AT&T Investor Update

3rd Quarter Earnings

October 24, 2018

Q3 2018 AT&T EARNINGS

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this presentation contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results might 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 and revise statements contained in this presentation based on new information or otherwise.

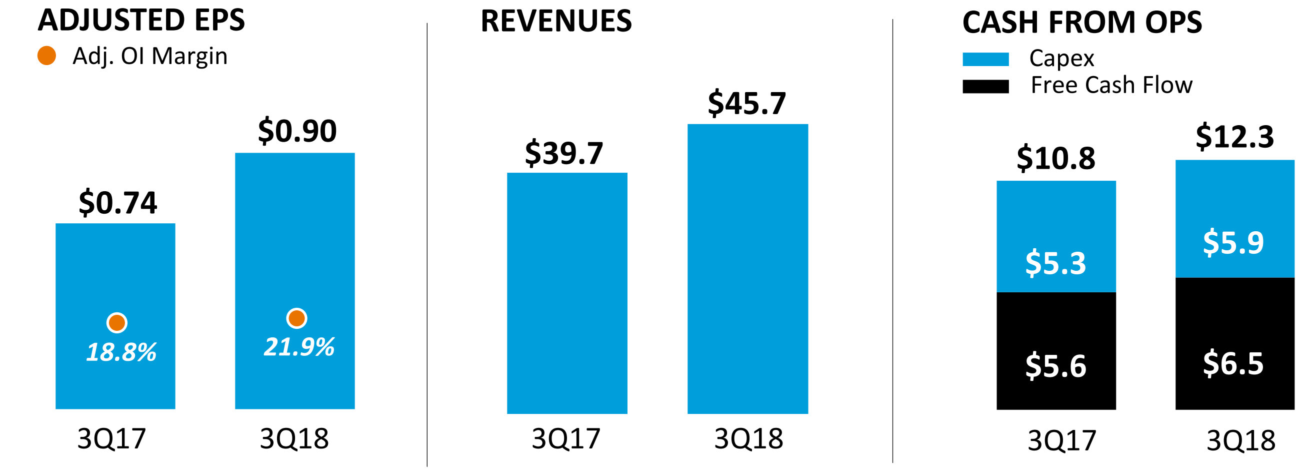
This presentation may contain certain non-GAAP financial measures. Reconciliations between the non-GAAP financial measures and the GAAP financial measures are available on the company's website at https://investors.att.com.

The "quiet period" for FCC Spectrum Auctions 101/102 (28Ghz and 24Ghz) 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.

3Q18 Financial Summary

$ in billions, except EPS

3Q18 Highlights



	3Q17	3Q18
Reported EPS	**$0.49**	**$0.65**
Adjustments:		
• Amortization of intangibles[1]	$0.12	$0.25
• Merger-related items and natural disasters	$0.08	$0.04
• Other adjustments[2]	$0.05	($0.04)
Adjusted EPS	**$0.74**	**$0.90**

Adjusted EPS of $0.90

Up $0.16, or 22%

Includes ~$0.05 from WarnerMedia, and $0.06 impact of ASC 606

$45.7 billion in consolidated revenues

Up $6.1 billion, or 15%

Includes $7.2 billion from WarnerMedia, net of eliminations, and ($0.9) billion impact of ASC 606 accounting change and USF policy election

Adjusted operating income margin of 21.9%

20.3% excluding impact of ASC 606

Free cash flow of $6.5 billion; $12.3 billion cash from ops, up 14%

Year-to-date free cash flow of $14.4 billion

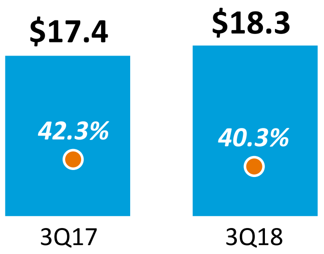
4Q18 reimbursement of $1.3 billion expected, as FirstNet has approved the latest contract milestones

[1] 3Q18 includes $0.16 of purchase accounting amortization for WarnerMedia, $0.08 for DIRECTV and $0.01 for other.
[2] 3Q18 includes $0.04 gain on Otter Media transaction.

