



Q2

2020 AT&T EARNINGS

Investor Briefing

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Contents

3 Communications

Mobility

Entertainment Group

Business Wireline

7 WarnerMedia

Turner

Home Box Office

Warner Bros.

9 Latin America

Mexico

Vrio

10 COVID-19 Financial Impacts

12 Financial and Operational Information

26 Discussion and Reconciliation of Non-GAAP Measures

Communications

FINANCIAL HIGHLIGHTS

Revenues	<ul style="list-style-type: none"> ▶ \$33.6 billion, down 4.7% year over year due to declines in Entertainment Group, Business Wireline and Mobility
Operating Expenses	<ul style="list-style-type: none"> ▶ \$25.5 billion, down 4.2% year over year reflecting lower Entertainment Group, Mobility and Business Wireline expenses
Operating Income	<ul style="list-style-type: none"> ▶ \$8.1 billion, down 6.4% year over year; operating income margin: 24.1%, compared to 24.6% in the year-ago quarter

Note: For reporting purposes, all subscriber counts reflect estimated disconnects for those customers for whom we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge." For reporting purposes, the company counts these subscribers as if they had disconnected service.

MOBILITY

Revenues	<ul style="list-style-type: none"> ▶ \$17.1 billion, down 0.8% year over year due to service revenue pressures from lower international roaming and waived fees <ul style="list-style-type: none"> ■ Service revenues: \$13.7 billion, down 1.1% year over year due mostly to declines in international roaming revenues and waived fees ■ Equipment revenues: \$3.5 billion, up 0.3% year over year with continued low postpaid upgrade rates, in part reflecting impacts from COVID-19 store closures
Operating Expenses	<ul style="list-style-type: none"> ▶ \$11.3 billion, down 1.6% year over year due to lower bad debt expense, lower advertising and promotional costs partially offset by higher commission deferral amortization and content costs associated with HBO Max
Operating Income	<ul style="list-style-type: none"> ▶ \$5.8 billion, up 0.7% year over year; operating income margin: 33.9%, compared to 33.4% in the year-ago quarter
EBITDA	<ul style="list-style-type: none"> ▶ \$78 billion, up 0.6% year over year; EBITDA margin: 45.6%, an improvement of 70 basis points year over year (EBITDA margin is operating income before depreciation and amortization, divided by total revenues) ▶ Wireless EBITDA service margin: 57.2%, compared to 56.2% 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 of \$54.47 decreased 1.9% versus the year-ago quarter mostly due to lower international roaming revenues and waived fees

SUBSCRIBER METRICS

- ▶ Total net adds of 2.2 million to reach 171.4 million in service
 - 16,000 total phone net losses (*postpaid and prepaid*)
 - 154,000 postpaid net losses with gains in wearables partially offsetting losses in phones, tablets and other computing devices
 - 151,000 postpaid phone net losses (*net reflects 338,000 subscribers counted as disconnects for whom we had agreed not to terminate service under the FCC's "Keep Americans Connected Pledge"*)
 - 24,000 postpaid smartphone net losses
 - 107,000 postpaid tablet and other branded computing device net losses
- ▶ 165,000 prepaid net adds
 - 135,000 prepaid phone net adds
- ▶ 2.3 million connected device net adds
- ▶ 58,000 reseller net losses
- ▶ More than 1.5 million FirstNet connections across more than 13,000 agencies in service

CHURN

- ▶ Postpaid churn: 1.05% versus 1.07% in the year-ago quarter
- ▶ Postpaid phone churn: 0.84%, down versus 0.86% in the year-ago quarter, even with 18 basis points of pressure related to "Keep Americans Connected Pledge" disconnect accrual
- ▶ Lowest prepaid churn ever; less than 3.0%

SMARTPHONES

- ▶ 3.8 million postpaid smartphone gross adds and upgrades in the quarter
- ▶ Continued low postpaid upgrade rate of 3.3%, the same as in the year-ago quarter

ENTERTAINMENT GROUP

Revenues	<ul style="list-style-type: none"> ▶ \$10.1 billion, down 11.4% year over year due to declines in premium TV and over-the-top (OTT) subscribers, impact of COVID-19 and declines in legacy services <ul style="list-style-type: none"> ■ Video: \$7.0 billion, down 13.2% year over year due to declines in premium and OTT subscribers and the impact of COVID-19 on advertising, commercial revenues and certain fees, partially offset by higher premium TV and OTT ARPU ■ IP Broadband: \$2.1 billion, essentially flat year over year due to higher ARPU resulting from an increase in high-speed fiber customers and pricing actions offset by a decline in non-fiber subscribers
Operating Expenses	<ul style="list-style-type: none"> ▶ \$9.0 billion, down 8.3% year over year due to lower content costs associated with fewer subscribers and ongoing cost initiatives, partially offset by annual content rate increases and higher deferral amortization expense, which included a second-quarter 2020 update to expected subscriber lives
Operating Income	<ul style="list-style-type: none"> ▶ \$1.0 billion, down 32.0% year over year; operating income margin: 10.2%, compared to 13.3% in the year-ago quarter
EBITDA	<ul style="list-style-type: none"> ▶ \$2.3 billion, down 18.0% year over year due to lower video revenues, impact of COVID-19, as well as higher deferral amortization expense; EBITDA margin: 23.2%, down from 25.1% in the year-ago quarter

SUBSCRIBER METRICS

- ▶ **Premium TV subscribers** (which includes DIRECTV, U-verse and AT&T TV subscribers): 886,000 loss due to competition as well as lower gross adds from the continued focus on adding higher value customers
- ▶ **AT&T TV NOW subscribers:** 68,000 net loss due to less promotional activity
- ▶ **Total broadband subscribers:** 102,000 net loss impacted by competition in slower speed territories and the impact of the COVID-19 pandemic
 - 225,000 fiber net adds
- ▶ More than 90% of all broadband subscribers on AT&T's fiber network subscribe to speeds of 100 megabits or more. Nearly 2 million fiber subscribers have taken 1 Gb speeds; 1 Gb customers increased by more than 750,000 in the quarter, driven by promotions targeting speed upgrades and copper migrations as well as including a new HBO Max offer.
- ▶ AT&T markets its 100% fiber network to 14 million customer locations in parts of 85 major metro areas. Broadband penetration in the fiber footprint continues to trend significantly higher than in AT&T's non-fiber footprint, with penetration rates increasing the longer the Company has fiber in a market.

BUSINESS WIRELINE

Revenues	<ul style="list-style-type: none"> ▶ \$6.4 billion, down 3.5% year over year with declines in legacy products, partially offset by growth in strategic and managed services; excluding the second-quarter 2019 one-time sale of licensing rights for intellectual property assets of \$125 million, revenues would have been down 1.7%
Strategic and Managed Services	<ul style="list-style-type: none"> ▶ \$3.9 billion, up 2.8% year over year. These are the wireline capabilities that lead AT&T's most advanced business solutions <ul style="list-style-type: none"> ■ Annualized revenue stream of nearly \$16 billion; more than 60% of total business wireline revenues ■ Growth helped offset a second-quarter decline of more than \$250 million in legacy services
Operating Expenses	<ul style="list-style-type: none"> ▶ \$5.1 billion, down 2.3% year over year due to cost efficiencies partially offset by increased depreciation expense
Operating Income	<ul style="list-style-type: none"> ▶ \$1.3 billion, down 8.1%; operating income margin: 20.0%, down from 21.0% in the year-ago quarter
EBITDA	<ul style="list-style-type: none"> ▶ \$2.6 billion, down 1.4% year over year
EBITDA Margin	<ul style="list-style-type: none"> ▶ 40.7%, compared to 39.8% in the year-ago quarter, with strategic and managed services revenue growth and cost efficiencies offsetting declines in legacy services
Other Metrics	<ul style="list-style-type: none"> ▶ Approximately 600,000 U.S. business buildings are 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 8.5 million business customer locations are on or within 1,000 feet of our fiber.*

* The more than 2.5 million U.S. business customer locations are included within the 8.5M+ U.S. business customer locations on or within 1,000 feet of our fiber.

WarnerMedia

During the quarter, the Xandr advertising business was moved within WarnerMedia. Segment results have been recast for all prior periods to include prior Xandr segment financials within the WarnerMedia segment.

