Q3 2019 AT&T EARNINGS

Investor Briefing

No. 306 | OCTOBER 28, 2019

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Communications

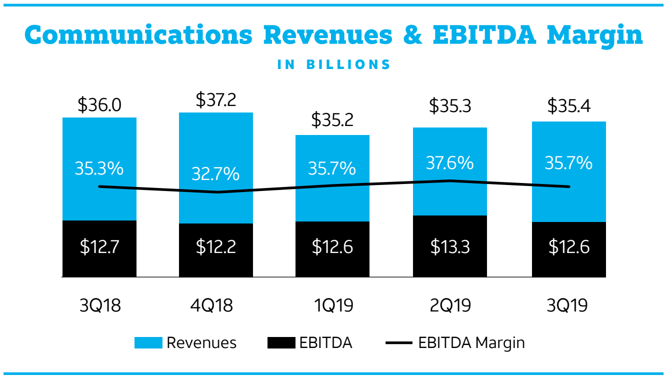
FINANCIAL HIGHLIGHTS

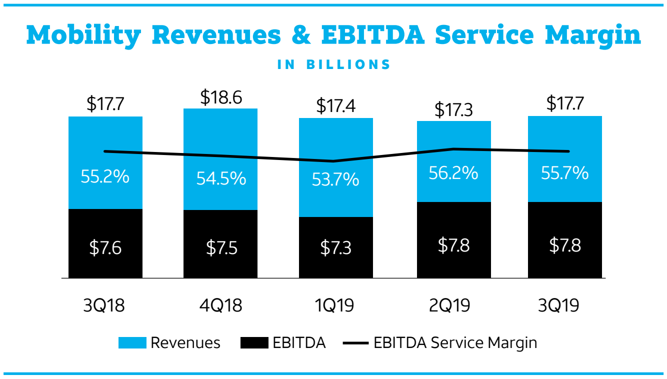
(Puerto Rico and U.S. Virgin Islands wireless and business wireline operations, which are pending divestiture, are reported within Corporate & Other instead of the Mobility and Business Wireline business units. Prior quarters have been recast.)

Revenues	$35.4 billion, down 1.7% year over year due to declines in Entertainment Group and Business Wireline that were partially offset by gains in wireless service revenues
Operating Expenses	$27.4 billion, down 1.8% year over year reflecting lower Entertainment Group and Mobility expenses partially offset by increases in Business Wireline
Operating Income	$8.0 billion, down 1.4% year over year; operating income margin of 22.7% compared to 22.6% in the year-ago quarter

MOBILITY

Revenues	$17.7 billion, down slightly year over year due to declines in equipment revenues which were mostly offset by an increase in service revenues ■ **Service revenues:** $13.9 billion, up 0.7% year over year due to postpaid phone ARPU growth and prepaid subscriber gains ■ **Equipment revenues:** $3.8 billion, down 3.5% year over year with continued low postpaid phone upgrade rates
Operating Expenses	$12.0 billion, down 1.7% year over year due to lower postpaid smartphone volumes, lower depreciation and cost efficiencies, partially offset by higher bad debt and commission amortization
Operating Income	$5.7 billion, up 3.0% year over year; operating income margin of 32.4%, compared to 31.4% in the year-ago quarter
EBITDA	$7.8 billion, up 1.6% year over year; EBITDA margin; 43.8% versus 43.0% in the year-ago quarter (EBITDA margin is operating income before depreciation and amortization, divided by total revenues) Wireless EBITDA service margin: 55.7% compared to 55.2% in the year-ago quarter (EBITDA service margin is operating income before depreciation and amortization, divided by total service revenues)





ARPU

- Postpaid phone-only ARPU increased 0.6% versus the year-ago quarter

SUBSCRIBER METRICS

- Total net adds of 3.7 million to reach 162.3 million in service
  - 255,000 total phone net adds
  - 317,000 total smartphone net adds
  - 217,000 postpaid net losses with losses in tablets offsetting gains in wearables and phones
    - 101,000 postpaid phone net adds
    - 173,000 postpaid smartphone net adds
    - 386,000 postpaid tablet and other branded computing device net losses
- 227,000 prepaid net adds
  - 154,000 prepaid phone net adds
  - 144,000 prepaid smartphone net adds
- 3.9 million connected device net adds
- 231,000 reseller net losses
- Nearly 900,000 FirstNet connections across more than 9,800 agencies now in service

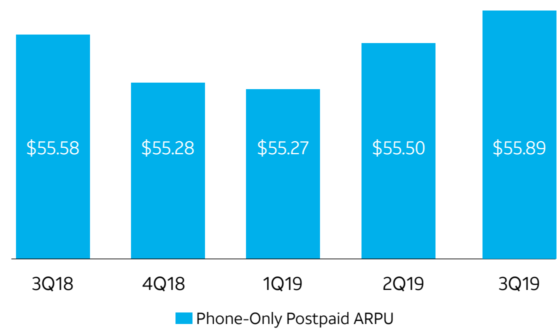
CHURN

- Postpaid churn: 1.19%, versus 1.16% in the year-ago quarter due to tablet and phone churn
- Postpaid phone churn: 0.95%, compared to 0.93% in the year-ago quarter

SMARTPHONES

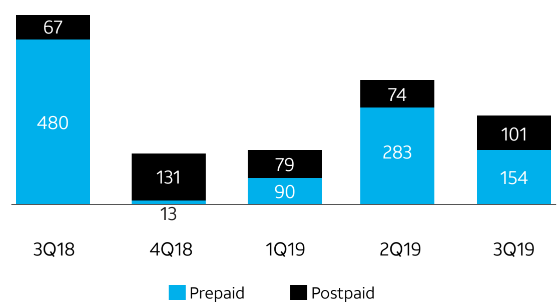
- 6.6 million postpaid and prepaid smartphone gross adds and upgrades in the quarter, including 1.8 million from prepaid
- Postpaid upgrade rate of 4.0%, down from 4.3% in the year-ago quarter

Phone-Only Postpaid ARPU



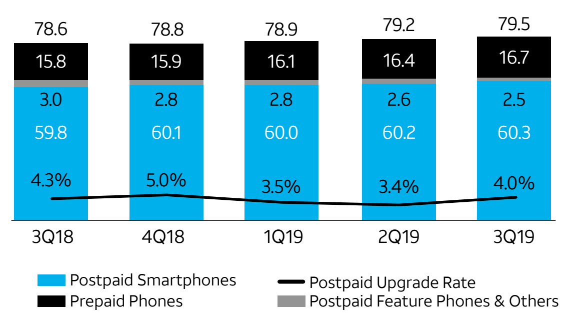
Postpaid & Prepaid Phone Net Adds

IN THOUSANDS



Phone Subscribers & Postpaid Upgrade Rate

IN MILLIONS

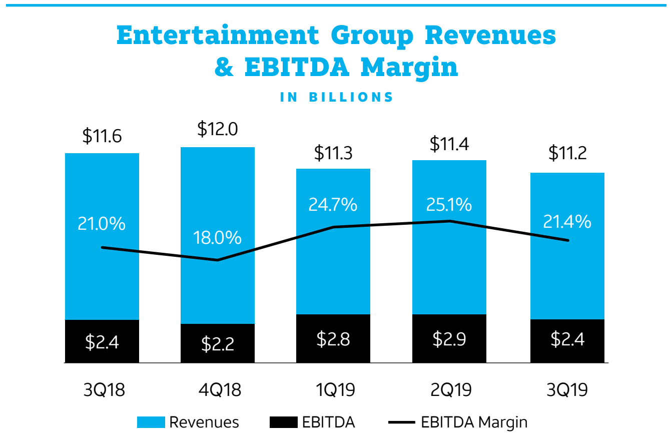


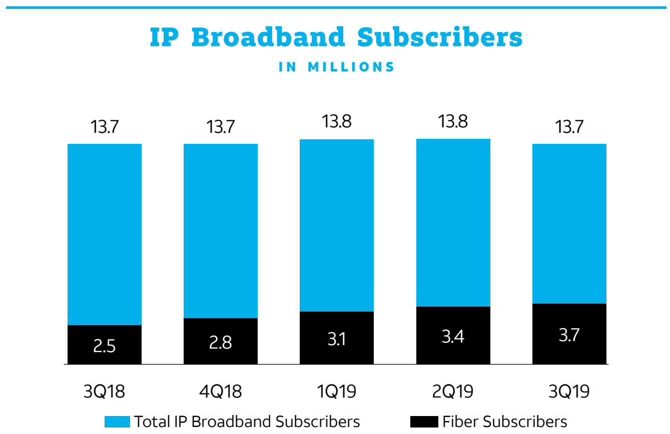
ENTERTAINMENT GROUP

Revenues	$11.2 billion, down 3.4% year over year due to declines in premium TV subscribers and legacy services ■ **Video:** $7.9 billion, down 4.2% 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 3.5% 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 subscribers with slower speeds
Operating Expenses	$10.1 billion, down 3.6% year over year due to lower content costs resulting from fewer subscribers and ongoing cost initiatives, partially offset by higher deferral amortization, including a second-quarter 2019 update to expected subscriber lives, and increased costs associated with the NFL SUNDAY TICKET
Operating Income	$1.1 billion, down 1.7% year over year; operating income margin: 9.7% compared to 9.5% in the year-ago quarter
EBITDA	$2.4 billion, down 1.4% year over year due mostly to higher deferral amortization and increased costs for NFL SUNDAY TICKET; 21.4% EBITDA margin, up from 21.0% in the year-ago quarter

SUBSCRIBER METRICS

- **Premium TV** subscribers: (1,163,000) net loss due to customers rolling off promotional discounts, programmer disputes and competition as well as lower gross adds due to the continued focus on adding higher value customers
- **AT&T TV NOW** subscribers: (195,000) net loss due to higher prices and less promotional activity
- Total broadband subscribers: (119,000) net loss impacted by video attach rates
  - 318,000 fiber net adds
- Nearly 85% 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.