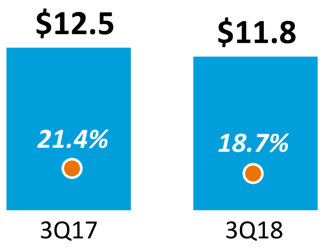
3Q18 Communications Comparable Results*

$ in billions   REVENUES   EBITDA MARGIN

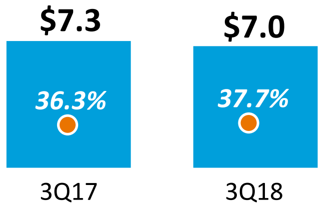
Mobility



Entertainment Group



Business Wireline



Wireless revenues up 5.1%; service revenue up 2.3%

Continued year-over-year improvement in postpaid and prepaid phones

Strong prepaid net adds of 570,000, with 481,000 phones

171,000 postpaid smartphone net adds; ~750,000 branded smartphones added to base

69,000 postpaid phone net adds; 0.93% postpaid phone churn

Wireless service margin of 49.6% with higher volumes

Entertainment Group EBITDA growth rate impacted by one-time items

Improving profitability with video strategy

Adjusted pricing and promotion; 49,000 DIRECTV NOW net adds

New cost initiatives and customer acquisition focus

Strong EBITDA and margins in Business Wireline

Continued focus on cost initiatives drive margin improvement

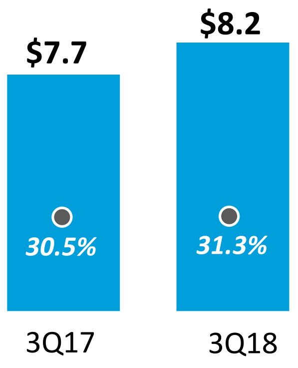
** 3Q18 presented on a comparable basis to remove the impact of revenue recognition accounting change and the USF policy election.*

3Q18 WarnerMedia Results*

$ in billions

REVENUES OI MARGIN

WarnerMedia

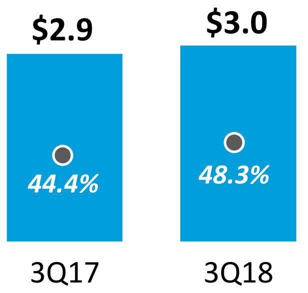


Revenues up 7%

- Higher subscription revenues
- Higher TV licensing at Warner Bros.

Won 37 Primetime Emmy Awards and 12 News and Documentary Emmy Awards

Turner

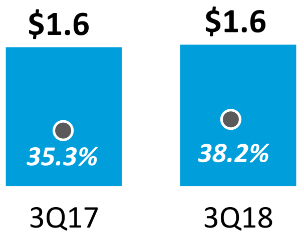


Revenues up 4%

- Subscription revenues up 6%
- Ad revenues down 4% (down 3% organically)

Operating income up 13%

Home Box Office

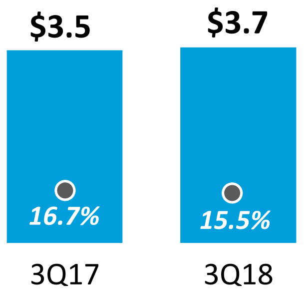


Revenues up 2%

- Subscription revenues up 7%
- Content and other revenues down due to tough 3Q17 comp

Operating income up 11%

Warner Bros.



Revenues up 8%

- Primarily higher TV licensing revenues
- Solid theatrical slate against tough 3Q17 comp

Stable operating income

**Results reflect the combination of historic Time Warner adjusted results and RSNs. Otter Media financials included in WarnerMedia results after the 8/7/18 acquisition of the controlling interest. Prior to this date, Otter Media was included as an equity-method investment.*

3Q18 Latin America and Xandr Segment Results

Mexico revenue and subscriber growth, with EBITDA improvement on a comparable basis

