










Q4 2016 AT&T EARNINGS

# Investor Briefing

No. 295 | JANUARY 25, 2017

# Contents

	Consolidated Results	3
	Business Solutions	6
	Entertainment Group	8
	Consumer Mobility	10
	International	11
	AT&T Mobility	12
	Highlights	15

## AT&T Reports Fourth-Quarter and Full-Year Results; AT&T Meets Full-Year Guidance With Strong Customer Growth

### Fourth Quarter

- ▶ Consolidated revenues of \$41.8 billion
- ▶ Operating income of \$4.2 billion
- ▶ Net income attributable to AT&T of \$2.4 billion
- ▶ Diluted EPS of \$0.39 as reported and \$0.66 as adjusted, compared to \$0.65 and \$0.63 in the year-ago quarter
- ▶ Cash from operations of \$10.1 billion
- ▶ Free cash flow of \$3.7 billion, up 19.2%

### Full Year

- ▶ Consolidated revenues of \$163.8 billion
- ▶ Operating income of \$24.3 billion
- ▶ Net income attributable to AT&T of \$13.0 billion
- ▶ Diluted EPS of \$2.10 as reported and \$2.84 as adjusted, compared to \$2.37 and \$2.71 in the prior year
- ▶ Cash from operations of \$39.3 billion
- ▶ Free cash flow of \$16.9 billion, up 6.8%



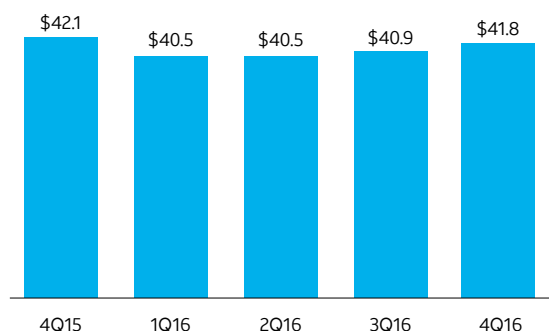
### HIGHLIGHTS:

- ▶ Fourth-quarter: 2.8 million wireless net adds
  - 1.5 million U.S.
  - 1.3 million Mexico
- ▶ Full-year: 9.5 million wireless net adds
  - 6.2 million U.S.
  - 3.3 million Mexico
- ▶ U.S. wireless fourth-quarter results:
  - 1.1 million branded smartphones added to subscriber base
  - Best-ever postpaid phone churn of 0.98%
  - Wireless postpaid churn of 1.16%
  - Strong operating margin of 24.7%; best-ever fourth-quarter service EBITDA margin of 45.4%
- ▶ Strong DIRECTV NOW launch with more than 200,000 paid net adds
- ▶ 235,000 U.S. DIRECTV satellite net adds with stable linear TV subscriber base
- ▶ 149,000 IP broadband net adds with stable total broadband base
- ▶ Nearly 400 million North American 4G LTE POPs

## CONSOLIDATED FINANCIAL RESULTS

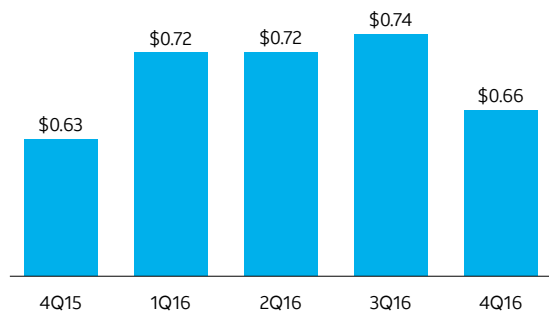
AT&T's consolidated revenues for the fourth quarter totaled \$41.8 billion versus \$42.1 billion in the year-ago quarter. Compared with results for the fourth quarter of 2015, operating expenses were \$37.6 billion versus \$34.6 billion; operating income was \$4.2 billion versus \$7.5 billion; and operating income margin was 10.2% versus 17.9%. When adjusting for amortization, merger- and integration-related and other items, operating income was \$7.3 billion versus \$7.1 billion; and operating income margin was 17.5%, up 70 basis points versus the year-ago quarter.

Consolidated Revenues  
IN BILLIONS



Fourth-quarter net income attributable to AT&T totaled \$2.4 billion, or \$0.39 per diluted share, compared to \$4.0 billion, or \$0.65 per diluted share, in the year-ago quarter. Adjusting for the \$0.10 non-cash actuarial loss on benefit plans from the annual remeasurement process and \$0.17 of costs for amortization, merger-and integration-related and other items, earnings per diluted share was \$0.66 compared to an adjusted \$0.63 in the year-ago quarter.

