



Financial and Operational Trends

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

JANUARY 30, 2019


AT&T Inc.

Dollars in millions except per share amounts

Historical Accounting
Method²

Unaudited	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018	3/31/18	6/30/18	9/30/18	12/31/18	2018
Operating Revenues	\$ 39,365	\$ 39,837	\$ 39,668	\$ 41,676	\$ 160,546	\$ 38,038	\$ 38,986	\$ 45,739	\$ 47,993	\$ 170,756	\$ 38,930	\$ 39,909	\$ 46,607	\$ 48,857	\$ 174,303
Operating Expenses															
Cost of revenues															
Equipment	3,848	4,138	4,191	6,532	18,709	4,848	4,377	4,828	5,733	19,786	4,848	4,377	4,828	5,733	19,786
Broadcast, programming and operations	4,974	4,898	5,284	6,003	21,159	5,166	5,449	7,227	8,885	26,727	5,166	5,449	7,227	8,885	26,721
Other cost of revenues	9,288	9,569	9,694	9,391	37,942	7,932	7,632	8,651	8,691	32,906	8,861	8,535	9,568	9,672	36,636
Selling, general and administrative	8,772	8,559	8,650	9,484	35,465	7,897	8,684	9,598	10,586	36,765	8,497	9,267	10,145	11,052	38,967
Asset abandonments and impairments	-	-	-	2,914	2,914	-	-	-	46	46	-	-	-	46	46
Depreciation and amortization	6,127	6,147	6,042	6,071	24,387	5,994	6,378	8,166	7,892	28,430	5,994	6,378	8,166	7,892	28,430
Total Operating Expenses	33,009	33,311	33,861	40,395	140,576	31,837	32,520	38,470	41,833	144,660	33,366	34,006	39,934	43,280	150,586
Operating Income	6,356	6,526	5,807	1,281	19,970	6,201	6,466	7,269	6,160	26,096	5,564	5,903	6,673	5,577	23,717
Interest Expense	1,293	1,395	1,686	1,926	6,300	1,771	2,023	2,051	2,112	7,957	1,771	2,023	2,051	2,112	7,957
Equity in Net Income (Loss) of Affiliates	(173)	14	11	20	(128)	9	(16)	(64)	23	(48)	9	(16)	(64)	23	(48)
Other Income (Expense) – Net	488	925	842	(658)	1,597	1,702	2,353	1,053	1,674	6,782	1,702	2,353	1,053	1,674	6,782
Income (Loss) Before Income Taxes	5,378	6,070	4,974	(1,283)	15,139	6,141	6,780	6,207	5,745	24,873	5,504	6,217	5,611	5,162	22,494
Income Tax Expense (Benefit)	1,804	2,056	1,851	(20,419)	(14,708)	1,382	1,532	1,391	615	4,920	1,226	1,394	1,245	472	4,337
Net Income	3,574	4,014	3,123	19,136	29,847	4,759	5,248	4,816	5,130	19,953	4,278	4,823	4,366	4,690	18,157
Less: Net Income Attributable to Noncontrolling Interest	(105)	(99)	(94)	(99)	(397)	(97)	(116)	(98)	(272)	(583)	(91)	(110)	(93)	(266)	(560)
Net Income Attributable to AT&T	\$ 3,469	\$ 3,915	\$ 3,029	\$ 19,037	\$ 29,450	\$ 4,662	\$ 5,132	\$ 4,718	\$ 4,858	\$ 19,370	\$ 4,187	\$ 4,713	\$ 4,273	\$ 4,424	\$ 17,597
Diluted Earnings Per Share Attributable to AT&T	\$ 0.56	\$ 0.63	\$ 0.49	\$ 3.08	\$ 4.76	\$ 0.75	\$ 0.81	\$ 0.65	\$ 0.66	\$ 2.85	\$ 0.68	\$ 0.74	\$ 0.59	\$ 0.61	\$ 2.59
EBITDA^{3,5}	\$ 12,483	\$ 12,673	\$ 11,849	\$ 7,352	\$ 44,357	\$ 12,195	\$ 12,844	\$ 15,435	\$ 14,052	\$ 54,526	\$ 11,558	\$ 12,281	\$ 14,839	\$ 13,469	\$ 52,147
Adjusted EBITDA^{3,5}	\$ 12,572	\$ 13,049	\$ 12,398	\$ 11,259	\$ 49,278	\$ 12,442	\$ 13,316	\$ 15,872	\$ 15,029	\$ 56,659	\$ 11,805	\$ 12,753	\$ 15,276	\$ 14,446	\$ 54,280
Adjusted EBITDA Margin^{3,5}	31.9%	32.8%	31.2%	26.9%	30.6%	32.7%	34.2%	34.7%	31.3%	33.2%	30.3%	32.0%	32.8%	29.6%	31.1%
Adjusted Pro Forma EBITDA⁶	\$ 15,506	\$ 15,469	\$ 15,209	\$ 13,482	\$ 59,666	\$ 14,756	\$ 14,921	\$ 15,872	\$ 15,029	\$ 60,578	\$ 14,119	\$ 14,358	\$ 15,276	\$ 14,446	\$ 58,199
Adjusted Pro Forma EBITDA - Prior Methodology⁶	\$ 14,894	\$ 14,978	\$ 14,823	\$ 13,217	\$ 57,912	\$ 14,592	\$ 14,789	\$ 15,100	\$ 14,484	\$ 58,965	\$ 13,955	\$ 14,226	\$ 14,504	\$ 13,901	\$ 56,586

Financial and Operating Statistics Summary
AT&T Inc.

Dollars in millions except per share amounts

Unaudited	3/31/17	6/30/17	9/30/17	12/31/17	2017	3/31/18	6/30/18	9/30/18	12/31/18	2018
Capital Expenditures:										
Purchase of property and equipment	\$ 5,784	\$ 4,966	\$ 5,006	\$ 4,891	\$ 20,647	\$ 5,957	\$ 5,002	\$ 5,736	\$ 4,063	\$ 20,758
Interest during construction	231	242	245	185	903	161	106	137	89	493
Dividends Declared Per Share	\$ 0.49	\$ 0.49	\$ 0.49	\$ 0.50	\$ 1.97	\$ 0.50	\$ 0.50	\$ 0.50	\$ 0.51	\$ 2.01
Annual Dividend Per Share Growth	2.1%	2.1%	2.1%	2.0%		2.0%	2.0%	2.0%	2.0%	
End of Period Common Shares Outstanding (000,000)	6,147	6,140	6,139	6,139		6,148	7,261	7,270	7,282	
Debt Ratio	51.6%	53.3%	56.4%	53.6%		52.6%	50.8%	49.8%	47.7%	
Total Employees	264,530	260,480	256,800	254,000		249,240	273,210	269,280	268,220	

See Notes to Financial and Operational Trends on page 18.


Consolidated Statements of Cash Flows⁴
AT&T Inc.

