NOTE: For our most recent guidance, please see our 4Q 2016 earnings materials.
Introduction

Mike Viola
Senior Vice President-Investor Relations
Agenda

AT&T – Unique, Integrated Provider

Randall Stephenson
Chairman and Chief Executive Officer

AT&T Entertainment and Internet Services
Integration Update & Business Outlook

John Stankey
Chief Executive Officer
AT&T Entertainment and Internet Services

Business Model Transformation

Ralph de la Vega
President & Chief Executive Officer
Mobile & Business Solutions

Network Transformation

John Donovan
Senior Executive Vice President
AT&T Technology and Operations

Financial Outlook

John Stephens
Senior Executive Vice President
and Chief Financial Officer

Q&A
Information set forth in these presentations 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 these presentations based on new information or otherwise.

These presentations 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.
AT&T – Unique, Integrated Provider

Randall Stephenson
Chairman and Chief Executive Officer
### Investment Plan Produced Unique Capabilities

<table>
<thead>
<tr>
<th>LEADING IN CONNECTIVITY</th>
<th>INTEGRATED SOLUTIONS</th>
<th>COST LEADERSHIP</th>
<th>EXTEND THE U.S. MOBILE EXPERIENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>4G LTE</td>
<td>Project VIP</td>
<td>TV Everywhere</td>
<td>Software-defined, smart network</td>
</tr>
<tr>
<td>GigaPower</td>
<td>Mobile &amp; Business Solutions</td>
<td>NetBond</td>
<td>Mexico</td>
</tr>
<tr>
<td>(○) Spectrum</td>
<td></td>
<td>Network on Demand</td>
<td></td>
</tr>
</tbody>
</table>

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AT&T is Uniquely Positioned in the Industry

<table>
<thead>
<tr>
<th>Feature</th>
<th>Cable</th>
<th>Satellite</th>
<th>Wireless</th>
<th>OTT</th>
</tr>
</thead>
<tbody>
<tr>
<td>North American mobile footprint(^1)</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
</tr>
<tr>
<td>Scale in content</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
</tr>
<tr>
<td>Pervasive broadband(^1)</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
</tr>
<tr>
<td>World class distribution</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
</tr>
<tr>
<td>Enterprise capabilities</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
</tr>
<tr>
<td>Respected brand(^2)</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
<td>🌍</td>
</tr>
</tbody>
</table>

\(^1\)Wireless and broadband assessment based on coverage.  
\(^2\)Forbes magazine – Top 100 most valuable brands
Focus is on Execution

Integrated solutions
Scaling America’s premier integrated carrier

Connectivity leader
Fiber in U.S., LTE in Mexico

Smart, software-defined network

Deliver financial and operational growth
Entertainment, mobile & broadband revenues & subscribers grow
Adjusted EPS & Free Cash Flow grow
FCF dividend payout ratio in the 70s percent range

Cost leadership

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AT&T Entertainment and Internet Services
Integration Update & Business Outlook

John Stankey
CEO, AT&T Entertainment and Internet Services
<table>
<thead>
<tr>
<th>Feature</th>
<th>Comcast</th>
<th>Verizon</th>
<th>Sprint/ T-Mobile</th>
<th>Netflix</th>
</tr>
</thead>
<tbody>
<tr>
<td>North American Mobile footprint(^1)</td>
<td>★★★</td>
<td>★★★★</td>
<td>★★★★</td>
<td>★★</td>
</tr>
<tr>
<td>Pervasive broadband(^1)</td>
<td>★★ ★</td>
<td>★★★★</td>
<td>★★ ★★</td>
<td>★★</td>
</tr>
<tr>
<td>Scale in content</td>
<td>★★★</td>
<td>★★★★</td>
<td>★★ ★★</td>
<td>★★</td>
</tr>
<tr>
<td>Respected brand(^2)</td>
<td>★★★</td>
<td>★★★★</td>
<td>★★★★</td>
<td>★★★★</td>
</tr>
<tr>
<td>World class distribution</td>
<td>★★★</td>
<td>★★★★</td>
<td>★★★★</td>
<td>★★★★</td>
</tr>
</tbody>
</table>

1. Wireless and BB assessment based on coverage
2. Forbes magazine – Top 100 most valuable brands

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### Building Momentum

**TRANSACTION CLOSE**
- Integrated roadmap
- Market opportunities identified
- Distribution enabled
- Retail pilots launched
- Leadership appointed

**New offers launched**
**Ad campaigns in the market**

<table>
<thead>
<tr>
<th>8/10</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Integrated service model**
- Live local streaming
- Content portability
- New interface
- Made for digital content