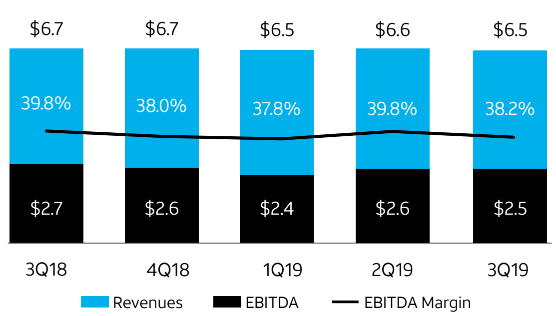




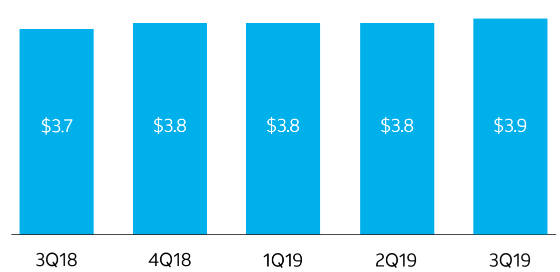
BUSINESS WIRELINE

Revenues	$6.5 billion, down 2.7% year over year with declines in legacy products partially offset by growth in strategic and managed services; 3Q18 revenues also included about $80 million from the sale of intellectual property assets. Total business revenues including wireless grew 0.9%
Strategic and Managed Services	Strategic and managed services: $3.9 billion, up 6.1% year over year. These are the wireline capabilities that lead AT&T's most advanced business solutions ■ Annualized revenue stream of $15.6 billion; 60% of total business wireline revenues ■ Growth helped offset a decline of about $350 million in legacy services
Operating Expenses	$5.3 billion, up 1.6% year over year due to higher depreciation expense
Operating Income	$1.2 billion, down 17.9%; operating income margin: 18.6%, down from 22.1% in the year-ago quarter
EBITDA Margin	38.2%, down from 39.8% in the year-ago quarter with strategic and managed services revenue growth and cost efficiencies partially offsetting declines in legacy services and intellectual property revenues included in the year-ago quarter
Other Metrics	More than 500,000 U.S. business buildings are now lit with fiber from AT&T, enabling high-speed fiber connections to more than 2.5 million U.S. business customer locations. Nationwide, more than 8 million business customer locations are on or within 1,000 feet of our fiber.*

Business Wireline Revenues & EBITDA Margin
IN BILLIONS



Strategic & Managed Services Revenues
IN BILLIONS



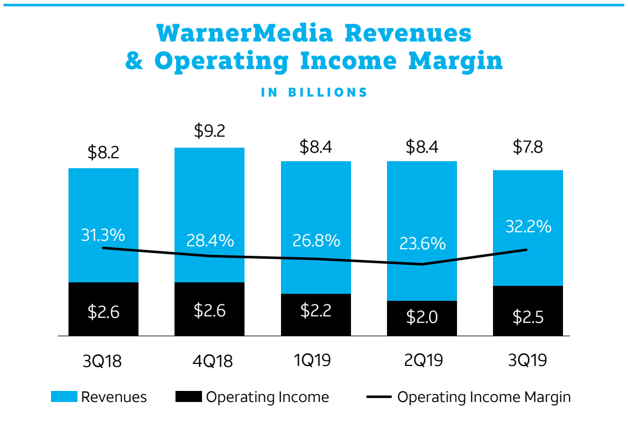
The more than 2.5 million U.S. business customer locations covered by AT&T high-speed fiber is included within the 8M+ U.S. business customer locations on or within 1,000 feet of our fiber.

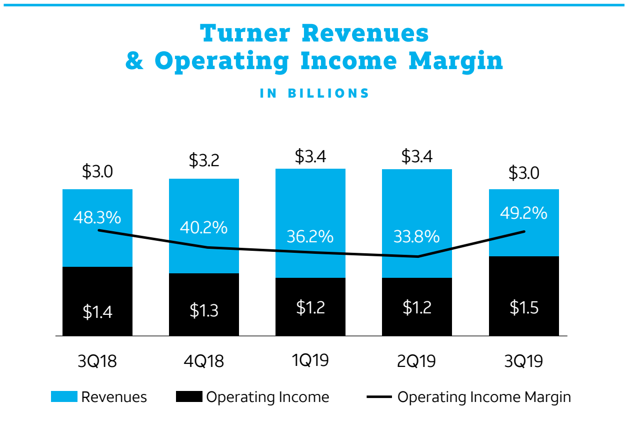
WarnerMedia

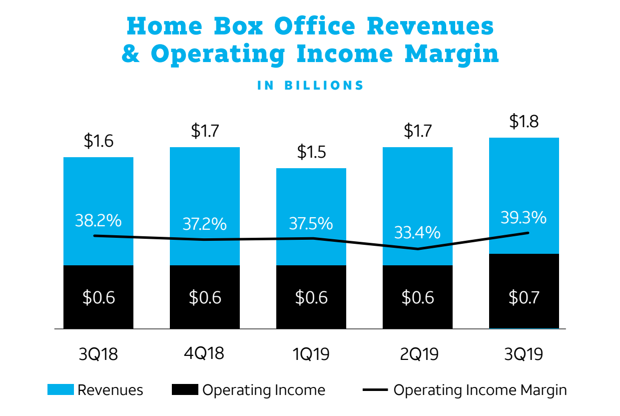
FINANCIAL HIGHLIGHTS

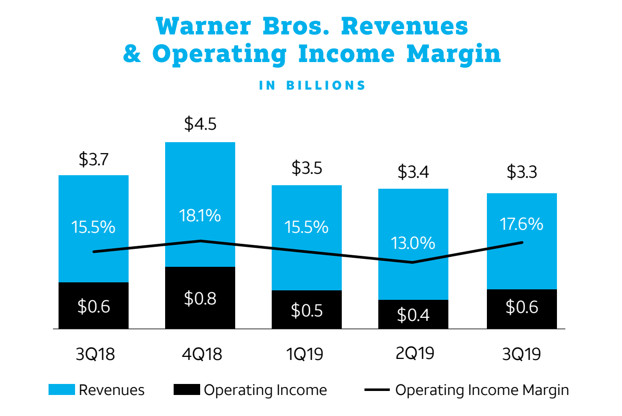
(Financial results of Otter Media are included in WarnerMedia consolidated results following AT&T's Aug. 7, 2018 acquisition of the remaining interest in Otter Media and the transfer of the ownership of Otter Media to WarnerMedia. Prior to this date, Otter Media was included as an equity-method investment of AT&T.)

Revenues	▸ $7.8 billion, down 4.4% year over year primarily driven by lower Warner Bros. revenues partially offset by gains at Home Box Office and Turner
Operating Expenses	▸ $5.3 billion, down 5.7% year over year primarily due to lower expenses at Warner Bros. and Turner, partially offset by higher expenses at Home Box Office ▸ Includes $2.9 billion of programming and production costs, down 8.6% year over year
Operating Income	▸ $2.5 billion, down 1.5% year over year; operating income margin of 32.2% compared with 31.3% in year-ago quarter; merger synergies remain on track; operating income growth at all 3 business units was offset by higher intrasegment eliminations









TURNER

Revenues	▸ $3.0 billion, up 0.6% year over year due to a 3.9% increase in subscription revenues, partially offset by a 3.3% decline in advertising revenues and a 11.6% decline in content licensing and other 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 lower audience delivery at Turner's domestic entertainment networks that was partly offset by higher pricing; international advertising revenues declined and were impacted by unfavorable foreign exchange rates
Operating Expenses	▸ $1.5 billion, down 1.2% year over year, primarily due to lower programming, marketing and direct operating costs
Operating Income	▸ $1.5 billion, up 2.6% year over year; operating income margin of 49.2% compared to 48.3% in the year-ago quarter

HOME BOX OFFICE

Revenues	▸ $1.8 billion, up 10.6% year over year reflecting an increase in content and other revenues and a 1.1% increase in subscription revenues ▸ **Content and other:** Increased due to higher international licensing revenues ▸ **Subscription:** Increased year over year due to digital and international growth, partially offset by lower domestic linear subscribers
Operating Expenses	▸ $1.1 billion, up 8.8% year over year due to higher programming, distribution and marketing expenses
Operating Income	▸ $714 million, up 13.7% year over year; operating income margin of 39.3% compared to 38.2% in the year-ago quarter

WARNER BROS.

Revenues	▸ $3.3 billion, down 10.4% year over year due to declines in theatrical and television revenues, which were partially offset by gains in games and other revenues ▸ **Theatrical product:** Decreased primarily due to mix of releases, as the prior-year quarter included *The Meg, The Nun* and *Crazy Rich Asians* ▸ **Television product:** Decreased primarily due to lower licensing revenues
Operating Expenses	▸ $2.7 billion, down 12.7% year over year primarily due to lower film and television production costs associated with lower revenues
Operating Income	▸ $588 million, up 2.1% year over year; operating income margin of 17.6% compared to 15.5% 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
Misery Index (S1, TBS): 10/22/19
Impractical Jokers: Inside Jokes (S6, truTV): 10/24/19[1]
Off The Air (S9, Adult Swim): 10/28/19
Laff Mobb's Laff Tracks (S2, truTV): 11/8/19
Joe Pera Talks With You (S2, Adult Swim): 12/6/19

Animated Series
Primal (S1, Adult Swim): 10/7/19
Apple & Onion (S1, Cartoon Network): 11/9/19[1]
Rick and Morty (S4, Adult Swim): 11/10/19
Momma Named Me Sheriff (S1, Adult Swim): 11/17/19
Steven Universe Future (S1, Cartoon Network): Dec. 2019

Docuseries
Dead Wives Club (S1, HLN): 10/20/19
Something's Killing Me (S3, HLN): 10/20/19
Real Life Nightmare (S1, HLN): 11/2/19

Specials
CONAN Without Borders: Ghana (TBS, Special): 11/7/19
Mr. Pickles (Adult Swim, Special): 11/17/19

[1]*Continuation of season.*

HOME BOX OFFICE

HBO Series
Axios (S2): 10/20/19[1]
Watchmen (S1): 10/20/19
Catherine The Great (Limited Series): 10/21/19
Silicon Valley (S6): 10/27/19
Mrs. Fletcher (Limited Series): 10/27/19
His Dark Materials (S1): 11/4/19
Sesame Street (S50): 11/16/19

