



Q1 ||| 2018 AT&T EARNINGS

Investor Briefing

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AT&T Reports First-Quarter Results

First Quarter

- ▶ *Diluted EPS of \$0.75 as reported and \$0.85 as adjusted, compared to \$0.56 and \$0.74 in the year-ago quarter*
- ▶ *Consolidated revenues of \$38.0 billion*
- ▶ *Cash from operations of \$8.9 billion*
- ▶ *Capital expenditures of \$6.1 billion*
- ▶ *Free cash flow of \$2.8 billion*

Company Maintains Full-Year Guidance

- ▶ 3.2 million total wireless net adds:
 - 2.6 million in U.S., driven by connected devices and prepaid
 - 543,000 in Mexico
- ▶ U.S. wireless results:
 - Strong year-over-year improvement in postpaid phone net adds
 - Continued prepaid growth with 192,000 phone net adds
 - Nearly 500,000 branded smartphones added to base
 - Best-ever first-quarter postpaid phone churn of 0.84%
- ▶ Entertainment Group results:
 - 312,000 DIRECTV NOW net adds to reach nearly 1.5 million subscribers
 - 125,000 total video net adds with DIRECTV NOW stabilizing total video customer base since DIRECTV acquisition
 - 154,000 IP broadband net adds; 82,000 total broadband net adds; more than 8 million customer locations passed with fiber

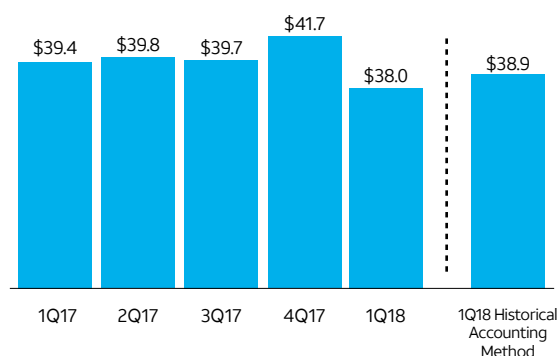
CONSOLIDATED FINANCIAL RESULTS

As noted in an 8-K filed last month, AT&T adopted new U.S. accounting standards that deal with revenue recognition (ASC 606), post-employment benefit costs and certain cash receipts on installment receivables. These changes impact the company's income statements and cash flows. With the adoption of ASC 606, the company made a policy decision to record Universal Service Fees (USF) and other regulatory fees on a net basis. The company is providing comparable results in addition to GAAP to help investors better understand the impact on financials from ASC 606 and the policy decision. Historical income statements and cash flows have been recast to show only the impact of the adoption of the other two accounting standards.

AT&T's consolidated revenues for the first quarter totaled \$38.0 billion versus \$39.4 billion in the year-ago quarter, primarily due to the impact of ASC 606 which included netting of USF with operating expenses. On a comparative basis, declines in legacy wireline services, domestic video, and wireless service revenues, were partially offset by growth in wireless equipment and strategic business services. On a comparative basis, revenues were \$38.9 billion, a decrease of 1.1%.

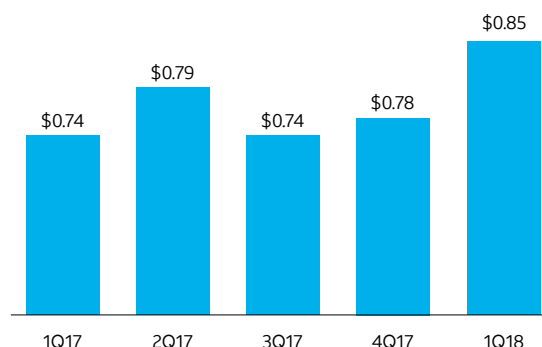
Consolidated Revenues

IN BILLIONS



Operating expenses were \$31.8 billion versus \$33.0 billion primarily due to the netting of USF and other regulatory fee revenues and the deferral of commissions under ASC 606. Excluding those impacts, operating expenses were \$33.4 billion, an increase of about \$350 million due to higher wireless equipment costs.

Adjusted Earnings Per Share

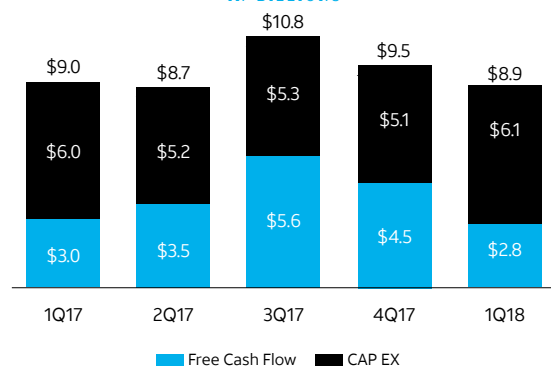


Versus results from the first quarter of 2017, operating income was \$6.2 billion versus \$6.4 billion; and operating income margin was 16.3% versus 16.1%. On a comparative basis, operating income was \$5.6 billion and operating income margin was 14.3%. When adjusting for a non-cash actuarial gain on benefit plans, amortization, merger- and integration-related expenses and other items, operating income was \$7.5 billion, or \$6.9 billion on a comparative basis, versus \$7.6 billion in the year-ago quarter and operating income margin was 19.7%, or 17.7% on a comparative basis, versus 19.4% in the year-ago quarter.

First-quarter net income attributable to AT&T was \$4.7 billion, or \$0.75 per diluted share, versus \$3.5 billion, or \$0.56 per diluted share, in the year-ago quarter. Adjusting for a \$0.12 non-cash actuarial gain on benefit plans and \$0.22 of costs for amortization, merger- and integration-related expenses and other items, earnings per diluted share was \$0.85 compared to an adjusted \$0.74 in the year-ago quarter, a 14.9% increase.

Cash from Operations

IN BILLIONS



Cash from operating activities was \$8.9 billion, and capital expenditures were \$6.1 billion. Capital expenditures included about \$140 million in FirstNet capital costs and no FirstNet reimbursements. Free cash flow — cash from operating activities minus capital expenditures — was \$2.8 billion for the quarter.

Business Solutions



The Business Solutions segment provides both wireless and wireline services to business customers. AT&T's wireless and wired networks provide complete communications solutions to these customers. AT&T's business customer revenues include results from enterprise, public sector, wholesale and small/midsize customers.

Effective Jan. 1, 2018, wireless subscribers who participate in employer-sponsored plans have been moved to Consumer Mobility from Business Solutions. Historical results have been recast to reflect that change.

FINANCIAL HIGHLIGHTS

Total first-quarter revenues from business customers were \$9.2 billion, down 5.2% versus the year-earlier quarter due to the impact of ASC 606 revenue recognition and declines in legacy wireline services which were partially offset by increases in strategic business services and wireless. On a comparative basis, revenues were \$9.5 billion, down 1.6%.

- First-quarter operating expenses were \$7.1 billion, down 5.4%, or up slightly on a comparative basis, versus the first quarter of 2017. Operating income totaled \$2.1 billion, down 4.7%, or down 8.0% on a comparative basis, year over year with IP revenue growth and cost efficiencies partially offsetting declines in legacy services, higher FirstNet expenses and higher wireless sales costs.

- First-quarter operating income margin was 22.7%, or 21.1% on a comparative basis, with declines in legacy services, FirstNet expenses and higher wireless sales costs offsetting growth in IP revenues and increased cost efficiencies.

BUSINESS WIRELESS FINANCIAL RESULTS

Business wireless revenues were \$2.4 billion, up 3.4% year over year due to higher equipment revenues. On a comparative basis, revenues were up 4.0% also driven by growth in equipment revenues.

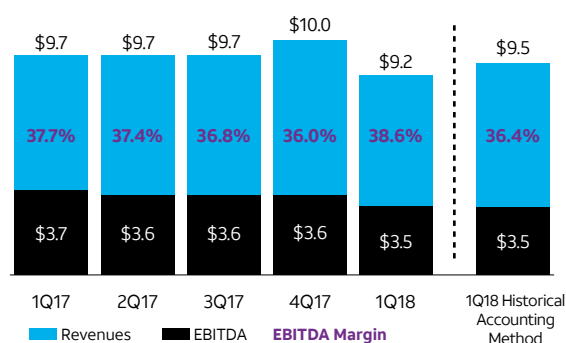
- Wireless service revenues were down 10.6% year over year, reflecting revenue recognition and changes in USF booking, along with customer shifts to unlimited data plans. On a comparative basis, service revenues were down 0.5%.

BUSINESS WIRELINE FINANCIAL RESULTS

In business wireline, declines in legacy products were partially offset by continued growth in strategic business services. Total business wireline revenues were \$6.8 billion, down 7.9% year over year, or down 3.3% on a comparable basis.

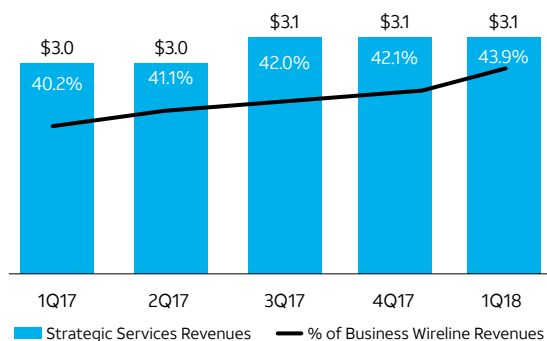
- Strategic business services, the wireline capabilities that lead AT&T's most advanced business solutions — including VPNs, Ethernet, cloud, hosting, IP conferencing, voice over IP, dedicated internet, IP broadband and security services — continued its solid performance. Revenues grew by about 6%, or \$166 million, on a comparable basis versus the year-earlier quarter. On a comparative basis, these services represent 44% of total business wireline revenues and more than 70% of wireline data revenues and are an annualized revenue stream of more than \$12 billion. This growth helped offset a decline of more than \$440 million, on a comparable basis, in legacy services in the quarter.

Revenues & EBITDA Margin
IN BILLIONS



Strategic Service Revenues

IN BILLIONS



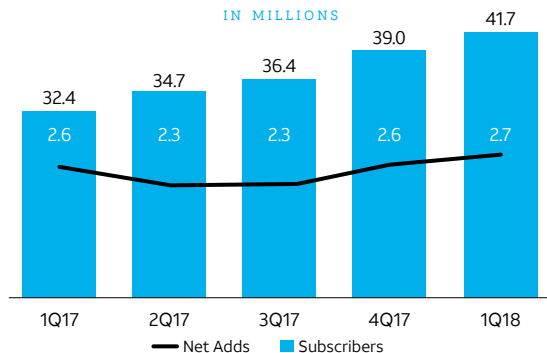
SUBSCRIBER METRICS

At the end of the first quarter, AT&T had about 55 million business wireless subscribers, including all connected devices for the company.

- ▶ Business Solutions added 113,000 postpaid subscribers and a record 2.7 million connected devices in the first quarter.
- ▶ During the quarter, the company also lost 4,000 high-speed IP broadband business subscribers. Total business broadband subscribers were down 26,000.

