Q3 2020 AT&T EARNINGS

Investor Briefing

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Communications

FINANCIAL HIGHLIGHTS

Revenues	▸ $34.3 billion, down 3.1% year over year due to declines in Entertainment Group and Business Wireline, partially offset by gains in Mobility
Operating Expenses	▸ $26.6 billion, down 2.7% year over year reflecting lower Entertainment Group and Business Wireline expenses, partially offset by higher Mobility expenses
Operating Income	▸ $7.6 billion, down 4.8% year over year; operating income margin: 22.3%, compared to 22.7% in the year-ago quarter

MOBILITY

Revenues	▸ $17.9 billion, up 1.1% year over year due to higher equipment revenues offsetting service revenue pressures from lower international roaming revenues ▪ **Service revenues:** $13.9 billion, down 0.3% year over year due to declines in international roaming revenues ▪ **Equipment revenues:** $4.0 billion, up 6.4% year over year driven by a mix of higher priced postpaid smartphones and higher sales of data devices, such as wireless modems and hotspots
Operating Expenses	▸ $12.2 billion, up 2.0% year over year due to higher commission deferral amortization, HBO Max content costs and higher sales costs, partially offset by lower bad debt expense
Operating Income	▸ $5.7 billion, down 0.9% year over year; operating income margin: 31.8%, compared to 32.4% in the year-ago quarter
EBITDA	▸ $7.7 billion, down 0.5% year over year; EBITDA margin: 43.1% (EBITDA margin is operating income before depreciation and amortization, divided by total revenues) ▸ Wireless EBITDA service margin: 55.5%, compared to 55.7% in the year-ago quarter (EBITDA service margin is operating income before depreciation and amortization, divided by total service revenues)

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ARPU

- Postpaid phone-only ARPU of $54.70 decreased 2.1% versus the year-ago quarter, due to lower international roaming revenues

SUBSCRIBER METRICS

- Total net adds of 5.5 million to reach 176.7 million in service
  - 776,000 total phone net adds *(postpaid and prepaid)*
  - 1,081,000 postpaid net adds with gains in phones, wearable and non-tablet computing devices more than offsetting losses in tablets *(net includes 233,000 paying accounts relating to the FCC's "Keep Americans Connected" (KAC) pledge)*
    - 645,000 postpaid phone net adds *(net includes 151,000 paying accounts relating to KAC pledge)*
    - 662,000 postpaid smartphone net adds
    - 317,000 postpaid tablet and other branded computing device net adds
- 245,000 prepaid net adds
  - 131,000 prepaid phone net adds
- 4.2 million connected device net adds
- 4,000 reseller net losses
- More than 1.7 million FirstNet connections across more than 14,000 agencies in service

CHURN

- Postpaid churn: 0.85% versus 1.19% in the year-ago quarter *(0.95% excluding the KAC pledge paying accounts)*
- Postpaid phone churn: 0.69% versus 0.95% in the year-ago quarter *(0.77% excluding the KAC pledge paying accounts)*
- Prepaid churn of less than 3.0%

SMARTPHONES

- 4.4 million postpaid smartphone gross adds and upgrades in the quarter
- Continued low postpaid upgrade rate of 3.5%

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ENTERTAINMENT GROUP

Revenues	▸ $10.1 billion, down 10.2% year over year due to declines in premium TV and over-the-top (OTT) subscribers, impact of the pandemic and declines in legacy services ▪ **Video:** $7.0 billion, down 12.2% year over year due to declines in premium and OTT subscribers and the impact of COVID-19 on commercial revenues, advertising and certain fees, partially offset by higher premium TV ARPU ▪ **IP Broadband:** $2.1 billion, up 0.5% year over year due to higher ARPU resulting from an increase in high-speed fiber customers and pricing actions
Operating Expenses	▸ $9.3 billion, down 8.3% year over year due to lower content costs associated with fewer subscribers and ongoing cost initiatives, partially offset by annual content rate increases and higher deferral amortization expense, which included the impacts of second-quarter 2020 updates to decrease expected subscriber lives
Operating Income	▸ $0.8 billion, down 28.1% year over year; operating income margin: 7.7%, compared to 9.7% in the year-ago quarter
EBITDA	▸ $2.1 billion, down 14.3% year over year due to lower video revenues and impact of COVID-19, as well as higher deferral amortization expense partially offset by one fewer week of NFL Sunday Ticket games compared to 2019. EBITDA margin: 20.5%, down from 21.4% in the year-ago quarter

SUBSCRIBER METRICS

- **Premium TV subscribers** (which include DirecTV, U-verse and AT&T TV): 590,000 loss due to competition as well as lower gross adds from the continued focus on adding higher value customers; also impacting the quarter was improved disconnects due to the lack of significant programming disputes when compared to the year-ago quarter, 116,000 paying accounts relating to the *KAC pledge*, and lower churn
- **AT&T TV NOW subscribers**: 37,000 net loss due to less promotional activity
- **Total broadband subscribers**: 158,000 net adds impacted positively by the pandemic and 104,000 paying accounts relating to the *KAC pledge*, partially offset by competition in slower-speed territories
  - 357,000 fiber net adds which includes *KAC pledge* paying accounts of 28,000 customers
- More than 90% of all broadband subscribers on AT&T's fiber network subscribe to speeds of 100 megabits or more. More than 2.8 million fiber subscribers have taken 1 Gb speeds; 1 Gb customers increased by more than 800,000 in the quarter, driven by promotions targeting speed upgrades and copper migrations as well as a new HBO Max offer
- AT&T markets its 100% fiber network to 14 million customer locations in parts of 85 metro areas. Broadband penetration in the fiber footprint continues to trend significantly higher than in AT&T's non-fiber footprint, with penetration rates increasing the longer the Company has fiber in a market.

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BUSINESS WIRELINE

Revenues	▸ $6.3 billion, down 2.5% year over year, with declines in legacy products partially offset by growth in strategic and managed services
Strategic and Managed Services	▸ $4.0 billion, up 1.7% year over year. These are the wireline capabilities that lead AT&T's most advanced business solutions ▪ Annualized revenue stream of nearly $16 billion; more than 60% of total business wireline revenues ▪ Growth helped offset a decline of more than $220 million in legacy services
Operating Expenses	▸ $5.2 billion, down 2.5% year over year due to cost efficiencies partially offset by increased depreciation expense
Operating Income	▸ $1.2 billion, down 2.6%; operating income margin: 18.6%, flat with the year-ago quarter
EBITDA	▸ $2.5 billion, up 1.0% year over year
EBITDA Margin	▸ 39.5%, compared to 38.2% in the year-ago quarter, up 130 basis points with strategic and managed services revenue growth and cost efficiencies offsetting declines in legacy services
Other Metrics	▸ More than 625,000 U.S. business buildings are lit with fiber from AT&T, enabling high-speed fiber connections to more than 2.5 million U.S. business customer locations. Nationwide, more than 8.5 million business customer locations are on or within 1,000 feet of our fiber.*

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

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WarnerMedia

In second quarter 2020, the Xandr advertising business was moved within WarnerMedia. Segment results have been recast for all prior periods to include prior Xandr segment financials within the WarnerMedia segment.

FINANCIAL HIGHLIGHTS

Revenues	▸ $7.5 billion, down 10.0% year over year driven by declines across Warner Bros. and Home Box Office, partially offset by an increase at Turner
Operating Expenses	▸ $5.8 billion, up 4.8% year over year primarily due to higher costs at Turner and Home Box Office, partially offset by lower costs at Warner Bros.; includes $3.2 billion of programming and production costs, up 10.6% year over year
Operating Income	▸ $1.8 billion, down 38.4% year over year; operating income margin: 23.4%, compared to 34.2% in the year-ago quarter

TURNER

Revenues	▸ $3.2 billion, up 5.6% year over year due to an increase in advertising, content and other revenues, partially offset by a decrease in subscription revenues ▪ **Subscription:** Decreased due to lower international revenues, which were impacted by unfavorable foreign exchange rates and a decline in regional sports network revenues, partially offset by higher domestic affiliate rates ▪ **Advertising:** Increased primarily due to the shift of the NBA season into the third quarter and higher news delivery, partially offset by lower overall ratings which unfavorably impacted Turner's domestic entertainment networks delivery; year to date, advertising revenues decreased 17.7% due to COVID-19 impacts ▪ **Content and Other:** Increased due to higher sales to HBO Max
Operating Expenses	▸ $2.2 billion, up 41.2% year over year primarily due to higher programming and production costs, including an increase of approximately $600 million in sports costs associated primarily with the resumption of the NBA season in the third quarter, and higher marketing expenses; year to date, operating expenses decreased 10.5% due to COVID-19 impacts
Operating Income	▸ $1.0 billion, down 31.1% year over year; operating income margin: 32.1%, compared to 49.2% in the year-ago quarter

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HOME BOX OFFICE

Revenues	▸ $1.8 billion, down 2.1% year over year, reflecting a decrease in content and other revenues, partially offset by an increase in subscription revenues ▪ **Subscription:** Increased due to growth in international revenues primarily due to the May 2020 acquisition of the remaining interest in HBO Latin America Group and higher domestic direct-to-consumer subscribers, partially offset by lower domestic linear subscribers ▪ **Content and Other:** Decreased due to lower licensing revenues
Operating Expenses	▸ $1.7 billion, up 55.7% year over year primarily due to higher programming costs and expenses related to the launch of HBO Max
Operating Income	▸ $60 million, down 91.6% year over year; operating income margin: 3.4%, compared to 39.3% in the year-ago quarter, driven by investment in HBO Max

WARNER BROS.

