



JANUARY 26, 2016

AT&T Financial and Operational Results

AT&T Financial and Operational Results

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Consolidated



Consolidated Statements of Income - GAAP

AT&T Inc.

Dollars in millions except per share amounts

| Unaudited | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
|--|-----------|-----------|-----------|------------|-----------|-----------|-----------|-----------|
| Operating Revenues | \$ 32,476 | \$ 32,575 | \$ 32,957 | \$ 34,439 | \$ 32,576 | \$ 33,015 | \$ 39,091 | \$ 42,119 |
| Operating Expenses | | | | | | | | |
| Cost of services and sales | | | | | | | | |
| Equipment | 3,928 | 4,143 | 4,432 | 6,443 | 4,546 | 4,353 | 4,501 | 5,868 |
| Broadcast, programming and operations | 976 | 1,005 | 1,038 | 1,056 | 1,122 | 1,148 | 4,081 | 5,645 |
| Other cost of services and sales (exclusive of depreciation and amortization shown separately below) | 8,360 | 8,941 | 8,866 | 10,957 | 8,812 | 9,578 | 9,214 | 8,178 |
| Selling, general and administrative | 8,260 | 8,197 | 8,475 | 14,765 | 7,961 | 7,467 | 9,107 | 8,419 |
| Abandonment of network assets | - | - | - | 2,120 | - | - | - | - |
| Depreciation and amortization | 4,617 | 4,550 | 4,539 | 4,567 | 4,578 | 4,696 | 6,265 | 6,477 |
| Total Operating Expenses | 26,141 | 26,836 | 27,350 | 39,908 | 27,019 | 27,242 | 33,168 | 34,587 |
| Operating Income (Loss) | 6,335 | 5,739 | 5,607 | (5,469) | 5,557 | 5,773 | 5,923 | 7,532 |
| Interest Expense | 860 | 881 | 1,016 | 856 | 899 | 932 | 1,146 | 1,143 |
| Equity in Net Income (Loss) of Affiliates | 88 | 102 | (2) | (13) | - | 33 | 15 | 31 |
| Other Income (Expense) – Net | 145 | 1,269 | 42 | 125 | 70 | 48 | (57) | (113) |
| Income (Loss) Before Income Taxes | 5,708 | 6,229 | 4,631 | (6,213) | 4,728 | 4,922 | 4,735 | 6,307 |
| Income Tax (Benefit) Expense | 1,938 | 2,532 | 1,444 | (2,295) | 1,389 | 1,738 | 1,657 | 2,221 |
| Net Income (Loss) | 3,770 | 3,697 | 3,187 | (3,918) | 3,339 | 3,184 | 3,078 | 4,086 |
| Less: Net Income Attributable to Noncontrolling Interest | (82) | (74) | (57) | (81) | (76) | (102) | (84) | (80) |
| Net Income (Loss) Attributable to AT&T | \$ 3,688 | \$ 3,623 | \$ 3,130 | \$ (3,999) | \$ 3,263 | \$ 3,082 | \$ 2,994 | \$ 4,006 |
| Diluted Earnings (Loss) Per Share Attributable to AT&T | \$ 0.70 | \$ 0.69 | \$ 0.60 | \$ (0.77) | \$ 0.63 | \$ 0.59 | \$0.50 | \$0.65 |

Financial and Operating Statistics Summary

AT&T Inc.

Dollars in millions except per share amounts

| Unaudited | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|
| Construction and Capital Expenditures: | | | | | | | | |
| Capital expenditures | \$ 5,716 | \$ 5,933 | \$ 5,180 | \$ 4,370 | \$ 3,848 | \$ 4,480 | \$ 5,028 | \$ 5,862 |
| Interest during construction | 55 | 63 | 60 | 56 | 123 | 216 | 227 | 231 |
| Dividends Declared Per Share | \$ 0.46 | \$ 0.46 | \$ 0.46 | \$ 0.47 | \$ 0.47 | \$ 0.47 | \$ 0.47 | \$ 0.48 |
| Annual Dividend Per Share Growth | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% | 2.2% | 2.1% |
| End of Period | | | | | | | | |
| Common Shares Outstanding (000,000) | 5,195 | 5,191 | 5,185 | 5,187 | 5,193 | 5,193 | 6,152 | 6,145 |
| Debt Ratio¹ | 45.7% | 46.7% | 43.9% | 47.5% | 51.5% | 55.5% | 50.8% | 50.5% |
| Total Employees | 246,730 | 248,170 | 247,700 | 243,620 | 250,790 | 250,730 | 281,240 | 281,450 |

¹ Amounts have been restated to reflect the adoption of new accounting standards.