Connected Devices Subscribers & Net Adds*

IN MILLIONS



*Connected devices are now entirely in the business segment; historical numbers have been adjusted.

Entertainment Group



AT&T's Entertainment Group provides entertainment, high-speed internet and communications services predominantly to residential customers in the United States.

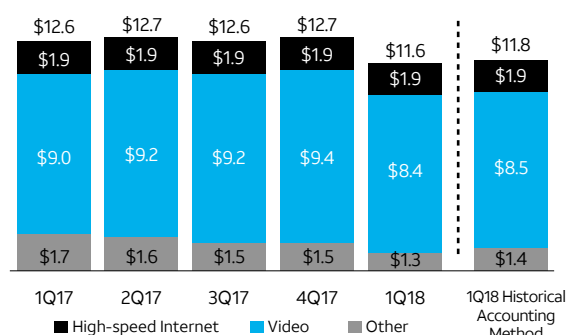
FINANCIAL HIGHLIGHTS

Total revenues were \$11.6 billion, down 8.1% versus the year-earlier quarter due to the impact of ASC 606 revenue recognition and declines in legacy services and in linear TV subscribers. On a comparative basis excluding the impact of revenue recognition, revenues were down 6.4%.

- ▶ Total video revenues were down due to declines in linear TV subscribers.
- AdWorks revenues were up almost 9% year over year.
- ▶ Broadband revenues were down in the quarter due to legacy DSL declines, simplified pricing and bundle discounts.

Product Revenues

IN BILLIONS



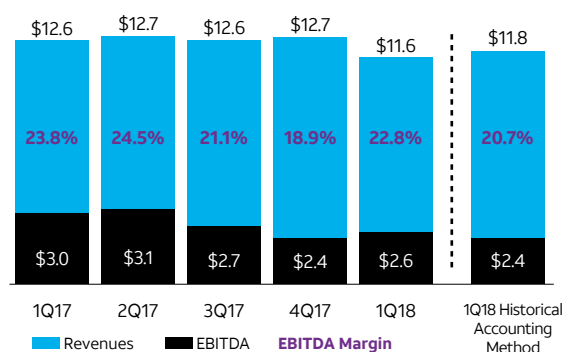
First-quarter operating expenses were \$10.3 billion, down 7.0% from a year ago. On a comparative basis, operating expenses were down 3.3% due to cost initiatives and lower volumes partially offset by content-cost increases and higher installation deferral amortization expense.

Operating income totaled \$1.3 billion, down 15.9% from the year-ago quarter. On a comparative basis, operating income was \$1.1 billion, down 28.6% from the year-ago quarter.

- ▶ First-quarter operating income margin was 11.5%, down from 12.5% in the year-earlier quarter. Excluding the impact of revenue recognition, operating income margin was 9.5%.
- ▶ Entertainment Group EBITDA margin was 22.8%, compared to 23.8% in the first quarter of 2017 and 20.7% on a comparative basis, with cost efficiencies partially offsetting TV content-cost pressure, declines in legacy services, fewer linear subscribers and new video platform expenses. (EBITDA margin is operating income before depreciation and amortization, divided by total Entertainment Group revenues.)

Revenues and EBITDA Margin

IN BILLIONS

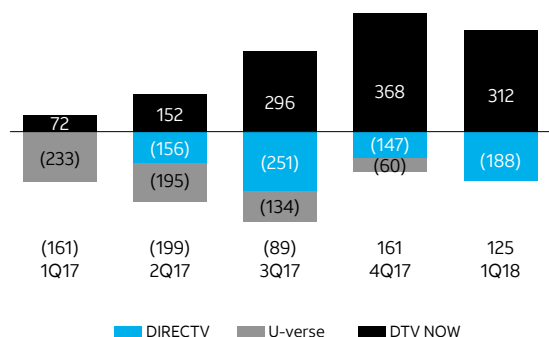


SUBSCRIBER METRICS

Total video subscribers grew by 125,000 in the quarter as DIRECTV NOW subscribers more than offset linear video declines. The Entertainment Group ended the quarter with 25.4 million total video subscribers.

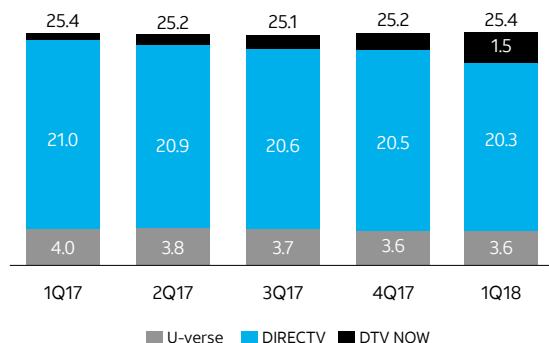
- ▶ Linear video subscribers declined 187,000 in the first quarter due to heightened competition in linear pay-TV markets and from over-the-top services. Satellite subscribers declined by 188,000 in the quarter, and IPTV subscribers increased by 1,000.

Video Net Adds
IN THOUSANDS



- ▶ DIRECTV NOW added 312,000 subscribers to reach nearly 1.5 million customers. During the quarter, the company continued beta testing a new video platform with enhanced capabilities including cloud DVR.

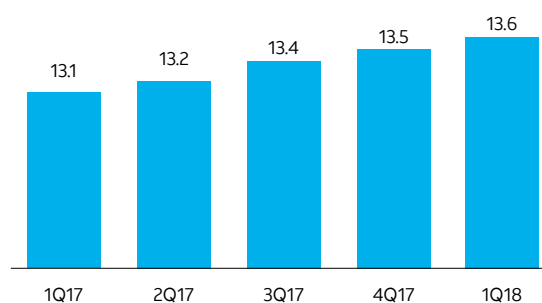
Total Video Subscribers
IN MILLIONS



The Entertainment Group continued to gain broadband subscribers in the first quarter.

- ▶ The Entertainment Group had a net gain of 154,000 IP broadband subscribers in the first quarter with DSL losses of 72,000, for total broadband subscriber growth of 82,000. Fewer than 1 million DSL subscribers remain in AT&T's broadband subscriber base. IP broadband subscribers benefitted from the expansion of the fiber network and simplified pricing, and at the end of the quarter, totaled 13.6 million.

IP Broadband Subscribers
IN MILLIONS



- ▶ Customers continue to move up broadband speed tiers. About 67% of all IP broadband customers have purchased speed tiers between 18 megabits and 1 gigabit. Customers with speeds of 100 megabits or faster have nearly tripled year over year.
- ▶ At the same time, the company continues its fiber deployment. The company now markets its 100% fiber network to more than 8 million customer locations in 70 metros. Broadband penetration in the fiber footprint is nearly twice that in the non-fiber footprint and is nearly 50% in locations marketed to for more than 2 years.

Consumer Mobility



The Consumer Mobility segment provides nationwide wireless service to consumer and wholesale subscribers located in the United States and in U.S. territories. The company's wireless network powers voice and data services, including high-speed internet and video entertainment.

Effective Jan. 1, 2018, wireless subscribers who participate in employer-sponsored plans have been moved to Consumer Mobility from Business Solutions. Historical results have been recast to reflect that change.

FINANCIAL HIGHLIGHTS

Total revenues from Consumer Mobility customers totaled \$15.0 billion, up 1.2% versus the year-earlier quarter and up 31% on a comparative basis, reflecting higher postpaid equipment revenues which more than offset lower postpaid service revenues.

- ▶ First-quarter operating expenses were \$10.3 billion, up 0.5% versus the first quarter of 2017, and up 6.9% on a comparative basis, reflecting higher smartphone sales and higher depreciation expense partly offset by increased cost efficiencies.
- ▶ Operating income totaled \$4.7 billion, up 2.8% versus the first quarter of 2017 and down 5.4% on a comparative basis, due to higher volumes. First-quarter operating income margin was 31.1%, or 28.1% on a comparative basis, down from the year-earlier quarter with higher smartphone sales, higher depreciation expense and service revenue pressure partially offset by increased cost efficiencies.

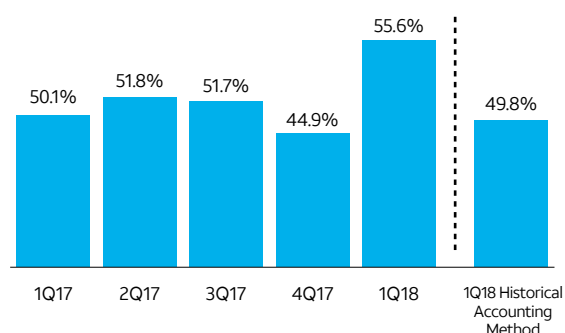
- ▶ Consumer Mobility EBITDA margin was 43.1%, compared to 42.2% in the first quarter of 2017 and 39.9% on a comparative basis. EBITDA service margin was 55.6%, compared to 50.1% in the year-ago quarter and 49.8% on a comparative basis. (EBITDA service margin is operating income before depreciation and amortization, divided by total service revenues.)

SUBSCRIBER METRICS

At the end of the first quarter, AT&T had 89.3 million Consumer Mobility subscribers.

- ▶ In the quarter, Consumer Mobility lost 262,000 total subscribers. The company had prepaid phone net adds of 192,000. This was more than offset by losses of 64,000 postpaid subscribers, due to tablet declines, and 390,000 reseller subscribers.

EBITDA Service Margin



International

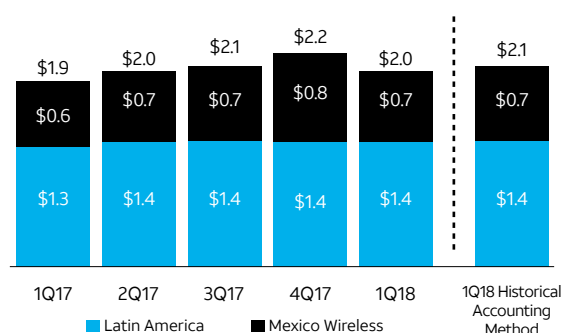


The International segment includes wireless services in Mexico and satellite entertainment services in Latin America. AT&T is a leading provider of pay television services in Latin America with satellite operations serving Argentina, Brazil, Chile, Colombia, Ecuador, Peru, Uruguay, Venezuela and parts of the Caribbean. The company also owns 41% of Sky Mexico. Sky Mexico financial results are accounted for as an equity-method investment.

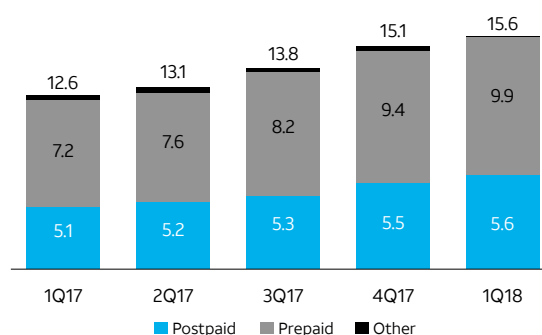
Total International revenues totaled \$2.0 billion, up 5.0% from the year-ago quarter. On a comparable basis, revenues were \$2.1 billion, up 7.1% year over year. First-quarter operating expenses were \$2.1 billion, or \$2.2 billion on a comparable basis. AT&T's International operating loss totaled (\$111) million, compared to (\$120) million in the year-ago first quarter. First-quarter operating income margin was (5.5)%, or (5.1)% on a comparable basis.

