4TH QUARTER EARNINGS 2021

Financial and Operational Schedules & Non-GAAP Reconciliations

January 26th, 2022

AT&T

AT&T Inc.
Financial Data

Consolidated Statements of Income						
Dollars in millions except per share amounts						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues						
Service	**$ 34,088**	$ 39,051	(12.7)%	**$ 146,391**	$ 152,767	(4.2)%
Equipment	**6,870**	6,640	3.5 %	**22,473**	18,993	18.3 %
Total Operating Revenues	**40,958**	45,691	(10.4)%	**168,864**	171,760	(1.7)%
Operating Expenses						
Cost of revenues						
Equipment	**7,454**	7,084	5.2 %	**23,778**	19,706	20.7 %
Broadcast, programming and operations	**4,906**	7,750	(36.7)%	**24,797**	27,305	(9.2)%
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**7,435**	8,076	(7.9)%	**31,232**	32,909	(5.1)%
Selling, general and administrative	**9,994**	10,182	(1.8)%	**37,944**	38,039	(0.2)%
Asset impairments and abandonments	**188**	16,365	(98.9)%	**4,904**	18,880	(74.0)%
Depreciation and amortization	**5,673**	6,979	(18.7)%	**22,862**	28,516	(19.8)%
Total Operating Expenses	**35,650**	56,436	(36.8)%	**145,517**	165,355	(12.0)%
Operating Income (Loss)	**5,308**	(10,745)	— %	**23,347**	6,405	— %
Interest Expense	**1,663**	1,894	(12.2)%	**6,884**	7,925	(13.1)%
Equity in Net Income of Affiliates	**447**	106	— %	**631**	95	— %
Other Income (Expense) — Net	**2,354**	(3,020)	— %	**9,853**	(1,431)	— %
Income (Loss) Before Income Taxes	**6,446**	(15,553)	— %	**26,947**	(2,856)	— %
Income Tax (Benefit) Expense	**1,056**	(2,038)	— %	**5,468**	965	— %
Net Income (Loss)	**5,390**	(13,515)	— %	**21,479**	(3,821)	— %
Less: Net Income Attributable to Noncontrolling Interest	**(347)**	(368)	5.7 %	**(1,398)**	(1,355)	(3.2)%
Net Income (Loss) Attributable to AT&T	**$ 5,043**	$ (13,883)	— %	**$ 20,081**	$ (5,176)	— %
Less: Preferred Stock Dividends	**(51)**	(55)	7.3 %	**(207)**	(193)	(7.3)%
Net Income (Loss) Attributable to Common Stock	**$ 4,992**	$ (13,938)	— %	**$ 19,874**	$ (5,369)	— %
Basic Earnings Per Share Attributable to Common Stock	**$ 0.69**	$ (1.95)	— %	**$ 2.77**	$ (0.75)	— %
Weighted Average Common Shares Outstanding (000,000)	**7,172**	7,150	0.3 %	**7,168**	7,157	0.2 %
Diluted Earnings Per Share Attributable to Common Stock	**$ 0.69**	$ (1.95)	— %	**$ 2.76**	$ (0.75)	— %
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,204**	7,176	0.4 %	**7,199**	7,183	0.2 %

Consolidated Balance Sheets

Dollars in millions *Unaudited*		**Dec. 31, 2021**		Dec. 31, 2020
Assets				
Current Assets				
Cash and cash equivalents	**$**	**21,169**	$	9,740
Accounts receivable – net of related allowance for credit loss of $771 and $1,221		**17,571**		20,215
Inventories		**3,464**		3,695
Prepaid and other current assets		**17,793**		18,358
Total current assets		**59,997**		52,008
Noncurrent Inventories and Theatrical Film and Television Production Costs		**18,983**		14,752
Property, Plant and Equipment – Net		**125,904**		127,315
Goodwill		**133,223**		135,259
Licenses – Net		**113,830**		93,840
Trademarks and Trade Names – Net		**21,938**		23,297
Distribution Networks – Net		**11,942**		13,793
Other Intangible Assets – Net		**11,783**		15,386
Investments in and Advances to Equity Affiliates		**7,274**		1,780
Operating Lease Right-Of-Use Assets		**24,180**		24,714
Other Assets		**22,568**		23,617
Total Assets	**$**	**551,622**	$	525,761
Liabilities and Stockholders' Equity				
Current Liabilities				
Debt maturing within one year	**$**	**24,630**	$	3,470
Note payable to DIRECTV		**1,245**		—
Accounts payable and accrued liabilities		**50,661**		50,051
Advanced billings and customer deposits		**5,303**		6,176
Dividends payable		**3,749**		3,741
Total current liabilities		**85,588**		63,438
Long-Term Debt		**152,724**		153,775
Deferred Credits and Other Noncurrent Liabilities				
Deferred income taxes		**65,226**		60,472
Postemployment benefit obligation		**12,649**		18,276
Operating lease liabilities		**21,261**		22,202
Other noncurrent liabilities		**30,223**		28,358
Noncurrent portion of note payable to DIRECTV		**96**		—
Total deferred credits and other noncurrent liabilities		**129,455**		129,308
Stockholders' Equity				
Preferred stock		**—**		—
Common stock		**7,621**		7,621
Additional paid-in capital		**130,112**		130,175
Retained earnings		**42,350**		37,457
Treasury stock		**(17,280)**		(17,910)
Accumulated other comprehensive income		**3,529**		4,330
Noncontrolling interest		**17,523**		17,567
Total stockholders' equity		**183,855**		179,240
Total Liabilities and Stockholders' Equity	**$**	**551,622**	$	525,761

Note: 2021 updated per Form 10-K filed February 16, 2022.