Consolidated Balance Sheets

AT&T Inc.

Dollars in millions

12/31/15

12/31/14

As Adjusted

Assets

Current Assets

| | | |
|--|-------------------|-------------------|
| Cash and cash equivalents | \$ 5,121 | \$ 8,603 |
| Accounts receivable - net of allowances for doubtful accounts of \$704 and \$454 | 16,532 | 14,527 |
| Prepaid expenses | 1,072 | 831 |
| Other current assets | 13,267 | 9,645 |
| Total current assets | 35,992 | 33,606 |
| Property, Plant and Equipment - Net | 124,450 | 112,898 |
| Goodwill | 104,568 | 69,692 |
| Licenses | 93,093 | 60,824 |
| Customer Lists and Relationships - Net | 18,208 | 812 |
| Other Intangible Assets - Net | 9,409 | 5,327 |
| Investments in Equity Affiliates | 1,606 | 250 |
| Other Assets | 15,346 | 13,425 |
| Total Assets | \$ 402,672 | \$ 296,834 |

Liabilities and Stockholders' Equity

Current Liabilities

| | | |
|--|----------------|---------------|
| Debt maturing within one year | \$ 7,636 | \$ 6,056 |
| Accounts payable and accrued liabilities | 30,372 | 23,592 |
| Advanced billing and customer deposits | 4,682 | 4,105 |
| Accrued taxes | 2,176 | 1,091 |
| Dividends payable | 2,950 | 2,438 |
| Total current liabilities | 47,816 | 37,282 |
| Long-Term Debt | 118,515 | 75,778 |

Deferred Credits and Other Noncurrent Liabilities

| | | |
|--|----------------|---------------|
| Deferred income taxes | 56,181 | 38,436 |
| Postemployment benefit obligation | 34,262 | 37,079 |
| Other noncurrent liabilities | 22,259 | 17,989 |
| Total deferred credits and other noncurrent liabilities | 112,701 | 93,504 |

Stockholders' Equity

| | | |
|---|-------------------|-------------------|
| Common stock | 6,495 | 6,495 |
| Additional paid-in capital | 89,763 | 91,108 |
| Retained earnings | 33,671 | 31,081 |
| Treasury stock | (12,592) | (47,029) |
| Accumulated other comprehensive income | 5,334 | 8,061 |
| Noncontrolling interest | 969 | 554 |
| Total stockholders' equity | 123,640 | 90,270 |
| Total Liabilities and Stockholders' Equity | \$ 402,672 | \$ 296,834 |

Consolidated Statements of Cash Flows

AT&T Inc.

Dollars in millions

Unaudited

| | Twelve Months Ended | |
|--|---------------------|-----------------|
| | 12/31/15 | 12/31/14 |
| | <i>As Adjusted</i> | |
| Operating Activities | | |
| Net income | \$ 13,687 | \$ 6,736 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 22,016 | 18,273 |
| Undistributed earnings from investments in equity affiliates | (49) | (27) |
| Provision for uncollectible accounts | 1,416 | 1,032 |
| Deferred income tax expense | 4,117 | 1,948 |
| Net loss (gain) from sale of investments, net of impairments | 91 | (1,461) |
| Actuarial (gain) loss on pension and postretirement benefits | (2,152) | 7,869 |
| Abandonment of network assets | - | 2,120 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (535) | (2,651) |
| Other current assets | (1,789) | (974) |
| Accounts payable and accrued liabilities | 1,291 | 2,412 |
| Retirement benefit funding | (735) | (560) |
| Other - net | (1,478) | (3,379) |
| Total adjustments | 22,193 | 24,602 |
| Net Cash Provided by Operating Activities | 35,880 | 31,338 |
| Investing Activities | | |
| Construction and capital expenditures: | | |
| Capital expenditures | (19,218) | (21,199) |
| Interest during construction | (797) | (234) |
| Acquisitions, net of cash acquired | (30,759) | (3,141) |
| Dispositions | 83 | 8,123 |
| Sale (purchases) of securities, net | 1,545 | (1,890) |
| Return of advances to and investments in equity affiliates | 1 | 4 |
| Other | 1 | - |
| Net Cash Used in Investing Activities | (49,144) | (18,337) |
| Financing Activities | | |
| Net change in short-term borrowings with original maturities of three months or less | (1) | (16) |
| Issuance of long-term debt | 33,969 | 15,926 |
| Repayment of long-term debt | (10,042) | (10,400) |
| Issuance of other long-term financing obligations | - | 107 |
| Purchase of treasury stock | (269) | (1,617) |
| Issuance of treasury stock | 143 | 39 |
| Dividends paid | (10,200) | (9,552) |
| Other | (3,818) | (2,224) |
| Net Cash Provided by (Used in) Financing Activities | 9,782 | (7,737) |
| Net (decrease) increase in cash and cash equivalents | (3,482) | 5,264 |
| Cash and cash equivalents beginning of year | 8,603 | 3,339 |
| Cash and Cash Equivalents End of Year | \$ 5,121 | \$ 8,603 |

Details of Consolidated Statements of Income - Quarter

AT&T Inc.

