



Financial and Operational Trends

INCOME STATEMENTS, CASH FLOWS, SEGMENT RESULTS, REVENUE DETAILS AND OPERATING VOLUMES

OCTOBER 24, 2018



Consolidated Statements of Income³

AT&T Inc.

Dollars in millions except per share amounts

Historical Accounting

Method²

Unaudited	3/31/16	6/30/16	9/30/16	12/31/16	2016	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	9/30/18	3/31/18	6/30/18	9/30/18
Operating Revenues	\$ 40,535	\$ 40,520	\$ 40,890	\$ 41,841	\$ 163,786	\$ 39,365	\$ 39,837	\$ 39,668	\$ 41,676	\$ 160,546	\$ 38,038	\$ 38,986	\$ 45,739	\$ 38,930	\$ 39,909	\$ 46,607
Operating Expenses																
Cost of revenues																
Equipment	4,375	4,260	4,455	5,667	18,757	3,848	4,138	4,191	6,532	18,709	4,848	4,377	4,828	4,848	4,377	4,828
Broadcast, programming and operations	4,629	4,701	4,909	5,612	19,851	4,974	4,898	5,284	6,003	21,159	5,166	5,449	7,227	5,166	5,449	7,227
Other cost of revenues	9,570	9,687	9,701	9,624	38,582	9,288	9,569	9,694	9,391	37,942	7,932	7,632	8,651	8,861	8,535	9,568
Selling, general and administrative	8,724	9,193	9,296	9,632	36,845	8,772	8,559	8,650	9,484	35,465	7,897	8,684	9,598	8,497	9,267	10,145
Asset abandonments and impairments	-	-	-	361	361	-	-	-	2,914	2,914	-	-	-	-	-	-
Depreciation and amortization	6,563	6,576	6,579	6,129	25,847	6,127	6,147	6,042	6,071	24,387	5,994	6,378	8,166	5,994	6,378	8,166
Total Operating Expenses	33,861	34,417	34,940	37,025	140,243	33,009	33,311	33,861	40,395	140,576	31,837	32,520	38,470	33,366	34,006	39,934
Operating Income	6,674	6,103	5,950	4,816	23,543	6,356	6,526	5,807	1,281	19,970	6,201	6,466	7,269	5,564	5,903	6,673
Interest Expense	1,207	1,258	1,224	1,221	4,910	1,293	1,395	1,686	1,926	6,300	1,771	2,023	2,051	1,771	2,023	2,051
Equity in Net Income (Loss) of Affiliates	13	28	16	41	98	(173)	14	11	20	(128)	9	(16)	(64)	9	(16)	(64)
Other Income (Expense) – Net	527	548	451	(445)	1,081	488	925	842	(658)	1,597	1,702	2,353	1,053	1,702	2,353	1,053
Income (Loss) Before Income Taxes	6,007	5,421	5,193	3,191	19,812	5,378	6,070	4,974	(1,283)	15,139	6,141	6,780	6,207	5,504	6,217	5,611
Income Tax Expense (Benefit)	2,122	1,906	1,775	676	6,479	1,804	2,056	1,851	(20,419)	(14,708)	1,382	1,532	1,391	1,226	1,394	1,245
Net Income	3,885	3,515	3,418	2,515	13,333	3,574	4,014	3,123	19,136	29,847	4,759	5,248	4,816	4,278	4,823	4,366
Less: Net Income Attributable to Noncontrolling Interest	(82)	(107)	(90)	(78)	(357)	(105)	(99)	(94)	(99)	(397)	(97)	(116)	(98)	(91)	(110)	(93)
Net Income Attributable to AT&T	\$ 3,803	\$ 3,408	\$ 3,328	\$ 2,437	\$ 12,976	\$ 3,469	\$ 3,915	\$ 3,029	\$ 19,037	\$ 29,450	\$ 4,662	\$ 5,132	\$ 4,718	\$ 4,187	\$ 4,713	\$ 4,273
Diluted Earnings Per Share Attributable to AT&T	\$ 0.61	\$ 0.55	\$ 0.54	\$ 0.39	\$ 2.10	\$ 0.56	\$ 0.63	\$ 0.49	\$ 3.08	\$ 4.76	\$ 0.75	\$ 0.81	\$ 0.65	\$ 0.68	\$ 0.74	\$ 0.59
EBITDA^{3,6}	\$ 13,237	\$ 12,679	\$ 12,529	\$ 10,945	\$ 49,390	\$ 12,483	\$ 12,673	\$ 11,849	\$ 7,352	\$ 44,357	\$ 12,195	\$ 12,844	\$ 15,435	\$ 11,558	\$ 12,281	\$ 14,839
Adjusted EBITDA^{3,6}	\$ 12,822	\$ 12,940	\$ 13,131	\$ 11,758	\$ 50,651	\$ 12,572	\$ 13,049	\$ 12,398	\$ 11,259	\$ 49,278	\$ 12,442	\$ 13,316	\$ 15,872	\$ 11,805	\$ 12,753	\$ 15,276
Adjusted EBITDA Margin^{3,6}	31.6%	31.9%	32.1%	28.1%	30.9%	31.9%	32.8%	31.2%	26.9%	30.7%	32.7%	34.2%	34.7%	30.3%	32.0%	32.8%
Adjusted Pro Forma EBITDA¹⁸						\$ 15,506	\$ 15,469	\$ 15,209	\$ 13,482	\$ 59,666	\$ 14,756	\$ 14,921	\$ 15,872	\$ 14,119	\$ 14,358	\$ 15,276
Adjusted Pro Forma EBITDA - Prior Methodology¹⁸						\$ 14,894	\$ 14,978	\$ 14,823	\$ 13,217	\$ 57,912	\$ 14,592	\$ 14,789	\$ 15,100	\$ 13,955	\$ 14,226	\$ 14,504

Financial and Operating Statistics Summary

AT&T Inc.

Dollars in millions except per share amounts

Unaudited	3/31/16	6/30/16	9/30/16	12/31/16	2016	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	9/30/18
Capital Expenditures:													
Purchase of property and equipment	\$ 4,451	\$ 5,251	\$ 5,581	\$ 6,233	\$ 21,516	\$ 5,784	\$ 4,966	\$ 5,006	\$ 4,891	\$ 20,647	\$ 5,957	\$ 5,002	\$ 5,736
Interest during construction	218	219	232	223	892	231	242	245	185	903	161	106	137
Dividends Declared Per Share	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.49	\$ 1.93	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.50	\$ 1.97	\$ 0.50	\$ 0.50	\$ 0.50
Annual Dividend Per Share Growth	2.1%	2.1%	2.1%	2.1%		2.1%	2.1%	2.1%	2.0%		2.0%	2.0%	2.0%
End of Period Common Shares Outstanding (000,000)	6,156	6,152	6,141	6,139		6,147	6,140	6,139	6,139		6,148	7,261	7,270
Debt Ratio	51.2%	50.5%	50.1%	49.9%		51.6%	53.3%	56.4%	53.6%		52.6%	50.8%	49.8%
Total Employees	280,870	277,200	273,140	268,540		264,530	260,480	256,800	254,000		249,240	273,210	269,280

See Notes to Financial and Operational Trends on page 18.



Consolidated Statements of Cash Flows⁴

AT&T Inc.