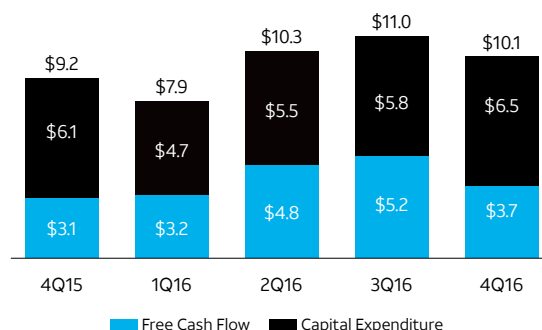
Adjusted Earnings Per Share



REPORTED: \$0.65      \$0.61      \$0.55      \$0.54      \$0.39

Cash from operating activities was \$10.1 billion in the fourth quarter and capital expenditures were \$6.5 billion. Capital investment<sup>1</sup> for the quarter totaled \$6.7 billion. Free cash flow — cash from operating activities minus capital expenditures — was \$3.7 billion for the quarter, up 19.2% versus the year-ago quarter even with higher capital spending.

Cash from Operations  
IN BILLIONS



## FULL-YEAR RESULTS

For full-year 2016, compared with 2015 results, AT&T's consolidated revenues totaled \$163.8 billion versus \$146.8 billion, up 11.6% for the year, driven by a full year of results from DIRECTV and gains in IP services and video. Operating expenses reflect actuarial gains and losses on benefit plans and were \$139.4 billion compared with \$122.0 billion, up 14.3%; net income attributable to AT&T was \$13.0 billion versus \$13.3 billion, down 2.8%; and earnings per diluted share was \$2.10, compared with \$2.37. With adjustments for both years, operating income was \$31.8 billion versus \$27.7 billion; operating income margin was 19.4% versus 18.8%; and earnings per share totaled \$2.84, compared with \$2.71, an increase of 4.8%.

AT&T's full-year cash from operating activities was a record \$39.3 billion, up from \$35.9 billion in 2015. Capital expenditures, including capitalized interest, totaled \$22.4 billion, versus \$20.0 billion in 2015. Capital investment for the full year was \$22.9 billion versus \$20.7 billion in 2015. Full-year free cash flow was \$16.9 billion compared to \$15.9 billion in 2015. The company's free cash flow dividend payout ratio for the full year was 70%.<sup>2</sup>

**2017 OUTLOOK**

On a business-as-usual basis without the impact of Time Warner, AT&T expects in 2017:

- ▶ Consolidated revenue growth in the low-single digits
- ▶ Adjusted EPS growth in the mid-single digit range
- ▶ Adjusted operating margin expansion
- ▶ Capital expenditures in the \$22 billion range

*Adjustments include non-cash mark-to-market benefit plan gain/loss, merger integration and amortization costs and other adjustments. Traditionally, the mark-to-market adjustment is the largest item, which is driven by interest rates and investment returns that are not reasonably estimable at this time. We expect amortization to be lower in 2017 compared to 2016.*

---

<sup>1</sup>Q16 includes \$267 million in capital purchases with favorable vendor payment terms  
<sup>2</sup>Free cash flow dividend payout ratio is dividends divided by free cash flow

# Business Solutions

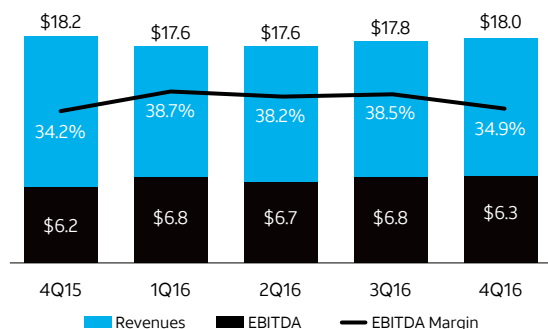


The Business Solutions segment provides both wireless and wireline services to business customers and wireless services to individual subscribers who participate through employer-sponsored plans. AT&T's wireless and wired networks provide complete communications solutions to these customers. AT&T's business customer revenues include results from enterprise, public sector, wholesale and small/midsize customers.

## FINANCIAL HIGHLIGHTS

Total fourth-quarter revenues from business customers were \$18.0 billion, down 1.0% versus the year-earlier quarter but up 1.5% sequentially.

Revenues & EBITDA Margin  
IN BILLIONS



- Growth in mobility and strategic business services helped offset declines in legacy wireline services, the lack of business investment and the second-quarter 2016 sale of certain hosting operations.
- Fourth-quarter operating expenses were \$14.0 billion, down 3.3% versus the fourth quarter of 2015. Operating income totaled \$4.0 billion, up 8.1% year over year.
- Fourth-quarter operating income margin was 22.3%, up 190 basis points year over year with growth in wireless and IP revenues and cost efficiencies offsetting declines in higher-margin legacy services.

## BUSINESS WIRELESS FINANCIAL RESULTS

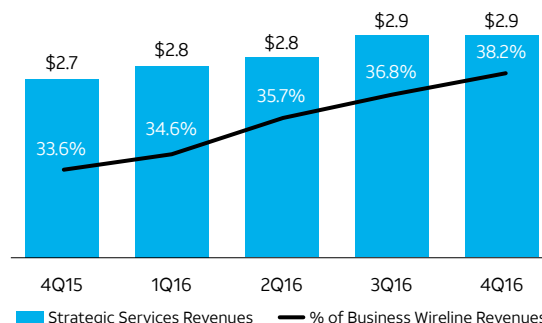
Business wireless revenues were up 1.9% year over year to \$10.3 billion driven by wireless service revenue growth, which more than offset lower equipment revenues due to lower sales and upgrades.