Dollars in millions

Unaudited

For the quarter ended December 31, 2015

| | Revenues | Operations and Support Expenses | EBITDA | Depreciation and Amortization | Operating Income (Loss) | Equity in Net Income of Affiliates | Segment Contribution |
|---------------------------|------------------|---------------------------------------|------------------|-------------------------------------|-------------------------------|--|-------------------------|
| Business Solutions | \$ 18,214 | \$ 11,980 | \$ 6,234 | \$ 2,513 | \$ 3,721 | \$ - | \$ 3,721 |
| Entertainment Group | 12,994 | 10,123 | 2,871 | 1,426 | 1,445 | 12 | 1,457 |
| Consumer Mobility | 8,749 | 5,669 | 3,080 | 939 | 2,141 | - | 2,141 |
| International | 1,849 | 1,799 | 50 | 309 | (259) | (1) | (260) |
| Segment Total | \$ 41,806 | \$ 29,571 | \$ 12,235 | \$ 5,187 | \$ 7,048 | \$ 11 | \$ 7,059 |
| Corporate and Other | 313 | 272 | 41 | 17 | 24 | | |
| Acquisition-related items | - | 383 | (383) | 1,273 | (1,656) | | |
| Certain Significant items | - | (2,116) | 2,116 | - | 2,116 | | |
| AT&T Inc. | \$ 42,119 | \$ 28,110 | \$ 14,009 | \$ 6,477 | \$ 7,532 | | |

For the quarter ended December 31, 2014

| | Revenues | Operations and Support Expenses | EBITDA | Depreciation and Amortization | Operating Income (Loss) | Equity in Net Income of Affiliates | Segment Contribution |
|---------------------------|------------------|---------------------------------------|-----------------|-------------------------------------|-------------------------------|--|-------------------------|
| Business Solutions | \$ 18,729 | \$ 12,990 | \$ 5,739 | \$ 2,346 | \$ 3,393 | \$ - | \$ 3,393 |
| Entertainment Group | 5,593 | 4,810 | 783 | 1,077 | (294) | (2) | (296) |
| Consumer Mobility | 9,522 | 6,718 | 2,804 | 981 | 1,823 | - | 1,823 |
| International | - | - | - | - | - | - | - |
| Segment Total | \$ 33,844 | \$ 24,518 | \$ 9,326 | \$ 4,404 | \$ 4,922 | \$ (2) | \$ 4,920 |
| Corporate and Other | 595 | 444 | 151 | 28 | 123 | | |
| Acquisition-related items | - | 382 | (382) | 109 | (491) | | |
| Certain Significant items | - | 9,997 | (9,997) | 26 | (10,023) | | |
| AT&T Inc. | \$ 34,439 | \$ 35,341 | \$ (902) | \$ 4,567 | \$ (5,469) | | |

Details of Consolidated Statements of Income - Annual

AT&T Inc.

Dollars in millions

Unaudited

For the year ended December 31, 2015

| | Revenues | Operations and Support Expenses | EBITDA | Depreciation and Amortization | Operating Income (Loss) | Equity in Net Income of Affiliates | Segment Contribution |
|---------------------------|-------------------|---------------------------------------|------------------|-------------------------------------|-------------------------------|--|-------------------------|
| Business Solutions | \$ 71,127 | \$ 44,946 | \$ 26,181 | \$ 9,789 | \$ 16,392 | \$ - | \$ 16,392 |
| Entertainment Group | 35,294 | 28,345 | 6,949 | 4,945 | 2,004 | (4) | 2,000 |
| Consumer Mobility | 35,066 | 21,477 | 13,589 | 3,851 | 9,738 | - | 9,738 |
| International | 4,102 | 3,930 | 172 | 655 | (483) | (5) | (488) |
| Segment Total | \$ 145,589 | \$ 98,698 | \$ 46,891 | \$ 19,240 | \$ 27,651 | \$ (9) | \$ 27,642 |
| Corporate and Other | 1,297 | 1,057 | 240 | 64 | 176 | | |
| Acquisition-related items | (85) | 1,987 | (2,072) | 2,712 | (4,784) | | |
| Certain Significant items | - | (1,742) | 1,742 | - | 1,742 | | |
| AT&T Inc. | \$ 146,801 | \$ 100,000 | \$ 46,801 | \$ 22,016 | \$ 24,785 | | |