FINANCIAL HIGHLIGHTS

Revenues	<ul style="list-style-type: none"> ▶ \$6.8 billion, down 22.9% year over year, driven by declines across all units
Operating Expenses	<ul style="list-style-type: none"> ▶ \$4.9 billion, down 25.1% year over year primarily due to lower costs at Turner and Warner Bros., partially offset by higher expenses at Home Box Office; includes \$2.4 billion of programming and production costs, down 34.5% year over year
Operating Income	<ul style="list-style-type: none"> ▶ \$1.9 billion, down 16.6% year over year; operating income margin: 28.1%, up 210 basis points, compared to 26.0% in the year-ago quarter

TURNER

Revenues	<ul style="list-style-type: none"> ▶ \$3.0 billion, down 12.4% year over year due to a decrease in advertising and subscription revenues, partially offset by an increase in content and other revenues <ul style="list-style-type: none"> ■ Subscription: Decreased due to lower regional sports network revenues as well as international revenues, which were impacted by unfavorable foreign exchange rates, partially offset by higher domestic affiliate rates ■ Advertising: Declined primarily due to the suspension of the NBA season, which had a significant unfavorable impact on Turner's domestic entertainment networks and contributed to lower audience delivery as well as lower overall domestic and international demand, partially offset by higher news delivery
Operating Expenses	<ul style="list-style-type: none"> ▶ \$1.4 billion, down 37.2% year over year primarily due to lower programming and marketing expenses associated with the suspension of sports
Operating Income	<ul style="list-style-type: none"> ▶ \$1.6 billion, up 36.2% year over year; operating income margin: 52.6%, compared to 33.8% in the year-ago quarter

HOME BOX OFFICE

<i>Revenues</i>	<ul style="list-style-type: none"> ▶ \$1.6 billion, down 5.2% year over year reflecting a decrease in subscription revenues and content and other revenues <ul style="list-style-type: none"> ■ Subscription: Declined due to lower domestic linear subscribers, partially offset by growth in digital subscribers and international revenue, primarily due to the May 2020 acquisition of the remaining interest in HBO Latin America Group ■ Content and other: Decreased due to lower content licensing
<i>Operating Expenses</i>	<ul style="list-style-type: none"> ▶ \$1.5 billion, up 32.5% year over year primarily due to higher programming costs and expenses related to HBO Max
<i>Operating Income</i>	<ul style="list-style-type: none"> ▶ \$113 million, down 80.3% year over year; operating income margin: 6.9%, compared to 33.4% in the year-ago quarter, driven by investment in HBO Max

WARNER BROS.

<i>Revenues</i>	<ul style="list-style-type: none"> ▶ \$3.3 billion, down 3.9% year over year due to declines in theatrical and games and other revenues, partially offset by higher television revenues <ul style="list-style-type: none"> ■ Theatrical product: Decreased primarily due to the postponement of theatrical releases due to closure of movie theaters ■ Television product: Increased primarily due to higher sales to HBO Max, partially offset by lower third-party TV production revenues due to production hiatus
<i>Operating Expenses</i>	<ul style="list-style-type: none"> ▶ \$2.6 billion, down 11.1%, primarily due to the production hiatus and lower marketing expenses partially offset by higher film and television production costs primarily associated with HBO Max sales
<i>Operating Income</i>	<ul style="list-style-type: none"> ▶ \$633 million, up 43.9% year over year; operating income margin: 19.4%, compared to 13.0% in the year-ago quarter

Latin America

Revenues	▶ \$1.2 billion, down 29.9% year over year largely due to foreign exchange pressures and the economic impact of COVID-19
Operating Expenses	▶ \$1.4 billion, down 27.1% year over year
Operating Loss	▶ (\$209) million, compared to a (\$221) million loss in the year-ago quarter, due to pressure in Mexico and Vrio; operating income margin: (17.0)%, compared to (12.6)% in the prior year

MEXICO

Revenues	▶ \$480 million, down 33.8% year over year due to lower service and equipment revenues including foreign exchange pressures
Service Revenues	▶ \$345 million, down 28.0% year over year, driven by foreign exchange pressures and impact of store closures due to COVID-19
Operating Loss	▶ (\$173) million, compared to a loss of (\$207) million in the year-ago quarter
EBITDA	▶ (\$58) million, compared to a loss of (\$88) million in the year-ago quarter
Subscriber Metrics	▶ 915,000 prepaid net losses, 191,000 postpaid net losses and 21,000 reseller net adds; 18.0 million total wireless subscribers

VRIO

In May 2020, we found it necessary to close our DIRECTV operations in Venezuela due to political instability in the country and to comply with sanctions from the U.S. government. This had minimal impact on segment financials but did result in about 2 million fewer total subscribers in the customer base.

Revenues	▶ \$752 million, down 27.1% year over year due to foreign exchange and COVID-19 pressures
Operating Loss	▶ (\$36) million, compared to operating loss of (\$14) million in the year-ago quarter, with continued positive EBITDA for the quarter
Subscriber Metrics	▶ (312,000) net losses, mainly due to the COVID-19 related loss of sporting events and macro-economic conditions; 10.7 million total subscribers at the end of the quarter

COVID-19 Financial Impacts

COVID-19 UPDATE

In March 2020, the World Health Organization designated the coronavirus (COVID-19) a pandemic and the President of the United States declared a national emergency. To date, COVID-19 has surfaced in nearly all regions around the world and resulted in travel restrictions and business slowdowns or shutdowns.

Disruptions caused by COVID-19 and measures taken to prevent its spread or mitigate its effects both domestically and internationally have impacted our results of operations. In the second quarter of 2020, we recognized approximately \$320 million, or \$0.03 per diluted share, of incremental costs associated with voluntary corporate actions taken primarily to protect and compensate front-line employees and contractors, and WarnerMedia production disruption costs.

In addition to these incremental costs, we estimate that our operations and comparability were impacted by an estimated \$510 million, or \$0.06 per diluted share, for the following COVID-19 related pressures: (1) the cancellation and postponement of televised sporting events, resulting in lower advertising revenues and associated expenses, (2) the closure of movie theaters and postponement of theatrical releases, leading to lower content revenues and associated expenses, (3) the imposition of travel restrictions, driving significantly lower international wireless roaming services that do not have a directly correlated expense reduction and most significantly impact profitability, (4) closures of retail stores, contributing to lower wireless equipment sales, with a corresponding reduction in equipment expense and (5) unfavorable foreign exchange pressure in Latin America.

Three Months Ended June 30, 2020		
<i>Dollars in millions</i>	Estimated Revenues Impact	Estimated EBITDA Impacts
Revenues:		
WarnerMedia Content and Other	\$ (890)	\$ (230)
WarnerMedia Advertising	(620)	420
Video Advertising ¹	(170)	(170)
Entertainment Group Commercial Video	(80)	(50)
Mobility Wireless Service	(450)	(380)
Mobility Wireless Equipment	(250)	(10)
Latin America Wireless Equipment, Foreign Exchange and Other	(280)	(65)
Other	(70)	(25)
Total	\$ (2,810)	\$ (510)
¹ Includes certain Xandr advertising revenues which are reported in the WarnerMedia and Communications segments and are eliminated in consolidation.		
Three Months Ended June 30, 2020		
<i>Dollars in millions</i>	EBITDA Impacts Included in Reported Results	
Expenses:		
Commissions/Compassion Payments	\$	(185)
Production Disruption Costs		(100)
Other Costs		(35)
Total	\$	(320)

THIRD-QUARTER 2020 EARNINGS DATE: OCTOBER 22, 2020

AT&T will release third-quarter 2020 earnings on Thursday, October 22, 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>.

CORPORATE RESPONSIBILITY

AT&T is committed to addressing environmental, social and governance (ESG) issues at every level of our company, including Board of Directors oversight and officer-level engagement across all operating companies. We're leveraging our expertise, resources and scale to develop and support initiatives that make a meaningful impact. Our programs help build stronger communities in response to disasters, issues of social unrest, the challenges of climate change, and a need for skills building that prepares our next generation workforce.

In 2019, we celebrated the incredible generosity of our employees, achieving 5-year highs for participation in volunteer programs and average giving per employee. We beat our timeline for several 2020 goals, including 138% attainment of our goal to reduce greenhouse gas emissions from our operations and 133% attainment of our goal to reduce electricity use relative to data traffic on our network. And this year, we announced science-based targets to reduce greenhouse gas emissions 26% by 2030 and to encourage 50% of our suppliers (by spend) to set science-based targets by 2024.

We're also proud of our diverse workforce and commitment to creating an inclusive place where everyone can build a career, exemplified by AT&T's 2020 induction into DiversityInc's Top 50 Companies for Diversity Hall of Fame and our perfect score on the Human Rights Campaign's Corporate Equality Index for the 16th consecutive year.

We detail our ESG performance and progress through robust annual reporting. In 2019, we were awarded the Corporate Governance Award for Best ESG Reporting by *Corporate Secretary* magazine, and a *Financial*

Times Agenda study named AT&T one of the 10 most transparent S&P 500 companies for ESG reporting. Learn more at <https://about.att.com/csr/reporting>.