Dollars in millions

Unaudited

	Three Months Ended				
	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Operating Activities					
Net income	\$ 19,136	\$ 4,759	\$ 5,248	\$ 4,816	\$ 5,130
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	6,071	5,994	6,378	8,166	7,892
Amortization of film and television costs	-	-	168	1,440	2,164
Undistributed earnings from investments in equity affiliates	3	(2)	237	77	(20)
Provision for uncollectible accounts	426	438	370	432	551
Deferred income tax expense (benefit)	(19,194)	1,222	810	902	(2,324)
Net (gain) loss from sale of investments, net of impairments	(168)	2	(31)	(472)	(238)
Actuarial (gain) loss on pension and postretirement benefits	1,517	(930)	(1,796)	-	(686)
Asset abandonments and impairments	2,914	-	-	-	46
Changes in operating assets and liabilities:					
Accounts receivable	(334)	(439)	672	(1,251)	(226)
Other current assets, inventories and theatrical film and television production costs	(672)	614	425	(3,768)	(3,713)
Accounts payable and other accrued liabilities	2,253	(1,962)	(1,928)	2,505	2,987
Equipment installment receivables and related sales	(1,690)	505	(15)	(270)	(710)
Deferred customer contract acquisition and fulfillment costs	(320)	(826)	(899)	(932)	(801)
Retirement benefit funding	(646)	(140)	(140)	(140)	(80)
Other - net	241	(288)	730	841	2,108
Total adjustments	(9,599)	4,188	4,981	7,530	6,950
Net Cash Provided by Operating Activities	9,537	8,947	10,229	12,346	12,080
Investing Activities					
Capital expenditures:					
Purchase of property and equipment	(4,891)	(5,957)	(5,002)	(5,736)	(4,063)
Interest during construction	(185)	(161)	(106)	(137)	(89)
Acquisitions, net of cash acquired	(31)	(234)	(40,481)	(2,401)	(193)
Dispositions	3	56	3	924	1,165
(Purchases) sales of securities, net	214	(116)	(102)	(16)	49
Advances to and investments in equity affiliates, net	-	(1,007)	(28)	14	(29)
Cash collections of deferred purchase price	311	267	233	-	-
Other	-	-	-	-	2
Net Cash Used in Investing Activities	(4,579)	(7,152)	(45,483)	(7,352)	(3,158)
Financing Activities					
Net change in short-term borrowings with original maturities of three months or less	-	-	2,227	(3,298)	250
Issuance of other short-term borrowings	-	-	4,839	13	46
Repayment of other short-term borrowings	-	-	-	(1,075)	(1,023)
Issuance of long-term debt	2,032	2,565	23,913	11,847	3,550
Repayment of long-term debt	(2,030)	(4,911)	(24,536)	(14,132)	(9,064)
Purchase of treasury stock	(3)	(145)	(419)	(13)	(32)
Issuance of treasury stock	7	11	1	347	386
Dividends paid	(3,008)	(3,070)	(3,074)	(3,631)	(3,635)
Other	230	2,048	(3,169)	(17)	(2,788)
Net Cash Used in Financing Activities	(2,772)	(3,502)	(218)	(9,959)	(12,310)
Net (decrease) increase in cash and cash equivalents and restricted cash	2,186	(1,707)	(35,472)	(4,965)	(3,388)
Cash and cash equivalents and restricted cash beginning of period	48,746	50,932	49,225	13,753	8,788
Cash and Cash Equivalents and Restricted Cash End of Period	\$ 50,932	\$ 49,225	\$ 13,753	\$ 8,788	\$ 5,400
Cash paid for interest	\$ 1,591	\$ 2,408	\$ 1,637	\$ 2,898	\$ 1,875

See Notes to Financial and Operational Trends on page 18.


Operating Revenues and Adjusted EBITDA
AT&T Inc.

Dollars in millions

Unaudited

	Three Months Ended								Historical Accounting Method ²			
	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/18	6/30/18	9/30/18	12/31/18
Operating Revenues	\$ 39,365	\$ 39,837	\$ 39,668	\$ 41,676	\$ 38,038	\$ 38,986	\$ 45,739	\$ 47,993	\$ 38,930	\$ 39,909	\$ 46,607	\$ 48,857
Communications	36,894	37,259	37,115	39,110	35,533	35,410	36,230	37,458	36,376	36,303	37,066	38,306
Mobility	17,097	17,455	17,370	19,168	17,355	17,282	17,938	18,769	17,648	17,644	18,254	19,054
Entertainment Group	12,467	12,501	12,467	12,560	11,431	11,478	11,589	11,962	11,643	11,686	11,795	12,179
Business Wireline	7,330	7,303	7,278	7,382	6,747	6,650	6,703	6,727	7,085	6,973	7,017	7,073
WarnerMedia	105	111	107	107	112	1,393	8,204	9,232	112	1,393	8,204	9,232
Turner	105	111	107	107	112	667	2,988	3,212	112	667	2,988	3,212
Home Box Office	-	-	-	-	-	281	1,644	1,673	-	281	1,644	1,673
Warner Bros.	-	-	-	-	-	507	3,720	4,476	-	507	3,720	4,476
Eliminations and other	-	-	-	-	-	(62)	(148)	(129)	-	(62)	(148)	(129)
Latin America	1,929	2,026	2,099	2,215	2,025	1,951	1,833	1,843	2,065	1,973	1,857	1,852
Vrio	1,341	1,361	1,363	1,391	1,354	1,254	1,102	1,074	1,354	1,254	1,102	1,074
Mexico	588	665	736	824	671	697	731	769	711	719	755	778
Xandr	321	338	333	381	337	392	445	566	337	392	445	566
Corporate, Acquisition Related and Significant Items	409	391	293	186	333	320	308	230	342	328	316	237
Eliminations and Consolidation⁷	(293)	(288)	(279)	(323)	(302)	(480)	(1,281)	(1,336)	(302)	(480)	(1,281)	(1,336)
Adjusted EBITDA	\$ 12,572	\$ 13,049	\$ 12,398	\$ 11,259	\$ 12,442	\$ 13,316	\$ 15,872	\$ 15,029	\$ 11,805	\$ 12,753	\$ 15,276	\$ 14,446
Communications	12,824	13,175	12,647	11,466	12,604	13,052	12,790	12,244	11,955	12,509	12,206	11,683
Mobility	7,212	7,364	7,341	6,302	7,253	7,619	7,683	7,523	6,837	7,312	7,349	7,141
Entertainment Group	2,955	3,106	2,663	2,368	2,620	2,821	2,434	2,155	2,408	2,608	2,209	1,998
Business Wireline	2,657	2,705	2,643	2,796	2,731	2,612	2,673	2,566	2,710	2,589	2,648	2,544
WarnerMedia	42	(4)	9	48	30	482	2,701	2,762	30	482	2,701	2,762
Turner	42	(2)	10	49	38	295	1,501	1,351	38	295	1,501	1,351
Home Box Office	-	-	-	-	-	110	653	648	-	110	653	648
Warner Bros.	-	-	-	-	-	104	616	853	-	104	616	853
Latin America	170	254	162	279	221	148	87	38	226	129	73	17
Vrio	291	363	288	342	353	238	225	225	322	198	188	192
Mexico	(121)	(109)	(126)	(63)	(132)	(90)	(138)	(187)	(96)	(69)	(115)	(175)
Xandr	278	302	294	330	287	333	336	386	287	333	336	386
Corporate	(463)	(376)	(418)	(527)	(402)	(342)	326	28	(394)	(343)	327	27
Eliminations and Consolidation⁷	(279)	(302)	(296)	(337)	(298)	(357)	(368)	(429)	(299)	(357)	(367)	(429)

See Notes to Financial and Operational Trends on page 18.