Revenues	▸ $2.4 billion, down 27.7% year over year due to declines in television, theatrical, and games and other ▪ **Theatrical product:** Decreased primarily due to the postponement of theatrical and home entertainment releases caused by the pandemic; *Tenet* global release impacted by limited capacity and continued closure of movie theaters in many locations ▪ **Television product:** Decreased primarily due to lower TV licensing and lower TV production revenues due to production hiatus related to COVID-19
Operating Expenses	▸ $2.0 billion, down 26.6%, primarily caused by the production hiatus and lower marketing costs, mainly from fewer theatrical and home entertainment releases
Operating Income	▸ $395 million, down 32.8% year over year; operating income margin: 16.4%, compared to 17.6% in the year-ago quarter

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Latin America

Revenues	▸ $1.4 billion, down 19.3% year over year largely due to foreign exchange pressures and the economic impact of COVID-19
Operating Expenses	▸ $1.6 billion, down 16.9% year over year
Operating Loss	▸ ($191) million, compared to a ($179) million loss in the year-ago quarter due to pressure in Vrio; operating income margin: (13.7)%, compared to (10.3)% in the prior year

MEXICO

Revenues	▸ $643 million, down 10.3% year over year due to lower service and equipment revenues including foreign exchange pressures
Service Revenues	▸ $385 million, down 15.4% year over year driven by foreign exchange pressures and COVID-19 impacts on the economy
Equipment Revenues	▸ $258 million, down 1.5% year over year but growing when excluding foreign exchange pressures
Operating Loss	▸ ($143) million, compared to a loss of ($179) million in the year-ago quarter
EBITDA	▸ ($19) million, compared to a loss of ($57) million in the year-ago quarter
Subscriber Metrics	▸ 472,000 prepaid net adds, (61,000) postpaid net losses and 30,000 reseller net adds; 18.4 million total wireless subscribers

VRIO

Revenues	▸ $753 million, down 25.7% year over year due to foreign exchange and COVID-19 pressures
Operating Loss	▸ ($48) million, with continued positive EBITDA for the quarter
Subscriber Metrics	▸ 229,000 net adds, driven by the return of soccer leagues and the partial removal of COVID-19 quarantine restrictions; 10.9 million total subscribers at the end of the quarter

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COVID-19 Financial Impacts

COVID-19 UPDATE

Disruptions caused by the coronavirus (COVID-19) and measures taken to prevent its spread or mitigate its effects both domestically and internationally have impacted our results of operations. In the third quarter of 2020, we recognized approximately $190 million, or $0.02 per diluted share, of incremental costs, with a sequential increase in costs to protect front-line employees and contractors.

In addition to these incremental costs, we estimate that our operations and comparability were impacted by an estimated $1,715 million, or $0.19 per diluted share, for the following COVID-19 related pressures: (1) the resumption of the NBA season in the third quarter, resulting in the shift to third quarter of sports costs historically incurred during the second quarter, offset by advertising revenues (2) lower television licensing and production revenues due to production hiatus, and the partial closure of movie theaters and postponement of theatrical releases, leading to lower content revenues and associated expenses, and (3) the reluctance of consumers to travel at previous levels, driving significantly lower international wireless roaming services that do not have a directly correlated expense reduction.

Even with partial reopening of the economy and improved collections experience, the economic effects of the pandemic and resulting societal changes are not predictable. There are a number of uncertainties that could impact our future results of operations, including the effectiveness of COVID-19 mitigation measures; the duration of the pandemic; global economic conditions; changes to our operations; changes in consumer confidence, behaviors and spending; work from home trends; and the sustainability of supply chains. We expect operating results and cash flows to continue to be adversely impacted by COVID-19 for at least the duration of the pandemic. We expect our fourth-quarter results to be impacted by the following:

- Lower revenues from the partial closure of movie theaters and postponement of theatrical releases, partially offset by lower production and other programming ex-penses;
- The decline in revenues from international roaming wireless services due to reduced travel; and
- Higher expenses to protect front-line employees, contractors and customers.

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Three Months Ended September 30, 2020		
Dollars in millions	**Estimated Revenues Impact**	**Estimated EBITDA Impacts**
Revenues:		
WarnerMedia Content and Other	$ (1,735)	$ (420)
WarnerMedia Advertising and Other	190	(540)
Video Advertising[1]	(50)	(50)
Entertainment Group Commercial Video	(50)	(25)
Mobility Wireless Service	(450)	(430)
Business Wireline	(90)	(90)
Latin America	(300)	(140)
Other	(40)	(20)
Total	**$ (2,525)**	**$ (1,715)**

[1] Includes certain Xandr advertising revenues which are reported in the WarnerMedia and Communications segments and are eliminated in consolidation.

Three Months Ended September 30, 2020	
Dollars in millions	**EBITDA Impacts Included in Reported Results**
Expenses:	
Production Disruption Costs	$ (95)
Personal Protective Equipment	(60)
Other Costs	(35)
Total	**$ (190)**

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FOURTH-QUARTER 2020 EARNINGS DATE: JANUARY 27, 2021

AT&T will release fourth-quarter 2020 earnings on Wednesday, January 27, 2021, before the market opens.

The company's Investor Briefing and related earnings materials will be available on the AT&T website at https://investors.att.com by 7:30 a.m. Eastern time.

AT&T will also host a conference call to discuss the results at 8:30 a.m. Eastern time the same day. Dial-in and replay information will be announced on First Call approximately 8 weeks before the call, which will also be broadcast live and will be available for replay over the internet at https://investors.att.com.

CORPORATE RESPONSIBILITY

AT&T is committed to addressing environmental, social and governance (ESG) issues at every level of our company, including Board of Directors oversight and officer-level engagement across all operating companies.

Our programs are designed to help build stronger communities in response to disasters, issues of social unrest, the challenges of climate change, and a need for skills building that prepares our next generation workforce.

This year, we committed to being *carbon neutral* across our global operations by 2035, and we're expanding use of our Climate Change Analysis Tool to help identify potential impacts of climate change on our U.S. network and operations up to 30 years into the future. We also announced *science-based targets* to reduce our greenhouse gas emissions 26% by 2030, and we're encouraging at least 50% of our suppliers (by spend) to set their own science-based targets by 2024.

We're helping give families, students and teachers tools they need for at-home learning through our $10 million *Distance Learning and Family Connections Fund*. We've also expanded AT&T Believes, our employee-led effort that combines community and corporate support to address the global challenges of social equality and economic empowerment, as well as local issues such as homelessness, unemployment and hunger. We've committed an *additional $10 million* to help create economic opportunities and foster upward mobility for Black and underserved communities facing long-standing social inequalities exacerbated by the COVID-19 pandemic. Our employee volunteers are active across the U.S., and we recently launched AT&T Believes internationally in *Slovakia and the Czech Republic*.

We detail our ESG performance and progress through robust annual reporting. This year, we published additional disclosures in alignment with guidelines from the Sustainability Accounting Standards Board, Taskforce on Climate-related Financial Disclosures and the UN Global Compact. Learn more at *https://about.att.com/csr/reporting*.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

Information set forth in this Investor Briefing contains financial estimates and other forward-looking statements that are subject to risks and uncertainties, and actual results may differ materially. A discussion of factors that may affect future results is contained in AT&T's filings with the Securities and Exchange Commission. AT&T disclaims any obligation to update or revise statements contained in this Investor Briefing based on new information or otherwise.

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

AT&T INVESTOR BRIEFING

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Financial and Operational Information

AT&T INC. FINANCIAL DATA

Consolidated Statements of Income

Dollars in millions except per share amounts
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Service	**$ 37,782**	$ 40,317	(6.3)%	**$ 113,716**	$ 122,024	(6.8)%
Equipment	**4,558**	4,271	6.7 %	**12,353**	12,348	— %
Total Operating Revenues	**42,340**	44,588	(5.0)%	**126,069**	134,372	(6.2)%
Operating Expenses						
Cost of revenues						
Equipment	**4,552**	4,484	1.5 %	**12,622**	13,047	(3.3)%
Broadcast, programming and operations	**6,912**	7,066	(2.2)%	**19,555**	22,448	(12.9)%
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	**8,375**	8,604	(2.7)%	**24,833**	25,910	(4.2)%
Selling, general and administrative	**9,266**	9,584	(3.3)%	**27,857**	29,077	(4.2)%
Asset impairments and abandonments	**73**	—	— %	**2,515**	—	— %
Depreciation and amortization	**7,030**	6,949	1.2 %	**21,537**	21,256	1.3 %
Total Operating Expenses	**36,208**	36,687	(1.3)%	**108,919**	111,738	(2.5)%
Operating Income	**6,132**	7,901	(22.4)%	**17,150**	22,634	(24.2)%
Interest Expense	**1,972**	2,083	(5.3)%	**6,031**	6,373	(5.4)%
Equity in Net Income (Loss) of Affiliates	**5**	3	66.7 %	**(11)**	36	— %
Other Income (Expense) — Net	**(231)**	(935)	(75.3)%	**1,589**	(967)	— %
Income Before Income Taxes	**3,934**	4,886	(19.5)%	**12,697**	15,330	(17.2)%
Income Tax Expense	**766**	937	(18.2)%	**3,003**	3,059	(1.8)%
Net Income	**3,168**	3,949	(19.8)%	**9,694**	12,271	(21.0)%
Less: Net Income Attributable to Noncontrolling Interest	**(352)**	(249)	(41.4)%	**(987)**	(762)	(29.5)%
Net Income Attributable to AT&T	**$ 2,816**	$ 3,700	(23.9)%	**$ 8,707**	$ 11,509	(24.3)%
Less: Preferred Stock Dividends	**(54)**	—	— %	**(138)**	—	— %
Net Income Attributable to Common Stock	**$ 2,762**	$ 3,700	(25.4)%	**$ 8,569**	$ 11,509	(25.5)%
Basic Earnings Per Share Attributable to Common Stock	**$ 0.39**	$ 0.50	(22.0)%	**$ 1.19**	$ 1.57	(24.2)%
Weighted Average Common Shares Outstanding (000,000)	**7,147**	7,327	(2.5)%	**7,160**	7,321	(2.2)%
Diluted Earnings Per Share Attributable to Common Stock	**$ 0.39**	$ 0.50	(22.0)%	**$ 1.19**	$ 1.57	(24.2)%
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,173**	7,356	(2.5)%	**7,186**	7,350	(2.2)%

