Q2 2019 AT&T EARNINGS

Investor Briefing

No. 305 | JULY 24, 2019

Contents

Communications

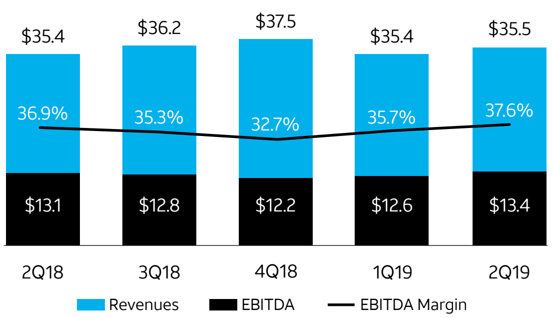
Revenues	$35.5 billion, up 0.3% year over year reflecting gains in Mobility that were partially offset by declines in Entertainment Group and Business Wireline
Operating Expenses	$26.8 billion, down 0.8% year over year reflecting lower Entertainment Group and Mobility expenses
Operating Income	$8.7 billion, up 3.8% year over year; operating income margin of 24.6% compared with 23.8% in the year-ago quarter

MOBILITY

Revenues	$17.5 billion, up 1.3% year over year due to an increase in service revenues offsetting declines in equipment revenues ■ **Service revenues:** $14.0 billion, up 2.4% year over year due to subscriber gains and postpaid phone ARPU growth ■ **Equipment revenues:** $3.5 billion, down 2.6% year over year due to lower postpaid smartphone sales
Operating Expenses	$11.7 billion, down 0.8% year over year due to lower postpaid smartphone volumes, lower depreciation and cost efficiencies, partially offset by higher bad debt and commission amortization that also reflects an increase in expected customer life
Operating Income	$5.8 billion, up 5.9% year over year; operating income margin of 33.3%, compared to 31.9% in the year-ago quarter
EBITDA	$7.9 billion, up 3.1% year over year; EBITDA margin: 44.9% versus 44.1% in the year-ago quarter (EBITDA margin is operating income before depreciation and amortization, divided by total revenues) Wireless EBITDA service margin: 56.1% compared to 55.7% in the year-ago quarter (EBITDA service margin is operating income before depreciation and amortization, divided by total service revenues)

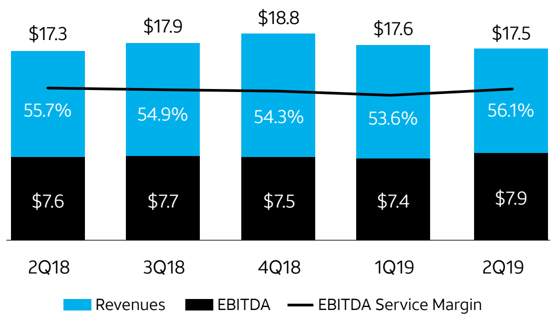
Communications Revenues & EBITDA Margin

IN BILLIONS



Mobility Revenues & EBITDA Service Margin

IN BILLIONS



ARPU

- Postpaid phone-only ARPU increased 2.2% versus the year-ago quarter

SUBSCRIBER METRICS

- Total net adds of 3.9 million to reach 159.7 million in service
  - 355,000 total phone net adds
  - 388,000 total smartphone net adds
  - 154,000 postpaid net losses with losses in tablets offsetting gains in wearables and phones
    - 72,000 postpaid phone net adds
    - 144,000 postpaid smartphone net adds
    - (349,000) tablet and other branded computing device net losses
- 341,000 prepaid net adds
  - 283,000 prepaid phone net adds
  - 244,000 prepaid smartphone net adds
- 4.0 million connected device net adds
- (214,000) reseller net losses
- More than 700,000 FirstNet connections now in service

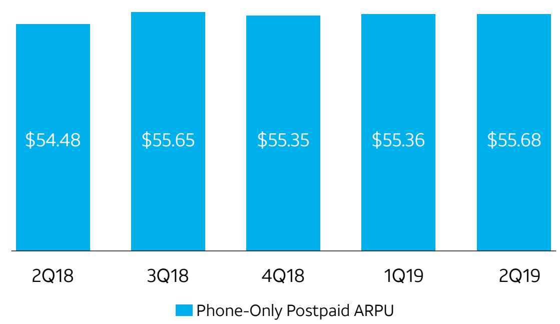
CHURN

- Postpaid churn: 1.08%, up from 1.02% in the year-ago quarter due to tablet and phone churn
- Postpaid phone churn: 0.86%, compared to 0.82% in the year-ago quarter

SMARTPHONES

- 5.8 million postpaid and prepaid smartphone gross adds and upgrades in the quarter, including 1.7 million from prepaid
- Postpaid upgrade rate in the quarter was its lowest ever at 3.3%, down from 3.8% in the year-ago quarter

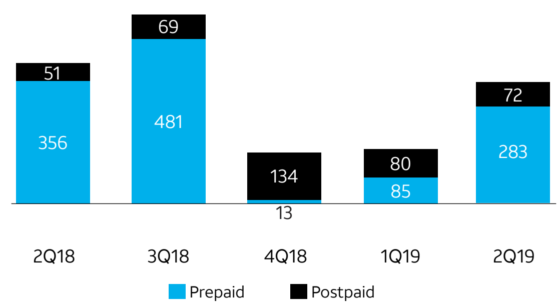
Phone-Only Postpaid ARPU



2018 growth rates presented on a comparable basis, to exclude the impact of ASC 606

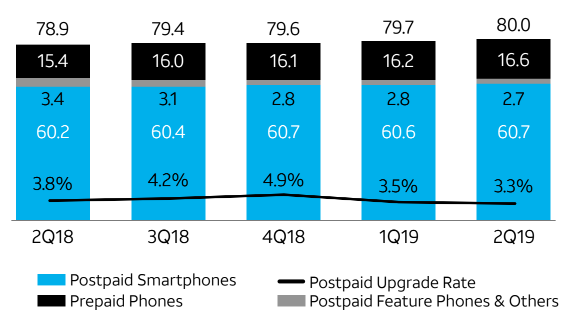
Postpaid & Prepaid Phone Net Adds

IN THOUSANDS



Phone Subscribers & Postpaid Upgrade Rate

IN MILLIONS



ENTERTAINMENT GROUP

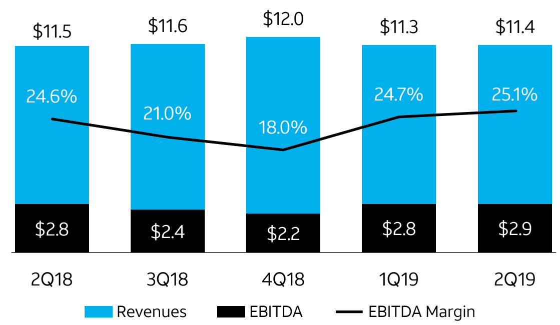
Revenues	‣ $11.4 billion, down 1.0% year over year due to declines in TV subscribers and legacy services ▪ **Video:** $8.0 billion, down 1.7% year over year due to declines in premium TV subscribers partially offset by the growth of over-the-top revenues ▪ **IP Broadband:** $2.1 billion, up 6.5% year over year due to the continued shift of subscribers to higher-speed services, including AT&T Fiber, which was partially offset by declines in slower speed subscribers
Operating Expenses	‣ $9.9 billion, down 1.5% year over year due to lower content costs with fewer subscribers and ongoing cost initiatives, partially offset by higher deferral amortization including a second-quarter 2019 update to expected subscriber lives
Operating Income	‣ $1.5 billion, up 2.6% year over year; operating income margin: 13.3% compared to 12.9% in the year-ago quarter
EBITDA	‣ $2.9 billion, up 1.1% year over year; 25.1% EBITDA margin, up from 24.6% in the year-ago quarter

SUBSCRIBER METRICS

- **Premium TV** subscribers: (778,000) net loss due to an increase in customers rolling off promotional discounts, competition and lower gross adds due to a focus on the long-term value customer base
- **DIRECTV NOW** subscribers: (168,000) net loss due to higher prices and less promotional activity
- Total broadband subscribers: (34,000) net loss
  - 318,000 fiber net adds
- More than 80% of all broadband subscribers on AT&T's fiber network have speeds of 100 megabits or more. Total broadband customers with speeds of 100 megabits or faster have more than doubled in the past year.
- AT&T now markets its 100% fiber network to nearly 14 million customer locations in parts of 85 major metro areas. Broadband penetration in the fiber footprint continues to be significantly higher than in AT&T's non-fiber footprint with penetration rates increasing the longer we have fiber in a market.

