

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089 2016 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information		
For calendar plan year 2016 or fiscal plan year beginning <u>01/01/2016</u> and ending <u>12/31/2016</u>			
A This return/report is for:	☐ a multiemployer plan	☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan	☐ a DFE (specify) ____	
B This return/report is:	☐ the first return/report ☐ an amended return/report	☐ the final return/report ☐ a short plan year return/report (less than 12 months)	
C If the plan is a collectively-bargained plan, check here.	☒		
D Check box if filing under:	☒ Form 5558 ☐ special extension (enter description)	☐ automatic extension	☐ the DFVC program

Part II	Basic Plan Information —enter all requested information		
1a Name of plan	<u>BELLSOUTH SAVINGS AND SECURITY PLAN</u>	1b Three-digit plan number (PN) ►	<u>004</u>
		1c Effective date of plan	<u>01/01/1979</u>
2a Plan sponsor's name (employer, if for a single-employer plan)			
Mailing address (include room, apt., suite no. and street, or P.O. Box)			
City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions)			
<u>BELLSOUTH, LLC</u>			
<u>P.O. BOX 132160</u>			
<u>DALLAS, TX 75313-2160</u>			
	2b Employer Identification Number (EIN)	<u>58-1533433</u>	
	2c Plan Sponsor's telephone number	<u>210-351-3333</u>	
	2d Business code (see instructions)	<u>517000</u>	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	<u>10/05/2017</u>	<u>LARRY RUZICKA</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address (include room or suite number)			Preparer's telephone number

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2016)
v. 160205

3a Plan administrator's name and address ☐ Same as Plan Sponsor AT&T SERVICES, INC. P.O. BOX 132160 DALLAS, TX 75313-2160	3b Administrator's EIN 74-2782655 3c Administrator's telephone number 210-351-3333
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
5 Total number of participants at the beginning of the plan year	5 29606
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year..... a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	6a(1) 23759 6a(2) 22258 6b 1774 6c 3758 6d 27790 6e 123 6f 27913 6g 20267 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....	7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2E 2F 2G 2I 2J 2K 2O 2T 3H b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:	
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)	
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2016 Form M-1 annual report. If the plan was not required to file the 2016 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2016
		This Form is Open to Public Inspection.

For calendar plan year 2016 or fiscal plan year beginning **01/01/2016** and ending **12/31/2016**

A Name of plan BELLSOUTH SAVINGS AND SECURITY PLAN	B Three-digit plan number (PN) ▶ 004
C Plan sponsor's name as shown on line 2a of Form 5500 BELLSOUTH, LLC	D Employer Identification Number (EIN) 58-1533433

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
THE BANK OF NEW YORK MELLON

13-5160382

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
NORTHERN TRUST CORPORATION

36-2723087

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
37 64 65	NONE	594000	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☒ No ☐

(a) Enter name and EIN or address (see instructions)

FINANCIAL ENGINES, INC.

94-3250323

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27 51	NONE	177000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

PACIFIC INVESTMENT MANAGEMENT CO.

33-0629048

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 50 51	NONE	159000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

BLACKROCK FINANCIAL MANAGEMENT INC.

94-3112180

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21 24 28 50 51	NONE	81000	Yes ☒ No ☐	Yes ☒ No ☐	0	Yes ☐ No ☒

(a) Enter name and EIN or address (see instructions)

MELLON BANK OF NEW ENGLAND, NA

04-1107280

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21 50	NONE	47000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

FIRST QUADRANT, LP

95-4562891

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 50 51	NONE	43000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

EVERCORE TRUST COMPANY

26-4691954

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 31 50 51	NONE	42000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

AT&T INC.

43-1301883

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
14 50	PLAN SPONSOR	38000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

NOVA MARKETING SERVICES, INC.

43-0633498

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
38 50	NONE	28000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

DELOITTE CONSULTING LLP

06-1454513

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16 50	NONE	28000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

FLEISHMAN-HILLARD, INC.

43-1791685

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
38 50	NONE	26000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

ERNST & YOUNG

34-6565596

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10 14 50	NONE	18000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

NORTHERN TRUST CORPORATION

36-2723087

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
28 50 51	NONE	12000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

DIRECT PATH LLC

02-0677999

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
16 50	NONE	12000	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2016</div> This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>BELLSOUTH SAVINGS AND SECURITY PLAN</u>	B Three-digit plan number (PN) ►	<u>004</u>
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>BELLSOUTH, LLC</u>	D Employer Identification Number (EIN) <u>58-1533433</u>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LIFEPATH INDEX 2050 FUND F</u>		
b Name of sponsor of entity listed in (a): <u>BLACKROCK INSTITUTIONAL TRUST CO., N.A.</u>		
c EIN-PN <u>26-0896020-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>5662000</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>AT&T SAVINGS GROUP INVESTMENT TRUST</u>		
b Name of sponsor of entity listed in (a): <u>AT&T INC.</u>		
c EIN-PN <u>43-1301883-021</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>624163000</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>S&P 500 INDEX-DC-NON LENDING</u>		
b Name of sponsor of entity listed in (a): <u>NORTHERN TRUST INVESTMENTS, INC.</u>		
c EIN-PN <u>45-6138589-002</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>165728000</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>AGGREGATE BOND INDEX-LENDING</u>		
b Name of sponsor of entity listed in (a): <u>NORTHERN TRUST INVESTMENTS, INC.</u>		
c EIN-PN <u>45-6138589-029</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>23869000</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LIFEPATH INDEX 2040 FUND F</u>		
b Name of sponsor of entity listed in (a): <u>BLACKROCK INSTITUTIONAL TRUST CO., N.A.</u>		
c EIN-PN <u>71-0986419-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>40189000</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LIFEPATH INDEX RETIREMENT FUND F</u>		
b Name of sponsor of entity listed in (a): <u>BLACKROCK INSTITUTIONAL TRUST CO., N.A.</u>		
c EIN-PN <u>71-0986421-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>27315000</u>
a Name of MTIA, CCT, PSA, or 103-12 IE: <u>LIFEPATH INDEX 2020 FUND F</u>		
b Name of sponsor of entity listed in (a): <u>BLACKROCK INSTITUTIONAL TRUST CO., N.A.</u>		
c EIN-PN <u>71-0986422-001</u>	d Entity code <u>C</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>59403000</u>

a Name of MTIA, CCT, PSA, or 103-12 IE: **LIFEPATH INDEX 2030 FUND F**

b Name of sponsor of entity listed in (a): **BLACKROCK INSTITUTIONAL TRUST CO., N.A.**

c EIN-PN 71-0986424-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 65721000
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a Name of MTIA, CCT, PSA, or 103-12 IE: **MSCI ACWI EX-US INDEX FUND F**

b Name of sponsor of entity listed in (a): **BLACKROCK INSTITUTIONAL TRUST CO., N.A.**

c EIN-PN 83-0377925-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 19052000
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Internal Revenue Service</small> <hr/> <small>Department of Labor</small> <small>Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2016 This Form is Open to Public Inspection
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016		
A Name of plan BELLSOUTH SAVINGS AND SECURITY PLAN	B Three-digit plan number (PN) ►	004
C Plan sponsor's name as shown on line 2a of Form 5500 BELLSOUTH, LLC	D Employer Identification Number (EIN) 58-1533433	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)	666000	701000
(2) Participant contributions	1b(2)	2164000	2177000
(3) Other.....	1b(3)	420000	370000
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)	1878000	1797000
(2) U.S. Government securities	1c(2)	63840000	52767000
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)	34974000	49613000
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)	65809000	64369000
(9) Value of interest in common/collective trusts	1c(9)	276635000	406939000
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)	621259000	624163000
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	810027000	752522000
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	-8000	5212000

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	430786000	514356000
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	2308450000	2474986000

Liabilities

g Benefit claims payable	1g	279000	1416000
h Operating payables	1h	809000	773000
i Acquisition indebtedness	1i		
j Other liabilities	1j	14160000	27023000
k Total liabilities (add all amounts in lines 1g through 1j)	1k	15248000	29212000

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	2293202000	2445774000
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	21173000	
(B) Participants	2a(1)(B)	65020000	
(C) Others (including rollovers)	2a(1)(C)	11798000	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		97991000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	40000	
(B) U.S. Government securities	2b(1)(B)	1273000	
(C) Corporate debt instruments	2b(1)(C)	638000	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	2734000	
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		4685000
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	23823000	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	22174000	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		45997000
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	168200000	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	148519000	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		19681000
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	80595000	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		80595000

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		28189000
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		14105000
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		71925000
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		363168000

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	208757000	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		208757000
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	310000	
(2) Contract administrator fees.....	2i(2)	594000	
(3) Investment advisory and management fees.....	2i(3)	338000	
(4) Other	2i(4)	67000	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		1309000
j Total expenses. Add all expense amounts in column (b) and enter total	2j		210066000

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		153102000
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		530000

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: ERNST & YOUNG LLP

(2) EIN: 34-6565596

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		25000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			
o Defined Benefit Plan or Money Purchase Pension Plan Only: Were any distributions made during the plan year to an employee who attained age 62 and had not separated from service?	4o			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If "Yes," enter the amount of any plan assets that reverted to the employer this year. ☐ Yes ☒ No **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)
AT&T RETIREMENT SAVINGS PLAN	43-1301883	009

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year (See instructions.)