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AT&T INC. FINANCIAL DATA

Consolidated Balance Sheets		
Dollars in millions *Unaudited*	**Sep. 30, 2020**	Dec. 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	**$ 9,758**	$ 12,130
Accounts receivable — net of related allowances for credit loss of $1,386 and $1,235	**19,379**	22,636
Prepaid expenses	**1,420**	1,631
Other current assets	**19,414**	18,364
Total current assets	**49,971**	54,761
Noncurrent Inventories and Theatrical Film and Television Production Costs	**13,948**	12,434
Property, Plant and Equipment — Net	**128,722**	130,128
Goodwill	**143,688**	146,241
Licenses — Net	**98,397**	97,907
Trademarks and Trade Names — Net	**23,575**	23,567
Distribution Networks — Net	**14,249**	15,345
Other Intangible Assets — Net	**17,523**	20,798
Investments in and Advances to Equity Affiliates	**2,325**	3,695
Operating Lease Right-Of-Use Assets	**24,546**	24,039
Other Assets	**21,609**	22,754
Total Assets	**$ 538,553**	$ 551,669
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	**$ 5,898**	$ 11,838
Accounts payable and accrued liabilities	**42,728**	45,956
Advanced billings and customer deposits	**5,862**	6,124
Accrued taxes	**1,336**	1,212
Dividends payable	**3,741**	3,781
Total current liabilities	**59,565**	68,911
Long-Term Debt	**152,980**	151,309
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	**60,448**	59,502
Postemployment benefit obligation	**17,928**	18,788
Operating lease liabilities	**22,056**	21,804
Other noncurrent liabilities	**30,520**	29,421
Total deferred credits and other noncurrent liabilities	**130,952**	129,515
Stockholders' Equity		
Preferred stock	**—**	—
Common stock	**7,621**	7,621
Additional paid-in capital	**130,139**	126,279
Retained earnings	**55,094**	57,936
Treasury stock	**(17,950)**	(13,085)
Accumulated other comprehensive income	**649**	5,470
Noncontrolling interest	**19,503**	17,713
Total stockholders' equity	**195,056**	201,934
Total Liabilities and Stockholders' Equity	**$ 538,553**	$ 551,669

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AT&T INC. FINANCIAL DATA

Consolidated Statements of Cash Flows		
Dollars in millions		
Unaudited	Nine-Month Period	
	2020	2019
Operating Activities		
Net income	**$ 9,694**	$ 12,271
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**21,537**	21,256
Amortization of television and film costs	**6,448**	7,059
Undistributed earnings from investments in equity affiliates	**108**	81
Provision for uncollectible accounts	**1,611**	1,855
Deferred income tax expense	**2,248**	1,039
Net (gain) loss on investments, net of impairments	**(689)**	(1,014)
Pension and postretirement benefit expense (credit)	**(2,245)**	(1,297)
Actuarial (gain) loss on pension and postretirement benefits	**63**	4,048
Asset impairments and abandonments	**2,515**	—
Changes in operating assets and liabilities:		
Receivables	**2,321**	2,503
Other current assets, inventories and theatrical film and television production costs	**(7,836)**	(9,337)
Accounts payable and other accrued liabilities	**(4,905)**	(936)
Equipment installment receivables and related sales	**(148)**	848
Deferred customer contract acquisition and fulfillment costs	**453**	(796)
Postretirement claims and contributions	**(409)**	(635)
Other - net	**2,282**	(220)
Total adjustments	**23,354**	24,454
Net Cash Provided by Operating Activities	**33,048**	36,725
Investing Activities		
Capital expenditures, including $(92) and $(160) of interest during construction	**(13,283)**	(15,843)
Acquisitions, net of cash acquired	**(1,215)**	(1,124)
Dispositions	**428**	3,775
(Purchases), sales and settlements of securities and investments, net	**444**	523
Advances to and investments in equity affiliates, net	**(100)**	(333)
Net Cash Used in Investing Activities	**(13,726)**	(13,002)
Financing Activities		
Net change in short-term borrowings with original maturities of three months or less	**(17)**	(22)
Issuance of other short-term borrowings	**9,440**	4,012
Repayment of other short-term borrowings	**(7,710)**	(4,702)
Issuance of long-term debt	**31,987**	15,034
Repayment of long-term debt	**(37,583)**	(24,368)
Payment of vendor financing	**(1,965)**	(2,601)
Issuance of preferred stock	**3,869**	—
Purchase of treasury stock	**(5,483)**	(409)
Issuance of treasury stock	**88**	576
Issuance of preferred interests in subsidiary	**1,979**	1,488
Dividends paid	**(11,215)**	(11,162)
Other	**(5,158)**	(187)
Net Cash Used in Financing Activities	**(21,768)**	(22,341)
Net (decrease) increase in cash and cash equivalents and restricted cash	**(2,446)**	1,382
Cash and cash equivalents and restricted cash beginning of year	**12,295**	5,400
Cash and Cash Equivalents and Restricted Cash End of Period	**$ 9,849**	$ 6,782

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AT&T INC. CONSOLIDATED SUPPLEMENTARY DATA

Supplementary Financial Data						
Dollars in millions except per share amounts						
Unaudited	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Capital expenditures						
Purchase of property and equipment	**$ 3,819**	$ 5,141	(25.7)%	**$13,191**	$ 15,683	(15.9) %
Interest during construction	**32**	48	(33.3)%	**92**	160	(42.5) %
Total Capital Expenditures	**$ 3,851**	$ 5,189	(25.8)%	**$13,283**	$ 15,843	(16.2) %
Dividends Declared per Common Share	**$ 0.52**	$ 0.51	2.0 %	**$ 1.56**	$ 1.53	2.0 %
End of Period Common Shares Outstanding (000,000)				**7,125**	7,303	(2.4) %
Debt Ratio				**44.9 %**	45.9 %	(100) BP
Total Employees				**234,630**	251,840	(6.8) %

Supplementary Operating Data						
Subscribers and connections in thousands						
Unaudited				September 30,		Percent
				2020	2019	Change
Broadband Connections						
IP				**14,761**	14,786	(0.2) %
DSL				**614**	789	(22.2) %
Total Broadband Connections				**15,375**	15,575	(1.3) %
Voice Connections						
Network Access Lines				**7,562**	8,831	(14.4) %
U-verse VoIP Connections				**3,942**	4,539	(13.2) %
Total Retail Voice Connections				**11,504**	13,370	(14.0) %

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Broadband Net Additions						
IP	**213**	(74)	— %	**102**	33	— %
DSL	**(39)**	(49)	20.4 %	**(116)**	(160)	27.5 %
Total Broadband Net Additions	**174**	(123)	— %	**(14)**	(127)	89.0 %

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COMMUNICATIONS SEGMENT

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

Segment Results

Dollars in millions *Unaudited*	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Segment Operating Revenues						
Mobility	**$ 17,894**	$ 17,701	1.1 %	**$ 52,445**	$ 52,356	0.2 %
Entertainment Group	**10,053**	11,197	(10.2)%	**30,637**	33,893	(9.6)%
Business Wireline	**6,340**	6,503	(2.5)%	**19,046**	19,588	(2.8)%
Total Segment Operating Revenues	**34,287**	35,401	(3.1)%	**102,128**	105,837	(3.5)%
Segment Operating Contribution						
Mobility	**5,691**	5,742	(0.9)%	**17,284**	16,818	2.8 %
Entertainment Group	**779**	1,084	(28.1)%	**3,144**	4,076	(22.9)%
Business Wireline	**1,178**	1,210	(2.6)%	**3,535**	3,824	(7.6)%
Total Segment Operating Contribution	**$ 7,648**	$ 8,036	(4.8)%	**$ 23,963**	$ 24,718	(3.1)%

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MOBILITY

Mobility provides nationwide wireless service and equipment.