Communications

Mobility Results¹

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting Method ²			
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/18	6/30/18	9/30/18	12/31/18
Operating Revenues													
Service	\$ 14,644	\$ 14,468	\$ 14,471	\$ 14,475	\$ 14,282	\$ 13,403	\$ 13,682	\$ 13,989	\$ 13,859	\$ 14,218	\$ 14,494	\$ 14,810	\$ 14,699
Equipment	4,037	2,629	2,984	2,895	4,886	3,952	3,600	3,949	4,910	3,430	3,150	3,444	4,355
Total Operating Revenues	\$ 18,681	\$ 17,097	\$ 17,455	\$ 17,370	\$ 19,168	\$ 17,355	\$ 17,282	\$ 17,938	\$ 18,769	\$ 17,648	\$ 17,644	\$ 18,254	\$ 19,054
Operating Expenses													
Operations and support	11,977	9,885	10,091	10,029	12,866	10,102	9,663	10,255	11,246	10,811	10,332	10,905	11,913
Depreciation and amortization	2,043	1,992	1,988	2,008	2,027	2,095	2,113	2,079	2,068	2,095	2,113	2,079	2,068
Total Operating Expenses	14,020	11,877	12,079	12,037	14,893	12,197	11,776	12,334	13,314	12,906	12,445	12,984	13,981
Operating Income	\$ 4,661	\$ 5,220	\$ 5,376	\$ 5,333	\$ 4,275	\$ 5,158	\$ 5,506	\$ 5,604	\$ 5,455	\$ 4,742	\$ 5,199	\$ 5,270	\$ 5,073
Operating Income Margin													
	25.0%	30.5%	30.8%	30.7%	22.3%	29.7%	31.9%	31.2%	29.1%	26.9%	29.5%	28.9%	26.6%
EBITDA⁵	\$ 6,704	\$ 7,212	\$ 7,364	\$ 7,341	\$ 6,302	\$ 7,253	\$ 7,619	\$ 7,683	\$ 7,523	\$ 6,837	\$ 7,312	\$ 7,349	\$ 7,141
EBITDA Margin⁵	35.9%	42.2%	42.2%	42.3%	32.9%	41.8%	44.1%	42.8%	40.1%	38.7%	41.4%	40.3%	37.5%
EBITDA Service Margin⁵	45.8%	49.8%	50.9%	50.7%	44.1%	54.1%	55.7%	54.9%	54.3%	48.1%	50.4%	49.6%	48.6%

Communications

Mobility Operating Statistics

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
ARPU^{2,8}									
Postpaid Phone-Only ARPU ⁹						\$ 53.40	\$ 54.48	\$ 55.65	\$ 55.35
Postpaid Phone-Only ARPU (Historical Accounting Method) ⁹	\$59.20	\$ 58.44	\$ 58.65	\$ 58.65	\$ 57.69	\$ 57.36	\$ 58.41	\$ 59.71	\$ 59.39
Postpaid ARPU						47.79	48.90	49.95	49.73
Postpaid ARPU (Historical Accounting Method)	\$53.58	52.75	52.80	52.73	51.70	51.29	52.38	53.49	53.37

See Notes to Financial and Operational Trends on page 18.



Communications

Mobility Operating Volumes and Statistics

Volumes in thousands

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
AT&T Mobility Subscribers and Connections									
Total Subscribers and Connections	134,448	133,804	136,101	138,445	141,202	143,832	146,889	150,252	153,006
Postpaid	77,372	76,935	77,002	77,034	77,510	77,431	77,372	76,996	76,889
Prepaid	13,536	13,844	14,187	15,136	15,335	15,671	16,217	16,894	17,000
Branded Connections	90,908	90,779	91,189	92,170	92,845	93,102	93,589	93,890	93,889
Reseller	11,949	10,625	10,254	9,877	9,366	9,002	8,582	8,183	7,782
Connected Devices	31,591	32,400	34,658	36,398	38,991	41,728	44,718	48,179	51,335
Net Add Detail									
Net Customer Additions	1,500	2,078	2,297	2,342	2,757	2,630	3,064	3,363	2,753
Postpaid Net Adds	499	(194)	143	134	558	49	73	(232)	13
Prepaid Net Adds	406	282	267	324	140	241	453	570	26
Branded Net Adds	905	88	410	458	698	290	526	338	39
Reseller Net Adds	(673)	(582)	(369)	(390)	(530)	(388)	(444)	(434)	(438)
Connected Devices Net Adds	1,268	2,572	2,256	2,274	2,589	2,728	2,982	3,459	3,152
M&A Activity, Partitioned Customers and Other Adjustments	-	(2,723)	-	2	(1)	1	(7)	-	1
Phone Detail									
Branded Phones ⁹	78,032	77,855	78,041	78,063	78,459	78,585	78,919	79,426	79,550
Branded Smartphones ¹⁰	70,817	71,274	71,818	72,242	72,924	73,403	73,797	74,917	75,384
Postpaid Phones ⁹	64,496	64,011	63,854	63,566	63,818	63,657	63,543	63,462	63,493
Postpaid Smartphones	59,096	59,025	59,178	59,277	59,874	60,002	60,183	60,408	60,712
Postpaid Feature Phones ¹⁰	5,400	4,986	4,676	4,289	3,944	3,655	3,360	3,054	2,781
Prepaid Phones	13,536	13,844	14,187	14,497	14,641	14,928	15,376	15,964	16,057
Phone Detail - Net Adds									
Branded Phone Net Adds ⁹	341	(71)	152	82	380	132	407	550	147
Postpaid Phone Net Adds ⁹	(65)	(353)	(115)	(145)	295	(60)	51	69	134
Prepaid Phone Net Adds	406	282	267	227	85	192	356	481	13
Churn Detail¹¹									
Postpaid Phone Churn	0.98%	0.90%	0.79%	0.84%	0.89%	0.84%	0.82%	0.93%	1.00%
Postpaid Churn	1.15%	1.12%	1.01%	1.06%	1.11%	1.06%	1.02%	1.17%	1.24%
Branded Churn	1.74%	1.71%	1.57%	1.70%	1.75%	1.65%	1.50%	1.70%	1.82%

See Notes to Financial and Operational Trends on page 18.