AT&T Inc.
Financial Data

Consolidated Statements of Cash Flows		
Dollars in millions		
Unaudited	Year Ended	
	2021	2020
Operating Activities		
Net income (loss)	**$ 21,479**	$ (3,821)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	**22,862**	28,516
Amortization of film and television costs	**11,006**	8,603
Distributed (undistributed) earnings from investments in equity affiliates	**184**	38
Provision for uncollectible accounts	**1,240**	1,972
Deferred income tax expense	**5,246**	1,675
Net (gain) loss on investments, net of impairments	**(927)**	(742)
Pension and postretirement benefit expense (credit)	**(3,848)**	(2,992)
Actuarial (gain) loss on pension and postretirement benefits	**(4,140)**	4,169
Asset impairments and abandonments	**4,904**	18,880
Changes in operating assets and liabilities:		
Receivables	**(634)**	2,216
Other current assets, inventories and theatrical film and television production costs	**(16,472)**	(13,070)
Accounts payable and other accrued liabilities	**1,636**	(1,410)
Equipment installment receivables and related sales	**(265)**	(1,429)
Deferred customer contract acquisition and fulfillment costs	**52**	376
Postretirement claims and contributions	**(822)**	(985)
Other - net	**456**	1,134
Total adjustments	**20,478**	46,951
Net Cash Provided by Operating Activities	**41,957**	43,130
Investing Activities		
Capital expenditures	**(16,527)**	(15,675)
Acquisitions, net of cash acquired	**(25,453)**	(1,851)
Dispositions	**8,740**	3,641
Distributions from DIRECTV in excess of cumulative equity in earnings	**1,323**	—
Other - net	**(172)**	337
Net Cash Used in Investing Activities	**(32,089)**	(13,548)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**1,316**	(17)
Issuance of other short-term borrowings	**21,856**	9,440
Repayment of other short-term borrowings	**(7,510)**	(9,467)
Issuance of long-term debt	**9,931**	31,988
Repayment of long-term debt	**(3,142)**	(39,964)
Note payable to DIRECTV, net of payments of $459	**1,341**	—
Payment of vendor financing	**(4,596)**	(2,966)
Issuance of preferred stock	**—**	3,869
Purchase of treasury stock	**(202)**	(5,498)
Issuance of treasury stock	**96**	105
Issuance of preferred interests in subsidiaries	**—**	1,979
Redemption of preferred interest in subsidiaries	**—**	(1,950)
Dividends paid	**(15,068)**	(14,956)
Other - net	**(2,444)**	(4,570)
Net Cash Provided by (Used in) Financing Activities	**1,578**	(32,007)
Net increase (decrease) in cash and cash equivalents and restricted cash	**11,446**	(2,425)
Cash and cash equivalents and restricted cash beginning of year	**9,870**	12,295
Cash and Cash Equivalents and Restricted Cash End of Year	**$ 21,316**	$ 9,870

AT&T Inc.
Consolidated Supplementary Data

Supplementary Financial Data						
Dollars in millions except per share amounts						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Capital expenditures						
Purchase of property and equipment	**$ 3,790**	$ 2,361	60.5 %	**$ 16,354**	$ 15,552	5.2 %
Interest during construction	**41**	31	32.3 %	**173**	123	40.7 %
Total Capital Expenditures	**$ 3,831**	$ 2,392	60.2 %	**$ 16,527**	$ 15,675	5.4 %
Acquisition, net of cash acquired						
Business acquisitions	**$ —**	$ 85	— %	**$ —**	$ 238	— %
Spectrum acquisitions	**1,655**	551	— %	**24,672**	1,613	— %
Interest during construction - spectrum	**265**	—	— %	**781**	—	— %
Total Acquisitions	**$ 1,920**	$ 636	— %	**$ 25,453**	$ 1,851	— %
Cash Paid for Programming and Produced Film/TV Content	**$ 4,602**	$ 4,617	(0.3)%	**$ 19,164**	$ 14,898	28.6 %
Dividends Declared per Common Share	**$ 0.52**	$ 0.52	— %	**$ 2.08**	$ 2.08	— %
End of Period Common Shares Outstanding (000,000)				**7,141**	7,126	0.2 %
Debt Ratio				**49.1 %**	46.7 %	240 BP
Total Employees				**202,600**	230,760	(12.2) %

COMMUNICATIONS SEGMENT

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

Results have been recast to remove the Video business, instead reporting those results in Corporate and Other.

Segment Results

Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Segment Operating Revenues						
Mobility	**$ 21,146**	$ 20,119	5.1 %	**$ 78,254**	$ 72,564	7.8 %
Business Wireline	**5,901**	6,251	(5.6)%	**23,937**	25,083	(4.6)%
Consumer Wireline	**3,159**	3,116	1.4 %	**12,539**	12,318	1.8 %
Total Segment Operating Revenues	**30,206**	29,486	2.4 %	**114,730**	109,965	4.3 %
Segment Operating Contribution						
Mobility	**5,353**	5,088	5.2 %	**23,312**	22,372	4.2 %
Business Wireline	**897**	997	(10.0)%	**3,990**	4,564	(12.6)%
Consumer Wireline	**201**	275	(26.9)%	**977**	1,377	(29.0)%
Total Segment Operating Contribution	**$ 6,451**	$ 6,360	1.4 %	**$ 28,279**	$ 28,313	(0.1)%

Supplementary Operating Data

Subscribers and connections in thousands			
Unaudited	December 31,		Percent
	2021	2020	Change
Broadband Connections			
Broadband	**15,074**	14,818	1.7 %
DSL	**430**	566	(24.0)%
Total Broadband Connections	**15,504**	15,384	0.8 %
Voice Connections			
Retail Consumer Switched Access Lines	**6,177**	7,263	(15.0)%
U-verse Consumer VoIP Connections	**3,333**	3,816	(12.7)%
Total Retail Consumer Voice Connections	**9,510**	11,079	(14.2)%

	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Broadband Net Additions						
Broadband	**24**	57	(57.9)%	**256**	159	61.0 %
DSL	**(30)**	(48)	37.5 %	**(136)**	(164)	17.1 %
Total Broadband Net Additions	**(6)**	9	— %	**120**	(5)	— %

Mobility

Mobility provides nationwide wireless service and equipment.