Mobility Results						
Dollars in millions *Unaudited*	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Service	**$ 13,883**	$ 13,930	(0.3) %	**$ 41,520**	$ 41,383	0.3 %
Equipment	**4,011**	3,771	6.4 %	**10,925**	10,973	(0.4) %
Total Operating Revenues	**17,894**	17,701	1.1 %	**52,445**	52,356	0.2 %
Operating Expenses						
Operations and support	**10,182**	9,948	2.4 %	**29,083**	29,511	(1.5) %
Depreciation and amortization	**2,021**	2,011	0.5 %	**6,078**	6,027	0.8 %
Total Operating Expenses	**12,203**	11,959	2.0 %	**35,161**	35,538	(1.1) %
Operating Income	**5,691**	5,742	(0.9) %	**17,284**	16,818	2.8 %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 5,691**	$ 5,742	(0.9) %	**$ 17,284**	$ 16,818	2.8 %
Operating Income Margin	**31.8 %**	32.4 %	(60) BP	**33.0 %**	32.1 %	90 BP

Supplementary Operating Data			
Subscribers and connections in thousands *Unaudited*	September 30,		Percent
	2020	2019	Change
Mobility Subscribers			
Postpaid	**75,969**	75,152	1.1 %
Prepaid	**18,100**	17,740	2.0 %
Reseller	**6,708**	7,120	(5.8) %
Connected Devices	**75,967**	62,288	22.0 %
Total Mobility Subscribers	**176,744**	162,300	8.9 %

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Mobility Net Additions						
Postpaid Phone Net Additions[1]	**645**	101	— %	**657**	254	— %
Total Phone Net Additions[1]	**776**	255	— %	**880**	780	12.8 %
Postpaid[1, 2]	**1,081**	(217)	— %	**954**	(570)	— %
Prepaid[2,3]	**245**	227	7.9 %	**365**	669	(45.4) %
Reseller[2]	**(4)**	(231)	98.3 %	**(252)**	(677)	62.8 %
Connected Devices	**4,203**	3,900	7.8 %	**9,976**	10,947	(8.9) %
Total Mobility Net Additions	**5,525**	3,679	50.2 %	**11,043**	10,369	6.5 %
Postpaid Churn[1]	**0.85 %**	1.19 %	(34) BP	**0.99 %**	1.14 %	(15) BP
Postpaid Phone-Only Churn[1]	**0.69 %**	0.95 %	(26) BP	**0.80 %**	0.91 %	(11) BP

[1] The third quarter ended September 30, 2020 includes 233 (151 phone) "Keep Americans Connected Pledge" paying accounts. The third quarter and nine-month period ended September 30, 2020 exclude 121 (97 phone) customers who we have agreed not to terminate service under the "Keep Americans Connected Pledge." The third quarter and nine-month period ended September 30, 2020 postpaid churn excluding "Keep Americans Connected Pledge" paying accounts was 0.95% (0.77% phone) and 1.02% (0.82% phone), respectively.

[2] The third quarter and nine-month period ended September 30, 2020, exclude subscribers transferred in connection with business dispositions.

[3] The third quarter and nine-month period ended September 30, 2020, exclude 188 subscriber disconnections resulting from updating our prepaid activation policy.

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ENTERTAINMENT GROUP

Entertainment Group provides video, including over-the-top (OTT) services, broadband and voice communication services primarily to residential customers. This business unit also sells advertising on video distribution platforms.

Entertainment Group Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Video entertainment	**$ 6,964**	$ 7,933	(12.2) %	**$ 21,335**	$ 24,042	(11.3) %
High-speed internet	**2,128**	2,117	0.5 %	**6,329**	6,296	0.5 %
Legacy voice and data services	**538**	628	(14.3) %	**1,679**	1,969	(14.7) %
Other service and equipment	**423**	519	(18.5) %	**1,294**	1,586	(18.4) %
Total Operating Revenues	**10,053**	11,197	(10.2) %	**30,637**	33,893	(9.6) %
Operating Expenses						
Operations and support	**7,997**	8,797	(9.1) %	**23,618**	25,839	(8.6) %
Depreciation and amortization	**1,277**	1,316	(3.0) %	**3,875**	3,978	(2.6) %
Total Operating Expenses	**9,274**	10,113	(8.3) %	**27,493**	29,817	(7.8) %
Operating Income	**779**	1,084	(28.1) %	**3,144**	4,076	(22.9) %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 779**	$ 1,084	(28.1) %	**$ 3,144**	$ 4,076	(22.9) %
Operating Income Margin	**7.7 %**	9.7 %	(200) BP	**10.3 %**	12.0 %	(170) BP

Supplementary Operating Data

Subscribers and connections in thousands
Unaudited

	September 30,		Percent
	2020	2019	Change
Video Connections			
Premium TV	**17,100**	20,418	(16.3) %
AT&T TV Now	**683**	1,145	(40.3) %
Total Video Connections	**17,783**	21,563	(17.5) %
Broadband Connections			
Total Broadband Connections	**14,102**	14,301	(1.4) %
Fiber Broadband Connections	**4,678**	3,696	26.6 %
Voice Connections			
Retail Consumer Switched Access Lines	**2,977**	3,467	(14.1) %
U-verse Consumer VoIP Connections	**3,361**	3,973	(15.4) %
Total Retail Consumer Voice Connections	**6,338**	7,440	(14.8) %

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Video Net Additions						
Premium TV[1]	**(590)**	(1,163)	49.3 %	**(2,373)**	(2,485)	4.5 %
AT&T TV Now	**(37)**	(195)	81.0 %	**(243)**	(446)	45.5 %
Total Video Net Additions	**(627)**	(1,358)	53.8 %	**(2,616)**	(2,931)	10.7 %
Broadband Net Additions						
Total Broadband Net Additions[1]	**158**	(119)	— %	**(17)**	(108)	84.3 %
Fiber Broadband Net Additions[1]	**357**	318	12.3 %	**791**	933	(15.2) %

[1] The third quarter ended September 30, 2020 includes 116 premium TV and 104 broadband (28 fiber) "Keep Americans Connected Pledge" paying accounts. The third quarter and nine-month period ended September 30, 2020 excludes 7 premium TV and 13 broadband (4 fiber) connections who we have agreed not to terminate service under the "Keep Americans Connected Pledge."

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BUSINESS WIRELINE

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

Business Wireline Results						
Dollars in millions						
Unaudited	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Strategic and managed services	**$ 3,967**	$ 3,900	1.7 %	**$ 11,789**	$ 11,513	2.4 %
Legacy voice and data services	**2,031**	2,252	(9.8) %	**6,227**	6,973	(10.7) %
Other service and equipment	**342**	351	(2.6) %	**1,030**	1,102	(6.5) %
Total Operating Revenues	**6,340**	6,503	(2.5) %	**19,046**	19,588	(2.8) %
Operating Expenses						
Operations and support	**3,833**	4,022	(4.7) %	**11,563**	12,029	(3.9) %
Depreciation and amortization	**1,329**	1,271	4.6 %	**3,948**	3,735	5.7 %
Total Operating Expenses	**5,162**	5,293	(2.5) %	**15,511**	15,764	(1.6) %
Operating Income	**1,178**	1,210	(2.6) %	**3,535**	3,824	(7.6) %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 1,178**	$ 1,210	(2.6) %	**$ 3,535**	$ 3,824	(7.6) %
Operating Income Margin	**18.6 %**	18.6 %	— BP	**18.6 %**	19.5 %	(90) BP

BUSINESS SOLUTIONS

As a supplemental presentation to our Communications segment operating results, we are providing a view of our AT&T Business Solutions results which includes both wireless and fixed operations. This combined view presents a complete profile of the entire business customer relationship and underscores the importance of mobile solutions to serving our business customers. Results have been recast to conform to the current period's classification of consumer and business wireless subscribers.

Business Solutions Results						
Dollars in millions						
Unaudited	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Wireless service	**$ 1,951**	$ 1,888	3.3 %	**$ 5,784**	$ 5,546	4.3 %
Strategic and managed services	**3,967**	3,900	1.7 %	**11,789**	11,513	2.4 %
Legacy voice and data services	**2,031**	2,252	(9.8) %	**6,227**	6,973	(10.7) %
Other service and equipment	**342**	351	(2.6) %	**1,030**	1,102	(6.5) %
Wireless equipment	**662**	692	(4.3) %	**1,957**	1,899	3.1 %
Total Operating Revenues	**8,953**	9,083	(1.4) %	**26,787**	27,033	(0.9) %
Operating Expenses						
Operations and support	**5,508**	5,645	(2.4) %	**16,642**	16,771	(0.8) %
Depreciation and amortization	**1,650**	1,573	4.9 %	**4,912**	4,643	5.8 %
Total Operating Expenses	**7,158**	7,218	(0.8) %	**21,554**	21,414	0.7 %
Operating Income	**1,795**	1,865	(3.8) %	**5,233**	5,619	(6.9) %
Equity in Net Income (Loss) of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ 1,795**	$ 1,865	(3.8) %	**$ 5,233**	$ 5,619	(6.9) %
Operating Income Margin	**20.0 %**	20.5 %	(50) BP	**19.5 %**	20.8 %	(130) BP

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WARNERMEDIA SEGMENT

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

Segment Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Segment Operating Revenues						
Turner	**$ 3,176**	$ 3,007	5.6 %	**$ 9,326**	$ 9,860	(5.4)%
HBO	**1,781**	1,819	(2.1)%	**4,905**	5,045	(2.8)%
Warner Bros.	**2,411**	3,333	(27.7)%	**8,907**	10,240	(13.0)%
Eliminations and other	**146**	191	(23.6)%	**(962)**	845	— %
Total Segment Operating Revenues	**7,514**	8,350	(10.0)%	**22,176**	25,990	(14.7)%
Cost of revenues						
Turner	**1,689**	1,036	63.0 %	**3,974**	4,512	(11.9)%
HBO	**1,244**	847	46.9 %	**3,155**	2,356	33.9 %
Warner Bros.	**1,600**	2,261	(29.2)%	**6,179**	7,183	(14.0)%
Selling, general and administrative	**1,364**	1,278	6.7 %	**4,152**	3,994	4.0 %
Eliminations and other	**(313)**	(93)	— %	**(1,455)**	(127)	— %
Depreciation and amortization	**171**	165	3.6 %	**501**	425	17.9 %
Total Operating Expenses	**5,755**	5,494	4.8 %	**16,506**	18,343	(10.0)%
Operating Income	**1,759**	2,856	(38.4)%	**5,670**	7,647	(25.9)%
Equity in Net Income of Affiliates	**11**	15	(26.7)%	**30**	137	(78.1)%
Total Segment Operating Contribution	**$ 1,770**	$ 2,871	(38.3)%	**$ 5,700**	$ 7,784	(26.8)%

TURNER

Turner creates and programs branded news, entertainment, sports and kids multi-platform content that is sold to various distribution affiliates. Turner also sells advertising on its networks and digital properties.