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>.

AT&T INVESTOR BRIEFING

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Financial and Operational Information

AT&T INC. FINANCIAL DATA

Consolidated Statements of Income						
<i>Dollars in millions except per share amounts</i>						
<i>Unaudited</i>						
	Second Quarter		Percent	Six-Month Period		Percent
	2020	2019	Change	2020	2019	Change
Operating Revenues						
Service	\$ 37,051	\$ 41,023	(9.7) %	\$ 75,934	\$ 81,707	(7.1) %
Equipment	3,899	3,934	(0.9) %	7,795	8,077	(3.5) %
Total Operating Revenues	40,950	44,957	(8.9) %	83,729	89,784	(6.7) %
Operating Expenses						
Cost of revenues						
Equipment	3,978	4,061	(2.0) %	8,070	8,563	(5.8) %
Broadcast, programming and operations	5,889	7,730	(23.8) %	12,643	15,382	(17.8) %
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	8,116	8,721	(6.9) %	16,458	17,306	(4.9) %
Selling, general and administrative	9,831	9,844	(0.1) %	18,591	19,493	(4.6) %
Impairments	2,319	-	- %	2,442	-	- %
Depreciation and amortization	7,285	7,101	2.6 %	14,507	14,307	1.4 %
Total Operating Expenses	37,418	37,457	(0.1) %	72,711	75,051	(3.1) %
Operating Income	3,532	7,500	(52.9) %	11,018	14,733	(25.2) %
Interest Expense	2,041	2,149	(5.0) %	4,059	4,290	(5.4) %
Equity in Net Income (Loss) of Affiliates	(10)	40	- %	(16)	33	- %
Other Income (Expense) - Net	1,017	(318)	- %	1,820	(32)	- %
Income Before Income Taxes	2,498	5,073	(50.8) %	8,763	10,444	(16.1) %
Income Tax Expense	935	1,099	(14.9) %	2,237	2,122	5.4 %
Net Income	1,563	3,974	(60.7) %	6,526	8,322	(21.6) %
Less: Net Income Attributable to Noncontrolling Interest	(282)	(261)	(8.0) %	(635)	(513)	(23.8) %
Net Income Attributable to AT&T	\$ 1,281	\$ 3,713	(65.5) %	\$ 5,891	\$ 7,809	(24.6) %
Less: Preferred Stock Dividends	(52)	-	- %	(84)	-	- %
Net Income Attributable to Common Stock	\$ 1,229	\$ 3,713	(66.9) %	\$ 5,807	\$ 7,809	(25.6) %
Basic Earnings Per Share Attributable to Common Stock						
	\$ 0.17	\$ 0.51	(66.7) %	\$ 0.81	\$ 1.06	(23.6) %
Weighted Average Common Shares Outstanding (000,000)	7,145	7,323	(2.4) %	7,166	7,318	(2.1) %
Diluted Earnings Per Share Attributable to Common Stock						
	\$ 0.17	\$ 0.51	(66.7) %	\$ 0.81	\$ 1.06	(23.6) %
Weighted Average Common Shares Outstanding with Dilution (000,000)	7,170	7,353	(2.5) %	7,192	7,347	(2.1) %

AT&T INC. FINANCIAL DATA

Consolidated Balance Sheets		
<i>Dollars in millions</i>		
<i>Unaudited</i>	Jun. 30,	Dec. 31,
	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,941	\$ 12,130
Accounts receivable - net of related allowances for credit loss of \$1,606 and \$1,235	19,127	22,636
Prepaid expenses	1,439	1,631
Other current assets	19,048	18,364
Total current assets	56,555	54,761
Noncurrent Inventories and Theatrical Film and Television Production Costs	14,514	12,434
Property, Plant and Equipment – Net	128,945	130,128
Goodwill	143,651	146,241
Licenses – Net	98,763	97,907
Trademarks and Trade Names – Net	23,757	23,567
Distribution Networks – Net	14,704	15,345
Other Intangible Assets – Net	18,452	20,798
Investments in and Advances to Equity Affiliates	2,302	3,695
Operating Lease Right-of-Use Assets	24,692	24,039
Other Assets	21,563	22,754
Total Assets	\$ 547,898	\$ 551,669
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	\$ 15,576	\$ 11,838
Accounts payable and accrued liabilities	41,881	45,956
Advanced billings and customer deposits	5,723	6,124
Accrued taxes	2,548	1,212
Dividends payable	3,741	3,781
Total current liabilities	69,469	68,911
Long-Term Debt	153,388	151,309
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	58,387	59,502
Postemployment benefit obligation	18,167	18,788
Operating lease liabilities	22,230	21,804
Other noncurrent liabilities	32,804	29,421
Total deferred credits and other noncurrent liabilities	131,588	129,515
Stockholders' Equity		
Preferred stock	-	-
Common stock	7,621	7,621
Additional paid-in capital	130,046	126,279
Retained earnings	56,045	57,936
Treasury stock	(17,945)	(13,085)
Accumulated other comprehensive income	129	5,470
Noncontrolling interest	17,557	17,713
Total stockholders' equity	193,453	201,934
Total Liabilities and Stockholders' Equity	\$ 547,898	\$ 551,669

AT&T INC. FINANCIAL DATA

Consolidated Statements of Cash Flows		
<i>Dollars in millions</i>		
<i>Unaudited</i>		
	Six-Month Period	
	2020	2019
Operating Activities		
Net income	\$ 6,526	\$ 8,322
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	14,507	14,307
Amortization of film and television costs	3,985	5,199
Undistributed earnings from investments in equity affiliates	64	76
Provision for uncollectible accounts	1,199	1,216
Deferred income tax expense (benefit)	653	1,080
Net (gain) loss on assets, net of impairments	(705)	(905)
Pension and postretirement benefit expense (credit)	(1,495)	(808)
Actuarial (gain) loss on pension and postretirement benefits	-	2,131
Asset abandonments and impairments	2,442	-
Changes in operating assets and liabilities:		
Receivables	2,522	3,584
Other current assets, inventories and theatrical film and television production costs	(5,592)	(5,422)
Accounts payable and other accrued liabilities	(3,847)	(3,056)
Equipment installment receivables and related sales	226	1,144
Deferred customer contract acquisition and fulfillment costs	322	(614)
Postretirement claims and contributions	(228)	(424)
Other - net	346	(494)
Total adjustments	14,399	17,014
Net Cash Provided by Operating Activities	20,925	25,336
Investing Activities		
Capital expenditures:		
Purchase of property and equipment	(9,372)	(10,542)
Interest during construction	(60)	(112)
Acquisitions, net of cash acquired	(1,174)	(320)
Dispositions	347	3,593
(Purchases), sales and settlement of securities and investments, net	47	396
Advances to and investments in equity affiliates, net	(66)	(314)
Net Cash Used in Investing Activities	(10,278)	(7,299)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	498	119
Issuance of other short-term borrowings	8,440	3,067
Repayment of other short-term borrowings	(5,975)	(3,148)
Issuance of long-term debt	21,060	10,030
Repayment of long-term debt	(17,284)	(16,124)
Payment of vendor financing	(1,354)	(1,836)
Issuance of preferred stock	3,869	-
Purchase of treasury stock	(5,480)	(240)
Issuance of treasury stock	84	455
Dividends paid	(7,474)	(7,436)
Other	(2,295)	330
Net Cash Used in Financing Activities	(5,911)	(14,783)
Net increase (decrease) in cash and cash equivalents and restricted cash	4,736	3,254
Cash and cash equivalents and restricted cash beginning of year	12,295	5,400
Cash and Cash Equivalents and Restricted Cash End of Period	\$ 17,031	\$ 8,654

AT&T INC. CONSOLIDATED SUPPLEMENTARY DATA

Supplementary Financial Data						
<i>Dollars in millions except per share amounts</i>						
<i>Unaudited</i>						
	Second Quarter		Percent	Six-Month Period		Percent
	2020	2019	Change	2020	2019	Change
Capital expenditures						
Purchase of property and equipment	\$ 4,434	\$ 5,421	(18.2) %	\$ 9,372	\$ 10,542	(11.1) %
Interest during construction	32	51	(37.3) %	60	112	(46.4) %
Total Capital Expenditures	\$ 4,466	\$ 5,472	(18.4) %	\$ 9,432	\$ 10,654	(11.5) %
Dividends Declared per Common Share	\$ 0.52	\$ 0.51	2.0 %	\$ 1.04	\$ 1.02	2.0 %
End of Period Common Shares Outstanding (000,000)				7,125	7,305	(2.5) %
Debt Ratio				46.6 %	46.8 %	(20) BP
Total Employees				243,350	257,790	(5.6) %