Mobility Results						
Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues						
Service	**$ 14,669**	$ 14,022	4.6 %	**$ 57,590**	$ 55,542	3.7 %
Equipment	**6,477**	6,097	6.2 %	**20,664**	17,022	21.4 %
Total Operating Revenues	**21,146**	20,119	5.1 %	**78,254**	72,564	7.8 %
Operating Expenses						
Operations and support	**13,743**	13,023	5.5 %	**46,820**	42,106	11.2 %
Depreciation and amortization	**2,050**	2,008	2.1 %	**8,122**	8,086	0.4 %
Total Operating Expenses	**15,793**	15,031	5.1 %	**54,942**	50,192	9.5 %
Operating Income	**5,353**	5,088	5.2 %	**23,312**	22,372	4.2 %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 5,353**	$ 5,088	5.2 %	**$ 23,312**	$ 22,372	4.2 %
Operating Income Margin	**25.3 %**	25.3 %	— BP	**29.8 %**	30.8 %	(100) BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	December 31,		Percent
	2021	2020	Change
Mobility Subscribers			
Postpaid	**81,534**	77,154	5.7 %
Postpaid phone	**67,260**	64,216	4.7 %
Prepaid	**19,028**	18,102	5.1 %
Reseller	**6,113**	6,535	(6.5) %
Connected Devices	**95,116**	80,767	17.8 %
Total Mobility Subscribers	**201,791**	182,558	10.5 %

	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Mobility Net Additions						
Postpaid Phone Net Additions	**884**	800	10.5 %	**3,196**	1,457	— %
Total Phone Net Additions	**908**	760	19.5 %	**3,850**	1,640	— %
Postpaid	**1,285**	1,229	4.6 %	**4,482**	2,183	— %
Prepaid	**29**	14	— %	**956**	379	— %
Reseller	**(177)**	(197)	10.2 %	**(534)**	(449)	(18.9) %
Connected Devices	**4,134**	4,809	(14.0) %	**14,328**	14,785	(3.1) %
Total Mobility Net Additions	**5,271**	5,855	(10.0) %	**19,232**	16,898	13.8 %
Postpaid Churn	**1.02 %**	0.94 %	8 BP	**0.94 %**	0.98 %	(4) BP
Postpaid Phone-Only Churn	**0.85 %**	0.76 %	9 BP	**0.76 %**	0.79 %	(3) BP

Business Wireline

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

Results have been recast to characterize revenues as either service or equipment, consistent with the way we are managing the business unit.

Business Wireline Results						
Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues						
Service	**$ 5,727**	$ 6,042	(5.2) %	**$ 23,224**	$ 24,313	(4.5) %
Equipment	**174**	209	(16.7) %	**713**	770	(7.4) %
Total Operating Revenues	**5,901**	6,251	(5.6) %	**23,937**	25,083	(4.6) %
Operating Expenses						
Operations and support	**3,687**	3,938	(6.4) %	**14,755**	15,303	(3.6) %
Depreciation and amortization	**1,317**	1,316	0.1 %	**5,192**	5,216	(0.5) %
Total Operating Expenses	**5,004**	5,254	(4.8) %	**19,947**	20,519	(2.8) %
Operating Income	**897**	997	(10.0) %	**3,990**	4,564	(12.6) %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 897**	$ 997	(10.0) %	**$ 3,990**	$ 4,564	(12.6) %
Operating Income Margin	**15.2 %**	15.9 %	(70) BP	**16.7 %**	18.2 %	(150) BP

Consumer Wireline

Consumer Wireline provides internet, including broadband fiber, and voice communication services primarily to residential customers.

Results have been recast to refine the allocation of shared infrastructure and deferred customer acquisition costs between Consumer Wireline and Video.

Consumer Wireline Results						
Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues						
Broadband	**$ 2,324**	$ 2,205	5.4 %	**$ 9,085**	$ 8,534	6.5 %
Legacy voice and data services	**470**	534	(12.0) %	**1,977**	2,213	(10.7) %
Other service and equipment	**365**	377	(3.2) %	**1,477**	1,571	(6.0) %
Total Operating Revenues	**3,159**	3,116	1.4 %	**12,539**	12,318	1.8 %
Operating Expenses						
Operations and support	**2,169**	2,103	3.1 %	**8,467**	8,027	5.5 %
Depreciation and amortization	**789**	738	6.9 %	**3,095**	2,914	6.2 %
Total Operating Expenses	**2,958**	2,841	4.1 %	**11,562**	10,941	5.7 %
Operating Income	**201**	275	(26.9) %	**977**	1,377	(29.0) %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 201**	$ 275	(26.9) %	**$ 977**	$ 1,377	(29.0) %
Operating Income Margin	**6.4 %**	8.8 %	(240) BP	**7.8 %**	11.2 %	(340) BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	December 31,		Percent
	2021	2020	Change
Broadband Connections			
Total Broadband and DSL Connections	**14,160**	14,100	0.4 %
Fiber Broadband Connections	**5,992**	4,951	21.0 %
Voice Connections			
Retail Consumer Switched Access Lines	**2,423**	2,862	(15.3) %
U-verse Consumer VoIP Connections	**2,736**	3,231	(15.3) %
Total Retail Consumer Voice Connections	**5,159**	6,093	(15.3) %

	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Broadband Net Additions						
Total Broadband and DSL Net Additions	**(20)**	(2)	— %	**60**	(19)	— %
Fiber Broadband Net Additions	**271**	273	(0.7) %	**1,041**	1,064	(2.2) %

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 revenues.

