



### **On the Cover**

**AT&T Connected Learning Center**  
**CitySquare, Dallas, TX**

Many underserved students face barriers to accessing the connectivity that is vital to long-term success. **AT&T Connected Learning Centers** provide free access to AT&T Fiber internet, Wi-Fi and Dell Technologies computers — as well as education, mentoring and tutoring resources — to help these students and their families. These centers are part of the AT&T Connected Learning initiative and our **\$2 billion commitment** to address the digital divide through low-cost broadband service and community investment.

## TO OUR SHAREHOLDERS

As I look back on the past year, I couldn't be prouder of AT&T's employees for their hard work and resilience during this pandemic in keeping our customers connected while accelerating our business momentum.

---

Our company's purpose to create connection is more important than ever. Over the past 2 years, the internet has become a lifeline for many — a connection to friends, family, work, commerce, education, health, entertainment and more. It's no surprise that during this pandemic, AT&T experienced its largest annual increase in data traffic in 2021.

## THE DAWN OF A NEW AGE OF CONNECTIVITY

With more people working from home and an ever-increasing number of connected devices, machines and sensors, we see nothing that suggests a return to lower pre-COVID levels of demand for high-speed connectivity. In fact, I believe that we're now at the **dawn of a new age of connectivity** — powered by the widespread and growing availability of 5G and fiber, and defined by greater ubiquity, reliability, security, capacity and speed.

That's the context behind our decision in 2021 to reposition our business, simplify our strategy and focus our capital allocation in 3 areas:



**John Stankey**  
Chief Executive Officer

- Strengthening our balance sheet to have the flexibility to be the best connectivity provider in the United States.
- Investing in growth initiatives to take advantage of increasing demand and our most valuable, enduring strengths in connectivity.
- Providing an attractive return to shareholders through a combination of earnings growth and cash dividends that offer some of the best equity yields in America.

## 2021: PERFORMANCE HIGHLIGHTS

### GROWING MOBILITY, FIBER AND HBO MAX

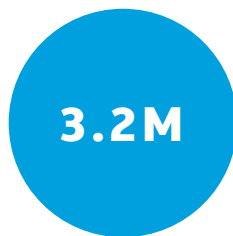
In a transformational year for our company, our team delivered **strong momentum in our key growth areas of Mobility, Fiber and HBO Max**. We also met or exceeded our full-year financial guidance, delivering:

- Free cash flow of \$26.8 billion, with a dividend payout ratio of 56%.<sup>1</sup>
- Adjusted EPS of \$3.40, up 6.9% year-over-year, at the high end of our target — and that's even after a midyear upward revision to reflect improved business performance and confidence.<sup>2</sup>
- Revenue growth (excluding DIRECTV and Vrio impacts) of 5.9%.<sup>3</sup>

This success reflects the solid progress we made against our 3 business priorities for 2021:

- Grow customer relationships.
- Improve our effectiveness and efficiency in everything we do.
- Be deliberate in our capital allocation.

Here are the highlights:



postpaid phone  
net additions

---

**MORE THAN IN  
THE PREVIOUS 10 YEARS  
COMBINED**

#### Grow Customer Relationships: Great Products Help Expand Our Base

We delivered **consistent subscriber growth in Mobility, Fiber and HBO Max quarter after quarter**. And we did it the right way, with record-low postpaid phone churn and improved customer satisfaction.

**Mobility** delivered an especially impressive performance.

- Total revenues were up 7.8%, with service revenues growing 3.7%, and we took share from our competitors in both the postpaid and prepaid phone segments.
- We increased our postpaid phone base by 3.2 million subscribers — that's more than we added over the past decade combined.

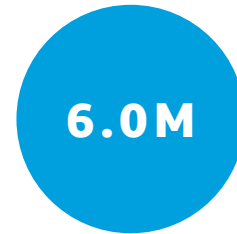
- We now reach more than 255 million people with nationwide 5G service on a wireless network recognized as being both the best and most reliable.<sup>4</sup>
- Prepaid voice net adds were their strongest in the last 2 years, led by our Cricket brand.
- And FirstNet®, the network built for first responders, had more than 3 million total year-end connections, an increase of nearly 60% over 2020.

Our **broadband** revenues grew by more than 6% for the year as we continued to expand our fiber base.

- We ended 2021 with 6 million AT&T Fiber® customers, up 1 million from 2020. This marks the fourth consecutive year we've added 1 million or more fiber customers.
- Fiber continues to win share, and, with recently launched speeds up to 5-gigs and simplified, straightforward pricing, we believe this will continue.
- Even better, the strength of our fiber service is improving customer satisfaction metrics, which now rank among the industry's best.<sup>5</sup>
- Powered by our integrated fiber build, our engineering and build team is getting fiber into the ground and into customers' homes more efficiently than ever before, which helps us accelerate our marketing and bundling of our fiber with wireless services for more customers.