Supplementary Operating Data						
Subscribers and connections in thousands						
Unaudited						
			June 30,		Percent	
					Change	
	2020	2019				
Broadband Connections						
IP	14,548	14,860	(2.1)	%		
DSL	653	838	(22.1)	%		
Total Broadband Connections	15,201	15,698	(3.2)	%		
Voice Connections						
Network Access Lines	7,878	9,207	(14.4)	%		
U-verse VoIP Connections	4,058	4,766	(14.9)	%		
Total Retail Voice Connections	11,936	13,973	(14.6)	%		
	Second Quarter		Percent	Six-Month Period		Percent
	2020	2019	Change	2020	2019	Change
Broadband Net Additions						
IP	(79)	8	-	(111)	108	- %
DSL	(35)	(47)	25.5	(77)	(111)	30.6 %
Total Broadband Net Additions	(114)	(39)	-	(188)	(3)	- %

COMMUNICATIONS SEGMENT

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

Segment Results						
<i>Dollars in millions</i>						
<i>Unaudited</i>						
	Second Quarter		Percent	Six-Month Period		Percent
	2020	2019	Change	2020	2019	Change
Segment Operating Revenues						
Mobility	\$ 17,149	\$ 17,292	(0.8) %	\$ 34,551	\$ 34,655	(0.3) %
Entertainment Group	10,069	11,368	(11.4) %	20,584	22,696	(9.3) %
Business Wireline	6,374	6,607	(3.5) %	12,706	13,085	(2.9) %
Total Segment Operating Revenues	33,592	35,267	(4.7) %	67,841	70,436	(3.7) %
Segment Operating Contribution						
Mobility	5,805	5,767	0.7 %	11,593	11,076	4.7 %
Entertainment Group	1,030	1,514	(32.0) %	2,365	2,992	(21.0) %
Business Wireline	1,277	1,390	(8.1) %	2,357	2,614	(9.8) %
Total Segment Operating Contribution	\$ 8,112	\$ 8,671	(6.4) %	\$ 16,315	\$ 16,682	(2.2) %

MOBILITY

Mobility provides nationwide wireless service and equipment.

Mobility Results							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent	Six-Month Period		Percent	
	2020	2019	Change	2020	2019	Change	
Operating Revenues							
Service	\$ 13,669	\$ 13,824	(1.1) %	\$ 27,637	\$ 27,453	0.7 %	
Equipment	3,480	3,468	0.3 %	6,914	7,202	(4.0) %	
Total Operating Revenues	17,149	17,292	(0.8) %	34,551	34,655	(0.3) %	
Operating Expenses							
Operations and support	9,332	9,522	(2.0) %	18,901	19,563	(3.4) %	
Depreciation and amortization	2,012	2,003	0.4 %	4,057	4,016	1.0 %	
Total Operating Expenses	11,344	11,525	(1.6) %	22,958	23,579	(2.6) %	
Operating Income	5,805	5,767	0.7 %	11,593	11,076	4.7 %	
Equity in Net Income (Loss) of Affiliates	-	-	- %	-	-	- %	
Operating Contribution	\$ 5,805	\$ 5,767	0.7 %	\$ 11,593	\$ 11,076	4.7 %	
Operating Income Margin	33.9 %	33.4 %	50 BP	33.6 %	32.0 %	160 BP	
Supplementary Operating Data							
<i>Subscribers and connections in thousands</i>							
<i>Unaudited</i>							
	June 30,		Percent			Percent	
	2020	2019	Change			Change	
Mobility Subscribers							
Postpaid	74,919	75,478	(0.7) %				
Prepaid	18,008	17,434	3.3 %				
Reseller	6,718	7,323	(8.3) %				
Connected Devices	71,762	58,387	22.9 %				
Total Mobility Subscribers¹	171,407	158,622	8.1 %				
	Second Quarter		Percent	Six-Month Period		Percent	
	2020	2019	Change	2020	2019	Change	
Mobility Net Additions							
Postpaid Phone Net Additions	(151)	74	- %	12	153	(92.2) %	
Total Phone Net Additions	(16)	357	- %	104	525	(80.2) %	
Postpaid	(154)	(146)	(5.5) %	(127)	(353)	64.0 %	
Prepaid	165	341	(51.6) %	120	442	(72.9) %	
Reseller	(58)	(204)	71.6 %	(248)	(446)	44.4 %	
Connected Devices	2,255	3,959	(43.0) %	5,773	7,047	(18.1) %	
Total Mobility Net Additions¹	2,208	3,950	(44.1) %	5,518	6,690	(17.5) %	
Postpaid Churn ¹	1.05 %	1.07 %	(2) BP	1.06 %	1.12 %	(6) BP	
Postpaid Phone-Only Churn ¹	0.84 %	0.86 %	(2) BP	0.85 %	0.89 %	(4) BP	

¹ The second quarter and six-month period ended June 30, 2020, excludes 466 (338 phone) and 521 (382 phone) customers, respectively, who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge."

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						
<i>Dollars in millions</i>						
<i>Unaudited</i>						
	Second Quarter		Percent	Six-Month Period		Percent
	2020	2019	Change	2020	2019	Change
Operating Revenues						
Video entertainment	\$ 6,976	\$ 8,035	(13.2) %	\$ 14,371	\$ 16,109	(10.8) %
High-speed internet	2,092	2,109	(0.8) %	4,201	4,179	0.5 %
Legacy voice and data services	560	658	(14.9) %	1,141	1,341	(14.9) %
Other service and equipment	441	566	(22.1) %	871	1,067	(18.4) %
Total Operating Revenues	10,069	11,368	(11.4) %	20,584	22,696	(9.3) %
Operating Expenses						
Operations and support	7,730	8,515	(9.2) %	15,621	17,042	(8.3) %
Depreciation and amortization	1,309	1,339	(2.2) %	2,598	2,662	(2.4) %
Total Operating Expenses	9,039	9,854	(8.3) %	18,219	19,704	(7.5) %
Operating Income	1,030	1,514	(32.0) %	2,365	2,992	(21.0) %
Equity in Net Income (Loss) of Affiliates	-	-	- %	-	-	- %
Operating Contribution	\$ 1,030	\$ 1,514	(32.0) %	\$ 2,365	\$ 2,992	(21.0) %
Operating Income Margin	10.2 %	13.3 %	(310) BP	11.5 %	13.2 %	(170) BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	June 30,		Percent	
	2020	2019	Change	
Video Connections				
Premium TV	17,690	21,581	(18.0) %	
AT&T TV Now	720	1,340	(46.3) %	
Total Video Connections	18,410	22,921	(19.7) %	
Total Broadband Connections	13,944	14,420	(3.3) %	
Fiber Broadband Connections	4,321	3,378	27.9 %	
Voice Connections				
Retail Consumer Switched Access Lines	3,096	3,630	(14.7) %	
U-verse Consumer VoIP Connections	3,480	4,211	(17.4) %	
Total Retail Consumer Voice Connections¹	6,576	7,841	(16.1) %	
	Second Quarter		Percent	Percent
	2020	2019	Change	Change
Video Net Additions				
Premium TV ¹	(886)	(778)	(13.9) %	(34.9) %
AT&T TV Now	(68)	(168)	59.5 %	17.9 %
Total Video Net Additions¹	(954)	(946)	(0.8) %	(26.4) %
Broadband Net Additions				
Net Broadband Net Additions ¹	(102)	(34)	- %	- %
Fiber Broadband Net Additions	225	318	(29.2) %	(29.4) %

¹ The second quarter and six-month period ended June 30, 2020, excludes 91 and 157 premium TV and 159 and 194 broadband connections, respectively, who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge."

BUSINESS WIRELINE

Business Wireline unit provides advanced IP-based services, as well as traditional data services to business customers.

Business Wireline Results							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent		Six-Month Period		Percent
	2020	2019	Change		2020	2019	Change
Operating Revenues							
Strategic and managed services	\$ 3,943	\$ 3,834	2.8 %		\$ 7,822	\$ 7,613	2.7 %
Legacy voice and data services	2,067	2,324	(11.1) %		4,196	4,721	(11.1) %
Other service and equipment	364	449	(18.9) %		688	751	(8.4) %
Total Operating Revenues	6,374	6,607	(3.5) %		12,706	13,085	(2.9) %
Operating Expenses							
Operations and support	3,779	3,975	(4.9) %		7,730	8,007	(3.5) %
Depreciation and amortization	1,318	1,242	6.1 %		2,619	2,464	6.3 %
Total Operating Expenses	5,097	5,217	(2.3) %		10,349	10,471	(1.2) %
Operating Income	1,277	1,390	(8.1) %		2,357	2,614	(9.8) %
Equity in Net Income (Loss) of Affiliates	-	-	- %		-	-	- %
Operating Contribution	\$ 1,277	\$ 1,390	(8.1) %		\$ 2,357	\$ 2,614	(9.8) %
Operating Income Margin	20.0 %	21.0 %	(100) BP		18.6 %	20.0 %	(140) 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 classification of consumer and business wireless subscribers.