Part V Trust Information

6a Name of trust	6b Trust's EIN
6c Name of trustee or custodian	6d Trustee's or custodian's telephone number

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2016 This Form is Open to Public Inspection.
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For calendar plan year 2016 or fiscal plan year beginning 01/01/2016 and ending 12/31/2016

A Name of plan <u>BELLSOUTH SAVINGS AND SECURITY PLAN</u>	B Three-digit plan number (PN) ▶ <u>004</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>BELLSOUTH, LLC</u>	D Employer Identification Number (EIN) <u>58-1533433</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☒ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☒ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2016
v. 160205

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

14	Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:		
	a The current year	14a	
	b The plan year immediately preceding the current plan year	14b	
	c The second preceding plan year	14c	
15	Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:		
	a The corresponding number for the plan year immediately preceding the current plan year	15a	
	b The corresponding number for the second preceding plan year	15b	
16	Information with respect to any employers who withdrew from the plan during the preceding plan year:		
	a Enter the number of employers who withdrew during the preceding plan year	16a	
	b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	
17	If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐		

Part VI	Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans
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18	If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment	☐
19	If the total number of participants is 1,000 or more, complete lines (a) through (c)	
	a Enter the percentage of plan assets held as: Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%	
	b Provide the average duration of the combined investment-grade and high-yield debt: ☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more	
	c What duration measure was used to calculate line 19(b)? ☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____	

Part VII	IRS Compliance Questions
-----------------	---------------------------------

20a Is the plan a 401(k) plan? If "No," skip b	☐ Yes ☐ No
20b How did the plan satisfy the nondiscrimination requirements for employee deferrals under section 401(k)(3) for the plan year? Check all that apply:	☐ Design-based safe harbor ☐ "Prior year" ADP test ☐ "Current year" ADP test ☐ N/A
21a What testing method was used to satisfy the coverage requirements under section 410(b) for the plan year? Check all that apply:	☐ Ratio percentage test ☐ Average benefit test ☐ N/A
21b Did the plan satisfy the coverage and nondiscrimination requirements of sections 410(b) and 401(a)(4) for the plan year by combining this plan with any other plan under the permissive aggregation rules?	☐ Yes ☐ No
22a If the plan is a master and prototype plan (M&P) or volume submitter plan that received a favorable IRS opinion letter or advisory letter, enter the date of the letter / / and the serial number .	
22b If the plan is an individually-designed plan that received a favorable determination letter from the IRS, enter the date of the most recent determination letter / / .	

ACCOUNTANT'S OPINION AND FINANCIAL STATEMENTS

Schedule H, Line 3

PLAN NAME: BELLSOUTH SAVINGS AND SECURITY PLAN

EIN: 58-1533433

PLAN NUMBER: 004

Bellsouth, LLC – Bellsouth Savings and Security Plan, Financial Statements, 12/31/2016.

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

FORM 11-K



**ANNUAL REPORT PURSUANT TO SECTION 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2016

OR



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

For the transition period from _____ to _____

Commission File Number:1-8610

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

BELLSOUTH SAVINGS AND SECURITY PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

AT&T INC.

208 S. Akard, Dallas, Texas 75202

Financial Statements, Supplemental Schedule and Exhibit

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Report of Independent Auditors

To the Plan Administrator of the
BellSouth Savings and Security Plan

We have audited the accompanying financial statements of BellSouth Savings and Security Plan, which comprise the statements of net assets available for benefits as of December 31, 2016 and 2015, and the related statement of changes in net assets available for benefits for the year ended December 31, 2016, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of BellSouth Savings and Security Plan at December 31, 2016 and 2015, and the changes in its net assets available for benefits for the year ended December 31, 2016, in conformity with U.S. generally accepted accounting principles.

Supplemental Schedule

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2016, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Ernst & Young LLP

June 22, 2017

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
(Dollars in Thousands)

	December 31,	
	<u>2016</u>	<u>2015</u>
ASSETS		
Investment in AT&T Savings Group Investment Trust	\$ 624,163	\$ 621,259
Investments, at fair value	<u>1,783,206</u>	<u>1,618,132</u>
Total Investments (See Note 4)	2,407,369	2,239,391
Notes receivable from participants	64,369	65,809
Participant contributions receivable	2,177	2,164
Employer contributions receivable	701	666
Interest receivable	<u>370</u>	<u>420</u>
Total Receivables	67,617	69,059
Total Assets	2,474,986	2,308,450
LIABILITIES		
Administrative expenses payable	773	809
Due to broker for securities purchased	<u>27,023</u>	<u>14,160</u>
Total Liabilities	27,796	14,969
Net Assets Available for Benefits	<u><u>\$ 2,447,190</u></u>	<u><u>\$ 2,293,481</u></u>

See Notes to Financial Statements.

BELLSOUTH SAVINGS AND SECURITY PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2016
(Dollars in Thousands)

Net Assets Available for Benefits, December 31, 2015	\$ 2,293,481
Additions to Net Assets:	
Contributions:	
Participant contributions	65,020
Employer contributions	21,173
Rollover contributions	11,798
	<u>97,991</u>
Investment Income:	
Net income from investment in AT&T Savings Group Investment Trust	14,105
Interest	1,951
Dividends	45,997
Net appreciation in fair value of investments	200,383
	<u>262,436</u>
Interest income on notes receivable from participants	<u>2,734</u>
Total Additions	363,161
Deductions from Net Assets:	
Distributions	207,620
Administrative expenses	1,309
	<u>208,929</u>
Total Deductions	<u>208,929</u>
Net increase	<u>154,232</u>
Transfers to affiliated plan	<u>(523)</u>
Net Assets Available for Benefits, December 31, 2016	<u><u>\$ 2,447,190</u></u>

See Notes to Financial Statements.

Notes to Financial Statements
(Dollars in Thousands)

NOTE 1. PLAN DESCRIPTION

The BellSouth Savings and Security Plan (Plan) is a defined contribution plan originally established by BellSouth Corporation (BellSouth) to provide a convenient way for eligible nonmanagement employees of participating BellSouth companies to save on a regular and long-term basis. In December 2006, BellSouth was acquired by AT&T Inc. (AT&T or the Company). The following description of the Plan provides only general information. The Plan has detailed provisions covering participant eligibility, participant allotments from pay, participant withdrawals, participant loans, employer contributions and related vesting of contributions and Plan expenses. The Plan text and prospectus include complete descriptions of these and other Plan provisions. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

The Plan participates in the AT&T Savings Group Investment Trust (Group Trust) with respect to the AT&T Stable Value Fund and International Stock Fund. The Bank of New York Mellon Corporation (BNY Mellon) serves as trustee for both the Group Trust and the trust holding the Plan's assets, known as the Bell South Savings and Security Plan Trust. Fidelity Investments Institutional Operations Company, Inc. (Fidelity) serves as recordkeeper for the Plan. During 2016, participants could invest their contributions in one or more of 12 funds in 1% increments:

- | | |
|---|---|
| • AT&T Shares Fund | • DFA U.S. Small Cap Value Portfolio |
| • Bond Fund | • DFA U.S. Large Cap Value Portfolio II |
| • Vanguard Growth Index Fund | • T. Rowe Price Mid-Cap Growth Fund |
| • Fidelity Growth and Income Portfolio | • Indexed Stock Fund |
| • Balanced Fund | • LifePath Funds (based on retirement date) |
| • Interest Income Fund (known as the AT&T Stable Value Fund & International Stock Fund) * | |

* Investment fund option of the Group Trust

Participants contribute to the Plan through payroll allotments. Participants may also contribute amounts representing distributions from other qualified defined benefit and defined contribution plans (rollovers). The Company contributes to the Plan by matching the participants' contributions based on the provisions of the Plan. All contributions are participant directed.