For the year ended December 31, 2014

| | Revenues | Operations and Support Expenses | EBITDA | Depreciation and Amortization | Operating Income (Loss) | Equity in Net Income of Affiliates | Segment Contribution |
|---------------------------|-------------------|---------------------------------------|------------------|-------------------------------------|-------------------------------|--|-------------------------|
| Business Solutions | \$ 70,606 | \$ 45,826 | \$ 24,780 | \$ 9,355 | \$ 15,425 | \$ - | \$ 15,425 |
| Entertainment Group | 22,233 | 18,992 | 3,241 | 4,473 | (1,232) | (2) | (1,234) |
| Consumer Mobility | 36,769 | 23,891 | 12,878 | 3,827 | 9,051 | (1) | 9,050 |
| International | - | - | - | - | - | 153 | 153 |
| Segment Total | \$ 129,608 | \$ 88,709 | \$ 40,899 | \$ 17,655 | \$ 23,244 | \$ 150 | \$ 23,394 |
| Corporate and Other | 2,839 | 2,471 | 368 | 105 | 263 | | |
| Acquisition-related items | - | 785 | (785) | 487 | (1,272) | | |
| Certain Significant items | - | 9,997 | (9,997) | 26 | (10,023) | | |
| AT&T Inc. | \$ 132,447 | \$ 101,962 | \$ 30,485 | \$ 18,273 | \$ 12,212 | | |



Business Solutions



Statement of Segment Income - GAAP¹

Business Solutions

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|--|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Wireless Service | \$ 7,698 | \$ 7,353 | \$ 7,542 | \$ 7,589 | \$ 7,515 | \$ 7,756 | \$ 7,732 | \$ 7,684 |
| Fixed Strategic Services ² | 2,278 | 2,371 | 2,454 | 2,563 | 2,628 | 2,692 | 2,763 | 2,827 |
| Legacy Voice and Data Services | 5,130 | 4,997 | 4,928 | 4,802 | 4,675 | 4,569 | 4,499 | 4,276 |
| Other Service and Equipment | 910 | 947 | 977 | 1,026 | 846 | 854 | 885 | 973 |
| Wireless Equipment | 1,328 | 1,378 | 1,586 | 2,749 | 1,893 | 1,793 | 1,813 | 2,454 |
| Total Segment Operating Revenues | \$ 17,344 | \$ 17,046 | \$ 17,487 | \$ 18,729 | \$ 17,557 | \$ 17,664 | \$ 17,692 | \$ 18,214 |
| Segment Operating Expenses | | | | | | | | |
| Operations and support | 10,714 | 10,827 | 11,295 | 12,990 | 11,073 | 10,972 | 10,921 | 11,980 |
| Depreciation and amortization | 2,364 | 2,314 | 2,331 | 2,346 | 2,342 | 2,460 | 2,474 | 2,513 |
| Total Segment Operating Expenses | 13,078 | 13,141 | 13,626 | 15,336 | 13,415 | 13,432 | 13,395 | 14,493 |
| Segment Operating Income | 4,266 | 3,905 | 3,861 | 3,393 | 4,142 | 4,232 | 4,297 | 3,721 |
| Equity in Net Income (Loss) of Affiliates | - | - | - | - | - | - | - | - |
| Segment Income | \$ 4,266 | \$ 3,905 | \$ 3,861 | \$ 3,393 | \$ 4,142 | \$ 4,232 | \$ 4,297 | \$ 3,721 |

