only through the book based system of CDS, and owners of Notes will only receive the customary confirmation from their registered agent. Except as described below, no purchaser of a Note will be entitled to a certificate or other instrument from AT&T or CDS evidencing that purchaser's ownership thereof, and no beneficial owner of a Note will be shown on the records maintained by CDS except through book-entry accounts of a participant of CDS acting on behalf of such owners. CDS will be responsible for establishing and maintaining book-entry accounts for its

participants having interests in global notes. Sales of interests in global notes can only be completed through participants in the depository service of CDS.

S-7

**Table of Contents**

Investors may hold their positions in the Notes through CDS, Euroclear Bank S.A./N.V., which we refer to as Euroclear, or Clearstream Banking, Société Anonyme, which we refer to as Clearstream Luxembourg. Clearstream Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in their respective names on the books of their respective Canadian subcustodians, each of which is a Canadian Schedule I chartered bank (Canadian subcustodians), which in turn will hold such interests in customers' securities accounts in the names of the Canadian subcustodians on the books of CDS.

We believe it is CDS's current practice, upon receipt of any payment of principal or interest or the redemption price, to credit direct participants' accounts on the payment date according to their respective holdings of beneficial interests in the Notes as shown on CDS's records. Payments by participants to owners of beneficial interests in the Notes, and voting by participants, will be governed by the customary practices between the participants and owners of beneficial interests, as is the case with Notes held for the account of customers registered in street name. However, payments will be the responsibility of the participants and not of CDS, the trustee, the paying agent, or us. The Notes have been accepted for clearance through CDS. The ISIN for the 2024 Notes is \_\_\_\_\_ and the CUSIP number for the 2024 Notes is \_\_\_\_\_. The ISIN for the 2047 Notes is \_\_\_\_\_ and the CUSIP number for the 2047 Notes is \_\_\_\_\_. If anyone wishes to purchase, sell or otherwise transfer Notes issued in book-entry form, they must do it through a direct or indirect participant in CDS. Holders will not be recognized as registered holders of the Notes and, thus, will be permitted to exercise their rights only indirectly through and subject to the procedures of participants and, if applicable, indirect participants.

The absence of physical certificates may limit the ability of a holder to pledge Notes issued in book-entry form to persons or entities that do not participate in the CDS system, or to otherwise act with respect to the Notes.

If we determine, or CDS notifies us in writing, that CDS is no longer willing or able to discharge properly its responsibilities as depository with respect to the Notes and we are unable to locate a qualified successor, or if we, at our option, elect or are required by law, to terminate the book-entry system, then certificates representing the Notes will be issued in fully registered form to Holders or their nominees.

**The Clearing Systems**

*CDS.* CDS is Canada's national securities depository, clearing and settlement hub, supporting Canada's equity, fixed income and money markets. Functioning as a service utility for the Canadian financial community, CDS provides a wide variety of computer automated services for financial institutions and investment dealers active in domestic and international capital markets. CDS participants include banks, investment dealers and trust companies and may include certain of the underwriters. Indirect access to CDS is available to other organizations that clear through or maintain a custodial relationship with a CDS participant. Transfers of ownership and other interests in Notes in CDS, including cash distributions, may only be processed through CDS participants and will be completed in accordance with existing CDS rules and procedures. CDS is headquartered in Toronto and has offices in Montreal, Vancouver and Calgary.

CDS is a subsidiary of The Canadian Depository for Securities Limited, part of TMX Group Limited. It is affiliated with CDS Inc., which provides services to the Canadian Securities Administrators, and CDS Innovations Inc., a commercial marketer of CDS information products such as CDS Bulletins and entitlements information.

*Clearstream Luxembourg.* Clearstream Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. Clearstream Luxembourg holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg participants through electronic book-entry changes in accounts of Clearstream Luxembourg participants, thereby eliminating the need for physical

movement of certificates. Clearstream Luxembourg provides to Clearstream Luxembourg participants, among other things, services for safekeeping, administration,

S-8



**Table of Contents**

clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Luxembourg participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg participant either directly or indirectly.