HBO Comedy/Specials
Entre Nos Presents: Erik Rivera: Super White (HBO Latino): 11/1/19
Daniel Sloss: X: 11/2/19
Sesame Street's 50th Anniversary Celebration: 11/9/19
Lil Rel Howery: Live in Crenshaw: 11/23/19
Dan Soder: Son of A Gary: 12/7/19

HBO Film/Documentaries
Torn Apart: Separated at the Border: 10/10/19
Saudi Women's Driving School: 10/24/19
The Bronx, USA: 10/30/19
The Apollo: 11/6/19
Very Ralph: 11/12/19
Ernie & Joe: Crisis Cops: 11/19/19
Letter to the Editor: 12/4/19
Moonlight Sonata: 12/11/19
Finding the Way Home: 12/18/19

HBO Sports
Diego Maradona: 10/1/19
24/7: College Football: 10/2/19
Any One of Us: 10/29/19
Lindsey Vonn: The Final Season: 11/26/19
24/7: Kelly Slater: 12/3/19
Belichick & Saban: The Art of Coaching: 12/10/19
Well Groomed: 12/17/19

[1]*Continuation of season.*

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]
Black Lightning (S3, The CW): 10/7/19
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
Dolly Parton's Heartstrings (S1, Netflix): 11/22/19
Fuller House (S5, Netflix): 12/19/19

Theatrical: Box Office (Domestic Release Dates Shown)

1Q 2019
They Shall Not Grow Old: 1/21/19
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

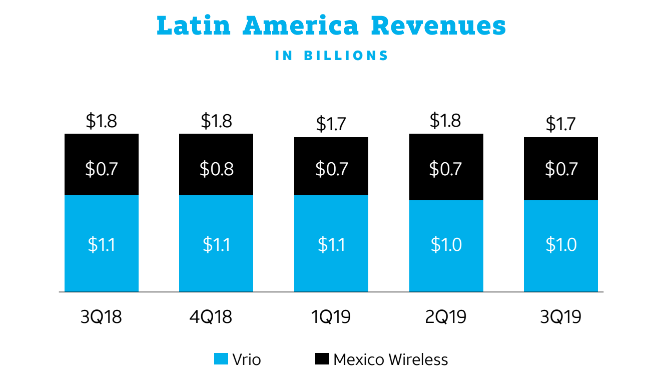
4Q 2019
Joker: 10/4/19
Western Stars: 10/25/19
Motherless Brooklyn: 11/1/19
Doctor Sleep: 11/8/19
The Good Liar: 11/15/19
Richard Jewell: 12/13/19
Just Mercy: 12/25/19[3]

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	$1.7 billion, down 5.6% year over year largely due to foreign exchange pressures from revenues in multiple currencies
Operating Expenses	$1.9 billion, down 6.6% year over year
Operating Loss	($179) million, compared to a ($210) million loss in the year-ago quarter; operating income margin (10.3)%, compared to (11.5)% in the prior year



MEXICO

Revenues	$717 million, down 1.9% year over year, due to lower equipment revenues which were partially offset by service revenue growth
Service Revenues	$455 million, up 3.4% year over year driven by prepaid subscriber growth
Operating Loss	($179) million, compared to a loss of ($267) million in the year-ago quarter
Subscriber Metrics	598,000 total net adds; 668,000 prepaid net adds, 137,000 postpaid net losses and 67,000 reseller net adds to reach 18.6 million total wireless subscribers

VRIO

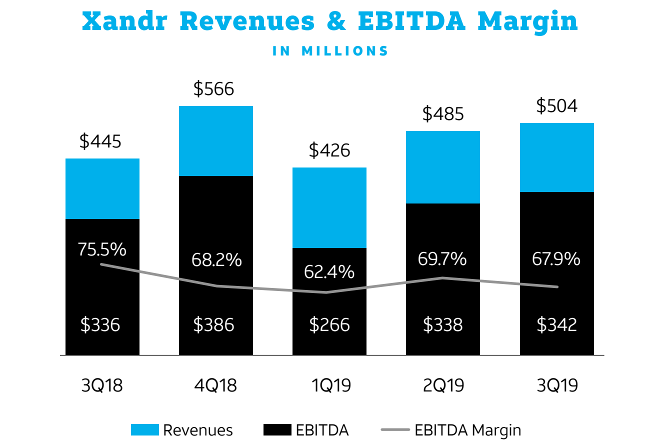
Revenues	$1.0 billion, down 8.1% year over year primarily due to foreign exchange pressures
Operating Income	$0 compared to operating income of $57 million in the year-ago quarter with continued positive cash flow for the quarter
Subscriber Metrics	167,000 net losses; total subscribers at the end of the quarter were 13.3 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	$504 million, up 13.3% year over year; without AppNexus, revenues were up 5.0% year over year
Operating Expenses	$177 million, up from $112 million year over year due to the acquisition of AppNexus and higher costs associated with revenue growth
Operating Income	$327 million, down 1.8% year over year due to increased costs associated with scaling the business; operating income margin of 64.9% compared with 74.8% in the year-ago quarter



FOURTH-QUARTER 2019 EARNINGS DATE: JANUARY 29, 2020

AT&T will release fourth-quarter 2019 earnings on January 29, 2020 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	Third Quarter		Percent	Nine-Month Period		Percent
	2019	2018	Change	**2019**	2018	Change
Operating Revenues						
Service	**$ 40,317**	$ 41,297	(2.4) %	**$ 122,024**	$ 109,849	11.1 %
Equipment	**4,271**	4,442	(3.8) %	**12,348**	12,914	(4.4) %
Total Operating Revenues	**44,588**	45,739	(2.5) %	**134,372**	122,763	9.5 %
Operating Expenses						
Cost of revenues						
Equipment	**4,484**	4,828	(7.1) %	**13,047**	14,053	(7.2) %
Broadcast, programming and operations	**7,066**	7,227	(2.2) %	**22,448**	17,842	25.8 %
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**8,604**	8,651	(0.5) %	**25,910**	24,215	7.0 %
Selling, general and administrative	**9,584**	9,598	(0.1) %	**29,077**	26,179	11.1 %
Depreciation and amortization	**6,949**	8,166	(14.9) %	**21,256**	20,538	3.5 %
Total Operating Expenses	**36,687**	38,470	(4.6) %	**111,738**	102,827	8.7 %
Operating Income	**7,901**	7,269	8.7 %	**22,634**	19,936	13.5 %
Interest Expense	**2,083**	2,051	1.6 %	**6,373**	5,845	9.0 %
Equity in Net Income (Loss) of Affiliates	**3**	(64)	- %	**36**	(71)	- %
Other Income (Expense) - Net	**(935)**	1,053	- %	**(967)**	5,108	- %
Income Before Income Taxes	**4,886**	6,207	(21.3) %	**15,330**	19,128	(19.9) %
Income Tax Expense	**937**	1,391	(32.6) %	**3,059**	4,305	(28.9) %
Net Income	**3,949**	4,816	(18.0) %	**12,271**	14,823	(17.2) %
Less: Net Income Attributable to Noncontrolling Interest	**(249)**	(98)	- %	**(762)**	(311)	- %
Net Income Attributable to AT&T	**$ 3,700**	$ 4,718	(21.6) %	**$ 11,509**	$ 14,512	(20.7) %
Basic Earnings Per Share Attributable to AT&T	**$ 0.50**	$ 0.65	(23.1) %	**$ 1.57**	$ 2.19	(28.3) %
Weighted Average Common Shares Outstanding (000,000)	**7,327**	7,284	0.6 %	**7,321**	6,603	10.9 %
Diluted Earnings Per Share Attributable to AT&T	**$ 0.50**	$ 0.65	(23.1) %	**$ 1.57**	$ 2.19	(28.3) %
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,356**	7,320	0.5 %	**7,350**	6,630	10.9 %

AT&T INC. FINANCIAL DATA

Consolidated Balance Sheets				
Dollars in millions				
Unaudited		**Sep. 30, 2019**		Dec. 31, 2018
Assets				
Current Assets				
Cash and cash equivalents	**$**	**6,588**	$	5,204
Accounts receivable - net of allowances for doubtful accounts of $1,121 and $907		**22,921**		26,472
Prepaid expenses		**1,493**		2,047
Other current assets		**19,693**		17,704
Total current assets		**50,695**		51,427
Noncurrent Inventories and Theatrical Film and Television Production Costs		**12,014**		7,713
Property, Plant and Equipment – Net		**131,316**		131,473
Goodwill		**146,106**		146,370
Licenses – Net		**96,026**		96,144
Trademarks and Trade Names – Net		**23,855**		24,345
Distribution Networks – Net		**15,806**		17,069
Other Intangible Assets – Net		**22,060**		26,269
Investments in and Advances to Equity Affiliates		**4,137**		6,245
Operating Lease Right-of-Use Assets		**24,477**		-
Other Assets		**22,304**		24,809
Total Assets	**$**	**548,796**	$	531,864
Liabilities and Stockholders' Equity				
Current Liabilities				
Debt maturing within one year	**$**	**11,608**	$	10,255
Accounts payable and accrued liabilities		**43,955**		43,184
Advanced billings and customer deposits		**6,097**		5,948
Accrued taxes		**2,741**		1,179
Dividends payable		**3,725**		3,854
Total current liabilities		**68,126**		64,420
Long-Term Debt		**153,568**		166,250
Deferred Credits and Other Noncurrent Liabilities				
Deferred income taxes		**57,786**		57,859
Postemployment benefit obligation		**22,853**		19,218
Operating lease liabilities		**22,288**		-
Other noncurrent liabilities		**29,848**		30,233
Total deferred credits and other noncurrent liabilities		**132,775**		107,310
Stockholders' Equity				
Common stock		**7,621**		7,621
Additional paid-in capital		**125,139**		125,525
Retained earnings		**59,347**		58,753
Treasury stock		**(11,195)**		(12,059)
Accumulated other comprehensive income		**2,137**		4,249
Noncontrolling interest		**11,278**		9,795
Total stockholders' equity		**194,327**		193,884
Total Liabilities and Stockholders' Equity	**$**	**548,796**	$	531,864