Communications
Entertainment Group Results¹

Dollars in millions

Unaudited

	Three Months Ended									Historical Accounting Method ²			
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/18	6/30/18	9/30/18	12/31/18
Operating Revenues													
Video Entertainment	\$ 9,435	\$ 8,906	\$ 9,009	\$ 9,052	\$ 9,200	\$ 8,225	\$ 8,173	\$ 8,283	\$ 8,676	\$ 8,331	\$ 8,281	\$ 8,396	\$ 8,793
High-Speed Internet	1,910	1,941	1,927	1,916	1,890	1,878	1,981	2,045	2,052	1,878	1,981	2,045	2,052
Legacy Voice and Data Services	1,057	1,012	964	913	878	806	771	740	724	842	804	769	758
Other Service and Equipment	628	608	601	586	592	522	553	521	510	592	620	585	576
Total Operating Revenues	\$ 13,030	\$ 12,467	\$ 12,501	\$ 12,467	\$ 12,560	\$ 11,431	\$ 11,478	\$ 11,589	\$ 11,962	\$ 11,643	\$ 11,686	\$ 11,795	\$ 12,179
Operating Expenses													
Operations and support	10,362	9,512	9,395	9,804	10,192	8,811	8,657	9,155	9,807	9,235	9,078	9,586	10,181
Depreciation and amortization	1,382	1,419	1,456	1,379	1,367	1,310	1,345	1,331	1,329	1,310	1,345	1,331	1,329
Total Operating Expenses	11,744	10,931	10,851	11,183	11,559	10,121	10,002	10,486	11,136	10,545	10,423	10,917	11,510
Operating Income	\$ 1,286	\$ 1,536	\$ 1,650	\$ 1,284	\$ 1,001	\$ 1,310	\$ 1,476	\$ 1,103	\$ 826	\$ 1,098	\$ 1,263	\$ 878	\$ 669
Operating Income Margin	9.9%	12.3%	13.2%	10.3%	8.0%	11.5%	12.9%	9.5%	6.9%	9.4%	10.8%	7.4%	5.5%
EBITDA⁵	\$ 2,668	\$ 2,955	\$ 3,106	\$ 2,663	\$ 2,368	\$ 2,620	\$ 2,821	\$ 2,434	\$ 2,155	\$ 2,408	\$ 2,608	\$ 2,209	\$ 1,998
EBITDA Margin⁵	20.5%	23.7%	24.8%	21.4%	18.9%	22.9%	24.6%	21.0%	18.0%	20.7%	22.3%	18.7%	16.4%

See Notes to Financial and Operational Trends on page 18.



Communications

Entertainment Group Operating Volumes and Statistics

Volumes in thousands

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Video Connections									
Satellite	21,012	21,012	20,856	20,605	20,458	20,270	19,984	19,625	19,222
U-verse	4,253	4,020	3,825	3,691	3,631	3,632	3,656	3,669	3,681
Over-the-Top ¹²	267	339	491	787	1,155	1,467	1,809	1,858	1,591
Total Video Connections	25,532	25,371	25,172	25,083	25,244	25,369	25,449	25,152	24,494
Broadband Connections									
IP	12,888	13,130	13,242	13,367	13,462	13,616	13,692	13,723	13,729
DSL	1,291	1,164	1,060	964	888	816	763	718	680
Total Broadband Connections	14,179	14,294	14,302	14,331	14,350	14,432	14,455	14,441	14,409
Voice Connections									
Total Wired Voice Connections ¹³	11,278	11,003	10,696	10,333	9,996	9,640	9,283	8,901	8,549
Net Adds									
Satellite	235	-	(156)	(251)	(147)	(188)	(286)	(359)	(403)
U-verse	(262)	(233)	(195)	(134)	(60)	1	24	13	12
Over-the-Top	267	72	152	296	368	312	342	49	(267)
Total Video	240	(161)	(199)	(89)	161	125	80	(297)	(658)
IP	136	242	112	125	95	154	76	31	6
DSL	(133)	(127)	(104)	(96)	(76)	(72)	(53)	(45)	(38)
Broadband	3	115	8	29	19	82	23	(14)	(32)
ARPU^{2,14}									
Linear Video ARPU						\$ 112.45	\$ 112.19	\$ 114.90	\$ 121.76
Linear Video ARPU (Historical Accounting Method)	\$ 124.09	\$ 117.40	\$ 119.93	\$ 122.27	\$ 125.37	\$ 113.93	\$ 113.69	\$ 116.49	\$ 123.45
IP Broadband ARPU	49.69	49.81	48.70	48.00	46.94	46.27	48.32	49.78	49.83

See Notes to Financial and Operational Trends on page 18.



Communications

Business Wireline Results¹

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting Method ²			
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/18	6/30/18	9/30/18	12/31/18
Operating Revenues													
Strategic Services	\$ 2,889	\$ 2,904	\$ 2,958	\$ 3,018	\$ 3,070	\$ 3,070	\$ 3,039	\$ 3,059	\$ 3,142	\$ 3,072	\$ 3,041	\$ 3,062	\$ 3,145
Legacy Voice and Data Services	3,688	3,548	3,423	3,343	3,251	2,838	2,723	2,615	2,521	3,105	2,974	2,857	2,788
Other Service and Equipment	1,059	878	922	917	1,061	839	888	1,029	1,064	908	958	1,098	1,140
Total Operating Revenues	\$ 7,636	\$ 7,330	\$ 7,303	\$ 7,278	\$ 7,382	\$ 6,747	\$ 6,650	\$ 6,703	\$ 6,727	\$ 7,085	\$ 6,973	\$ 7,017	\$ 7,073
Operating Expenses													
Operations and support	4,960	4,673	4,598	4,635	4,586	4,016	4,038	4,030	4,161	4,375	4,384	4,369	4,529
Depreciation and amortization	1,128	1,184	1,210	1,189	1,206	1,170	1,180	1,197	1,207	1,170	1,180	1,197	1,207
Total Operating Expenses	6,088	5,857	5,808	5,824	5,792	5,186	5,218	5,227	5,368	5,545	5,564	5,566	5,736
Operating Income	\$ 1,548	\$ 1,473	\$ 1,495	\$ 1,454	\$ 1,590	\$ 1,561	\$ 1,432	\$ 1,476	\$ 1,359	\$ 1,540	\$ 1,409	\$ 1,451	\$ 1,337
Operating Income Margin	20.3%	20.1%	20.5%	20.0%	21.5%	23.1%	21.5%	22.0%	20.2%	21.7%	20.2%	20.7%	18.9%
EBITDA⁵	\$ 2,676	\$ 2,657	\$ 2,705	\$ 2,643	\$ 2,796	\$ 2,731	\$ 2,612	\$ 2,673	\$ 2,566	\$ 2,710	\$ 2,589	\$ 2,648	\$ 2,544
EBITDA Margin⁵	35.0%	36.2%	37.0%	36.3%	37.9%	40.5%	39.3%	39.9%	38.1%	38.2%	37.1%	37.7%	36.0%

Communications

Business Wireline Operating Volumes

Volumes in thousands

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Broadband Connections									
IP	977	980	992	1,017	1,025	1,021	1,017	1,022	1,023
DSL	449	421	392	367	344	322	300	284	270
Total Broadband Connections	1,426	1,401	1,384	1,384	1,369	1,343	1,317	1,306	1,293
Voice Connections									
Total Wired Voice Connections¹³	8,376	8,104	7,839	7,585	7,338	7,122	6,892	6,670	6,468