Dividends on shares in the AT&T Shares Fund can either be reinvested in the AT&T Shares Fund on a quarterly basis, or paid into a short-term interest bearing fund for distribution before the end of the year. Interest earned on dividends held in the short-term interest bearing fund are used to purchase additional units of the AT&T Shares Fund in the participant's account. During 2016, Plan participants elected to receive \$1,482 in dividend distributions. This amount is included in distributions on the Plan's statement of changes in net assets available for benefits.

Each participant is entitled to exercise voting rights attributable to the AT&T shares allocated to their account and is notified by the Company prior to the time that such rights may be exercised. Subject to the fiduciary provisions of ERISA, the trustee will not vote any allocated shares for which instructions have not been given by a participant. The trustee votes any unallocated shares in the same proportion as it votes those shares that were allocated to the extent the proportionate vote is consistent with the trustee's fiduciary obligations under ERISA. Participants have the same voting rights in the event of a tender or exchange offer.

Although it has not expressed any intent to do so, AT&T has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and collectively bargained agreements. In the event that the Plan is terminated, subject to the conditions set forth by ERISA, the account balances of all participants shall be 100% vested.

Administrative Expenses Each participant in the Plan may be charged for investment manager fees and administrative expenses, including, trustee and other expenses considered reasonable by the Plan administrator. Investment manager fees are charged through the applicable investment option. Administrative fees are divided on a pro rata basis among investment options of the participant. An additional fee is charged to individual participants for various services provided by the Plan's recordkeeper and other service providers. Certain expenses are paid by the Plan, Group Trust, or Company.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

NOTE 2. ACCOUNTING POLICIES

The accompanying financial statements were prepared in conformity with U.S. generally accepted accounting principles (GAAP), which require management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. Distributions are recorded when paid.

Investment Valuation and Income Recognition Investments are stated at fair value except those investments that are fully benefit responsive which are stated at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements. Investments in securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the year. If no sale was reported on that date, they are valued at the last reported bid price. Shares of registered investment companies (i.e. mutual funds) are valued based on quoted market prices, which represent the net asset value of shares held at year-end. Over-the-counter securities (OTC) and government obligations are valued at the bid price or the average of the bid and asked price on the last business day of the year from published sources where available and, if not available, from other sources considered reliable. Depending on the types and contractual terms of OTC derivatives, fair value is measured using valuation techniques such as Black-Scholes option price models, simulation models, or a combination of various models.

Common/collective trust funds and 103-12 investment entities (i.e. an investment entity that holds the assets of two or more plans which are not members of a related group or employee benefit plan) are valued at quoted redemption values that represent the net asset values of units held at year-end. Publicly traded partnerships are valued using trades on a national securities exchange based on the last reported sales price on the last business day of the year.

Investment contracts held by a defined contribution plan are required to be reported at contract value. Contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Group Trust invests in fully benefit-responsive guaranteed investment contracts (GICs) and synthetic investment contracts (Synthetic GICs). The underlying investments of the Synthetic GICs are owned by the Group Trust and are comprised of corporate bonds and notes, registered investment companies and government securities and are also valued as described above. The contract value of the fully benefit-responsive investment contracts represents contributions plus earnings, less participant withdrawals and administrative expenses.

Purchases and sales of securities are reflected as of the trade date. Dividend income is recognized on the ex-dividend date. Interest earned on investments is recognized on the accrual basis.

Notes Receivable from Participants Notes receivable from participants represent participant loans that are recorded at their unpaid principal balance plus any accrued, but unpaid interest. Interest income on notes receivable from participants is recorded when it is earned. Related fees are recorded as administrative expenses and are expensed when they are incurred. No allowance for credit losses has been recorded as of December 31, 2016 or 2015. If a participant ceases to make loan repayments and the plan administrator deems the participant loan to be a distribution, the participant loan balance is reduced and a distribution is recorded.

Recent Accounting Standards

In February 2017, the Financial Accounting Standards Board issued Accounting Standards Update No. 2017-06, "Employee Benefit Plan Master Trust Reporting" (ASU 2017-06). ASU 2017-06 requires plans to report interests in a master trust and changes in the value of that interest as separate line items on the plan's financial statements. The plans must also disclose the master trust's investments by general type as well as other assets and liabilities and disclose the dollar amount of the plan's interest in each category disclosed. The new standard is effective for fiscal years beginning after December 15, 2018, with retrospective application. Early adoption is permitted. Management is currently evaluating this updated guidance.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

NOTE 3. FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets and liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted market prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The valuation methodologies described in Note 2 may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Plan management believes its 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 at December 31, 2016 and 2015.

See Note 4 for fair value hierarchy for the Group Trust's and Plan's investments.

NOTE 4. INVESTMENTS

The Plan held investments in its own trust and in the Group Trust (through participation in the Interest Income Fund, also known as the AT&T Stable Value Fund and International Stock Fund) as of December 31, 2016 and for the year ended December 31, 2016, and in the Group Trust (through participation in the Interest Income Fund, also known as the AT&T Stable Value Fund) as of December 31, 2015.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2016:

Plan Assets at Fair Value as of December 31, 2016				
	Level 1	Level 2	Level 3	Total
Interest-bearing investments	\$ -	\$ 20,083	\$ -	\$ 20,083
AT&T common stock	514,356	-	-	514,356
Mutual funds or exchange-traded funds	754,319	-	-	754,319
U.S. government securities	1,068	50,366	-	51,434
Corporate debt instruments	-	29,233	-	29,233
Municipal debt instruments	-	6,854	-	6,854
Futures	(12)	-	-	(12)
Total assets in fair value hierarchy	\$ 1,269,731	\$ 106,536	\$ -	\$ 1,376,267
Common/collective trusts measured at net asset value:				
U.S. index stock fund ¹				165,728
International index stock fund ²				19,052
Blended equity & debt ³				198,290
Bond index fund ⁴				23,869
Total assets at fair value				\$ 1,783,206

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2015:

Plan Assets at Fair Value as of December 31, 2015				
	Level 1	Level 2	Level 3	Total
AT&T common stock	\$ 430,786	\$ -	\$ -	\$ 430,786
Mutual funds or exchange-traded funds	811,905	-	-	811,905
U.S. government securities	3,405	64,270	-	67,675
Corporate debt instruments	-	22,119	-	22,119
Municipal debt instruments	-	9,020	-	9,020
Futures	(8)	-	-	(8)
Total assets in fair value hierarchy	\$ 1,246,088	\$ 95,409	\$ -	\$ 1,341,497
Common/collective trusts measured at net asset value:				
U.S. index stock fund ¹				151,386
Blended equity & debt ³				103,601
Bond index fund ⁴				21,648
Total assets at fair value				\$ 1,618,132

¹ This category includes a common/collective trust fund with an objective of providing investment results that approximate the overall performance of the common stocks included in the Standard and Poor's Composite Stock Price Index of 500 stocks (the "S&P 500®"). There are currently no redemption restrictions on this investment.

² This category includes a common/collective trust fund with an objective of providing investment results that approximate the overall performance of the common stocks included in the All Country World Index ex U.S. Index. Except for a short-term trading fee applicable to certain participant transactions, there are currently no redemption restrictions on this investment.

³ This category includes common/collective trust funds also known as LifePath Portfolios which are well diversified portfolios that adjust the mix of the various underlying investments over time. The change in allocation of investments is designed to move from a more aggressive investment strategy to a more conservative strategy as the participants come closer to retirement. The year associated with the fund identification denotes the projected year of retirement of the participant selecting the fund. There are currently no redemption restrictions on these investments.