AT&T INC. FINANCIAL DATA

Consolidated Statements of Cash Flows		
Dollars in millions		
Unaudited	Nine-Month Period	
	2019	2018
Operating Activities		
Net income	**$ 12,271**	$ 14,823
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**21,256**	20,538
Amortization of film and television costs	**7,059**	1,608
Undistributed earnings from investments in equity affiliates	**81**	312
Provision for uncollectible accounts	**1,855**	1,240
Deferred income tax expense (benefit)	**1,039**	4,337
Net (gain) loss from investments, net of impairments	**(1,014)**	(501)
Pension and postiretirement benefit expense (credit)	**(1,297)**	(762)
Actuarial (gain) loss on pension and postretirement benefits	**4,048**	(2,726)
Changes in operating assets and liabilities:		
Receivables	**2,503**	(1,268)
Other current assets, inventories and theatrical film and television production costs	**(9,337)**	(2,729)
Accounts payable and other accrued liabilities	**(936)**	(1,385)
Equipment installment receivables and related sales	**848**	220
Deferred customer contract acquisition and fulfillment costs	**(796)**	(2,657)
Postretirement claims and contributions	**(635)**	(630)
Other - net	**(220)**	1,102
Total adjustments	**24,454**	16,699
Net Cash Provided by Operating Activities	**36,725**	31,522
Investing Activities		
Capital expenditures:		
Purchase of property and equipment	**(15,683)**	(16,695)
Interest during construction	**(160)**	(404)
Acquisitions, net of cash acquired	**(1,124)**	(43,116)
Dispositions	**3,775**	983
(Purchases), sales and settlement of securities and investments, net	**523**	(234)
Advances to and investments in equity affiliates, net	**(333)**	(1,021)
Cash collections of deferred purchase price	**-**	500
Net Cash Used in Investing Activities	**(13,002)**	(59,987)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**(22)**	(1,071)
Issuance of other short-term borrowings	**4,012**	4,852
Repayment of other short-term borrowings	**(4,702)**	(1,075)
Issuance of long-term debt	**15,034**	38,325
Repayment of long-term debt	**(24,368)**	(43,579)
Payment of vendor financing	**(2,601)**	(347)
Purchase of treasury stock	**(409)**	(577)
Issuance of treasury stock	**576**	359
Issuance of noncontrolling interest in subsidiary	**1,488**	-
Dividends paid	**(11,162)**	(9,775)
Other	**(187)**	(791)
Net Cash Used in Financing Activities	**(22,341)**	(13,679)
Net increase (decrease) in cash and cash equivalents and restricted cash	**1,382**	(42,144)
Cash and cash equivalents and restricted cash beginning of year	**5,400**	50,932
Cash and Cash Equivalents and Restricted Cash End of Period	**$ 6,782**	$ 8,788

AT&T INC. CONSOLIDATED SUPPLEMENTARY DATA

Supplementary Financial Data

Dollars in millions except per share amounts
Unaudited

	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Capital expenditures						
Purchase of property and equipment	**$ 5,141**	$ 5,736	(10.4) %	**$ 15,683**	$ 16,695	(6.1) %
Interest during construction	**48**	137	(65.0) %	**160**	404	(60.4) %
Total Capital Expenditures	**$ 5,189**	$ 5,873	(11.6) %	**$ 15,843**	$ 17,099	(7.3) %
Dividends Declared per Share	**$ 0.51**	$ 0.50	2.0 %	**$ 1.53**	$ 1.50	2.0 %
End of Period Common Shares Outstanding (000,000)				**7,303**	7,270	0.5 %
Debt Ratio				**45.9 %**	49.8 %	(390) BP
Total Employees				**251,840**	269,280	(6.5) %

Supplementary Operating Data

Subscribers and connections in thousands
Unaudited

	September 30, 2019	September 30, 2018	Percent Change
Wireless Subscribers			
Domestic	**162,300**	149,150	8.8 %
Mexico	**18,619**	17,305	7.6 %
Total Wireless Subscribers	**180,919**	166,455	8.7 %
Video Connections			
Domestic	**21,573**	25,176	(14.3) %
Latin America	**13,306**	13,640	(2.4) %
Total Video Connections	**34,879**	38,816	(10.1) %
Broadband Connections			
IP	**14,786**	14,745	0.3 %
DSL	**789**	1,002	(21.3) %
Total Broadband Connections	**15,575**	15,747	(1.1) %
Voice Connections			
Network Access Lines	**8,831**	10,399	(15.1) %
U-verse VoIP Connections	**4,539**	5,274	(13.9) %
Total Retail Voice Connections	**13,370**	15,673	(14.7) %

	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Wireless Net Additions						
Domestic	**3,679**	3,432	7.2 %	**10,369**	9,166	13.1 %
Mexico	**598**	907	(34.1) %	**990**	2,206	(55.1) %
Total Wireless Net Additions	**4,277**	4,339	(1.4) %	**11,359**	11,372	(0.1) %
Video Net Additions						
Domestic	**(1,358)**	(297)	- %	**(2,931)**	(92)	- %
Latin America	**(167)**	(73)	- %	**(310)**	52	- %
Total Video Net Additions	**(1,525)**	(370)	- %	**(3,241)**	(40)	- %
Broadband Net Additions						
IP	**(74)**	36	- %	**33**	258	(87.2) %
DSL	**(49)**	(62)	21.0 %	**(160)**	(230)	30.4 %
Total Broadband Net Additions	**(123)**	(26)	- %	**(127)**	28	- %

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. Historical results in the Mobility and Business Wireline business units of the Communications segment have been recast to remove operations in Puerto Rico and the U.S. Virgin Islands, which we began held-for-sale accounting in the third quarter of 2019.

Segment Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Segment Operating Revenues						
Mobility	**$ 17,701**	$ 17,735	(0.2) %	**$ 52,356**	$ 51,965	0.8 %
Entertainment Group	**11,197**	11,589	(3.4) %	**33,893**	34,498	(1.8) %
Business Wireline	**6,503**	6,683	(2.7) %	**19,588**	20,035	(2.2) %
Total Segment Operating Revenues	**35,401**	36,007	(1.7) %	**105,837**	106,498	(0.6) %
Segment Operating Contribution						
Mobility	**5,742**	5,575	3.0 %	**16,817**	16,144	4.2 %
Entertainment Group	**1,085**	1,104	(1.7) %	**4,077**	3,888	4.9 %
Business Wireline	**1,209**	1,471	(17.8) %	**3,824**	4,466	(14.4) %
Total Segment Operating Contribution	**$ 8,036**	$ 8,150	(1.4) %	**$ 24,718**	$ 24,498	0.9 %

MOBILITY

Mobility provides nationwide wireless service and equipment. Results have been recast to conform to the current period's presentation.

Mobility Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Service	**$ 13,930**	$ 13,828	0.7 %	**$ 41,383**	$ 40,594	1.9 %
Equipment	**3,771**	3,907	(3.5) %	**10,973**	11,371	(3.5) %
Total Operating Revenues	**17,701**	17,735	(0.2) %	**52,356**	51,965	0.8 %
Operating Expenses						
Operations and support	**9,948**	10,104	(1.5) %	**29,511**	29,603	(0.3) %
Depreciation and amortization	**2,011**	2,057	(2.2) %	**6,027**	6,218	(3.1) %
Total Operating Expenses	**11,959**	12,161	(1.7) %	**35,538**	35,821	(0.8) %
Operating Income	**5,742**	5,574	3.0 %	**16,818**	16,144	4.2 %
Equity in Net Income (Loss) of Affiliates	**-**	1	- %	**(1)**	-	- %
Operating Contribution	**$ 5,742**	$ 5,575	3.0 %	**$ 16,817**	$ 16,144	4.2 %
Operating Income Margin	**32.4 %**	31.4 %	100 BP	**32.1 %**	31.1 %	100 BP

Supplementary Operating Data

Subscribers and connections in thousands *Unaudited*	September 30, 2019	September 30, 2018	Percent Change
Mobility Subscribers			
Postpaid smartphones	**60,306**	59,829	0.8 %
Postpaid feature phones and data-centric devices	**14,846**	16,344	(9.2) %
Postpaid	**75,152**	76,173	(1.3) %
Prepaid	**17,740**	16,721	6.1 %
Reseller	**7,120**	8,079	(11.9) %
Connected Devices	**62,288**	48,177	29.3 %
Total Mobility Subscribers	**162,300**	149,150	8.8 %
Postpaid Phone Subscribers	**62,812**	62,850	(0.1) %
Total Phone Subscribers	**79,462**	78,639	1.0 %

	Third Quarter 2019	Third Quarter 2018		Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Mobility Net Additions						
Postpaid	**(217)**	(231)	6.1 %	**(570)**	(105)	- %
Prepaid	**227**	570	(60.2) %	**669**	1,275	(47.5) %
Reseller	**(231)**	(366)	36.9 %	**(677)**	(1,175)	42.4 %
Connected Devices	**3,900**	3,459	12.7 %	**10,947**	9,171	19.4 %
Total Mobility Net Additions	**3,679**	3,432	7.2 %	**10,369**	9,166	13.1 %
Postpaid Phone Net Additions	**101**	67	50.7 %	**254**	63	- %
Total Phone Net Additions	**255**	547	(53.4) %	**780**	1,104	(29.3) %
Postpaid Churn	**1.19 %**	1.16 %	3 BP	**1.14 %**	1.08 %	6 BP
Postpaid Phone-Only Churn	**0.95 %**	0.93 %	2 BP	**0.91 %**	0.86 %	5 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

	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Video entertainment	$ **7,933**	$ 8,283	(4.2) %	$ **24,042**	$ 24,681	(2.6) %
High-speed internet	**2,117**	2,045	3.5 %	**6,296**	5,904	6.6 %
Legacy voice and data services	**628**	739	(15.0) %	**1,969**	2,317	(15.0) %
Other service and equipment	**519**	522	(0.6) %	**1,586**	1,596	(0.6) %
Total Operating Revenues	**11,197**	11,589	(3.4) %	**33,893**	34,498	(1.8) %
Operating Expenses						
Operations and support	**8,797**	9,155	(3.9) %	**25,839**	26,623	(2.9) %
Depreciation and amortization	**1,316**	1,331	(1.1) %	**3,978**	3,986	(0.2) %
Total Operating Expenses	**10,113**	10,486	(3.6) %	**29,817**	30,609	(2.6) %
Operating Income	**1,084**	1,103	(1.7) %	**4,076**	3,889	4.8 %
Equity in Net Income (Loss) of Affiliates	**1**	1	- %	**1**	(1)	- %
Operating Contribution	$ **1,085**	$ 1,104	(1.7) %	$ **4,077**	$ 3,888	4.9 %
Operating Income Margin	**9.7 %**	9.5 %	20 BP	**12.0 %**	11.3 %	70 BP