**Planned**
- Walk out watching
- Single truck roll
- OTT integration for mobile
- Integrated viewing app

---

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Cost Synergy *Drivers*

$2.5B + expected by 2018

2018 Annualized Run Rate Cost Synergies

- Monetize scale
- Move to a new single video platform
- Slow content cost growth

- Supply Chain
- Operations & GA
- Content
Large distribution and cross-sell opportunity

INCREASE IN VIDEO DISTRIBUTION
Retail locations

Pre-merger

Today

↑ 41%

57M UNIQUE HOUSEHOLDS
Have AT&T or DTV

INCREASE IN DOUBLE PLAY OPPORTUNITIES
U-verse IPTV ELUs – Total IPBB HH

Pre-merger

Today

↑ 103%

CROSS-SELL OPPORTUNITIES
Millions of HH’s

Existing DTV add wireless

15M

Existing wireless add video

21M

DTV add broadband

3M

39M

Total Opportunity

All graph sources: AT&T
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Video industry is evolving

Content increasingly viewed on multiple platforms, more hours...
Time spent on screens (hours/day, USA)

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.6</td>
<td>9.9</td>
<td></td>
</tr>
</tbody>
</table>

...supporting the percent of people by segment interested in more portability

<table>
<thead>
<tr>
<th>Segment</th>
<th>2014 Estimated</th>
<th>2020 Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Young families</td>
<td>92</td>
<td>104</td>
</tr>
<tr>
<td>Millennials</td>
<td>63%</td>
<td></td>
</tr>
<tr>
<td>Sports enthusiast</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay TV loyalists</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mobile video CAGR of 66% by 2020

...driving shift in video industry models...
(Millions of HH’s)

Source: Mary Meeker Internet Trends 2015 Report

Source: AT&T/Bain Survey, 2014; (n=5,011), based on location not access technology; Source: Cisco VNI, 2015; represents global traffic

Source: 2015 SNL Kagan; AT&T Analysis
2014 Excludes 21M, 2020 Excludes 16M - Pay TV homes without HSD
Our direction is to link entertainment to all forms of connectivity.
Broadband is the foundation

LEADER IN MOBILE BROADBAND

Strongest 4G LTE network
Best experience – JD Power
Covering 400M POPs in U.S. and Mexico by end of year 2018

LTE POP Coverage
U.S. & Mexico

2016 2017 2018 400M

EXCEPTIONAL BROADBAND

NPS is 2.5x better than cable
~57M U-verse customer locations with ~13M in-service
~50% market share when higher speeds & TV available

EXPANDING GIGAPOWER

Expand fiber to 14M+ locations

DENSIFICATION ADDS VALUE

Demand driven build
Mobility and business halo benefit
Increased MDU mix drives cost benefits

---

1Claim based only on avg. LTE signal strength for national carriers.
2AT&T received the highest numerical score among full service wireless providers in the proprietary J.D. Power 2015 Full Service Wireless Purchase Experience StudySM – Vol. 1. Study based on responses from 10,246 consumers measuring 4 full service wireless providers and measures opinions of consumers who purchased a wireless device or service within the past six months. Proprietary study results are based on experiences and perceptions of consumers surveyed July-December 2014. Your experiences may vary. Visit jdpower.com

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Unique capabilities to deliver what customers demand

**FUTURE STATE OF HOME**

- Single CPE environment
- Managed and unmanaged content delivery
- LTE access
- Local cache and storage
- Improved customer experience with personalization and controls
- Better security and protection

AT&T Broadband or GigaPower

Home Media Gateway
- Routing
- Access
- Storage

Embedded Client

Outboard Client

LTE

3rd Party BB
Video scale expands advertising opportunities

AT&T POTENTIAL ADVERTISING REVENUE

- Optimized Local Inventory
- Enhanced Targeting
- Potential

Optimized local inventory - improve yield from national to local

Enhanced targeting - opportunities to collaborate and enhance targeting & pricing

Sources: AT&T

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LATAM opportunity

Active position in emerging growth markets with low penetration of advanced services

- Premier brand in the largest economies
- Untapped opportunities to invest and streamline
- Diversifies growth profile

Investment in Mexico brings improved operations and innovation

- Invest to build quality network
- Deliver the North American footprint
- Platform to extend growth and business models
Business Model Transformation

Ralph de la Vega
President & CEO Mobile & Business Solutions
Mobility & Business Solutions