Business Solutions Results						
Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues						
Wireless service	**$ 2,108**	$ 1,948	8.2 %	**$ 8,161**	$ 7,732	5.5 %
Wireline service	**5,727**	6,042	(5.2) %	**23,224**	24,313	(4.5) %
Wireless equipment	**1,030**	925	11.4 %	**3,414**	2,882	18.5 %
Wireline equipment	**174**	209	(16.7) %	**713**	770	(7.4) %
Total Operating Revenues	**9,039**	9,124	(0.9) %	**35,512**	35,697	(0.5) %
Operating Expenses						
Operations and support	**6,011**	6,035	(0.4) %	**22,826**	22,482	1.5 %
Depreciation and amortization	**1,667**	1,638	1.8 %	**6,570**	6,500	1.1 %
Total Operating Expenses	**7,678**	7,673	0.1 %	**29,396**	28,982	1.4 %
Operating Income	**1,361**	1,451	(6.2) %	**6,116**	6,715	(8.9) %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 1,361**	$ 1,451	(6.2) %	**$ 6,116**	$ 6,715	(8.9) %
Operating Income Margin	**15.1 %**	15.9 %	(80) BP	**17.2 %**	18.8 %	(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. WarnerMedia content is distributed through basic networks, Direct-to-Consumer (DTC) or theatrical, TV content and games licensing. Segment results also include Xandr advertising and Otter Media Holdings. We disposed of substantially all Otter Media assets in the third quarter of 2021. Additional information is provided as part of the earnings material on the company's Investor Relations website.

Segment Results

Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Segment Operating Revenues						
Subscription	**$ 3,817**	$ 3,623	5.4 %	**$ 15,596**	$ 13,765	13.3 %
Content and other	**4,411**	3,042	45.0 %	**13,514**	10,552	28.1 %
Advertising	**1,645**	1,889	(12.9)%	**6,522**	6,125	6.5 %
Total Segment Operating Revenues	**9,873**	8,554	15.4 %	**35,632**	30,442	17.0 %
Direct Costs						
Programming	**4,290**	3,040	41.1 %	**15,286**	11,678	30.9 %
Marketing	**1,208**	779	55.1 %	**4,137**	2,529	63.6 %
Other	**1,059**	882	20.1 %	**3,658**	3,211	13.9 %
Selling, general and administrative	**1,572**	1,134	38.6 %	**4,656**	4,161	11.9 %
Depreciation and amortization	**165**	177	(6.8)%	**656**	671	(2.2)%
Total Operating Expenses	**8,294**	6,012	38.0 %	**28,393**	22,250	27.6 %
Operating Income	**1,579**	2,542	(37.9)%	**7,239**	8,192	(11.6)%
Equity in Net Income (Loss) of Affiliates	**(6)**	(13)	53.8 %	**38**	18	— %
Total Segment Operating Contribution	**$ 1,573**	$ 2,529	(37.8)%	**$ 7,277**	$ 8,210	(11.4)%

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: Mexico and Vrio, which was sold in November 2021.

Segment Results

Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Segment Operating Revenues						
Mexico	**$ 704**	$ 736	(4.3)%	**$ 2,747**	$ 2,562	7.2 %
Vrio	**359**	762	(52.9)%	**2,607**	3,154	(17.3)%
Total Segment Operating Revenues	**1,063**	1,498	(29.0)%	**5,354**	5,716	(6.3)%
Segment Operating Contribution						
Mexico	**(117)**	(126)	7.1 %	**(510)**	(587)	13.1 %
Vrio	**37**	(41)	— %	**80**	(142)	— %
Total Segment Operating Contribution	**$ (80)**	$ (167)	52.1 %	**$ (430)**	$ (729)	41.0 %

Mexico

Mexico provides wireless services and equipment to customers in Mexico.

Mexico Results						
Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues						
Wireless service	**$ 485**	$ 459	5.7 %	**$ 1,834**	$ 1,656	10.7 %
Wireless equipment	**219**	277	(20.9) %	**913**	906	0.8 %
Total Operating Revenues	**704**	736	(4.3) %	**2,747**	2,562	7.2 %
Operating Expenses						
Operations and support	**668**	722	(7.5) %	**2,652**	2,636	0.6 %
Depreciation and amortization	**153**	140	9.3 %	**605**	513	17.9 %
Total Operating Expenses	**821**	862	(4.8) %	**3,257**	3,149	3.4 %
Operating Income (Loss)	**(117)**	(126)	7.1 %	**(510)**	(587)	13.1 %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ (117)**	$ (126)	7.1 %	**$ (510)**	$ (587)	13.1 %
Operating Income Margin	**(16.6)%**	(17.1)%	50 BP	**(18.6)%**	(22.9)%	430 BP

Supplementary Operating Data			
Subscribers and connections in thousands			
Unaudited	December 31,		Percent
	2021	2020	Change
Mexico Wireless Subscribers			
Postpaid	**4,807**	4,696	2.4 %
Prepaid	**15,057**	13,758	9.4 %
Reseller	**498**	489	1.8 %
Total Mexico Wireless Subscribers	**20,362**	18,943	7.5 %

	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Mexico Wireless Net Additions						
Postpaid	**26**	(14)	— %	**111**	(407)	— %
Prepaid	**858**	509	68.6 %	**1,299**	174	— %
Reseller	**5**	34	(85.3) %	**9**	118	(92.4) %
Total Mexico Wireless Net Additions	**889**	529	68.1 %	**1,419**	(115)	— %

Vrio

Vrio provides entertainment services to customers utilizing satellite technology in Latin America and the Caribbean. Vrio was sold to Grupo Werthein in November 2021.