Supplementary Operating Data

Subscribers and connections in thousands
Unaudited

	September 30, 2019	September 30, 2018	Percent Change
Video Connections			
Premium TV	**20,418**	23,294	(12.3) %
AT&T Now	**1,145**	1,858	(38.4) %
Total Video Connections	**21,563**	25,152	(14.3) %
Broadband Connections			
IP	**13,739**	13,723	0.1 %
DSL	**562**	718	(21.7) %
Total Broadband Connections	**14,301**	14,441	(1.0) %
Fiber Broadband Connections (included in IP)	**3,696**	2,504	47.6 %
Voice Connections			
Retail Consumer Switched Access Lines	**3,467**	4,144	(16.3) %
U-verse Consumer VoIP Connections	**3,973**	4,757	(16.5) %
Total Retail Consumer Voice Connections	**7,440**	8,901	(16.4) %

	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Video Net Additions						
Premium TV[1]	**(1,163)**	(346)	- %	**(2,485)**	(795)	- %
AT&T Now	**(195)**	49	- %	**(446)**	703	- %
Total Video Net Additions	**(1,358)**	(297)	- %	**(2,931)**	(92)	- %
Broadband Net Additions						
IP	**(83)**	31	- %	**10**	261	(96.2) %
DSL	**(36)**	(45)	20.0 %	**(118)**	(170)	30.6 %
Total Broadband Net Additions	**(119)**	(14)	- %	**(108)**	91	- %
Fiber Broadband Net Additions (included in IP)	**318**	300	6.0 %	**933**	775	20.4 %

[1] Includes the impact of customers that migrated to AT&T Now.

BUSINESS WIRELINE

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

Business Wireline Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Strategic and managed services	**$ 3,900**	$ 3,677	6.1 %	**$ 11,513**	$ 10,849	6.1 %
Legacy voice and data services	**2,252**	2,602	(13.5) %	**6,973**	8,176	(14.7) %
Other service and equipment	**351**	404	(13.1) %	**1,102**	1,010	9.1 %
Total Operating Revenues	**6,503**	6,683	(2.7) %	**19,588**	20,035	(2.2) %
Operating Expenses						
Operations and support	**4,022**	4,022	- %	**12,029**	12,047	(0.1) %
Depreciation and amortization	**1,271**	1,187	7.1 %	**3,735**	3,520	6.1 %
Total Operating Expenses	**5,293**	5,209	1.6 %	**15,764**	15,567	1.3 %
Operating Income	**1,210**	1,474	(17.9) %	**3,824**	4,468	(14.4) %
Equity in Net Income (Loss) of Affiliates	**(1)**	(3)	66.7 %	**-**	(2)	- %
Operating Contribution	**$ 1,209**	$ 1,471	(17.8) %	**$ 3,824**	$ 4,466	(14.4) %
Operating Income Margin	**18.6 %**	22.1 %	(350) BP	**19.5 %**	22.3 %	(280) 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. Results have been recast to conform to the current period's presentation.

Business Solutions Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Wireless service	**$ 2,009**	$ 1,857	8.2 %	**$ 5,901**	$ 5,440	8.5 %
Strategic and managed services	**3,900**	3,677	6.1 %	**11,513**	10,849	6.1 %
Legacy voice and data services	**2,252**	2,602	(13.5) %	**6,973**	8,176	(14.7) %
Other service and equipment	**351**	404	(13.1) %	**1,102**	1,010	9.1 %
Wireless equipment	**694**	586	18.4 %	**1,902**	1,737	9.5 %
Total Operating Revenues	**9,206**	9,126	0.9 %	**27,391**	27,212	0.7 %
Operating Expenses						
Operations and support	**5,643**	5,575	1.2 %	**16,770**	16,724	0.3 %
Depreciation and amortization	**1,573**	1,485	5.9 %	**4,643**	4,408	5.3 %
Total Operating Expenses	**7,216**	7,060	2.2 %	**21,413**	21,132	1.3 %
Operating Income	**1,990**	2,066	(3.7) %	**5,978**	6,080	(1.7) %
Equity in Net Income (Loss) of Affiliates	**(1)**	(3)	66.7 %	**-**	(2)	- %
Operating Contribution	**$ 1,989**	$ 2,063	(3.6) %	**$ 5,978**	$ 6,078	(1.6) %
Operating Income Margin	**21.6 %**	22.6 %	(100) BP	**21.8 %**	22.3 %	(50) 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 (HBO) 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*	Third Quarter **2019**	Third Quarter 2018	Percent Change	Nine-Month Period **2019**	Nine-Month Period 2018	Percent Change
Segment Operating Revenues						
Turner	**$ 3,007**	$ 2,988	0.6 %	**$ 9,860**	$ 3,767	- %
HBO	**1,819**	1,644	10.6 %	**5,045**	1,925	- %
Warner Bros.	**3,333**	3,720	(10.4) %	**10,240**	4,227	- %
Eliminations and other	**(313)**	(148)	- %	**(570)**	(210)	- %
Total Segment Operating Revenues	**7,846**	8,204	(4.4) %	**24,575**	9,709	- %
Segment Operating Contribution						
Turner	**1,489**	1,449	2.8 %	**3,926**	1,802	- %
HBO	**724**	630	14.9 %	**1,894**	734	- %
Warner Bros.	**563**	553	1.8 %	**1,556**	642	- %
Eliminations and other	**(232)**	(104)	- %	**(497)**	(186)	- %
Total Segment Operating Contribution	**$ 2,544**	$ 2,528	0.6 %	**$ 6,879**	$ 2,992	- %

TURNER

Turner is comprised of the WarnerMedia businesses managed by Turner as well as our RSN. This business unit creates and programs branded news, entertainment, sports and kids multi-platform content that is sold to various distribution affiliates. Turner also sells advertising on its networks and digital properties.

Turner Results

Dollars in millions *Unaudited*	Third Quarter **2019**	Third Quarter 2018	Percent Change	Nine-Month Period **2019**	Nine-Month Period 2018	Percent Change
Operating Revenues						
Subscription	**$ 1,927**	$ 1,855	3.9 %	**$ 5,835**	$ 2,363	- %
Advertising	**913**	944	(3.3) %	**3,440**	1,181	- %
Content and other	**167**	189	(11.6) %	**585**	223	- %
Total Operating Revenues	**3,007**	2,988	0.6 %	**9,860**	3,767	- %
Operating Expenses						
Operations and support	**1,460**	1,487	(1.8) %	**5,813**	1,933	- %
Depreciation and amortization	**68**	59	15.3 %	**167**	71	- %
Total Operating Expenses	**1,528**	1,546	(1.2) %	**5,980**	2,004	- %
Operating Income	**1,479**	1,442	2.6 %	**3,880**	1,763	- %
Equity in Net Income of Affiliates	**10**	7	42.9 %	**46**	39	17.9 %
Operating Contribution	**$ 1,489**	$ 1,449	2.8 %	**$ 3,926**	$ 1,802	- %
Operating Income Margin	**49.2 %**	48.3 %	90 BP	**39.4 %**	46.8 %	(740) BP

HOME BOX OFFICE

Home Box Office consists of premium pay television and OTT services domestically and premium pay, basic tier television and OTT services internationally, as well as content licensing and home entertainment.

Home Box Office Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Subscription	**$ 1,533**	$ 1,517	1.1 %	**$ 4,383**	$ 1,787	- %
Content and other	**286**	127	- %	**662**	138	- %
Total Operating Revenues	**1,819**	1,644	10.6 %	**5,045**	1,925	- %
Operating Expenses						
Operations and support	**1,072**	991	8.2 %	**3,124**	1,162	- %
Depreciation and amortization	**33**	25	32.0 %	**67**	30	- %
Total Operating Expenses	**1,105**	1,016	8.8 %	**3,191**	1,192	- %
Operating Income	**714**	628	13.7 %	**1,854**	733	- %
Equity in Net Income of Affiliates	**10**	2	- %	**40**	1	- %
Operating Contribution	**$ 724**	$ 630	14.9 %	**$ 1,894**	$ 734	- %
Operating Income Margin	**39.3 %**	38.2 %	110 BP	**36.7 %**	38.1 %	(140) BP

WARNER BROS.

Warner Bros. consists of the production, distribution and licensing of television programming and feature films, the distribution of home entertainment products and the production and distribution of games.