Revenues by Customer Type^{1,3}

Business Solutions

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Wireless | \$ 4,987 | \$ 4,824 | \$ 5,064 | \$ 5,767 | \$ 5,237 | \$ 5,313 | \$ 5,322 | \$ 5,675 |
| Fixed | 4,020 | 4,057 | 4,091 | 4,075 | 3,978 | 3,917 | 3,976 | 3,962 |
| Global Business⁴ | \$ 9,007 | \$ 8,881 | \$ 9,155 | \$ 9,842 | \$ 9,215 | \$ 9,230 | \$ 9,298 | \$ 9,637 |
| Wireless | \$ 1,540 | \$ 1,496 | \$ 1,543 | \$ 1,717 | \$ 1,553 | \$ 1,580 | \$ 1,590 | \$ 1,683 |
| Fixed | 1,584 | 1,575 | 1,566 | 1,564 | 1,561 | 1,547 | 1,548 | 1,519 |
| Small Business | \$ 3,124 | \$ 3,071 | \$ 3,109 | \$ 3,281 | \$ 3,114 | \$ 3,127 | \$ 3,138 | \$ 3,202 |
| Wireless | \$ 2,442 | \$ 2,355 | \$ 2,459 | \$ 2,783 | \$ 2,553 | \$ 2,588 | \$ 2,565 | \$ 2,707 |
| Fixed | 1,086 | 1,095 | 1,116 | 1,164 | 1,057 | 1,105 | 1,104 | 1,109 |
| Public Sector⁴ | \$ 3,528 | \$ 3,450 | \$ 3,575 | \$ 3,947 | \$ 3,610 | \$ 3,693 | \$ 3,669 | \$ 3,816 |
| Wireless | \$ 57 | \$ 56 | \$ 62 | \$ 71 | \$ 65 | \$ 68 | \$ 68 | \$ 73 |
| Fixed | 1,628 | 1,588 | 1,586 | 1,588 | 1,553 | 1,546 | 1,519 | 1,486 |
| Partner Solutions⁴ | \$ 1,685 | \$ 1,644 | \$ 1,648 | \$ 1,659 | \$ 1,618 | \$ 1,614 | \$ 1,587 | \$ 1,559 |
| Wireless | \$ 9,026 | \$ 8,731 | \$ 9,128 | \$ 10,338 | \$ 9,408 | \$ 9,549 | \$ 9,545 | \$ 10,138 |
| Fixed | 8,318 | 8,315 | 8,359 | 8,391 | 8,149 | 8,115 | 8,147 | 8,076 |
| Total Segment Operating Revenues | \$ 17,344 | \$ 17,046 | \$ 17,487 | \$ 18,729 | \$ 17,557 | \$ 17,664 | \$ 17,692 | \$ 18,214 |

¹ Prior-period amounts restated to conform to current-period reporting methodology.

² Previously reported as "Strategic Business Services".

³ The Business Solutions Segment provides both wireless and fixed services to business customers and individual subscribers who purchase wireless services through employer-sponsored plans.

⁴ Global Business primarily consists of large business customers, including multi-national corporations. Public Sector primarily consists of government and education. Partner Solutions primarily consists of Wholesale.

Revenues by Segment¹

Business Solutions

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Wireless - Service | \$ 7,698 | \$ 7,353 | \$ 7,542 | \$ 7,589 | \$ 7,515 | \$ 7,756 | \$ 7,732 | \$ 7,684 |
| Wireless - Equipment | 1,328 | 1,378 | 1,586 | 2,749 | 1,893 | 1,793 | 1,813 | 2,454 |
| Total Wireless Revenues | \$ 9,026 | \$ 8,731 | \$ 9,128 | \$ 10,338 | \$ 9,408 | \$ 9,549 | \$ 9,545 | \$ 10,138 |
| Fixed Strategic Services ² | 2,278 | 2,371 | 2,454 | 2,563 | 2,628 | 2,692 | 2,763 | \$ 2,827 |
| Legacy Data Services | 2,392 | 2,304 | 2,256 | 2,186 | 2,107 | 2,076 | 2,004 | 1,912 |
| Legacy Voice and Other | 3,648 | 3,640 | 3,649 | 3,642 | 3,414 | 3,347 | 3,380 | 3,337 |
| Total Fixed Revenues | \$ 8,318 | \$ 8,315 | \$ 8,359 | \$ 8,391 | \$ 8,149 | \$ 8,115 | \$ 8,147 | \$ 8,076 |
| Total Segment Operating Revenues | \$ 17,344 | \$ 17,046 | \$ 17,487 | \$ 18,729 | \$ 17,557 | \$ 17,664 | \$ 17,692 | \$ 18,214 |

Operating Volumes

Business Mobility

Volumes in thousands

| Unaudited | Three Months Ended | | | | | | | |
|--|--------------------|---------|---------|----------|---------|---------|---------|----------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Wireless Subscribers and Connections^{1,3} | | | | | | | | |
| Total Subscribers and Connections | 58,871 | 60,199 | 62,552 | 65,114 | 66,945 | 69,178 | 71,561 | 73,659 |
| Postpaid | 41,846 | 42,987 | 44,062 | 45,160 | 45,959 | 46,697 | 47,414 | 48,290 |
| Connected Devices | 17,025 | 17,203 | 18,482 | 19,943 | 20,972 | 22,462 | 24,064 | 25,284 |
| Net Add Detail (Adjusted for M&A)^{1,3} | | | | | | | | |
| Net Customer Additions | 1,059 | 771 | 1,816 | 1,864 | 1,324 | 1,769 | 1,875 | 1,563 |
| Postpaid Net Adds | 366 | 587 | 545 | 566 | 297 | 288 | 265 | 353 |
| Connected Devices Net Adds | 693 | 175 | 1,276 | 1,296 | 1,024 | 1,478 | 1,602 | 1,211 |
| Churn Detail | | | | | | | | |
| Postpaid Churn ⁴ | 0.93% | 0.74% | 0.84% | 1.08% | 0.90% | 0.91% | 1.05% | 1.10% |

¹ Prior-period amounts restated to conform to current-period reporting methodology.