- ▶ First-quarter operating loss was (\$259) million compared to a loss of (\$197) million in the year-ago quarter, and (\$223) million on a comparable basis, reflecting continued investment in customer acquisition and higher depreciation.
- ▶ In the quarter, AT&T added 109,000 postpaid subscribers and 459,000 prepaid subscribers to reach 15.6 million total wireless subscribers in Mexico, a 24% increase from a year ago.

Revenues
IN BILLIONS



Wireless Subscribers - Mexico
IN MILLIONS



MEXICO

AT&T owns and operates a wireless network in Mexico. AT&T covered 96 million people in Mexico with 4G LTE at the end of the first quarter and expects to reach 100 million POPs by the end of 2018.

- ▶ Revenues in Mexico were \$671 million, up 14.1% versus the year-earlier quarter, largely due to subscriber growth, which was partially offset by competitive pricing. On a comparable basis, revenues were up 20.9%. Service revenues were down slightly year over year on a comparable basis due to an approximately \$90 million impact from the shutdown of a wholesale business in the fourth quarter of 2017.

DIRECTV LATIN AMERICA

DIRECTV Latin America revenues reflect price increases driven by macroeconomic conditions with mixed local currencies. Total revenues from Latin America were \$1.4 billion, up slightly year over year. Operating income was \$148 million with continued positive free cash flow.

- ▶ First-quarter subscribers were down 15,000 driven by declines in Brazil. Total subscribers at the end of the quarter were 13.6 million. Sky Mexico had approximately 8.0 million subscribers as of December 31, 2017.

AT&T Mobility



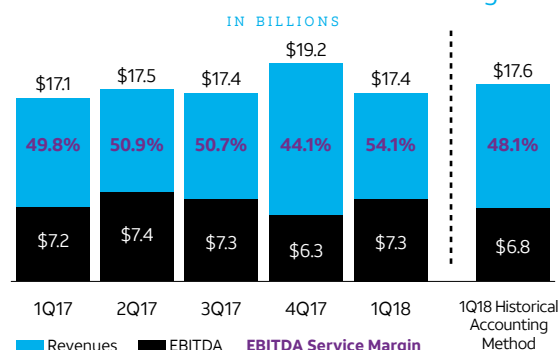
AT&T's U.S. mobility operations are divided between the Business Solutions and Consumer Mobility segments. For comparison purposes, the company is providing supplemental information for its total domestic mobility operations.

FINANCIAL HIGHLIGHTS

Wireless revenues reflected the impact of ASC 606 revenue recognition, lower service revenues from customers migrating to no-coverage plans and declines in reseller, offset by higher equipment revenues from increased smartphone gross adds and upgrades versus the year-ago quarter.

- ▶ Total wireless revenues were \$17.4 billion, up 1.5% year over year, due to an increase in equipment revenues. On a comparable basis, revenues were up 3.2%. Wireless service revenues of \$13.4 billion were down 7.4% year over year, or down 1.7% on a comparable basis. Wireless equipment revenues increased 50.3% to \$4.0 billion, or up 30.5% on a comparable basis, due to increased gross adds and upgrades.
- ▶ First-quarter wireless operating expenses totaled \$12.2 billion, up 2.7% year over year, reflecting the impact of revenue recognition, higher volumes and depreciation partially offset by increased cost efficiencies. Wireless operating income was \$5.2 billion, down 1.2% year over year. On a comparable basis, wireless operating income was \$4.7 billion, or down 9.2%.
- ▶ Wireless margins reflected pressure from higher smartphone volumes and increased depreciation in the quarter partially offset by the impact of revenue recognition and continued success in driving operating costs out of the business. AT&T's first-quarter wireless operating income margin was 29.7%, compared to 30.5% in the year-earlier quarter and 26.9% on a comparable basis.
- ▶ Wireless EBITDA margin was 41.8%, compared to 42.2% in the first quarter of 2017 and 38.7% on a comparable basis. Wireless EBITDA service margin was 54.1%, compared to 49.8% in the year-ago quarter and 48.1% on a comparable basis.

Revenues and EBITDA Service Margins

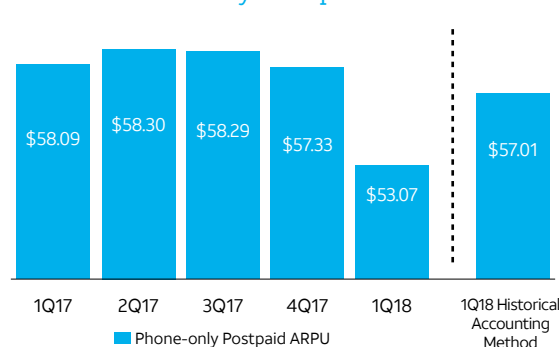


ARPU

The impact of revenue recognition and change in policy on USF fees as well as the continued migration to no-device subsidy and no-coverage plans is reflected in postpaid service ARPU (average revenues per user).

- ▶ Postpaid phone-only ARPU decreased 8.6% versus the year-earlier quarter. On a comparable basis, phone-only ARPU was down 1.9%.

Phone-only Postpaid ARPU



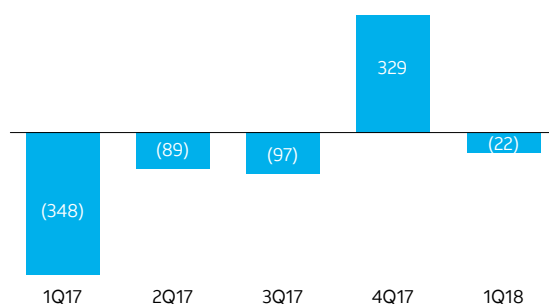
SUBSCRIBER METRICS

In the first quarter, AT&T posted a net increase in total wireless subscribers of 2.6 million to reach 143.8 million in service.

- The company had a net gain of 49,000 postpaid subscribers due to gains in mobile electronics subscribers, primarily watches, which more than offset losses in tablets. Postpaid phone net losses were 22,000, a significant improvement year over year. Postpaid smartphone net adds were 42,000. Postpaid tablets and computing devices had a net loss of 177,000 as customers came off tablet contracts.

Postpaid Phone Net Adds*

IN THOUSANDS

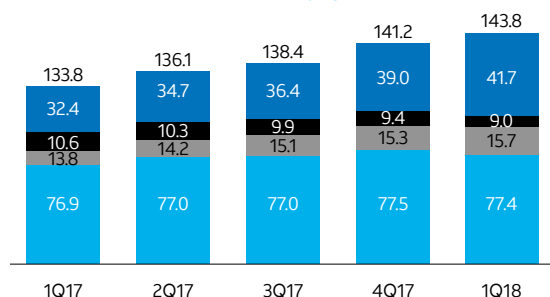


*Digital Life subscribers have been removed from the postpaid subscriber base.

- The company added 241,000 prepaid subscribers, which included 192,000 prepaid phone subscribers. AT&T also added 2.7 million connected devices in the quarter and lost 388,000 reseller subscribers.

Wireless Subscribers*

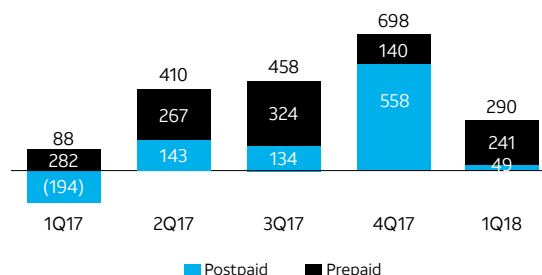
IN MILLIONS



*Digital Life subscribers have been removed from the postpaid subscriber base.

Branded Net Adds*

IN THOUSANDS

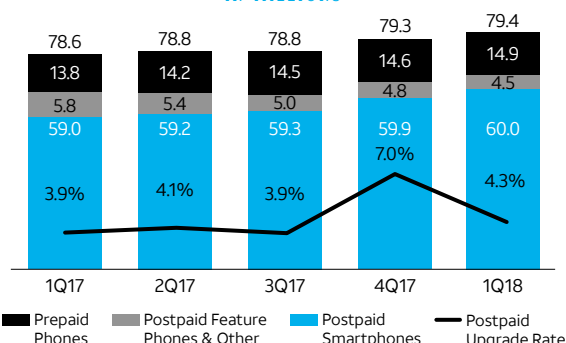


*Digital Life subscribers have been removed from the postpaid subscriber base.

- The company had 290,000 branded net adds (both postpaid and prepaid) in the quarter, including 196,000 branded smartphones.

Branded Phone Subscribers & Postpaid Upgrade Rate

IN MILLIONS



SMARTPHONES

The company's branded smartphone base continued to grow in the quarter.

- The company had 6.7 million branded smartphone gross adds and upgrades in the quarter, including 1.9 million from prepaid. The postpaid upgrade rate in the quarter was 4.3%.
- Sales on AT&T Next were 4.0 million, or 84% of all postpaid smartphone gross adds and

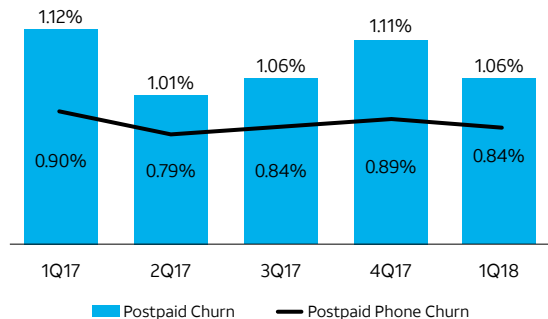
upgrades. The company also had 395,000 BYOD gross adds. That means about 92% of postpaid smartphone transactions in the quarter were on non-subsidy plans.

- More than 50% of the company's postpaid smartphone base is currently on AT&T Next, with more than 90% of postpaid smartphone subscribers on no-device-subsidy plans.

CHURN

Postpaid churn was 1.06%, down from 1.12% from the year-ago quarter even with higher tablet churn. Postpaid phone churn was a record low for a first quarter at 0.84%, compared to 0.90% in the year-ago quarter. Branded churn was 1.65%, compared to 1.71% in the year-ago quarter.

Postpaid Churn



*Digital Life subscribers have been removed from the postpaid subscriber base.

Highlights



AT&T helps millions around the globe connect with leading entertainment, mobile, high-speed internet and voice services. The company is one of the world's largest providers of pay TV with customers in the U.S. and 11 Latin American countries. And it helps businesses worldwide serve their customers better with mobility and highly secure cloud solutions.