Distributions with respect to each series of the Notes held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream Luxembourg.

*Euroclear.* Euroclear has advised that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and eliminating any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium as the Euroclear operator.

The Euroclear operator holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries.

The Euroclear operator provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services.

Non-participants of Euroclear may hold and transfer book-entry interests in the securities through accounts with a direct participant of Euroclear or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and the Euroclear operator.

The Euroclear operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of the Euroclear System, and applicable Belgian law, which are collectively referred to as the terms and conditions. The terms and conditions govern transfers of notes and cash within Euroclear, withdrawals of notes and cash from Euroclear, and receipts of payments with respect to notes in Euroclear. All notes in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

Distributions with respect to each series of the Notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depository for Euroclear.

S-9

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**Table of Contents**

**Global Clearance and Settlement Procedures**

Initial settlement for the Notes will be made in same-day Canadian dollar funds.

Secondary market trading between CDS participants will occur in the ordinary way in accordance with CDS rules.

Cross-market transfers between persons holding directly or indirectly through CDS participants, on the one hand, and directly or indirectly through Clearstream Luxembourg or Euroclear participants, on the other hand, will be effected in CDS in accordance with CDS rules; however, such cross-market transactions will require delivery of instructions to the relevant clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines. The relevant clearing system will, if the transaction meets its settlement requirements, deliver instructions to CDS directly or through its Canadian subcustodian to take action to effect final settlement on its behalf by delivering or receiving notes in CDS, and making or receiving payment in accordance with normal procedures for settlement in CDS. Clearstream Luxembourg participants and Euroclear participants may not deliver instructions directly to CDS or the Canadian subcustodians.

Because of time-zone differences, credits of Notes received in Clearstream Luxembourg or Euroclear as a result of a transaction with a CDS participant may be made during subsequent securities settlement processing and dated the business day following the CDS settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream Luxembourg participants or Euroclear participants on such business day. Cash received in Clearstream Luxembourg or Euroclear as a result of sales of Notes by or through a Clearstream Luxembourg participant or a Euroclear participant to a CDS participant will be received with value on the CDS settlement date but will be available in the relevant Clearstream Luxembourg or Euroclear cash account only as of the business day following settlement in CDS.

Although it is expected that CDS, Clearstream Luxembourg and Euroclear will follow the foregoing procedures in order to facilitate transfers of notes among participants of CDS, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue such procedures and such procedures may be changed or discontinued at any time.

We have obtained the information in this section concerning CDS, Clearstream Luxembourg and Euroclear and the book-entry procedures and settlement from sources that we believe to be reliable (including CDS, Clearstream Luxembourg and Euroclear), but we take no responsibility for the accuracy of this information.

**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.



**Table of Contents**

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, identification or 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 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.

S-11

## **Table of Contents**

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 of each series 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 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 any 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 the date of this prospectus supplement or (b) a taxing authority of the United States takes an action on or after the date of this prospectus supplement, 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 to the 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.

### **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 published in authorized newspapers in The City of New York and in Toronto. It is expected that publication will be made in The City of New York in *The Wall Street Journal* and in Toronto in *The Globe and Mail*. We will be deemed to have given this notice on the date of each publication or, if published more than once, on the date of the first publication.

### **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.

S-12



**Table of Contents**

**Information for Canadian Investors**

The rights and remedies available to Canadian investors are subject to Canadian securities laws. Canadian investors may be subject to Canadian tax law and should consult their own legal and tax advisors with respect to the Canadian tax consequences of owning the Notes.