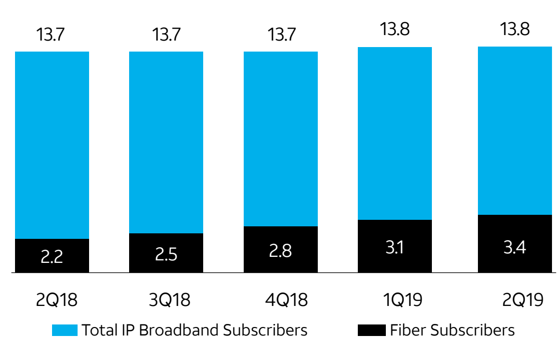
Entertainment Group Revenues & EBITDA Margin

IN BILLIONS



IP Broadband Subscribers

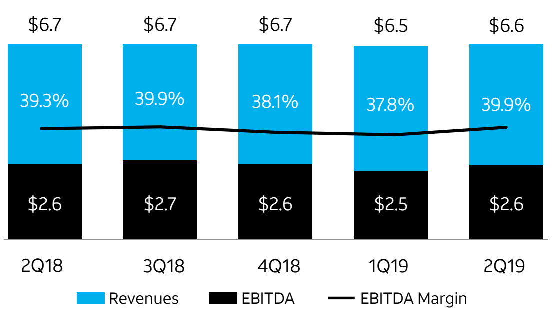
IN MILLIONS



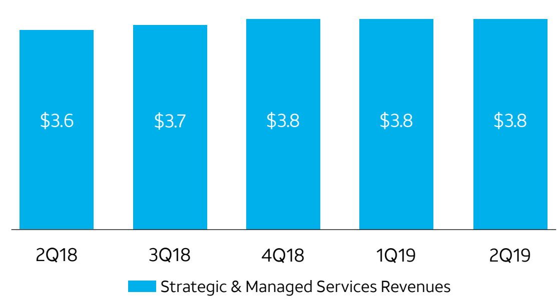
BUSINESS WIRELINE

Revenues	▸ $6.6 billion, down 0.3% which includes about $125 million in incremental revenue for the licensing of intellectual property assets. Without that licensing, revenues were down 2.2% year over year with declines in legacy products partially offset by growth in strategic and managed services; when you add wireless, it grew 2.3%
Strategic and Managed Services	▸ $3.8 billion, up 6.8% year over year. These are the wireline capabilities that lead AT&T's most advanced business solutions ■ Annualized revenue stream of $15.4 billion; 58% of total business wireline revenues ■ Growth helped offset a decline of about $400 million in legacy services in the quarter
Operating Expenses	▸ $5.2 billion, essentially stable year over year
Operating Income	▸ $1.4 billion, down 2.9%, with strategic and managed services revenue growth, licensing revenues and cost efficiencies partially offsetting declines in legacy services; operating income margin: 21.0%, down from 21.5% in the year-ago quarter
EBITDA Margin	▸ 39.9%, up from 39.3% in the year-ago quarter

Business Wireline Revenues & EBITDA Margin
IN BILLIONS



Strategic & Managed Services Revenues
IN BILLIONS



WarnerMedia

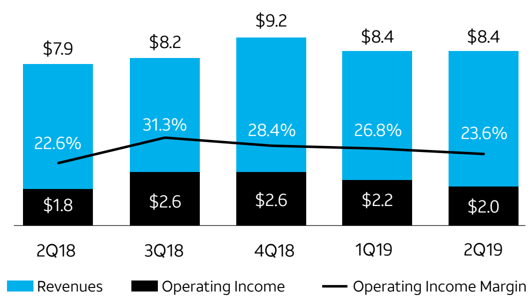
FINANCIAL HIGHLIGHTS

(This material conforms to historical presentation to aid in comparability. Historical comparisons reflect historical Time Warner adjusted results and also include RSNs as recast in the WarnerMedia segment. Financial results of Otter Media are included in WarnerMedia consolidated results following AT&T's Aug. 7, 2018 acquisition of the remaining interest in Otter Media and the transfer of the ownership of Otter Media to WarnerMedia. Prior to this date, Otter Media was included as an equity-method investment of AT&T.)

Revenues	$8.4 billion, up 5.5% year over year primarily driven by the consolidation of Otter Media, higher Warner Bros. revenues and gains at Turner and Home Box Office
Operating Expenses	$6.4 billion, up 4.1% year over year primarily due to the consolidation of Otter Media and higher expenses at Home Box Office, partially offset by lower television production costs at Warner Bros. and lower marketing and programming costs at Turner Includes $3.7 billion of programming and production costs, up 2.1% year over year
Operating Income	$2.0 billion, up 10.3% year over year with gains at all three business units; operating income margin of 23.6% compared with 22.6% in year-ago quarter; merger synergies on track

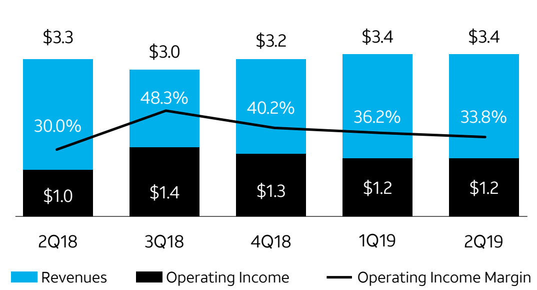
WarnerMedia Revenues & Operating Income Margin

IN BILLIONS



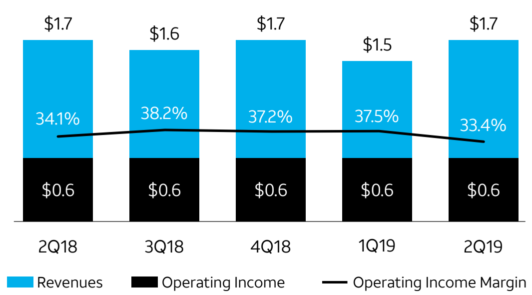
Turner Revenues & Operating Income Margin

IN BILLIONS



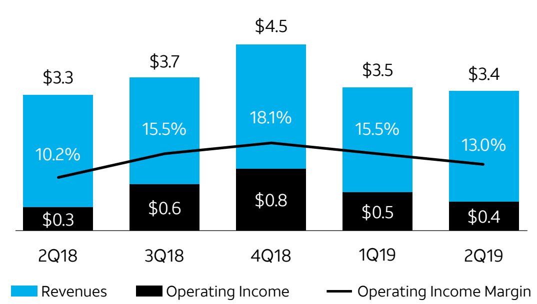
Home Box Office Revenues & Operating Income Margin

IN BILLIONS



Warner Bros. Revenues & Operating Income Margin

IN BILLIONS



TURNER

Revenues	▸ $3.4 billion, up 1.9% year over year due to a 3.9% increase in subscription revenues and 33.1% growth in content and other revenues, partially offset by a 4.4% decline in advertising revenues ▸ **Subscription:** Benefited from higher domestic affiliate rates and growth at Turner's international networks; revenues were impacted by unfavorable foreign exchange rates ▸ **Advertising:** Decreased due to the shift of the NCAA Men's Final Four Championship game and lower audience delivery at Turner's domestic entertainment networks; international advertising revenues declined and were impacted by unfavorable foreign exchange rates
Operating Expenses	▸ $2.3 billion, down 3.7% year over year, primarily due to lower marketing costs and original and acquired programming expenses, partially offset by higher sports costs
Operating Income	▸ $1.2 billion, up 15.1% year over year; operating income margin of 33.8% compared with 30.0% in the year-ago quarter

HOME BOX OFFICE

Revenues	▸ $1.7 billion, up 2.9% year over year reflecting a 44.9% increase in content and other revenues, partially offset by a decline of 0.9% in subscription revenues ▸ **Subscription:** Revenues declined year over year due to lower domestic linear subscribers, partially offset by higher digital and international growth ▸ **Content and other:** Increased due to higher home entertainment and international licensing revenues
Operating Expenses	▸ $1.1 billion, up 4.1% year over year due to higher costs, including programming, distribution and marketing expenses
Operating Income	▸ $573 million, up 0.7% year over year; operating income margin of 33.4% compared with 34.1% in the year-ago quarter

WARNER BROS.

Revenues	▸ $3.4 billion, up 2.5% year over year due to 13.4% growth in theatrical product revenues and 27.8% growth in games and other revenue, which offset a 14.3% decline in television product revenues ▸ **Theatrical product:** increased primarily due to higher home entertainment revenues ▸ **Television product:** decreased primarily due to lower licensing revenues ▸ **Games and other:** increased primarily due to the release of *Mortal Kombat 11*
Operating Expenses	▸ $2.9 billion, down 0.6% year over year primarily due to lower television production costs, partially offset by higher print and advertising expenses
Operating Income	▸ $440 million, up 30.2% year over year; operating income margin of 13.0% compared with 10.2% in the year-ago quarter

SELECT RECENT & UPCOMING RELEASES

Represents a limited, select list of releases only. Premiere/release dates shown may be preliminary and are subject to change.

TURNER

Series
Chasing the Cure (S1, TNT/TBS): 8/8/19[1]
Impractical Jokers (S8, truTV): 8/8/19[2]
Impractical Jokers: After Party (S3, truTV): 8/8/19[2]
Adam Ruins Everything (S3, truTV): 8/13/19[2]

Animated Series
Mao Mao (S1, Cartoon Network): 7/1/19
Scooby-Doo and Guess Who? (S1, Cartoon Network): 7/1/19
OK K.O.! Let's Be Heroes (S3, Cartoon Network): 7/7/19
Infinity Train (S1, Cartoon Network): 8/5/19
Squidbillies (S12, Adult Swim): 8/11/19

Docuseries
The Movies (S1, CNN): 7/7/19
Vengeance: Killer Neighbors (S1, HLN): 8/4/19
How It Really Happened (S4, HLN): 8/11/19
Declassified (S3, CNN): 9/29/19
This is Life with Lisa Ling (S6, CNN): 9/29/19

Specials
Halston (CNN, Documentary): 8/18/19
Conan Without Borders (TBS, Special): Ongoing/multiple

[1]*Simulcast.* [2]*Continuation of season.*

HOME BOX OFFICE

HBO Series
Divorce (S3): 7/1/19
A Black Lady Sketch Show (S1): 8/2/19
Succession (S2): 8/11/19
Our Boys (S1): 8/12/19
The Righteous Gemstones (S1): 8/18/19
Ballers (S5): 8/25/19
The Deuce (S3): 9/9/19
Room 104 (S3): 9/13/19

HBO Comedy/Specials
My Favorite Shapes by Julio Torres: 8/10/19

HBO Film/Documentaries
I Love You, Now Die: 7/9/19
The Talwars: Behind Closed Doors: 7/16/19
Who Killed Garett Phillips?: 7/23/19
Share: 7/27/19
Unmasking Jihadi John: *Anatomy of a Terrorist*: 7/31/19
Buzz: 8/7/19
Alternate Endings: Six New Ways to Die in America: 8/14/19

WARNER BROS.