See Notes to Financial and Operational Trends on


Communications
Supplemental Business Solutions Results¹

Dollars in millions

Unaudited

	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Operating Revenues									
Wireless Service	\$ 2,069	\$ 2,003	\$ 2,004	\$ 2,023	\$ 1,979	\$ 1,791	\$ 1,829	\$ 1,877	\$ 1,900
Wireless Equipment	472	288	360	340	564	578	584	590	780
Total Wireless Revenues	2,541	2,291	2,364	2,363	2,543	2,369	2,413	2,467	2,680
Total Wireline Revenues	7,636	7,330	7,303	7,278	7,382	6,747	6,650	6,703	6,727
Total Operating Revenues	\$ 10,177	\$ 9,621	\$ 9,667	\$ 9,641	\$ 9,925	\$ 9,116	\$ 9,063	\$ 9,170	\$ 9,407
Operating Expenses									
Operations and support	6,546	5,998	6,053	6,096	6,349	5,594	5,616	5,598	5,911
Depreciation and amortization	1,404	1,460	1,483	1,466	1,492	1,458	1,487	1,499	1,507
Total Operating Expenses	7,950	7,458	7,536	7,562	7,841	7,052	7,103	7,097	7,418
Operating Income	\$ 2,227	\$ 2,163	\$ 2,131	\$ 2,079	\$ 2,084	\$ 2,064	\$ 1,960	\$ 2,073	\$ 1,989
Segment Operating Income Margin	21.9%	22.5%	22.0%	21.6%	21.0%	22.6%	21.6%	22.6%	21.1%
EBITDA⁵	\$ 3,631	\$ 3,623	\$ 3,614	\$ 3,545	\$ 3,576	\$ 3,522	\$ 3,447	\$ 3,572	\$ 3,496
EBITDA Margin⁵	35.7%	37.7%	37.4%	36.8%	36.0%	38.6%	38.0%	39.0%	37.2%

Communications
Supplemental Business Solutions Operating Volumes¹

Volumes in thousands

Unaudited

	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Wireless Subscribers and Connections									
Total Subscribers and Connections	42,928	43,719	46,162	48,759	51,598	54,505	57,703	61,418	64,830
Postpaid	11,272	11,243	11,432	11,646	11,826	11,942	12,046	12,206	12,430
Prepaid and Reseller	65	76	72	715	781	835	939	1,033	1,065
Connected Devices	31,591	32,400	34,658	36,398	38,991	41,728	44,718	48,179	51,335
Wireless Net Add Detail (Adjusted for M&A)¹⁵									
Net Customer Additions	1,345	2,665	2,422	2,555	2,834	2,892	3,208	3,700	3,358
Postpaid Net Adds	75	88	171	180	187	113	122	149	182
Prepaid and Reseller Net Adds	2	5	(5)	101	58	51	104	92	24
Connected Devices Net Adds	1,268	2,572	2,256	2,274	2,589	2,728	2,982	3,459	3,152

See page 9 for Business Wireline operating volumes.

See Notes to Financial and Operational Trends on page 18.


WarnerMedia*
Statement of Segment Income¹

Dollars in millions

Unaudited

	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Segment Operating Revenues									
Turner	\$ 102	\$ 105	\$ 111	\$ 107	\$ 107	\$ 112	\$ 667	\$ 2,988	\$ 3,212
Home Box Office	-	-	-	-	-	-	281	1,644	1,673
Warner Bros.	-	-	-	-	-	-	507	3,720	4,476
Eliminations and other	-	-	-	-	-	-	(62)	(148)	(129)
Total Segment Operating Revenues	\$ 102	\$ 105	\$ 111	\$ 107	\$ 107	\$ 112	\$ 1,393	\$ 8,204	\$ 9,232
Segment Operating Expenses									
Operations and support	52	63	115	98	59	82	911	5,503	6,470
Depreciation and amortization	2	1	1	1	1	1	31	134	139
Total Segment Operating Expenses	54	64	116	99	60	83	942	5,637	6,609
Segment Operating Income (Loss)	48	41	(5)	8	47	29	451	2,567	2,623
Equity in Net Income (Loss) of Affiliates	9	(6)	(11)	(6)	(6)	10	(26)	(39)	80
Segment Contribution	\$ 57	\$ 35	\$ (16)	\$ 2	\$ 41	\$ 39	\$ 425	\$ 2,528	\$ 2,703
Segment Operating Income Margin									
	47.1%	39.0%	-4.5%	7.5%	43.9%	25.9%	32.4%	31.3%	28.4%
EBITDA⁵	\$ 50	\$ 42	\$ (4)	\$ 9	\$ 48	\$ 30	\$ 482	\$ 2,701	\$ 2,762
EBITDA Margin⁵	49.0%	40.0%	-3.6%	8.4%	44.9%	26.8%	34.6%	32.9%	29.9%

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

WarnerMedia
WarnerMedia Results - Non-GAAP Comparable Basis^{16*}

Dollars in millions

Unaudited	Three Months Ended									
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	
Segment Operating Revenues										
Turner	\$ 2,940	\$ 3,193	\$ 3,213	\$ 2,875	\$ 3,230	\$ 3,456	\$ 3,345	\$ 2,988	\$ 3,212	
Home Box Office	1,491	1,568	1,476	1,605	1,680	1,619	1,667	1,644	1,673	
Warner Bros.	3,868	3,365	2,988	3,460	4,053	3,238	3,306	3,720	4,476	
Eliminations and other	(306)	(286)	(236)	(238)	(245)	(205)	(405)	(148)	(129)	
Total Segment Operating Revenues¹⁷	\$ 7,993	\$ 7,840	\$ 7,441	\$ 7,702	\$ 8,718	\$ 8,108	\$ 7,913	\$ 8,204	\$ 9,232	
Segment Operating Expenses										
Operations and support	6,014	5,476	5,516	5,180	6,557	5,927	5,958	5,503	6,470	
Depreciation and amortization	169	166	170	170	192	172	169	134	139	
Total Segment Operating Expenses	6,183	5,642	5,686	5,350	6,749	6,099	6,127	5,637	6,609	
Segment Operating Income¹⁷	\$ 1,810	\$ 2,198	\$ 1,755	\$ 2,352	\$ 1,969	\$ 2,009	\$ 1,786	\$ 2,567	\$ 2,623	
Segment Operating Income Margin¹⁷	22.6%	28.0%	23.6%	30.5%	22.6%	24.8%	22.6%	31.3%	28.4%	
EBITDA	\$ 1,979	\$ 2,364	\$ 1,925	\$ 2,522	\$ 2,161	\$ 2,181	\$ 1,955	\$ 2,701	\$ 2,762	
EBITDA Margin	24.8%	30.2%	25.9%	32.7%	24.8%	26.9%	24.7%	32.9%	29.9%	
Total Programming and Production Costs¹⁸	\$ 3,390	\$ 3,312	\$ 3,188	\$ 2,876	\$ 3,874	\$ 3,515	\$ 3,595	\$ 3,188	\$ 3,828	