- Wireless service revenues were up 3.9% year over year, reflecting smartphone and tablet gains and continued migration from consumer plans.

## BUSINESS WIRELINE FINANCIAL RESULTS

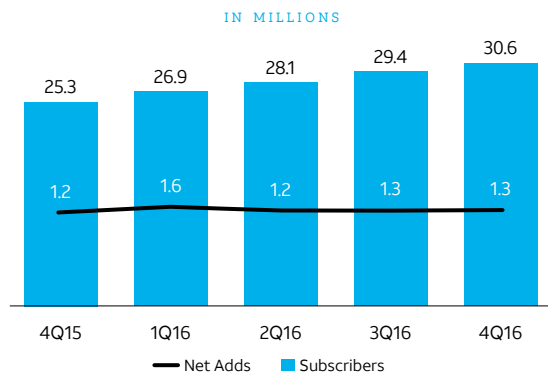
In business wireline, declines in legacy products and business investment were partially offset by continued growth in strategic business services. Total business wireline revenues were \$7.7 billion, down 4.6% year over year.

Strategic Services Revenues  
IN BILLIONS



- ▶ When adjusting for the transition of certain hosting operations and foreign exchange pressures, wireline revenues would have decreased 3.4%. When adjusting for these same items, data revenues were stable. Data revenues make up nearly 60% of Business Solutions wireline revenues.
- ▶ Strategic business services, the next-generation wireline capabilities that lead AT&T's most advanced business solutions — including VPNs, Ethernet, cloud, hosting, IP conferencing, voice over IP, dedicated internet, U-verse and security services — continued its strong performance. Revenues grew by \$226 million, or 8.3%, versus the year-earlier quarter. These services represent 38% of total business wireline revenues and an annualized revenue stream of nearly \$12 billion. Growth in strategic business services helped offset about \$2 billion of annual revenue pressure in 2016 from declines in legacy services.

## Connected Devices Subscribers & Net Adds

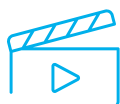


## SUBSCRIBER METRICS

At the end of the fourth quarter, AT&T had more than 81 million business wireless subscribers.

- ▶ Business Solutions added 250,000 postpaid subscribers and 1.3 million connected devices in the fourth quarter. Postpaid business wireless subscriber churn was 1.11% versus 1.10% in the year-ago quarter.
- ▶ During the quarter, the company also added nearly 14,000 high-speed IP broadband business subscribers. Total business broadband had a loss of 15,000 subscribers in the quarter.

# Entertainment Group



AT&T's Entertainment Group provides entertainment, high-speed internet and communications services predominantly to residential customers in the United States.

## FINANCIAL HIGHLIGHTS

Total revenues were \$13.2 billion, up 1.6% versus the year-earlier quarter due to gains in video and IP broadband services.

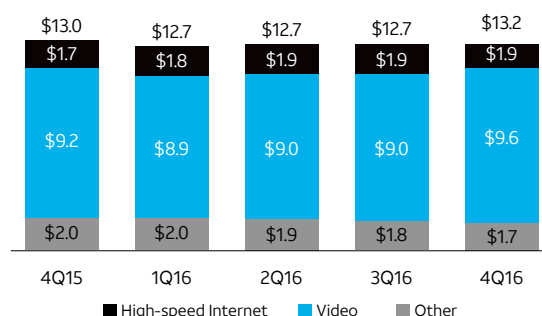
- ▶ Total video revenues were up 3.5% with satellite gains more than offsetting declines in IPTV.
- AdWorks continues to show strong gains and grew to \$1.5 billion in annual revenues for 2016. Ad revenues across AT&T totaled \$1.9 billion in 2016.
- ▶ Broadband revenues were up 4% in the quarter with IP broadband growing by 10%.

Fourth-quarter operating expenses were \$11.8 billion, up 2.6% from a year ago primarily due to annual content-cost increases, including NFL SUNDAY TICKET, and start-up costs for DIRECTV NOW, partially offset by cost synergies.

- ▶ Operating income totaled \$1.4 billion, down 5.7% from the year-ago quarter.

## Product Revenues

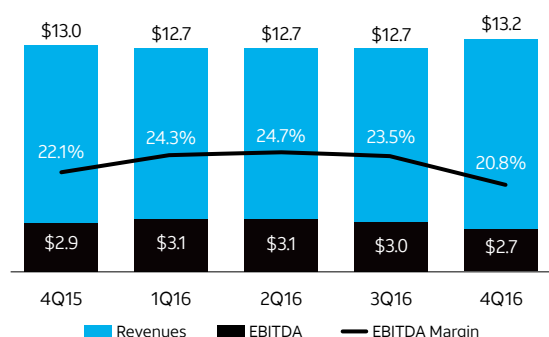
IN BILLIONS



- ▶ Fourth-quarter operating income margin was 10.3%, down from 11.1% in the year-earlier quarter.
- ▶ Entertainment Group EBITDA margin was 20.8%, compared to 22.1% in the fourth quarter of 2015, with video and IP revenue growth and cost efficiencies partially offsetting TV content-cost pressure, DIRECTV NOW launch expenses and declines in legacy services.