Dollars in millions

Unaudited

	Three Months Ended				
	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operating Activities					
Net income	\$ 3,123	\$ 19,136	\$ 4,759	\$ 5,248	\$ 4,816
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	6,042	6,071	5,994	6,378	8,166
Amortization of film and television costs	-	-	-	168	1,440
Undistributed earnings from investments in equity affiliates	4	3	(2)	237	77
Provision for uncollectible accounts	421	426	438	370	432
Deferred income tax (benefit) expense	2,290	(19,194)	1,222	810	902
Net (gain) loss from sale of investments, net of impairments	(126)	(168)	2	(31)	(472)
Actuarial (gain) loss on pension and postretirement benefits	-	1,517	(930)	(1,796)	-
Asset abandonments and impairments	-	2,914	-	-	-
Changes in operating assets and liabilities:					
Accounts receivable	(771)	(334)	(439)	672	(1,251)
Other current assets, inventories and theatrical film and television production costs	(576)	(672)	614	425	(3,768)
Accounts payable and other accrued liabilities	1,324	2,253	(1,962)	(1,928)	2,505
Equipment installment receivables and related sales	(74)	(1,690)	505	(15)	(270)
Deferred customer contract acquisition and fulfillment costs	(306)	(320)	(826)	(899)	(932)
Retirement benefit funding	(140)	(646)	(140)	(140)	(140)
Other - net	(408)	241	(288)	730	841
Total adjustments	7,680	(9,599)	4,188	4,981	7,530
Net Cash Provided by Operating Activities	10,803	9,537	8,947	10,229	12,346
Investing Activities					
Capital expenditures:					
Purchase of property and equipment	(5,006)	(4,891)	(5,957)	(5,002)	(5,736)
Interest during construction	(245)	(185)	(161)	(106)	(137)
Acquisitions, net of cash acquired	(70)	(31)	(234)	(40,481)	(2,401)
Dispositions	5	3	56	3	924
Sales (purchases) of securities, net	66	214	(116)	(102)	(16)
Advances to and investments in equity affiliates, net	-	-	(1,007)	(28)	14
Cash collections of deferred purchase price	283	311	267	233	-
Net Cash Used in Investing Activities	(4,967)	(4,579)	(7,152)	(45,483)	(7,352)
Financing Activities					
Net change in short-term borrowings with original maturities of three months or less	-	-	-	2,227	(2,226)
Issuance of other short-term borrowings	-	-	-	4,839	13
Repayment of other short-term borrowings	-	-	-	-	(2,147)
Issuance of long-term debt	22,646	2,032	2,565	23,913	11,847
Repayment of long-term debt	(4,191)	(2,030)	(4,911)	(24,536)	(14,132)
Purchase of treasury stock	(2)	(3)	(145)	(419)	(13)
Issuance of treasury stock	2	7	11	1	347
Dividends paid	(3,009)	(3,008)	(3,070)	(3,074)	(3,631)
Other	1,639	230	2,048	(3,169)	(17)
Net Cash Provided by (Used in) Financing Activities	17,085	(2,772)	(3,502)	(218)	(9,959)
Net increase (decrease) in cash and cash equivalents and restricted cash	22,921	2,186	(1,707)	(35,472)	(4,965)
Cash and cash equivalents and restricted cash beginning of period	25,825	48,746	50,932	49,225	13,753
Cash and Cash Equivalents and Restricted Cash End of Period	\$ 48,746	\$ 50,932	\$ 49,225	\$ 13,753	\$ 8,788
Cash paid for interest	\$ 1,936	\$ 1,591	\$ 2,408	\$ 1,637	\$ 2,898

See Notes to Financial and Operational Trends on page 18.



Operating Revenues and Adjusted EBITDA

AT&T Inc.

Dollars in millions

Unaudited

	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	Historical Accounting Method ²		
								3/31/18	6/30/18	9/30/18
Operating Revenues	\$ 39,365	\$ 39,837	\$ 39,668	\$ 41,676	\$ 38,038	\$ 38,986	\$ 45,739	\$ 38,930	\$ 39,909	\$ 46,607
Communications	36,894	37,259	37,115	39,110	35,533	35,410	36,230	36,376	36,303	37,066
Mobility	17,097	17,455	17,370	19,168	17,355	17,282	17,938	17,648	17,644	18,254
Entertainment Group	12,467	12,501	12,467	12,560	11,431	11,478	11,589	11,643	11,686	11,795
Business Wireline	7,330	7,303	7,278	7,382	6,747	6,650	6,703	7,085	6,973	7,017
WarnerMedia	105	111	107	107	112	1,393	8,204	112	1,393	8,204
Turner	105	111	107	107	112	667	2,988	112	667	2,988
Home Box Office	-	-	-	-	-	281	1,644	-	281	1,644
Warner Bros.	-	-	-	-	-	507	3,720	-	507	3,720
Eliminations and other	-	-	-	-	-	(62)	(148)	-	(62)	(148)
Latin America	1,929	2,026	2,099	2,215	2,025	1,951	1,833	2,065	1,973	1,857
Vrio	1,341	1,361	1,363	1,391	1,354	1,254	1,102	1,354	1,254	1,102
Mexico	588	665	736	824	671	697	731	711	719	755
Xandr	321	338	333	381	337	392	445	337	392	445
Corporate and Significant Items	409	391	293	186	333	320	308	342	328	316
Eliminations and Consolidation¹⁹	(293)	(288)	(279)	(323)	(302)	(480)	(1,281)	(302)	(480)	(1,281)
Adjusted EBITDA	\$ 12,572	\$ 13,049	\$ 12,398	\$ 11,259	\$ 12,442	\$ 13,316	\$ 15,872	\$ 11,805	\$ 12,753	\$ 15,276
Communications	12,824	13,175	12,647	11,466	12,604	13,052	12,790	11,955	12,509	12,206
Mobility	7,212	7,364	7,341	6,302	7,253	7,619	7,683	6,837	7,312	7,349
Entertainment Group	2,955	3,106	2,663	2,368	2,620	2,821	2,434	2,408	2,608	2,209
Business Wireline	2,657	2,705	2,643	2,796	2,731	2,612	2,673	2,710	2,589	2,648
WarnerMedia	42	(4)	9	48	30	482	2,701	30	482	2,701
Turner	42	(2)	10	49	38	295	1,501	38	295	1,501
Home Box Office	-	-	-	-	-	110	653	-	110	653
Warner Bros.	-	-	-	-	-	104	616	-	104	616
Latin America	170	254	162	279	221	148	87	226	129	73
Vrio	291	363	288	342	353	238	225	322	198	188
Mexico	(121)	(109)	(126)	(63)	(132)	(90)	(138)	(96)	(69)	(115)
Xandr	278	302	294	330	287	333	336	287	333	336
Corporate	(463)	(376)	(418)	(527)	(402)	(342)	326	(394)	(343)	327
Eliminations and Consolidation¹⁹	(279)	(302)	(296)	(337)	(298)	(357)	(368)	(299)	(357)	(367)

See Notes to Financial and Operational Trends on page 18.