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

WarnerMedia
Turner Results - Non-GAAP Comparable Basis^{16*}

Dollars in millions

Unaudited	Three Months Ended									
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	
Operating Revenues										
Subscription	\$ 1,571	\$ 1,757	\$ 1,761	\$ 1,756	\$ 1,779	\$ 1,888	\$ 1,870	\$ 1,855	\$ 1,844	
Advertising	1,199	1,226	1,287	980	1,226	1,340	1,324	944	1,149	
Content and other	170	210	165	139	225	228	151	189	219	
Total Operating Revenues¹⁷	\$ 2,940	\$ 3,193	\$ 3,213	\$ 2,875	\$ 3,230	\$ 3,456	\$ 3,345	\$ 2,988	\$ 3,212	
Operating Expenses										
Operations and support	1,987	1,910	2,129	1,544	2,104	2,234	2,283	1,487	1,861	
Depreciation and amortization	54	55	57	55	56	57	59	59	60	
Total Operating Expenses	2,041	1,965	2,186	1,599	2,160	2,291	2,342	1,546	1,921	
Operating Income¹⁷	\$ 899	\$ 1,228	\$ 1,027	\$ 1,276	\$ 1,070	\$ 1,165	\$ 1,003	\$ 1,442	\$ 1,291	
Operating Income Margin¹⁷	30.6%	38.5%	32.0%	44.4%	33.1%	33.7%	30.0%	48.3%	40.2%	
EBITDA	\$ 953	\$ 1,283	\$ 1,084	\$ 1,331	\$ 1,126	\$ 1,222	\$ 1,062	\$ 1,501	\$ 1,351	
EBITDA Margin	32.4%	40.2%	33.7%	46.3%	34.9%	35.4%	31.7%	50.2%	42.1%	
Programming Costs¹⁸	\$ 1,162	\$ 1,249	\$ 1,384	\$ 852	\$ 1,284	\$ 1,511	\$ 1,552	\$ 817	\$ 1,112	

* Comparable Basis = Historical Turner Adjusted Results + RSNs

See pages 19 and 20 for reconciliation from historical Warner Media, LLC results.



WarnerMedia

Home Box Office Results - Non-GAAP Comparable Basis¹⁶

Dollars in millions

Unaudited	Three Months Ended									
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	
Operating Revenues										
Subscription	\$ 1,252	\$ 1,302	\$ 1,357	\$ 1,418	\$ 1,458	\$ 1,429	\$ 1,529	\$ 1,517	\$ 1,414	
Content and other	239	266	119	187	222	190	138	127	259	
Total Operating Revenues¹⁷	\$ 1,491	\$ 1,568	\$ 1,476	\$ 1,605	\$ 1,680	\$ 1,619	\$ 1,667	\$ 1,644	\$ 1,673	
Operating Expenses										
Operations and support	1,037	948	906	1,012	1,167	1,054	1,070	991	1,025	
Depreciation and amortization	22	23	23	26	29	30	28	25	26	
Total Operating Expenses	1,059	971	929	1,038	1,196	1,084	1,098	1,016	1,051	
Operating Income¹⁷	\$ 432	\$ 597	\$ 547	\$ 567	\$ 484	\$ 535	\$ 569	\$ 628	\$ 622	
Operating Income Margin¹⁷	29.0%	38.1%	37.1%	35.3%	28.8%	33.0%	34.1%	38.2%	37.2%	
EBITDA	\$ 454	\$ 620	\$ 570	\$ 593	\$ 513	\$ 565	\$ 597	\$ 653	\$ 648	
EBITDA Margin	30.4%	39.5%	38.6%	36.9%	30.5%	34.9%	35.8%	39.7%	38.7%	
Programming Costs¹⁸	\$ 569	\$ 552	\$ 510	\$ 554	\$ 645	\$ 596	\$ 588	\$ 579	\$ 561	

WarnerMedia

Warner Bros. Results - Non-GAAP Comparable Basis¹⁶

Dollars in millions

Unaudited	Three Months Ended									
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	
Operating Revenues										
Theatrical product	\$ 1,686	\$ 1,377	\$ 1,351	\$ 1,697	\$ 1,613	\$ 1,336	\$ 1,346	\$ 1,694	\$ 2,085	
Television product	1,761	1,675	1,151	1,308	1,758	1,498	1,528	1,591	1,827	
Games and other	421	313	486	455	682	404	432	435	564	
Total Operating Revenues¹⁷	\$ 3,868	\$ 3,365	\$ 2,988	\$ 3,460	\$ 4,053	\$ 3,238	\$ 3,306	\$ 3,720	\$ 4,476	
Operating Expenses										
Operations and support	3,193	2,772	2,642	2,800	3,438	2,778	2,893	3,104	3,623	
Depreciation and amortization	86	81	83	82	99	77	75	40	42	
Total Operating Expenses	3,279	2,853	2,725	2,882	3,537	2,855	2,968	3,144	3,665	
Operating Income¹⁷	\$ 589	\$ 512	\$ 263	\$ 578	\$ 516	\$ 383	\$ 338	\$ 576	\$ 811	
Operating Income Margin¹⁷	15.2%	15.2%	8.8%	16.7%	12.7%	11.8%	10.2%	15.5%	18.1%	
EBITDA	\$ 675	\$ 593	\$ 346	\$ 660	\$ 615	\$ 460	\$ 413	\$ 616	\$ 853	
EBITDA Margin	17.5%	17.6%	11.6%	19.1%	15.2%	14.2%	12.5%	16.6%	19.1%	
Film and Television Production Costs¹⁸	\$ 1,912	\$ 1,667	\$ 1,487	\$ 1,656	\$ 2,101	\$ 1,574	\$ 1,729	\$ 1,909	\$ 2,238	

See Notes to Financial and Operational Trends on page 18.