## Revenues and EBITDA Margin

IN BILLIONS

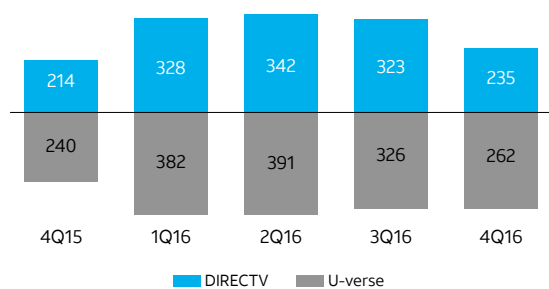




## SUBSCRIBER METRICS

Total linear video subscribers were down slightly in the quarter; however, total video subscribers increased as the company launched its first over-the-top video service.

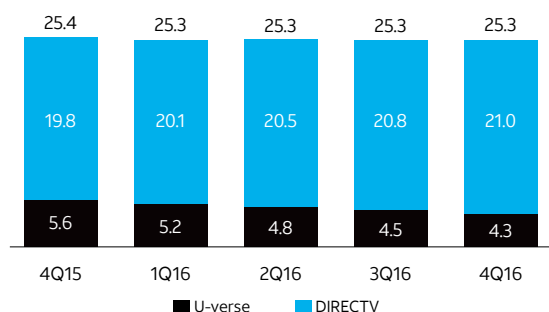
Video Net Adds\*  
IN THOUSANDS



\*Excludes DIRECTV NOW subscribers

- ▶ The company added 235,000 satellite subscribers in the fourth quarter. IPTV subscribers declined by 262,000 as the company continued to focus on profitability and emphasized satellite sales. For the third straight quarter, gross additions increased on a year-over-year basis even when excluding IPTV customers transitioning to DIRECTV.

Total Video Subscribers\*  
IN MILLIONS



\*Excludes DIRECTV NOW subscribers

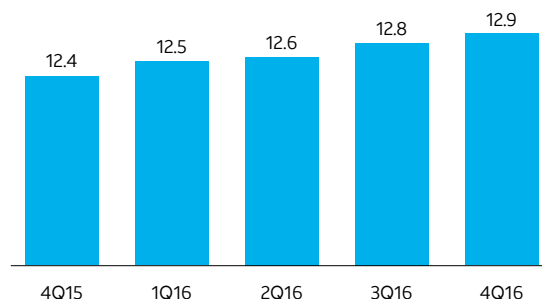
- ▶ During the quarter, the company introduced DIRECTV NOW and added more than 200,000 subscribers. Special promotions and launch pricing helped drive this strong growth. Also, there is not enough historical data at this time for the company to provide insights on expected churn.

- ▶ The Entertainment Group ended the quarter with 25.5 million total video subscribers when including DIRECTV NOW subscribers and 25.3 million linear video subscribers.

Total Entertainment Group broadband subscribers were relatively stable in the quarter.

- ▶ The Entertainment Group had a net gain of 136,000 IP broadband subscribers in the fourth quarter with DSL losses of 133,000, for total broadband subscriber growth of 3,000. IP broadband subscribers at the end of the quarter totaled 12.9 million.

IP Broadband Subscribers  
IN MILLIONS



# Consumer Mobility



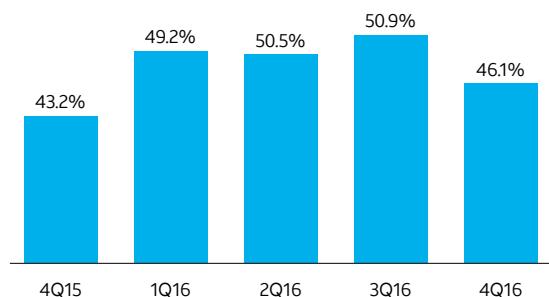
The Consumer Mobility segment provides nationwide wireless service to consumer and wholesale subscribers located in the United States and in U.S. territories. The company's wireless network powers voice and data services, including high-speed internet, video entertainment and home monitoring services.

## FINANCIAL HIGHLIGHTS

Total revenues from Consumer Mobility customers totaled \$8.4 billion, down 3.8% versus the year-earlier quarter, reflecting declines from lower postpaid service revenues due to the success of Mobile Share® plans and migrations to business plans.

- ▶ Fourth-quarter operating expenses were \$6.2 billion, down 5.7% versus the fourth quarter of 2015, reflecting lower equipment and commission costs as well as increased operational efficiencies.
- ▶ AT&T's Consumer Mobility operating income totaled \$2.2 billion, up 2.1% versus the fourth quarter of 2015. Fourth-quarter operating income margin was 26.0%, up 150 basis points from the year-earlier quarter with lower volumes, fewer subsidized sales and cost efficiencies more than offsetting service-revenue pressure.