Business Solutions Results							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent		Six-Month Period		Percent
	2020	2019	Change		2020	2019	Change
Operating Revenues							
Wireless service	\$ 1,884	\$ 1,881	0.2 %		\$ 3,833	\$ 3,658	4.8 %
Strategic and managed services	3,943	3,834	2.8 %		7,822	7,613	2.7 %
Legacy voice and data services	2,067	2,324	(11.1) %		4,196	4,721	(11.1) %
Other service and equipment	364	449	(18.9) %		688	751	(8.4) %
Wireless equipment	585	617	(5.2) %		1,295	1,207	7.3 %
Total Operating Revenues	8,843	9,105	(2.9) %		17,834	17,950	(0.6) %
Operating Expenses							
Operations and support	5,424	5,512	(1.6) %		11,134	11,126	0.1 %
Depreciation and amortization	1,637	1,545	6.0 %		3,262	3,070	6.3 %
Total Operating Expenses	7,061	7,057	0.1 %		14,396	14,196	1.4 %
Operating Income	1,782	2,048	(13.0) %		3,438	3,754	(8.4) %
Equity in Net Income (Loss) of Affiliates	-	-	- %		-	-	- %
Operating Contribution	\$ 1,782	\$ 2,048	(13.0) %		\$ 3,438	\$ 3,754	(8.4) %
Operating Income Margin	20.2 %	22.5 %	(230) BP		19.3 %	20.9 %	(160) BP

WARNERMEDIA SEGMENT

The WarnerMedia segment develops, produces and distributes feature films, television, gaming and other content in various physical and digital formats globally, and also includes our Xandr business, which utilizes data analytics to provide targeted advertising services. Results from Turner, Home Box Office and Warner Bros. businesses are combined with AT&T's Regional Sports Network (RSN), Otter Media Holdings and Xandr in the WarnerMedia segment. All previously reported periods have been recast to include Xandr, which was a separate reportable segment prior to the second quarter of 2020.

Segment Results								
<i>Dollars in millions</i>								
<i>Unaudited</i>								
	Second Quarter		Percent Change			Six-Month Period		Percent Change
	2020	2019				2020	2019	
Segment Operating Revenues								
Turner	\$ 2,988	\$ 3,410	(12.4)	%	\$ 6,150	\$ 6,853	(10.3)	%
HBO	1,627	1,716	(5.2)	%	3,124	3,226	(3.2)	%
Warner Bros.	3,256	3,389	(3.9)	%	6,496	6,907	(6.0)	%
Eliminations and other	(1,057)	320	-	%	(1,108)	654	-	%
Total Segment Operating Revenues	6,814	8,835	(22.9)	%	14,662	17,640	(16.9)	%
Cost of revenues								
Turner	965	1,796	(46.3)	%	2,285	3,476	(34.3)	%
HBO	1,095	839	30.5	%	1,911	1,509	26.6	%
Warner Bros.	2,233	2,492	(10.4)	%	4,579	4,922	(7.0)	%
Selling, general and administrative	1,324	1,344	(1.5)	%	2,788	2,716	2.7	%
Eliminations and other	(883)	(35)	-	%	(1,142)	(34)	-	%
Depreciation and amortization	167	104	60.6	%	330	260	26.9	%
Total Operating Expenses	4,901	6,540	(25.1)	%	10,751	12,849	(16.3)	%
Operating Income	1,913	2,295	(16.6)	%	3,911	4,791	(18.4)	%
Equity in Net Income of Affiliates	4	55	(92.7)	%	19	122	(84.4)	%
Total Segment Operating Contribution	\$ 1,917	\$ 2,350	(18.4)	%	\$ 3,930	\$ 4,913	(20.0)	%

TURNER

Turner 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								
<i>Dollars in millions</i>								
<i>Unaudited</i>								
	Second Quarter		Percent Change			Six-Month Period		Percent Change
	2020	2019				2020	2019	
Operating Revenues								
Subscription	\$ 1,804	\$ 1,943	(7.2)	%	\$ 3,853	\$ 3,908	(1.4)	%
Advertising	796	1,266	(37.1)	%	1,753	2,527	(30.6)	%
Content and other	388	201	93.0	%	544	418	30.1	%
Total Operating Revenues	2,988	3,410	(12.4)	%	6,150	6,853	(10.3)	%
Operating Expenses								
Cost of revenues	965	1,796	(46.3)	%	2,285	3,476	(34.3)	%
Selling, general and administrative	382	421	(9.3)	%	772	877	(12.0)	%
Depreciation and amortization	69	39	76.9	%	138	99	39.4	%
Total Operating Expenses	1,416	2,256	(37.2)	%	3,195	4,452	(28.2)	%
Operating Income	1,572	1,154	36.2	%	2,955	2,401	23.1	%
Equity in Net Income of Affiliates	-	11	-	%	6	36	(83.3)	%
Operating Contribution	\$ 1,572	\$ 1,165	34.9	%	\$ 2,961	\$ 2,437	21.5	%
Operating Income Margin	52.6 %	33.8 %	1,880	BP	48.0 %	35.0 %	1,300	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							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent		Six-Month Period		Percent
	2020	2019	Change		2020	2019	Change
Operating Revenues							
Subscription	\$ 1,441	\$ 1,516	(4.9) %		\$ 2,779	\$ 2,850	(2.5) %
Content and other	186	200	(7.0) %		345	376	(8.2) %
Total Operating Revenues	1,627	1,716	(5.2) %		3,124	3,226	(3.2) %
Operating Expenses							
Cost of revenues	1,095	839	30.5 %		1,911	1,509	26.6 %
Selling, general and administrative	394	292	34.9 %		631	543	16.2 %
Depreciation and amortization	25	12	- %		46	34	35.3 %
Total Operating Expenses	1,514	1,143	32.5 %		2,588	2,086	24.1 %
Operating Income	113	573	(80.3) %		536	1,140	(53.0) %
Equity in Net Income (Loss) of Affiliates	(5)	15	- %		15	30	(50.0) %
Operating Contribution	\$ 108	\$ 588	(81.6) %		\$ 551	\$ 1,170	(52.9) %
Operating Income Margin	6.9 %	33.4 %	(2,650) BP		17.2 %	35.3 %	(1,810) 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							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent		Six-Month Period		Percent
	2020	2019	Change		2020	2019	Change
Operating Revenues							
Theatrical product	\$ 1,029	\$ 1,527	(32.6) %		\$ 2,135	\$ 3,033	(29.6) %
Television product	1,876	1,310	43.2 %		3,645	2,923	24.7 %
Video games and other	351	552	(36.4) %		716	951	(24.7) %
Total Operating Revenues	3,256	3,389	(3.9) %		6,496	6,907	(6.0) %
Operating Expenses							
Cost of revenues	2,233	2,492	(10.4) %		4,579	4,922	(7.0) %
Selling, general and administrative	350	426	(17.8) %		954	915	4.3 %
Depreciation and amortization	40	31	29.0 %		81	83	(2.4) %
Total Operating Expenses	2,623	2,949	(11.1) %		5,614	5,920	(5.2) %
Operating Income	633	440	43.9 %		882	987	(10.6) %
Equity in Net Income (Loss) of Affiliates	(19)	-	- %		(27)	6	- %
Operating Contribution	\$ 614	\$ 440	39.5 %		\$ 855	\$ 993	(13.9) %
Operating Income Margin	19.4 %	13.0 %	640 BP		13.6 %	14.3 %	(70) 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													
<i>Dollars in millions</i>													
<i>Unaudited</i>													
		Second Quarter		Percent		Six-Month Period		Percent					
		2020	2019	Change		2020	2019	Change					
Segment Operating Revenues													
Vrio		\$	752	\$	1,032	(27.1)	%	\$	1,639	\$	2,099	(21.9)	%
Mexico			480		725	(33.8)	%		1,183		1,376	(14.0)	%
Total Segment Operating Revenues			1,232		1,757	(29.9)	%		2,822		3,475	(18.8)	%
Segment Operating Contribution													
Vrio			(28)		(2)	-	%		(67)		30	-	%
Mexico			(173)		(207)	16.4	%		(318)		(412)	22.8	%
Total Segment Operating Contribution		\$	(201)	\$	(209)	3.8	%	\$	(385)	\$	(382)	(0.8)	%

MEXICO

Mexico provides wireless services and equipment to customers in Mexico.