Latin America

Statement of Segment Income¹

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting Method ²			
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/18	6/30/18	9/30/18	12/31/18
Segment Operating Revenues													
Video Entertainment	\$ 1,261	\$ 1,341	\$ 1,361	\$ 1,363	\$ 1,391	\$ 1,354	\$ 1,254	\$ 1,102	\$ 1,074	\$ 1,354	\$ 1,254	\$ 1,102	\$ 1,074
Wireless Service ¹⁹	477	475	535	536	501	404	417	440	440	454	457	474	464
Wireless Equipment	171	113	130	200	323	267	280	291	329	257	262	281	314
Total Segment Operating Revenues	\$ 1,909	\$ 1,929	\$ 2,026	\$ 2,099	\$ 2,215	\$ 2,025	\$ 1,951	\$ 1,833	\$ 1,843	\$ 2,065	\$ 1,973	\$ 1,857	\$ 1,852
Segment Operating Expenses													
Operations and support	1,879	1,759	1,772	1,937	1,936	1,804	1,803	1,746	1,805	1,839	1,844	1,784	1,835
Depreciation and amortization	298	290	311	304	313	332	313	297	296	332	313	297	296
Total Segment Operating Expenses	2,177	2,049	2,083	2,241	2,249	2,136	2,116	2,043	2,101	2,171	2,157	2,081	2,131
Segment Operating Income (Loss)	(268)	(120)	(57)	(142)	(34)	(111)	(165)	(210)	(258)	(106)	(184)	(224)	(279)
Equity in Net Income (Loss) of Affiliates	28	20	25	17	25	-	15	9	10	-	15	9	10
Segment Contribution	\$ (240)	\$ (100)	\$ (32)	\$ (125)	\$ (9)	\$ (111)	\$ (150)	\$ (201)	\$ (248)	\$ (106)	\$ (169)	\$ (215)	\$ (269)
Segment Operating Income Margin													
	-14.0%	-6.2%	-2.8%	-6.8%	-1.5%	-5.5%	-8.5%	-11.5%	-14.0%	-5.1%	-9.3%	-12.1%	-15.1%
EBITDA⁵	\$ 30	\$ 170	\$ 254	\$ 162	\$ 279	\$ 221	\$ 148	\$ 87	\$ 38	\$ 226	\$ 129	\$ 73	\$ 17
EBITDA Margin⁵	1.6%	8.8%	12.5%	7.7%	12.6%	10.9%	7.6%	4.7%	2.1%	10.9%	6.5%	3.9%	0.9%

Latin America

Vrio and Mexico Results

Dollars in millions

Unaudited	Three Months Ended									Historical Accounting Method ²			
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/18	6/30/18	9/30/18	9/30/18
Vrio EBITDA⁵	\$ 263	\$ 291	\$ 363	\$ 288	\$ 342	\$ 353	\$ 238	\$ 225	\$ 225	\$ 322	\$ 198	\$ 188	\$ 192
Vrio EBITDA Margin⁵	20.9%	21.7%	26.7%	21.1%	24.6%	26.1%	19.0%	20.4%	20.9%	23.8%	15.8%	17.1%	17.9%
Mexico EBITDA⁵	\$ (233)	\$ (121)	\$ (109)	\$ (126)	\$ (63)	\$ (132)	\$ (90)	\$ (138)	\$ (187)	\$ (96)	\$ (69)	\$ (115)	\$ (175)
Mexico EBITDA Margin⁵	-36.0%	-20.6%	-16.4%	-17.1%	-7.6%	-19.7%	-12.9%	-18.9%	-24.3%	-13.5%	-9.6%	-15.2%	-22.5%

See Notes to Financial and Operational Trends on page 18.



Latin America

Mexico Operating Volumes and Statistics

Volumes in thousands

Unaudited	12/31/16	3/31/17	6/30/17	Three Months Ended			6/30/18	9/30/18	12/31/18
				9/30/17	12/31/17	3/31/18			

Mexico Wireless Operating Statistics

Subscriber Detail

Total Subscribers	11,973	12,606	13,082	13,779	15,099	15,642	16,398	17,305	18,321
Postpaid	4,965	5,095	5,187	5,316	5,498	5,607	5,749	5,822	5,805
Prepaid	6,727	7,244	7,646	8,231	9,397	9,857	10,468	11,270	12,264
Other	281	267	249	232	204	178	181	213	252

Net Add Detail

Net Customer Additions	1,275	633	476	697	1,320	543	756	907	1,016
Postpaid Net Adds	233	130	92	129	182	109	142	73	(17)
Prepaid Net Adds	1,062	517	402	585	1,166	459	611	802	994
Other Net Adds	(20)	(14)	(18)	(17)	(28)	(25)	3	32	39

Churn Detail

Total Churn ¹¹	6.94%	7.11%	7.89%	7.65%	7.90%	7.02%	6.82%	6.59%	7.08%
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Latin America

Vrio Operating Volumes and Statistics

Volumes in thousands

Unaudited	12/31/16	3/31/17	6/30/17	Three Months Ended			6/30/18	9/30/18	12/31/18
				9/30/17	12/31/17	3/31/18			

Video Connections and Net Additions

Total Video Connections	12,455	13,678	13,622	13,490	13,629	13,573	13,713	13,640	13,838
Total Video Net Adds	(21)	91	(56)	(132)	139	(15)	140	(73)	198

See Notes to Financial and Operational Trends on page 18.

Xandr
Statement of Segment Income¹

Dollars in millions

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Segment Operating Revenues	\$ 396	\$ 321	\$ 338	\$ 333	\$ 381	\$ 337	\$ 392	\$ 445	\$ 566
Segment Operating Expenses									
Operations and support	34	43	36	39	51	50	59	109	180
Depreciation and amortization	-	-	1	-	1	1	-	3	5
Total Segment Operating Expenses	34	43	37	39	52	51	59	112	185
Segment Operating Income	362	278	301	294	329	286	333	333	381
Equity in Net Income of Affiliates	-	-	-	-	-	-	-	-	-
Segment Contribution	\$ 362	\$ 278	\$ 301	\$ 294	\$ 329	\$ 286	\$ 333	\$ 333	\$ 381
Segment Operating Income Margin	91.4%	86.6%	89.1%	88.3%	86.4%	84.9%	84.9%	74.8%	67.3%
EBITDA⁵	\$ 362	\$ 278	\$ 302	\$ 294	\$ 330	\$ 287	\$ 333	\$ 336	\$ 386
EBITDA Margin⁵	91.4%	86.6%	89.3%	88.3%	86.6%	85.2%	84.9%	75.5%	68.2%

AT&T Inc.
Supplemental Total Advertising Revenues¹

Dollars in millions

Unaudited	Three Months Ended							
	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Operating Revenues								
WarnerMedia	\$ 13	\$ 22	\$ 17	\$ 13	\$ 14	\$ 225	\$ 983	\$ 1,239
Communications	353	372	368	420	375	431	478	543
Xandr	321	338	333	381	337	392	445	566
Eliminations ⁷	(317)	(334)	(329)	(377)	(334)	(387)	(401)	(473)
Total Advertising Revenues	\$ 370	\$ 398	\$ 389	\$ 437	\$ 392	\$ 661	\$ 1,505	\$ 1,875

See Notes to Financial and Operational Trends on page 18.



Corporate

Supplemental Results - Corporate^{1,3,20}

Dollars in millions

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Total Operating Revenues	\$ 440	\$ 409	\$ 391	\$ 382	\$ 340	\$ 333	\$ 320	\$ 308	\$ 279
Operating Expenses									
Operations and support	810	872	767	801	866	735	661	(18)	252
Depreciation and amortization	19	39	10	24	24	23	118	797	560
Total Operating Expenses	829	911	777	825	890	758	779	779	812
Operating Loss	\$ (389)	\$ (502)	\$ (386)	\$ (443)	\$ (550)	\$ (425)	\$ (459)	\$ (471)	\$ (533)

Corporate

Supplemental Reconciliation of Operations and Support

Dollars in millions

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Operations and Support	\$ 810	\$ 872	\$ 767	\$ 801	\$ 866	\$ 735	\$ 661	\$ (18)	\$ 252
Reclassification of amortization of prior service credits ³	(346)	(367)	(385)	(420)	(420)	(428)	(442)	(442)	(442)
Reclassification of WarnerMedia amortization of production costs to Depreciation and Amortization ²⁰							98	772	545
Operations and Support excluding segment reclassifications	\$ 464	\$ 505	\$ 382	\$ 381	\$ 446	\$ 307	\$ 317	\$ 312	\$ 355

AT&T Inc.