Service EBITDA Margin



- ▶ Consumer Mobility EBITDA margin was 36.9%, compared to 35.2% in the fourth quarter of 2015. (EBITDA margin is operating income before depreciation and amortization, divided by total wireless revenues.) EBITDA service margin was 46.1%, up from 43.2% in the year-ago quarter. (EBITDA service margin is operating income before depreciation and amortization, divided by total service revenues.)

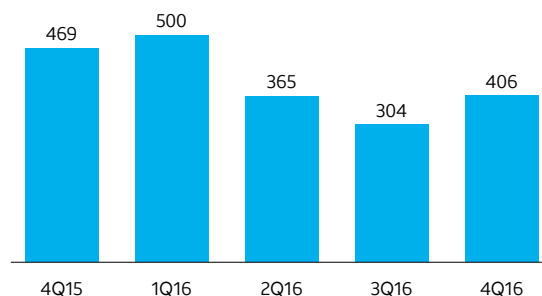
## SUBSCRIBER METRICS

At the end of the fourth quarter, AT&T had 53.5 million Consumer Mobility subscribers.

- ▶ In the quarter, Consumer Mobility gained 8,000 total subscribers with 270,000 postpaid, 406,000 prepaid and 5,000 connected device net adds offsetting a loss of 673,000 reseller subscribers.

Prepaid Net Adds

IN THOUSANDS



- ▶ Subscriber metrics, especially reseller, were impacted by the shutdown of the 2G network.
- ▶ Consumer Mobility postpaid churn was 1.25%, compared to 1.31% in the year-ago quarter. Consumer postpaid phone churn was 1.06% versus 1.21% in the year-ago quarter.

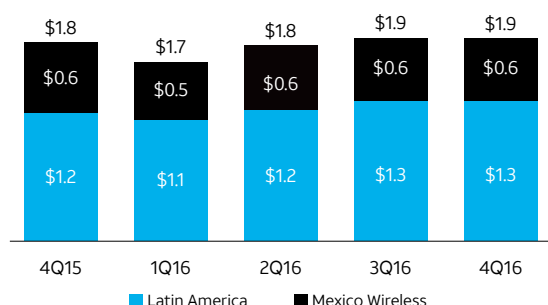
# International



The International segment includes wireless services in Mexico and satellite entertainment services in Latin America. AT&T is a leading provider of pay television services in Latin America with satellite operations serving Argentina, Brazil, Chile, Colombia, Ecuador, Peru, Uruguay, Venezuela and parts of the Caribbean. The company also owns 41% of Sky Mexico. Sky Mexico financial results are accounted for as an equity-method investment.

Total International revenues totaled \$1.9 billion. Fourth-quarter operating expenses were \$2.2 billion. AT&T's International operating loss totaled \$268 million. Fourth-quarter operating income margin was (14.0)%.

Revenues  
IN BILLIONS

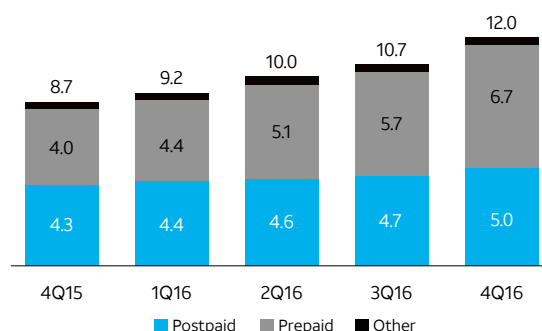


## MEXICO

AT&T owns and operates a wireless network in Mexico. AT&T covered about 78 million people in Mexico with 4G LTE at the end of the fourth quarter and expects to cover 100 million POPs by the end of 2018.

- Wireless revenues from Mexico were \$648 million, up 0.8% versus the year-earlier quarter, largely due to subscriber growth which was partially offset by competitive and foreign exchange pressures.
- Fourth-quarter operating loss was \$317 million compared to a loss of \$258 million in the year-ago quarter, reflecting continued investment in operations, network and subscriber acquisitions.

Wireless Subscribers - Mexico  
IN MILLIONS



- In the quarter, AT&T added 233,000 postpaid subscribers and 1.1 million prepaid subscribers to reach 12.0 million total wireless subscribers in Mexico, a 38% increase from a year ago. For full-year 2016, the company added 3.3 million subscribers in Mexico.

## DIRECTV LATIN AMERICA

DIRECTV Latin America revenues reflect macroeconomic pressure with mixed local currencies. Total revenues from Latin America were \$1.3 billion, up 4.6%. Operating income was \$49 million with continued positive free cash flow.

- Fourth-quarter subscriber net losses were 21,000, driven by declines in Brazil that were partially offset by gains in Chile, Colombia, Uruguay and Ecuador. Total subscribers at the end of the quarter were 12.5 million. Sky Mexico had approximately 7.9 million subscribers as of Sept. 30, 2016.