⁴ This category includes a common/collective trust fund with an objective to approximate the overall performance of the Barclays Capital Aggregate Bond Index. There are currently no redemption restrictions on these investments.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

AT&T Savings Group Investment Trust Investments

AT&T established the Group Trust to manage assets of pooled investment options among various AT&T sponsored employee benefit trusts. Each participating trust's interest in the investment fund options (i.e., separate accounts) of the Group Trust is based on account balances of the participants and their elected investment fund options. The Group Trust assets are allocated among the participating plans by assigning to each trust those transactions (primarily contributions, distributions, and expenses) that can be specifically identified and by allocating investment income and administrative expenses to the individual plans on a daily basis based on each participant's account balance within each investment fund option.

The participating entities and ownership percentages of the Group Trust are listed below:

	December 31,	
	2016	2015
AT&T Master Trust	94.5 %	94.3 %
BellSouth Savings and Security Plan	5.5 %	5.7 %
Total	100.0 %	100.0 %

The Plan's percentage interest in each of the investment fund options within the Group Trust is disclosed below as of December 31, 2016.

	AT&T Total Return Bond Fund	AT&T U.S. Stock Fund	AT&T International Stock Fund	AT&T Stable Value Fund	Group Trust
Interest bearing cash	\$ 15,420	\$ -	\$ -	\$ -	\$ 15,420
Corporate debt	137,313	-	-	-	137,313
Government securities	254,983	-	-	-	254,983
Common/collective trust funds	349,296	2,182,833	150,217	-	2,682,346
103-12 investment entities	-	-	184,463	-	184,463
Equities - common stock	-	340,452	141,536	-	481,988
Equities - preferred stock	-	-	802	-	802
Futures	8	-	-	-	8
Registered investment companies	<u>983,183</u>	<u>63,805</u>	<u>2,995</u>	<u>183,525</u>	<u>1,233,508</u>
Group Trust investments at fair value	1,740,203	2,587,090	480,013	183,525	4,990,831
Unsettled trades and other	(122,816)	(359)	226	(273,085)	(396,034)
Fully benefit-responsive investments contracts valued at contract value	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,755,551</u>	<u>6,755,551</u>
Group Trust net assets	<u><u>\$ 1,617,387</u></u>	<u><u>\$ 2,586,731</u></u>	<u><u>\$ 480,239</u></u>	<u><u>\$ 6,665,991</u></u>	<u><u>\$ 11,350,348</u></u>
Plan's percentage ownership interest of investments	<u>- %</u>	<u>- %</u>	<u>0.4 %</u>	<u>9.4 %</u>	<u>5.5 %</u>

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The Plan's percentage interest in each of the investment fund options within the Group Trust is disclosed below as of December 31, 2015.

	AT&T Total Return Bond Fund	AT&T U.S. Stock Fund	AT&T International Stock Fund	AT&T Stable Value Fund	Group Trust
Interest bearing cash	\$ -	\$ -	\$ 76	\$ -	\$ 76
Corporate debt	-	3,168	-	-	3,168
Common/collective trust funds	223,554	1,270,030	154,807	-	1,648,391
103-12 investment entities	-	-	174,297	-	174,297
Equities - common stock	-	1,226,111	150,140	-	1,376,251
Equities - preferred stock	-	-	433	-	433
Publicly traded partnerships	-	8,176	-	-	8,176
Registered investment companies	1,220,725	31,929	4,194	171,302	1,428,150
Group Trust investments at fair value	1,444,279	2,539,414	483,947	171,302	4,638,942
Unsettled trades and other	3,373	(1,746)	(89)	(165,522)	(163,984)
Fully benefit-responsive investments contracts valued at contract value	-	-	-	6,432,747	6,432,747
Group Trust net assets	<u>\$ 1,447,652</u>	<u>\$ 2,537,668</u>	<u>\$ 483,858</u>	<u>\$ 6,438,527</u>	<u>\$ 10,907,705</u>
Plan's percentage ownership interest of investments	<u>- %</u>	<u>- %</u>	<u>- %</u>	<u>9.6 %</u>	<u>5.7 %</u>

**Net Appreciation in Fair Value of Group Trust Investments and
Total Investment Income for the year ended December 31, 2016**

	Group Trust
Total net appreciation in fair value of Group Trust Investments	\$ 280,062
Investment income:	
Interest	\$ 161,039
Dividends	61,149
Total investment income of Group Trust Investments	<u>\$ 222,188</u>

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The following table sets forth by level, within the fair value hierarchy, the Group Trust's assets at fair value as of December 31, 2016:

Group Trust Assets and Liabilities at Fair Value				
December 31, 2016				
	Level 1	Level 2	Level 3	Total
Corporate debt	\$ -	\$ 137,313	\$ -	\$ 137,313
Interest-bearing investments	-	15,420	-	15,420
Common stock	481,988	-	-	481,988
Preferred stock	802	-	-	802
Futures	8	-	-	8
Registered investment companies	1,132,971	-	-	1,132,971
Government debt	-	254,983	-	254,983
Total assets in fair value hierarchy	<u>\$ 1,615,769</u>	<u>\$ 407,716</u>	<u>\$ -</u>	<u>\$ 2,023,485</u>
Investments measured at net asset value				
U.S. common/collective trusts ¹				2,333,051
International common/collective trusts ²				349,295
103-12 investments ³				184,463
Non-publically traded registered investments companies ⁴				100,537
Total assets and liabilities at fair value				<u>\$ 4,990,831</u>

Notes to Financial Statements (Continued)
(Dollars in Thousands)

The following table sets forth by level, within the fair value hierarchy, the Group Trust's assets at fair value as of December 31, 2015:

Group Trust Assets and Liabilities at Fair Value				
December 31, 2015				
	Level 1	Level 2	Level 3	Total
Corporate debt	\$ -	\$ 3,168	\$ -	\$ 3,168
Interest bearing cash	76	-	-	76
Equities - common stock	1,376,251	-	-	1,376,251
Publicly traded partnerships	8,176	-	-	8,176
Equities - preferred stock	433	-	-	433
Registered investment companies	1,428,150	-	-	1,428,150
Total assets and liabilities in fair value hierarchy	\$ 2,813,086	\$ 3,168	\$ -	\$ 2,816,254
Investments measured at net asset value				
U.S. common/collective trusts ¹				1,424,837
International common/collective trusts ²				223,554
103-12 investments ³				174,297
Total assets and liabilities at fair value				\$ 4,638,942

¹The objective of the common/collective trust funds held in the AT&T U.S. Stock Fund is to deliver diversified exposure to the large-capitalization U.S. equity market as represented by the Russell 3000 Index. This common/collective trust fund has redemption restrictions limited to daily and monthly settlement.

²The objective of the common/collective trust funds held in the AT&T International Stock Fund is to provide diversified exposure to international markets as represented by the All Country World Index ex U.S. and MSCI Emerging Markets Net Dividend Index. The three common/collective trust funds have redemption restrictions limited to daily, weekly or monthly. One fund is invested broadly in developed and emerging market countries, while the other two funds are invested primarily in emerging market countries.

³These are equity commingled funds that invest primarily in developed countries. These funds have redemption restrictions limited to monthly settlement.

⁴These are non-publically traded registered investment companies, consisting of a short-term floating rate portfolio plus publically-traded high-yield and asset-backed fixed income securities. The fair value of the investments in this group have been estimated using the net asset values reported by the fund manager. These funds are utilized on a discretionary basis as part of a broad fixed income mandate. These are open-ended funds, with no final termination dates.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

Derivative Financial Instruments

In the normal course of operations, Group Trust assets and liabilities held in the AT&T Stable Value Fund (Stable Value Fund) may include derivative financial instruments (futures and foreign currency forward contracts). These instruments involve, in varying degrees, elements of credit and market volatility risks in excess of more traditional investment holdings such as equity and debt instruments. The contract or notional amounts disclosed provide a measure of the Group Trust's involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments as an economic hedge to manage market volatility and foreign currency exchange rate risk associated with the Stable Value Fund's investment assets. The Group Trust's fiduciaries do not anticipate any material adverse effect on the Group Trust's financial position resulting from its involvement in these instruments.

The following table presents the effect of gains (losses) with respect to these derivative instruments, by type of derivative. The gains (losses) are located on the Statement of Changes in Net Assets Available for Benefits as Net Income from Investment in AT&T Savings Group Investment Trust to the extent of the Plan's ownership in the Group Trust.