REVENUES

$70b+ Business (wired/wireless)
$30b+ Consumer Mobility

3.5m+ Business Customers
In Nearly 200 Countries

132m Wireless Subscribers (U.S. and Mexico Operations)

>10k Business Sales Force

>5k Retail Distribution Points

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Mobile & Business Solutions Focus Areas

**Grow**
Wireless Revenues

- Growing Subscribers
- Growing ARPU
- Retaining High Value Subscribers

**Grow**
Strategic Revenues

- Deployed Software Defined Platforms
- Rolled-out New IP Solutions
- Extending Ethernet Footprint

**Reduce**
Cost Structure

- Streamlined Organization
- Increased Operational Efficiencies
- Reduced Cycle Time

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Repositioning Smartphone Base with Next

AT&T NEXT + BYOD TAKE RATE

- 2Q14: 57%
- 3Q14: 57%
- 4Q14: 62%
- 1Q15: 70%
- 2Q15: 74%

POSTPAID PHONE-ONLY PLUS NEXT* ARPU

- 2Q14: $64.35
- 3Q14: $65.63
- 4Q14: $65.87
- 1Q15: $66.14
- 2Q15: $68.29

- 2Q14: Phone-Only ARPU $62.28
- 3Q14: Phone-Only ARPU $62.45
- 4Q14: Phone-Only ARPU $61.00
- 1Q15: Phone-Only ARPU $59.98
- 2Q15: Phone-Only ARPU $61.26

* Postpaid phone-only plus Next subscriber installment billings

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Industry Leading Prepaid Growth

PREPAID NET ADDS, FIRST HALF 2015

<table>
<thead>
<tr>
<th>Prepaid Operator</th>
<th>Net Adds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verizon</td>
<td>-314k</td>
</tr>
<tr>
<td>Tracfone</td>
<td>-293k</td>
</tr>
<tr>
<td>Sprint</td>
<td>162k</td>
</tr>
<tr>
<td>T-Mobile</td>
<td>251k</td>
</tr>
<tr>
<td>AT&amp;T</td>
<td>429k</td>
</tr>
</tbody>
</table>

PREPAID CUSTOMERS DELIVERING STRONG ARPU

<table>
<thead>
<tr>
<th>Prepaid Category</th>
<th>ARPU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feature Phone Disconnects</td>
<td>$35</td>
</tr>
<tr>
<td>Cricket Smartphone Additions</td>
<td>$42</td>
</tr>
</tbody>
</table>
Strategic Services Revenues Positioned for Growth

ADJUSTED STRATEGIC BUSINESS SERVICES REVENUES* ($ in billions)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Revenues</th>
<th>YoY Growth Rate</th>
<th>% of Business Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>2Q14</td>
<td>$2.4</td>
<td>14%</td>
<td>28%</td>
</tr>
<tr>
<td>3Q14</td>
<td>$2.5</td>
<td>14%</td>
<td>29%</td>
</tr>
<tr>
<td>4Q14</td>
<td>$2.6</td>
<td>14%</td>
<td>30%</td>
</tr>
<tr>
<td>1Q15</td>
<td>$2.6</td>
<td>15%</td>
<td>32%</td>
</tr>
<tr>
<td>2Q15</td>
<td>$2.7</td>
<td>14%</td>
<td>33%</td>
</tr>
</tbody>
</table>

* For comparability, revenues adjusted to exclude SNET in all periods. Strategic business services include VPN, Ethernet, cloud, hosting, IP conferencing, VoIP, MIS over Ethernet, U-verse and security services.
Network on Demand

- Installs in less than 5 days
- Adjust bandwidth in near real time
- Customer controlled
- Launched in 100+ markets
AT&T NetBond®

Creates flexible, highly secure connections to cloud providers

Customer controlled

20 patents

Cloud providers

Amazon Web Services
CSC
Salesforce

HP
Softlayer

Blue Jeans
IBM
Sungard AS

Box
Microsoft
VMware
Security Solutions

- Network-based Firewall
- DDOS Defense
- Web Filtering
- Email Filtering
- AT&T Virtual Private Network
- AT&T NetBond®
- Cloud Web Security Services
- Device Management Software

AT&T Threat Management

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Network Transformation

John Donovan
Senior Executive Vice President
AT&T Technology and Operations
Mobile, cloud and fiber are the critical architectures