# AT&T Mobility



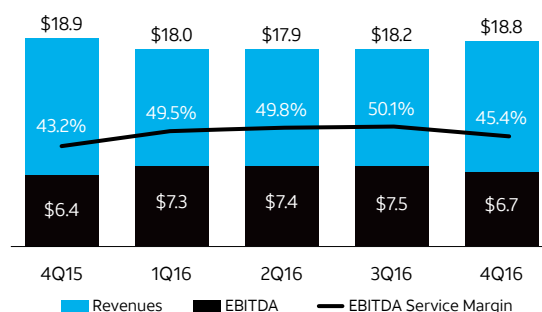
AT&T's U.S. mobility operations are divided between the Business Solutions and Consumer Mobility segments. For comparison purposes, the company is providing supplemental information for its total domestic mobility operations.

## FINANCIAL HIGHLIGHTS

Wireless revenues reflected lower service revenues from the continued adoption of Mobile Share plans and lower equipment revenues primarily from fewer handset upgrades and an increase in bring-your-own-device subscribers (BYOD).

- ▶ Total wireless revenues were \$18.8 billion, down 0.7% year over year, due to decreases in service and equipment revenues. Wireless service revenues of \$14.7 billion were also down 0.7% year over year. Adoption of Mobile Share plans was partially offset by continued smartphone and tablet increases. Wireless equipment revenues decreased 0.8% to \$4.0 billion.
- ▶ Fourth-quarter wireless operating expenses totaled \$14.1 billion, down 2.7% year over year, reflecting operating efficiencies and lower sales volumes. Wireless operating income was \$4.6 billion, up 6.0% year over year, reflecting continued adoption of Mobile Share plans and lower sales volumes.
- ▶ Wireless margins reflect adoption of AT&T Next<sup>SM</sup>, increases in BYOD customers, fewer smartphone upgrades and continued efforts to drive operating costs out of the business. AT&T's reported fourth-quarter wireless operating income margin was 24.7%, a 150-basis-point improvement from the year-earlier quarter and the best-ever full year operating income margin.
- ▶ Wireless EBITDA margin was 35.7%, compared to 33.9% in the fourth quarter of 2015. Wireless EBITDA service margin was the best ever for a fourth quarter at 45.4%, compared to 43.2% in the year-ago quarter.

## Revenues and EBITDA Service Margins

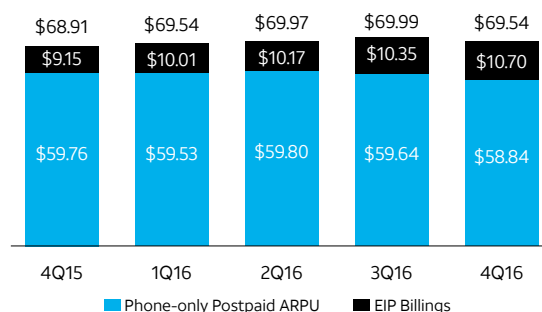


## ARPU

The continued migration to non-subsidized plans is reflected in postpaid service ARPU (average revenues per user).

- ▶ Phone-only postpaid ARPU decreased 1.5% versus the year-earlier quarter; however, phone-only postpaid ARPU with AT&T Next monthly billings increased 0.9% year over year. This growth comes even with lower upgrade volumes, increased promotional offers and more customers holding onto their devices after completing Next payments.

## Phone-only Postpaid + EIP ARPU

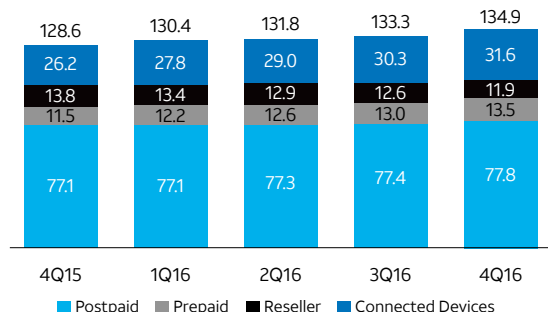


## SUBSCRIBER METRICS

In the fourth quarter, AT&T posted a net increase in total wireless subscribers of 1.5 million to reach 134.9 million in service, up 6.2 million in 2016.

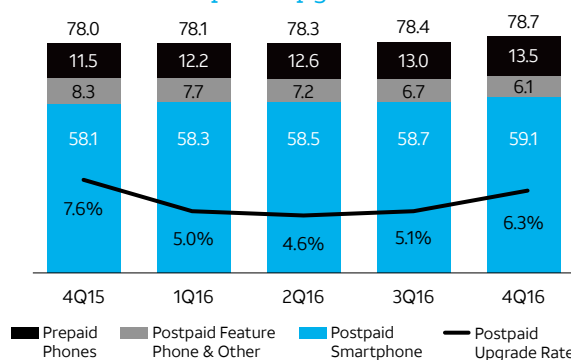
- ▶ The company added 520,000 postpaid subscribers and 406,000 prepaid phone subscribers with gains in both Cricket and GoPhone.