We also succeeded with **HBO Max**, where we've transformed HBO from a respected, but static, \$6 billion content provider into a much larger global business with an \$8 billion direct-to-consumer revenue run rate that grew more than 26% year-over-year in 2021.<sup>6</sup> This strong performance is a direct result of a bold strategy and terrific execution across the entire WarnerMedia team. For the year:

- We grew our subscriber base by 13.1 million and now have nearly 74 million global HBO Max and HBO subscribers.<sup>7</sup>



AT&T Fiber®  
subscribers

---

**UP 1M+ FOR 4TH  
CONSECUTIVE YEAR**



HBO Max  
and HBO global  
subscribers

---

**UP 13.1M, THE MOST  
IN HBO HISTORY**

- We expanded HBO Max from the United States into 45 countries and territories throughout Latin America and Europe, and by the end of 2022, we expect HBO Max to have reached an additional 21 European countries.
- And we successfully launched an ad-supported subscription tier for HBO Max that's enabling us to attract a broader range of customers and offer greater pricing flexibility.

Thanks to its consistently compelling, award-winning content — HBO Max and HBO together earned an industry-best 130 Emmy nominations in 2021 — industry observers are pointing to HBO Max as a premier product. And with the pending transaction with Discovery, it will be positioned as one of the leading global streaming subscriptions for people around the world.

### **Effective and Efficient in Everything We Do:** **Increasing Profitability, Reinvesting for Growth**

We continued to make steady progress simplifying our business, reaching more than half of our targeted \$6 billion run-rate cost savings in 2021. More initiatives are either underway or in the planning stages, and we remain confident we'll reach our \$6 billion goal by yearend 2023.

Our cost savings have been reinvested into our growth areas, driving an improved customer experience, lower churn and healthy growth.

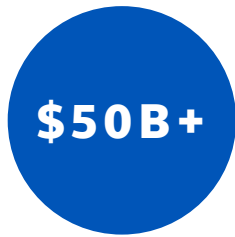


our cost savings have been  
reinvested into our growth  
areas, driving an improved  
customer experience, lower  
churn and healthy growth

---

### **Deliberate Capital Allocation**

In my letter to you last year, I said that we would take a clear-eyed look at our entire portfolio and restructure or monetize non-core assets as we reposition our business. That work began in 2020 but ramped significantly in 2021 as we completed or announced plans to monetize more than \$50 billion of assets, including:



in asset  
monetization

- The creation of a new stand-alone company for DIRECTV, in partnership with TPG, a leading global investment firm.
- The sale of Vrio, our former pay-TV operations in Latin America.
- And the sale of other non-core assets like our anime business, Crunchyroll; our mobile gaming business, Playdemic; and our programmatic advertising marketplace, Xandr.

Importantly, in May, we reached an agreement to combine WarnerMedia with Discovery to create a new pure-play, global media company that will be positioned to lead in direct-to-consumer entertainment. The regulatory approval process is progressing, and we continue to anticipate the transaction will close in the second quarter of 2022.

Post close, AT&T expects to have the ability to increase investments in 5G and fiber. Content investment for Warner Bros. Discovery is also expected to grow to be among the highest in the industry. We believe the deal provides outstanding opportunities for shareholders for growth in the telecommunications sector and in the media sector.

## 2022: THE ROAD AHEAD ACCELERATING MOMENTUM

Once we close the WarnerMedia-Discovery deal, our strategy, capital allocation and investment thesis is simple and straightforward:

- Strengthen the balance sheet by using proceeds from the WarnerMedia transaction to reduce debt, achieving 2.5x net debt to adjusted EBITDA by yearend 2023.<sup>8</sup>
- Increase investment in growth opportunities — 5G and fiber.
- In 5G, expand our simplified go-to-market strategy to underpenetrated segments.
- In fiber, expand our footprint to accelerate our growth.



attractive  
annual dividend  
per share  
following  
WarnerMedia  
deal close



- And provide an attractive dividend in the \$8 billion per year range post transaction — making us among the highest dividend yield payers in corporate America.

We believe our dense fiber footprint — when engineered properly in conjunction with premier spectrum assets and a great wireless business — works to make our products, marketing and business stronger and more sustainable.

To help drive growth, performance and perception this year, I want to call your attention to 3 key initiatives:

- We will continue to aggressively adjust and prune our product portfolio in the wireline portion of our business, improving our product mix and ramping the number of software-based products.
- Software is also at the heart of our new “**Connectivity+**” initiative, which will create new services that businesses and consumers can use on top of our broadband networks.
- And we’re laser focused on improving our operations and enhancing our customers’ experience. By doing this, we can improve customer satisfaction and reposition the AT&T brand so customers think of us as the connectivity experts.

