



News Release

AT&T CEO John Stankey Updates Shareholders

DALLAS, September 22, 2021 — John Stankey, chief executive officer of [AT&T Inc.*](#) ([NYSE:T](#)), spoke recently at the Goldman Sachs Communacopia Conference, where he provided an update to shareholders.

In discussing the company's priorities since he became CEO last year, Stankey said AT&T has now successfully restructured its asset base to position its largest remaining entities – AT&T Communications and WarnerMedia – to better capitalize on the long-term structural tailwinds of each of their respective markets. Following the close of the WarnerMedia-Discovery transaction, Stankey believes AT&T Communications and Warner Bros. Discovery will each have the right scale, capital structure and asset base to lead their respective industries.

The company is pleased with early momentum in its strategic areas of focus underscored by continued strength in 5G, fiber and HBO Max subscribers. However, to deliver on the long-term benefits of management's vision, Stankey recognizes that the company must continue to consistently execute, innovate, drive out additional costs and build upon its recent market momentum to improve its value proposition across all of its customer segments.

In AT&T's wireless unit, customers have been receptive to the company's simplified and consistent go-to-market strategy combined with its network quality. AT&T's network is performing as well as ever, recently winning recognition as the Nation's Best 5G Network¹ and, for the fourth straight year, America's Best Wireless Network² overall. This has helped drive improved subscriber growth trends and lower churn, indicating that customers are happy with the combination of service and network quality AT&T delivers. AT&T expects to continue to invest — and has the ability to accelerate that investment if warranted — to deliver 5G capabilities to its expanding customer base, particularly as new applications and use cases for the technology emerge.

AT&T continues to deploy fiber across its wired footprint and remains confident in its ability to reach about 2.5 million incremental customer locations passed by the end of 2021. As previously noted, AT&T has experienced some disruption in its supply chain. However, the company now believes this has been addressed and remains comfortable with its long-term guidance to reach 30 million locations by the end of 2025. Stankey believes AT&T's multi-year investment plan will give the company a competitive advantage as it deploys technology that delivers 25X faster upload speeds than cable.³

Stankey indicated that AT&T continues to expect to close the pending WarnerMedia-Discovery transaction in mid-2022. In the interim, AT&T remains focused on expanding HBO Max's global footprint. HBO Max launched in 39 Latin America territories in June and is set



to launch in six European countries next month, with plans to launch in at least 14 additional European territories in 2022. AT&T expects HBO Max subscriber growth in the second half of 2021 to primarily come from outside the United States, reflecting the strategic decision to cease offering HBO Max on Amazon Channels. While AT&T expects this decision will likely impact total HBO Max / HBO domestic subscribers and net additions in the third quarter, Stankey said he is encouraged by initial international subscriber activity and believes exciting content launches in the second half of 2021 and first half of 2022 will help drive continued subscriber growth. AT&T continues to expect to reach 70 million to 73 million global HBO Max and HBO subscribers by the end of 2021.⁴

¹ AT&T awarded Best 5G Network by GWS OneScore 2021. GWS conducts paid drive tests for AT&T and uses the data in its OneScore analysis. AT&T 5G requires compatible plan and device. 5G not available everywhere. Go to att.com/5Gforyou for details.

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³ Comparison of Internet 1000 wired upload connection speed to Xfinity, Spectrum & COX 1Gig and 1.2Gig service with uploads of 35 Mbps. For more information, go to www.att.com/speed101.

⁴ Global HBO Max and HBO subscribers consist of domestic and international HBO Max and HBO subscribers, and exclude free trials, basic and Cinemax subscribers.

***About AT&T**

AT&T Inc. ([NYSE:T](https://www.nyse.com/quote/NYSE:T)) is a diversified, global leader in telecommunications, media and entertainment, and technology. AT&T Communications provides more than 100 million U.S. consumers with entertainment and communications experiences across mobile and broadband. Plus, it serves high-speed, highly secure connectivity and smart solutions to nearly 3 million business customers. WarnerMedia is a leading media and entertainment company that creates and distributes premium and popular content to global audiences through its consumer brands, including: HBO, HBO Max, Warner Bros., TNT, TBS, truTV, CNN, DC Entertainment, New Line, Cartoon Network, Adult Swim and Turner Classic Movies. Xandr, now part of WarnerMedia, provides marketers with innovative and relevant advertising solutions for consumers around premium video content and digital advertising through its platform. AT&T Latin America provides pay-TV services across 10 countries and territories in Latin America and the Caribbean and wireless services to consumers and businesses in Mexico.