Other Income (Expense) - Net

Dollars in millions

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Interest income and other gain/(loss) items	\$ 121	\$ (21)	\$ 129	\$ 246	\$ 263	\$ 205	\$ -	\$ 538	\$ 328
Net pension and postretirement credit, excluding actuarial gain/(loss)	458	509	537	596	596	567	557	515	660
Actuarial gain/(loss)	(1,024)	-	259	-	(1,517)	930	1,796	-	686
Other Income (Expense) - Net	\$ (445)	\$ 488	\$ 925	\$ 842	\$ (658)	\$ 1,702	\$ 2,353	\$ 1,053	\$ 1,674

AT&T Inc.

FirstNet - Capital Expenditures and Reimbursements

Dollars in millions

Unaudited	Three Months Ended								
	12/31/16	3/31/17	6/30/17	9/30/17	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18
Capital Expenditures Impact									
Capital expenditures				\$ 5,251	\$ 5,076	\$ 6,118	\$ 5,108	\$ 5,873	\$ 4,152
FirstNet capital expenditures reimbursement				17	262	-	302	-	1,127
Capital expenditures, gross				5,268	5,338	6,118	5,410	5,873	5,279
FirstNet Reimbursements									
Capital expenditures				\$ 17	\$ 262	\$ -	\$ 302	\$ -	\$ 1,127
Operating expenses				3	46	-	34	-	207
Total reimbursements				20	308	-	336	-	1,334

See Notes to Financial and Operational Trends on page 18.



Notes to Financial and Operational Trends
AT&T Inc.

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

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

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

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

⁵ See Discussion and Reconciliation of Non-GAAP Measures in the Investor Briefing or exhibit 99.1 to Form 8-K dated January 30, 2019.

⁶ See Quarterly Pro Forma Financial Information schedule and related Form 8-K/A filed August 27, 2018 included on the AT&T Investor Relations website for further explanation of these pro forma metrics.

⁷ Eliminations and consolidation removes transactions that either involve dealings between AT&T companies, including content licensing with WarnerMedia, or relate to advertising arrangements recorded in both the Communications and Xandr segments (approximately \$470M revenues in 4Q18). This reconciling item also includes conforming adjustment to the historical presentation of our advertising business.

⁸ ARPU is defined as wireless service revenues during the period divided by average wireless subscribers during the period.

⁹ Wireless home phones have been reclassified from postpaid phones to other postpaid. Historical postpaid phone subscribers, net adds, and ARPU metrics have been recast to conform to current methodology.

¹⁰ Branded smartphones include postpaid and prepaid smartphones. Feature phones are basic phones that are primarily used for voice and text services. 3Q18 Branded Smartphones subscriber count includes a true-up of 372K Cricket feature phones to smartphones.

¹¹ Churn is calculated by dividing the aggregate number of wireless subscribers who canceled service during a month by the total number of wireless subscribers at the beginning of that month. The churn rate for the period is equal to the average of the churn rate for each month of that period.

¹² Over-the-top connections include DIRECTV NOW and exclude WatchTV, which launched near end of June 2018, during its promotional period. DIRECTV NOW connections include free or substantially free trial-period subscribers as follows (in thousands): 67 for 3Q17, 73 for 4Q17, 49 for 1Q18, 66 for 2Q18, 52 for 3Q18, and 65 for 4Q18. AT&T has successfully retained many subscribers after the expiration of their trial period.

¹³ Total Wired Voice Connections includes switched access lines served by AT&T's incumbent local exchange carriers and affiliates, switched access lines served by AT&T Corp and Voice over Internet Protocol connections. Includes both primary and additional lines. Connections for Entertainment Group include consumer Voice over Internet Protocol connections of 4,582 thousand as of December 31, 2018.

¹⁴ Linear Video ARPU is defined as Video Entertainment revenues, excluding Over-the-Top revenues, during the period divided by average linear video connections during the period. IP Broadband ARPU is defined as High-Speed Internet revenues during the period divided by average IP Broadband connections during the period. Linear ARPU has been recast to reflect a conforming policy change to record certain advertising revenues on a net basis consistent with WarnerMedia.

¹⁵ Excludes migrations between AT&T segments and/or subscriber categories and acquisition-related additions during the period.

¹⁶ Non-GAAP comparable basis results for WarnerMedia and Turner reflect historical Warner Media, LLC adjusted results and include the results for AT&T's Regional Sports Networks (RSNs) which were recast into the WarnerMedia segment (see Form 8-K dated September 21, 2018). Non-GAAP comparable results for Home Box Office and Warner Bros. reflect historical Warner Media, LLC adjusted results. Historical WarnerMedia adjusted results were presented in the Warner Media, LLC 2Q18 Trending Schedules dated July 24, 2018, which is included in the 2Q18 quarterly earnings materials on the AT&T Investor Relations website. See Basis of Presentation for definition of Adjusted Operating Income and Adjusted OIBDA. As determined by Time Warner management, Adjusted Operating Income (Loss) and Adjusted OIBDA include certain items affecting comparability.

¹⁷ See Item 7.01 in Form 8-K dated October 24, 2018 for reconciliation of comparable Operating Revenues, Operating Income, and Operating Income Margin.

¹⁸ Programming and production costs are included in Operations & Support expenses.

¹⁹ 4Q18 wireless service revenues for Mexico were lower by approximately \$60 million year-over-year from the shutdown of a wholesale business that was included in the Nextel Mexico acquisition.

²⁰ Corporate includes: (1) operations that are no longer integral to our operations or which we no longer actively market, (2) corporate support functions and operations, (3) impacts of corporate-wide decisions for which the individual operating segments are not being evaluated, (4) the reclassification of amortization of prior service credits, which we continue to report with segment operating expense, to consolidated to Other Income (Expense) - Net, and (5) the recharacterization of programming costs amortization, which we continue to report with WarnerMedia segment operating expenses, to consolidated amortization expense. The largest corporate operations included are other wholesale operations, hosting colocation, Digital Life, National Mass Markets, and Consumer Information Services.



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

WarnerMedia

Historical Warner Media, LLC¹⁶

Dollars in millions

Unaudited

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

WarnerMedia

RSNs and Other

Dollars in millions

Unaudited

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

See Notes to Financial and Operational Trends on page 18.



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

WarnerMedia

Turner Results - Historical¹⁶

Dollars in millions

Unaudited

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

WarnerMedia

Turner RSNs

Dollars in millions

Unaudited

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

See Notes to Financial and Operational Trends on page 18.