Communications

Mobility Results¹

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting Method ²		
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	3/31/18	6/30/18	9/30/18
Operating Revenues												
Service	\$ 14,902	\$ 14,644	\$ 14,468	\$ 14,471	\$ 14,475	\$ 14,282	\$ 13,403	\$ 13,682	\$ 13,989	\$ 14,218	\$ 14,494	\$ 14,810
Equipment	3,229	4,037	2,629	2,984	2,895	4,886	3,952	3,600	3,949	3,430	3,150	3,444
Total Operating Revenues	\$ 18,131	\$ 18,681	\$ 17,097	\$ 17,455	\$ 17,370	\$ 19,168	\$ 17,355	\$ 17,282	\$ 17,938	\$ 17,648	\$ 17,644	\$ 18,254
Operating Expenses												
Operations and support	10,625	11,977	9,885	10,091	10,029	12,866	10,102	9,663	10,255	10,811	10,332	10,905
Depreciation and amortization	2,103	2,043	1,992	1,988	2,008	2,027	2,095	2,113	2,079	2,095	2,113	2,079
Total Operating Expenses	12,728	14,020	11,877	12,079	12,037	14,893	12,197	11,776	12,334	12,906	12,445	12,984
Operating Income	\$ 5,403	\$ 4,661	\$ 5,220	\$ 5,376	\$ 5,333	\$ 4,275	\$ 5,158	\$ 5,506	\$ 5,604	\$ 4,742	\$ 5,199	\$ 5,270
Operating Income Margin	29.8%	25.0%	30.5%	30.8%	30.7%	22.3%	29.7%	31.9%	31.2%	26.9%	29.5%	28.9%
EBITDA⁶	\$ 7,506	\$ 6,704	\$ 7,212	\$ 7,364	\$ 7,341	\$ 6,302	\$ 7,253	\$ 7,619	\$ 7,683	\$ 6,837	\$ 7,312	\$ 7,349
EBITDA Margin⁶	41.4%	35.9%	42.2%	42.2%	42.3%	32.9%	41.8%	44.1%	42.8%	38.7%	41.4%	40.3%
EBITDA Service Margin⁶	50.4%	45.8%	49.8%	50.9%	50.7%	44.1%	54.1%	55.7%	54.9%	48.1%	50.4%	49.6%

Communications

Mobility Operating Statistics

Unaudited

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
ARPU^{2,13}									
Postpaid Phone-Only ARPU ¹⁷							\$ 53.40	\$ 54.48	\$ 55.65
Postpaid Phone-Only ARPU (Historical Accounting Method) ¹⁷	\$ 60.03	\$ 59.20	\$ 58.44	\$ 58.65	\$ 58.65	\$ 57.69	\$ 57.36	\$ 58.41	\$ 59.71
Postpaid ARPU							47.79	48.90	49.95
Postpaid ARPU (Historical Accounting Method)	54.68	53.58	52.75	52.80	52.73	51.70	51.29	52.38	53.49

See Notes to Financial and Operational Trends on page 18.



Communications

Mobility Operating Volumes and Statistics

Volumes in thousands

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
AT&T Mobility Subscribers and Connections									
Total Subscribers and Connections	132,948	134,448	133,804	136,101	138,445	141,201	143,832	146,889	150,252
Postpaid	76,999	77,372	76,935	77,002	77,034	77,509	77,431	77,372	76,996
Prepaid ¹²	13,035	13,536	13,844	14,187	15,136	15,335	15,671	16,217	16,894
Branded Connections ¹²	90,034	90,908	90,779	91,189	92,170	92,844	93,102	93,589	93,890
Reseller	12,623	11,949	10,625	10,254	9,877	9,366	9,002	8,582	8,183
Connected Devices ¹²	30,291	31,591	32,400	34,658	36,398	38,991	41,728	44,718	48,179
Net Add Detail									
Net Customer Additions	1,503	1,500	2,078	2,297	2,342	2,757	2,630	3,064	3,363
Postpaid Net Adds	182	499	(194)	143	134	558	49	73	(232)
Prepaid Net Adds ¹²	304	406	282	267	324	140	241	453	570
Branded Net Adds ¹²	486	905	88	410	458	698	290	526	338
Reseller Net Adds	(314)	(673)	(582)	(369)	(390)	(530)	(388)	(444)	(434)
Connected Devices Net Adds ¹²	1,331	1,268	2,572	2,256	2,274	2,589	2,728	2,982	3,459
M&A Activity, Partitioned Customers and Other Adjustments	-	-	(2,723)	-	2	(1)	1	(7)	-
Phone Detail									
Branded Phones ¹⁷	77,675	78,032	77,855	78,041	78,063	78,459	78,585	78,919	79,426
Branded Smartphones ¹⁴	69,752	70,817	71,274	71,818	72,242	72,924	73,403	73,797	74,917
Postpaid Phones ¹⁷	64,639	64,496	64,011	63,854	63,566	63,818	63,657	63,543	63,462
Postpaid Smartphones	58,688	59,096	59,025	59,178	59,277	59,874	60,002	60,183	60,408
Postpaid Feature Phones ¹⁴	5,951	5,400	4,986	4,676	4,289	3,944	3,655	3,360	3,054
Prepaid Phones	13,035	13,536	13,844	14,187	14,497	14,641	14,928	15,376	15,964
Phone Detail - Net Adds									
Branded Phone Net Adds ¹⁷	41	341	(71)	152	82	380	132	407	550
Postpaid Phone Net Adds ¹⁷	(263)	(65)	(353)	(115)	(145)	295	(60)	51	69
Prepaid Phone Net Adds	304	406	282	267	227	85	192	356	481
Churn Detail⁸									
Postpaid Phone Churn	0.90%	0.98%	0.90%	0.79%	0.84%	0.89%	0.84%	0.82%	0.93%
Postpaid Churn	1.04%	1.15%	1.12%	1.01%	1.06%	1.11%	1.06%	1.02%	1.17%
Branded Churn	1.63%	1.74%	1.71%	1.57%	1.70%	1.75%	1.65%	1.50%	1.70%

See Notes to Financial and Operational Trends on page 18.



Communications

Entertainment Group Results¹

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting Method ²		
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	3/31/18	6/30/18	9/30/18
Operating Revenues												
Video Entertainment	\$ 8,908	\$ 9,435	\$ 8,906	\$ 9,009	\$ 9,052	\$ 9,200	\$ 8,225	\$ 8,173	\$ 8,283	\$ 8,331	\$ 8,281	\$ 8,396
High-Speed Internet	1,892	1,910	1,941	1,927	1,916	1,890	1,878	1,981	2,045	1,878	1,981	2,045
Legacy Voice and Data Services	1,123	1,057	1,012	964	913	878	806	771	740	842	804	769
Other Service and Equipment	637	628	608	601	586	592	522	553	521	592	620	585
Total Operating Revenues	\$ 12,560	\$ 13,030	\$ 12,467	\$ 12,501	\$ 12,467	\$ 12,560	\$ 11,431	\$ 11,478	\$ 11,589	\$ 11,643	\$ 11,686	\$ 11,795
Operating Expenses												
Operations and support	9,604	10,362	9,512	9,395	9,804	10,192	8,811	8,657	9,155	9,235	9,078	9,586
Depreciation and amortization	1,503	1,382	1,419	1,456	1,379	1,367	1,310	1,345	1,331	1,310	1,345	1,331
Total Operating Expenses	11,107	11,744	10,931	10,851	11,183	11,559	10,121	10,002	10,486	10,545	10,423	10,917
Operating Income	\$ 1,453	\$ 1,286	\$ 1,536	\$ 1,650	\$ 1,284	\$ 1,001	\$ 1,310	\$ 1,476	\$ 1,103	\$ 1,098	\$ 1,263	\$ 878
Operating Income Margin	11.6%	9.9%	12.3%	13.2%	10.3%	8.0%	11.5%	12.9%	9.5%	9.4%	10.8%	7.4%
EBITDA⁶	\$ 2,956	\$ 2,668	\$ 2,955	\$ 3,106	\$ 2,663	\$ 2,368	\$ 2,620	\$ 2,821	\$ 2,434	\$ 2,408	\$ 2,608	\$ 2,209
EBITDA Margin⁶	23.5%	20.5%	23.7%	24.8%	21.4%	18.9%	22.9%	24.6%	21.0%	20.7%	22.3%	18.7%

See Notes to Financial and Operational Trends on page 18.