Vrio Results						
Dollars in millions						
Unaudited	Fourth Quarter		Percent	Year Ended		Percent
	2021	2020	Change	**2021**	2020	Change
Operating Revenues	**$ 359**	$ 762	(52.9) %	**$ 2,607**	$ 3,154	(17.3) %
Operating Expenses						
Operations and support	**321**	681	(52.9) %	**2,302**	2,800	(17.8) %
Depreciation and amortization	**—**	120	— %	**231**	520	(55.6) %
Total Operating Expenses	**321**	801	(59.9) %	**2,533**	3,320	(23.7) %
Operating Income (Loss)	**38**	(39)	— %	**74**	(166)	— %
Equity in Net Income (Loss) of Affiliates	**(1)**	(2)	50.0 %	**6**	24	(75.0) %
Operating Contribution	**$ 37**	$ (41)	— %	**$ 80**	$ (142)	— %
Operating Income Margin	**10.6 %**	(5.1)%	1,570 BP	**2.8 %**	(5.3)%	810 BP

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended							
Dollars in millions							
Unaudited							
December 31, 2021							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	**$ 21,146**	**$ 13,743**	**$ 7,403**	**$ 2,050**	**$ 5,353**	**$ —**	**$ 5,353**
Business Wireline	**5,901**	**3,687**	**2,214**	**1,317**	**897**	**—**	**897**
Consumer Wireline	**3,159**	**2,169**	**990**	**789**	**201**	**—**	**201**
Total Communications	**30,206**	**19,599**	**10,607**	**4,156**	**6,451**	**—**	**6,451**
WarnerMedia	**9,873**	**8,129**	**1,744**	**165**	**1,579**	**(6)**	**1,573**
Latin America							
Mexico	**704**	**668**	**36**	**153**	**(117)**	**—**	**(117)**
Vrio	**359**	**321**	**38**	**—**	**38**	**(1)**	**37**
Total Latin America	**1,063**	**989**	**74**	**153**	**(79)**	**(1)**	**(80)**
Segment Total	**41,142**	**28,717**	**12,425**	**4,474**	**7,951**	**$ (7)**	**$ 7,944**
Corporate and Other							
Corporate	**199**	**1,323**	**(1,124)**	**178**	**(1,302)**		
Video	**—**	**—**	**—**	**—**	**—**		
Acquisition-related items	**—**	**132**	**(132)**	**1,021**	**(1,153)**		
Certain significant items	**—**	**188**	**(188)**	**—**	**(188)**		
Eliminations and consolidations	**(383)**	**(383)**	**—**	**—**	**—**		
AT&T Inc.	**$ 40,958**	**$ 29,977**	**$ 10,981**	**$ 5,673**	**$ 5,308**		

Three Months Ended							
Dollars in millions							
Unaudited							
December 31, 2020							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 20,119	$ 13,023	$ 7,096	$ 2,008	$ 5,088	$ —	$ 5,088
Business Wireline	6,251	3,938	2,313	1,316	997	—	997
Consumer Wireline	3,116	2,103	1,013	738	275	—	275
Total Communications	29,486	19,064	10,422	4,062	6,360	—	6,360
WarnerMedia	8,554	5,835	2,719	177	2,542	(13)	2,529
Latin America							
Mexico	736	722	14	140	(126)	—	(126)
Vrio	762	681	81	120	(39)	(2)	(41)
Total Latin America	1,498	1,403	95	260	(165)	(2)	(167)
Segment Total	39,538	26,302	13,236	4,499	8,737	$ (15)	$ 8,722
Corporate and Other							
Corporate	456	949	(493)	56	(549)		
Video	7,168	6,458	710	521	189		
Acquisition-related items	—	37	(37)	1,890	(1,927)		
Certain significant items	—	16,617	(16,617)	14	(16,631)		
Eliminations and consolidations	(1,471)	(906)	(565)	(1)	(564)		
AT&T Inc.	$ 45,691	$ 49,457	$ (3,766)	$ 6,979	$ (10,745)		

SUPPLEMENTAL SEGMENT RECONCILIATION

Year Ended							
Dollars in millions							
Unaudited							
December 31, 2021							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ **78,254**	$ **46,820**	$ **31,434**	$ **8,122**	$ **23,312**	$ **—**	$ **23,312**
Business Wireline	**23,937**	**14,755**	**9,182**	**5,192**	**3,990**	**—**	**3,990**
Consumer Wireline	**12,539**	**8,467**	**4,072**	**3,095**	**977**	**—**	**977**
Total Communications	**114,730**	**70,042**	**44,688**	**16,409**	**28,279**	**—**	**28,279**
WarnerMedia	**35,632**	**27,737**	**7,895**	**656**	**7,239**	**38**	**7,277**
Latin America							
Mexico	**2,747**	**2,652**	**95**	**605**	**(510)**	**—**	**(510)**
Vrio	**2,607**	**2,302**	**305**	**231**	**74**	**6**	**80**
Total Latin America	**5,354**	**4,954**	**400**	**836**	**(436)**	**6**	**(430)**
Segment Total	**155,716**	**102,733**	**52,983**	**17,901**	**35,082**	$ **44**	$ **35,126**
Corporate and Other							
Corporate	**1,264**	**4,805**	**(3,541)**	**372**	**(3,913)**		
Video	**15,513**	**12,666**	**2,847**	**356**	**2,491**		
Acquisition-related items	**—**	**299**	**(299)**	**4,233**	**(4,532)**		
Certain significant items	**—**	**4,961**	**(4,961)**	**—**	**(4,961)**		
Eliminations and consolidations	**(3,629)**	**(2,809)**	**(820)**	**—**	**(820)**		
AT&T Inc.	$ **168,864**	$ **122,655**	$ **46,209**	$ **22,862**	$ **23,347**		