Turner Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Subscription	**$ 1,840**	$ 1,927	(4.5) %	**$ 5,693**	$ 5,835	(2.4) %
Advertising	**1,077**	913	18.0 %	**2,830**	3,440	(17.7) %
Content and other	**259**	167	55.1 %	**803**	585	37.3 %
Total Operating Revenues	**3,176**	3,007	5.6 %	**9,326**	9,860	(5.4) %
Operating Expenses						
Cost of revenues	**1,689**	1,036	63.0 %	**3,974**	4,512	(11.9) %
Selling, general and administrative	**399**	424	(5.9) %	**1,171**	1,301	(10.0) %
Depreciation and amortization	**69**	68	1.5 %	**207**	167	24.0 %
Total Operating Expenses	**2,157**	1,528	41.2 %	**5,352**	5,980	(10.5) %
Operating Income	**1,019**	1,479	(31.1) %	**3,974**	3,880	2.4 %
Equity in Net Income (Loss) of Affiliates	**(6)**	10	— %	**—**	46	— %
Operating Contribution	**$ 1,013**	$ 1,489	(32.0) %	**$ 3,974**	$ 3,926	1.2 %
Operating Income Margin	**32.1 %**	49.2 %	(1,710) BP	**42.6 %**	39.4 %	320 BP

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HOME BOX OFFICE

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

Home Box Office Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Subscription	**$ 1,624**	$ 1,533	5.9 %	**$ 4,403**	$ 4,383	0.5 %
Content and other	**157**	286	(45.1) %	**502**	662	(24.2) %
Total Operating Revenues	**1,781**	1,819	(2.1) %	**4,905**	5,045	(2.8) %
Operating Expenses						
Cost of revenues	**1,244**	847	46.9 %	**3,155**	2,356	33.9 %
Selling, general and administrative	**450**	225	— %	**1,081**	768	40.8 %
Depreciation and amortization	**27**	33	(18.2) %	**73**	67	9.0 %
Total Operating Expenses	**1,721**	1,105	55.7 %	**4,309**	3,191	35.0 %
Operating Income	**60**	714	(91.6) %	**596**	1,854	(67.9) %
Equity in Net Income of Affiliates	**—**	10	— %	**15**	40	(62.5) %
Operating Contribution	**$ 60**	$ 724	(91.7) %	**$ 611**	$ 1,894	(67.7) %
Operating Income Margin	**3.4 %**	39.3 %	(3,590) BP	**12.2 %**	36.7 %	(2,450) BP

WARNER BROS.

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

Warner Bros. Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Theatrical product	**$ 1,068**	$ 1,375	(22.3) %	**$ 3,203**	$ 4,408	(27.3) %
Television product	**960**	1,461	(34.3) %	**4,605**	4,384	5.0 %
Video games and other	**383**	497	(22.9) %	**1,099**	1,448	(24.1) %
Total Operating Revenues	**2,411**	3,333	(27.7) %	**8,907**	10,240	(13.0) %
Operating Expenses						
Cost of revenues	**1,600**	2,261	(29.2) %	**6,179**	7,183	(14.0) %
Selling, general and administrative	**373**	445	(16.2) %	**1,327**	1,360	(2.4) %
Depreciation and amortization	**43**	39	10.3 %	**124**	122	1.6 %
Total Operating Expenses	**2,016**	2,745	(26.6) %	**7,630**	8,665	(11.9) %
Operating Income	**395**	588	(32.8) %	**1,277**	1,575	(18.9) %
Equity in Net Income (Loss) of Affiliates	**(23)**	(25)	8.0 %	**(50)**	(19)	— %
Operating Contribution	**$ 372**	$ 563	(33.9) %	**$ 1,227**	$ 1,556	(21.1) %
Operating Income Margin	**16.4 %**	17.6 %	(120) BP	**14.3 %**	15.4 %	(110) BP

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LATIN AMERICA SEGMENT

The Latin America segment provides entertainment and wireless service outside of the U.S. Our international subsidiaries conduct business in their local currency and operating results are converted to U.S. dollars using official exchange rates. The Latin America segment contains two business units: Vrio and Mexico.

Segment Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Segment Operating Revenues						
Vrio	**$ 753**	$ 1,013	(25.7)%	**$ 2,392**	$ 3,112	(23.1)%
Mexico	**643**	717	(10.3)%	**1,826**	2,093	(12.8)%
Total Segment Operating Revenues	**1,396**	1,730	(19.3)%	**4,218**	5,205	(19.0)%
Segment Operating Contribution						
Vrio	**(34)**	13	— %	**(101)**	43	— %
Mexico	**(143)**	(179)	20.1 %	**(461)**	(591)	22.0 %
Total Segment Operating Contribution	**$ (177)**	$ (166)	(6.6)%	**$ (562)**	$ (548)	(2.6)%

MEXICO

Mexico provides wireless services and equipment to customers in Mexico.

Mexico Results

Dollars in millions
Unaudited

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Wireless service	**$ 385**	$ 455	(15.4) %	**$ 1,197**	$ 1,376	(13.0) %
Wireless equipment	**258**	262	(1.5) %	**629**	717	(12.3) %
Total Operating Revenues	**643**	717	(10.3) %	**1,826**	2,093	(12.8) %
Operating Expenses						
Operations and support	**662**	774	(14.5) %	**1,914**	2,312	(17.2) %
Depreciation and amortization	**124**	122	1.6 %	**373**	372	0.3 %
Total Operating Expenses	**786**	896	(12.3) %	**2,287**	2,684	(14.8) %
Operating Income (Loss)	**(143)**	(179)	20.1 %	**(461)**	(591)	22.0 %
Equity in Net Income of Affiliates	**—**	—	— %	**—**	—	— %
Operating Contribution	**$ (143)**	$ (179)	20.1 %	**$ (461)**	$ (591)	22.0 %
Operating Income Margin	**(22.2)%**	(25.0)%	280 BP	**(25.2)%**	(28.2)%	300 BP

Supplementary Operating Data

Subscribers and connections in thousands
Unaudited

	September 30,		Percent
	2020	2019	Change
Mexico Wireless Subscribers			
Postpaid	**4,710**	5,352	(12.0) %
Prepaid	**13,249**	12,848	3.1 %
Reseller	**455**	419	8.6 %
Total Mexico Wireless Subscribers	**18,414**	18,619	(1.1) %

	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Mexico Wireless Net Additions[1]						
Postpaid	**(61)**	(137)	55.5 %	**(393)**	(359)	(9.5) %
Prepaid	**472**	668	(29.3) %	**(335)**	1,183	— %
Reseller	**30**	67	(55.2) %	**83**	166	(50.0) %
Total Mexico Wireless Net Additions	**441**	598	(26.3) %	**(645)**	990	— %

[1] The nine-month period ended September 30, 2020 excludes the impact of 101 subscriber disconnections resulting from conforming our policy on reporting of fixed wireless resellers.

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VRIO

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

Vrio Results						
Dollars in millions						
Unaudited	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues	**$ 753**	$ 1,013	(25.7) %	**$ 2,392**	$ 3,112	(23.1) %
Operating Expenses						
Operations and support	**675**	851	(20.7) %	**2,119**	2,598	(18.4) %
Depreciation and amortization	**126**	162	(22.2) %	**400**	496	(19.4) %
Total Operating Expenses	**801**	1,013	(20.9) %	**2,519**	3,094	(18.6) %
Operating Income	**(48)**	—	— %	**(127)**	18	— %
Equity in Net Income of Affiliates	**14**	13	7.7 %	**26**	25	4.0 %
Operating Contribution	**$ (34)**	$ 13	— %	**$ (101)**	$ 43	— %
Operating Income Margin	**(6.4)%**	— %	(640) BP	**(5.3)%**	0.6 %	(590) BP

Supplementary Operating Data						
Subscribers and connections in thousands						
Unaudited				September 30,		Percent
				2020	2019	Change
Vrio Video Subscribers				**10,893**	13,306	(18.1) %
	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Vrio Video Net Additions[1]	**229**	(167)	— %	**(197)**	(310)	36.5 %

[1] The nine-month period ended September 30, 2020 excludes the impact of 2.2 million subscriber disconnections resulting from the closure of our DIRECTV operations in Venezuela.