Note: Warner Bros. is producing more than 70 series for the 2019-20 television season. The 2019-20 broadcast television season runs September 2019 through August 2020. The Cable/Pay/OTT television season runs June 2019 through May 2020, based on air dates.

Select TV Production: Broadcast (Fall Premieres)
Prodigal Son (S1, Fox): 9/23/19[1]
All Rise (S1, CBS): 9/23/19[1]
Bob Hearts Abishola (S1, CBS): 9/23/19
Young Sheldon (S3, CBS): 9/26/19
God Friended Me (S2, CBS): 9/29/19[1]
Batwoman (S1, The CW): 10/6/19
All American (S2, The CW): 10/7/19[1]
The Flash (S6, The CW): 10/8/19

Select TV Production: Cable/Pay/OTT
Veronica Mars (S1, Hulu): 7/19/19
Pennyworth (S1, Epix): 7/28/19
David Makes Man (S1, OWN): 8/14/19
The Kominsky Method (S2, Netflix): 10/25/19

Theatrical: Box Office (Domestic Release Dates Shown)

1Q 2019
The LEGO Movie 2: The Second Part: 2/8/19
Isn't It Romantic: 2/13/19[2]

2Q 2019
Shazam!: 4/5/19
The Curse of La Llorona: 4/19/19
Pokémon Detective Pikachu: 5/10/19
The Sun Is Also a Star: 5/17/19
Godzilla: King of the Monsters: 5/31/19
Shaft: 6/14/19[2]
Annabelle Comes Home: 6/26/19

3Q 2019
The Kitchen: 8/9/19
Blinded By the Light: 8/16/19
It: Chapter Two: 9/6/19
The Goldfinch: 9/13/19

4Q 2019
The Joker: 10/4/19
The Way Back: 10/18/19
Motherless Brooklyn: 11/1/19
Doctor Sleep: 11/8/19
The Good Liar: 11/15/19
Superintelligence: 12/20/19
Just Mercy: 12/25/19[3]

Games
The LEGO Movie 2 Videogame (console): 2/26/19
Mortal Kombat (mobile, expansion): 4/1/19
Mortal Kombat 11 (console): 4/23/19
Harry Potter: Wizards Unite (mobile): 6/21/19

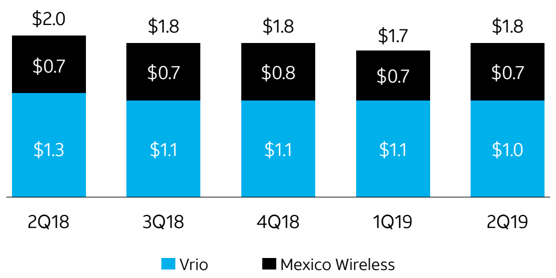
[1]*Co-produced.* [2]*Domestic-only release by Warner Bros.*
[3]*Limited release; opens wide in January 2020.*

Latin America

Revenues	$1.8 billion, down 9.9% year over year largely due to foreign exchange pressures from revenues in multiple currencies
Operating Expenses	$2.0 billion, down 6.5% year over year
Operating Loss	($221) million, compared to a ($165) million loss in the year-ago second quarter; operating income margin (12.6)%, down from (8.5)% in the prior year

Latin America Revenues

IN BILLIONS



MEXICO

Revenues	$725 million, up 4.0% year over year, due to service revenue growth which was partially offset by lower equipment sales from introduction of the NEXT installment purchase program in the prior year
Service Revenues	$479 million, up 14.9% year over year due to subscriber growth
Operating Loss	($207) million, compared to a loss of ($217) million in the year-ago quarter and maintain line of sight for EBITDA to breakeven in the second half
Subscriber Metrics	299,000 total net adds; 401,000 prepaid net adds, 153,000 postpaid net losses and 51,000 reseller net adds to reach 18.0 million total wireless subscribers

VRIO

Revenues	$1.0 billion, down 17.7% year over year primarily due to foreign exchange pressures
Operating Loss	($14) million compared to operating income of $52 million in the year-ago quarter with continued positive cash flow for the quarter
Subscriber Metrics	111,000 net loss; total subscribers at the end of the quarter were 13.5 million

Xandr

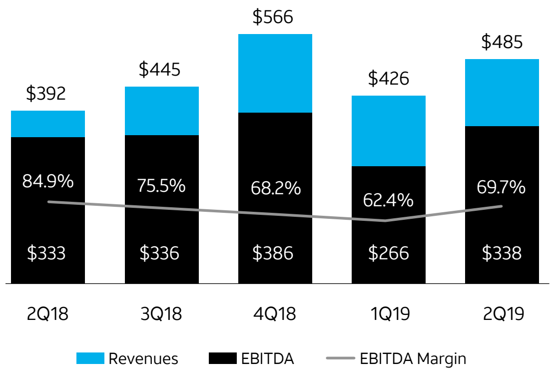
FINANCIAL HIGHLIGHTS

Xandr revenues include AdWorks revenues *(which are also reported in the Entertainment Group and are reconciled at the corporate level)* and AppNexus revenues. AppNexus was acquired on August 15, 2018.

Revenues	$485 million, up 23.7% year over year; without AppNexus, revenues were up 4.1% year over year
Operating Expenses	$160 million, up $101 million year over year due to the acquisition of AppNexus and higher costs associated with revenue growth
Operating Income	$325 million, down 2.4% year over year due to increased costs associated with scaling the business; operating income margin of 67.0% compared with 84.9% in the year-ago quarter

Xandr Revenues & EBITDA Margin

IN MILLIONS



THIRD-QUARTER 2019 EARNINGS DATE: OCTOBER 23, 2019

AT&T will release third-quarter 2019 earnings on October 23, 2019 before the market opens.

The company's Investor Briefing and related earnings materials will be available on the AT&T website at *https://investors.att.com* by 7:30 a.m. Eastern time.

AT&T will also host a conference call to discuss the results at 8:30 a.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 103 (37-39Ghz and 47Ghz) 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

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Financial and Operational Information

AT&T INC. FINANCIAL DATA

Consolidated Statements of Income

Dollars in millions except per share amounts
Unaudited

	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues						
Service	**$ 41,023**	$ 34,906	17.5 %	**$ 81,707**	$ 68,552	19.2 %
Equipment	**3,934**	4,080	(3.6) %	**8,077**	8,472	(4.7) %
Total Operating Revenues	**44,957**	38,986	15.3 %	**89,784**	77,024	16.6 %
Operating Expenses						
Cost of revenues						
Equipment	**4,061**	4,377	(7.2) %	**8,563**	9,225	(7.2) %
Broadcast, programming and operations	**7,730**	5,449	41.9 %	**15,382**	10,615	44.9 %
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**8,721**	7,632	14.3 %	**17,306**	15,564	11.2 %
Selling, general and administrative	**9,844**	8,684	13.4 %	**19,493**	16,581	17.6 %
Depreciation and amortization	**7,101**	6,378	11.3 %	**14,307**	12,372	15.6 %
Total Operating Expenses	**37,457**	32,520	15.2 %	**75,051**	64,357	16.6 %
Operating Income	**7,500**	6,466	16.0 %	**14,733**	12,667	16.3 %
Interest Expense	**2,149**	2,023	6.2 %	**4,290**	3,794	13.1 %
Equity in Net Income (Loss) of Affiliates	**40**	(16)	- %	**33**	(7)	- %
Other Income (Expense) - Net	**(318)**	2,353	- %	**(32)**	4,055	- %
Income Before Income Taxes	**5,073**	6,780	(25.2) %	**10,444**	12,921	(19.2) %
Income Tax Expense	**1,099**	1,532	(28.3) %	**2,122**	2,914	(27.2) %
Net Income	**3,974**	5,248	(24.3) %	**8,322**	10,007	(16.8) %
Less: Net Income Attributable to Noncontrolling Interest	**(261)**	(116)	- %	**(513)**	(213)	- %
Net Income Attributable to AT&T	**$ 3,713**	$ 5,132	(27.7) %	**$ 7,809**	$ 9,794	(20.3) %
Basic Earnings Per Share Attributable to AT&T	**$ 0.51**	$ 0.81	(37.0) %	**$ 1.06**	$ 1.56	(32.1) %
Weighted Average Common Shares Outstanding (000,000)	**7,323**	6,351	15.3 %	**7,318**	6,257	17.0 %
Diluted Earnings Per Share Attributable to AT&T	**$ 0.51**	$ 0.81	(37.0) %	**$ 1.06**	$ 1.56	(32.1) %
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,353**	6,374	15.4 %	**7,347**	6,277	17.0 %