Warner Bros. Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Theatrical product	**$ 1,375**	$ 1,694	(18.8) %	**$ 4,408**	$ 1,917	- %
Television product	**1,461**	1,591	(8.2) %	**4,384**	1,794	- %
Video games and other	**497**	435	14.3 %	**1,448**	516	- %
Total Operating Revenues	**3,333**	3,720	(10.4) %	**10,240**	4,227	- %
Operating Expenses						
Operations and support	**2,706**	3,104	(12.8) %	**8,543**	3,507	- %
Depreciation and amortization	**39**	40	(2.5) %	**122**	54	- %
Total Operating Expenses	**2,745**	3,144	(12.7) %	**8,665**	3,561	- %
Operating Income	**588**	576	2.1 %	**1,575**	666	- %
Equity in Net Income (Loss) of Affiliates	**(25)**	(23)	(8.7) %	**(19)**	(24)	20.8 %
Operating Contribution	**$ 563**	$ 553	1.8 %	**$ 1,556**	$ 642	- %
Operating Income Margin	**17.6 %**	15.5 %	210 BP	**15.4 %**	15.8 %	(40) BP

LATIN AMERICA SEGMENT

The Latin America segment provides entertainment and wireless service outside of the U.S. Our international subsidiaries 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*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Segment Operating Revenues						
Vrio	**$ 1,013**	$ 1,102	(8.1) %	**$ 3,112**	$ 3,710	(16.1) %
Mexico	**717**	731	(1.9) %	**2,093**	2,099	(0.3) %
Total Segment Operating Revenues	**1,730**	1,833	(5.6) %	**5,205**	5,809	(10.4) %
Segment Operating Contribution						
Vrio	**13**	66	(80.3) %	**43**	281	(84.7) %
Mexico	**(179)**	(267)	33.0 %	**(591)**	(743)	20.5 %
Total Segment Operating Contribution	**$ (166)**	$ (201)	17.4 %	**$ (548)**	$ (462)	(18.6) %

VRIO

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

Vrio Results

Dollars in millions *Unaudited*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues	**$ 1,013**	$ 1,102	(8.1) %	**$ 3,112**	$ 3,710	(16.1) %
Operating Expenses						
Operations and support	**851**	877	(3.0) %	**2,598**	2,894	(10.2) %
Depreciation and amortization	**162**	168	(3.6) %	**496**	559	(11.3) %
Total Operating Expenses	**1,013**	1,045	(3.1) %	**3,094**	3,453	(10.4) %
Operating Income	**-**	57	- %	**18**	257	(93.0) %
Equity in Net Income of Affiliates	**13**	9	44.4 %	**25**	24	4.2 %
Operating Contribution	**$ 13**	$ 66	(80.3) %	**$ 43**	$ 281	(84.7) %
Operating Income Margin	**- %**	5.2 %	(520) BP	**0.6 %**	6.9 %	(630) BP

Supplementary Operating Data

Subscribers and connections in thousands *Unaudited*	September 30, 2019	September 30, 2018	Percent Change
Vrio Video Subscribers[1]	**13,306**	13,640	(2.4) %

	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Vrio Video Net Subscriber Additions	**(167)**	(73)	- %	**(310)**	52	- %

[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*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
Wireless service	**$ 455**	$ 440	3.4 %	**$ 1,376**	$ 1,261	9.1 %
Wireless equipment	**262**	291	(10.0) %	**717**	838	(14.4) %
Total Operating Revenues	**717**	731	(1.9) %	**2,093**	2,099	(0.3) %
Operating Expenses						
Operations and support	**774**	869	(10.9) %	**2,312**	2,459	(6.0) %
Depreciation and amortization	**122**	129	(5.4) %	**372**	383	(2.9) %
Total Operating Expenses	**896**	998	(10.2) %	**2,684**	2,842	(5.6) %
Operating Income (Loss)	**(179)**	(267)	33.0 %	**(591)**	(743)	20.5 %
Equity in Net Income of Affiliates	**-**	-	- %	**-**	-	- %
Operating Contribution	**$ (179)**	$ (267)	33.0 %	**$ (591)**	$ (743)	20.5 %
Operating Income Margin	**(25.0) %**	(36.5) %	1,150 BP	**(28.2) %**	(35.4) %	720 BP

Supplementary Operating Data

Subscribers and connections in thousands *Unaudited*	September 30, 2019	September 30, 2018	Percent Change
Mexico Wireless Subscribers[1]			
Postpaid	**5,352**	5,822	(8.1) %
Prepaid	**12,848**	11,270	14.0 %
Reseller	**419**	213	96.7 %
Total Mexico Wireless Subscribers	**18,619**	17,305	7.6 %

	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Mexico Wireless Net Additions						
Postpaid	**(137)**	73	- %	**(359)**	324	- %
Prepaid	**668**	802	(16.7) %	**1,183**	1,873	(36.8) %
Reseller	**67**	32	- %	**166**	9	- %
Total Mexico Wireless Net Subscriber Additions	**598**	907	(34.1) %	**990**	2,206	(55.1) %

[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*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Segment Operating Revenues	**$ 504**	$ 445	13.3 %	**$ 1,415**	$ 1,174	20.5 %
Segment Operating Expenses						
Operations and support	**162**	109	48.6 %	**469**	218	- %
Depreciation and amortization	**15**	3	- %	**41**	4	- %
Total Segment Operating Expenses	**177**	112	58.0 %	**510**	222	- %
Operating Income	**327**	333	(1.8) %	**905**	952	(4.9) %
Equity in Net Income of Affiliates	**-**	-	- %	**-**	-	- %
Segment Operating Contribution	**$ 327**	$ 333	(1.8) %	**$ 905**	$ 952	(4.9) %
Segment Operating Income Margin	**64.9 %**	74.8 %	(990) BP	**64.0 %**	81.1 %	(1,710) 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*	Third Quarter 2019	Third Quarter 2018	Percent Change	Nine-Month Period 2019	Nine-Month Period 2018	Percent Change
Operating Revenues						
WarnerMedia	**$ 945**	$ 983	(3.9) %	**$ 3,509**	$ 1,222	- %
Communications	**495**	478	3.6 %	**1,382**	1,284	7.6 %
Xandr	**504**	445	13.3 %	**1,415**	1,174	20.5 %
Eliminations	**(421)**	(401)	(5.0) %	**(1,170)**	(1,122)	(4.3) %
Total Advertising Revenues	**$ 1,523**	$ 1,505	1.2 %	**$ 5,136**	$ 2,558	- %

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended

Dollars in millions
Unaudited

September 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	**$ 17,701**	**$ 9,948**	**$ 7,753**	**$ 2,011**	**$ 5,742**	**$ -**	**$ 5,742**
Entertainment Group	**11,197**	**8,797**	**2,400**	**1,316**	**1,084**	**1**	**1,085**
Business Wireline	**6,503**	**4,022**	**2,481**	**1,271**	**1,210**	**(1)**	**1,209**
Total Communications	**35,401**	**22,767**	**12,634**	**4,598**	**8,036**	**-**	**8,036**
WarnerMedia							
Turner	**3,007**	**1,460**	**1,547**	**68**	**1,479**	**10**	**1,489**
Home Box Office	**1,819**	**1,072**	**747**	**33**	**714**	**10**	**724**
Warner Bros.	**3,333**	**2,706**	**627**	**39**	**588**	**(25)**	**563**
Eliminations and other	**(313)**	**(71)**	**(242)**	**10**	**(252)**	**20**	**(232)**
Total WarnerMedia	**7,846**	**5,167**	**2,679**	**150**	**2,529**	**15**	**2,544**
Latin America							
Vrio	**1,013**	**851**	**162**	**162**	**-**	**13**	**13**
Mexico	**717**	**774**	**(57)**	**122**	**(179)**	**-**	**(179)**
Total Latin America	**1,730**	**1,625**	**105**	**284**	**(179)**	**13**	**(166)**
Xandr	**504**	**162**	**342**	**15**	**327**	**-**	**327**
Segment Total	**45,481**	**29,721**	**15,760**	**5,047**	**10,713**	**$ 28**	**$ 10,741**
Corporate and Other							
Corporate	**407**	**703**	**(296)**	**131**	**(427)**		
Acquisition-related items	**-**	**190**	**(190)**	**1,771**	**(1,961)**		
Certain significant items	**-**	**39**	**(39)**	**-**	**(39)**		
Eliminations and consolidations	**(1,300)**	**(915)**	**(385)**	**-**	**(385)**		
AT&T Inc.	**$ 44,588**	**$ 29,738**	**$ 14,850**	**$ 6,949**	**$ 7,901**		

September 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	$ 17,735	$ 10,104	$ 7,631	$ 2,057	$ 5,574	$ 1	$ 5,575
Entertainment Group	11,589	9,155	2,434	1,331	1,103	1	1,104
Business Wireline	6,683	4,022	2,661	1,187	1,474	(3)	1,471
Total Communications	36,007	23,281	12,726	4,575	8,151	(1)	8,150
WarnerMedia							
Turner	2,988	1,487	1,501	59	1,442	7	1,449
Home Box Office	1,644	991	653	25	628	2	630
Warner Bros.	3,720	3,104	616	40	576	(23)	553
Eliminations and other	(148)	(79)	(69)	10	(79)	(25)	(104)
Total WarnerMedia	8,204	5,503	2,701	134	2,567	(39)	2,528
Latin America							
Vrio	1,102	877	225	168	57	9	66
Mexico	731	869	(138)	129	(267)	-	(267)
Total Latin America	1,833	1,746	87	297	(210)	9	(201)
Xandr	445	109	336	3	333	-	333
Segment Total	46,489	30,639	15,850	5,009	10,841	$ (31)	$ 10,810
Corporate and Other							
Corporate	531	141	390	829	(439)		
Acquisition-related items	-	362	(362)	2,329	(2,691)		
Certain significant items	-	75	(75)	-	(75)		
Eliminations and consolidations	(1,281)	(913)	(368)	(1)	(367)		
AT&T Inc.	$ 45,739	$ 30,304	$ 15,435	$ 8,166	$ 7,269		

SUPPLEMENTAL SEGMENT RECONCILIATION

Nine Months Ended

Dollars in millions
Unaudited
September 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	**$ 52,356**	**$ 29,511**	**$ 22,845**	**$ 6,027**	**$ 16,818**	**$ (1)**	**$ 16,817**
Entertainment Group	**33,893**	**25,839**	**8,054**	**3,978**	**4,076**	**1**	**4,077**
Business Wireline	**19,588**	**12,029**	**7,559**	**3,735**	**3,824**	**-**	**3,824**
Total Communications	**105,837**	**67,379**	**38,458**	**13,740**	**24,718**	**-**	**24,718**
WarnerMedia							
Turner	**9,860**	**5,813**	**4,047**	**167**	**3,880**	**46**	**3,926**
Home Box Office	**5,045**	**3,124**	**1,921**	**67**	**1,854**	**40**	**1,894**
Warner Bros.	**10,240**	**8,543**	**1,697**	**122**	**1,575**	**(19)**	**1,556**
Eliminations and other	**(570)**	**(31)**	**(539)**	**28**	**(567)**	**70**	**(497)**
Total WarnerMedia	**24,575**	**17,449**	**7,126**	**384**	**6,742**	**137**	**6,879**
Latin America							
Vrio	**3,112**	**2,598**	**514**	**496**	**18**	**25**	**43**
Mexico	**2,093**	**2,312**	**(219)**	**372**	**(591)**	**-**	**(591)**
Total Latin America	**5,205**	**4,910**	**295**	**868**	**(573)**	**25**	**(548)**
Xandr	**1,415**	**469**	**946**	**41**	**905**	**-**	**905**
Segment Total	**137,032**	**90,207**	**46,825**	**15,033**	**31,792**	**$ 162**	**$ 31,954**
Corporate and Other							
Corporate	**1,290**	**2,129**	**(839)**	**505**	**(1,344)**		
Acquisition-related items	**(72)**	**579**	**(651)**	**5,719**	**(6,370)**		
Certain significant items	**-**	**381**	**(381)**	**-**	**(381)**		
Eliminations and consolidations	**(3,878)**	**(2,814)**	**(1,064)**	**(1)**	**(1,063)**		
AT&T Inc.	**$ 134,372**	**$ 90,482**	**$ 43,890**	**$ 21,256**	**$ 22,634**		