In recent weeks, AT&T:

WIRELESS

- ▶ Launched wireless trial offers in New York, Chicago and Los Angeles; also introduced the company's latest AT&T Unlimited Enhanced plans, which come with HBO included and a \$15 monthly loyalty credit toward qualifying AT&T video services.
- ▶ Announced plans to launch mobile 5G in a dozen cities by the end of 2018 — including Dallas, Atlanta and Waco. Also continued to lay the foundation for future 5G by bringing 5G Evolution services to parts of more than 140 markets and LTE-LAA to parts of 7 metros – Boston, Chicago, Indianapolis, Los Angeles, McAllen, Texas, Sacramento and San Francisco.
- ▶ Expanded the company's portfolio of devices able to access its 5G Evolution and LTE-LAA technologies with the launch of the Samsung Galaxy S9/S9+.
- ▶ Celebrated the 19th birthday of Cricket Wireless by offering select smartphones from LG, Samsung and more for only \$19 when customers switched to Cricket in March.

ENTERTAINMENT

- ▶ Delivered the first-ever DIRECTV NOW Super Saturday Night live-stream ahead of the Big Game in Minneapolis with global music superstar Jennifer Lopez. The live-stream had more than 3.5 million views, and the sold-out crowd of 8,000 people in Minneapolis enjoyed an immersive

experience including augmented and virtual reality, and a social campaign around #JLoNOW that raised funds for Hurricane Maria relief efforts in Puerto Rico. The concert and behind-the-scenes footage are available now On Demand via DIRECTV and DIRECTV NOW.

- ▶ Expanded the company's 100% fiber network powered by AT&T Fiber to reach more than 8 million locations in parts of 70 metro areas. The most recent launches include Asheville, N.C.; Dayton, Ohio and western Michigan. By the end of 2018, AT&T plans to add 2 million more locations on its path to reach at least 12.5 million locations across at least 84 metro areas by mid-2019.
- ▶ Introduced offers for new DIRECTV NOW customers, including an Apple TV 4K with 3 months of prepaid service, an Amazon Fire TV with 2 months of prepaid service or the option to pay as little as \$10 per month for the first 3 months.
- ▶ Added new channels across DIRECTV NOW package tiers, including aspireTV, UP TV, Ovation and SportsNet New York. AT&T also continued to expand the number of live local channels available in the base package of DIRECTV NOW, adding nearly 30 new channels to its lineup that brings local coverage to more than 80% of U.S. households across more than 90 markets.
- ▶ Debuted multiple sports and events in 4K High Dynamic Range including multiple NBA and MLB Network Showcase games and The 2018 Winter Olympics, as well as the AT&T Pebble Beach Pro-Am and the Masters golf tournaments.

BUSINESS

- ▶ Launched the FirstNet dedicated evolved packet core to give first responders their own separate, nationwide broadband network that can keep up with their needs. Significant strides were also made toward the deployment of public safety's spectrum – Band 14. Over the next 5 years, AT&T will put Band 14 on tens of thousands of new and existing sites nationwide, and the company plans to touch about a third of its cell sites this year alone. So far, nearly 650 agencies across 48 states and territories are already taking advantage of FirstNet services.
- ▶ Expanded the availability of AT&T SD-WAN – Network Based to more than 150 countries and territories. AT&T is helping its business customers manage their networks more easily, giving customers the flexibility to mix and match connectivity based on site-specific needs - application, performance and reliability.
- ▶ Secured 1 million connected devices net adds in a single month for the first time ever.
- ▶ Was named a Leader in Gartner's Magic Quadrant for Network Services, Global for the 14th consecutive time. In the company's view, this recognition underscores the significance of AT&T's edge-to-edge technologies and the value the company can bring to businesses of any size, in any industry.¹
- ▶ Announced a multi-year, global IoT agreement with Caterpillar to connect and manage heavy machines and engines in 155+ countries. AT&T's network, combined with the AT&T Global SIM card and IoT management services, helps Caterpillar, its dealers and customers better track, manage and deploy asset connectivity worldwide.
- ▶ Unveiled a cloud-based platform called Multi-Network Connect to help businesses streamline and manage IoT devices worldwide across multiple cellular and satellite networks, operators and regions from a single portal.

- ▶ Enhanced the company's position as the largest U.S.-based provider of fiber for business services, providing high-speed fiber connections to more than 400,000 U.S. business buildings. This covers more than 1.8 million U.S. business customer locations — and the company is adding thousands more buildings each month. Across the U.S., more than 8 million business customer locations are either on or within 1,000 feet of AT&T's fiber.
- ▶ Celebrated the 5-year anniversary of AT&T Partner Exchange. In 5 years, the first-of-its-kind business services reseller program has grown to more than 600 solution providers.
- ▶ Demonstrated continued leadership in connected health by signing agreements with WaveGuide, Softbox, swyMed, Clairvoyant Networks, LLC, Dictum Health and AlertGPS.

INTERNATIONAL

- ▶ Maintained the most reliable voice and data network in Mexico. AT&T's next-generation, high-speed 4G LTE network is the largest in North America covering more than 400 million people and businesses, including nearly 100 million people in Mexico.
- ▶ Opened the first AT&T Foundry innovation center in Latin America, which will be dedicated to developing technology solutions for emerging markets. This Foundry joins the AT&T network of foundries across the world.

¹ Gartner, Magic Quadrant for Network Services, Global, 27 February 2018. *Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.*

² 1.8 million U.S. business customer locations, which AT&T provides high-speed fiber connections, is included within the 8 million U.S. business customer locations on or within 1,000 feet of our fiber.

SECOND-QUARTER 2018 EARNINGS**DATE: JULY 24, 2018**

AT&T will release second-quarter 2018 earnings on July 24, 2018, after the market closes.

The company's Investor Briefing and related earnings materials will be available on the AT&T website at <https://investors.att.com> by 4:30 p.m. Eastern time.

AT&T will also host a conference call to discuss the results at 4:30 p.m. Eastern time the same day. Dial-in and replay information will be announced on First Call approximately 8 weeks before the call, which will also be broadcast live and will be available for replay over the internet at <https://investors.att.com>.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

Information set forth in this Investor Briefing contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update or revise statements contained in this Investor Briefing based on new information or otherwise.

This Investor Briefing may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are included in the exhibits to the Investor Briefing and are available on the company's website at <https://investors.att.com>.

The "quiet period" for FCC Spectrum Auction 903 (also known as the CAF II auction) is now in effect. During the quiet period, auction applicants are required to avoid discussions of bids, bidding strategy and post-auction market structure with other auction applicants.

AT&T INVESTOR BRIEFING

The AT&T Investor Briefing is published by the Investor Relations staff of AT&T Inc. Requests for further information may be directed to one of the Investor Relations managers by phone at 210-351-3327.

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Financial & Operational Information



AT&T INC. FINANCIAL DATA

Consolidated Statements of Income				
<i>Dollars in millions except per share amounts</i>		Three Months Ended		
<i>Unaudited</i>		March 31,		
	2018	2017	Percent	
		<i>As Adjusted</i>	Change	
Operating Revenues				
Service	\$ 33,646	\$ 36,456	-7.7	%
Equipment	4,392	2,909	51.0	%
Total Operating Revenues	38,038	39,365	-3.4	%
Operating Expenses				
Cost of services and sales				
Equipment	4,848	3,848	26.0	%
Broadcast, programming and operations	5,166	4,974	3.9	%
Other cost of services (exclusive of depreciation and amortization shown separately below)	7,932	9,288	-14.6	%
Selling, general and administrative	7,897	8,772	-10.0	%
Depreciation and amortization	5,994	6,127	-2.2	%
Total Operating Expenses	31,837	33,009	-3.6	%
Operating Income	6,201	6,356	-2.4	%
Interest Expense	(1,771)	(1,293)	37.0	%
Equity in Net Income (Loss) of Affiliates	9	(173)	-	%
Other Income (Expense) - Net	1,702	488	-	%
Income Before Income Taxes	6,141	5,378	14.2	%
Income Tax Expense	1,382	1,804	-23.4	%
Net Income	4,759	3,574	33.2	%
Less: Net Income Attributable to Noncontrolling Interest	(97)	(105)	7.6	%
Net Income Attributable to AT&T	\$ 4,662	\$ 3,469	34.4	%
Basic Earnings Per Share Attributable to AT&T	\$ 0.75	\$ 0.56	33.9	%
Weighted Average Common Shares Outstanding (000,000)	6,161	6,166	-0.1	%
Diluted Earnings Per Share Attributable to AT&T	\$ 0.75	\$ 0.56	33.9	%
Weighted Average Common Shares Outstanding with Dilution (000,000)	6,180	6,186	-0.1	%

AT&T INC. FINANCIAL DATA

Consolidated Balance Sheets		
<i>Dollars in millions</i>		
<i>Unaudited for 2018</i>		
	Mar. 31, 2018	Dec. 31, 2017
Assets		
Current Assets		
Cash and cash equivalents	\$ 48,872	\$ 50,498
Accounts receivable - net of allowances for doubtful accounts of \$642 and \$663	16,290	16,522
Prepaid expenses	1,335	1,369
Other current assets	12,008	10,757
Total current assets	78,505	79,146
Property, Plant and Equipment - Net	125,124	125,222
Goodwill	105,482	105,449
Licenses	96,556	96,136
Customer Lists and Relationships - Net	9,878	10,676
Other Intangible Assets - Net	7,201	7,464
Investments in and Advances to Equity Affiliates	2,623	1,560
Other Assets	20,943	18,444
Total Assets	\$ 446,312	\$ 444,097
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	\$ 29,322	\$ 38,374
Accounts payable and accrued liabilities	31,569	34,470
Advanced billing and customer deposits	5,081	4,213
Accrued taxes	1,534	1,262
Dividends payable	3,074	3,070
Total current liabilities	70,580	81,389
Long-Term Debt	133,724	125,972
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	45,730	43,207
Postemployment benefit obligation	30,116	31,775
Other noncurrent liabilities	19,117	19,747
Total deferred credits and other noncurrent liabilities	94,963	94,729
Stockholders' Equity		
Common stock	6,495	6,495
Additional paid-in capital	89,404	89,563
Retained earnings	55,018	50,500
Treasury stock	(12,432)	(12,714)
Accumulated other comprehensive income	7,404	7,017
Noncontrolling interest	1,156	1,146
Total stockholders' equity	147,045	142,007
Total Liabilities and Stockholders' Equity	\$ 446,312	\$ 444,097