AT&T INC. FINANCIAL DATA

Consolidated Balance Sheets

Dollars in millions
Unaudited

	Jun. 30, 2019	Dec. 31, 2018
Assets		
Current Assets		
Cash and cash equivalents	**$ 8,423**	$ 5,204
Accounts receivable - net of allowances for doubtful accounts of $1,086 and $907	**22,381**	26,472
Prepaid expenses	**1,441**	2,047
Other current assets	**14,973**	17,704
Total current assets	**47,218**	51,427
Noncurrent Inventories and Theatrical Film and Television Production Costs	**10,685**	7,713
Property, Plant and Equipment – Net	**132,074**	131,473
Goodwill	**146,662**	146,370
Licenses – Net	**97,125**	96,144
Trademarks and Trade Names – Net	**24,088**	24,345
Distribution Networks – Net	**16,262**	17,069
Other Intangible Assets – Net	**23,284**	26,269
Investments in and Advances to Equity Affiliates	**4,133**	6,245
Operating Lease Right-of-Use Assets	**22,650**	-
Other Assets	**22,733**	24,809
Total Assets	**$ 546,914**	$ 531,864
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	**$ 12,625**	$ 10,255
Accounts payable and accrued liabilities	**42,082**	43,184
Advanced billings and customer deposits	**5,734**	5,948
Accrued taxes	**2,062**	1,179
Dividends payable	**3,726**	3,854
Total current liabilities	**66,229**	64,420
Long-Term Debt	**157,937**	166,250
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**58,713**	57,859
Postemployment benefit obligation	**21,210**	19,218
Operating lease liabilities	**20,568**	-
Other noncurrent liabilities	**28,176**	30,233
Total deferred credits and other noncurrent liabilities	**128,667**	107,310
Stockholders' Equity		
Common stock	**7,621**	7,621
Additional paid-in capital	**125,109**	125,525
Retained earnings	**59,389**	58,753
Treasury stock	**(11,151)**	(12,059)
Accumulated other comprehensive income	**3,289**	4,249
Noncontrolling interest	**9,824**	9,795
Total stockholders' equity	**194,081**	193,884
Total Liabilities and Stockholders' Equity	**$ 546,914**	$ 531,864

AT&T INC. FINANCIAL DATA

Consolidated Statements of Cash Flows		
Dollars in millions		
Unaudited	Six-Month Period	
	2019	2018
Operating Activities		
Net income	**$ 8,322**	$ 10,007
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**14,307**	12,372
Amortization of film and television costs	**5,199**	168
Undistributed earnings from investments in equity affiliates	**76**	235
Provision for uncollectible accounts	**1,216**	808
Deferred income tax expense (benefit)	**1,080**	2,285
Net (gain) loss from investments, net of impairments	**(905)**	(29)
Actuarial (gain) loss on pension and postretirement benefits	**2,131**	(2,726)
Changes in operating assets and liabilities:		
Accounts receivable	**3,540**	233
Other current assets, inventories and theatrical film and television production costs	**(5,422)**	1,039
Accounts payable and other accrued liabilities	**(3,056)**	(3,890)
Equipment installment receivables and related sales	**1,144**	490
Deferred customer contract acquisition and fulfillment costs	**(614)**	(1,725)
Employee retirement benefits	**(1,232)**	(933)
Other - net	**(450)**	842
Total adjustments	**17,014**	9,169
Net Cash Provided by Operating Activities	**25,336**	19,176
Investing Activities		
Capital expenditures:		
Purchase of property and equipment	**(10,542)**	(10,959)
Interest during construction	**(112)**	(267)
Acquisitions, net of cash acquired	**(320)**	(40,715)
Dispositions	**3,593**	59
(Purchases), sales and settlement of securities and investments, net	**396**	(218)
Advances to and investments in equity affiliates, net	**(314)**	(1,035)
Cash collections of deferred purchase price	**-**	500
Net Cash Used in Investing Activities	**(7,299)**	(52,635)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**119**	2,227
Issuance of other short-term borrowings	**3,067**	4,839
Repayment of other short-term borrowings	**(3,148)**	-
Issuance of long-term debt	**10,030**	26,478
Repayment of long-term debt	**(16,124)**	(29,447)
Purchase of treasury stock	**(240)**	(564)
Issuance of treasury stock	**455**	12
Dividends paid	**(7,436)**	(6,144)
Other	**(1,506)**	(1,121)
Net Cash Used in Financing Activities	**(14,783)**	(3,720)
Net increase (decrease) in cash and cash equivalents and restricted cash	**3,254**	(37,179)
Cash and cash equivalents and restricted cash beginning of year	**5,400**	50,932
Cash and Cash Equivalents and Restricted Cash End of Period	**$ 8,654**	$ 13,753

AT&T INC. CONSOLIDATED SUPPLEMENTARY DATA

Supplementary Financial Data

Dollars in millions except per share amounts
Unaudited

	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Capital expenditures						
Purchase of property and equipment	**$ 5,421**	$ 5,002	8.4 %	**$ 10,542**	$ 10,959	(3.8) %
Interest during construction	**51**	106	(51.9) %	**112**	267	(58.1) %
Total Capital Expenditures	**$ 5,472**	$ 5,108	7.1 %	**$ 10,654**	$ 11,226	(5.1) %
Dividends Declared per Share	**$ 0.51**	$ 0.50	2.0 %	**$ 1.02**	$ 1.00	2.0 %
End of Period Common Shares Outstanding (000,000)				**7,305**	7,261	0.6 %
Debt Ratio				**46.8 %**	50.8 %	(400) BP
Total Employees				**257,790**	273,210	(5.6) %

Supplementary Operating Data

Subscribers and connections in thousands
Unaudited

	June 30, 2019	June 30, 2018	Percent Change
Wireless Subscribers			
Domestic	**159,665**	146,889	8.7 %
Mexico	**18,021**	16,398	9.9 %
Total Wireless Subscribers	**177,686**	163,287	8.8 %
Video Connections			
Domestic	**22,945**	25,473	(9.9) %
Latin America	**13,473**	13,713	(1.8) %
Total Video Connections	**36,418**	39,186	(7.1) %
Broadband Connections			
IP	**14,860**	14,709	1.0 %
DSL	**838**	1,063	(21.2) %
Total Broadband Connections	**15,698**	15,772	(0.5) %
Voice Connections			
Network Access Lines	**9,207**	10,832	(15.0) %
U-verse VoIP Connections	**4,766**	5,449	(12.5) %
Total Retail Voice Connections	**13,973**	16,281	(14.2) %

	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Wireless Net Additions						
Domestic	**3,932**	3,064	28.3 %	**6,659**	5,694	16.9 %
Mexico	**299**	756	(60.4) %	**392**	1,299	(69.8) %
Total Wireless Net Additions	**4,231**	3,820	10.8 %	**7,051**	6,993	0.8 %
Video Net Additions						
Domestic	**(946)**	79	- %	**(1,572)**	203	- %
Latin America	**(111)**	140	- %	**(143)**	125	- %
Total Video Net Additions	**(1,057)**	219	- %	**(1,715)**	328	- %
Broadband Net Additions						
IP	**8**	72	(88.9) %	**108**	222	(51.4) %
DSL	**(47)**	(75)	37.3 %	**(111)**	(169)	34.3 %
Total Broadband Net Additions	**(39)**	(3)	- %	**(3)**	53	- %

COMMUNICATIONS SEGMENT

The Communications segment provides wireless and wireline telecom, video and broadband services to consumers located in the U.S. or in U.S. territories and businesses globally. The Communications segment contains three reporting units: Mobility, Entertainment Group, and Business Wireline.

Segment Results						
Dollars in millions						
Unaudited	Second Quarter		Percent	Six-Month Period		Percent
	2019	2018	Change	**2019**	2018	Change
Segment Operating Revenues						
Mobility	**$ 17,512**	$ 17,282	1.3 %	**$ 35,079**	$ 34,637	1.3 %
Entertainment Group	**11,368**	11,478	(1.0) %	**22,696**	22,909	(0.9) %
Business Wireline	**6,628**	6,650	(0.3) %	**13,126**	13,397	(2.0) %
Total Segment Operating Revenues	**35,508**	35,410	0.3 %	**70,901**	70,943	(0.1) %
Segment Operating Contribution						
Mobility	**5,833**	5,506	5.9 %	**11,184**	10,664	4.9 %
Entertainment Group	**1,514**	1,475	2.6 %	**2,992**	2,784	7.5 %
Business Wireline	**1,390**	1,433	(3.0) %	**2,613**	2,993	(12.7) %
Total Segment Operating Contribution	**$ 8,737**	$ 8,414	3.8 %	**$ 16,789**	$ 16,441	2.1 %

MOBILITY

Mobility provides nationwide wireless service and equipment.

Mobility Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues						
Service	**$ 14,006**	$ 13,682	2.4 %	**$ 27,798**	$ 27,085	2.6 %
Equipment	**3,506**	3,600	(2.6) %	**7,281**	7,552	(3.6) %
Total Operating Revenues	**17,512**	17,282	1.3 %	**35,079**	34,637	1.3 %
Operating Expenses						
Operations and support	**9,654**	9,663	(0.1) %	**19,835**	19,765	0.4 %
Depreciation and amortization	**2,025**	2,113	(4.2) %	**4,060**	4,208	(3.5) %
Total Operating Expenses	**11,679**	11,776	(0.8) %	**23,895**	23,973	(0.3) %
Operating Income	**5,833**	5,506	5.9 %	**11,184**	10,664	4.9 %
Equity in Net Income of Affiliates	**-**	-	- %	**-**	-	- %
Operating Contribution	**$ 5,833**	$ 5,506	5.9 %	**$ 11,184**	$ 10,664	4.9 %
Operating Income Margin	**33.3 %**	31.9 %	140 BP	**31.9 %**	30.8 %	110 BP

Supplementary Operating Data

Subscribers and connections in thousands *Unaudited*	June 30, 2019	June 30, 2018	Percent Change
Mobility Subscribers			
Postpaid smartphones	**60,737**	60,183	0.9 %
Postpaid feature phones and data-centric devices	**15,545**	17,189	(9.6) %
Postpaid	**76,282**	77,372	(1.4) %
Prepaid	**17,602**	16,217	8.5 %
Reseller	**7,392**	8,582	(13.9) %
Connected Devices	**58,389**	44,718	30.6 %
Total Mobility Subscribers	**159,665**	146,889	8.7 %
Postpaid Phone Subscribers	**63,415**	63,543	(0.2) %
Total Phone Subscribers	**80,003**	78,919	1.4 %

	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Mobility Net Additions						
Postpaid	**(154)**	73	- %	**(358)**	122	- %
Prepaid	**341**	453	(24.7) %	**437**	694	(37.0) %
Reseller	**(214)**	(444)	51.8 %	**(467)**	(832)	43.9 %
Connected Devices	**3,959**	2,982	32.8 %	**7,047**	5,710	23.4 %
Total Mobility Net Additions	**3,932**	3,064	28.3 %	**6,659**	5,694	16.9 %
Postpaid Phone Net Additions	**72**	51	41.2 %	**152**	(9)	- %
Total Phone Net Additions	**355**	407	(12.8) %	**520**	539	(3.5) %
Postpaid Churn	**1.08 %**	1.02 %	6 BP	**1.12 %**	1.04 %	8 BP
Postpaid Phone-Only Churn	**0.86 %**	0.82 %	4 BP	**0.89 %**	0.83 %	6 BP

ENTERTAINMENT GROUP

Entertainment Group provides video, including over-the-top (OTT) services, broadband and voice communication services primarily to residential customers. This business unit also sells advertising on video distribution platforms.