Wireless Subscribers  
IN MILLIONS



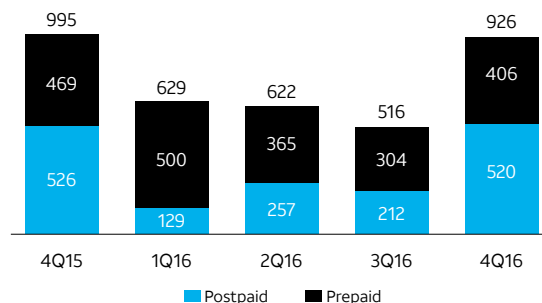
- ▶ AT&T also added 1.3 million connected devices, even with pressure from the shutdown of the company's 2G network. It lost 672,000 reseller subscribers in the quarter, largely due to competitive losses and disconnects from the company's 2G network. The company added 509,000 postpaid tablet and computing devices in the quarter and lost 67,000 postpaid phone subscribers, with all of the losses in lower-ARPU feature phones.
- ▶ The company had 926,000 branded net adds (both postpaid and prepaid) in the quarter, including 422,000 branded smartphone net adds. About 1.1 million total branded smartphones were added to the base.

Branded Phone Subscribers & Postpaid Upgrade Rate



- ▶ The company shut down its 2G network in early January. At the end of the fourth quarter, the company had about 2 million 2G subscribers. This included 1.8 million connected devices, 337,000 reseller, 89,000 postpaid and 77,000 prepaid. This compares to about 4 million 2G subscribers at the end of the third quarter. At the end of the fourth quarter, most of the 2G postpaid subscribers were sent replacement phones. Any remaining 2G subscribers that are disconnected will be removed from the beginning of year 2017 subscriber count.

Branded Net Adds  
IN THOUSANDS



## SMARTPHONES

The company's branded smartphone base continued to grow in the quarter, and even more customers moved off the subsidy model — either choosing AT&T Next or bringing their own devices.

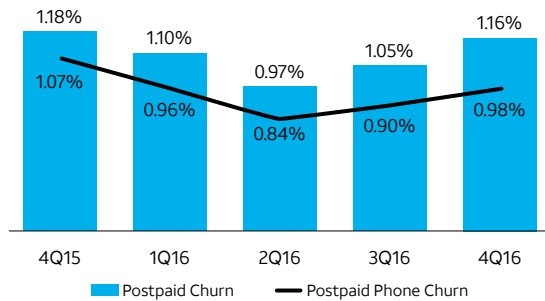
- ▶ The company had 8.5 million branded smartphone gross adds and upgrades in the quarter, including 2.0 million from prepaid. The postpaid upgrade rate in the quarter was 6.3%.
- ▶ Sales on AT&T Next were 5.5 million, or 84% of all postpaid smartphone gross adds and upgrades. The company also had 669,000 BYOD gross adds, the second most ever. That means about 95% of postpaid smartphone transactions in the quarter were non-subsidy.
- About 50% of the company's postpaid smartphone base is currently on AT&T Next, with more than 80% of postpaid smartphone subscribers on no-device-subsidy plans.
- ▶ At the end of the quarter, 91%, or 59.1 million, of AT&T's postpaid phone subscribers had smartphones. Smartphones accounted for 97% of postpaid phone sales during the quarter.

## CHURN

Improvements in postpaid and prepaid churn helped offset higher connected device and reseller churn caused by the 2G network shutdown.

- ▶ Postpaid churn was 1.16%, compared to 1.18% in the year-ago quarter. That includes about 2 basis points of pressure from the 2G network shutdown. Postpaid phone churn was 0.98%, compared to 1.07% in the year-ago quarter and was the best-ever for a fourth quarter. Branded churn was 1.74%, compared to 1.72% in the year-ago quarter even with a larger prepaid phone base. Total churn was 1.71%, up from 1.50% in the year-ago quarter. Without 22 basis points of pressure from the shutdown of the 2G network, total churn would have improved year over year.

Postpaid Churn



## DATA PLANS

Customers continue to choose Mobile Share and unlimited wireless with TV plans.

- ▶ The total number of Mobile Share connections was 57.0 million with an average of about 3 devices per account. Nearly 40% of Mobile Share accounts are on 15 gigabyte or larger data plans.
- ▶ 7.9 million postpaid subscribers are on unlimited wireless with video plans.

# Highlights



AT&T helps millions around the globe connect with leading entertainment, mobile, high-speed internet and voice services. The company is one of the world's largest providers of pay TV with customers in the U.S. and 11 Latin American countries. And it helps businesses worldwide serve their customers better with mobility and highly secure cloud solutions.

In recent weeks, AT&T:

## WIRELESS

- ▶ Extended the presence of Cricket Wireless to all 50 U.S. states and the District of Columbia. The company also accelerated distribution, with 1,300 branded company and authorized retail stores added nationwide since AT&T completed its acquisition of Leap Wireless in 2014. The company opened 800 new branded locations in 2016 alone.
- ▶ Launched AT&T Call Protect. The free network-based service gives eligible AT&T wireless customers with HD Voice more control over unwanted calls on their smartphones.
- ▶ Introduced Stream Saver, giving eligible mobility customers the ability to make their data go further when streaming video.