Mexico Results												
<i>Dollars in millions</i>												
<i>Unaudited</i>												
	Second Quarter				Percent		Six-Month Period			Percent		
	2020		2019		Change		2020		2019		Change	
Operating Revenues												
Wireless service	\$	345	\$	479	(28.0)	%	\$	812	\$	921	(11.8)	%
Wireless equipment		135		246	(45.1)	%		371		455	(18.5)	%
Total Operating Revenues		480		725	(33.8)	%		1,183		1,376	(14.0)	%
Operating Expenses												
Operations and support		538		813	(33.8)	%		1,252		1,538	(18.6)	%
Depreciation and amortization		115		119	(3.4)	%		249		250	(0.4)	%
Total Operating Expenses		653		932	(29.9)	%		1,501		1,788	(16.1)	%
Operating Income (Loss)		(173)		(207)	16.4	%		(318)		(412)	22.8	%
Equity in Net Income of Affiliates		-		-	-	%		-		-	-	%
Operating Contribution	\$	(173)	\$	(207)	16.4	%	\$	(318)	\$	(412)	22.8	%
Operating Income Margin												
		(36.0)	%	(28.6)	%	(740)	BP		(26.9)	%	(29.9)	%
											300	BP

Supplementary Operating Data						
Subscribers and connections in thousands						
Unaudited						
			June 30,		Percent	
			20202019		Change	
Mexico Wireless Subscribers						
Postpaid	4,771		5,489		(13.1) %	
Prepaid	12,777		12,180		4.9 %	
Reseller	425		352		20.7 %	
Total Mexico Wireless Subscribers	17,973		18,021		(0.3) %	
	Second Quarter		Percent		Six-Month Period	
	20202019		Change		20202019	
Mexico Wireless Net Additions ¹						
Postpaid	(191)		(153)		(24.8) %	
Prepaid	(915)		401		- %	
Reseller	21		51		(58.8) %	
Total Mexico Wireless Net Additions	(1,085)		299		- %	

¹ The second-quarter and six-month period ended June 30, 2020, exclude the impact of 101 subscriber disconnections resulting from conforming our policy on reporting of fixed wireless resellers.

VRIO

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

Vrio Results							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent Change		Six-Month Period		Percent Change
	2020	2019			2020	2019	
Operating Revenues	\$ 752	\$ 1,032	(27.1)	%	\$ 1,639	\$ 2,099	(21.9) %
Operating Expenses							
Operations and support	661	881	(25.0)	%	1,444	1,747	(17.3) %
Depreciation and amortization	127	165	(23.0)	%	274	334	(18.0) %
Total Operating Expenses	788	1,046	(24.7)	%	1,718	2,081	(17.4) %
Operating Income	(36)	(14)	-	%	(79)	18	- %
Equity in Net Income of Affiliates	8	12	(33.3)	%	12	12	- %
Operating Contribution	\$ (28)	\$ (2)	-	%	\$ (67)	\$ 30	- %
Operating Income Margin	(4.8) %	(1.4) %	(340)	BP	(4.8) %	0.9 %	(570) BP

Supplementary Operating Data			
<i>Subscribers and connections in thousands</i>			
<i>Unaudited</i>			
	June 30,		Percent Change
	2020	2019	
Vrio Video Subscribers	10,664	13,473	(20.8) %
	Second Quarter		Percent Change
	2020	2019	
Vrio Video Net Additions¹	(312)	(111)	- %
	Six-Month Period		Percent Change
	2020	2019	
Vrio Video Net Additions¹	(426)	(143)	- %

¹ The second-quarter and six-month period ended June 30, 2020, exclude the impact of 2.2 million subscriber disconnections resulting from the closure of our DIRECTV operations in Venezuela.

SUPPLEMENTAL AT&T ADVERTISING REVENUES

As a supplemental presentation, 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.

Advertising Revenues							
<i>Dollars in millions</i>							
<i>Unaudited</i>							
	Second Quarter		Percent Change		Six-Month Period		Percent Change
	2020	2019			2020	2019	
Operating Revenues							
Turner	\$ 796	\$ 1,266	(37.1)	%	\$ 1,753	\$ 2,527	(30.6) %
Entertainment Group	294	399	(26.3)	%	707	749	(5.6) %
Xandr	362	485	(25.4)	%	851	911	(6.6) %
Other	75	90	(16.7)	%	173	175	(1.1) %
Eliminations	(294)	(399)	26.3	%	(707)	(749)	5.6 %
Total Advertising Revenues	\$ 1,233	\$ 1,841	(33.0)	%	\$ 2,777	\$ 3,613	(23.1) %

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended								
Dollars in millions								
Unaudited								
June 30, 2020								
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution	
Communications								
Mobility	\$ 17,149	\$ 9,332	\$ 7,817	\$ 2,012	\$ 5,805	\$ -	\$ 5,805	
Entertainment Group	10,069	7,730	2,339	1,309	1,030	-	1,030	
Business Wireline	6,374	3,779	2,595	1,318	1,277	-	1,277	
Total Communications	33,592	20,841	12,751	4,639	8,112	-	8,112	
WarnerMedia								
Turner	2,988	1,347	1,641	69	1,572	-	1,572	
Home Box Office	1,627	1,489	138	25	113	(5)	108	
Warner Bros.	3,256	2,583	673	40	633	(19)	614	
Eliminations and other	(1,057)	(685)	(372)	33	(405)	28	(377)	
Total WarnerMedia	6,814	4,734	2,080	167	1,913	4	1,917	
Latin America								
Vrio	752	661	91	127	(36)	8	(28)	
Mexico	480	538	(58)	115	(173)	-	(173)	
Total Latin America	1,232	1,199	33	242	(209)	8	(201)	
Segment Total	41,638	26,774	14,864	5,048	9,816	\$ 12	\$ 9,828	
Corporate and Other								
Corporate	437	933	(496)	93	(589)			
Acquisition-related items	-	211	(211)	2,145	(2,356)			
Certain significant items	-	3,084	(3,084)	-	(3,084)			
Eliminations and consolidations	(1,125)	(869)	(256)	(1)	(255)			
AT&T Inc.	\$ 40,950	\$ 30,133	\$ 10,817	\$ 7,285	\$ 3,532			
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	\$ 17,292	\$ 9,522	\$ 7,770	\$ 2,003	\$ 5,767	\$ -	\$ 5,767	
Entertainment Group	11,368	8,515	2,853	1,339	1,514	-	1,514	
Business Wireline	6,607	3,975	2,632	1,242	1,390	-	1,390	
Total Communications	35,267	22,012	13,255	4,584	8,671	-	8,671	
WarnerMedia								
Turner	3,410	2,217	1,193	39	1,154	11	1,165	
Home Box Office	1,716	1,131	585	12	573	15	588	
Warner Bros.	3,389	2,918	471	31	440	-	440	
Eliminations and other	320	170	150	22	128	29	157	
Total WarnerMedia	8,835	6,436	2,399	104	2,295	55	2,350	
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)	
Segment Total	45,859	30,142	15,717	4,972	10,745	\$ 67	\$ 10,812	
Corporate and Other								
Corporate	450	765	(315)	170	(485)			
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			