Entertainment Group Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues						
Video entertainment	**$ 8,035**	$ 8,173	(1.7) %	**$ 16,109**	$ 16,398	(1.8) %
High-speed internet	**2,109**	1,981	6.5 %	**4,179**	3,859	8.3 %
Legacy voice and data services	**658**	772	(14.8) %	**1,341**	1,578	(15.0) %
Other service and equipment	**566**	552	2.5 %	**1,067**	1,074	(0.7) %
Total Operating Revenues	**11,368**	11,478	(1.0) %	**22,696**	22,909	(0.9) %
Operating Expenses						
Operations and support	**8,515**	8,657	(1.6) %	**17,042**	17,468	(2.4) %
Depreciation and amortization	**1,339**	1,345	(0.4) %	**2,662**	2,655	0.3 %
Total Operating Expenses	**9,854**	10,002	(1.5) %	**19,704**	20,123	(2.1) %
Operating Income	**1,514**	1,476	2.6 %	**2,992**	2,786	7.4 %
Equity in Net Income (Loss) of Affiliates	**-**	(1)	- %	**-**	(2)	- %
Operating Contribution	**$ 1,514**	$ 1,475	2.6 %	**$ 2,992**	$ 2,784	7.5 %
Operating Income Margin	**13.3 %**	12.9 %	40 BP	**13.2 %**	12.2 %	100 BP

Supplementary Operating Data

Subscribers and connections in thousands *Unaudited*	June 30, 2019	June 30, 2018	Percent Change
Video Connections			
Premium TV	**21,581**	23,640	(8.7) %
DIRECTV NOW	**1,340**	1,809	(25.9) %
Total Video Connections	**22,921**	25,449	(9.9) %
Broadband Connections			
IP	**13,822**	13,692	0.9 %
DSL	**598**	763	(21.6) %
Total Broadband Connections	**14,420**	14,455	(0.2) %
Fiber Broadband Connections (included in IP)	**3,378**	2,204	53.3 %
Voice Connections			
Retail Consumer Switched Access Lines	**3,630**	4,333	(16.2) %
U-verse Consumer VoIP Connections	**4,211**	4,950	(14.9) %
Total Retail Consumer Voice Connections	**7,841**	9,283	(15.5) %

	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Video Net Additions						
Premium TV[1]	**(778)**	(262)	- %	**(1,322)**	(449)	- %
DIRECTV NOW	**(168)**	342	- %	**(251)**	654	- %
Total Video Net Additions	**(946)**	80	- %	**(1,573)**	205	- %
Broadband Net Additions						
IP	**-**	76	- %	**93**	230	(59.6) %
DSL	**(34)**	(53)	35.8 %	**(82)**	(125)	34.4 %
Total Broadband Net Additions	**(34)**	23	- %	**11**	105	(89.5) %
Fiber Broadband Net Additions (included in IP)	**318**	249	27.7 %	**615**	475	29.5 %

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

BUSINESS WIRELINE

Business Wireline unit provides advanced IP-based services, as well as traditional data services to business customers. Revenues have been recast to conform to the current period's presentation.

Business Wireline Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues						
Strategic and managed services	**$ 3,848**	$ 3,603	6.8 %	**$ 7,640**	$ 7,198	6.1 %
Legacy voice and data services	**2,331**	2,730	(14.6) %	**4,735**	5,595	(15.4) %
Other service and equipment	**449**	317	41.6 %	**751**	604	24.3 %
Total Operating Revenues	**6,628**	6,650	(0.3) %	**13,126**	13,397	(2.0) %
Operating Expenses						
Operations and support	**3,982**	4,038	(1.4) %	**8,022**	8,054	(0.4) %
Depreciation and amortization	**1,256**	1,180	6.4 %	**2,491**	2,350	6.0 %
Total Operating Expenses	**5,238**	5,218	0.4 %	**10,513**	10,404	1.0 %
Operating Income	**1,390**	1,432	(2.9) %	**2,613**	2,993	(12.7) %
Equity in Net Income of Affiliates	**-**	1	- %	**-**	-	- %
Operating Contribution	**$ 1,390**	$ 1,433	(3.0) %	**$ 2,613**	$ 2,993	(12.7) %
Operating Income Margin	**21.0 %**	21.5 %	(50) BP	**19.9 %**	22.3 %	(240) BP

BUSINESS SOLUTIONS

As a supplemental presentation to our Communications segment operating results, we are providing a view of our AT&T Business Solutions results which includes both wireless and fixed operations. This combined view presents a complete profile of the entire business customer relationship and underscores the importance of mobile solutions to serving our business customers. Revenues have been recast to conform to the current period's presentation.

Business Solutions Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues						
Wireless service	**$ 2,022**	$ 1,829	10.6 %	**$ 3,935**	$ 3,620	8.7 %
Strategic and managed services	**3,848**	3,603	6.8 %	**7,640**	7,198	6.1 %
Legacy voice and data services	**2,331**	2,730	(14.6) %	**4,735**	5,595	(15.4) %
Other service and equipment	**449**	317	41.6 %	**751**	604	24.3 %
Wireless equipment	**622**	584	6.5 %	**1,218**	1,162	4.8 %
Total Operating Revenues	**9,272**	9,063	2.3 %	**18,279**	18,179	0.6 %
Operating Expenses						
Operations and support	**5,539**	5,616	(1.4) %	**11,179**	11,210	(0.3) %
Depreciation and amortization	**1,561**	1,487	5.0 %	**3,102**	2,945	5.3 %
Total Operating Expenses	**7,100**	7,103	- %	**14,281**	14,155	0.9 %
Operating Income	**2,172**	1,960	10.8 %	**3,998**	4,024	(0.6) %
Equity in Net Income of Affiliates	**-**	1	- %	**-**	-	- %
Operating Contribution	**$ 2,172**	$ 1,961	10.8 %	**$ 3,998**	$ 4,024	(0.6) %
Operating Income Margin	**23.4 %**	21.6 %	180 BP	**21.9 %**	22.1 %	(20) BP

WARNERMEDIA SEGMENT

The WarnerMedia segment develops, produces and distributes feature films, television, gaming and other content in various physical and digital formats globally. Results from Turner, Home Box Office and Warner Bros. businesses are combined with AT&T's Regional Sports Network (RSN) and Otter Media Holdings in the WarnerMedia segment.

Segment Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues						
Subscription	**$ 3,536**	$ 687	- %	**$ 6,905**	$ 785	- %
Advertising	**1,285**	225	- %	**2,564**	239	- %
Content and other	**3,529**	481	- %	**7,260**	481	- %
Total Operating Revenues	**8,350**	1,393	- %	**16,729**	1,505	- %
Operating Expenses						
Operations and support	**6,289**	911	- %	**12,282**	993	- %
Depreciation and amortization	**91**	31	- %	**234**	32	- %
Total Operating Expenses	**6,380**	942	- %	**12,516**	1,025	- %
Operating Income	**1,970**	451	- %	**4,213**	480	- %
Equity in Net Income (Loss) of Affiliates	**55**	(26)	- %	**122**	(16)	- %
Operating Contribution	**$ 2,025**	$ 425	- %	**$ 4,335**	$ 464	- %
Operating Income Margin	**23.6 %**	32.4 %	(880) BP	**25.2 %**	31.9 %	(670) BP

LATIN AMERICA SEGMENT

The Latin America segment provides entertainment and wireless service outside of the U.S. Our internationalsubsidiaries conduct business in their local currency and operating results are converted to U.S. dollars using official exchange rates. The Latin America segment contains two business units: Vrio and Mexico.

Segment Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Segment Operating Revenues						
Vrio	**$ 1,032**	$ 1,254	(17.7) %	**$ 2,099**	$ 2,608	(19.5) %
Mexico	**725**	697	4.0 %	**1,376**	1,368	0.6 %
Total Segment Operating Revenues	**1,757**	1,951	(9.9) %	**3,475**	3,976	(12.6) %
Segment Operating Contribution						
Vrio	**(2)**	67	- %	**30**	215	(86.0) %
Mexico	**(207)**	(217)	4.6 %	**(412)**	(476)	13.4 %
Total Segment Operating Contribution	**$ (209)**	$ (150)	(39.3) %	**$ (382)**	$ (261)	(46.4) %

VRIO

Vrio provides entertainment services to customers utilizing satellite technology in Latin America and the Caribbean.