	Year Ended December 31, 2016
Futures contracts	\$ 93
Forward foreign currency exchange rate contracts	\$ 8,011

In addition to the derivative financial instruments held by the Group Trust, the Plan also holds derivative financial instruments as Plan investments in its own trust. The following table presents the effect on income with respect to these derivative instruments, by type of derivative. The income is located on the statements of changes in net assets available for benefits a component of net appreciation in fair value of investments.

	Year Ended December 31, 2016
Futures contracts	\$ (5)

Futures Contracts

The primary risk managed by the Group Trust using futures contracts is the price risk associated with investments. On behalf of the Group Trust, investment managers enter into various futures contracts to economically hedge investments. These contracts, which are considered derivatives under Accounting Standards Codification Topic 815, *Derivatives and Hedging* are agreements between two parties to buy or sell a security or financial interest at a set price on a future date and are standardized and exchange-traded. Upon entering into such a contract on behalf of the Group Trust, the investment manager is required to pledge to the broker an amount of cash or securities equal to the minimum "initial margin" requirements of the exchange on which the contract is traded. Pursuant to the contract, the investment manager agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded on a daily basis by the trustee as a realized gain or loss equal to the difference in the value of the contract between daily closing prices. Upon entering into such contracts, the Group Trust bears the risk of interest or exchange rates or securities prices moving unexpectedly, in which case, the Group Trust may not achieve the anticipated benefits of the futures contracts and may realize a loss. With futures, there is minimal counterparty credit risk to the Group Trust since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. The investments in the Group Trust are subject to equity price risk and interest rate risk, in the normal course of pursuing its investment objectives. The U.S. interest rate futures held in the portfolio as of December 31, 2016 and 2015 were used primarily to hedge and manage the duration risk of the portfolio.

The fair value of the open futures contracts is separately disclosed in the detail of the Group Trust investments presented below and are included in the Statement of Net Assets Available for Benefits to the extent of the Plan's ownership in the Group Trust.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

At December 31, 2016, open futures contracts held in the Group Trust were as follows:

Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Notional Value	Fair Value
U.S. 10-Year Treasury Note Future	(50)	3/2017	\$ (6,703)	\$ 46
U.S. 10-Year Treasury Note Future	(13)	3/2017	(1,743)	12
U.S. 10-Year Treasury Note Future	10	3/2017	1,280	(37)
U.S. Treasury Bond Future	(115)	3/2017	(17,325)	(164)
U.S. Treasury Bond Future	13	3/2017	1,959	(10)
U.S. Treasury Bond Future	(54)	3/2017	(8,135)	9
U.S. Treasury Bond Future	(732)	3/2017	(110,280)	740
U.S. Treasury Bond Future	7	3/2017	1,066	(12)
U.S. 10-Year Treasury Note Future	(44)	3/2017	(5,468)	33
U.S. 10-Year Treasury Note Future	(146)	3/2017	(18,145)	61
U.S. 10-Year Treasury Note Future	541	3/2017	67,236	(481)
U.S. 10-Year Treasury Note Future	(356)	3/2017	(44,244)	143
U.S. 10-Year Treasury Note Future	29	3/2017	3,604	(20)
U.S. 5-Year Treasury Note Future	454	3/2017	53,419	(104)
U.S. 5-Year Treasury Note Future	380	3/2017	44,712	(22)
U.S. 5-Year Treasury Note Future	97	3/2017	11,413	(40)
U.S. 5-Year Treasury Note Future	(17)	3/2017	(2,000)	3
U.S. 2-Year Treasury Note Future	242	3/2017	52,438	16
U.S. 2-Year Treasury Note Future	(31)	3/2017	(6,717)	1
U.S. 2-Year Treasury Note Future	41	3/2017	8,884	(4)
U.S. 2-Year Treasury Note Future	1,230	3/2017	266,526	(175)
U.S. 2-Year Treasury Note Future	(334)	3/2017	(72,431)	58
U.S. Ultra Bond	(94)	3/2017	(15,064)	71
U.S. Ultra Bond	135	3/2017	21,634	(201)
U.S. Ultra Bond	(38)	3/2017	(6,090)	(37)
U.S. Ultra Bond	60	3/2017	9,615	165
U.S. Ultra Bond	(32)	3/2017	(5,128)	42
Total			<u>\$ 224,313</u>	<u>\$ 93</u>

Notes to Financial Statements (Continued)
(Dollars in Thousands)

At December 31, 2015, open futures contracts held in the Group Trust were as follows:

Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Notional Value	Fair Value
U.S. Treasury Bond Future	(403)	3/2016	\$ (61,961)	\$ (173)
U.S. Treasury Bond Future	(79)	3/2016	(12,146)	141
U.S. Treasury Bond Future	(44)	3/2016	(6,765)	(10)
U.S. Treasury Bond Future	(63)	3/2016	(9,686)	13
U.S. 10-Year Treasury Note Future	44	3/2016	5,540	(19)
U.S. 10-Year Treasury Note Future	(279)	3/2016	(35,128)	97
U.S. 10-Year Treasury Note Future	183	3/2016	23,041	(74)
90 Day Eurodollar Future	(4)	3/2016	(993)	-
90 Day Eurodollar Future	119	3/2016	29,531	(37)
90 Day Eurodollar Future	(119)	9/2016	(29,433)	40
U.S. 5-Year Treasury Note Future	455	3/2016	53,836	(123)
U.S. 5-Year Treasury Note Future	9	3/2016	1,065	2
U.S. 5-Year Treasury Note Future	651	3/2016	77,027	(153)
U.S. 2-Year Treasury Note Future	197	3/2016	42,795	(57)
U.S. 2-Year Treasury Note Future	(687)	3/2016	(149,240)	226
U.S. 2-Year Treasury Note Future	522	3/2016	113,396	(184)
U.S. Ultra Bond Future	(36)	3/2016	(5,713)	4
U.S. Ultra Bond Future	(148)	3/2016	(23,486)	(130)
U.S. Ultra Bond Future	(28)	3/2016	(4,443)	(27)
Total			\$ 7,237	\$ (464)

The fair value of the open futures contracts is presented below and is included in investments on the Plan's Statement of Net Assets Available for Benefits.

At December 31, 2016, open futures contracts held by the Plan were as follows:

Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Notional Value	Fair Value
S&P e-mini 500 Index Futures U.S.	28	3/2017	\$ 3,131	\$ (15)
U.S. Treasury Bond Future	28	3/2017	3,480	3
Total			\$ 6,611	\$ (12)

At December 31, 2015, open futures contracts held by the Plan were as follows:

Type of Contract	Number of Contracts Buy/(Sell)	Expiration	Notional Value	Fair Value
S&P e-mini 500 Index Futures U.S.	(6)	3/2016	\$ (611)	\$ 4
U.S. Treasury Bond Future	54	3/2016	6,799	(12)
Total			\$ 6,188	\$ (8)

The futures held in the Plan as of December 31, 2016 and 2015, were used primarily to maintain the target allocations of the portfolio.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

Foreign Currency Contracts

The primary risks managed by the Group Trust using foreign currency forward contracts is the foreign currency exchange rate risk associated with the Group Trust's investments denominated in foreign currencies. On behalf of the Group Trust, investment managers enter into forward foreign currency contracts, which are agreements to exchange foreign currencies at a specified future date at a specified rate, the terms of which are not standardized on an exchange. These contracts are intended to minimize the effect of currency fluctuations on the performance of investments denominated in foreign currencies.

Although in some cases, forward foreign currency contracts are used to express a view on the direction of a particular currency, risk arises both from the possible inability of the counterparties to meet the terms of the contracts (credit risk) and from movement in foreign currency exchange rates (market risk). Foreign currency forward contracts are entered into with major banks to minimize credit risk, and accordingly, no credit reserve has been established against these amounts.

The contracts are recorded at fair value on the date the contract is entered into, which is typically zero. The fair value of the foreign currency contracts are disclosed in unsettled trades and other of the Group Trust, which is then allocated to the Plan and is included in Statement of Net Assets Available for Benefits to the extent of the Plan's ownership in the Group Trust.