SUPPLEMENTAL SEGMENT RECONCILIATION

Six Months Ended								
Dollars in millions								
Unaudited								
June 30, 2020								
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution	
Communications								
Mobility	\$ 34,551	\$ 18,901	\$ 15,650	\$ 4,057	\$ 11,593	\$ -	\$ 11,593	
Entertainment Group	20,584	15,621	4,963	2,598	2,365	-	2,365	
Business Wireline	12,706	7,730	4,976	2,619	2,357	-	2,357	
Total Communications	67,841	42,252	25,589	9,274	16,315	-	16,315	
WarnerMedia								
Turner	6,150	3,057	3,093	138	2,955	6	2,961	
Home Box Office	3,124	2,542	582	46	536	15	551	
Warner Bros.	6,496	5,533	963	81	882	(27)	855	
Eliminations and other	(1,108)	(711)	(397)	65	(462)	25	(437)	
Total WarnerMedia	14,662	10,421	4,241	330	3,911	19	3,930	
Latin America								
Vrio	1,639	1,444	195	274	(79)	12	(67)	
Mexico	1,183	1,252	(69)	249	(318)	-	(318)	
Total Latin America	2,822	2,696	126	523	(397)	12	(385)	
Segment Total	85,325	55,369	29,956	10,127	19,829	\$ 31	\$ 19,860	
Corporate and Other								
Corporate	825	1,807	(982)	180	(1,162)			
Acquisition-related items	-	393	(393)	4,201	(4,594)			
Certain significant items	-	2,426	(2,426)	-	(2,426)			
Eliminations and consolidations	(2,421)	(1,791)	(630)	(1)	(629)			
AT&T Inc.	\$ 83,729	\$ 58,204	\$ 25,525	\$ 14,507	\$ 11,018			
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	\$ 34,655	\$ 19,563	\$ 15,092	\$ 4,016	\$ 11,076	\$ -	\$ 11,076	
Entertainment Group	22,696	17,042	5,654	2,662	2,992	-	2,992	
Business Wireline	13,085	8,007	5,078	2,464	2,614	-	2,614	
Total Communications	70,436	44,612	25,824	9,142	16,682	-	16,682	
WarnerMedia								
Turner	6,853	4,353	2,500	99	2,401	36	2,437	
Home Box Office	3,226	2,052	1,174	34	1,140	30	1,170	
Warner Bros.	6,907	5,837	1,070	83	987	6	993	
Eliminations and other	654	347	307	44	263	50	313	
Total WarnerMedia	17,640	12,589	5,051	260	4,791	122	4,913	
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)	
Segment Total	91,551	60,486	31,065	9,986	21,079	\$ 134	\$ 21,213	
Corporate and Other								
Corporate	883	1,426	(543)	374	(917)			
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			

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 on common and preferred shares. Free cash flow dividend payout ratio is defined as the percentage of dividends paid on common and preferred shares 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				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 12,059	\$ 14,284	\$ 20,925	\$ 25,336
Less: Capital expenditures	(4,466)	(5,472)	(9,432)	(10,654)
Free Cash Flow	7,593	8,812	11,493	14,682
Less: Dividends paid	(3,737)	(3,722)	(7,474)	(7,436)
Free Cash Flow after Dividends	\$ 3,856	\$ 5,090	\$ 4,019	\$ 7,246
Free Cash Flow Dividend Payout Ratio	49.2%	42.2%	65.0%	50.6%

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				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Capital Expenditures	\$ (4,466)	\$ (5,472)	\$ (9,432)	\$ (10,654)
Cash paid for vendor financing	(563)	(1,017)	(1,354)	(1,836)
Cash paid for Capital Investment¹	\$ (5,029)	\$ (6,489)	\$ (10,786)	\$ (12,490)

¹ Gross capital investment excludes FirstNet reimbursements of \$72 in the second quarter and \$79 for the first six months of 2020.

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				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Net Income	\$ 1,563	\$ 3,974	\$ 6,526	\$ 8,322
Additions:				
Income Tax Expense	935	1,099	2,237	2,122
Interest Expense	2,041	2,149	4,059	4,290
Equity in Net (Income) Loss of Affiliates	10	(40)	16	(33)
Other (Income) Expense - Net	(1,017)	318	(1,820)	32
Depreciation and amortization	7,285	7,101	14,507	14,307
EBITDA	10,817	14,601	25,525	29,040
Total Operating Revenues	40,950	44,957	83,729	89,784
Service Revenues	37,051	41,023	75,934	81,707
EBITDA Margin	26.4%	32.5%	30.5%	32.3%
EBITDA Service Margin	29.2%	35.6%	33.6%	35.5%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Communications Segment				
Operating Contribution	\$ 8,112	\$ 8,671	\$ 16,315	\$ 16,682
Additions:				
Depreciation and amortization	4,639	4,584	9,274	9,142
EBITDA	12,751	13,255	25,589	25,824
Total Operating Revenues	33,592	35,267	67,841	70,436
Operating Income Margin	24.1%	24.6%	24.0%	23.7%
EBITDA Margin	38.0%	37.6%	37.7%	36.7%
Mobility				
Operating Contribution	\$ 5,805	\$ 5,767	\$ 11,593	\$ 11,076
Additions:				
Depreciation and amortization	2,012	2,003	4,057	4,016
EBITDA	7,817	7,770	15,650	15,092
Total Operating Revenues	17,149	17,292	34,551	34,655
Service Revenues	13,669	13,824	27,637	27,453
Operating Income Margin	33.9%	33.4%	33.6%	32.0%
EBITDA Margin	45.6%	44.9%	45.3%	43.5%
EBITDA Service Margin	57.2%	56.2%	56.6%	55.0%
Entertainment Group				
Operating Contribution	\$ 1,030	\$ 1,514	\$ 2,365	\$ 2,992
Additions:				
Depreciation and amortization	1,309	1,339	2,598	2,662
EBITDA	2,339	2,853	4,963	5,654
Total Operating Revenues	10,069	11,368	20,584	22,696
Operating Income Margin	10.2%	13.3%	11.5%	13.2%
EBITDA Margin	23.2%	25.1%	24.1%	24.9%
Business Wireline				
Operating Contribution	\$ 1,277	\$ 1,390	\$ 2,357	\$ 2,614
Additions:				
Depreciation and amortization	1,318	1,242	2,619	2,464
EBITDA	2,595	2,632	4,976	5,078
Total Operating Revenues	6,374	6,607	12,706	13,085
Operating Income Margin	20.0%	21.0%	18.6%	20.0%
EBITDA Margin	40.7%	39.8%	39.2%	38.8%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
WarnerMedia Segment				
Operating Contribution	\$ 1,917	\$ 2,350	\$ 3,930	\$ 4,913
Additions:				
Equity in Net (Income) of Affiliates	(4)	(55)	(19)	(122)
Depreciation and amortization	167	104	330	260
EBITDA	2,080	2,399	4,241	5,051
Total Operating Revenues	6,814	8,835	14,662	17,640
Operating Income Margin	28.1%	26.0%	26.7%	27.2%
EBITDA Margin	30.5%	27.2%	28.9%	28.6%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Latin America Segment				
Operating Contribution	\$ (201)	\$ (209)	\$ (385)	\$ (382)
Additions:				
Equity in Net (Income) of Affiliates	(8)	(12)	(12)	(12)
Depreciation and amortization	242	284	523	584
EBITDA	33	63	126	190
Total Operating Revenues	1,232	1,757	2,822	3,475
Operating Income Margin	-17.0%	-12.6%	-14.1%	-11.3%
EBITDA Margin	2.7%	3.6%	4.5%	5.5%
Vrio				
Operating Contribution	\$ (28)	\$ (2)	\$ (67)	\$ 30
Additions:				
Equity in Net (Income) of Affiliates	(8)	(12)	(12)	(12)
Depreciation and amortization	127	165	274	334
EBITDA	91	151	195	352
Total Operating Revenues	752	1,032	1,639	2,099
Operating Income Margin	-4.8%	-1.4%	-4.8%	0.9%
EBITDA Margin	12.1%	14.6%	11.9%	16.8%
Mexico				
Operating Contribution	\$ (173)	\$ (207)	\$ (318)	\$ (412)
Additions:				
Equity in Net (Income) Loss of Affiliates	-	-	-	-
Depreciation and amortization	115	119	249	250
EBITDA	(58)	(88)	(69)	(162)
Total Operating Revenues	480	725	1,183	1,376
Operating Income Margin	-36.0%	-28.6%	-26.9%	-29.9%
EBITDA Margin	-12.1%	-12.1%	-5.8%	-11.8%

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				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Operating Revenues				
Time Warner merger adjustment	\$ -	\$ 30	\$ -	\$ 72
Adjustments to Operating Revenues	-	30	-	72
Operating Expenses				
Time Warner and other merger costs	211	316	393	389
Employee separation costs and benefit-related (gain) loss ¹	765	94	884	342
Impairments	2,319	-	2,442	-
Gain on spectrum transaction	-	-	(900)	-
Adjustments to Operations and Support Expenses	3,295	410	2,819	731
Amortization of intangible assets	2,145	1,959	4,201	3,948
Adjustments to Operating Expenses	5,440	2,369	7,020	4,679
Other				
Gain on sale of investments -net	-	(638)	-	(638)
Debt redemptions, impairments and other adjustments	293	140	407	351
Employee benefit related (gain) loss ^{1,2}	(161)	1,699	42	2,131
Adjustments to Income Before Income Taxes	5,572	3,600	7,469	6,595
Tax impact of adjustments	749	779	1,143	1,428
Tax-related items	-	-	-	141
Impairment attributable to noncontrolling interest	105	-	105	-
Adjustments to Net Income	\$ 4,718	\$ 2,821	\$ 6,221	\$ 5,026

¹ Total holding gains on benefit-related investments were approximately \$300 million in the second quarter, and flat for the first six months of 2020.