Vrio Results

Dollars in millions *Unaudited*	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Operating Revenues	**$ 1,032**	$ 1,254	(17.7) %	**$ 2,099**	$ 2,608	(19.5) %
Operating Expenses						
Operations and support	**881**	1,016	(13.3) %	**1,747**	2,017	(13.4) %
Depreciation and amortization	**165**	186	(11.3) %	**334**	391	(14.6) %
Total Operating Expenses	**1,046**	1,202	(13.0) %	**2,081**	2,408	(13.6) %
Operating Income	**(14)**	52	- %	**18**	200	(91.0) %
Equity in Net Income of Affiliates	**12**	15	(20.0) %	**12**	15	(20.0) %
Operating Contribution	**$ (2)**	$ 67	- %	**$ 30**	$ 215	(86.0) %
Operating Income Margin	**(1.4) %**	4.1 %	(550) BP	**0.9 %**	7.7 %	(680) BP

Supplementary Operating Data

Subscribers and connections in thousands *Unaudited*	June 30, 2019	June 30, 2018	Percent Change
Vrio Video Subscribers[1]	**13,473**	13,713	-1.8 %

	Second Quarter 2019	Second Quarter 2018	Percent Change	Six-Month Period 2019	Six-Month Period 2018	Percent Change
Vrio Video Net Subscriber Additions	**(111)**	140	- %	**(143)**	125	- %

[1] 2019 excludes the impact of 222 subscriber disconnections resulting from conforming our video credit policy across the region, which is reflected in beginning of period subscribers.

MEXICO

Mexico provides wireless services and equipment to customers in Mexico.

Mexico Results						
Dollars in millions						
Unaudited	Second Quarter		Percent	Six-Month Period		Percent
	2019	2018	Change	**2019**	2018	Change
Operating Revenues						
Wireless service	**$ 479**	$ 417	14.9 %	**$ 921**	$ 821	12.2 %
Wireless equipment	**246**	280	(12.1) %	**455**	547	(16.8) %
Total Operating Revenues	**725**	697	4.0 %	**1,376**	1,368	0.6 %
Operating Expenses						
Operations and support	**813**	787	3.3 %	**1,538**	1,590	(3.3) %
Depreciation and amortization	**119**	127	(6.3) %	**250**	254	(1.6) %
Total Operating Expenses	**932**	914	2.0 %	**1,788**	1,844	(3.0) %
Operating Income (Loss)	**(207)**	(217)	4.6 %	**(412)**	(476)	13.4 %
Equity in Net Income of Affiliates	**-**	-	- %	**-**	-	- %
Operating Contribution	**$ (207)**	$ (217)	4.6 %	**$ (412)**	$ (476)	13.4 %
Operating Income Margin	**(28.6) %**	(31.1) %	250 BP	**(29.9) %**	(34.8) %	490 BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	June 30,		Percent
	2019	2018	Change
Mexico Wireless Subscribers[1]			
Postpaid	**5,489**	5,749	(4.5) %
Prepaid	**12,180**	10,468	16.4 %
Reseller	**352**	181	94.5 %
Total Mexico Wireless Subscribers	**18,021**	16,398	9.9 %

	Second Quarter		Percent	Six-Month Period		Percent
	2019	2018	Change	**2019**	2018	Change
Mexico Wireless Net Additions						
Postpaid	**(153)**	142	- %	**(222)**	251	- %
Prepaid	**401**	611	(34.4) %	**515**	1,070	(51.9) %
Reseller	**51**	3	- %	**99**	(22)	- %
Total Mexico Wireless Net Subscriber Additions	**299**	756	(60.4) %	**392**	1,299	(69.8) %

[1] 2019 excludes the impact of 692 subscriber disconnections resulting from the churn of customers related to sales by certain third-party distributors and the sunset of 2G services in Mexico, which are reflected in beginning of period subscribers.

XANDR SEGMENT

The Xandr segment provides advertising services. These services utilize data insights to develop higher value targeted advertising. Certain revenues in this segment are also reported by the Communications segment and are eliminated upon consolidation.

Segment Operating Results											
Dollars in millions											
Unaudited	Second Quarter				Percent Change		Six-Month Period				Percent Change
		2019		2018				**2019**		2018	
Segment Operating Revenues	**$**	**485**	$	392	23.7	%	**$**	**911**	$	729	25.0 %
Segment Operating Expenses											
Operations and support		**147**		59	-	%		**307**		109	- %
Depreciation and amortization		**13**		-	-	%		**26**		1	- %
Total Segment Operating Expenses		**160**		59	-	%		**333**		110	- %
Operating Income		**325**		333	(2.4)	%		**578**		619	(6.6) %
Equity in Net Income of Affiliates		**-**		-	-	%		**-**		-	- %
Segment Operating Contribution	**$**	**325**	$	333	(2.4)	%	**$**	**578**	$	619	(6.6) %
Segment Operating Income Margin		**67.0 %**		84.9 %	(1,790)	BP		**63.4 %**		84.9 %	(2,150) BP

SUPPLEMENTAL AT&T ADVERTISING REVENUES

As a supplemental presentation to our Xandr segment operating results, we are providing a view of total advertising revenues generated by AT&T, which combines the advertising revenues recorded across all operating segments. This combined view presents the entire portfolio of revenues generated from AT&T assets and represents a significant strategic initiative and growth opportunity for AT&T.

Advertising Revenues											
Dollars in millions											
Unaudited	Second Quarter				Percent Change		Six-Month Period				Percent Change
		2019		2018				**2019**		2018	
Operating Revenues											
WarnerMedia	**$**	**1,285**	$	225	-	%	**$**	**2,564**	$	239	- %
Communications		**470**		431	9.0	%		**887**		806	10.0 %
Xandr		**485**		392	23.7	%		**911**		729	25.0 %
Eliminations		**(399)**		(387)	(3.1)	%		**(749)**		(721)	(3.9) %
Total Advertising Revenues	**$**	**1,841**	$	661	-	%	**$**	**3,613**	$	1,053	- %

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended

Dollars in millions
Unaudited
June 30, 2019

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	**$ 17,512**	**$ 9,654**	**$ 7,858**	**$ 2,025**	**$ 5,833**	**$ -**	**$ 5,833**
Entertainment Group	**11,368**	**8,515**	**2,853**	**1,339**	**1,514**	**-**	**1,514**
Business Wireline	**6,628**	**3,982**	**2,646**	**1,256**	**1,390**	**-**	**1,390**
Total Communications	**35,508**	**22,151**	**13,357**	**4,620**	**8,737**	**-**	**8,737**
WarnerMedia	**8,350**	**6,289**	**2,061**	**91**	**1,970**	**55**	**2,025**
Latin America							
Vrio	**1,032**	**881**	**151**	**165**	**(14)**	**12**	**(2)**
Mexico	**725**	**813**	**(88)**	**119**	**(207)**	**-**	**(207)**
Total Latin America	**1,757**	**1,694**	**63**	**284**	**(221)**	**12**	**(209)**
Xandr	**485**	**147**	**338**	**13**	**325**	**-**	**325**
Segment Total	**46,100**	**30,281**	**15,819**	**5,008**	**10,811**	**67**	**10,878**
Corporate and Other							
Corporate	**209**	**626**	**(417)**	**134**	**(551)**		
Acquisition-related items	**(30)**	**316**	**(346)**	**1,960**	**(2,306)**		
Certain significant items	**-**	**94**	**(94)**	**-**	**(94)**		
Eliminations and consolidations	**(1,322)**	**(961)**	**(361)**	**(1)**	**(360)**		
AT&T Inc.	**$ 44,957**	**$ 30,356**	**$ 14,601**	**$ 7,101**	**$ 7,500**		

June 30, 2018

	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 17,282	$ 9,663	$ 7,619	$ 2,113	$ 5,506	$ -	$ 5,506
Entertainment Group	11,478	8,657	2,821	1,345	1,476	(1)	1,475
Business Wireline	6,650	4,038	2,612	1,180	1,432	1	1,433
Total Communications	35,410	22,358	13,052	4,638	8,414	-	8,414
WarnerMedia	1,393	911	482	31	451	(26)	425
Latin America							
Vrio	1,254	1,016	238	186	52	15	67
Mexico	697	787	(90)	127	(217)	-	(217)
Total Latin America	1,951	1,803	148	313	(165)	15	(150)
Xandr	392	59	333	-	333	-	333
Segment Total	39,146	25,131	14,015	4,982	9,033	(11)	9,022
Corporate and Other							
Corporate	320	661	(341)	118	(459)		
Acquisition-related items	-	321	(321)	1,278	(1,599)		
Certain significant items	-	152	(152)	-	(152)		
Eliminations and consolidations	(480)	(123)	(357)	-	(357)		
AT&T Inc.	$ 38,986	$ 26,142	$ 12,844	$ 6,378	$ 6,466		

SUPPLEMENTAL SEGMENT RECONCILIATION

Six Months Ended

Dollars in millions
Unaudited

June 30, 2019	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	**$ 35,079**	**$ 19,835**	**$ 15,244**	**$ 4,060**	**$ 11,184**	**$ -**	**$ 11,184**
Entertainment Group	**22,696**	**17,042**	**5,654**	**2,662**	**2,992**	**-**	**2,992**
Business Wireline	**13,126**	**8,022**	**5,104**	**2,491**	**2,613**	**-**	**2,613**
Total Communications	**70,901**	**44,899**	**26,002**	**9,213**	**16,789**	**-**	**16,789**
WarnerMedia	**16,729**	**12,282**	**4,447**	**234**	**4,213**	**122**	**4,335**
Latin America							
Vrio	**2,099**	**1,747**	**352**	**334**	**18**	**12**	**30**
Mexico	**1,376**	**1,538**	**(162)**	**250**	**(412)**	**-**	**(412)**
Total Latin America	**3,475**	**3,285**	**190**	**584**	**(394)**	**12**	**(382)**
Xandr	**911**	**307**	**604**	**26**	**578**	**-**	**578**
Segment Total	**92,016**	**60,773**	**31,243**	**10,057**	**21,186**	**$ 134**	**$ 21,320**
Corporate and Other							
Corporate	**418**	**1,139**	**(721)**	**303**	**(1,024)**		
Acquisition-related items	**(72)**	**389**	**(461)**	**3,948**	**(4,409)**		
Certain significant items	**-**	**342**	**(342)**	**-**	**(342)**		
Eliminations and consolidations	**(2,578)**	**(1,899)**	**(679)**	**(1)**	**(678)**		
AT&T Inc.	**$ 89,784**	**$ 60,744**	**$ 29,040**	**$ 14,307**	**$ 14,733**		