² Previously reported as "Strategic Business Services".

³ Business Mobility includes reseller subscribers, which are not significant.

⁴ Churn is calculated by dividing the aggregate number of wireless subscribers who canceled service during a period by the total number of wireless subscribers at the beginning of that period. The churn rate for the period is equal to the average of the churn rate for each month of that period.



Entertainment Group



Statement of Segment Income - GAAP¹

Entertainment Group

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Video Entertainment | \$ 1,601 | \$ 1,696 | \$ 1,719 | \$ 1,810 | \$ 1,871 | \$ 1,991 | \$ 7,162 | \$ 9,247 |
| High-Speed Internet | 1,286 | 1,340 | 1,414 | 1,482 | 1,553 | 1,623 | 1,685 | 1,740 |
| Legacy Voice and Data Services | 2,096 | 1,967 | 1,834 | 1,695 | 1,612 | 1,516 | 1,419 | 1,367 |
| Other Service and Equipment | 542 | 559 | 586 | 606 | 624 | 652 | 592 | 640 |
| Total Segment Operating Revenues | \$ 5,525 | \$ 5,562 | \$ 5,553 | \$ 5,593 | \$ 5,660 | \$ 5,782 | \$ 10,858 | \$ 12,994 |
| Segment Operating Expenses | | | | | | | | |
| Operations and support | 4,654 | 4,747 | 4,781 | 4,810 | 4,859 | 4,913 | 8,450 | 10,123 |
| Depreciation and amortization | 1,188 | 1,099 | 1,109 | 1,077 | 1,065 | 1,065 | 1,389 | 1,426 |
| Total Segment Operating Expenses | 5,842 | 5,846 | 5,890 | 5,887 | 5,924 | 5,978 | 9,839 | 11,549 |
| Segment Operating Income (Loss) | (317) | (284) | (337) | (294) | (264) | (196) | 1,019 | 1,445 |
| Equity in Net Income (Loss) of Affiliates | - | - | - | (2) | (6) | (12) | 2 | 12 |
| Segment Income (Loss) | \$ (317) | \$ (284) | \$ (337) | \$ (296) | \$ (270) | \$ (208) | \$ 1,021 | \$ 1,457 |

Operating Volumes¹

Entertainment Group

Volumes in thousands

| Unaudited | Three Months Ended | | | | | | | |
|---|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Video Connections | | | | | | | | |
| DIRECTV | - | - | - | - | - | - | 19,570 | 19,784 |
| U-verse | 5,451 | 5,636 | 5,848 | 5,920 | 5,969 | 5,946 | 5,854 | 5,614 |
| Total Video Connections | 5,451 | 5,636 | 5,848 | 5,920 | 5,969 | 5,946 | 25,424 | 25,398 |
| Broadband Connections | | | | | | | | |
| IP | 10,040 | 10,463 | 11,010 | 11,383 | 11,796 | 12,013 | 12,185 | 12,356 |
| DSL | 4,380 | 3,932 | 3,453 | 3,059 | 2,740 | 2,416 | 2,137 | 1,930 |
| Total Wireline Broadband Connections² | 14,422 | 14,397 | 14,465 | 14,444 | 14,537 | 14,428 | 14,322 | 14,286 |
| Voice | | | | | | | | |
| Total Wireline Voice Connections³ | 15,248 | 14,801 | 14,381 | 14,002 | 13,669 | 13,312 | 12,891 | 12,498 |
| Net Adds | | | | | | | | |
| DIRECTV | - | - | - | - | - | - | 26 | 214 |
| U-verse | 194 | 185 | 212 | 72 | 49 | (23) | (92) | (240) |
| Video | 194 | 185 | 212 | 72 | 49 | (23) | (66) | (26) |
| IP | 556 | 423 | 547 | 373 | 413 | 217 | 172 | 171 |
| DSL | (447) | (448) | (479) | (394) | (319) | (324) | (278) | (208) |
| Broadband | 109 | (25) | 68 | (21) | 94 | (107) | (106) | (37) |
| Total Entertainment Group Revenue Connections | 35,121 | 34,834 | 34,694 | 34,366 | 34,175 | 33,686 | 52,637 | 52,182 |
| Net Change | (163) | (287) | (140) | (328) | (191) | (489) | 18,951 | (455) |
| Video ARPU | \$ 100.26 | \$ 102.43 | \$ 100.34 | \$ 102.66 | \$ 104.93 | \$ 111.44 | \$ 114.40 | \$ 120.59 |
| IP Broadband ARPU | \$ 44.02 | \$ 43.69 | \$ 44.04 | \$ 44.13 | \$ 44.69 | \$ 45.42 | \$ 46.48 | \$ 47.22 |