## DRIVING EFFECTIVE PUBLIC POLICY: BRINGING INTERNET TO ALL

The new age of connectivity I mentioned earlier will never reach its full potential — and neither will our country or its citizens — unless we meet the challenge of bringing **internet to all**. Today, in one of the richest nations on earth, millions of Americans still cannot connect to high-speed internet due to issues around affordability, availability or adoption.

That must change. **Internet for all is within our reach**, but the path there requires a thoughtful mix of public policies that incentivize private sector investment and create sustainable programs to help subsidize the cost of broadband for those who can’t afford it.

With the enactment of the Infrastructure Investment and Jobs Act late last year, the Administration and Congress took an unprecedented step in this direction, allocating \$65 billion to our country’s broadband future, significantly augmenting private industry’s investment of nearly \$80 billion in 2020 alone.<sup>9</sup> We commend policymakers for paving the way for universal connectivity in underserved areas, making the internet affordable for low-income households and providing more resources for digital equity and adoption.

There has never been a better time to unlock the power of the internet for every American and make **internet for all** a reality. It is incumbent on all of us to take advantage of this once-in-a-generation opportunity. We intend to be active, ensuring the fast and effective deployment of resources to bring every American onto the internet.



there has never been a better time to unlock the power of the internet for every American and make **internet for all** a reality

---



## GIVING BACK TO OUR COMMUNITIES

In everything we do, AT&T is guided by a core set of values that define who we are as a company. Two of those values are “Stand for Equality” and “Make a Difference.”

AT&T has long worked to promote diversity, equity and inclusion within our employee and management ranks and throughout our global supply chain. We’re incredibly proud that those efforts have earned us a spot in DiversityInc’s Hall of Fame. But we know there is always more we can do, and each year we look at what’s worked and what hasn’t and recalibrate accordingly. To that end, we now make public our traditional measurements of workforce demographic data and are looking to our senior leaders to help improve diverse representation across all levels. True diversity and inclusion also goes beyond demographics. It means a place to work where all views are shared, considered and debated with respect, and we’ll continue enhancing our culture to accomplish this.



AT&T plans  
to be carbon  
neutral by 2035

We’re also working to make a difference through innovative internet-powered climate solutions. AT&T has set an industry-leading target to help businesses collectively reduce a gigaton of greenhouse gas emissions by 2035 — the equivalent of about 15% of all U.S. greenhouse gas emissions in 2020. This effort builds on our commitment to be carbon neutral by 2035.

Finally, when our communities need us most, we’re at our best. Our employees’ commitment to help our customers reconnect and recover from hurricanes, wildfires, floods and other natural disasters is nothing short of heroic. I hope you share my deep gratitude for everything they do in the most challenging conditions.

I believe AT&T can make an important, lasting difference on our world by focusing on areas like sustainability, equity, education and internet for all. This is core to who we are, and we pledge to accelerate this important work.

## MY SINCERE THANKS

We're in a time when the vast potential of ubiquitous high-speed connectivity is reshaping how we live, work, learn and play. I have no doubt the best is yet to come. We recognized that leading in this age required us to reposition our business to focus on our core enduring strengths, which is exactly what we have done. Going forward, our task is to build on our momentum, with a keen focus on execution.

I want to thank our Board of Directors for their unwavering support as we reposition our company to drive long-term and sustainable shareholder value.

I also want to thank the people of AT&T for their continued focus, hard work and commitment during this transformational time.

Finally, I want to thank you for your continued confidence. We believe we're on the path to unlock value and reward your faith in AT&T. And you have my word that the management team and I will work hard every day to deliver on those commitments.

Sincerely,



**John Stankey**

Chief Executive Officer, AT&T Inc.

February 17, 2022



the best is  
yet to come



## References

---

<sup>1</sup> Free cash flow is a non-GAAP financial measure that is frequently used by investors and credit rating agencies to provide relevant and useful information. In 2021, free cash flow is cash from operating activities of \$42.0 billion, plus cash distributions from DIRECTV classified as investing activities of \$1.3 billion, minus capital expenditures of \$16.5 billion. Free cash flow total dividend payout ratio is total dividends paid divided by free cash flow. For full-year 2021, dividends paid totaled \$15.1 billion.

<sup>2</sup> Adjusted diluted EPS is a non-GAAP financial measure calculated by excluding from operating revenues, operating expenses and income tax expense certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs, actuarial gains and losses, significant abandonments and impairment, severance and other material gains and losses. 2021 reported earnings per diluted share was \$2.76; adjusted earnings per diluted share was \$3.40. This compares to 2020 reported earnings per diluted share of (\$0.75) and adjusted earnings per diluted share of \$3.18. Further information is included in our Form 8-K dated January 26, 2022.