September 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	$ 51,965	$ 29,603	$ 22,362	$ 6,218	$ 16,144	$ -	$ 16,144
Entertainment Group	34,498	26,623	7,875	3,986	3,889	(1)	3,888
Business Wireline	20,035	12,047	7,988	3,520	4,468	(2)	4,466
Total Communications	106,498	68,273	38,225	13,724	24,501	(3)	24,498
WarnerMedia							
Turner	3,767	1,933	1,834	71	1,763	39	1,802
Home Box Office	1,925	1,162	763	30	733	1	734
Warner Bros.	4,227	3,507	720	54	666	(24)	642
Eliminations and other	(210)	(106)	(104)	11	(115)	(71)	(186)
Total WarnerMedia	9,709	6,496	3,213	166	3,047	(55)	2,992
Latin America							
Vrio	3,710	2,894	816	559	257	24	281
Mexico	2,099	2,459	(360)	383	(743)	-	(743)
Total Latin America	5,809	5,353	456	942	(486)	24	(462)
Xandr	1,174	218	956	4	952	-	952
Segment Total	123,190	80,340	42,850	14,836	28,014	$ (34)	$ 27,980
Corporate and Other							
Corporate	1,636	1,832	(196)	1,034	(1,230)		
Acquisition-related items	-	750	(750)	4,669	(5,419)		
Certain significant items	-	407	(407)	-	(407)		
Eliminations and consolidations	(2,063)	(1,040)	(1,023)	(1)	(1,022)		
AT&T Inc.	$ 122,763	$ 82,289	$ 40,474	$ 20,538	$ 19,936		

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

	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Net cash provided by operating activities	**$ 11,389**	$ 12,346	**$ 36,725**	$ 31,522
Less: Capital expenditures	**(5,189)**	(5,873)	**(15,843)**	(17,099)
Free Cash Flow	**6,200**	**6,473**	**20,882**	14,423
Less: Dividends paid	**(3,726)**	(3,631)	**(11,162)**	(9,775)
Fee Cash Flow after Dividends	**$ 2,474**	$ **2,842**	$ **9,720**	$ **4,648**
Free Cash Flow Dividend Payout Ratio	**60.1%**	**56.1%**	**53.5%**	**67.8%**

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

	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Capital Expenditures	**$ (5,189)**	$ (5,873)	**$ (15,843)**	$ (17,099)
Cash paid for vendor financing	**(765)**	(90)	**(2,601)**	(347)
Cash paid for Capital Investment	**$ (5,954)**	$ (5,963)	**$ (18,444)**	$ (17,446)

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

	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Net Income	**$ 3,949**	$ 4,816	**$ 12,271**	$ 14,823
Additions:				
Income Tax Expense	**937**	1,391	**3,059**	4,305
Interest Expense	**2,083**	2,051	**6,373**	5,845
Equity in Net (Income) Loss of Affiliates	**(3)**	64	**(36)**	71
Other (Income) Expense - Net	**935**	(1,053)	**967**	(5,108)
Depreciation and amortization	**6,949**	8,166	**21,256**	20,538
EBITDA	**14,850**	15,435	**43,890**	40,474
Total Operating Revenues	**44,588**	45,739	**134,372**	122,763
Service Revenues	**40,317**	41,297	**122,024**	109,849
EBITDA Margin	**33.3%**	33.7%	**32.7%**	33.0%
EBITDA Service Margin	**36.8%**	37.4%	**36.0%**	36.8%

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

Dollars in millions

	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Communications Segment				
Operating Contribution	**$ 8,036**	$ 8,150	**$ 24,718**	$ 24,498
Additions:				
Equity in Net (Income) Loss of Affiliates	**-**	1	**-**	3
Depreciation and amortization	**4,598**	4,575	**13,740**	13,724
EBITDA	**12,634**	12,726	**38,458**	38,225
Total Operating Revenues	**35,401**	36,007	**105,837**	106,498
Operating Income Margin	**22.7%**	22.6%	**23.4%**	23.0%
EBITDA Margin	**35.7%**	35.3%	**36.3%**	35.9%
Mobility				
Operating Contribution	**$ 5,742**	$ 5,575	**$ 16,817**	$ 16,144
Additions:				
Equity in Net (Income) of Affiliates	**-**	(1)	**1**	-
Depreciation and amortization	**2,011**	2,057	**6,027**	6,218
EBITDA	**7,753**	7,631	**22,845**	22,362
Total Operating Revenues	**17,701**	17,735	**52,356**	51,965
Service Revenues	**13,930**	13,828	**41,383**	40,594
Operating Income Margin	**32.4%**	31.4%	**32.1%**	31.1%
EBITDA Margin	**43.8%**	43.0%	**43.6%**	43.0%
EBITDA Service Margin	**55.7%**	55.2%	**55.2%**	55.1%
Entertainment Group				
Operating Contribution	**$ 1,085**	$ 1,104	**$ 4,077**	$ 3,888
Additions:				
Equity in Net (Income) Loss of Affiliates	**(1)**	(1)	**(1)**	1
Depreciation and amortization	**1,316**	1,331	**3,978**	3,986
EBITDA	**2,400**	2,434	**8,054**	7,875
Total Operating Revenues	**11,197**	11,589	**33,893**	34,498
Operating Income Margin	**9.7%**	9.5%	**12.0%**	11.3%
EBITDA Margin	**21.4%**	21.0%	**23.8%**	22.8%
Business Wireline				
Operating Contribution	**$ 1,209**	$ 1,471	**$ 3,824**	$ 4,466
Additions:				
Equity in Net (Income) Loss of Affiliates	**1**	3	**-**	2
Depreciation and amortization	**1,271**	1,187	**3,735**	3,520
EBITDA	**2,481**	2,661	**7,559**	7,988
Total Operating Revenues	**6,503**	6,683	**19,588**	20,035
Operating Income Margin	**18.6%**	22.1%	**19.5%**	22.3%
EBITDA Margin	**38.2%**	39.8%	**38.6%**	39.9%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
WarnerMedia Segment				
Operating Contribution	**$ 2,544**	$ 2,528	**$ 6,879**	$ 2,992
Additions:				
Equity in Net (Income) of Affiliates	**(15)**	39	**(137)**	55
Depreciation and amortization	**150**	134	**384**	166
EBITDA	**2,679**	2,701	**7,126**	3,213
Total Operating Revenues	**7,846**	8,204	**24,575**	9,709
Operating Income Margin	**32.2%**	31.3%	**27.4%**	31.4%
EBITDA Margin	**34.1%**	32.9%	**29.0%**	33.1%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Latin America Segment				
Operating Contribution	**$ (166)**	$ (201)	**$ (548)**	$ (462)
Additions:				
Equity in Net (Income) of Affiliates	**(13)**	(9)	**(25)**	(24)
Depreciation and amortization	**284**	297	**868**	942
EBITDA	**105**	87	**295**	456
Total Operating Revenues	**1,730**	1,833	**5,205**	5,809
Operating Income Margin	**-10.3%**	-11.5%	**-11.0%**	-8.4%
EBITDA Margin	**6.1%**	4.7%	**5.7%**	7.8%
Vrio				
Operating Contribution	**$ 13**	$ 66	**$ 43**	$ 281
Additions:				
Equity in Net (Income) of Affiliates	**(13)**	(9)	**(25)**	(24)
Depreciation and amortization	**162**	168	**496**	559
EBITDA	**162**	225	**514**	816
Total Operating Revenues	**1,013**	1,102	**3,112**	3,710
Operating Income Margin	**0.0%**	5.2%	**0.6%**	6.9%
EBITDA Margin	**16.0%**	20.4%	**16.5%**	22.0%
Mexico				
Operating Contribution	**$ (179)**	$ (267)	**$ (591)**	$ (743)
Additions:				
Depreciation and amortization	**122**	129	**372**	383
EBITDA	**(57)**	(138)	**(219)**	(360)
Total Operating Revenues	**717**	731	**2,093**	2,099
Operating Income Margin	**-25.0%**	-36.5%	**-28.2%**	-35.4%
EBITDA Margin	**-7.9%**	-18.9%	**-10.5%**	-17.2%

Segment EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Xandr				
Operating Contribution	**$ 327**	$ 333	**$ 905**	$ 952
Additions:				
Depreciation and amortization	**15**	3	**41**	4
EBITDA	**342**	336	**946**	956
Total Operating Revenues	**504**	445	**1,415**	1,174
Operating Income Margin	**64.9%**	74.8%	**64.0%**	81.1%
EBITDA Margin	**67.9%**	75.5%	**66.9%**	81.4%

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	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Operating Revenues				
Time Warner merger adjustment	**$ -**	$ -	**$ 72**	$ -
Adjustments to Operating Revenues	**-**	-	**72**	-
Operating Expenses				
Time Warner and other merger costs	**190**	361	**579**	792
Employee separation costs	**39**	76	**381**	260
Natural disaster costs	**-**	-	**-**	104
Adjustments to Operations and Support Expenses	**229**	437	**960**	1,156
Amortization of intangible assets	**1,771**	2,329	**5,719**	4,669
Adjustments to Operating Expenses	**2,000**	2,766	**6,679**	5,825
Other				
Merger-related interest and fees[1]	**-**	-	**-**	1,029
(Gains) losses on sale of investments	**-**	(357)	**(638)**	(357)
Special termination charges, debt redemption costs and other adjustments	**11**	30	**362**	78
Actuarial (gain) loss	**1,917**	-	**4,048**	(2,726)
Adjustments to Income Before Income Taxes	**3,928**	2,439	**10,523**	3,849
Tax impact of adjustments	**755**	548	**2,183**	765
Tax-related items	**-**	-	**141**	(96)
Adjustments to Net Income	**$ 3,173**	$ 1,891	**$ 8,199**	$ 3,180