SUPPLEMENTAL AT&T ADVERTISING REVENUES

As a supplemental presentation, we are providing a view of total advertising revenues generated by AT&T, which combines the advertising revenues recorded across all operating segments. This combined view presents the entire portfolio of revenues generated from AT&T assets.

Advertising Revenues						
Dollars in millions						
Unaudited	Third Quarter		Percent	Nine-Month Period		Percent
	2020	2019	Change	**2020**	2019	Change
Operating Revenues						
Turner	**$ 1,077**	$ 913	18.0 %	**$ 2,830**	$ 3,440	(17.7)%
Entertainment Group	**408**	421	(3.1)%	**1,115**	1,170	(4.7)%
Xandr	**497**	504	(1.4)%	**1,348**	1,415	(4.7)%
Other	**105**	106	(0.9)%	**278**	281	(1.1)%
Eliminations	**(408)**	(421)	3.1 %	**(1,115)**	(1,170)	4.7 %
Total Advertising Revenues	**$ 1,679**	$ 1,523	10.2 %	**$ 4,456**	$ 5,136	(13.2)%

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SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended							
Dollars in millions							
Unaudited							
September 30, 2020							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 17,894	$ 10,182	$ 7,712	$ 2,021	$ 5,691	$ —	$ 5,691
Entertainment Group	10,053	7,997	2,056	1,277	779	—	779
Business Wireline	6,340	3,833	2,507	1,329	1,178	—	1,178
Total Communications	34,287	22,012	12,275	4,627	7,648	—	7,648
WarnerMedia							
Turner	3,176	2,088	1,088	69	1,019	(6)	1,013
Home Box Office	1,781	1,694	87	27	60	—	60
Warner Bros.	2,411	1,973	438	43	395	(23)	372
Eliminations and other	146	(171)	317	32	285	40	325
Total WarnerMedia	7,514	5,584	1,930	171	1,759	11	1,770
Latin America							
Vrio	753	675	78	126	(48)	14	(34)
Mexico	643	662	(19)	124	(143)	—	(143)
Total Latin America	1,396	1,337	59	250	(191)	14	(177)
Segment Total	43,197	28,933	14,264	5,048	9,216	$ 25	$ 9,241
Corporate and Other							
Corporate	431	1,012	(581)	61	(642)		
Acquisition-related items	—	38	(38)	1,921	(1,959)		
Certain significant items	—	113	(113)	—	(113)		
Eliminations and consolidations	(1,288)	(918)	(370)	—	(370)		
AT&T Inc.	$ 42,340	$ 29,178	$ 13,162	$ 7,030	$ 6,132		

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Three Months Ended							
Dollars in millions *Unaudited* *September 30, 2019*	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 17,701	$ 9,948	$ 7,753	$ 2,011	$ 5,742	$ —	$ 5,742
Entertainment Group	11,197	8,797	2,400	1,316	1,084	—	1,084
Business Wireline	6,503	4,022	2,481	1,271	1,210	—	1,210
Total Communications	35,401	22,767	12,634	4,598	8,036	—	8,036
WarnerMedia							
Turner	3,007	1,460	1,547	68	1,479	10	1,489
Home Box Office	1,819	1,072	747	33	714	10	724
Warner Bros.	3,333	2,706	627	39	588	(25)	563
Eliminations and other	191	91	100	25	75	20	95
Total WarnerMedia	8,350	5,329	3,021	165	2,856	15	2,871
Latin America							
Vrio	1,013	851	162	162	—	13	13
Mexico	717	774	(57)	122	(179)	—	(179)
Total Latin America	1,730	1,625	105	284	(179)	13	(166)
Segment Total	45,481	29,721	15,760	5,047	10,713	$ 28	$ 10,741
Corporate and Other							
Corporate	407	703	(296)	131	(427)		
Acquisition-related items	—	190	(190)	1,771	(1,961)		
Certain significant items	—	39	(39)	—	(39)		
Eliminations and consolidations	(1,300)	(915)	(385)	—	(385)		
AT&T Inc.	$ 44,588	$ 29,738	$ 14,850	$ 6,949	$ 7,901		

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SUPPLEMENTAL SEGMENT RECONCILIATION

Nine Months Ended							
Dollars in millions							
Unaudited							
September 30, 2020							
	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 52,445	$ 29,083	$ 23,362	$ 6,078	$ 17,284	$ —	$ 17,284
Entertainment Group	30,637	23,618	7,019	3,875	3,144	—	3,144
Business Wireline	19,046	11,563	7,483	3,948	3,535	—	3,535
Total Communications	102,128	64,264	37,864	13,901	23,963	—	23,963
WarnerMedia							
Turner	9,326	5,145	4,181	207	3,974	—	3,974
Home Box Office	4,905	4,236	669	73	596	15	611
Warner Bros.	8,907	7,506	1,401	124	1,277	(50)	1,227
Eliminations and other	(962)	(882)	(80)	97	(177)	65	(112)
Total WarnerMedia	22,176	16,005	6,171	501	5,670	30	5,700
Latin America							
Vrio	2,392	2,119	273	400	(127)	26	(101)
Mexico	1,826	1,914	(88)	373	(461)	—	(461)
Total Latin America	4,218	4,033	185	773	(588)	26	(562)
Segment Total	128,522	84,302	44,220	15,175	29,045	$ 56	$ 29,101
Corporate and Other							
Corporate	1,256	2,819	(1,563)	241	(1,804)		
Acquisition-related items	—	431	(431)	6,122	(6,553)		
Certain significant items	—	2,539	(2,539)	—	(2,539)		
Eliminations and consolidations	(3,709)	(2,709)	(1,000)	(1)	(999)		
AT&T Inc.	$ 126,069	$ 87,382	$ 38,687	$ 21,537	$ 17,150		

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Nine Months Ended							
Dollars in millions *Unaudited* *September 30, 2019*	Revenues	Operations and Support Expenses	EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications							
Mobility	$ 52,356	$ 29,511	$ 22,845	$ 6,027	$ 16,818	$ —	$ 16,818
Entertainment Group	33,893	25,839	8,054	3,978	4,076	—	4,076
Business Wireline	19,588	12,029	7,559	3,735	3,824	—	3,824
Total Communications	105,837	67,379	38,458	13,740	24,718	—	24,718
WarnerMedia							
Turner	9,860	5,813	4,047	167	3,880	46	3,926
Home Box Office	5,045	3,124	1,921	67	1,854	40	1,894
Warner Bros.	10,240	8,543	1,697	122	1,575	(19)	1,556
Eliminations and other	845	438	407	69	338	70	408
Total WarnerMedia	25,990	17,918	8,072	425	7,647	137	7,784
Latin America							
Vrio	3,112	2,598	514	496	18	25	43
Mexico	2,093	2,312	(219)	372	(591)	—	(591)
Total Latin America	5,205	4,910	295	868	(573)	25	(548)
Segment Total	137,032	90,207	46,825	15,033	31,792	$ 162	$ 31,954
Corporate and Other							
Corporate	1,290	2,129	(839)	505	(1,344)		
Acquisition-related items	(72)	579	(651)	5,719	(6,370)		
Certain significant items	—	381	(381)	—	(381)		
Eliminations and consolidations	(3,878)	(2,814)	(1,064)	(1)	(1,063)		
AT&T Inc.	$ 134,372	$ 90,482	$ 43,890	$ 21,256	$ 22,634		

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Discussion and Reconciliation of Non-GAAP Measures

We believe the following measures are relevant and useful information to investors as they are part of AT&T's internal management reporting and planning processes and are important metrics that management uses to evaluate the operating performance of AT&T and its segments. Management also uses these measures as a method of comparing performance with that of many of our competitors. These measures should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with U.S. generally accepted accounting principles (GAAP).

FREE CASH FLOW

Free cash flow is defined as cash from operations minus capital expenditures. Free cash flow after dividends is defined as cash from operations minus capital expenditures and dividends on common and preferred shares. Free cash flow dividend payout ratio is defined as the percentage of dividends paid on common and preferred shares to free cash flow. We believe these metrics provide useful information to our investors because management views free cash flow as an important indicator of how much cash is generated by routine business operations, including capital expenditures, and makes decisions based on it. Management also views free cash flow as a measure of cash available to pay debt and return cash to shareowners.

Free Cash Flow and Free Cash Flow Dividend Payout Ratio

Dollars in millions

	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Net cash provided by operating activities	**$ 12,123**	$ 11,389	**$ 33,048**	$ 36,725
Less: Capital expenditures	**(3,851)**	(5,189)	**(13,283)**	(15,843)
Free Cash Flow	**8,272**	6,200	**19,765**	20,882
Less: Dividends paid	**(3,741)**	(3,726)	**(11,215)**	(11,162)
Free Cash Flow after Dividends	**$ 4,531**	$ 2,474	**$ 8,550**	$ 9,720
Free Cash Flow Dividend Payout Ratio	**45.2 %**	60.1 %	**56.7 %**	53.5 %

CASH PAID FOR CAPITAL INVESTMENT

In connection with capital improvements, we negotiate with some of our vendors to obtain favorable payment terms of 120 days or more, referred to as vendor financing, which are excluded from capital expenditures and reported in accordance with GAAP as financing activities. We present an additional view of cash paid for capital investment to provide investors with a comprehensive view of cash used to invest in our networks, product developments and support systems.