As of December 31, 2016 and 2015, the contracts held by the Group Trust were:

	Notional Value		Fair Value	
	2016	2015	2016	2015
Derivative assets	\$ 55	\$ 195	\$ -	\$ -
Derivative liabilities	\$ 61	\$ 201	\$ -	\$ -

Fully Benefit-Responsive Investment Contracts

The Stable Value Fund consists of fully benefit-responsive investment contracts with various financial institutions and insurance companies which can be accounted for by the Plans at contract value. Generally contract value represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses.

The investments held by the Stable Value Fund as of December 31, 2016 include Synthetic GICs which are fully benefit-responsive investment contracts. Synthetic GICs are constructed by combining a stable value insurance wrapper contract and a fixed income portfolio. The assets supporting the Synthetic GICs are owned by the Group Trust and generally consist of high quality fixed income securities.

Traditional Guaranteed Investment Contracts ("Traditional GICs" also known as "General Account GICs") are issued by insurance companies and typically pay a guaranteed fixed or floating rate of interest over the life of the contract with a repayment of principal at maturity. A Synthetic GIC is similar to a Traditional GIC but has unbundled the insurance and investment components of the Traditional GIC.

Wrapper contracts are typically issued by a bank or insurance company, and seek to provide preservation of principal by permitting daily liquidity at contract value for participant directed transactions, in accordance with the provisions of the Plans. Wrapper contracts amortize the realized and unrealized gains and losses on the underlying fixed income investments through adjustments to the future interest crediting rate of the contract. Wrapper contracts typically contain contractual provisions that prevent the interest crediting rate from falling below zero.

In certain circumstances, the amount withdrawn from the wrapper contract could be payable at fair value rather than at contract value. These events include termination of the Plans, a material adverse change to the provisions of the Plans, if AT&T elects to withdraw from a wrapper contract in order to switch to a different investment provider or, in the event of a spin-off or sale of a division, if the terms of the successor plan do not meet the contract issuers' underwriting criteria for issuance of a clone wrapper contract. Events that would permit a wrapper contract issuer to terminate a wrapper contract upon short notice include the Plans' loss of qualified status, un-cured material breaches of responsibilities or material and adverse changes to the provisions of the Plans. The Company does not believe any of the events are probable of occurring in the foreseeable future.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

Investment Risk

Investments held by the Group Trust and the Plan are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments could occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits. Participants' accounts that are invested in the Company stock fund option are exposed to market risk in the event of a significant decline in the value of AT&T stock.

Additionally, the Group Trust invests in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage-backed securities. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates

NOTE 5. PARTIES IN INTEREST TRANSACTIONS

Plan assets are invested in AT&T stock either directly or through the Group Trust. Because the Company is the plan sponsor, transactions involving the Company's stock qualify as party-in-interest transactions. In addition, certain investments held by the Plan and Group Trust are managed by BNY Mellon and Fidelity as trustee and record keeper, respectively, as defined by various agreements. Therefore, these transactions and fees paid to these entities qualify as parties-in-interest transactions. All of these transactions are exempt from the prohibited transactions rules.

NOTE 6. TAX STATUS

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated June 4, 2015, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is exempt from taxation. Subsequent to this determination by the IRS, the Plan was amended. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The plan administrator has indicated that it will take the necessary steps, if any, to bring the Plan's operations into compliance with the Code.

Accounting principles generally accepted in the United States require Plan management to evaluate uncertain tax positions taken by the Plan. The financial statement effects of a tax position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2016, there were no uncertain positions taken or expected to be taken. The Plan has recognized no interest or penalties related to uncertain tax positions. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Notes to Financial Statements (Continued)
(Dollars in Thousands)

NOTE 7. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31:

	2016	2015
Net Assets Available for Benefits per the financial statements	\$ 2,447,190	\$ 2,293,481
Distributions payable to participants	(1,416)	(279)
Net Assets Available for Benefits per the Form 5500	<u>\$ 2,445,774</u>	<u>\$ 2,293,202</u>

The following is a reconciliation of distributions to participants per the financial statements to the Form 5500 for the year ended December 31, 2016:

Distributions to participants per the financial statements	\$ 207,620
Distributions payable to participants at December 31, 2015	(279)
Distributions payable to participants at December 31, 2016	1,416
Distributions to participants per the Form 5500	<u>\$ 208,757</u>

Distributions payable to participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, but not yet paid as of that date.

BELLSOUTH SAVINGS AND SECURITY PLAN

EIN 58-1533433, PLAN NO. 004

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2016

(Dollars in Thousands)

<u>Identity of Issue</u>	<u>Description of Investment</u>	<u>Current Value</u>
<u>Indexed Stock Fund</u>		
NORTHERN TRUST S&P 500 INDEX STOCK FUND	COMMON/COLLECTIVE TRUST FUND: 17,193 UNITS	\$ 129,228
<u>Balanced Fund</u>		
*DREYFUS GOVERNMENT CASH MANAGEMENT FUND	REGISTERED INVESTMENT COMPANY: 5,382,673 UNITS	5,383
US TREASURY BILL	0.000% 01/26/2017 DD 07/28/16	250
US TREASURY BILL	0.000% 02/26/2017 DD 08/18/16	409
US TREASURY BILL	0.000% 03/23/2016 DD 09/22/16	150
US TREASURY BILL	0.000% 04/20/2017 DD 10/20/16	259
NORTHERN TRUST QM AGGREGATE BOND INDEX FUND	COMMON/COLLECTIVE TRUST FUND: 46,030 UNITS	23,869
NORTHERN TRUST S&P 500 INDEX STOCK FUND	COMMON/COLLECTIVE TRUST FUND: 4,856 UNITS	36,500
FUTURES CONTRACT	US 10YR TREAS NTS FUTURE (CBT) EXP MAR 17	3
FUTURES CONTRACT	S&P 500 EMINI INDEX FUT (CME) EXP MAR 17	(15)
Total Balanced Fund		<u>66,808</u>
<u>Registered Investment Companies</u>		
T ROWE PRICE MID-CAP GROWTH FUND	REGISTERED INVESTMENT COMPANY: 5,256,798 UNITS	241,497
DFA U.S. SMALL CAP VALUE PORTFOLIO	REGISTERED INVESTMENT COMPANY: 4,209,710 UNITS	157,401
DFA U.S. LARGE CAP VALUE PORTFOLIO II	REGISTERED INVESTMENT COMPANY: 8,573,701 UNITS	148,668
VANGUARD GROWTH INDEX FUND	REGISTERED INVESTMENT COMPANY: 2,113,130 UNITS	121,103
FIDELITY GROWTH AND INCOME PORTFOLIO	REGISTERED INVESTMENT COMPANY: 2,181,432 UNITS	71,747
Total Registered Investment Companies		<u>740,416</u>
<u>LifePath Funds</u>		
LIFEPATH 2050 FUND	COMMON/COLLECTIVE TRUST FUND: 401,001 UNITS	5,662
LIFEPATH 2040 FUND	COMMON/COLLECTIVE TRUST FUND: 2,152,164 UNITS	40,189
LIFEPATH 2030 FUND	COMMON/COLLECTIVE TRUST FUND: 3,569,804 UNITS	65,721
LIFEPATH 2020 FUND	COMMON/COLLECTIVE TRUST FUND: 3,320,499 UNITS	59,403

BELLSOUTH SAVINGS AND SECURITY PLAN

EIN 58-1533433, PLAN NO. 004

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2016

(Dollars in Thousands)