**Governing Law**

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

S-13

**Table of Contents**

**UNITED STATES TAX CONSIDERATIONS**

This section describes the material United States federal income tax consequences of owning the Notes we are offering. It applies to you only if you acquire Notes in the offering and you hold your Notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

a dealer in securities or currencies,

a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,

a bank,

a life insurance company,

a tax-exempt organization,

a person that owns Notes that are a hedge or that are hedged against interest rate or currency risks,

a person that owns Notes as part of a straddle or conversion transaction for tax purposes,

a person that purchases or sells Notes as part of a wash sale for tax purposes, or

a United States holder (as defined below) whose functional currency for tax purposes is not the U.S. dollar. This section is based on the Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

*Please consult your tax advisor concerning the consequences of owning these Notes, in your particular circumstances, under the Code and the laws of any other taxing jurisdiction.*

**United States Holders**

This subsection describes the United States federal income tax consequences to a United States holder. You are a United States holder if you are the beneficial owner of a Note and you are:

a citizen or resident of the United States,

a domestic corporation,

an estate whose income is subject to United States federal income tax regardless of its source, or

a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust.

If you are not a United States holder, this subsection does not apply to you and you should refer to United States Alien Holders below.

*Payments of Interest.* You will be taxed on interest on your Note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes.

S-14

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**Table of Contents**

*Cash Basis Taxpayers.* If you are a taxpayer that uses the cash receipts and disbursements method of accounting for tax purposes, you must recognize income equal to the U.S. dollar value of the CAD you receive on each interest payment date for your Notes, based on the exchange rate in effect on the date of receipt, regardless of whether you actually convert such CAD received into U.S. dollars.

*Accrual Basis Taxpayers.* If you are a taxpayer that uses an accrual method of accounting for tax purposes, you may determine the amount of income that you recognize with respect to the CAD you receive on each interest payment date by using one of two methods. Under the first method, you will determine the amount of income accrued based on the average U.S. dollar CAD exchange rate in effect during the interest accrual period or, with respect to an accrual period that spans two taxable years, that part of the period within the taxable year.

If you elect the second method, you would determine the amount of income accrued on the basis of the U.S. dollar CAD exchange rate in effect on the last day of the accrual period, or, in the case of an accrual period that spans two taxable years, the U.S. dollar CAD exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, under this second method, if you receive a payment of interest within five business days of the last day of your accrual period or taxable year, you may instead translate the CAD interest accrued into U.S. dollars at the U.S. dollar CAD exchange rate in effect on the day that you actually receive the interest payment. If you elect the second method it will apply to all debt instruments that you hold at the beginning of the first taxable year to which the election applies and to all debt instruments that you subsequently acquire (regardless of the foreign currency in which such debt instruments are denominated). You may not revoke this election without the consent of the Internal Revenue Service.

When you actually receive CAD on an interest payment date, including a payment attributable to accrued but unpaid interest upon the sale or retirement of your Note, you will recognize ordinary income or loss measured by the difference, if any, between the exchange rate that you used to accrue such interest income and the exchange rate in effect on the date of receipt, regardless of whether you actually convert the CAD received into U.S. dollars.

*Purchase, Sale and Retirement of the Notes.* Your tax basis in your Note will generally be the U.S. dollar cost of your Note. If you are an accrual basis taxpayer and you purchase your Note with CAD, the U.S. dollar cost of your Note will generally be the U.S. dollar value of the CAD purchase price on the date of purchase.

You will generally recognize gain or loss on the sale or retirement of your Note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest (which will be treated as interest payments), and your tax basis in your Note.

You will recognize capital gain or loss when you sell or retire your Note, except to the extent attributable to changes in exchange rates as described below. Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year. You must treat any portion of the gain or loss that you recognize on the sale or retirement of a Note as ordinary income or loss to the extent attributable to changes in the U.S. dollar CAD exchange rate. However, you must take exchange gain or loss into account only to the extent of the total gain or loss you realize on the transaction.