June 30, 2018	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 34,637	$ 19,765	$ 14,872	$ 4,208	$ 10,664	$ -	$ 10,664
Entertainment Group	22,909	17,468	5,441	2,655	2,786	(2)	2,784
Business Wireline	13,397	8,054	5,343	2,350	2,993	-	2,993
Total Communications	70,943	45,287	25,656	9,213	16,443	(2)	16,441
WarnerMedia	1,505	993	512	32	480	(16)	464
Latin America							
Vrio	2,608	2,017	591	391	200	15	215
Mexico	1,368	1,590	(222)	254	(476)	-	(476)
Total Latin America	3,976	3,607	369	645	(276)	15	(261)
Xandr	729	109	620	1	619	-	619
Segment Total	77,153	49,996	27,157	9,891	17,266	$ (3)	$ 17,263
Corporate and Other							
Corporate	653	1,396	(743)	141	(884)		
Acquisition-related items	-	388	(388)	2,340	(2,728)		
Certain significant items	-	332	(332)	-	(332)		
Eliminations and consolidations	(782)	(127)	(655)	-	(655)		
AT&T Inc.	$ 77,024	$ 51,985	$ 25,039	$ 12,372	$ 12,667		

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. These measures should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with U.S. generally accepted accounting principles (GAAP).

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

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Net cash provided by operating activities	**$ 14,284**	$ 10,229	**$ 25,336**	$ 19,176
Less: Capital expenditures	**(5,472)**	(5,108)	**(10,654)**	(11,226)
Free Cash Flow	**8,812**	5,121	**14,682**	7,950
Less: Dividends paid	**(3,722)**	(3,074)	**(7,436)**	(6,144)
Free Cash Flow after Dividends	**$ 5,090**	$ 2,047	**$ 7,246**	$ 1,806
Free Cash Flow Dividend Payout Ratio	**42.2%**	60.0%	**50.6%**	77.3%

CASH PAID FOR CAPITAL INVESTMENT

In connection with capital improvements, we negotiate with some of our vendors to obtain favorable payment terms of 120 days or more, referred to as vendor financing, which are excluded from capital expenditures and reported in accordance with GAAP as financing activities. We present an additional view of cash paid for capital investment to provide investors with a comprehensive view of cash used to invest in our networks, product developments and support systems.

Cash Paid for Capital Investment

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Capital Expenditures	**$ (5,472)**	$ (5,108)	**$ (10,654)**	$ (11,226)
Cash paid for vendor financing	**(1,016)**	(85)	**(1,836)**	(257)
Cash paid for Capital Investment	**$ (6,488)**	$ (5,193)	**$ (12,490)**	$ (11,483)

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, business unit and supplemental results, EBITDA excludes equity in net income (loss) of affiliates, and depreciation and amortization from operating contribution.

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 operating 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 management is responsible and upon which we evaluate performance.

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 Mobility business unit 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. For market comparability, management analyzes 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

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Net Income	**$ 3,974**	$ 5,248	**$ 8,322**	$ 10,007
Additions:				
Income Tax Expense	**1,099**	1,532	**2,122**	2,914
Interest Expense	**2,149**	2,023	**4,290**	3,794
Equity in Net (Income) Loss of Affiliates	**(40)**	16	**(33)**	7
Other (Income) Expense - Net	**318**	(2,353)	**32**	(4,055)
Depreciation and amortization	**7,101**	6,378	**14,307**	12,372
EBITDA	**14,601**	12,844	**29,040**	25,039
Total Operating Revenues	**44,957**	38,986	**89,784**	77,024
Service Revenues	**41,023**	34,906	**81,707**	68,552
EBITDA Margin	**32.5%**	32.9%	**32.3%**	32.5%
EBITDA Service Margin	**35.6%**	36.8%	**35.5%**	36.5%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Communications Segment				
Operating Contribution	**$ 8,737**	$ 8,414	**$ 16,789**	$ 16,441
Additions:				
Equity in Net (Income) Loss of Affiliates	**-**	-	**-**	2
Depreciation and amortization	**4,620**	4,638	**9,213**	9,213
EBITDA	**13,357**	13,052	**26,002**	25,656
Total Operating Revenues	**35,508**	35,410	**70,901**	70,943
Operating Income Margin	**24.6%**	23.8%	**23.7%**	23.2%
EBITDA Margin	**37.6%**	36.9%	**36.7%**	36.2%
Mobility				
Operating Contribution	**$ 5,833**	$ 5,506	**$ 11,184**	$ 10,664
Additions:				
Depreciation and amortization	**2,025**	2,113	**4,060**	4,208
EBITDA	**7,858**	7,619	**15,244**	14,872
Total Operating Revenues	**17,512**	17,282	**35,079**	34,637
Service Revenues	**14,006**	13,682	**27,798**	27,085
Operating Income Margin	**33.3%**	31.9%	**31.9%**	30.8%
EBITDA Margin	**44.9%**	44.1%	**43.5%**	42.9%
EBITDA Service Margin	**56.1%**	55.7%	**54.8%**	54.9%
Entertainment Group				
Operating Contribution	**$ 1,514**	$ 1,475	**$ 2,992**	$ 2,784
Additions:				
Equity in Net (Income) Loss of Affiliates	**-**	1	**-**	2
Depreciation and amortization	**1,339**	1,345	**2,662**	2,655
EBITDA	**2,853**	2,821	**5,654**	5,441
Total Operating Revenues	**11,368**	11,478	**22,696**	22,909
Operating Income Margin	**13.3%**	12.9%	**13.2%**	12.2%
EBITDA Margin	**25.1%**	24.6%	**24.9%**	23.8%
Business Wireline				
Operating Contribution	**$ 1,390**	$ 1,433	**$ 2,613**	$ 2,993
Additions:				
Equity in Net (Income) Loss of Affiliates	**-**	(1)	**-**	-
Depreciation and amortization	**1,256**	1,180	**2,491**	2,350
EBITDA	**2,646**	2,612	**5,104**	5,343
Total Operating Revenues	**6,628**	6,650	**13,126**	13,397
Operating Income Margin	**21.0%**	21.5%	**19.9%**	22.3%
EBITDA Margin	**39.9%**	39.3%	**38.9%**	39.9%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
WarnerMedia Segment				
Operating Contribution	**$ 2,025**	$ 425	**$ 4,335**	$ 464
Additions:				
Equity in Net (Income) of Affiliates	**(55)**	26	**(122)**	16
Depreciation and amortization	**91**	31	**234**	32
EBITDA	**2,061**	482	**4,447**	512
Total Operating Revenues	**8,350**	1,393	**16,729**	1,505
Operating Income Margin	**23.6%**	32.4%	**25.2%**	31.9%
EBITDA Margin	**24.7%**	34.6%	**26.6%**	34.0%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Latin America Segment				
Operating Contribution	**$ (209)**	$ (150)	**$ (382)**	$ (261)
Additions:				
Equity in Net (Income) of Affiliates	**(12)**	(15)	**(12)**	(15)
Depreciation and amortization	**284**	313	**584**	645
EBITDA	**63**	148	**190**	369
Total Operating Revenues	**1,757**	1,951	**3,475**	3,976
Operating Income Margin	**-12.6%**	-8.5%	**-11.3%**	-6.9%
EBITDA Margin	**3.6%**	7.6%	**5.5%**	9.3%
Vrio				
Operating Contribution	**$ (2)**	$ 67	**$ 30**	$ 215
Additions:				
Equity in Net (Income) of Affiliates	**(12)**	(15)	**(12)**	(15)
Depreciation and amortization	**165**	186	**334**	391
EBITDA	**151**	238	**352**	591
Total Operating Revenues	**1,032**	1,254	**2,099**	2,608
Operating Income Margin	**-1.4%**	4.1%	**0.9%**	7.7%
EBITDA Margin	**14.6%**	19.0%	**16.8%**	22.7%
Mexico				
Operating Contribution	**$ (207)**	$ (217)	**$ (412)**	$ (476)
Additions:				
Depreciation and amortization	**119**	127	**250**	254
EBITDA	**(88)**	(90)	**(162)**	(222)
Total Operating Revenues	**725**	697	**1,376**	1,368
Operating Income Margin	**-28.6%**	-31.1%	**-29.9%**	-34.8%
EBITDA Margin	**-12.1%**	-12.9%	**-11.8%**	-16.2%

Segment EBITDA, EBITDA Margin and EBITDA Service Margin

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Xandr				
Operating Contribution	**$ 325**	$ 333	**$ 578**	$ 619
Additions:				
Depreciation and amortization	**13**	-	**26**	1
EBITDA	**338**	333	**604**	620
Total Operating Revenues	**485**	392	**911**	729
Operating Income Margin	**67.0%**	84.9%	**63.4%**	84.9%
EBITDA Margin	**69.7%**	84.9%	**66.3%**	85.0%

ADJUSTING ITEMS

Adjusting items include revenues and costs we consider non-operational 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 results (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, in these cases we use the actual tax expense or combined marginal rate of approximately 25%.