AT&T INC. FINANCIAL DATA

Consolidated Statements of Cash Flows		
<i>Dollars in millions</i>	Three Months Ended	
<i>Unaudited</i>	March 31,	
	2018	2017
		<i>As Adjusted</i>
Operating Activities		
Net income	\$ 4,759	\$ 3,574
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	5,994	6,127
Undistributed earnings from investments in equity affiliates	(2)	182
Provision for uncollectible accounts	438	393
Deferred income tax expense	1,222	480
Net (gain) loss from investments, net of impairments	2	61
Actuarial (gain) loss on pension and postretirement benefits	(930)	-
Changes in operating assets and liabilities:		
Accounts receivable	(439)	445
Other current assets	614	229
Accounts payable and other accrued liabilities	(1,962)	(1,582)
Equipment installment receivables and related sales	505	394
Deferred customer contract acquisition and fulfillment costs	(826)	(436)
Retirement benefit funding	(140)	(140)
Other - net	(288)	(762)
Total adjustments	4,188	5,391
Net Cash Provided by Operating Activities	8,947	8,965
Investing Activities		
Capital expenditures:		
Purchase of property and equipment	(5,957)	(5,784)
Interest during construction	(161)	(231)
Acquisitions, net of cash acquired	(234)	(162)
Dispositions	56	6
Sales (purchases) of securities, net	(116)	17
Advances to and investments in equity affiliates, net	(1,007)	-
Cash collections of deferred purchase price	267	185
Net Cash Used in Investing Activities	(7,152)	(5,969)
Financing Activities		
Issuance of long-term debt	2,565	12,440
Repayment of long-term debt	(4,911)	(3,053)
Purchase of treasury stock	(145)	(177)
Issuance of treasury stock	11	21
Dividends paid	(3,070)	(3,009)
Other	2,048	(173)
Net Cash (Used in) Provided by Financing Activities	(3,502)	6,049
Net (decrease) increase in cash and cash equivalents and restricted cash	(1,707)	9,045
Cash and cash equivalents and restricted cash beginning of year	50,932	5,935
Cash and Cash Equivalents and Restricted Cash End of Period	\$ 49,225	\$ 14,980

AT&T INC. CONSOLIDATED SUPPLEMENTARY DATA

Supplementary Financial Data				
<i>Dollars in millions except per share amounts</i>				
<i>Unaudited</i>				
	Three Months Ended March 31,		Percent Change	
	2018	2017		
Capital expenditures				
Purchase of property and equipment	\$ 5,957	\$ 5,784	3.0	%
Interest during construction	161	231	-30.3	%
Total Capital Expenditures	\$ 6,118	\$ 6,015	1.7	%
Dividends Declared per Share	\$ 0.50	\$ 0.49	2.0	%
End of Period Common Shares Outstanding (000,000)	6,148	6,147	-	%
Debt Ratio	52.6%	51.6%	100	BP
Total Employees	249,240	264,530	-5.8	%

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	March 31,		Percent Change	
	2018	2017		
Wireless Subscribers				
Domestic	143,832	133,804	7.5	%
Mexico	15,642	12,606	24.1	%
Total Wireless Subscribers	159,474	146,410	8.9	%
Total Branded Wireless Subscribers	108,566	103,118	5.3	%
Video Connections				
Domestic	25,394	25,399	-	%
Latin America	13,573	13,678	-0.8	%
Total Video Connections	38,967	39,077	-0.3	%
Broadband Connections				
IP	14,637	14,110	3.7	%
DSL	1,138	1,585	-28.2	%
Total Broadband Connections	15,775	15,695	0.5	%
Voice Connections				
Network Access Lines	11,288	13,363	-15.5	%
U-verse VolP Connections	5,585	5,858	-4.7	%
Total Retail Voice Connections	16,873	19,221	-12.2	%
	Three Months Ended March 31,		Percent Change	
	2018	2017		
Wireless Net Additions				
Domestic	2,630	2,078	26.6	%
Mexico	543	633	-14.2	%
Total Wireless Net Additions	3,173	2,711	17.0	%
Total Branded Wireless Net Additions	858	735	16.7	%
Video Net Additions				
Domestic	124	(161)	-	%
Latin America	(15)	91	-	%
Total Video Net Additions	109	(70)	-	%
Broadband Net Additions				
IP	150	246	-39.0	%
DSL	(94)	(156)	39.7	%
Total Broadband Net Additions	56	90	-37.8	%

CONSUMER MOBILITY

The Consumer Mobility segment provides nationwide wireless service to consumers and wholesale and resale wireless subscribers located in the U.S. or in U.S. territories. We provide voice and data services, including high-speed internet, and video services.

Segment Results				
<i>Dollars in millions</i>		Three Months Ended		
<i>Unaudited</i>		March 31,		Percent
		2018	2017	Change
Segment Operating Revenues				
Service	\$	11,612	\$ 12,465	-6.8 %
Equipment		3,374	2,341	44.1 %
Total Segment Operating Revenues		14,986	14,806	1.2 %
Segment Operating Expenses				
Operations and support		8,524	8,560	-0.4 %
Depreciation and amortization		1,807	1,716	5.3 %
Total Segment Operating Expenses		10,331	10,276	0.5 %
Segment Operating Income		4,655	4,530	2.8 %
Equity in Net Income of Affiliates		-	-	- %
Segment Contribution	\$	4,655	\$ 4,530	2.8 %
Segment Operating Income Margin				
		31.1 %	30.6 %	50 BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>		March 31,		Percent
<i>Unaudited</i>		2018		2017
				Change
Consumer Mobility Subscribers				
Postpaid		65,489	65,692	-0.3 %
Prepaid		14,928	13,844	7.8 %
Branded		80,417	79,536	1.1 %
Reseller		8,910	10,549	-15.5 %
Total Consumer Mobility Subscribers		89,327	90,085	-0.8 %
Consumer Mobility Net Additions				
Postpaid		(64)	(282)	77.3 %
Prepaid		192	282	-31.9 %
Branded		128	-	- %
Reseller		(390)	(587)	33.6 %
Total Consumer Mobility Net Additions		(262)	(587)	55.4 %

BUSINESS SOLUTIONS

The Business Solutions segment provides services to business customers, including multinational companies; governmental and wholesale customers. We provide advanced IP-based services including Virtual Private Networks (VPN); Ethernet-related products and broadband, collectively referred to as strategic business services; as well as traditional data and voice products. We provide a complete communications solution to our business customers.

Segment Results				
<i>Dollars in millions</i>		Three Months Ended		
<i>Unaudited</i>		March 31,		Percent
		2018	2017	Change
Segment Operating Revenues				
Wireless service	\$	1,791	\$ 2,003	-10.6 %
Strategic services		3,138	2,974	5.5 %
Legacy voice and data services		2,839	3,549	-20.0 %
Other service and equipment		839	878	-4.4 %
Wireless equipment		578	288	- %
Total Segment Operating Revenues		9,185	9,692	-5.2 %
Segment Operating Expenses				
Operations and support		5,638	6,040	-6.7 %
Depreciation and amortization		1,462	1,465	-0.2 %
Total Segment Operating Expenses		7,100	7,505	-5.4 %
Segment Operating Income		2,085	2,187	-4.7 %
Equity in Net Income (Loss) of Affiliates		(1)	-	- %
Segment Contribution	\$	2,084	\$ 2,187	-4.7 %
Segment Operating Income Margin		22.7 %	22.6 %	10 BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>		March 31,		
<i>Unaudited</i>		2018		Percent
			2017	Change
Business Solutions Wireless Subscribers				
Postpaid		11,942	11,243	6.2 %
Prepaid		743	-	- %
Branded		12,685	11,243	12.8 %
Reseller		92	76	21.1 %
Connected Devices		41,728	32,400	28.8 %
Total Business Mobility Subscribers		54,505	43,719	24.7 %
Business Solutions IP Broadband Connections		1,021	980	4.2 %
		Three Months Ended		Percent
		March 31,		Change
		2018	2017	
Business Solutions Wireless Net Additions				
Postpaid		113	88	28.4 %
Prepaid		49	-	- %
Branded		162	88	84.1 %
Reseller		2	5	-60.0 %
Connected Devices		2,728	2,572	6.1 %
Total Business Solutions Wireless Net Additions		2,892	2,665	8.5 %
Business Solutions IP Broadband Net Additions		(4)	4	- %

ENTERTAINMENT GROUP

The Entertainment Group segment provides video, internet, voice communication, and interactive and targeted advertising services to customers located in the U.S. or in U.S. territories.

Segment Results			
<i>Dollars in millions</i>	Three Months Ended		
<i>Unaudited</i>	March 31,		Percent
	2018	2017	Change
Segment Operating Revenues			
Video entertainment	\$ 8,359	\$ 9,020	-7.3 %
High-speed internet	1,878	1,941	-3.2 %
Legacy voice and data services	819	1,031	-20.6 %
Other service and equipment	521	609	-14.4 %
Total Segment Operating Revenues	11,577	12,601	-8.1 %
Segment Operating Expenses			
Operations and support	8,939	9,605	-6.9 %
Depreciation and amortization	1,312	1,420	-7.6 %
Total Segment Operating Expenses	10,251	11,025	-7.0 %
Segment Operating Income	1,326	1,576	-15.9 %
Equity in Net Income (Loss) of Affiliates	9	(6)	- %
Segment Contribution	\$ 1,335	\$ 1,570	-15.0 %
Segment Operating Income Margin	11.5 %	12.5 %	-100 BP

Supplementary Operating Data			
<i>Subscribers and connections in thousands</i>	March 31,		Percent
<i>Unaudited</i>	2018	2017	Change
Video Connections			
Satellite	20,270	21,012	-3.5 %
U-verse	3,632	4,020	-9.7 %
DIRECTV NOW	1,467	339	- %
Total Video Connections	25,369	25,371	- %
Broadband Connections			
IP	13,616	13,130	3.7 %
DSL	816	1,164	-29.9 %
Total Broadband Connections	14,432	14,294	1.0 %
Voice Connections			
Retail Consumer Switched Access Lines	4,535	5,533	-18.0 %
U-verse Consumer VoIP Connections	5,105	5,470	-6.7 %
Total Retail Consumer Voice Connections	9,640	11,003	-12.4 %
	Three Months Ended		Percent
	2018	2017	Change
Video Net Additions¹			
Satellite	(188)	-	- %
U-verse	1	(233)	- %
DIRECTV NOW	312	72	- %
Total Video Net Additions	125	(161)	- %
Broadband Net Additions			
IP	154	242	-36.4 %
DSL	(72)	(127)	43.3 %
Total Broadband Net Additions	82	115	-28.7 %

¹ Includes the impact of customers that migrated to DIRECTV NOW.

INTERNATIONAL

The International segment provides entertainment services in Latin America and wireless services in Mexico. Video entertainment services are provided to primarily residential customers using satellite technology. We utilize our regional and national wireless networks in Mexico to provide consumer and business customers with wireless data and voice communication services. Our international subsidiaries conduct business in their local currency and operating results are converted to U.S. dollars using official exchange rates.