Communications

Entertainment Group Operating Volumes and Statistics

Volumes in thousands

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Video Connections									
Satellite	20,777	21,012	21,012	20,856	20,605	20,458	20,270	19,984	19,625
U-verse	4,515	4,253	4,020	3,825	3,691	3,631	3,632	3,656	3,669
Over-the-Top ¹⁰	-	267	339	491	787	1,155	1,467	1,809	1,858
Total Video Connections	25,292	25,532	25,371	25,172	25,083	25,244	25,369	25,449	25,152
Broadband Connections									
IP	12,752	12,888	13,130	13,242	13,367	13,462	13,616	13,692	13,723
DSL	1,424	1,291	1,164	1,060	964	888	816	763	718
Total Broadband Connections	14,176	14,179	14,294	14,302	14,331	14,350	14,432	14,455	14,441
Voice Connections									
Total Wired Voice Connections⁹	11,533	11,278	11,003	10,696	10,333	9,996	9,640	9,283	8,901
Net Adds									
Satellite	323	235	-	(156)	(251)	(147)	(188)	(286)	(359)
U-verse	(326)	(262)	(233)	(195)	(134)	(60)	1	24	13
Over-the-Top	-	267	72	152	296	368	312	342	49
Total Video	(3)	240	(161)	(199)	(89)	161	125	80	(297)
IP	156	136	242	112	125	95	154	76	31
DSL	(161)	(133)	(127)	(104)	(96)	(76)	(72)	(53)	(45)
Broadband	(5)	3	115	8	29	19	82	23	(14)
ARPU^{2,11}									
Linear Video ARPU							\$ 112.45	\$ 112.19	\$ 114.90
Linear Video ARPU (Historical Accounting Method)	\$ 117.18	\$ 124.09	\$ 117.40	\$ 119.93	\$ 122.27	\$ 125.37	\$ 113.93	\$ 113.69	\$ 116.49
IP Broadband ARPU	49.82	49.69	49.81	48.70	48.00	46.94	46.27	48.32	49.78

See Notes to Financial and Operational Trends on page 18.



Communications

Business Wireline Results¹

Dollars in millions

Unaudited

	Three Months Ended										Historical Accounting Method ²		
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	3/31/18	6/30/18	9/30/18	
Operating Revenues													
Strategic Services	\$ 2,841	\$ 2,889	\$ 2,904	\$ 2,958	\$ 3,018	\$ 3,070	\$ 3,070	\$ 3,039	\$ 3,059	\$ 3,072	\$ 3,041	\$ 3,062	
Legacy Voice and Data Services	3,899	3,688	3,548	3,423	3,343	3,251	2,838	2,723	2,615	3,105	2,974	2,857	
Other Service and Equipment	1,000	1,059	878	922	917	1,061	839	888	1,029	908	958	1,098	
Total Operating Revenues	\$ 7,740	\$ 7,636	\$ 7,330	\$ 7,303	\$ 7,278	\$ 7,382	\$ 6,747	\$ 6,650	\$ 6,703	\$ 7,085	\$ 6,973	\$ 7,017	
Operating Expenses													
Operations and support	4,942	4,960	4,673	4,598	4,635	4,586	4,016	4,038	4,030	4,375	4,384	4,369	
Depreciation and amortization	1,372	1,128	1,184	1,210	1,189	1,206	1,170	1,180	1,197	1,170	1,180	1,197	
Total Operating Expenses	6,314	6,088	5,857	5,808	5,824	5,792	5,186	5,218	5,227	5,545	5,564	5,566	
Operating Income	\$ 1,426	\$ 1,548	\$ 1,473	\$ 1,495	\$ 1,454	\$ 1,590	\$ 1,561	\$ 1,432	\$ 1,476	\$ 1,540	\$ 1,409	\$ 1,451	
Operating Income Margin	18.4%	20.3%	20.1%	20.5%	20.0%	21.5%	23.1%	21.5%	22.0%	21.7%	20.2%	20.7%	
EBITDA⁶	\$ 2,798	\$ 2,676	\$ 2,657	\$ 2,705	\$ 2,643	\$ 2,796	\$ 2,731	\$ 2,612	\$ 2,673	\$ 2,710	\$ 2,589	\$ 2,648	
EBITDA Margin⁶	36.1%	35.0%	36.2%	37.0%	36.3%	37.9%	40.5%	39.3%	39.9%	38.2%	37.1%	37.7%	

Communications

Business Wireline Operating Volumes

Volumes in thousands

Unaudited

	Three Months Ended									
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	
Broadband Connections										
IP	963	977	980	992	1,017	1,025	1,021	1,017	1,021	
DSL	479	449	421	392	367	344	322	300	284	
Total Broadband Connections	1,442	1,426	1,401	1,384	1,384	1,369	1,343	1,317	1,305	
Voice Connections										
Total Wired Voice Connections⁹	8,653	8,376	8,104	7,839	7,585	7,338	7,122	6,892	6,670	

See Notes to Financial and Operational Trends on page 18.



Communications

Supplemental Business Solutions Results¹

Dollars in millions

Unaudited

	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operating Revenues									
Wireless Service	\$ 2,104	\$ 2,069	\$ 2,003	\$ 2,004	\$ 2,023	\$ 1,979	\$ 1,791	\$ 1,829	\$ 1,877
Wireless Equipment	365	472	288	360	340	564	578	584	590
Total Wireless Revenues	2,469	2,541	2,291	2,364	2,363	2,543	2,369	2,413	2,467
Total Wireline Revenues	7,740	7,636	7,330	7,303	7,278	7,382	6,747	6,650	6,703
Total Operating Revenues	\$ 10,209	\$ 10,177	\$ 9,621	\$ 9,667	\$ 9,641	\$ 9,925	\$ 9,116	\$ 9,063	\$ 9,170
Operating Expenses									
Operations and support	6,385	6,546	5,998	6,053	6,096	6,349	5,594	5,616	5,598
Depreciation and amortization	1,656	1,404	1,460	1,483	1,466	1,492	1,458	1,487	1,499
Total Operating Expenses	8,041	7,950	7,458	7,536	7,562	7,841	7,052	7,103	7,097
Operating Income	\$ 2,168	\$ 2,227	\$ 2,163	\$ 2,131	\$ 2,079	\$ 2,084	\$ 2,064	\$ 1,960	\$ 2,073
Segment Operating Income Margin	21.2%	21.9%	22.5%	22.0%	21.6%	21.0%	22.6%	21.6%	22.6%
EBITDA⁶	\$ 3,824	\$ 3,631	\$ 3,623	\$ 3,614	\$ 3,545	\$ 3,576	\$ 3,522	\$ 3,447	\$ 3,572
EBITDA Margin⁶	37.5%	35.7%	37.7%	37.4%	36.8%	36.0%	38.6%	38.0%	39.0%

Communications

Supplemental Business Solutions Operating Volumes¹

Volumes in thousands

Unaudited

	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Wireless Subscribers and Connections¹²									
Total Subscribers and Connections	41,581	42,928	43,719	46,162	48,759	51,598	54,505	57,703	61,418
Postpaid	11,232	11,272	11,243	11,432	11,646	11,826	11,942	12,046	12,206
Prepaid and Reseller	58	65	76	72	715	781	835	939	1,033
Connected Devices	30,291	31,591	32,400	34,658	36,398	38,991	41,728	44,718	48,179
Wireless Net Add Detail (Adjusted for M&A)^{7,12}									
Net Customer Additions	1,453	1,345	2,665	2,422	2,555	2,834	2,892	3,208	3,700
Postpaid Net Adds	122	75	88	171	180	187	113	122	149
Prepaid and Reseller Net Adds	0	2	5	(5)	101	58	51	104	92
Connected Devices Net Adds	1,331	1,268	2,572	2,256	2,274	2,589	2,728	2,982	3,459

See page 9 for Business Wireline operating volumes.