¹ Prior-period amounts restated to conform to current-period reporting methodology.

² Total Wireline (also known as wired) Broadband Connections include DSL lines, U-verse High Speed Internet access lines and satellite broadband.

³ Total Wireline Voice Connections includes switched access lines served by AT&T's incumbent local exchange carriers and affiliates, switched access lines served by AT&T Corp and U-verse Voice over Internet Protocol connections. Includes both primary and additional lines. Includes consumer U-verse Voice over Internet Protocol connections of 5,212 as of December 31, 2015.



Consumer Mobility



Statement of Segment Income - GAAP

Consumer Mobility

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|--|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Postpaid Wireless Service | \$ 6,418 | \$ 6,001 | \$ 6,071 | \$ 5,792 | \$ 5,620 | \$ 5,636 | \$ 5,527 | \$ 5,247 |
| Prepaid Wireless Service | 732 | 1,211 | 1,163 | 1,099 | 1,095 | 1,118 | 1,198 | 1,251 |
| Other Service Revenue | 539 | 583 | 646 | 595 | 582 | 605 | 638 | 633 |
| Equipment | 1,151 | 1,404 | 1,328 | 2,036 | 1,481 | 1,396 | 1,421 | 1,618 |
| Total Segment Operating Revenues | \$ 8,840 | \$ 9,199 | \$ 9,208 | \$ 9,522 | \$ 8,778 | \$ 8,755 | \$ 8,784 | \$ 8,749 |
| Segment Operating Expenses | | | | | | | | |
| Operations and support | 5,436 | 6,006 | 5,731 | 6,718 | 5,541 | 5,203 | 5,065 | 5,669 |
| Depreciation and amortization | 915 | 981 | 950 | 981 | 1,002 | 934 | 976 | 939 |
| Total Segment Operating Expenses | 6,351 | 6,987 | 6,681 | 7,699 | 6,543 | 6,137 | 6,041 | 6,608 |
| Segment Operating Income | 2,489 | 2,212 | 2,527 | 1,823 | 2,235 | 2,618 | 2,743 | 2,141 |
| Equity in Net Income (Loss) of Affiliates | - | - | (1) | - | - | - | - | - |
| Segment Income | \$ 2,489 | \$ 2,212 | \$ 2,526 | \$ 1,823 | \$ 2,235 | \$ 2,618 | \$ 2,743 | \$ 2,141 |

Operating Volumes

Consumer Mobility

Volumes in thousands

| Unaudited | Three Months Ended | | | | | | | |
|--|--------------------|---------|---------|----------|---------|---------|---------|----------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Wireless Subscribers and Connections¹ | | | | | | | | |
| Total Subscribers and Connections | 57,143 | 56,435 | 56,098 | 55,440 | 54,827 | 54,724 | 54,845 | 54,981 |
| Postpaid | 31,445 | 31,345 | 31,043 | 30,610 | 30,216 | 29,844 | 29,257 | 28,814 |
| Prepaid ³ | 10,411 | 10,082 | 10,026 | 9,965 | 10,037 | 10,438 | 10,988 | 11,548 |
| Reseller | 13,886 | 13,747 | 13,876 | 13,844 | 13,581 | 13,487 | 13,647 | 13,690 |
| Connected Devices | 1,401 | 1,261 | 1,153 | 1,021 | 993 | 955 | 953 | 929 |
| Net Add Detail (Adjusted for M&A)² | | | | | | | | |
| Net Customer Additions | 3 | (137) | 191 | 41 | (106) | 325 | 638 | 671 |
| Postpaid Net Adds | 259 | 439 | 240 | 288 | 144 | 122 | 23 | 174 |
| Prepaid Net Adds ² | 88 | (286) | (46) | (67) | 98 | 331 | 466 | 469 |
| Reseller Net Adds | (206) | (171) | 91 | (66) | (269) | (98) | 149 | 50 |
| Connected Devices | (138) | (119) | (94) | (114) | (79) | (30) | - | (22) |
| Churn Detail | | | | | | | | |
| Total Churn ³ | 1.95% | 2.02% | 2.03% | 2.21% | 2.04% | 1.86% | 1.90% | 1.97% |
| Postpaid Churn ³ | 1.25% | 1.01% | 1.20% | 1.43% | 1.20% | 1.16% | 1.33% | 1.31% |

¹ Prior-period subscribers and net adds were restated to conform to current-period reporting methodology, including the reclassification of session-based subscribers from Prepaid to Connected Devices.