907,000 net adds

17.3 million total subscribers

Vrio comparable revenue and EBITDA pressured by FX

Xandr launched with significant momentum

Continued strong growth, even before AppNexus

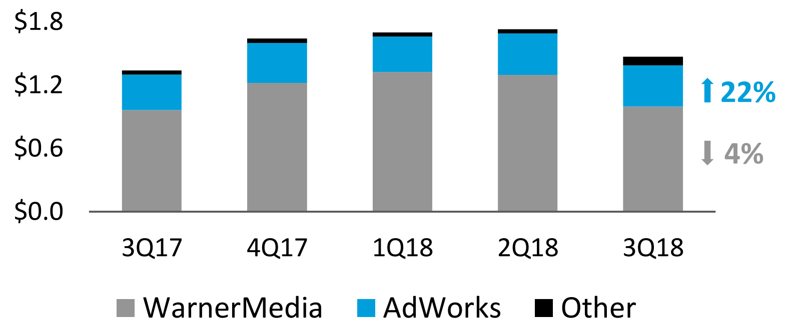
- Revenues up more than 20%
- EBITDA up more than 15%

AppNexus acquired August 15

Activating data, premium content and tech to improve yield, relevance and returns

Total AT&T ad revenues *(pro forma)*

Approaching $7 billion annually



Business Update

AT&T Communications

Mobility: Momentum continues

Solid service revenue growth

Strong performance in postpaid and prepaid; FirstNet ramping

Positioned for continued growth

Entertainment Group: Improving profitability

Revamping lineup of video products, pricing and promotions continues

- Four product lines focused on customer preferences

Lapping 2-year DIRECTV/U-verse price-lock promotion

Efficiency and cost-cutting initiatives

Fiber deployment will drive broadband growth

Business Wireline: Continued margin stability

NOTE: 3Q18 presented on a comparable basis to remove the impact of revenue recognition accounting change and the USF policy election.

FIRSTNET™ Built with AT&T

Covered 1/3 of FirstNet square miles – six months ahead of schedule

Launched critical features

- Priority & preemption
- FirstNet evolved packet core
- FirstNet branding
- Band 14 devices

Simultaneous Deployment

- 700 MHz
- AWS-3
- WCS
- 5G New Radio capability

250K+ subscribers | **3,600+** agencies

~$2B invested[1] program-to-date

[1] *Capex and opex*

5G Update

5G Foundation	5G Introduction	The Network of the Future	Reliability
Fiber passing ~22M units • 14M Consumer by mid '19 • 8M Business[1] 400+ 5G Evolution Cities in 2018 LTE-LAA in 24 Cities by EOY	Completed 5G trials in multiple cities since 2016 Introducing mobile 5G in parts of 12 cities in 2018 • 7 additional by early 2019 Starting on path to nationwide mobile 5G	Software driven Edge computing Ultra-low latency Working with developers on new applications	The Best Network according to the nation's largest test[2] Nearly 50% increase in spectrum deployed by end of 2019 vs 2016 Strong performance during recent storms

[1] *Business customer locations on or within 1000 feet of fiber from AT&T.*
[2] *Based on GWS OneScore Sept. 2018. Excludes crowd sourced studies.*

Leverage Update

Leverage Update

$ in billions

Path to historical leverage ratio includes growing EBITDA and paying down debt

2.5x range by YE2019; historical levels by YE2022

Debt reduction funded by FCF growth

Additional opportunities include non-core asset sales

Capital markets options under consideration

Successfully managing near-term maturities and refinancing risk

Expect to have retired or refinanced ~$28 billion of near-term maturities by year end

Hedged against rising rates

Pension/OPEB liabilities

About 90% of debt is fixed-rate[2]

Debt Maturing through 2022[1]

Amount as of:	Merger close	Sep18	Dec18
Commercial Paper	$9	$4	$3
Merger Term Loans	$21	$6	$3
Cumulative total debt	$76	$57	$48
Average annual	*$16*	*$13*	*$12*

[1] Maturities assume all debt with redemption features are repaid at final maturity date.
[2] Excluding merger term loans, the vast majority of which will be redeemed by year-end

Q&A

2018 AT&T EARNINGS