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Information set forth in this news release contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results might differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to



update and revise statements contained in this news release based on new information or otherwise.

This news release may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at <https://investors.att.com>.

Cautionary Statement Concerning Forward-Looking Statements

Information set forth in this communication, including financial estimates and statements as to the expected timing, completion and effects of the proposed transaction between AT&T, Magallanes, Inc. ("Spinco"), and Discovery, Inc. ("Discovery") constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These estimates and statements are subject to risks and uncertainties, and actual results might differ materially. Such estimates and statements include, but are not limited to, statements about the benefits of the transaction, including future financial and operating results, the combined Spinco and Discovery company's plans, objectives, expectations and intentions, and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of AT&T and Discovery and are subject to significant risks and uncertainties outside of our control. Among the risks and uncertainties that could cause actual results to differ from those described in the forward-looking statements are the following: the occurrence of any event, change or other circumstances that could give rise to the termination of the proposed transaction; the risk that Discovery stockholders may not approve the transaction proposals; the risk that the necessary regulatory approvals may not be obtained or may be obtained subject to conditions that are not anticipated; risks that any of the other closing conditions to the proposed transaction may not be satisfied in a timely manner; risks that the anticipated tax treatment of the proposed transaction is not obtained; risks related to potential litigation brought in connection with the proposed transaction; uncertainties as to the timing of the consummation of the proposed transaction; risks and costs related to the implementation of the separation of Spinco, including timing anticipated to complete the separation, any changes to the configuration of the businesses included in the separation if implemented; the risk that the integration of Discovery and Spinco being more difficult, time consuming or costly than expected; risks related to financial community and rating agency perceptions of each of AT&T and Discovery and its business, operations, financial condition and the industry in which it operates; risks related to disruption of management time from ongoing business operations due to the proposed merger; failure to realize the benefits expected from the proposed merger; effects of the announcement, pendency or completion of the proposed merger on the ability of AT&T, Spinco or Discovery to retain customers and retain and hire key personnel and maintain relationships with their suppliers, and on their operating results and businesses generally; and risks related to the



potential impact of general economic, political and market factors on the companies or the proposed transaction. The effects of the COVID-19 pandemic may give rise to risks that are currently unknown or amplify the risks associated with the foregoing factors.

These risks, as well as other risks associated with the proposed transaction, will be more fully discussed in the proxy statement/prospectus that will be included in the registration statements that will be filed with the SEC in connection with the proposed transaction. Discussions of additional risks and uncertainties are contained in AT&T's and Discovery's filings with the Securities and Exchange Commission. Neither AT&T nor Discovery is under any obligation, and each expressly disclaims any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise. Persons reading this announcement are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date hereof.

Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the proposed transaction between AT&T, Spinco, and Discovery. In connection with the proposed transaction, AT&T, Spinco and Discovery intend to file relevant materials with the Securities and Exchange Commission ("SEC"), including a registration statement on Form S-4 by Discovery that will contain a prospectus of Discovery and Spinco that also constitutes a proxy statement of Discovery, and a registration statement by Spinco. This communication is not a substitute for the registration statements, proxy statement/prospectus or any other document which AT&T, Spinco or Discovery may file with the SEC. STOCKHOLDERS OF AT&T AND DISCOVERY ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE REGISTRATION STATEMENT AND PROXY STATEMENT/PROSPECTUS, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain copies of the proxy statement/prospectus (when available) as well as other filings containing information about AT&T, Spinco and Discovery, without charge, at the SEC's website, <http://www.sec.gov>. Copies of documents filed with the SEC by AT&T or Spinco will be made available free of charge on AT&T's investor relations website at <https://investors.att.com>. Copies of documents filed with the SEC by Discovery will be made available free of charge on Discovery's investor relations website at <https://ir.corporate.discovery.com/investor-relations>.

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Participants in Solicitation

AT&T and its directors and executive officers, and Discovery and its directors and executive officers, may be deemed to be participants in the solicitation of proxies from the holders of Discovery capital stock and/or the offering of Discovery securities in respect of the proposed transaction. Information about the directors and executive officers of AT&T is set forth in the proxy statement for AT&T's 2021 Annual Meeting of Stockholders, which was filed with the SEC on March 11, 2021. Information about the directors and executive officers of Discovery is set forth in the proxy statement for Discovery's 2021 Annual Meeting of Stockholders, which was filed with the SEC on April 30, 2021. Investors may obtain additional information regarding the interest of such participants by reading the proxy statement/prospectus regarding the proposed transaction when it becomes available.

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