See Notes to Financial and Operational Trends on page 18.



WarnerMedia*

Statement of Segment Income¹

Dollars in millions

Unaudited

	Three Months Ended									
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	
Segment Operating Revenues										
Turner	\$ 105	\$ 102	\$ 105	\$ 111	\$ 107	\$ 107	\$ 112	\$ 667	\$ 2,988	
Home Box Office	-	-	-	-	-	-	-	281	1,644	
Warner Bros.	-	-	-	-	-	-	-	507	3,720	
Eliminations and other	-	-	-	-	-	-	-	(62)	(148)	
Total Segment Operating Revenues	\$ 105	\$ 102	\$ 105	\$ 111	\$ 107	\$ 107	\$ 112	\$ 1,393	\$ 8,204	
Segment Operating Expenses										
Operations and support	96	52	63	115	98	59	82	911	5,503	
Depreciation and amortization	1	2	1	1	1	1	1	31	134	
Total Segment Operating Expenses	97	54	64	116	99	60	83	942	5,637	
Segment Operating Income (Loss)	8	48	41	(5)	8	47	29	451	2,567	
Equity in Net Income (Loss) of Affiliates	(4)	9	(6)	(11)	(6)	(6)	10	(26)	(39)	
Segment Contribution	\$ 4	\$ 57	\$ 35	\$ (16)	\$ 2	\$ 41	\$ 39	\$ 425	\$ 2,528	
Segment Operating Income Margin										
	7.6%	47.1%	39.0%	-4.5%	7.5%	43.9%	25.9%	32.4%	31.3%	
EBITDA⁶	\$ 9	\$ 50	\$ 42	\$ (4)	\$ 9	\$ 48	\$ 30	\$ 482	\$ 2,701	
EBITDA Margin⁶	8.6%	49.0%	40.0%	-3.6%	8.4%	44.9%	26.8%	34.6%	32.9%	

*Results of WarnerMedia (formerly Time Warner) are included after the June 14, 2018 acquisition date. Results for prior quarters include the historical results from AT&T's Regional Sports Network and certain equity method investments previously included in the Entertainment Group.



WarnerMedia

WarnerMedia Results - Non-GAAP Comparable Basis^{20*}

Dollars in millions

Three Months Ended

Unaudited	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Segment Operating Revenues									
Turner	\$ 2,715	\$ 2,940	\$ 3,193	\$ 3,213	\$ 2,875	\$ 3,230	\$ 3,456	\$ 3,345	\$ 2,988
Home Box Office	1,426	1,491	1,568	1,476	1,605	1,680	1,619	1,667	1,644
Warner Bros.	3,402	3,868	3,365	2,988	3,460	4,053	3,238	3,306	3,720
Eliminations and other	(271)	(306)	(286)	(236)	(238)	(245)	(205)	(405)	(148)
Total Segment Operating Revenues⁵	\$ 7,272	\$ 7,993	\$ 7,840	\$ 7,441	\$ 7,702	\$ 8,718	\$ 8,108	\$ 7,913	\$ 8,204
Segment Operating Expenses									
Operations and support	5,022	6,014	5,476	5,516	5,180	6,557	5,927	5,958	5,503
Depreciation and amortization	167	169	166	170	170	192	172	169	134
Total Segment Operating Expenses	5,189	6,183	5,642	5,686	5,350	6,749	6,099	6,127	5,637
Segment Operating Income⁵	\$ 2,083	\$ 1,810	\$ 2,198	\$ 1,755	\$ 2,352	\$ 1,969	\$ 2,009	\$ 1,786	\$ 2,567
Segment Operating Income Margin⁵	28.6%	22.6%	28.0%	23.6%	30.5%	22.6%	24.8%	22.6%	31.3%
EBITDA	\$ 2,250	\$ 1,979	\$ 2,364	\$ 1,925	\$ 2,522	\$ 2,161	\$ 2,181	\$ 1,955	\$ 2,701
EBITDA Margin	30.9%	24.8%	30.2%	25.9%	32.7%	24.8%	26.9%	24.7%	32.9%
Total Programming and Production Costs²¹	\$ 2,766	\$ 3,390	\$ 3,312	\$ 3,188	\$ 2,876	\$ 3,874	\$ 3,515	\$ 3,595	\$ 3,188

* Comparable Basis = Historical WarnerMedia, LLC Adjusted Results + RSNs and Other

WarnerMedia

Turner Results - Non-GAAP Comparable Basis^{20*}

Dollars in millions

Three Months Ended

Unaudited	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operating Revenues									
Subscription	\$ 1,570	\$ 1,571	\$ 1,757	\$ 1,761	\$ 1,756	\$ 1,779	\$ 1,888	\$ 1,870	\$ 1,855
Advertising	1,011	1,199	1,226	1,287	980	1,226	1,340	1,324	944
Content and other	134	170	210	165	139	225	228	151	189
Total Operating Revenues⁵	\$ 2,715	\$ 2,940	\$ 3,193	\$ 3,213	\$ 2,875	\$ 3,230	\$ 3,456	\$ 3,345	\$ 2,988
Operating Expenses									
Operations and support	1,451	1,987	1,910	2,129	1,544	2,104	2,234	2,283	1,487
Depreciation and amortization	53	54	55	57	55	56	57	59	59
Total Operating Expenses	1,504	2,041	1,965	2,186	1,599	2,160	2,291	2,342	1,546
Operating Income⁵	\$ 1,211	\$ 899	\$ 1,228	\$ 1,027	\$ 1,276	\$ 1,070	\$ 1,165	\$ 1,003	\$ 1,442
Operating Income Margin⁵	44.6%	30.6%	38.5%	32.0%	44.4%	33.1%	33.7%	30.0%	48.3%
EBITDA	\$ 1,264	\$ 953	\$ 1,283	\$ 1,084	\$ 1,331	\$ 1,126	\$ 1,222	\$ 1,062	\$ 1,501
EBITDA Margin	46.6%	32.4%	40.2%	33.7%	46.3%	34.9%	35.4%	31.7%	50.2%
Programming Costs²¹	\$ 798	\$ 1,162	\$ 1,249	\$ 1,384	\$ 852	\$ 1,284	\$ 1,511	\$ 1,552	\$ 817

* Comparable Basis = Historical Turner Adjusted Results + RSNs

See page 19 and 20 for reconciliation from historical WarnerMedia, LLC results.