² Includes holding (gains) losses on benefit-related investments in 2020 and an actuarial loss on our pension plan in 2019.

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, actuarial gains and losses, significant abandonments and impairment, severance and other material gains and losses. Management believes that these measures provide relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends.

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

Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA Service Margin				
<i>Dollars in millions</i>				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Operating Income	\$ 3,532	\$ 7,500	\$ 11,018	\$ 14,733
Adjustments to Operating Revenues	-	30	-	72
Adjustments to Operating Expenses	5,440	2,369	7,020	4,679
Adjusted Operating Income	8,972	9,899	18,038	19,484
EBITDA	10,817	14,601	25,525	29,040
Adjustments to Operating Revenues	-	30	-	72
Adjustments to Operations and Support Expenses	3,295	410	2,819	731
Adjusted EBITDA	14,112	15,041	28,344	29,843
Total Operating Revenues	40,950	44,957	83,729	89,784
Adjustments to Operating Revenues	-	30	-	72
Total Adjusted Operating Revenue	40,950	44,987	83,729	89,856
Service Revenues	37,051	41,023	75,934	81,707
Adjustments to Service Revenues	-	30	-	72
Adjusted Service Revenue	37,051	41,053	75,934	81,779
Operating Income Margin	8.6%	16.7%	13.2%	16.4%
Adjusted Operating Income Margin	21.9%	22.0%	21.5%	21.7%
Adjusted EBITDA Margin	34.5%	33.4%	33.9%	33.2%
Adjusted EBITDA Service Margin	38.1%	36.6%	37.3%	36.5%

Adjusted Diluted EPS				
	Second Quarter		Six-Month Period	
	2020	2019	2020	2019
Diluted Earnings Per Share (EPS)	\$ 0.17	\$ 0.51	\$ 0.81	\$ 1.06
Amortization of intangible assets	0.24	0.21	0.46	0.42
Merger integration items	0.02	0.05	0.04	0.07
(Gain) loss on sale of assets, impairments and other adjustments	0.08	(0.06)	0.02	(0.01)
Actuarial (gain) loss	-	0.18	-	0.23
Impairments	0.32	-	0.34	-
Tax-related items	-	-	-	(0.02)
Adjusted EPS	\$ 0.83	\$ 0.89	\$ 1.67	\$ 1.75
<i>Year-over-year growth - Adjusted</i>	-6.7%		-4.6%	
Weighted Average Common Shares Outstanding with Dilution (000,000)	7,170	7,353	7,192	7,347

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			
<i>Dollars in millions</i>			
	Second Quarter		
	2020	2019	
AT&T Inc.			
Total Operating Revenues	\$ 40,950	\$ 44,957	
Exclude Venezuela	(2)	(8)	
Impact of foreign exchange translation	440	-	
Operating Revenues on Constant Currency Basis	41,388	44,949	
Year-over-year growth	-7.9%		
Adjusted EBITDA	14,112	15,041	
Exclude Venezuela	(3)	2	
Impact of foreign exchange translation	112	-	
Adjusted EBITDA on Constant Currency Basis	14,221	15,043	
Year-over-year growth	-5.5%		
WarnerMedia Segment			
Total Operating Revenues	\$ 6,814	\$ 8,835	
Impact of foreign exchange translation	81	-	
WarnerMedia Operating Revenues on Constant Currency Basis	6,895	8,835	
Year-over-year growth	-22.0%		
EBITDA	2,080	2,399	
Impact of foreign exchange translation	39	-	
WarnerMedia EBITDA on Constant Currency Basis	2,119	2,399	
Year-over-year growth	-11.7%		
Latin America Segment			
Total Operating Revenues	\$ 1,232	\$ 1,757	
Exclude Venezuela	(2)	(8)	
Impact of foreign exchange translation	359	-	
Latin America Operating Revenues on Constant Currency Basis	1,589	1,749	
Year-over-year growth	-9.1%		
EBITDA	33	63	
Exclude Venezuela	(3)	2	
Impact of foreign exchange translation	73	-	
Latin America EBITDA on Constant Currency Basis	103	65	
Year-over-year growth	58.5%		

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					
<i>Dollars in millions</i>					
	Three Months Ended				
	Sept 30, 2019 ¹	Dec. 31, 2019 ¹	March 31, 2019 ¹	June 30, 2020	Four Quarters
Adjusted EBITDA ²	\$ 15,079	\$ 14,365	\$ 14,232	\$ 14,112	\$ 57,788
End-of-period current debt					15,576
End-of-period long-term debt					153,388
Total End-of-Period Debt					168,964
Less: Cash and Cash Equivalents					16,941
Net Debt Balance					152,023
Annualized Net Debt to Adjusted EBITDA Ratio					2.631

¹ As reported in AT&T's Form 8-K filed October 28, 2019, January 29, 2020, and April 22, 2020.

² Includes the purchase accounting reclassification of released content amortization of \$108 million, \$102 million, \$69 million and \$75 million in the four quarters presented, 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, 2020					June 30, 2019				
	Mobility	Business Wireline	Adjustments ¹	Business Solutions		Mobility	Business Wireline	Adjustments ¹	Business Solutions
Operating Revenues									
Wireless service	\$ 13,669	\$ -	\$ (11,785)	\$ 1,884	\$ 13,824	\$ -	\$ (11,943)	\$ 1,881	
Strategic and managed services	-	3,943	-	3,943	-	3,834	-	3,834	
Legacy voice and data services	-	2,067	-	2,067	-	2,324	-	2,324	
Other services and equipment	-	364	-	364	-	449	-	449	
Wireless equipment	3,480	-	(2,895)	585	3,468	-	(2,851)	617	
Total Operating Revenues	17,149	6,374	(14,680)	8,843	17,292	6,607	(14,794)	9,105	
Operating Expenses									
Operations and support	9,332	3,779	(7,687)	5,424	9,522	3,975	(7,985)	5,512	
EBITDA	7,817	2,595	(6,993)	3,419	7,770	2,632	(6,809)	3,593	
Depreciation and amortization	2,012	1,318	(1,693)	1,637	2,003	1,242	(1,700)	1,545	
Total Operating Expenses	11,344	5,097	(9,380)	7,061	11,525	5,217	(9,685)	7,057	
Operating Income	5,805	1,277	(5,300)	1,782	5,767	1,390	(5,109)	2,048	
Equity in Net Income (Loss) of Affiliates	-	-	-	-	-	-	-	-	
Operating Contribution	\$ 5,805	\$ 1,277	\$ (5,300)	\$ 1,782	\$ 5,767	\$ 1,390	\$ (5,109)	\$ 2,048	

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

Supplemental Operational Measure									
Six-Month Period									
June 30, 2020					June 30, 2019				
	Mobility	Business Wireline	Adjustments ¹	Business Solutions		Mobility	Business Wireline	Adjustments ¹	Business Solutions
Operating Revenues									
Wireless service	\$ 27,637	\$ -	\$ (23,804)	\$ 3,833	\$ 27,453	\$ -	\$ (23,795)	\$ 3,658	
Strategic and managed services	-	7,822	-	7,822	-	7,613	-	7,613	
Legacy voice and data services	-	4,196	-	4,196	-	4,721	-	4,721	
Other services and equipment	-	688	-	688	-	751	-	751	
Wireless equipment	6,914	-	(5,619)	1,295	7,202	-	(5,995)	1,207	
Total Operating Revenues	34,551	12,706	(29,423)	17,834	34,655	13,085	(29,790)	17,950	
Operating Expenses									
Operations and support	18,901	7,730	(15,497)	11,134	19,563	8,007	(16,444)	11,126	
EBITDA	15,650	4,976	(13,926)	6,700	15,092	5,078	(13,346)	6,824	
Depreciation and amortization	4,057	2,619	(3,414)	3,262	4,016	2,464	(3,410)	3,070	
Total Operating Expenses	22,958	10,349	(18,911)	14,396	23,579	10,471	(19,854)	14,196	
Operating Income	11,593	2,357	(10,512)	3,438	11,076	2,614	(9,936)	3,754	
Equity in Net Income (Loss) of Affiliates	-	-	-	-	-	-	-	-	
Operating Contribution	\$ 11,593	\$ 2,357	\$ (10,512)	\$ 3,438	\$ 11,076	\$ 2,614	\$ (9,936)	\$ 3,754	

¹ Non-business wireless reported in the Communication segment under the Mobility business unit.
Results have been recast to conform to the current period's classification.