<u>Identity of Issue</u>	<u>Description of Investment</u>	<u>Current Value</u>
LIFEPATH RETIREMENT FUND	COMMON/COLLECTIVE TRUST FUND: 1,541,431 UNITS	27,315
Total LifePath Age-Based Retirement Funds		198,290
<u>AT&T Shares Fund</u>		
*AT&T COMMON STOCK	12,093,958 SHARES	514,356
*DREYFUS GOVERNMENT CASH MANAGEMENT FUND	REGISTERED INVESTMENT COMPANY: 5,898,999.51 UNITS	5,899
Total AT&T Shares Fund		520,255
<u>Bond Fund</u>		
SLH PROXY LONG EXPOSURE	SLHOPNTA4	13
J P MORGAN CHASE REV REPO	0.540% 01/04/2017 DD 01/03/17	19,800
*DREYFUS GOVERNMENT CASH MANAGEMENT FUND	VAR RT 12/31/2075 DD 06/03/97	824
SIGMA ERISA LIQUIDATING POOL	VAR RT 12/31/2049 DD 05/01/01	-
TBA CASH COLL FOB	VAR RT 01/01/2049 DD 07/01/08	270
ABBVIE INC	4.500% 05/14/2035 DD 05/14/15	195
ABBVIE INC	4.700% 05/14/2035 DD 05/14/15	98
COMMIT TO PUR FNMA SF MTG	3.000% 02/01/2046 DD 01/01/17	8,927
COMMIT TO PUR FNMA SF MTG	3.500% 01/01/2032 DD 01/01/17	5,209
COMMIT TO PUR FNMA SF MTG	3.500% 02/01/2047 DD 02/01/17	4,094
COMMIT TO PUR FNMA SF MTG	4.000% 01/01/2047 DD 01/01/17	7,359
COMMIT TO PUR FNMA SF MTG	4.000% 02/01/2047 DD 02/01/17	1,050
AMERICAN HONDA FINANCE CORP	1.600% 07/13/2018 DD 07/14/15	501
AMERICAN INTERNATIONAL GROUP I	4.875 06/01/2022 DD 05/24/12	983
AMERICAN MUN PWR-OHIO INC	6.449% 02/15/2044 DD 12/09/09	1,236
AMERICAN WATER CAPITAL CORP	3.400% 03/01/2025 DD 08/14/14	306
AMGEN INC	3.125% 05/01/2025 DD 05/01/15	876
APPLE INC	3.200% 05/13/2025 DD 05/13/15	402
ASSET BACKED SECURITIES HE4 M1	VAR RT 08/15/2033 DD 08/06/03	114
BANK OF AMERICA NA	VAR RT 06/05/2017 DD 06/05/15	1,402
BANK OF AMERICA FUNDING 2 D A1	VAR RT 05/25/2035 DD 06/01/05	58
BEAR STEARNS ARM TRUST 11 1A2	VAR RT 02/25/2033 DD 12/01/02	6
BEAR STEARNS ARM TRUST 12 13A1	VAR RT 02/25/2036 DD 12/01/05	25
CHEVRON CORP	2.419% 11/17/2020 DD 11/17/15	504
CHICAGO IL TRANSIT AUTH SALES	6.899% 12/01/2040 DD 08/06/08	125
CITIGROUP INC	2.650% 10/26/2020 DD 10/26/15	400
CITIGROUP COMMERCIAL GC35 AAB	3.608% 11/10/2048 DD 12/01/15	934
FNT MORTGAGE-BACKED PASS 3 1A1	6.750% 08/21/2031 DD 07/01/01	1
DUKE ENERGY CAROLINAS LLC	3.750% 06/01/2045 DD 03/12/15	857
EXXON MOBIL CORP	2.726% 03/01/2023 DD 03/03/16	502
FEDERAL NATL MTG ASSN	0.875% 05/21/2018 DD 04/15/13	100

BELLSOUTH SAVINGS AND SECURITY PLAN

EIN 58-1533433, PLAN NO. 004

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2016

(Dollars in Thousands)

<u>Identity of Issue</u>	<u>Description of Investment</u>	<u>Current Value</u>
FEDERAL NATL MTG ASSN	1.875% 09/18/2018 DD 08/23/13	101
FNMA GRD REMIC P/T 15-M8 FA	VAR RT 11/25/2018 DD 05/01/15	580
FEDERAL HOME LN MTG CORP	0.875% 03/07/2018 DD 01/17/13	300
FNMA POOL #0255272	4.000% 06/01/2019 DD 05/01/04	41
FNMA POOL #0357414	4.000% 07/01/2018 DD 07/01/03	23
FNMA POOL #0AL2617	6.000% 10/01/2040 DD 11/01/12	286
FNMA POOL #0AM0359	2.310% 08/01/2022 DD 08/01/12	99
FNMA POOL #0AS1338	5.000% 12/01/2043 DD 11/01/13	764
FNMA POOL #0AS2741	5.000% 06/01/2044 DD 05/01/14	610
FNMA POOL #0AV1676	4.000% 01/01/2026 DD 10/01/13	139
FNMA POOL #0AV5751	3.500% 04/01/2029 DD 04/01/14	18
FNMA POOL #0AZ4023	3.500% 06/01/2030 DD 06/01/15	30
FNMA POOL #0AX5306	3.500% 01/01/2027 DD 11/01/14	2,028
FNMA GTD REMIC P/T 03-W1 1A1	VAR RT 12/25/2042 DD 01/01/03	39
FNMA GTD REMIC P/T 03-25 KP	5.000% 04/25/2033 DD 03/01/03	133
FHLMC MULTICLASS MTG 3626 ME	5.000% 01/15/2040 DD 01/01/10	21
FNMA POOL #0755735	3.500% 05/01/2019 DD 05/01/04	8
FNMA POOL #0915042	5.500% 04/01/2022 DD 04/01/07	2
FNMA POOL #0AB1365	3.500% 08/01/2025 DD 07/01/10	11
FNMA POOL #0AB2130	3.500% 01/01/2026 DD 12/01/10	23
FNMA POOL #0MA2161	3.500% 01/01/2030 DD 12/01/14	32
FNMA POOL #0AD5797	3.500% 06/01/2025 DD 06/01/10	12
FNMA POOL #0AE0676	3.500% 01/01/2026 DD 12/01/10	35
FNMA POOL #0AE3895	3.500% 11/01/2025 DD 10/01/10	11
FNMA POOL #0AE5487	3.500% 10/01/2025 DD 10/01/10	4
FNMA POOL #0AE7060	3.500% 12/01/2025 DD 11/01/10	21
FLORIDA POWER & LIGHT CO	4.125% 02/01/2042 DD 12/13/11	513
GNMA POOL #0AE7708	4.000% 08/15/2043 DD 08/01/13	33
GNMA POOL #0AL0766	3.500% 01/15/2045 DD 01/01/15	437
GNMA POOL #0AL5269	3.500% 02/15/2045 DD 02/01/15	957
GNMA POOL #0AN4392	4.000% 06/15/2045 DD 06/01/15	1,773
GSR MORTGAGE LOAN TRUST AR6 1A1	VAR RT 09/25/2035 DD 09/01/05	151
GNMA POOL #0782523	5.000% 11/15/2035 DD 12/01/08	91
GS MORTGAGE SECURITIE GC26 AAB	3.365% 11/10/2047 DD 12/01/14	929
GNMA POOL #0705997	5.000% 01/15/2039 DD 01/01/09	129
GENERAL ELECTRIC CO	4.125% 10/09/2042 DD 10/09/12	504
GOLDMAN SACHS GROUP INC/THE	3.850% 07/08/2024 DD 07/08/14	817
GOLDMAN SACHS GROUP INC/THE	VAR RT 04/23/2020 DD 01/23/15	404
GNMA GTD REMIC P/T 16-H23 FD	VAR RT 10/20/2066 DD 10/20/16	290
HOST HOTELS & RESORTS LP	4.000% 06/15/2025 DD 05/15/15	591
INTERNATIONAL FINANCE CORP	2.125% 04/07/2026 DD 04/07/16	671
JPMBB COMMERCIAL MORTG C32 ASB	3.358% 11/15/2048 DD 10/01/15	922
JPMDB COMMERCIAL MORTGA C2 ASB	2.954 06/15/2049 DD 05/01/16	399

BELLSOUTH SAVINGS AND SECURITY PLAN

EIN 58-1533433, PLAN NO. 004

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2016

(Dollars in Thousands)