<sup>3</sup> For full-year 2021, revenues, excluding impacts of the U.S. Video business and Vrio, of \$153.2 billion is calculated as operating revenues of \$168.9 billion minus Video operating revenues of \$15.5 billion, minus Vrio operating revenues of \$2.6 billion, plus WarnerMedia sales for content and advertising of \$2.5 billion that are external after close of the transactions. Further information is included in our Form 8-K dated January 26, 2022.

<sup>4</sup> Based on nationwide GWS drive test data. GWS conducts paid drive tests for AT&T and uses the data in its analysis.

<sup>5</sup> AT&T is tied for first place in customer satisfaction among internet service providers according to the American Customer Satisfaction Index (<https://www.theacsi.org/news-and-resources/press-releases/press-2021/press-release-telecommunications-2020-2021>). AT&T also received the highest score in the North Central and South regions and the second highest score in the West region in the J.D. Power 2021 U.S. ISP Study. For J.D. Power 2021 award information, visit [jdpower.com/awards](https://www.jdpower.com/awards).

<sup>6</sup> Run rate based on fourth quarter 2021 revenues.

<sup>7</sup> Global HBO Max and HBO subscribers consist of domestic and international HBO Max and HBO subscribers, and exclude free trials, basic and Cinemax subscribers. Domestic HBO Max and HBO subscribers consist of U.S. accounts with access to HBO Max (including wholesale subscribers and subscribers receiving access through bundled services with affiliates that may not have signed in) and HBO accounts, and exclude free trials and Cinemax subscribers.

<sup>8</sup> Net debt to adjusted EBITDA ratios are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. Our net debt to adjusted EBITDA ratio is calculated by dividing the net debt by the sum of the most recent four quarters of adjusted EBITDA. Adjusted EBITDA estimates depend on future levels of revenues and expenses which are not reasonably estimable at this time. Accordingly, we cannot provide a reconciliation between adjusted EBITDA and the most comparable GAAP metric without unreasonable effort.

<sup>9</sup> Source: <https://www.ustelecom.org/2020-broadband-providers-pump-another-79-4-billion-into-americas-connectivity-infrastructure/>

# STOCKHOLDER INFORMATION

## Toll-Free Stockholder Hotline

Call us at **1-800-351-7221** between 8 a.m. and 7 p.m. Central time, Monday through Friday (**TDD 1-888-403-9700**) for help with:

- Common stock account inquiries
- Requests for assistance with your common stock account, including stock transfers
- Information on The DirectSERVICE™ Investment Program for Stockholders of AT&T Inc. (sponsored and administered by Computershare Trust Company, N.A.)

## Written Stockholder Requests

Please mail all account inquiries and other requests for assistance regarding your stock ownership to:

AT&T Inc.  
c/o Computershare Trust  
Company, N.A.  
P.O. Box 43078  
Providence, RI 02940-3078

You may also reach the transfer agent for AT&T Inc. at [att@computershare.com](mailto:att@computershare.com) or visit the website at [www.computershare.com/att](http://www.computershare.com/att)

## DirectSERVICE Investment Program

The DirectSERVICE Investment Program for Stockholders of AT&T Inc. is sponsored and administered by Computershare Trust Company, N.A. The program allows current stockholders to reinvest dividends, purchase additional AT&T Inc. stock or enroll in an individual retirement account. For more information, call **1-800-351-7221**.

## Stock Trading Information

AT&T Inc. is listed on the New York Stock Exchange. Ticker symbol: T

## Information on the Internet

Information about AT&T Inc. is available on the internet at [www.about.att.com](http://www.about.att.com)

## Annual Meeting

The 2022 Annual Meeting of Stockholders of AT&T Inc. will be conducted virtually on the internet at 3:00 p.m. Central time, Thursday, May 19, 2022. There will be no in-person meeting. The meeting will be accessible at <https://meetnow.global/ATT2022>

## SEC Filings

AT&T Inc.'s U.S. Securities and Exchange Commission filings, including the latest 10-K and proxy statement, are available on our website at <https://investors.att.com>

## Investor Relations

Securities analysts and other members of the professional financial community may contact the Investor Relations staff as listed on our website at <https://investors.att.com>

## Independent Auditor

Ernst & Young LLP  
2323 Victory Ave., Suite 2000  
Dallas, TX 75219

## Corporate Offices and Non-Stockholder Inquiries

AT&T Inc.  
208 S. Akard St.  
Dallas, TX 75202  
210-821-4105