Segment Results				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	Three Months Ended		Percent	
	March 31,		Change	
	2018	2017		
Segment Operating Revenues				
Video entertainment	\$ 1,354	\$ 1,341	1.0	%
Wireless service	404	475	-14.9	%
Wireless equipment	267	113	136.3	%
Total Segment Operating Revenues	2,025	1,929	5.0	%
Segment Operating Expenses				
Operations and support	1,804	1,759	2.6	%
Depreciation and amortization	332	290	14.5	%
Total Segment Operating Expenses	2,136	2,049	4.2	%
Segment Operating Income (Loss)	(111)	(120)	7.5	%
Equity in Net Income (Loss) of Affiliates	-	20	-	%
Segment Contribution	\$ (111)	\$ (100)	-11.0	%
Segment Operating Income Margin	(5.5) %	(6.2) %	70	BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	March 31,		Percent	
	2018		Change	
Mexican Wireless Subscribers				
Postpaid	5,607	5,095	10.0	%
Prepaid	9,857	7,244	36.1	%
Branded	15,464	12,339	25.3	%
Reseller	178	267	-33.3	%
Total Mexican Wireless Subscribers	15,642	12,606	24.1	%
Latin America Satellite Subscribers				
Total Latin America Satellite Subscribers	13,573	13,678	-0.8	%
	Three Months Ended		Percent	
	March 31,		Change	
	2018	2017		
Mexican Wireless Net Additions				
Postpaid	109	130	-16.2	%
Prepaid	459	517	-11.2	%
Branded	568	647	-12.2	%
Reseller	(25)	(14)	-78.6	%
Total Mexican Wireless Net Additions	543	633	-14.2	%
Latin America Satellite Net Additions				
Total Latin America Satellite Net Additions	(15)	91	-	%

SUPPLEMENTAL OPERATING INFORMATION - AT&T MOBILITY

As a supplemental discussion of our operating results, for comparison purposes, we are providing a view of our combined domestic wireless operations (AT&T Mobility).

Operating Results				
<i>Dollars in millions</i>		Three Months Ended		
<i>Unaudited</i>		March 31,		Percent
		2018	2017	Change
Operating Revenues				
Service	\$	13,403	\$ 14,468	-7.4 %
Equipment		3,952	2,629	50.3 %
Total Operating Revenues		17,355	17,097	1.5 %
Operating Expenses				
Operations and support		10,102	9,885	2.2 %
Depreciation and amortization		2,095	1,992	5.2 %
Total Operating Expenses		12,197	11,877	2.7 %
Operating Income	\$	5,158	\$ 5,220	-1.2 %
Operating Income Margin		29.7 %	30.5 %	-80 BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>		March 31,		
<i>Unaudited</i>		2018		Percent
			2017	Change
AT&T Mobility Subscribers				
Postpaid		77,431	76,935	0.6 %
Prepaid		15,671	13,844	13.2 %
Branded		93,102	90,779	2.6 %
Reseller		9,002	10,625	-15.3 %
Connected Devices		41,728	32,400	28.8 %
Total AT&T Mobility Subscribers		143,832	133,804	7.5 %
Domestic Licensed POPs (000,000)		329	325	1.2 %
		Three Months Ended		Percent
		March 31,		Change
		2018	2017	
AT&T Mobility Net Additions				
Postpaid		49	(194)	- %
Prepaid		241	282	-14.5 %
Branded		290	88	- %
Reseller		(388)	(582)	33.3 %
Connected Devices		2,728	2,572	6.1 %
Total AT&T Mobility Net Additions		2,630	2,078	26.6 %
M&A Activity, Partitioned Customers and Other Adjustments		1	(2,723)	- %
Branded Churn		1.65%	1.71%	-6 BP
Postpaid Churn		1.06%	1.12%	-6 BP
Postpaid Phone Only Churn		0.84%	0.90%	-6 BP

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
March 31, 2018							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Consumer Mobility	\$ 14,986	\$ 8,524	\$ 6,462	\$ 1,807	\$ 4,655	\$ -	\$ 4,655
Business Solutions	9,185	5,638	3,547	1,462	2,085	(1)	2,084
Entertainment Group	11,577	8,939	2,638	1,312	1,326	9	1,335
International	2,025	1,804	221	332	(111)	-	(111)
Segment Total	37,773	24,905	12,868	4,913	7,955	\$ 8	\$ 7,963
Corporate and Other	265	691	(426)	19	(445)		
Acquisition-related items	-	67	(67)	1,062	(1,129)		
Certain Significant items	-	180	(180)	-	(180)		
AT&T Inc.	\$ 38,038	\$ 25,843	\$ 12,195	\$ 5,994	\$ 6,201		
March 31, 2017							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Consumer Mobility	\$ 14,806	\$ 8,560	\$ 6,246	\$ 1,716	\$ 4,530	\$ -	\$ 4,530
Business Solutions	9,692	6,040	3,652	1,465	2,187	-	2,187
Entertainment Group	12,601	9,605	2,996	1,420	1,576	(6)	1,570
International	1,929	1,759	170	290	(120)	20	(100)
Segment Total	39,028	25,964	13,064	4,891	8,173	\$ 14	\$ 8,187
Corporate and Other	337	829	(492)	34	(526)		
Acquisition-related items	-	207	(207)	1,202	(1,409)		
Certain Significant items	-	(118)	118	-	118		
AT&T Inc.	\$ 39,365	\$ 26,882	\$ 12,483	\$ 6,127	\$ 6,356		

As a supplemental discussion of our operating results, we are providing consolidated results under the comparative historical accounting method prior to our adoption of ASC 606.

SUPPLEMENTAL INCOME STATEMENT

Supplemental Consolidated Statements of Income					
Dollars in millions except per share amounts		Three Months Ended			
Unaudited		March 31,			
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change
Operating Revenues					
Service	\$ 33,646	\$ (1,423)	\$ 35,069	\$ 36,456	-3.8 %
Equipment	4,392	531	3,861	2,909	32.7 %
Total Operating Revenues	38,038	(892)	38,930	39,365	-1.1 %
Operating Expenses					
Cost of services and sales					
Equipment	4,848	-	4,848	3,848	26.0 %
Broadcast, programming and operations	5,166	-	5,166	4,974	3.9 %
Other cost of services (exclusive of depreciation and amortization shown separately below)	7,932	(929)	8,861	9,288	-4.6 %
Selling, general and administrative	7,897	(600)	8,497	8,772	-3.1 %
Depreciation and amortization	5,994	-	5,994	6,127	-2.2 %
Total Operating Expenses	31,837	(1,529)	33,366	33,009	1.1 %
Operating Income	6,201	637	5,564	6,356	-12.5 %
Interest Expense	(1,771)	-	(1,771)	(1,293)	37.0 %
Equity in Net Income (Loss) of Affiliates	9	-	9	(173)	- %
Other Income (Expense) - Net	1,702	-	1,702	488	- %
Income Before Income Taxes	6,141	637	5,504	5,378	2.3 %
Income Tax Expense	1,382	156	1,226	1,804	-32.0 %
Net Income	4,759	481	4,278	3,574	19.7 %
Less: Net Income Attributable to Noncontrolling Interest	(97)	(6)	(91)	(105)	13.3 %
Net Income Attributable to AT&T	\$ 4,662	\$ 475	\$ 4,187	\$ 3,469	20.7 %
Basic Earnings Per Share Attributable to AT&T	\$ 0.75	\$ 0.07	\$ 0.68	\$ 0.56	21.4 %
Weighted Average Common Shares Outstanding (000,000)	6,161	-	6,161	6,166	-0.1 %
Diluted Earnings Per Share Attributable to AT&T	\$ 0.75	\$ 0.07	\$ 0.68	\$ 0.56	21.4 %
Weighted Average Common Shares Outstanding with Dilution (000,000)	6,180	-	6,180	6,186	-0.1 %

SUPPLEMENTAL CONSUMER MOBILITY

Supplemental Segment Results						
Dollars in millions		Three Months Ended				
Unaudited		March 31,				
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change	
Segment Operating Revenues						
Service	\$ 11,612	\$ (612)	\$ 12,224	\$ 12,465	-1.9	%
Equipment	3,374	331	3,043	2,341	30.0	%
Total Segment Operating Revenues	14,986	(281)	15,267	14,806	3.1	%
Segment Operating Expenses						
Operations and support	8,524	(650)	9,174	8,560	7.2	%
EBITDA	6,462	369	6,093	6,246	-2.4	%
Depreciation and amortization	1,807	-	1,807	1,716	5.3	%
Total Segment Operating Expenses	10,331	(650)	10,981	10,276	6.9	%
Segment Operating Income	4,655	369	4,286	4,530	-5.4	%
Equity in Net Income of Affiliates	-	-	-	-	-	%
Segment Contribution	\$ 4,655	\$ 369	\$ 4,286	\$ 4,530	-5.4	%
Operating Income Margin	31.1%		28.1%	30.6%	-250	BP
EBITDA Margin	43.1%		39.9%	42.2%	-230	BP
EBITDA Service Margin	55.6%		49.8%	50.1%	-30	BP

SUPPLEMENTAL BUSINESS SOLUTIONS

Supplemental Segment Results						
Dollars in millions		Three Months Ended				
Unaudited		March 31,				
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change	
Segment Operating Revenues						
Wireless service	\$ 1,791	\$ (203)	\$ 1,994	\$ 2,003	-0.4	%
Fixed strategic services	3,138	(2)	3,140	2,974	5.6	%
Legacy voice and data services	2,839	(267)	3,106	3,549	-12.5	%
Other service and equipment	839	(69)	908	878	3.4	%
Wireless equipment	578	190	388	288	34.7	%
Total Segment Operating Revenues	9,185	(351)	9,536	9,692	-1.6	%
Segment Operating Expenses						
Operations and support	5,638	(423)	6,061	6,040	0.3	%
EBITDA	3,547	72	3,475	3,652	-4.8	%
Depreciation and amortization	1,462	-	1,462	1,465	-0.2	%
Total Segment Operating Expenses	7,100	(423)	7,523	7,505	0.2	%
Segment Operating Income	2,085	72	2,013	2,187	-8.0	%
Equity in Net Income of Affiliates	(1)	-	(1)	-	-	%
Segment Contribution	\$ 2,084	\$ 72	\$ 2,012	\$ 2,187	-8.0	%
Operating Income Margin	22.7%		21.1%	22.6%	-150	BP
EBITDA Margin	38.6%		36.4%	37.7%	-130	BP

SUPPLEMENTAL ENTERTAINMENT GROUP

Supplemental Segment Results					
<i>Dollars in millions</i>		Three Months Ended			
<i>Unaudited</i>		March 31,			
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change
Segment Operating Revenues					
Video entertainment	\$ 8,359	\$ (106)	\$ 8,465	\$ 9,020	-6.2 %
High-speed internet	1,878	-	1,878	1,941	-3.2 %
Legacy voice and data services	819	(35)	854	1,031	-17.2 %
Other service and equipment	521	(72)	593	609	-2.6 %
Total Segment Operating Revenues	11,577	(213)	11,790	12,601	-6.4 %
Segment Operating Expenses					
Operations and support	8,939	(414)	9,353	9,605	-2.6 %
EBITDA	2,638	201	2,437	2,996	-18.7 %
Depreciation and amortization	1,312	-	1,312	1,420	-7.6 %
Total Segment Operating Expenses	10,251	(414)	10,665	11,025	-3.3 %
Segment Operating Income	1,326	201	1,125	1,576	-28.6 %
Equity in Net Income (Loss) of Affiliates	9	-	9	(6)	- %
Segment Contribution	\$ 1,335	\$ 201	\$ 1,134	\$ 1,570	-27.8 %
Operating Income Margin	11.5%		9.5%	12.5%	-300 BP
EBITDA Margin	22.8%		20.7%	23.8%	-310 BP