<u>Identity of Issue</u>	<u>Description of Investment</u>	<u>Current Value</u>
JP MORGAN CHASE & CO	2.250% 01/23/2020 DD 01/23/15	399
JP MORGAN CHASE & CO	2.550% 10/29/2020 DD 10/29/15	799
JP MORGAN CHASE & CO	2.550% 03/01/2021 DD 03/01/16	100
JP MORGAN CHASE COMMER LDP9 A3	5.336% 05/15/2047 DD 12/01/06	-
JP MORGAN CHASE COMMER LDPX A3	5.420% 01/15/2049 DD 03/01/07	122
JPMBB COMMERCIAL MORTG C31 ASB	3.540% 08/15/2048 DD 08/01/15	931
JPMBB COMMERCIAL MORTG C33 ASB	3.562% 12/15/2048 DD 11/01/15	518
LOS ANGELES CALIF UNI SCH DIST	5.750% 07/01/2034 DD 10/15/09	494
MERRILL LYNCH MORTGAGE IN E A1	VAR RT 11/25/2029 DD 09/23/04	69
MICROSOFT CORP	4.000% 02/12/2055 DD 02/12/15	757
MIDAMERICAN ENERGY CO	4.400% 10/15/2044 DD 04/03/14	425
MORGAN STANLEY ABS CAP HE6 A2C	VAR RT 11/25/2035 DD 11/29/05	20
MORGAN STANLEY CAPITAL 11AR 1A1	VAR RT 01/25/2035 DD 12/29/04	43
NEW YORK CITY NY TRANSITIONAL	5.750% 02/01/2035 DD 03/03/10	537
NEW YORK CITY NY TRANSITIONAL	5.767% 08/01/2036 DD 10/22/09	862
NEW YORK ST DORM AUTH ST PERSO	5.289% 03/15/2033 DD 10/14/10	467
OCCIDENTAL PETROLEUM CORP	2.700% 02/15/2023 DD 06/22/12	495
PNC BANK NA	1.950% 03/04/2019 DD 03/04/16	1,001
PACIFIC GAS & ELECTRIC CO	3.400% 08/15/2024 DD 08/18/14	920
PHILIP MORRIS INTERNATIONAL IN	3.250% 11/10/2024 DD 11/10/14	906
PRIME MORTGAGE TRUST 2 CL1 1A2	VAR RT 02/25/2034 DD 01/25/04	13
PROLOGIS LP	4.250% 08/15/2023 DD 08/15/13	531
PUBLIC PWR GENERATION AGY NE R	7.242% 01/01/2041 DD 07/16/09	121
SLM STUDENT LOAN TRUST 200 9 A	VAR RT 04/25/2023 DD 08/28/08	253
SBA GTD PARTN CTFS 2003-20C 1	4.500% 03/01/2023 DD 03/12/03	950
SBA GTD PARTN CTFS 2005-20B 1	4.625% 02/01/2025 DD 02/16/05	549
SBA GTD PARTN CTFS 2008-20D 1	5.370% 04/01/2028 DD 04/16/08	499
SBA GTD PARTN CTFS 2008-20E 1	5.490% 05/01/2028 DD 05/14/08	528
SBA GTD PARTN CTFS 2008-20F 1	5.680% 06/01/2028 DD 06/11/08	218
SBA GTD PARTN CTFS 2009-20A 1	5.720% 01/01/2029 DD 01/14/09	67
SBA GTD PARTN CTFS 2008-10A 1	5.471% 03/10/2018 DD 03/26/08	63
SOUTH DAKOTA ST EDUCTNL ENHANC	3.539% 06/01/2022 DD 03/14/13	2,030
SOUTHERN CALIFORNIA GAS CO	4.450% 03/15/2044 DD 03/13/14	212
STRUCTURED ADJUSTABLE R 12 7A1	VAR RT 09/25/2034 DD 08/01/04	324
STRUCTURED ASSET INCESTME 8 M1	VAR RT 09/25/2034 DD 08/25/04	237
STRUCTURED ASSET SEC M 21A 1A1	VAR RT 01/25/2032 DD 12/01/01	2
STRUCTURED ASSET SEC COR 1A 4A	VAR RT 02/25/2032 DD 01/01/02	3
STRUCTURED ASSET MORTG AR4 2A1	VAR RT 12/19/2034 DD 07/30/04	56
THORNBURG MORTGAGE SECUR 1 I1A	VAR RT 03/25/2044 DD 03/31/04	728
PRINCETON UNIVERSITY	5.700% 03/01/2039 DD 01/21/09	394
US TREAS-CPI INFLAT	2.375% 01/15/2025 DD 07/15/04	147
US TREAS-CPI INFLAT	2.375% 01/15/2027 DD 01/15/07	562
US TREAS-CPI INFLAT	1.750% 01/15/2028 DD 01/15/08	773

BELLSOUTH SAVINGS AND SECURITY PLAN

EIN 58-1533433, PLAN NO. 004

SCHEDULE H, LINE 4(i) - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

December 31, 2016

(Dollars in Thousands)

<u>Identity of Issue</u>	<u>Description of Investment</u>	<u>Current Value</u>
US TREAS-CPI INFLAT	2.500% 01/15/2029 DD 01/15/09	1,630
US TREAS-CPI INFLAT	1.375% 02/15/2044 DD 02/15/14	226
US TREASURY BOND	2.500% 02/15/2046 DD 02/15/16	89
US TREAS-CPI INFLAT	1.000% 02/15/2046 DD 02/15/16	1,639
US TREAS-CPI INFLAT	0.250% 01/15/2025 DD 01/15/15	2,238
US TREASURY NOTE	0.750% 10/31/2018 DD 10/31/16	4,368
UNIV OF CALIFORNIA CA RGTS MED	6.583% 05/15/2049 DD 12/17/09	260
UNIV OF CALIFORNIA CA REVENUES	6.270% 05/15/2031 DD 08/27/09	328
VERIZON COMMUNICATIONS INC	4.150% 03/15/2024 DD 03/17/14	1,045
VISA INC	3.150% 12/14/2025 DD 12/14/15	402
WACHOVIA CORP	VAR RT 06/15/2017 DD 06/08/07	1,000
WAL-MART STORES INC	3.300% 04/22/2024 DD 04/22/14	1,028
WELLS FARGO BANK NA	VAR RT 06/15/2017 DD 06/12/14	900
WELLS FARGO COMMERICIA NXS4		
ASB	3.522% 12/15/2048 DD 12/01/15	929
Total Bond Fund		<u>107,360</u>
International Stock		
INTL STOCK INDEX	BGI MSCI ACWI EX-US INDEX SUPERFUND	19,052
Interest Bearing Cash		
*DREYFUS GOVERNMENT CASH MANAGEMENT FUND		1,797
* Loans to Plan Participants	4.25% - 10.50%	64,369
Total		<u>\$ 1,847,575</u>

* Party-in-Interest

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustee (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed by the undersigned thereunto duly authorized.

BellSouth Savings and Security Plan

By AT&T Services, Inc.,
Plan Administrator for the Foregoing Plan

By /s/ Debra L. Dial
Debra L. Dial
Senior Vice President and Controller

Date: June 22, 2017

EXHIBIT INDEX

Exhibit identified below, Exhibit 23 is filed herein as an exhibit hereto.

Exhibit
Number

23	Consent of Independent Registered Public Accounting Firm
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Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statement (Form S-8, No. 333-189789) pertaining to the BellSouth Savings and Security Plan of our report dated June 22, 2017, with respect to the financial statements and schedule of the BellSouth Savings and Security Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2016.

Dallas, Texas
June 22, 2017

/s/ ERNST & YOUNG LLP

Bellsouth Savings and Security Plan - 2016 Form 5500, Schedule H

EIN: 581533433, PN: 004

**Reconciliation of differences between Schedule H of the Form 5500 and the
issued Financial Statements**

Reclassification of Income/Expense Categories

(Dollars in thousands)

Net Appreciation in fair value of investments per Financial Statement of NAAB	\$200,383
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Plus reclassification of participant loans balances	<u>\$7</u>
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Net Appreciation in fair value of investments per Form 5500 Schedule H (sum of 2b(4)(C), 2b(5)(B), 2b(6), and 2b(10))	<u>\$200,390</u>
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Total Plan transfers to affiliated Plans per Financial Statement of NAAB	\$523
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Plus reclassification of participant loans balances	<u>\$7</u>
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Total Plan transfers to affiliated Plans per Form 5500 Schedule H line 2L(2)	<u>\$530</u>
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SCHEDULE OF ASSETS (HELD AT END OF YEAR)

Schedule H, Line 4i

PLAN NAME: BELLSOUTH SAVINGS AND SECURITY PLAN

EIN: 58-1533433

PLAN NUMBER: 004

The Schedule H, line 4i -- Schedule of Assets (Held At End of Year) is included in the attachment titled ACCOUNTANT'S OPINION AND FINANCIAL STATEMENTS.