Year Ended							
Dollars in millions							
Unaudited							
December 31, 2020							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 72,564	$ 42,106	$ 30,458	$ 8,086	$ 22,372	$ —	$ 22,372
Business Wireline	25,083	15,303	9,780	5,216	4,564	—	4,564
Consumer Wireline	12,318	8,027	4,291	2,914	1,377	—	1,377
Total Communications	109,965	65,436	44,529	16,216	28,313	—	28,313
WarnerMedia	30,442	21,579	8,863	671	8,192	18	8,210
Latin America							
Mexico	2,562	2,636	(74)	513	(587)	—	(587)
Vrio	3,154	2,800	354	520	(166)	24	(142)
Total Latin America	5,716	5,436	280	1,033	(753)	24	(729)
Segment Total	146,123	92,451	53,672	17,920	35,752	$ 42	$ 35,794
Corporate and Other							
Corporate	2,207	4,205	(1,998)	310	(2,308)		
Video	28,610	24,174	4,436	2,262	2,174		
Acquisition-related items	—	468	(468)	8,012	(8,480)		
Certain significant items	—	19,156	(19,156)	14	(19,170)		
Eliminations and consolidations	(5,180)	(3,615)	(1,565)	(2)	(1,563)		
AT&T Inc.	$ 171,760	$ 136,839	$ 34,921	$ 28,516	$ 6,405		

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 and cash distributions from DIRECTV (classified as investing activities) 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 from our continued economic interest in the U.S. video operations as part of our DIRECTV equity method investment, 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

	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Net cash provided by operating activities[1]	**$ 11,254**	$ 10,082	**$ 41,957**	$ 43,130
Add: Distributions from DIRECTV classified as investing activities	**1,323**	—	**1,323**	—
Less: Capital expenditures	**(3,831)**	(2,392)	**(16,527)**	(15,675)
Free Cash Flow	**8,746**	7,690	**26,753**	27,455
Less: Dividends paid	**(3,749)**	(3,741)	**(15,068)**	(14,956)
Free Cash Flow after Dividends	**$ 4,997**	$ 3,949	**$ 11,685**	$ 12,499
Free Cash Flow Dividend Payout Ratio	**42.9 %**	48.6 %	**56.3 %**	54.5 %

[1] Includes distributions from DIRECTV of $489 in the fourth quarter and $619 for the year ended December 31, 2021. Total distributions from DIRECTV were $1,812 in the fourth quarter and $1,942 for the year ended December 31, 2021.

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

	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Capital Expenditures	**$ (3,831)**	$ (2,392)	**$ (16,527)**	$ (15,675)
Cash paid for vendor financing	**(583)**	(1,001)	**(4,596)**	(2,966)
Cash paid for Capital Investment	**$ (4,414)**	$ (3,393)	**$ (21,123)**	$ (18,641)
FirstNet reimbursement	**(515)**	(920)	**(515)**	(1,063)
Gross Capital Investment	**$ (4,929)**	$ (4,313)	**$ (21,638)**	$ (19,704)

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 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

	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Net Income (Loss)	**$ 5,390**	$ (13,515)	**$ 21,479**	$ (3,821)
Additions:				
Income Tax Expense	**1,056**	(2,038)	**5,468**	965
Interest Expense	**1,663**	1,894	**6,884**	7,925
Equity in Net (Income) Loss of Affiliates	**(447)**	(106)	**(631)**	(95)
Other (Income) Expense - Net	**(2,354)**	3,020	**(9,853)**	1,431
Depreciation and amortization	**5,673**	6,979	**22,862**	28,516
EBITDA	**10,981**	(3,766)	**46,209**	34,921
Merger costs and revenue adjustments	**132**	37	**299**	468
Employee separation costs and benefit-related (gain) loss	**—**	253	**57**	1,177
Impairments	**188**	16,365	**4,904**	18,880
Gain on spectrum transactions	**—**	—	**—**	(900)
Adjusted EBITDA[1]	**$ 11,301**	$ 12,889	**$ 51,469**	$ 54,546

[1] See page 5 for additional discussion and reconciliation of adjusted items.

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

Dollars in millions

	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Communications Segment				
Operating Contribution	**$ 6,451**	$ 6,360	**$ 28,279**	$ 28,313
Additions:				
Depreciation and amortization	**4,156**	4,062	**16,409**	16,216
EBITDA	**10,607**	10,422	**44,688**	44,529
Total Operating Revenues	**30,206**	29,486	**114,730**	109,965
Operating Income Margin	**21.4 %**	21.6 %	**24.6 %**	25.7 %
EBITDA Margin	**35.1 %**	35.3 %	**39.0 %**	40.5 %
Mobility				
Operating Contribution	**$ 5,353**	$ 5,088	**$ 23,312**	$ 22,372
Additions:				
Depreciation and amortization	**2,050**	2,008	**8,122**	8,086
EBITDA	**7,403**	7,096	**31,434**	30,458
Total Operating Revenues	**21,146**	20,119	**78,254**	72,564
Service Revenues	**14,669**	14,022	**57,590**	55,542
Operating Income Margin	**25.3 %**	25.3 %	**29.8 %**	30.8 %
EBITDA Margin	**35.0 %**	35.3 %	**40.2 %**	42.0 %
EBITDA Service Margin	**50.5 %**	50.6 %	**54.6 %**	54.8 %
Business Wireline				
Operating Contribution	**$ 897**	$ 997	**$ 3,990**	$ 4,564
Additions:				
Depreciation and amortization	**1,317**	1,316	**5,192**	5,216
EBITDA	**2,214**	2,313	**9,182**	9,780
Total Operating Revenues	**5,901**	6,251	**23,937**	25,083
Operating Income Margin	**15.2 %**	15.9 %	**16.7 %**	18.2 %
EBITDA Margin	**37.5 %**	37.0 %	**38.4 %**	39.0 %
Consumer Wireline				
Operating Contribution	**$ 201**	$ 275	**$ 977**	$ 1,377
Additions:				
Depreciation and amortization	**789**	738	**3,095**	2,914
EBITDA	**990**	1,013	**4,072**	4,291
Total Operating Revenues	**3,159**	3,116	**12,539**	12,318
Operating Income Margin	**6.4 %**	8.8 %	**7.8 %**	11.2 %
EBITDA Margin	**31.3 %**	32.5 %	**32.5 %**	34.8 %