## ENTERTAINMENT

- ▶ Launched DIRECTV NOW streaming service on the company's next-generation video platform, offering programming packages in four tiers plus options to buy additional premium content.
- ▶ Introduced Taylor Swift NOW, a video channel and experience created exclusively by AT&T and Taylor Swift, to showcase unique videos, concert performances, behind-the-scenes footage and more from Taylor's archives. Taylor Swift NOW is available across all of AT&T's video platforms including DIRECTV NOW, DIRECTV and U-verse.

- ▶ Announced plans to bring exclusive Hello Sunshine content from Reese Witherspoon to DIRECTV and DIRECTV NOW customers. Hello Sunshine is Witherspoon's and Otter Media's cross-platform brand and consumer-facing content company.
- ▶ Launched the company's 100% fiber network powered by AT&T Fiber<sup>SM</sup> in 17 additional metro areas — Augusta, Ga.; Bakersfield, Calif.; Baton Rouge, La.; Birmingham, Ala.; Charleston, S.C.; Columbus, Ohio; Detroit, Mich.; Greater New Orleans; Greenville, S.C.; Huntsville, Ala.; Little Rock, Ark.; Louisville, Ky.; Lubbock, Texas; Memphis, Tenn.; Mobile, Ala.; Northwest Arkansas and Reno, Nev. AT&T now serves 46 U.S. major metros, the largest fiber network across the 21 states in which AT&T offers home internet service. The ultra-fast service is now marketed to nearly 4 million locations.

## BUSINESS & INTERNATIONAL

- ▶ With Colt Technology Services, held the first successful software-defined networking interoperability trial, proving that SDN architectures from different network service providers can interoperate with each other across continents.
- ▶ Announced that trials of 400 Gigabit Ethernet (400GbE) data speeds for businesses will start in early 2017.
- ▶ Collaborated with Ericsson and Intel on what the company believes to be the industry's first U.S. 5G business customer trial with enterprise customer, Intel. During the trial, more than a gigabit-per-second bandwidth will let the company test multiple enterprise proof-of-concept use cases like internet access, VPN, Skype for Business and 4K video streams.

- ▶ Furthered its Connected Car leadership by announcing an exclusive multi-year agreement to bring 4G LTE connectivity to Honda vehicles in the U.S. and Canada. The company also announced that AT&T's 4G LTE connectivity<sup>1</sup> will bring Wi-Fi capability<sup>2</sup> to select 2018 Ford vehicles with SYNC Connect®.
- ▶ Collaborated with AUM Cardiovascular to develop a new technology to help rule out coronary artery disease.
- ▶ Teamed with VeriSolutions to automate and simplify compliance with food safety guidelines.
- ▶ Inked a deal to serve as the exclusive cellular network provider to the American Center for Mobility through 2020. The relationship will advance the development of self-driving vehicles. Working with the Center provides the space to explore, create and safely test driverless technologies.
- ▶ Announced that AT&T is supplying advanced technologies to NASA for its Deep Space Network and its research of traffic management solutions for drones.
- ▶ Activated North America's first LTE-M-enabled commercial site, starting a process that will bring the Internet of Things to more devices and markets than ever before. LTE-M brings low-power wide-area connectivity to a broad range of IoT solutions through lower costs, longer battery life and better coverage.
- ▶ Closed significant business deals with American Eagle, Havertys, Intercontinental Exchange, SunBelt and U.S. Army.
- ▶ Completed the rebranding of the company's points of sale in Mexico (nearly 2,900 of which sell postpaid) to AT&T. AT&T opened more than 870 new points of sale throughout Mexico in 2016.

<sup>1</sup>Coverage & service not available everywhere

<sup>2</sup>Eligible car & wireless service plan required



**FIRST-QUARTER 2017 EARNINGS****DATE: APRIL 25, 2017**

AT&T will release first-quarter 2017 earnings on April 25, 2017, after the market closes.

The company's Investor Briefing and related earnings materials will be available on the AT&T website at [www.att.com/investor.relations](http://www.att.com/investor.relations) by 4:30 p.m. Eastern time.

AT&T will also host a conference call to discuss the results at 4:30 p.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 [www.att.com/investor.relations](http://www.att.com/investor.relations).

**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 available on the company's website at [www.att.com/investor.relations](http://www.att.com/investor.relations).

The "quiet period" for FCC Spectrum Auction 1000 (also known as the 600 MHz incentive auction) is now in effect. During the quiet period, auction applicants are required to avoid discussions of bids, bidding strategy and post-auction market structure with other auction applicants.

**AT&T INVESTOR BRIEFING**

The AT&T Investor Briefing is published by the Investor Relations staff of AT&T Inc. Requests for further information may be directed to one of the Investor Relations managers by phone at 210-351-3327.

**Correspondence should be sent to:**

Investor Relations  
AT&T Inc.  
208 S. Akard Street  
Dallas, TX 75202

**Email address:**

[investr@att.com](mailto:investr@att.com)

**Senior Vice President-Investor Relations**

Mike Viola

**Investor Relations Staff**

Jamie Anderson  
Tim Bever  
Michael Black  
Jeston Dumas  
Kent Evans  
Matt Gallaher  
Amy McCracken  
Martin Sheehan  
Chris Womack