SUPPLEMENTAL INTERNATIONAL

Supplemental Segment Results					
<i>Dollars in millions</i>		Three Months Ended			
<i>Unaudited</i>		March 31,			
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change
Segment Operating Revenues					
Video entertainment	\$ 1,354	\$ -	\$ 1,354	\$ 1,341	1.0 %
Wireless service	404	(50)	454	475	-4.4 %
Wireless equipment	267	10	257	113	- %
Total Segment Operating Revenues	2,025	(40)	2,065	1,929	7.1 %
Segment Operating Expenses					
Operations and support	1,804	(35)	1,839	1,759	4.5 %
EBITDA	221	(5)	226	170	32.9 %
Depreciation and amortization	332	-	332	290	14.5 %
Total Segment Operating Expenses	2,136	(35)	2,171	2,049	6.0 %
Segment Operating Income (Loss)	(111)	(5)	(106)	(120)	11.7 %
Equity in Net Income (Loss) of Affiliates	-	-	-	20	- %
Segment Contribution	\$ (111)	\$ (5)	\$ (106)	\$ (100)	-6.0 %
Operating Income Margin	-5.5%		-5.1%	-6.2%	110 BP
EBITDA Margin	10.9%		10.9%	8.8%	210 BP

SUPPLEMENTAL AT&T MOBILITY

Supplemental Operating Results						
<i>Dollars in millions</i>		Three Months Ended				
<i>Unaudited</i>		March 31,				
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change	
Operating Revenues						
Service	\$ 13,403	\$ (814)	\$ 14,217	\$ 14,468	-1.7	%
Equipment	3,952	521	3,431	2,629	30.5	%
Total Operating Revenues	17,355	(293)	17,648	17,097	3.2	%
Operating Expenses						
Operations and support	10,102	(712)	10,814	9,885	9.4	%
EBITDA	7,253	419	6,834	7,212	-5.2	%
Depreciation and amortization	2,095	-	2,095	1,992	5.2	%
Total Operating Expenses	12,197	(712)	12,909	11,877	8.7	%
Operating Income	\$ 5,158	\$ 419	\$ 4,739	\$ 5,220	-9.2	%
Operating Income Margin	29.7%		26.9%	30.5%	-360	BP
EBITDA Margin	41.8%		38.7%	42.2%	-350	BP
EBITDA Service Margin	54.1%		48.1%	49.8%	-170	BP

SUPPLEMENTAL LATIN AMERICA

Supplemental Latin America Results						
<i>Dollars in millions</i>		Three Months Ended				
<i>Unaudited</i>		March 31,				
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change	
Operating Revenues						
Video entertainment	\$ 1,354	\$ -	\$ 1,354	\$ 1,341	1.0	%
Total Operating Revenues	1,354	-	1,354	1,341	1.0	%
Operating Expenses						
Operations and support	1,001	(31)	1,032	1,050	-1.7	%
EBITDA	353	31	322	291	10.7	%
Depreciation and amortization	205	-	205	214	-4.2	%
Total Operating Expenses	1,206	(31)	1,237	1,264	-2.1	%
Operating Income (Loss)	148	31	117	77	51.9	%
Equity in Net Income (Loss) of Affiliates	-	-	-	20	-	%
Operating Contribution	\$ 148	\$ 31	\$ 117	\$ 97	20.6	%
Operating Income Margin	10.9%		8.6%	5.7%	290	BP
EBITDA Margin	26.1%		23.8%	21.7%	210	BP

SUPPLEMENTAL MEXICO

Supplemental Mexico Results						
<i>Dollars in millions</i>		Three Months Ended				
<i>Unaudited</i>		March 31,				
	2018	Impact of ASC 606	Historical 2018	2017	Percent Change	
Operating Revenues						
Wireless service	\$ 404	\$ (50)	\$ 454	\$ 475	-4.4	%
Wireless equipment	267	10	257	113	-	%
Total Operating Revenues	671	(40)	711	588	20.9	%
Operating Expenses						
Operations and support	803	(4)	807	709	13.8	%
EBITDA	(132)	(36)	(96)	(121)	20.7	%
Depreciation and amortization	127	-	127	76	67.1	%
Total Operating Expenses	930	(4)	934	785	19.0	%
Operating Income (Loss)	(259)	(36)	(223)	(197)	-13.2	%
Operating Contribution	\$ (259)	\$ (36)	\$ (223)	\$ (197)	-13.2	%
Operating Income Margin	-38.6%		-31.4%	-33.5%	210	BP
EBITDA Margin	-19.7%		-13.5%	-20.6%	710	BP

Discussion and Reconciliation of Non-GAAP Measures



We believe the following measures are relevant and useful information to investors as they are part of AT&T's internal management reporting and planning processes and are important metrics that management uses to evaluate the operating performance of AT&T and its segments. Management also uses these measures as a method of comparing performance with that of many of our competitors.

Certain amounts have been conformed to the current period's presentation, including our adoption of new accounting standards; ASU No. 2017-07, "Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments," and ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash; and our realignment of certain responsibilities and operations within our segments, the most significant of which is to report wireless accounts with employer discounts in our Consumer Mobility segment.

FREE CASH FLOW

Free cash flow is defined as cash from operations minus Capital expenditures. Free cash flow after dividends is defined as cash from operations minus Capital expenditures and dividends. Free cash flow dividend payout ratio is defined as the percentage of dividends paid to free cash flow. We believe these metrics provide useful information to our investors because management views free cash flow as an important indicator of how much cash is generated by routine business operations, including Capital expenditures, and makes decisions based on it. Management also views free cash flow as a measure of cash available to pay debt and return cash to shareowners.

Free Cash Flow and Free Cash Flow Dividend Payout Ratio			
Dollars in millions	Three Months Ended		March 31,
	2018	2017	
Net cash provided by operating activities	\$ 8,947	\$ 8,965	
Less: Capital expenditures	(6,118)	(6,015)	
Free Cash Flow	2,829	2,950	
Less: Dividends paid	(3,070)	(3,009)	
Free Cash Flow after Dividends	\$ (241)	\$ (59)	
Free Cash Flow Dividend Payout Ratio	108.5%	102.0%	

EBITDA

Our calculation of EBITDA, as presented, may differ from similarly titled measures reported by other companies. For AT&T, EBITDA excludes other income (expense) – net, and equity in net income (loss) of affiliates, as these do not reflect the operating results of our subscriber base or operations that are not under our control. Equity in net income (loss) of affiliates represents the proportionate share of the net income (loss) of affiliates in which we exercise significant influence, but do not control. Because we do not control these entities, management excludes these results when evaluating the performance of our primary operations. EBITDA also excludes interest expense and the provision for income taxes.

Excluding these items eliminates the expenses associated with our capital and tax structures. Finally, EBITDA excludes depreciation and amortization in order to eliminate the impact of capital investments. EBITDA does not give effect to cash used for debt service requirements and thus does not reflect available funds for distributions, reinvestment or other discretionary uses. EBITDA is not presented as an alternative measure of operating results or cash flows from operations, as determined in accordance with U.S. generally accepted accounting principles (GAAP).

EBITDA service margin is calculated as EBITDA divided by service revenues.

When discussing our segment results, EBITDA excludes equity in net income (loss) of affiliates, and depreciation and amortization from segment contribution. For our supplemental presentation of our combined domestic wireless operations (AT&T Mobility) and our supplemental presentation of the Mexico Wireless and Latin America operations of our International segment, EBITDA excludes depreciation and amortization from operating income.

These measures are used by management as a gauge of our success in acquiring, retaining and servicing subscribers because we believe these measures reflect AT&T's ability to generate and grow subscriber revenues while providing a high level of customer service in a cost-effective manner. Management also uses these measures as a method of comparing segment performance with that of many of its competitors. The financial and operating metrics which affect EBITDA include the key revenue and expense drivers for which segment managers are responsible and upon which we evaluate their performance. Management uses Mexico Wireless EBITDA in evaluating profitability trends after our two Mexico wireless acquisitions in 2015, and our investments in building a nationwide LTE network by end of 2018. Management uses Latin America EBITDA in evaluating the ability of our Latin America operations to generate cash to finance its own operations.

We believe EBITDA Service Margin (EBITDA as a percentage of service revenues) to be a more relevant measure than EBITDA Margin (EBITDA as a percentage of total revenue) for our Consumer Mobility segment operating margin and our supplemental AT&T Mobility operating margin. We also use wireless service revenues to calculate margin to facilitate comparison, both internally and externally with our wireless competitors, as they calculate their margins using wireless service revenues as well.

There are material limitations to using these non-GAAP financial measures. EBITDA, EBITDA margin and EBITDA service margin, as we have defined them, may not be comparable to similarly titled measures reported by other companies. Furthermore, these performance measures do not take into account certain significant items, including depreciation and amortization, interest expense, tax expense and equity in net income (loss) of affiliates. Management compensates for these limitations by carefully analyzing how its competitors present performance measures that are similar in nature to EBITDA as we present it, and considering the economic effect of the excluded expense items independently as well as in connection with its analysis of net income as calculated in accordance with GAAP. EBITDA, EBITDA margin and EBITDA service margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP.