WarnerMedia

Home Box Office Results - Non-GAAP Comparable Basis²⁰

Dollars in millions

Unaudited

Three Months Ended

	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operating Revenues									
Subscription	\$ 1,262	\$ 1,252	\$ 1,302	\$ 1,357	\$ 1,418	\$ 1,458	\$ 1,429	\$ 1,529	\$ 1,517
Content and other	164	239	266	119	187	222	190	138	127
Total Operating Revenues⁵	\$ 1,426	\$ 1,491	\$ 1,568	\$ 1,476	\$ 1,605	\$ 1,680	\$ 1,619	\$ 1,667	\$ 1,644
Operating Expenses									
Operations and support	873	1,037	948	906	1,012	1,167	1,054	1,070	991
Depreciation and amortization	21	22	23	23	26	29	30	28	25
Total Operating Expenses	894	1,059	971	929	1,038	1,196	1,084	1,098	1,016
Operating Income⁵	\$ 532	\$ 432	\$ 597	\$ 547	\$ 567	\$ 484	\$ 535	\$ 569	\$ 628
Operating Income Margin⁵	37.3%	29.0%	38.1%	37.1%	35.3%	28.8%	33.0%	34.1%	38.2%
EBITDA	\$ 553	\$ 454	\$ 620	\$ 570	\$ 593	\$ 513	\$ 565	\$ 597	\$ 653
EBITDA Margin	38.8%	30.4%	39.5%	38.6%	36.9%	30.5%	34.9%	35.8%	39.7%
Programming Costs²¹	\$ 517	\$ 569	\$ 552	\$ 510	\$ 554	\$ 645	\$ 596	\$ 589	\$ 579

WarnerMedia

Warner Bros. Results - Non-GAAP Comparable Basis²⁰

Dollars in millions

Unaudited

Three Months Ended

	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operating Revenues									
Theatrical product	\$ 1,605	\$ 1,686	\$ 1,377	\$ 1,351	\$ 1,697	\$ 1,613	\$ 1,336	\$ 1,346	\$ 1,694
Television product	1,430	1,761	1,675	1,151	1,308	1,758	1,498	1,528	1,591
Games and other	367	421	313	486	455	682	404	432	435
Total Operating Revenues⁵	\$ 3,402	\$ 3,868	\$ 3,365	\$ 2,988	\$ 3,460	\$ 4,053	\$ 3,238	\$ 3,306	\$ 3,720
Operating Expenses									
Operations and support	2,880	3,193	2,772	2,642	2,800	3,438	2,778	2,893	3,104
Depreciation and amortization	86	86	81	83	82	99	77	75	40
Total Operating Expenses	2,966	3,279	2,853	2,725	2,882	3,537	2,855	2,968	3,144
Operating Income⁵	\$ 436	\$ 589	\$ 512	\$ 263	\$ 578	\$ 516	\$ 383	\$ 338	\$ 576
Operating Income Margin⁵	12.8%	15.2%	15.2%	8.8%	16.7%	12.7%	11.8%	10.2%	15.5%
EBITDA	\$ 522	\$ 675	\$ 593	\$ 346	\$ 660	\$ 615	\$ 460	\$ 413	\$ 616
EBITDA Margin	15.3%	17.5%	17.6%	11.6%	19.1%	15.2%	14.2%	12.5%	16.6%
Film and Television Production Costs²¹	\$ 1,650	\$ 1,912	\$ 1,667	\$ 1,487	\$ 1,656	\$ 2,101	\$ 1,574	\$ 1,729	\$ 1,909

See Notes to Financial and Operational Trends on page 18.



Latin America

Statement of Segment Income¹

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting		
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	Method ²		
										3/31/18	6/30/18	9/30/18
Segment Operating Revenues												
Video Entertainment	\$ 1,297	\$ 1,261	\$ 1,341	\$ 1,361	\$ 1,363	\$ 1,391	\$ 1,354	\$ 1,254	\$ 1,102	\$ 1,354	\$ 1,254	\$ 1,102
Wireless Service ¹⁶	484	477	475	535	536	501	404	417	440	454	457	474
Wireless Equipment	98	171	113	130	200	323	267	280	291	257	262	281
Total Segment Operating Revenues	\$ 1,879	\$ 1,909	\$ 1,929	\$ 2,026	\$ 2,099	\$ 2,215	\$ 2,025	\$ 1,951	\$ 1,833	\$ 2,065	\$ 1,973	\$ 1,857
Segment Operating Expenses												
Operations and support	1,640	1,879	1,759	1,772	1,937	1,936	1,804	1,803	1,746	1,839	1,844	1,784
Depreciation and amortization	293	298	290	311	304	313	332	313	297	332	313	297
Total Segment Operating Expenses	1,933	2,177	2,049	2,083	2,241	2,249	2,136	2,116	2,043	2,171	2,157	2,081
Segment Operating Income (Loss)	(54)	(268)	(120)	(57)	(142)	(34)	(111)	(165)	(210)	(106)	(184)	(224)
Equity in Net Income (Loss) of Affiliates	1	28	20	25	17	25	-	15	9	-	15	9
Segment Contribution	\$ (53)	\$ (240)	\$ (100)	\$ (32)	\$ (125)	\$ (9)	\$ (111)	\$ (150)	\$ (201)	\$ (106)	\$ (169)	\$ (215)
Segment Operating Income Margin	-2.9%	-14.0%	-6.2%	-2.8%	-6.8%	-1.5%	-5.5%	-8.5%	-11.5%	-5.1%	-9.3%	-12.1%
EBITDA⁶	\$ 239	\$ 30	\$ 170	\$ 254	\$ 162	\$ 279	\$ 221	\$ 148	\$ 87	\$ 226	\$ 129	\$ 73
EBITDA Margin⁶	12.7%	1.6%	8.8%	12.5%	7.7%	12.6%	10.9%	7.6%	4.7%	10.9%	6.5%	3.9%

Latin America

Vrio and Mexico Results

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting		
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	Method ²		
										3/31/18	6/30/18	9/30/18
Vrio EBITDA⁶	\$ 307	\$ 263	\$ 291	\$ 363	\$ 288	\$ 342	\$ 353	\$ 238	\$ 225	\$ 322	\$ 198	\$ 188
Vrio EBITDA Margin⁶	23.7%	20.9%	21.7%	26.7%	21.1%	24.6%	26.1%	19.0%	20.4%	23.8%	15.8%	17.1%
Mexico EBITDA⁶	\$ (68)	\$ (233)	\$ (121)	\$ (109)	\$ (126)	\$ (63)	\$ (132)	\$ (90)	\$ (138)	\$ (96)	\$ (69)	\$ (115)
Mexico EBITDA Margin⁶	-11.7%	-36.0%	-20.6%	-16.4%	-17.1%	-7.6%	-19.7%	-12.9%	-18.9%	-13.5%	-9.6%	-15.2%

See Notes to Financial and Operational Trends on page 18.



Latin America

Mexico Operating Volumes and Statistics

Volumes in thousands

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Mexico Wireless Operating Statistics									
Subscriber Detail									
Total Subscribers	10,698	11,973	12,606	13,082	13,779	15,099	15,642	16,398	17,305
Postpaid	4,733	4,965	5,095	5,187	5,316	5,498	5,607	5,749	5,822
Prepaid	5,665	6,727	7,244	7,646	8,231	9,397	9,857	10,468	11,270
Other	300	281	267	249	232	204	178	181	213
Net Add Detail									
Net Customer Additions	743	1,275	633	476	697	1,320	543	756	907
Postpaid Net Adds	163	233	130	92	129	182	109	142	73
Prepaid Net Adds	606	1,062	517	402	585	1,166	459	611	802
Other Net Adds	(26)	(20)	(14)	(18)	(17)	(28)	(25)	3	32
Churn Detail									
Total Churn ⁸	6.16%	6.94%	7.11%	7.89%	7.65%	7.90%	7.02%	6.82%	6.59%

Latin America

Vrio Operating Volumes and Statistics

Volumes in thousands

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Video Connections and Net Additions									
Total Video Connections	12,476	12,455	13,678	13,622	13,490	13,629	13,573	13,713	13,640
Total Video Net Adds	(48)	(21)	91	(56)	(132)	139	(15)	140	(73)

See Notes to Financial and Operational Trends on page 18.