[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

	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Operating Income	**$ 7,901**	$ 7,269	**$ 22,634**	$ 19,936
Adjustments to Operating Revenues	**-**	-	**72**	-
Adjustments to Operating Expenses	**2,000**	2,766	**6,679**	5,825
Adjusted Operating Income	**9,901**	10,035	**29,385**	25,761
EBITDA	**14,850**	15,435	**43,890**	40,474
Adjustments to Operating Revenues	**-**	-	**72**	-
Adjustments to Operations and Support Expenses	**229**	437	**960**	1,156
Adjusted EBITDA	**15,079**	15,872	**44,922**	41,630
Total Operating Revenues	**44,588**	45,739	**134,372**	122,763
Adjustments to Operating Revenues	**-**	-	**72**	-
Total Adjusted Operating Revenue	**44,588**	45,739	**134,444**	122,763
Service Revenues	**40,317**	41,297	**122,024**	109,849
Adjustments to Service Revenues	**-**	-	**72**	-
Adjusted Service Revenue	**40,317**	41,297	**122,096**	109,849
Operating Income Margin	**17.7%**	15.9%	**16.8%**	16.2%
Adjusted Operating Income Margin	**22.2%**	21.9%	**21.9%**	21.0%
Adjusted EBITDA Margin	**33.8%**	34.7%	**33.4%**	33.9%
Adjusted EBITDA Service Margin	**37.4%**	38.4%	**36.8%**	37.9%

Adjusted Diluted EPS

	Third Quarter		Nine-Month Period	
	2019	2018	**2019**	2018
Diluted Earnings Per Share (EPS)	**$ 0.50**	$ 0.65	**$ 1.57**	$ 2.19
Amortization of intangible assets	**0.19**	0.25	**0.62**	0.55
Merger integration items[1]	**0.02**	0.04	**0.08**	0.22
(Gain) loss on sale of assets, impairments and other adjustments[2]	**0.02**	(0.04)	**(0.01)**	0.02
Actuarial (gain) loss[3]	**0.21**	-	**0.44**	(0.31)
Tax-related items	**-**	-	**(0.02)**	-
Adjusted EPS	**$ 0.94**	$ 0.90	**$ 2.68**	$ 2.67
Year-over-year growth - Adjusted	**4.4%**		**0.4%**	
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,356**	7,320	**7,350**	6,630

[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 $1.9 billion in the third quarter and $4.0 billion for the first nine months of 2019) associated with our pension benefit plan. As a result, adjusted EPS reflects an expected return on plan assets of $905 million in the third quarter and $2.6 billion for the first nine months (based on an expected return on plan assets of 7.00%), rather than the actual return of $792 million in the quarter and $4.2 billion for the first nine months (actual return of 3.4% for the quarter and 13.4% for the first nine months), included in the GAAP measure of income.

CONSTANT CURRENCY

Constant Currency is a non-GAAP financial measure that management uses to evaluate the operating performance of certain international subsidiaries by excluding or otherwise adjusting for the impact of changes in foreign currency exchange rates between comparative periods. We believe constant currency enhances comparison and is useful to investors to evaluate the performance of our business without taking into account the impact of changes to the foreign exchange rates to which our business is subject. To compute our constant currency results, we multiply or divide, as appropriate, our current year U.S. dollar results by the current year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year average foreign exchange rates. In calculating amounts on a constant currency basis, for our Vrio business unit, we exclude our Venezuela subsidiary in light of the hyperinflationary conditions in Venezuela, which we do not believe are representative of the macroeconomics of the rest of the region in which we operate.

Constant Currency		
Dollars in millions	Third Quarter	
	2019	2018
AT&T Inc.		
Total Operating Revenues	**$ 44,588**	$ 45,739
Exclude Venezuela	**(6)**	(18)
Impact of foreign exchange translation	**234**	-
Operating Revenues on Constant Currency Basis	**44,816**	**45,721**
Year-over-year growth	**-2.0%**	
Adjusted EBITDA	**15,079**	15,872
Exclude Venezuela	**8**	13
Impact of foreign exchange translation	**85**	-
Adjusted EBITDA on Constant Currency Basis	**15,172**	**15,885**
Year-over-year growth	**-4.5%**	
WarnerMedia Segment		
Total Operating Revenues	**$ 7,846**	$ 8,204
Impact of foreign exchange translation	**71**	-
Warner Media Operating Revenues on Constant Currency Basis	**7,917**	**8,204**
Year-over-year growth	**-3.5%**	
EBITDA	**2,679**	2,701
Impact of foreign exchange translation	**18**	-
Warner Media EBITDA on Constant Currency Basis	**2,697**	**2,701**
Year-over-year growth	**-0.1%**	
Latin America Segment		
Total Operating Revenues	**$ 1,730**	$ 1,833
Exclude Venezuela	**(6)**	(18)
Impact of foreign exchange translation	**163**	-
Latin America Operating Revenues on Constant Currency Basis	**1,887**	**1,815**
Year-over-year growth	**4.0%**	
EBITDA	**105**	87
Exclude Venezuela	**8**	13
Impact of foreign exchange translation	**67**	-
Latin America EBITDA on Constant Currency Basis	**180**	**100**
Year-over-year growth	**80.0%**	

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				
	Dec. 31, 2018[1]	Mar. 31 2019[1]	June 30, 2019	**Sept. 30, 2019**	**Four Quarters**
Adjusted EBITDA[2]	$ 15,029	$ 14,802	$ 15,041	$ **15,079**	$ **59,951**
Add back severance	(327)	-	-	**-**	**(327)**
Net Debt Adjusted EBITDA	14,702	14,802	15,041	**15,079**	**59,624**
End-of-period current debt					**11,608**
End-of-period long-term debt					**153,568**
Total End-of-Period Debt					**165,176**
Less: Cash and Cash Equivalents					**6,588**
Net Debt Balance					**158,588**
Annualized Net Debt to Adjusted EBITDA Ratio					**2.66**

[1] As reported in AT&T's Form 8-K filed January 30, 2019 and April 24, 2019.
[2] Includes the purchase accounting reclassification of released content amortization of $545 million in the fourth quarter of 2018, $150 million, $112 million, and $108 million in the first, second and third 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

	Third Quarter							
	September 30, 2019				September 30, 2018			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 13,930**	**$ -**	**$ (11,921)**	**$ 2,009**	$ 13,828	$ -	$ (11,971)	$ 1,857
Strategic and managed services	**-**	**3,900**	**-**	**3,900**	-	3,677	-	3,677
Legacy voice and data services	**-**	**2,252**	**-**	**2,252**	-	2,602	-	2,602
Other services and equipment	**-**	**351**	**-**	**351**	-	404	-	404
Wireless equipment	**3,771**	**-**	**(3,077)**	**694**	3,907	-	(3,321)	586
Total Operating Revenues	**17,701**	**6,503**	**(14,998)**	**9,206**	17,735	6,683	(15,292)	9,126
Operating Expenses								
Operations and support	**9,948**	**4,022**	**(8,327)**	**5,643**	10,104	4,022	(8,551)	5,575
EBITDA	**7,753**	**2,481**	**(6,671)**	**3,563**	7,631	2,661	(6,741)	3,551
Depreciation and amortization	**2,011**	**1,271**	**(1,709)**	**1,573**	2,057	1,187	(1,759)	1,485
Total Operating Expenses	**11,959**	**5,293**	**(10,036)**	**7,216**	12,161	5,209	(10,310)	7,060
Operating Income	**5,742**	**1,210**	**(4,962)**	**1,990**	5,574	1,474	(4,982)	2,066
Equity in Net Income (Loss) of Affiliates	**-**	**(1)**	**-**	**(1)**	1	(3)	(1)	(3)
Operating Contribution	**$ 5,742**	**$ 1,209**	**$ (4,962)**	**$ 1,989**	$ 5,575	$ 1,471	$ (4,983)	$ 2,063

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

Supplemental Operational Measure

	Nine-Month Period							
	September 30, 2019				September 30, 2018			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 41,383**	**$ -**	**$ (35,482)**	**$ 5,901**	$ 40,594	$ -	$ (35,154)	$ 5,440
Strategic and managed services	**-**	**11,513**	**-**	**11,513**	-	10,849	-	10,849
Legacy voice and data services	**-**	**6,973**	**-**	**6,973**	-	8,176	-	8,176
Other services and equipment	**-**	**1,102**	**-**	**1,102**	-	1,010	-	1,010
Wireless equipment	**10,973**	**-**	**(9,071)**	**1,902**	11,371	-	(9,634)	1,737
Total Operating Revenues	**52,356**	**19,588**	**(44,553)**	**27,391**	51,965	20,035	(44,788)	27,212
Operating Expenses								
Operations and support	**29,511**	**12,029**	**(24,770)**	**16,770**	29,603	12,047	(24,926)	16,724
EBITDA	**22,845**	**7,559**	**(19,783)**	**10,621**	22,362	7,988	(19,862)	10,488
Depreciation and amortization	**6,027**	**3,735**	**(5,119)**	**4,643**	6,218	3,520	(5,330)	4,408
Total Operating Expenses	**35,538**	**15,764**	**(29,889)**	**21,413**	35,821	15,567	(30,256)	21,132
Operating Income	**16,818**	**3,824**	**(14,664)**	**5,978**	16,144	4,468	(14,532)	6,080
Equity in Net Income (Loss) of Affiliates	**(1)**	**-**	**1**	**-**	-	(2)	-	(2)
Operating Contribution	**$ 16,817**	**$ 3,824**	**$ (14,663)**	**$ 5,978**	$ 16,144	$ 4,466	$ (14,532)	$ 6,078

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