EBITDA, EBITDA Margin and EBITDA Service Margin			
<i>Dollars in millions</i>		Three Months Ended March 31,	
		2018	2017
Net Income	\$	4,759	\$ 3,574
Additions:			
Income Tax (Benefit) Expense		1,382	1,804
Interest Expense		1,771	1,293
Equity in Net (Income) Loss of Affiliates		(9)	173
Other (Income) Expense - Net		(1,702)	(488)
Depreciation and amortization		5,994	6,127
EBITDA		12,195	12,483
Total Operating Revenues		38,038	39,365
Service Revenues		33,646	36,456
EBITDA Margin		32.1%	31.7%
EBITDA Service Margin		36.2%	34.2%

Segment EBITDA, EBITDA Margin and EBITDA Service Margin		
<i>Dollars in millions</i>		Three Months Ended March 31,
	2018	2017
Consumer Mobility Segment		
Segment Contribution	\$ 4,655	\$ 4,530
Additions:		
Depreciation and amortization	1,807	1,716
EBITDA	6,462	6,246
Total Segment Operating Revenues	14,986	14,806
Service Revenues	11,612	12,465
Segment Operating Income Margin	31.1%	30.6%
EBITDA Margin	43.1%	42.2%
EBITDA Service Margin	55.6%	50.1%
Business Solutions Segment		
Segment Contribution	\$ 2,084	\$ 2,187
Additions:		
Equity in Net (Income) Loss of Affiliates	1	-
Depreciation and amortization	1,462	1,465
EBITDA	3,547	3,652
Total Segment Operating Revenues	9,185	9,692
Segment Operating Income Margin	22.7%	22.6%
EBITDA Margin	38.6%	37.7%
Entertainment Group Segment		
Segment Contribution	\$ 1,335	\$ 1,570
Additions:		
Equity in Net (Income) Loss of Affiliates	(9)	6
Depreciation and amortization	1,312	1,420
EBITDA	2,638	2,996
Total Segment Operating Revenues	11,577	12,601
Segment Operating Income Margin	11.5%	12.5%
EBITDA Margin	22.8%	23.8%
International Segment		
Segment Contribution	\$ (111)	\$ (100)
Additions:		
Equity in Net (Income) of Affiliates	-	(20)
Depreciation and amortization	332	290
EBITDA	221	170
Total Segment Operating Revenues	2,025	1,929
Segment Operating Income Margin	-5.5%	-6.2%
EBITDA Margin	10.9%	8.8%

Supplemental AT&T Mobility EBITDA, EBITDA Margin and EBITDA Service Margin		
<i>Dollars in millions</i>	Three Months Ended March 31,	
	2018	2017
AT&T Mobility		
Operating Income	\$ 5,158	\$ 5,220
Add: Depreciation and amortization	2,095	1,992
EBITDA	7,253	7,212
Total Operating Revenues	17,355	17,097
Service Revenues	13,403	14,468
Operating Income Margin	29.7%	30.5%
EBITDA Margin	41.8%	42.2%
EBITDA Service Margin	54.1%	49.8%

Supplemental Latin America EBITDA and EBITDA Margin		
<i>Dollars in millions</i>	Three Months Ended March 31,	
	2018	2017
International - Latin America		
Operating Income	\$ 148	\$ 77
Add: Depreciation and amortization	205	214
EBITDA	353	291
Total Operating Revenues	1,354	1,341
Operating Income Margin	10.9%	5.7%
EBITDA Margin	26.1%	21.7%

Supplemental Mexico EBITDA and EBITDA Margin		
<i>Dollars in millions</i>	Three Months Ended March 31,	
	2018	2017
International - Mexico		
Operating Income (Loss)	\$ (259)	\$ (197)
Add: Depreciation and amortization	127	76
EBITDA	(132)	(121)
Total Operating Revenues	671	588
Operating Income Margin	-38.6%	-33.5%
EBITDA Margin	-19.7%	-20.6%

ADJUSTING ITEMS

Adjusting items include revenues and costs we consider nonoperational in nature, such as items arising from asset acquisitions or dispositions. We also adjust for net actuarial gains or losses associated with our pension and postemployment benefit plans due to the often significant impact on our fourth-quarter results, unless earlier remeasurement is required (we immediately recognize this gain or loss in the income statement, pursuant to our accounting policy for the recognition of actuarial gains and losses.) Consequently, our adjusted results reflect an expected return on plan assets rather than the actual return on plan assets, as included in the GAAP measure of income.

The tax impact of adjusting items is calculated using the effective tax rate during the quarter except for adjustments that, given their magnitude, can drive a change in the effective tax rate, reflect the actual tax expense or combined marginal rate of approximately 38% for transactions prior to tax reform and 25% for transactions after tax reform.

Adjusting Items		Three Months Ended March 31,	
<i>Dollars in millions</i>		2018	2017
Operating Expenses			
Time Warner and other merger costs	\$	67	\$ 41
Employee separation costs		51	-
Natural disaster costs		104	-
DIRECTV merger integration costs		-	127
Mexico merger integration costs		-	39
(Gain) loss on transfer of wireless spectrum		-	(118)
Venezuela devaluation		25	-
Adjustments to Operations and Support Expenses		247	89
Amortization of intangible assets		1,062	1,202
Adjustments to Operating Expenses		1,309	1,291
Other			
Merger-related interest and fees ¹		393	109
Actuarial (gain) loss		(930)	-
(Gain) loss on sale of assets, impairments and other adjustments		-	257
Adjustments to Income Before Income Taxes		772	1,657
Tax impact of adjustments		173	556
Adjustments to Net Income	\$	599	\$ 1,101

¹Includes interest expense incurred on debt issued and interest income earned on cash held prior to the close of merger transactions.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA service margin and Adjusted diluted EPS are non-GAAP financial measures 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. Management believes that these measures provide relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends.

Adjusted Operating Revenues, Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA margin, Adjusted EBITDA service margin and Adjusted diluted EPS should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. AT&T's calculation of Adjusted items, as presented, may differ from similarly titled measures reported by other companies.

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA Service Margin			
<i>Dollars in millions</i>		Three Months Ended March 31,	
		2018	2017
Operating Income	\$	6,201	\$ 6,356
Adjustments to Operating Expenses		1,309	1,291
Adjusted Operating Income		7,510	7,647
EBITDA		12,195	12,483
Adjustments to Operations and Support Expenses		247	89
Adjusted EBITDA		12,442	12,572
Total Operating Revenues		38,038	39,365
Service Revenues		33,646	36,456
Operating Income Margin		16.3%	16.1%
Adjusted Operating Income Margin		19.7%	19.4%
Adjusted EBITDA Margin		32.7%	31.9%
Adjusted EBITDA Service Margin		37.0%	34.5%
Supplemental Operating Income under Historical Accounting Method		5,564	
Adjustments to Operating Expenses		1,309	
Adjusted Supplemental Operating Income under Historical Accounting Method		6,873	
Supplemental Operating Revenues under Historical Accounting Method		38,930	
Adjusted Supplemental Operating Income Margin under Historical Accounting Method		17.7%	

Adjusted Diluted EPS			
		Three Months Ended March 31,	
		2018	2017
Diluted Earnings Per Share (EPS)	\$	0.75	\$ 0.56
Amortization of intangible assets		0.13	0.13
Merger integration items ¹		0.06	0.03
(Gain) loss of sale of assets, impairments and other adjustments ²		0.03	0.02
Actuarial (gain) loss ³		(0.12)	-
Adjusted EPS	\$	0.85	\$ 0.74
<i>Year-over-year growth - Adjusted</i>		14.9%	
Weighted Average Common Shares Outstanding with Dilution (000,000)		6,180	6,186

¹Includes combined merger integration items and merger-related interest income and expense.

²Includes natural disaster, employee-related and other costs.

³Includes adjustments for actuarial gains or losses (\$930 million in the first quarter of 2018) associated with our postemployment benefit plan, which we immediately recognize in the income statement, pursuant to our accounting policy for the recognition of actuarial gains/losses. As a result, adjusted EPS reflects an expected return on plan assets of \$77 million (based on an average expected return on plan assets of 5.75% for our VEBA trusts), rather than the actual return on plan assets of \$31 million loss (VEBA return of (3.08)%), included in the GAAP measure of income.

NET DEBT TO ADJUSTED EBITDA

Net Debt to EBITDA ratios are non-GAAP financial measures frequently used by investors and credit rating agencies and management believes these measures provide relevant and useful information to investors and other users of our financial data. The Net Debt to Adjusted EBITDA ratio is calculated by dividing the Net Debt by Annualized Adjusted EBITDA. Net Debt is calculated by subtracting cash and cash equivalents and certificates of deposit and time deposits that are greater than 90 days, from the sum of debt maturing within one year and long-term debt. Annualized Adjusted EBITDA is calculated by annualizing the year-to-date Adjusted EBITDA.

Net Debt to Adjusted EBITDA			
<i>Dollars in millions</i>		Three Months Ended	
		Mar. 31, 2018	YTD 2018
Adjusted EBITDA	\$	12,442	\$ 12,442
Add back severance		(51)	(51)
Net Debt Adjusted EBITDA		12,391	12,391
Annualized Adjusted EBITDA			49,564
End-of-period current debt			29,322
End-of-period long-term debt			133,724
Total End-of-Period Debt			163,046
Less: Cash and Cash Equivalents			48,872
Net Debt Balance			114,174
Annualized Net Debt to Adjusted EBITDA Ratio			2.30

SUPPLEMENTAL OPERATIONAL MEASURES

We provide a supplemental discussion of our domestic wireless operations that is calculated by combining our Consumer Mobility and Business Solutions segments, and then adjusting to remove non-wireless operations. The following table presents a reconciliation of our supplemental AT&T Mobility results.

Supplemental Operational Measure								
Three Months Ended								
March 31, 2018					March 31, 2017			
	Consumer Mobility	Business Solutions	Adjustments ¹	AT&T Mobility	Consumer Mobility	Business Solutions	Adjustments ¹	AT&T Mobility
Operating Revenues								
Wireless service	\$ 11,612	\$ 1,791	\$ -	\$ 13,403	\$ 12,465	\$ 2,003	\$ -	\$ 14,468
Strategic services	-	3,138	(3,138)	-	-	2,974	(2,974)	-
Legacy voice and data services	-	2,839	(2,839)	-	-	3,549	(3,549)	-
Other service and equipment	-	839	(839)	-	-	878	(878)	-
Wireless equipment	3,374	578	-	3,952	2,341	288	-	2,629
Total Operating Revenues	14,986	9,185	(6,816)	17,355	14,806	9,692	(7,401)	17,097
Operating Expenses								
Operations and support	8,524	5,638	(4,060)	10,102	8,560	6,040	(4,715)	9,885
EBITDA	6,462	3,547	(2,756)	7,253	6,246	3,652	(2,686)	7,212
Depreciation and amortization	1,807	1,462	(1,174)	2,095	1,716	1,465	(1,189)	1,992
Total Operating Expenses	10,331	7,100	(5,234)	12,197	10,276	7,505	(5,904)	11,877
Operating Income	\$ 4,655	\$ 2,085	\$ (1,582)	\$ 5,158	\$ 4,530	\$ 2,187	\$ (1,497)	\$ 5,220

¹Business wireline operations reported in Business Solutions segment.

SUPPLEMENTAL INTERNATIONAL

We provide a supplemental presentation of the Mexico Wireless and Latin America operations within our International segment. The following table presents a reconciliation of our International segment.

Supplemental International						
Three Months Ended						
March 31, 2018			March 31, 2017			
	Latin America	Mexico	International	Latin America	Mexico	International
Operating Revenues						
Video service	\$ 1,354	\$ -	\$ 1,354	\$ 1,341	\$ -	\$ 1,341
Wireless service	-	404	404	-	475	475
Wireless equipment	-	267	267	-	113	113
Total Operating Revenues	1,354	671	2,025	1,341	588	1,929
Operating Expenses						
Operations and support	1,001	803	1,804	1,050	709	1,759
Depreciation and amortization	205	127	332	214	76	290
Total Operating Expenses	1,206	930	2,136	1,264	785	2,049
Operating Income (Loss)	148	(259)	(111)	77	(197)	(120)
Equity in Net Income of Affiliates	-	-	-	20	-	20
Segment Contribution	\$ 148	\$ (259)	\$ (111)	\$ 97	\$ (197)	\$ (100)