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions				
	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
WarnerMedia Segment				
Operating Contribution	**$ 1,573**	$ 2,529	**$ 7,277**	$ 8,210
Additions:				
Equity in Net (Income) Loss of Affiliates	**6**	13	**(38)**	(18)
Depreciation and amortization	**165**	177	**656**	671
EBITDA	**1,744**	2,719	**7,895**	8,863
Total Operating Revenues	**9,873**	8,554	**35,632**	30,442
Operating Income Margin	**16.0%**	29.7%	**20.3%**	26.9%
EBITDA Margin	**17.7%**	31.8%	**22.2%**	29.1%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions				
	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Latin America Segment				
Operating Contribution	**$ (80)**	$ (167)	**$ (430)**	$ (729)
Additions:				
Equity in Net (Income) Loss of Affiliates	**1**	2	**(6)**	(24)
Depreciation and amortization	**153**	260	**836**	1,033
EBITDA	**74**	95	**400**	280
Total Operating Revenues	**1,063**	1,498	**5,354**	5,716
Operating Income Margin	**-7.4%**	-11.0%	**-8.1%**	-13.2%
EBITDA Margin	**7.0%**	6.3%	**7.5%**	4.9%
Mexico				
Operating Contribution	**$ (117)**	$ (126)	**$ (510)**	$ (587)
Additions:				
Depreciation and amortization	**153**	140	**605**	513
EBITDA	**36**	14	**95**	(74)
Total Operating Revenues	**704**	736	**2,747**	2,562
Operating Income Margin	**-16.6%**	-17.1%	**-18.6%**	-22.9%
EBITDA Margin	**5.1%**	1.9%	**3.5%**	-2.9%

Adjusting Items

Adjusting items include revenues and costs we consider non-operational in nature, including 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	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Operating Expenses				
Merger costs	**132**	37	**299**	468
Employee separation costs and benefit-related (gain) loss[1]	**—**	253	**57**	1,177
Asset impairments and abandonment	**188**	16,365	**4,904**	18,880
Gain (loss) on spectrum transaction	**—**	—	**—**	(900)
Adjustments to Operations and Support Expenses	**320**	16,655	**5,260**	19,625
Amortization of intangible assets	**1,021**	1,890	**4,233**	8,012
Impairments	**—**	14	**—**	14
Adjustments to Operating Expenses	**1,341**	18,559	**9,493**	27,651
Other				
DIRECTV intangible amortization (proportionate share)	**434**	—	**826**	—
(Gain) loss on sale of assets	**172**	43	**(660)**	(50)
Debt redemption, impairments and other adjustments	**22**	(29)	**235**	1,735
Actuarial (gain) loss	**(1,119)**	4,106	**(4,140)**	4,169
Employee benefit-related (gain) loss[1]	**—**	(149)	**—**	(172)
Adjustments to Income Before Income Taxes	**850**	22,530	**5,754**	33,333
Tax impact of adjustments	**(40)**	3,186	**580**	4,977
Tax-related items	**264**	41	**505**	41
Impairment attributable to noncontrolling interest	**—**	—	**81**	105
Adjustments to Net Income	**$ 626**	$ 19,303	**$ 4,588**	$ 28,210

[1] Mark-to-market gains and losses on benefit-related investments were adjusted in 2020 reflecting more significant market volatility and uncertainty experienced as a result of the onset of the COVID-19 pandemic. Benefit-related investment gains were approximately $160 and $430 in the fourth quarter and for the year ended December 31, 2021, and $205 and $330 in the fourth quarter and for the year ended December 31, 2020.

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 and Adjusted EBITDA Margin				
Dollars in millions				
	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Operating Income	**$ 5,308**	$ (10,745)	**$ 23,347**	$ 6,405
Adjustments to Operating Expenses	**1,341**	18,559	**9,493**	27,651
Adjusted Operating Income	**6,649**	7,814	**32,840**	34,056
EBITDA	**10,981**	(3,766)	**46,209**	34,921
Adjustments to Operations and Support Expenses	**320**	16,655	**5,260**	19,625
Adjusted EBITDA	**11,301**	12,889	**51,469**	54,546
Total Operating Revenues	**40,958**	45,691	**168,864**	171,760
Operating Income Margin	**13.0 %**	(23.5)%	**13.8 %**	3.7 %
Adjusted Operating Income Margin	**16.2 %**	17.1 %	**19.4 %**	19.8 %
Adjusted EBITDA Margin	**27.6 %**	28.2 %	**30.5 %**	31.8 %

Adjusted Diluted EPS				
	Fourth Quarter		Year Ended	
	2021	2020	**2021**	2020
Diluted Earnings Per Share (EPS)	**$ 0.69**	$ (1.95)	**$ 2.76**	$ (0.75)
Amortization of intangible assets	**0.12**	0.22	**0.47**	0.90
DIRECTV intangible amortization (proportionate share)	**0.05**	—	**0.09**	—
Impairments	**0.02**	2.02	**0.56**	2.37
(Gain) loss on sale of assets	**0.04**	0.03	**(0.05)**	0.02
Actuarial (gain) loss [1]	**(0.12)**	0.43	**(0.43)**	0.44
Debt redemption, merger and other adjustments	**0.02**	0.01	**0.07**	0.21
Tax-related items	**(0.04)**	(0.01)	**(0.07)**	(0.01)
Adjusted EPS	**$ 0.78**	$ 0.75	**$ 3.40**	$ 3.18
Year-over-year growth - Adjusted	**4.0%**		**6.9%**	
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,204**	7,176	**7,199**	7,183

[1] Includes adjustments for actuarial gains or losses associated with our postemployment benefit plans, which we immediately recognize in the income statement, pursuant to our accounting policy for the recognition of actuarial gains/losses. We recorded total net actuarial gain of $4.1 billion in 2021. As a result, adjusted EPS reflects an expected return on plan assets of $3.7 billion (based on an average expected return on plan assets of 6.75% for our pension trust and 4.50% for our VEBA trusts), rather than the actual return on plan assets of $5.9 billion gain (actual pension return of 11.4% and VEBA return of 6.3%), included in the GAAP measure of income.