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>TDM</td>
<td>IP</td>
</tr>
<tr>
<td>Copper</td>
<td>Fiber</td>
</tr>
<tr>
<td>Wireline</td>
<td>Wireless</td>
</tr>
<tr>
<td>Analog</td>
<td>Digital</td>
</tr>
<tr>
<td>Fixed</td>
<td>Mobile</td>
</tr>
<tr>
<td>Feature</td>
<td>Smartphone</td>
</tr>
<tr>
<td>Voice</td>
<td>Text</td>
</tr>
<tr>
<td>Text</td>
<td>Video</td>
</tr>
<tr>
<td>Premise</td>
<td>Cloud</td>
</tr>
<tr>
<td>Web</td>
<td>Apps</td>
</tr>
</tbody>
</table>

100,000% increase in AT&T wireless data traffic
Networking has not been keeping pace with Moore’s Law.
Compounding Moore’s Law: the network leapfrog

TRADITIONAL BUILD
catching Moore’s Law

SOFTWARE-DEFINED
compounding Moore’s Law

Projected industry traffic growth is 10X by 2020

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How do we get to software-defined?

VISION TO EXECUTION
Enabling people, processes, metrics and outcomes

TACTICAL TO STRATEGIC
Disrupting traditional vendor models

CLOSED TO OPEN
Evolving from standards to open source

MONOLITHIC TO MODULAR
Shifting classic turn key to flexible and reusable integration
AT&T Network on Demand

Driving up to 95% improvement in provisioning cycle time (days)

- **Fiber Ready (no inside wiring required)**
  - Business as Usual: 54 days
  - Network on Demand: 3 days
  - 95% REDUCTION

- **Fiber Ready (inside wiring required)**
  - Business as Usual: 58 days
  - Network on Demand: 5 days
  - 92% REDUCTION

- **Sell and Deploy (no fiber)**
  - Business as Usual: 85 days
  - Network on Demand: 15 days
  - 82% REDUCTION

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Financial Outlook

John Stephens
Senior Executive Vice President and Chief Financial Officer
Solid 2Q15 Execution
Strong Foundation for Growth

**AT&T**
- Double-digit adjusted EPS and free cash flow growth
- Expanding margins
- Strong wireless subscriber growth

**Mexico**
- Transactions closed, integration underway
- Network plans implemented, LTE build underway

**DIRECTV**
- Strong cash flows
- Strong cash balance & manageable debt levels
- Solid subscriber base

**Revenue Mix**

**4Q14**
- Wireline
- Wireless

**TODAY**
- Mobility & Business Solutions
- Consumer Mobility
- Entertainment & Internet
- International Mobility & Video

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Mexico Transactions
### Financial Implications

#### Mexico Wireless Acquisitions

<table>
<thead>
<tr>
<th></th>
<th>Iusacell</th>
<th>Nextel Mexico</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Closed</strong></td>
<td>Jan 16</td>
<td>Apr 30</td>
<td></td>
</tr>
<tr>
<td><strong>Purchase Price ($B)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash paid</td>
<td>$1.8</td>
<td>$1.4</td>
<td>$3.2</td>
</tr>
<tr>
<td>Net Debt</td>
<td>$0.7</td>
<td>$0.5</td>
<td>$1.2</td>
</tr>
<tr>
<td>Total Value</td>
<td>$2.5</td>
<td>$1.9</td>
<td>$4.4</td>
</tr>
<tr>
<td><strong>Subscribers</strong></td>
<td>~5M</td>
<td>~3M</td>
<td>~8M</td>
</tr>
<tr>
<td><strong>Spectrum</strong></td>
<td>54 MHz</td>
<td>31 MHz*</td>
<td>85 MHz</td>
</tr>
<tr>
<td>(avg per mkt)</td>
<td>800 MHz/PCS</td>
<td>AWS/PCS</td>
<td>800 MHz/PCS</td>
</tr>
<tr>
<td>Cell Sites</td>
<td>3,700</td>
<td>4,900</td>
<td>8,600</td>
</tr>
</tbody>
</table>

*excludes 20MHz of SMR

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Financial Implications
Mexico Wireless Acquisitions

STRATEGY

Premier wireless experience
• 4G LTE to 100 million POPs
• 40 million POPs by 12/31/15