Xandr

Statement of Segment Income¹

Dollars in millions

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Segment Operating Revenues	\$ 318	\$ 396	\$ 321	\$ 338	\$ 333	\$ 381	\$ 337	\$ 392	\$ 445
Segment Operating Expenses									
Operations and support	23	34	43	36	39	51	50	59	109
Depreciation and amortization	1	-	-	1	-	1	1	-	3
Total Segment Operating Expenses	24	34	43	37	39	52	51	59	112
Segment Operating Income	294	362	278	301	294	329	286	333	333
Equity in Net Income of Affiliates	-	-	-	-	-	-	-	-	-
Segment Contribution	\$ 294	\$ 362	\$ 278	\$ 301	\$ 294	\$ 329	\$ 286	\$ 333	\$ 333
Segment Operating Income Margin	92.5%	91.4%	86.6%	89.1%	88.3%	86.4%	84.9%	84.9%	74.8%
EBITDA⁶	\$ 295	\$ 362	\$ 278	\$ 302	\$ 294	\$ 330	\$ 287	\$ 333	\$ 336
EBITDA Margin⁶	92.8%	91.4%	86.6%	89.3%	88.3%	86.6%	85.2%	84.9%	75.5%

AT&T Inc.

Supplemental Total Advertising Revenues¹

Dollars in millions

Unaudited	Three Months Ended						
	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operating Revenues							
WarnerMedia	\$ 13	\$ 22	\$ 17	\$ 13	\$ 14	\$ 225	\$ 983
Communications	353	372	368	420	375	431	478
Xandr	321	338	333	381	337	392	445
Eliminations ¹⁹	(317)	(334)	(329)	(377)	(334)	(387)	(401)
Total Advertising Revenues	\$ 370	\$ 398	\$ 389	\$ 437	\$ 392	\$ 661	\$ 1,505

See Notes to Financial and Operational Trends on page 18.



Corporate

Supplemental Results - Corporate^{1,3,15}

Dollars in millions

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Total Operating Revenues	\$ 457	\$ 440	\$ 409	\$ 391	\$ 382	\$ 340	\$ 333	\$ 320	\$ 308
Operating Expenses									
Operations and support	834	810	872	767	801	866	735	661	(18)
Depreciation and amortization	25	19	39	10	24	24	23	118	797
Total Operating Expenses	859	829	911	777	825	890	758	779	779
Operating Loss	\$ (402)	\$ (389)	\$ (502)	\$ (386)	\$ (443)	\$ (550)	\$ (425)	\$ (459)	\$ (471)

Corporate

Supplemental Reconciliation of Operations and Support

Dollars in millions

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Operations and Support	\$ 834	\$ 810	\$ 872	\$ 767	\$ 801	\$ 866	\$ 735	\$ 661	\$ (18)
Reclassification of amortization of prior service credits ³	(346)	(346)	(367)	(385)	(420)	(420)	(428)	(442)	(442)
Reclassification of WarnerMedia amortization of production costs to Depreciation and Amortization ¹⁵								98	772
Operations and Support excluding segment reclassifications	\$ 488	\$ 464	\$ 505	\$ 382	\$ 381	\$ 446	\$ 307	\$ 317	\$ 312

AT&T Inc.

Other Income (Expense) - Net

Dollars in millions

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Interest income and other gain/(loss) items	\$ (7)	\$ 121	\$ (21)	\$ 129	\$ 246	\$ 263	\$ 205	\$ -	\$ 538
Net pension and postretirement credit, excluding actuarial gain/(loss)	458	458	509	537	596	596	567	557	515
Actuarial gain/(loss)	-	(1,024)	-	259	-	(1,517)	930	1,796	-
Other Income (Expense) - Net	\$ 451	\$ (445)	\$ 488	\$ 925	\$ 842	\$ (658)	\$ 1,702	\$ 2,353	\$ 1,053

AT&T Inc.

FirstNet - Capital Expenditures and Reimbursements

Dollars in millions

Unaudited	Three Months Ended								
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18
Capital Expenditures Impact									
Capital expenditures				\$ 5,251	\$ 5,076	\$ 6,118	\$ 5,108	\$ 5,873	\$ 5,873
FirstNet capital expenditures reimbursement					17	262	-	302	-
Capital expenditures, gross					5,268	5,338	6,118	5,410	5,873
FirstNet Reimbursements									
Capital expenditures				\$ 17	\$ 262	\$ -	\$ 302	\$ -	\$ -
Operating expenses					3	46	-	34	-
Total reimbursements					20	308	-	336	-

See Notes to Financial and Operational Trends on page 18.



Notes to Financial and Operational Trends

AT&T Inc.

¹ Prior-period amounts have been recast to conform to current-period reporting methodology. Due to organizational changes and our June 14, 2018 acquisition of Time Warner Inc., effective for the quarter ended September 30, 2018, we revised our operating segments to align with our new management structure and organizational responsibilities. See Form 8-K dated September 21, 2018. In addition to our reportable segments, supplemental financial information for Business Solutions and Total Advertising is presented to aid in comparability to other companies.

² Effective January 1, 2018, we adopted ASC 606, "Revenue from Contracts with Customers (Topic 606)," using the modified retrospective method. With our adoption of the revenue standard, we made a policy election to record certain regulatory fees, primarily Universal Service Fund (USF) fees, on a net basis. When using the modified retrospective approach, prior period results are not restated to reflect the impact of ASC 606, resulting in limited comparability between 2018 and 2017 operating results. For comparative purposes, we are providing supplemental 2018 results under the historical accounting method.

³ Previously reported consolidated statements of income have been adjusted to remove components of our net periodic benefit cost, other than service cost, from our consolidated operating expenses and include those amounts in "Other Income (Expense) – Net", as required by ASU 2017-07. For segment reporting, we continue to include amortization of net prior service credits in segment operating results as this is the basis on which we analyze our segment results, with a corresponding reclassification in Corporate. Previously reported Consolidated EBITDA has been adjusted by amounts included in Form 8-K dated March 22, 2018. Previously reported Consolidated Adjusted EBITDA has been adjusted by amounts included in Form 8-K dated March 22, 2018 and previously reported actuarial gains/losses for the period.

⁴ Previously reported consolidated statements of cash flows have been adjusted to: (1) remove any additional cash received for installment receivables (i.e., AT&T Next) sold to the banks from operating activities and to include those receipts as cash from investing activities as required by ASU 2016-05; we continue to record cash received from the banks at the time of sale as cash from operating activities; and (2) include restricted cash balances and changes thereto as required by ASU 2016-08.

⁵ See Item 7.01 in Form 8-K dated October 24, 2018 for reconciliation of comparable Operating Revenues, Operating Income, and Operating Income Margin.

⁶ See Discussion and Reconciliation of Non-GAAP Measures in the Investor Briefing or exhibit 99.1 to Form 8-K dated October 24, 2018.

⁷ Excludes migrations between AT&T segments and/or subscriber categories and acquisition-related additions during the period.

⁸ Churn is calculated by dividing the aggregate number of wireless subscribers who canceled service during a month by the total number of wireless subscribers at the beginning of that month. The churn rate for the period is equal to the average of the churn rate for each month of that period.