Cash Paid for Capital Investment

Dollars in millions

	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Capital Expenditures	**$ (3,851)**	$ (5,189)	**$ (13,283)**	$ (15,843)
Cash paid for vendor financing	**(611)**	(765)	**(1,965)**	(2,601)
Cash paid for Capital Investment	**$ (4,462)**	$ (5,954)	**$ (15,248)**	$ (18,444)
FirstNet reimbursement	**(64)**	—	**(143)**	(103)
Gross Capital Investment	**$ (4,526)**	$ (5,954)	**$ (15,391)**	$ (18,547)

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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

	Third Quarter		Year to Date	
	2020	2019	**2020**	2019
Net Income	**$ 3,168**	$ 3,949	**$ 9,694**	$ 12,271
Additions:				
Income Tax Expense	**766**	937	**3,003**	3,059
Interest Expense	**1,972**	2,083	**6,031**	6,373
Equity in Net (Income) Loss of Affiliates	**(5)**	(3)	**11**	(36)
Other (Income) Expense - Net	**231**	935	**(1,589)**	967
Depreciation and amortization	**7,030**	6,949	**21,537**	21,256
EBITDA	**13,162**	14,850	**38,687**	43,890
Total Operating Revenues	**42,340**	44,588	**126,069**	134,372
Service Revenues	**37,782**	40,317	**113,716**	122,024
EBITDA Margin	**31.1 %**	33.3 %	**30.7 %**	32.7 %
EBITDA Service Margin	**34.8 %**	36.8 %	**34.0 %**	36.0 %

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Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions				
	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Communications Segment				
Operating Contribution	**$ 7,648**	$ 8,036	**$ 23,963**	$ 24,718
Additions:				
Depreciation and amortization	**4,627**	4,598	**13,901**	13,740
EBITDA	**12,275**	12,634	**37,864**	38,458
Total Operating Revenues	**34,287**	35,401	**102,128**	105,837
Operating Income Margin	**22.3 %**	22.7 %	**23.5 %**	23.4 %
EBITDA Margin	**35.8 %**	35.7 %	**37.1 %**	36.3 %
Mobility				
Operating Contribution	**$ 5,691**	$ 5,742	**$ 17,284**	$ 16,818
Additions:				
Depreciation and amortization	**2,021**	2,011	**6,078**	6,027
EBITDA	**7,712**	7,753	**23,362**	22,845
Total Operating Revenues	**17,894**	17,701	**52,445**	52,356
Service Revenues	**13,883**	13,930	**41,520**	41,383
Operating Income Margin	**31.8 %**	32.4 %	**33.0 %**	32.1 %
EBITDA Margin	**43.1 %**	43.8 %	**44.5 %**	43.6 %
EBITDA Service Margin	**55.5 %**	55.7 %	**56.3 %**	55.2 %
Entertainment Group				
Operating Contribution	**$ 779**	$ 1,084	**$ 3,144**	$ 4,076
Additions:				
Depreciation and amortization	**1,277**	1,316	**3,875**	3,978
EBITDA	**2,056**	2,400	**7,019**	8,054
Total Operating Revenues	**10,053**	11,197	**30,637**	33,893
Operating Income Margin	**7.7 %**	9.7 %	**10.3 %**	12.0 %
EBITDA Margin	**20.5 %**	21.4 %	**22.9 %**	23.8 %
Business Wireline				
Operating Contribution	**$ 1,178**	$ 1,210	**$ 3,535**	$ 3,824
Additions:				
Depreciation and amortization	**1,329**	1,271	**3,948**	3,735
EBITDA	**2,507**	2,481	**7,483**	7,559
Total Operating Revenues	**6,340**	6,503	**19,046**	19,588
Operating Income Margin	**18.6 %**	18.6 %	**18.6 %**	19.5 %
EBITDA Margin	**39.5 %**	38.2 %	**39.3 %**	38.6 %

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Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions				
	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
WarnerMedia Segment				
Operating Contribution	**$ 1,770**	$ 2,871	**$ 5,700**	$ 7,784
Additions:				
Equity in Net (Income) of Affiliates	**(11)**	(15)	**(30)**	(137)
Depreciation and amortization	**171**	165	**501**	425
EBITDA	**1,930**	3,021	**6,171**	8,072
Total Operating Revenues	**7,514**	8,350	**22,176**	25,990
Operating Income Margin	**23.4%**	34.2%	**25.6%**	29.4%
EBITDA Margin	**25.7%**	36.2%	**27.8%**	31.1%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin				
Dollars in millions				
	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Latin America Segment				
Operating Contribution	**(177)**	$ (166)	**$ (562)**	$ (548)
Additions:				
Equity in Net (Income) of Affiliates	**(14)**	(13)	**(26)**	(25)
Depreciation and amortization	**250**	284	**773**	868
EBITDA	**59**	105	**185**	295
Total Operating Revenues	**1,396**	1,730	**4,218**	5,205
Operating Income Margin	**-13.7%**	-10.3%	**-13.9%**	-11.0%
EBITDA Margin	**4.2%**	6.1%	**4.4%**	5.7%
Vrio				
Operating Contribution	**$ (34)**	$ 13	**$ (101)**	$ 43
Additions:				
Equity in Net (Income) of Affiliates	**(14)**	(13)	**(26)**	(25)
Depreciation and amortization	**126**	162	**400**	496
EBITDA	**78**	162	**273**	514
Total Operating Revenues	**753**	1,013	**2,392**	3,112
Operating Income Margin	**-6.4%**	—%	**-5.3%**	0.6%
EBITDA Margin	**10.4%**	16.0%	**11.4%**	16.5%
Mexico				
Operating Contribution	**$ (143)**	$ (179)	**$ (461)**	$ (591)
Additions:				
Equity in Net (Income) Loss of Affiliates	**—**	—	**—**	—
Depreciation and amortization	**124**	122	**373**	372
EBITDA	**(19)**	(57)	**(88)**	(219)
Total Operating Revenues	**643**	717	**1,826**	2,093
Operating Income Margin	**-22.2%**	-25.0%	**-25.2%**	-28.2%
EBITDA Margin	**-3.0%**	-7.9%	**-4.8%**	-10.5%

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ADJUSTING ITEMS

Adjusting items include revenues and costs we consider non-operational in nature, such as items arising from asset acquisitions or dispositions. We also adjust for net actuarial gains or losses associated with our pension and postemployment benefit plans due to the often-significant impact on our results (we immediately recognize this gain or loss in the income statement, pursuant to our accounting policy for the recognition of actuarial gains and losses). Consequently, our adjusted results reflect an expected return on plan assets rather than the actual return on plan assets, as included in the GAAP measure of income.

The tax impact of adjusting items is calculated using the effective tax rate during the quarter except for adjustments that, given their magnitude, can drive a change in the effective tax rate, in these cases we use the actual tax expense or combined marginal rate of approximately 25%.

Adjusting Items

Dollars in millions

	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Operating Revenues				
Time Warner merger adjustment	**$ —**	$ —	**$ —**	$ 72
Adjustments to Operating Revenues	**—**	—	**—**	72
Operating Expenses				
Merger costs	**38**	190	**431**	579
Employee separation costs and benefit-related (gain) loss[1]	**40**	39	**924**	381
Impairments	**73**	—	**2,515**	—
Gain on spectrum transaction	**—**	—	**(900)**	—
Adjustments to Operations and Support Expenses	**151**	229	**2,970**	960
Amortization of intangible assets	**1,921**	1,771	**6,122**	5,719
Adjustments to Operating Expenses	**2,072**	2,000	**9,092**	6,679
Other				
Gain on sale of investments - net	**—**	—	**—**	(638)
Debt redemption, impairments and other adjustments	**1,263**	11	**1,670**	362
Actuarial (gain) loss	**63**	1,917	**63**	4,048
Employee benefit-related (gain) loss[1]	**(64)**	—	**(22)**	—
Adjustments to Income Before Income Taxes	**3,334**	3,928	**10,803**	10,523
Tax impact of adjustments	**648**	755	**1,791**	2,183
Tax-related items	**—**	—	**—**	141
Impairment attributable to noncontrolling interest	**—**	—	**105**	—
Adjustments to Net Income	**$ 2,686**	$ 3,173	**$ 8,907**	$ 8,199

[1] Total holding gains on benefit-related investments were approximately $125 million in the third quarter and for the first nine months of 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.