Adjusting Items

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Operating Revenues				
Time Warner merger adjustment	**$ 30**	$ -	**$ 72**	$ -
Adjustments to Operating Revenues	**30**	-	**72**	-
Operating Expenses				
Time Warner and other merger costs	**316**	339	**389**	431
Employee separation costs	**94**	133	**342**	184
Natural disaster costs	**-**	-	**-**	104
Adjustments to Operations and Support Expenses	**410**	472	**731**	719
Amortization of intangible assets	**1,959**	1,278	**3,948**	2,340
Adjustments to Operating Expenses	**2,369**	1,750	**4,679**	3,059
Other				
Merger-related interest and fees[1]	**-**	636	**-**	1,029
(Gains) losses on sale of investments	**(638)**	-	**(638)**	-
Special termination charges, debt redemption costs and other adjustments	**140**	48	**351**	48
Actuarial (gain) loss	**1,699**	(1,796)	**2,131**	(2,726)
Adjustments to Income Before Income Taxes	**3,600**	638	**6,595**	1,410
Tax impact of adjustments	**779**	44	**1,428**	217
Tax-related items	**-**	(96)	**141**	(96)
Adjustments to Net Income	**$ 2,821**	$ 690	**$ 5,026**	$ 1,289

[1] *Includes interest expense incurred on debt issued, redemption premiums 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

Dollars in millions

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Operating Income	**$ 7,500**	$ 6,466	**$ 14,733**	$ 12,667
Adjustments to Operating Revenues	**30**	-	**72**	-
Adjustments to Operating Expenses	**2,369**	1,750	**4,679**	3,059
Adjusted Operating Income	**9,899**	8,216	**19,484**	15,726
EBITDA	**14,601**	12,844	**29,040**	25,039
Adjustments to Operating Revenues	**30**	-	**72**	-
Adjustments to Operations and Support Expenses	**410**	472	**731**	719
Adjusted EBITDA	**15,041**	13,316	**29,843**	25,758
Total Operating Revenues	**44,957**	38,986	**89,784**	77,024
Adjustments to Operating Revenues	**30**	-	**72**	-
Total Adjusted Operating Revenue	**44,987**	38,986	**89,856**	77,024
Service Revenues	**41,023**	34,906	**81,707**	68,552
Adjustments to Service Revenues	**30**	-	**72**	-
Adjusted Service Revenue	**41,053**	34,906	**81,779**	68,552
Operating Income Margin	**16.7%**	16.6%	**16.4%**	16.4%
Adjusted Operating Income Margin	**22.0%**	21.1%	**21.7%**	20.4%
Adjusted EBITDA Margin	**33.4%**	34.2%	**33.2%**	33.4%
Adjusted EBITDA Service Margin	**36.6%**	38.1%	**36.5%**	37.6%

Adjusted Diluted EPS

	Second Quarter		Six-Month Period	
	2019	2018	**2019**	2018
Diluted Earnings Per Share (EPS)	**$ 0.51**	$ 0.81	**$ 1.06**	$ 1.56
Amortization of intangible assets	**0.21**	0.16	**0.42**	0.29
Merger integration items[1]	**0.05**	0.14	**0.07**	0.20
(Gain) loss on sale of assets, impairments and other adjustments[2]	**(0.06)**	0.01	**(0.01)**	0.05
Actuarial (gain) loss[3]	**0.18**	(0.21)	**0.23**	(0.33)
Tax-related items	**-**	-	**(0.02)**	-
Adjusted EPS	**$ 0.89**	$ 0.91	**$ 1.75**	$ 1.77
Year-over-year growth - Adjusted	**-2.2%**		**-1.1%**	
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,353**	6,374	**7,347**	6,277

[1]Includes combined merger integration items and merger-related interest income and expense, and redemption premiums.
[2]Includes gains on transactions, natural disaster adjustments and charges, and employee-related and other costs.
[3]Includes adjustments for actuarial gains or losses (losses of $1.7 billion in the second quarter and $2.1 billion for the first six months of 2019) associated with our pension benefit plan. As a result, adjusted EPS reflects an expected return on plan assets of $880 million in the second quarter and $1,731 million for the first six months (based on an expected return on plan assets of 7.00%), rather than the actual return of $1.4 billion in the quarter and $3.4 billion for the first six months (actual return of 4.2% for the quarter and 10.0% for the first six months), 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. Our Net Debt to Adjusted EBITDA ratio is calculated by dividing the Net Debt by the sum of the most recent four quarters 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.

Net Debt to Adjusted EBITDA

Dollars in millions

	Three Months Ended				
	Sep. 30, 2018[1]	Dec. 31, 2018[1]	Mar. 31, 2019[1]	**June 30, 2019**	**Four Quarters**
Adjusted EBITDA[1,2]	$ 15,872	$ 15,029	$ 14,802	$ **15,041**	$ **60,744**
Add back severance	(76)	(327)	-	**-**	**(403)**
Net Debt Adjusted EBITDA	15,796	14,702	14,802	**15,041**	**60,341**
End-of-period current debt					**12,625**
End-of-period long-term debt					**157,937**
Total End-of-Period Debt					**170,562**
Less: Cash and Cash Equivalents					**8,423**
Net Debt Balance					**162,139**
Annualized Net Debt to Adjusted EBITDA Ratio					**2.69**

[1] *As reported in AT&T's Form 8-K filed October 24, 2018, January 30, 2019 and April 24, 2019.*

[2] *Includes the purchase accounting reclassification of released content amortization of $772 million in the third quarter of 2018, $545 million in the fourth quarter of 2018, $150 million and $112 million reported by AT&T in the first and second quarters of 2019, respectively.*

SUPPLEMENTAL OPERATIONAL MEASURES

We provide a supplemental discussion of our business solutions operations that is calculated by combining our Mobility and Business Wireline operating units, and then adjusting to remove non-business operations. The following table presents a reconciliation of our supplemental Business Solutions results.

Supplemental Operational Measure — Second Quarter

	June 30, 2019				June 30, 2018			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 14,006**	**$ -**	**$ (11,984)**	**$ 2,022**	$ 13,682	$ -	$ (11,853)	$ 1,829
Strategic and managed services	**-**	**3,848**	**-**	**3,848**	-	3,603	-	3,603
Legacy voice and data services	**-**	**2,331**	**-**	**2,331**	-	2,730	-	2,730
Other services and equipment	**-**	**449**	**-**	**449**	-	317	-	317
Wireless equipment	**3,506**	**-**	**(2,884)**	**622**	3,600	-	(3,016)	584
Total Operating Revenues	**17,512**	**6,628**	**(14,868)**	**9,272**	17,282	6,650	(14,869)	9,063
Operating Expenses								
Operations and support	**9,654**	**3,982**	**(8,097)**	**5,539**	9,663	4,038	(8,085)	5,616
EBITDA	**7,858**	**2,646**	**(6,771)**	**3,733**	7,619	2,612	(6,784)	3,447
Depreciation and amortization	**2,025**	**1,256**	**(1,720)**	**1,561**	2,113	1,180	(1,806)	1,487
Total Operating Expenses	**11,679**	**5,238**	**(9,817)**	**7,100**	11,776	5,218	(9,891)	7,103
Operating Income	**5,833**	**1,390**	**(5,051)**	**2,172**	5,506	1,432	(4,978)	1,960
Equity in net Income of Affiliates	**-**	**-**	**-**	**-**	-	1	-	1
Operating Contribution	**$ 5,833**	**$ 1,390**	**$ (5,051)**	**$ 2,172**	**$** 5,506	**$** 1,433	**$** (4,978)	**$** 1,961

[1] *Non-business wireless reported in the Communication segment under the Mobility business unit.*

Supplemental Operational Measure — Six-Month Period

	June 30, 2019				June 30, 2018			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 27,798**	**$ -**	**$ (23,863)**	**$ 3,935**	$ 27,085	$ -	$ (23,465)	$ 3,620
Strategic and managed services	**-**	**7,640**	**-**	**7,640**	-	7,198	-	7,198
Legacy voice and data services	**-**	**4,735**	**-**	**4,735**	-	5,595	-	5,595
Other services and equipment	**-**	**751**	**-**	**751**	-	604	-	604
Wireless equipment	**7,281**	**-**	**(6,063)**	**1,218**	7,552	-	(6,390)	1,162
Total Operating Revenues	**35,079**	**13,126**	**(29,926)**	**18,279**	34,637	13,397	(29,855)	18,179
Operating Expenses								
Operations and support	**19,835**	**8,022**	**(16,678)**	**11,179**	19,765	8,054	(16,609)	11,210
EBITDA	**15,244**	**5,104**	**(13,248)**	**7,100**	14,872	5,343	(13,246)	6,969
Depreciation and amortization	**4,060**	**2,491**	**(3,449)**	**3,102**	4,208	2,350	(3,613)	2,945
Total Operating Expenses	**23,895**	**10,513**	**(20,127)**	**14,281**	23,973	10,404	(20,222)	14,155
Operating Income	**11,184**	**2,613**	**(9,799)**	**3,998**	10,664	2,993	(9,633)	4,024
Equity in net Income of Affiliates	**-**	**-**	**-**	**-**	-	-	-	-
Operating Contribution	**$ 11,184**	**$ 2,613**	**$ (9,799)**	**$ 3,998**	**$** 10,664	**$** 2,993	**$** (9,633)	**$** 4,024

[1] *Non-business wireless reported in the Communication segment under the Mobility business unit.*