Net Debt to Pro Forma 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 Pro Forma Adjusted EBITDA ratio is calculated by dividing the Net Debt by the sum of the most recent four quarters Pro Forma 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 Pro Forma Adjusted EBITDA - 2021

Dollars in millions

	Three Months Ended				
	March. 31 2021 [1]	June 30, 2021 [1]	Sept. 30, 2021 [1]	Dec. 31, 2021	**Four Quarters**
Adjusted EBITDA	$ 13,564	$ 13,585	$ 13,019	$ 11,301	**$ 51,469**
Less: Historical Video	(1,065)	(1,364)	(418)	—	**(2,847)**
Add: WarnerMedia sale of DIRECTV advertising	349	372	99	—	**820**
Add: WarnerMedia/DIRECTV revenue share	(271)	(287)	(78)	—	**(636)**
Less: Historical Vrio	(82)	(89)	(96)	(38)	**(305)**
Pro Forma Adjusted EBITDA	12,495	12,217	12,526	11,263	**48,501**
End-of-period current debt					**24,630**
End-of-period long-term debt					**152,724**
Total End-of-Period Debt					**177,354**
Less: Cash and Cash Equivalents					**21,169**
Net Debt Balance					**156,185**
Annualized Net Debt to Pro Forma Adjusted EBITDA Ratio [2]					**3.22**

[1] Adjusted EBITDA as reported in AT&T's Form 8-K filed April 22, 2021, July 22, 2021 and October 21, 2021.

[2] Annualized Net Debt to Adjusted EBITDA Ratio of 3.03 (excluding pro forma).

Net Debt to Adjusted EBITDA - 2020

Dollars in millions

	Three Months Ended				
	March 31, 2020 [1]	June 30, 2020 [1]	Sept. 30, 2020 [1]	Dec. 31, 2020	Four Quarters
Adjusted EBITDA	$ 14,232	$ 14,112	$ 13,313	$ 12,889	$ 54,546
End-of-period current debt					3,470
End-of-period long-term debt					153,775
Total End-of-Period Debt					157,245
Less: Cash and Cash Equivalents					9,740
Net Debt Balance					147,505
Annualized Net Debt to Adjusted EBITDA Ratio					2.70

[1] As reported in AT&T's Form 8-K filed April 22, 2020, July 23, 2020, and October 22, 2020.

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								
	Fourth Quarter							
	December 31, 2021				December 31, 2020			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 14,669**	**$ —**	**$ (12,561)**	**$ 2,108**	$ 14,022	$ —	$ (12,074)	$ 1,948
Wireline services	**—**	**5,727**	**—**	**5,727**	—	6,042	—	6,042
Wireless equipment	**6,477**	**—**	**(5,447)**	**1,030**	6,097	—	(5,172)	925
Wireline equipment	**—**	**174**	**—**	**174**	—	209	—	209
Total Operating Revenues	**21,146**	**5,901**	**(18,008)**	**9,039**	20,119	6,251	(17,246)	9,124
Operating Expenses								
Operations and support	**13,743**	**3,687**	**(11,419)**	**6,011**	13,023	3,938	(10,926)	6,035
EBITDA	**7,403**	**2,214**	**(6,589)**	**3,028**	7,096	2,313	(6,320)	3,089
Depreciation and amortization	**2,050**	**1,317**	**(1,700)**	**1,667**	2,008	1,316	(1,686)	1,638
Total Operating Expenses	**15,793**	**5,004**	**(13,119)**	**7,678**	15,031	5,254	(12,612)	7,673
Operating Income	**5,353**	**897**	**(4,889)**	**1,361**	5,088	997	(4,634)	1,451
Equity in Net Income (Loss) of Affiliates	**—**	**—**	**—**	**—**	—	—	—	—
Operating Contribution	**$ 5,353**	**$ 897**	**$ (4,889)**	**$ 1,361**	$ 5,088	$ 997	$ (4,634)	$ 1,451

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

Supplemental Operational Measure								
	Year Ended							
	December 31, 2021				December 31, 2020			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 57,590**	**$ —**	**$ (49,429)**	**$ 8,161**	$ 55,542	$ —	$ (47,810)	$ 7,732
Wireline service	**—**	**23,224**	**—**	**23,224**	—	24,313	—	24,313
Wireless equipment	**20,664**	**—**	**(17,250)**	**3,414**	17,022	—	(14,140)	2,882
Wireline equipment	**—**	**713**	**—**	**713**	—	770	—	770
Total Operating Revenues	**78,254**	**23,937**	**(66,679)**	**35,512**	72,564	25,083	(61,950)	35,697
Operating Expenses								
Operations and support	**46,820**	**14,755**	**(38,749)**	**22,826**	42,106	15,303	(34,927)	22,482
EBITDA	**31,434**	**9,182**	**(27,930)**	**12,686**	30,458	9,780	(27,023)	13,215
Depreciation and amortization	**8,122**	**5,192**	**(6,744)**	**6,570**	8,086	5,216	(6,802)	6,500
Total Operating Expenses	**54,942**	**19,947**	**(45,493)**	**29,396**	50,192	20,519	(41,729)	28,982
Operating Income	**23,312**	**3,990**	**(21,186)**	**6,116**	22,372	4,564	(20,221)	6,715
Equity in Net Income (Loss) of Affiliates	**—**	**—**	**—**	**—**	—	—	—	—
Operating Contribution	**$ 23,312**	**$ 3,990**	**$ (21,186)**	**$ 6,116**	$ 22,372	$ 4,564	$ (20,221)	$ 6,715

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

AT&T