Best-in-class operations
• Distribution and customer care

Operate efficiently

Cross-border benefits

FINANCIAL IMPACTS AND EXPECTATIONS

$3B capex with majority in 2016/2017

EBITDA and EPS pressure
• Investment cycle
• Customer growth

EBITDA positive by end of 2017

EPS positive in 2018
DIRECTV Transaction
## DIRECTV Transaction

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIRECTV Shares Out (M)</td>
<td>505</td>
</tr>
<tr>
<td>Exchange Ratio</td>
<td>1.892</td>
</tr>
<tr>
<td>AT&amp;T Shares issued (M)</td>
<td>955</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of AT&amp;T Shares issued</td>
<td>$32.7</td>
</tr>
<tr>
<td>Cash Consideration</td>
<td>$14.4</td>
</tr>
<tr>
<td><strong>Equity Value</strong></td>
<td>$47.1</td>
</tr>
<tr>
<td>DTV Net Debt</td>
<td>$15.9</td>
</tr>
<tr>
<td><strong>Transaction Value</strong></td>
<td>$63.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>AT&amp;T Net Debt, pre-deal</td>
<td>$92.7</td>
</tr>
<tr>
<td>DTV Net Debt</td>
<td>$15.9</td>
</tr>
<tr>
<td>Cash Payout</td>
<td>$14.4</td>
</tr>
<tr>
<td>AT&amp;T Net Debt, post deal</td>
<td>$123.0</td>
</tr>
</tbody>
</table>

### Adjusted EPS accretive

### Free cash flow accretive

### $2.5 billion+ of cost synergies

### Sizeable revenue opportunities

### Strong cash flow and enhanced dividend coverage

### Manageable merger commitments

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Merger Commitments
Manageable and within plan over next four years

- Fiber deployment 12.5M FTTP
  25.7M > 45 Mbps
- Discounted broadband
- Non-discriminatory programming
- Interconnection agreement reporting
- Compliance and reporting

IMPACT OF CONDITIONS

- Manageable within capital budget
- Fiber deployment leverage business opportunities
- Flexible sales offers
- No other conditions required
Financial Target
$2.5+ Billion Cost Synergies

- Content efficiencies
- Combination of operations
- Supply-chain efficiencies
- Customer care
- Single billing and collections
- Single truck roll

END-OF-YEAR ANNUALIZED TARGET RUN RATES (in billions)

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Financial Implications
Additional Synergy Opportunities

- **Revenue**
  - Expanded retail distribution
  - Cross-selling/up-selling
  - Enhanced product offers
  - Mobilizing entertainment
  - Advertising

- **Capital Expenditures**
  - Supply chain economies
  - Common set-top box
  - Common video platform

- **Working Capital**
  - Financial and risk management
  - Payable/receivables management
  - Cycle-time management
### Updated Guidance

<table>
<thead>
<tr>
<th>JANUARY 2015 OUTLOOK</th>
<th>NEW 2015 OUTLOOK</th>
<th>2016 - 2018 OUTLOOK</th>
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</thead>
<tbody>
<tr>
<td><strong>Revenue Growth</strong></td>
<td></td>
<td></td>
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<tr>
<td>Continued</td>
<td>Double-digit</td>
<td>GDP or better</td>
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<tr>
<td>consolidated growth</td>
<td>growth</td>
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<tr>
<td><strong>EPS - Adjusted</strong></td>
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<tr>
<td>Low-single digits</td>
<td>$2.62 – $2.68</td>
<td>Mid-single digits</td>
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<td><strong>Margins</strong></td>
<td>$2.68 range(^1)</td>
<td>or better</td>
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<td>Expanding margins</td>
<td>No change</td>
<td>Expanding adjusted</td>
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<td>– consolidated,</td>
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<td>consolidated margins</td>
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<td><strong>Capex</strong></td>
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<tr>
<td>$18 billion range</td>
<td>$21 billion range</td>
<td>15% capital intensity</td>
</tr>
<tr>
<td>$18 billion range</td>
<td>$21 billion range</td>
<td>including merger items</td>
</tr>
<tr>
<td><strong>Free Cash Flow(^*)</strong></td>
<td>$12 billion range (July)</td>
<td>Improving with FCF dividend payout ratio in the 70s%</td>
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<tr>
<td>Improving (Jan.</td>
<td>$13 billion range</td>
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<td>guidance);</td>
<td>or better</td>
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<td>$12 billion range</td>
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<td>(July)</td>
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</tbody>
</table>

\(^*\)Free cash is cash from operations minus capital expenditures

\(^1\)Expected range excludes adjustments for non-cash mark-to-market benefit plan adjustments, merger integration costs and other adjustments that are not reasonably estimable at this time.

“Positions company for stronger growth beyond 2018”
Positioned for Strong Growth

- Adjusted EPS growing, mid-single digit 2016-2018
- Significant achievable cost synergies that ramp quickly with revenue upside
- Improving free cash flow and solid return to shareowners
- Cash flows provide potential for continued investment, debt retirement and dividend security
- Solid Growth with an opportunity to accelerate growth in 2019 and forward