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Adjusted Operating Income, Adjusted Operating Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EBITDA Service Margin

Dollars in millions

	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Operating Income	**$ 6,132**	$ 7,901	**$ 17,150**	$ 22,634
Adjustments to Operating Revenues	**—**	—	**—**	72
Adjustments to Operating Expenses	**2,072**	2,000	**9,092**	6,679
Adjusted Operating Income	**8,204**	9,901	**26,242**	29,385
EBITDA	**13,162**	14,850	**38,687**	43,890
Adjustments to Operating Revenues	**—**	—	**—**	72
Adjustments to Operations and Support Expenses	**151**	229	**2,970**	960
Adjusted EBITDA	**13,313**	15,079	**41,657**	44,922
Total Operating Revenues	**42,340**	44,588	**126,069**	134,372
Adjustments to Operating Revenues	**—**	—	**—**	72
Total Adjusted Operating Revenue	**42,340**	44,588	**126,069**	134,444
Service Revenues	**37,782**	40,317	**113,716**	122,024
Adjustments to Service Revenues	**—**	—	**—**	72
Adjusted Service Revenue	**37,782**	40,317	**113,716**	122,096
Operating Income Margin	**14.5 %**	**17.7 %**	**13.6 %**	**16.8 %**
Adjusted Operating Income Margin	**19.4 %**	**22.2 %**	**20.8 %**	**21.9 %**
Adjusted EBITDA Margin	**31.4 %**	**33.8 %**	**33.0 %**	**33.4 %**
Adjusted EBITDA Service Margin	**35.2 %**	**37.4 %**	**36.6 %**	**36.8 %**

Adjusted Diluted EPS

	Third Quarter		Nine-Month Period	
	2020	2019	**2020**	2019
Diluted Earnings Per Share (EPS)	**$ 0.39**	$ 0.50	**$ 1.19**	$ 1.57
Amortization of intangible assets	**0.22**	0.19	**0.68**	0.62
Merger integration items	**—**	0.02	**0.05**	0.08
Debt redemption costs, (gain) loss on sale of assets and other	**0.13**	0.02	**0.15**	(0.01)
Actuarial (gain) loss	**0.01**	0.21	**0.01**	0.44
Impairments	**0.01**	—	**0.35**	—
Tax-related items	**—**	—	**—**	(0.02)
Adjusted EPS	**$ 0.76**	$ 0.94	**$ 2.43**	$ 2.68
Year-over-year growth - Adjusted	**-19.1%**		**-9.3%**	
Weighted Average Common Shares Outstanding with Dilution (000,000)	**7,173**	7,356	**7,186**	7,350

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CONSTANT CURRENCY

Constant Currency is a non-GAAP financial measure that management uses to evaluate the operating performance of certain international subsidiaries by excluding or otherwise adjusting for the impact of changes in foreign currency exchange rates between comparative periods. We believe constant currency enhances comparison and is useful to investors to evaluate the performance of our business without taking into account the impact of changes to the foreign exchange rates to which our business is subject. To compute our constant currency results, we multiply or divide, as appropriate, our current year U.S. dollar results by the current year average foreign exchange rates and then multiply or divide, as appropriate, those amounts by the prior year average foreign exchange rates. In calculating amounts on a constant currency basis, for our Vrio business unit (sale of this business unit closed in second quarter 2020), we exclude our Venezuela subsidiary in light of the hyperinflationary conditions in Venezuela, which we do not believe are representative of the macroeconomics of the rest of the region in which we operate..

Constant Currency

Dollars in millions

	Third Quarter	
	2020	2019
AT&T Inc.		
Total Operating Revenues	**$ 42,340**	$ 44,588
Exclude Venezuela	**—**	(6)
Impact of foreign exchange translation	**337**	—
Operating Revenues on Constant Currency Basis	**42,677**	**44,582**
Year-over-year growth	**-4.3%**	
Adjusted EBITDA	**13,313**	15,079
Exclude Venezuela	**—**	8
Impact of foreign exchange translation	**80**	—
Adjusted EBITDA on Constant Currency Basis	**13,393**	**15,087**
Year-over-year growth	**-11.2%**	
WarnerMedia Segment		
Total Operating Revenues	**$ 7,514**	$ 8,350
Impact of foreign exchange translation	**25**	—
WarnerMedia Operating Revenues on Constant Currency Basis	**7,539**	**8,350**
Year-over-year growth	**-9.7%**	
EBITDA	**1,930**	3,021
Impact of foreign exchange translation	**21**	—
WarnerMedia EBITDA on Constant Currency Basis	**1,951**	**3,021**
Year-over-year growth	**-35.4%**	
Latin America Segment		
Total Operating Revenues	**$ 1,396**	$ 1,730
Exclude Venezuela	**—**	(6)
Impact of foreign exchange translation	**312**	—
Latin America Operating Revenues on Constant Currency Basis	**1,708**	**1,724**
Year-over-year growth	**-0.9%**	
EBITDA	**59**	105
Exclude Venezuela	**—**	8
Impact of foreign exchange translation	**59**	—
Latin America EBITDA on Constant Currency Basis	**118**	**113**
Year-over-year growth	**4.4%**	

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NET DEBT TO ADJUSTED EBITDA

Net Debt to EBITDA ratios are non-GAAP financial measures frequently used by investors and credit rating agencies and management believes these measures provide relevant and useful information to investors and other users of our financial data. Our Net Debt to Adjusted EBITDA ratio is calculated by dividing the Net Debt by the sum of the most recent four quarters Adjusted EBITDA. Net Debt is calculated by subtracting cash and cash equivalents and certificates of deposit and time deposits that are greater than 90 days, from the sum of debt maturing within one year and long-term debt.

Net Debt to Adjusted EBITDA

Dollars in millions

	Three Months Ended				
	Dec. 31, 2019 [1]	March 31, 2020 [1]	June 30, 2020 [1]	Sept. 30, 2020	**Four Quarters**
Adjusted EBITDA[2]	$ 14,365	$ 14,232	$ 14,112	$ 13,313	**$ 56,022**
End-of-period current debt					**5,898**
End-of-period long-term debt					**152,980**
Total End-of-Period Debt					**158,878**
Less: Cash and Cash Equivalents					**9,758**
Net Debt Balance					**149,120**
Annualized Net Debt to Adjusted EBITDA Ratio					**2.662**

[1] As reported in AT&T's Form 8-K filed January 29, 2020, April 22, 2020, and July 23, 2020.

[2] Includes the purchase accounting reclassification of released content amortization of $102 million, $69 million, $75 million and $45 million in the four quarters presented, respectively.

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SUPPLEMENTAL OPERATIONAL MEASURES

We provide a supplemental discussion of our business solutions operations that is calculated by combining our Mobility and Business Wireline operating units, and then adjusting to remove non-business operations. The following table presents a reconciliation of our supplemental Business Solutions results.

Supplemental Operational Measure

	Third Quarter							
	September 30, 2020				September 30, 2019			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 13,883**	**$ —**	**$ (11,932)**	**$ 1,951**	$ 13,930	$ —	$ (12,042)	$ 1,888
Strategic and managed services	**—**	**3,967**	**—**	**3,967**	—	3,900	—	3,900
Legacy voice and data services	**—**	**2,031**	**—**	**2,031**	—	2,252	—	2,252
Other services and equipment	**—**	**342**	**—**	**342**	—	351	—	351
Wireless equipment	**4,011**	**—**	**(3,349)**	**662**	3,771	—	(3,079)	692
Total Operating Revenues	**17,894**	**6,340**	**(15,281)**	**8,953**	17,701	6,503	(15,121)	9,083
Operating Expenses								
Operations and support	**10,182**	**3,833**	**(8,507)**	**5,508**	9,948	4,022	(8,325)	5,645
EBITDA	**7,712**	**2,507**	**(6,774)**	**3,445**	7,753	2,481	(6,796)	3,438
Depreciation and amortization	**2,021**	**1,329**	**(1,700)**	**1,650**	2,011	1,271	(1,709)	1,573
Total Operating Expenses	**12,203**	**5,162**	**(10,207)**	**7,158**	11,959	5,293	(10,034)	7,218
Operating Income	**5,691**	**1,178**	**(5,074)**	**1,795**	5,742	1,210	(5,087)	1,865
Equity in Net Income (Loss) of Affiliates	**—**	**—**	**—**	**—**	—	—	—	—
Operating Contribution	**$ 5,691**	**$ 1,178**	**$ (5,074)**	**$ 1,795**	$ 5,742	$ 1,210	$ (5,087)	$ 1,865

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

Supplemental Operational Measure

	Nine-Months Ended							
	September 30, 2020				September 30, 2019			
	Mobility	**Business Wireline**	**Adjustments[1]**	**Business Solutions**	Mobility	Business Wireline	Adjustments[1]	Business Solutions
Operating Revenues								
Wireless service	**$ 41,520**	**$ —**	**$ (35,736)**	**$ 5,784**	$ 41,383	$ —	$ (35,837)	$ 5,546
Strategic and managed services	**—**	**11,789**	**—**	**11,789**	—	11,513	—	11,513
Legacy voice and data services	**—**	**6,227**	**—**	**6,227**	—	6,973	—	6,973
Other services and equipment	**—**	**1,030**	**—**	**1,030**	—	1,102	—	1,102
Wireless equipment	**10,925**	**—**	**(8,968)**	**1,957**	10,973	—	(9,074)	1,899
Total Operating Revenues	**52,445**	**19,046**	**(44,704)**	**26,787**	52,356	19,588	(44,911)	27,033
Operating Expenses								
Operations and support	**29,083**	**11,563**	**(24,004)**	**16,642**	29,511	12,029	(24,769)	16,771
EBITDA	**23,362**	**7,483**	**(20,700)**	**10,145**	22,845	7,559	(20,142)	10,262
Depreciation and amortization	**6,078**	**3,948**	**(5,114)**	**4,912**	6,027	3,735	(5,119)	4,643
Total Operating Expenses	**35,161**	**15,511**	**(29,118)**	**21,554**	35,538	15,764	(29,888)	21,414
Operating Income	**17,284**	**3,535**	**(15,586)**	**5,233**	16,818	3,824	(15,023)	5,619
Equity in Net Income (Loss) of Affiliates	**—**	**—**	**—**	**—**	—	—	—	—
Operating Contribution	**$ 17,284**	**$ 3,535**	**$ (15,586)**	**$ 5,233**	$ 16,818	$ 3,824	$ (15,023)	$ 5,619

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

Results have been recast to conform to the current period's classification.

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