*Exchange of Amounts in CAD.* When you receive CAD as interest on your Note or on the sale, retirement or other disposition of your Note, your tax basis in such CAD will equal its U.S. dollar value when the interest is received or at the time of such sale, retirement or disposition. If you purchase CAD, you generally will have a tax basis equal to the U.S. dollar value of the CAD on the date of your purchase of such CAD. If you sell or dispose of CAD, including if you use CAD to purchase Notes or you convert CAD payments on the Notes to U.S. dollars, any gain or loss recognized generally will be ordinary income or loss.

S-15

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**Table of Contents**

*Medicare Tax.* A United States holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the United States holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the relevant taxable year and (2) the excess of the United States holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between \$125,000 and \$250,000, depending on the individual's circumstances). A United States holder's net investment income generally includes its interest income and its net gains from the disposition of Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a United States holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Notes.

**United States Alien Holders**

This subsection describes the United States federal income tax consequences to a United States alien holder. You are a United States alien holder if you are the beneficial owner of a Note and you are, for United States federal income tax purposes:

a nonresident alien individual,

a foreign corporation, or

an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a Note.

If you are a United States holder, this subsection does not apply to you.

Under United States federal income and estate tax law, and subject to the discussions of backup withholding and FATCA below, if you are a United States alien holder of a Note:

we and other United States payors generally will not be required to deduct United States withholding tax from payments of principal and interest, to you if, in the case of payments of interest:

1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote,
2. you are not a controlled foreign corporation that is related to us through stock ownership, and
3. the United States payor does not have actual knowledge or reason to know that you are a United States person and:
  - a. you have furnished to the United States payor an Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person,

- b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the United States payor documentation that establishes your identity and your status as the beneficial owner of the payment for United States federal income tax purposes and as a non-United States person,
- c. the United States payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form) from a person claiming to be:
  - i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners),

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**Table of Contents**

ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or

iii. a United States branch of a non-United States bank or of a non-United States insurance company,

and the withholding foreign partnership, qualified intermediary or United States branch has received documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the Notes in accordance with U.S. Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service),

d. the United States payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business,

i. certifying to the United States payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and

ii. to which is attached a copy of the Internal Revenue Service Form W-8BEN or Internal Revenue Service Form W-8BEN-E or acceptable substitute form, or

e. the United States payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person that is, for United States federal income tax purposes, the beneficial owner of the payment on the Notes in accordance with U.S. Treasury regulations; and

no deduction for any United States federal withholding tax will be made from any gain that you realize on the sale or exchange of your Note.

Further, a Note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual's gross estate for United States federal estate tax purposes if:

the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote at the time of death, and

the income on the Note would not have been effectively connected with a United States trade or business of the decedent at the same time.

**FATCA Withholding**

A 30% withholding tax ( FATCA withholding ) may be imposed on certain payments to you or to certain foreign financial institutions, investment funds and other non-U.S. persons receiving payments on your behalf if you or such persons fail to comply with certain information reporting requirements. Such payments will include U.S. source interest and the gross proceeds from the sale or other disposition of notes that can produce U.S. source interest. Payments of interest that you receive in respect of the Notes could be affected by this withholding if you are subject to the FATCA information reporting requirements and fail to comply with them or if you hold such Notes through a



non-U.S. person (e.g., a foreign bank or broker) that fails to comply with these requirements (even if payments to you would not otherwise have been subject to FATCA withholding). Payments of gross proceeds from a sale or other disposition of the Notes could also be subject to FATCA withholding unless such disposition occurs before January 1, 2019. **You should consult your own tax advisors regarding the relevant U.S. law and other official guidance on FATCA withholding.**

We will not pay any additional amounts in respect of FATCA withholding, so if this withholding applies, you will receive significantly less than the amount that you would have otherwise received with respect to your Notes. Depending on your circumstances, you may be entitled to a refund or credit in respect of some or all of this withholding. However, even if you are entitled to have any such withholding refunded, the required procedures could be cumbersome and significantly delay the holder's receipt of any amounts withheld.

S-17