⁹ Total Wired Voice Connections includes switched access lines served by AT&T's incumbent local exchange carriers and affiliates, switched access lines served by AT&T Corp and Voice over Internet Protocol connections. Includes both primary and additional lines. Connections for Entertainment Group include consumer Voice over Internet Protocol connections of 4,757 thousand as of September 30, 2018.

¹⁰ Over-the-Top connections include DIRECTV NOW and exclude WatchTV, which launched near end of June 2018, during its promotional period. DIRECTV NOW connections include free or substantially free trial-period subscribers as follows (in thousands): 67 for 3Q17, 73 for 4Q17, 49 for 1Q18, 66 for 2Q18, and 52 for 3Q18. AT&T has successfully retained many subscribers after the expiration of their trial period.

¹¹ Linear Video ARPU is defined as Video Entertainment revenues, excluding Over-the-Top revenues, during the period divided by average linear video connections during the period. IP Broadband ARPU is defined as High-Speed Internet revenues during the period divided by average IP Broadband connections during the period. Linear ARPU has been recast to reflect a conforming policy change to record certain advertising revenues on a net basis consistent with WarnerMedia.

¹² Effective 7/1/17, prepaid internet of things (IoT) connections are presented within the prepaid category. These connections primarily relate to customers that actively subscribe for vehicle connectivity. This resulted in 97 thousand additional prepaid net adds in 3Q17 with a corresponding decline in connected device net adds. The 3Q17 prepaid subscriber base was adjusted by 543 thousand connections with a corresponding decline in the connected device subscriber base to reflect subscriber activity prior to 3Q17. Prior periods not restated.

¹³ ARPU is defined as wireless service revenues during the period divided by average wireless subscribers during the period.

¹⁴ Branded smartphones include postpaid and prepaid smartphones. Feature phones are basic phones that are primarily used for voice and text services. 3Q18 Branded Smartphones subscriber count includes a true-up of 372K Cricket feature phones to smartphones.

¹⁵ Corporate includes: (1) operations that are no longer integral to our operations or which we no longer actively market, (2) corporate support functions and operations, (3) impacts of corporate-wide decisions for which the individual operating segments are not being evaluated, (4) the reclassification of amortization of prior service credits, which we continue to report with segment operating expense, to consolidated to Other Income (Expense) - Net, and (5) the recharacterization of programming costs amortization, which we continue to report with WarnerMedia segment operating expenses, to consolidated amortization expense. The largest corporate operations included are other wholesale operations, hosting colocation, Digital Life, National Mass Markets, and Consumer Information Services.

¹⁶ 3Q18 wireless service revenues for Mexico were lower by approximately \$70 million year-over-year from the shutdown of a wholesale business that was included in the Nextel Mexico acquisition.

¹⁷ Wireless home phones have been reclassified from postpaid phones to other postpaid. Historical postpaid phone subscribers, net adds, and ARPU metrics have been recast to conform to current methodology.

¹⁸ See Quarterly Pro Forma Financial Information schedule and related Form 8-K/A filed August 27, 2018 included on the AT&T Investor Relations website for further explanation of these pro forma metrics.

¹⁹ Eliminations and consolidation removes transactions that either involve dealings between AT&T companies, including content licensing with WarnerMedia, or relate to advertising arrangements recorded in both the Communications and Xandr segments (approximately \$400M in 3Q18). This reconciling item also includes conforming adjustment to the historical presentation of our advertising business.

²⁰ Non-GAAP comparable basis results for WarnerMedia and Turner reflect historical WarnerMedia, LLC adjusted results and include the results for AT&T's Regional Sports Networks (RSNs) which were recast into the WarnerMedia segment (see Form 8-K dated September 21, 2018). Non-GAAP comparable results for Home Box Office and Warner Bros. reflect historical WarnerMedia, LLC adjusted results. Historical WarnerMedia adjusted results were presented in the WarnerMedia, LLC 2Q18 Trending Schedules dated July 24, 2018, which is included in the 2Q18 quarterly earnings materials on the AT&T Investor Relations website. See Basis of Presentation for definition of Adjusted Operating Income and Adjusted OIBDA. As determined by Time Warner management, Adjusted Operating Income (Loss) and Adjusted OIBDA include certain items affecting comparability.

²¹ Programming and production costs are included in Operations & Support expenses.



These schedules are provided to reconcile historical WarnerMedia results to the WarnerMedia Results - Non-GAAP Comparable Basis shown on page 12.

WarnerMedia
Historical WarnerMedia, LLC²⁰

Dollars in millions
 Unaudited

	Three Months Ended							
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18
Operating Revenues								
Turner	\$ 2,610	\$ 2,838	\$ 3,088	\$ 3,102	\$ 2,768	\$ 3,123	\$ 3,344	\$ 3,227
Home Box Office	1,426	1,491	1,568	1,476	1,605	1,680	1,619	1,667
Warner Bros.	3,402	3,868	3,365	2,988	3,460	4,053	3,238	3,306
Eliminations and other	(271)	(306)	(286)	(236)	(238)	(245)	(205)	(405)
Total Operating Revenues	\$ 7,167	\$ 7,891	\$ 7,735	\$ 7,330	\$ 7,595	\$ 8,611	\$ 7,996	\$ 7,795
Adjusted Operating Income	\$ 2,075	\$ 1,762	\$ 2,157	\$ 1,760	\$ 2,344	\$ 1,922	\$ 1,980	\$ 1,786
Adjusted OIBDA	2,241	1,929	2,322	1,929	2,513	2,113	2,151	1,954

WarnerMedia
RSNs and Other

Dollars in millions
 Unaudited

	Three Months Ended							
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18
Operating Income	\$ 8	\$ 48	\$ 41	\$ (5)	\$ 8	\$ 47	\$ 29	\$ -
EBITDA	9	50	42	(4)	9	48	30	1

See Notes to Financial and Operational Trends on page 18.



These schedules are provided to reconcile historical Turner results to the Turner Results - Non-GAAP Comparable Basis shown on page 12.

WarnerMedia

Turner Results - Historical²⁰

Dollars in millions

Unaudited	Three Months Ended							
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18
Operating Revenues								
Subscription	\$ 1,480	\$ 1,481	\$ 1,665	\$ 1,672	\$ 1,666	\$ 1,685	\$ 1,790	\$ 1,774
Advertising	996	1,187	1,213	1,265	963	1,213	1,326	1,301
Content and other	134	170	210	165	139	225	228	152
Total Operating Revenues	\$ 2,610	\$ 2,838	\$ 3,088	\$ 3,102	\$ 2,768	\$ 3,123	\$ 3,344	\$ 3,227
Operating Income	\$ 1,162	\$ 841	\$ 1,170	\$ 1,050	\$ 1,243	\$ 1,026	\$ 1,092	\$ 906
Adjusted Operating Income	1,203	851	1,187	1,030	1,267	1,022	1,128	999
Adjusted OIBDA	1,255	903	1,241	1,086	1,321	1,077	1,184	1,057

WarnerMedia

Turner RSNs

Dollars in millions

Unaudited	Three Months Ended							
	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18
Total Operating Revenues	\$ 105	\$ 102	\$ 105	\$ 111	\$ 107	\$ 107	\$ 112	\$ 118
Operating Income	\$ 8	\$ 48	\$ 41	\$ (3)	\$ 9	\$ 48	\$ 37	\$ 4
EBITDA	9	50	42	(2)	10	49	38	5

See Notes to Financial and Operational Trends on page 18.