² 1Q14 Prepaid Net Adds includes Leap Wireless net adds beginning March 14, 2014, following the completion of the Leap Wireless acquisition. End-of-period 1Q14 prepaid subscribers includes Leap Wireless subscribers. (As of the end of 1Q14, there were 4.5M Leap Wireless subscribers.)

³ Churn is calculated by dividing the aggregate number of wireless subscribers who canceled service during a period by the total number of wireless subscribers at the beginning of that period. The churn rate for the period is equal to the average of the churn rate for each month of that period.



International



Statement of Segment Income - GAAP

International

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|--|--------------------|---------|---------|----------|---------|----------|----------|----------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Video Entertainment | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 945 | \$ 1,206 |
| Wireless Service | - | - | - | - | 215 | 444 | 494 | 494 |
| Wireless Equipment | - | - | - | - | 21 | 47 | 87 | 149 |
| Total Segment Operating Revenues | \$ - | \$ - | \$ - | \$ - | \$ 236 | \$ 491 | \$ 1,526 | \$ 1,849 |
| Segment Operating Expenses | | | | | | | | |
| Operations and support | - | - | - | - | 218 | 529 | 1,384 | 1,799 |
| Depreciation and amortization | - | - | - | - | 28 | 93 | 225 | 309 |
| Total Segment Operating Expenses | - | - | - | - | 246 | 622 | 1,609 | 2,108 |
| Segment Operating Income | - | - | - | - | (10) | (131) | (83) | (259) |
| Equity in Net Income (Loss) of Affiliates | 54 | 99 | - | - | - | - | (4) | (1) |
| Segment Income (Loss) | \$ 54 | \$ 99 | \$ - | \$ - | \$ (10) | \$ (131) | \$ (87) | \$ (260) |

Segment Operating Revenues By Country

International

Dollars in millions

| Unaudited | Three Months Ended | | | | | | | |
|---|--------------------|---------|---------|----------|---------|---------|----------|----------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | | | | |
| Mexico Wireless | \$ - | \$ - | \$ - | \$ - | \$ 236 | \$ 491 | \$ 581 | \$ 643 |
| Brazil | - | - | - | - | - | - | 493 | 606 |
| Argentina | - | - | - | - | - | - | 267 | 352 |
| Venezuela | - | - | - | - | - | - | 14 | 21 |
| Other Countries | - | - | - | - | - | - | 171 | 227 |
| Total Latin America | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 945 | \$ 1,206 |
| Total Segment Operating Revenues | \$ - | \$ - | \$ - | \$ - | \$ 236 | \$ 491 | \$ 1,526 | \$ 1,849 |

Operating Volumes

International

Volumes in thousands

| Unaudited | Three Months Ended | | | | | | | |
|---|--------------------|---------|---------|----------|---------|---------|---------|----------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Wireless Mexico Operating Statistics | | | | | | | | |
| Subscribers ² | - | - | - | - | 5,728 | 8,550 | 8,091 | 8,684 |
| Net Adds | - | - | - | - | (288) | (170) | (231) | 593 |
| Total Churn ^{1,3} | - | - | - | - | 8.21% | 6.81% | 5.58% | 5.67% |
| Video Subscribers and Connections | | | | | | | | |
| Brazil | - | - | - | - | - | - | 5,538 | 5,444 |
| Other Countries | - | - | - | - | - | - | 7,006 | 7,066 |
| Total Latin America Video | - | - | - | - | - | - | 12,544 | 12,510 |
| Video Net Add Detail | | | | | | | | |
| Brazil | - | - | - | - | - | - | (129) | (94) |
| Other Countries | - | - | - | - | - | - | 16 | 60 |
| Total Latin America Video | - | - | - | - | - | - | (113) | (34) |

¹ Churn is calculated by dividing the aggregate number of wireless subscribers who canceled service during a period by the total number of wireless subscribers at the beginning of that period. The churn rate for the period is equal to the average of the churn rate for each month of that period.

² 3Q15 subscriber count includes 301k reduction to true-up customer base. Prior periods not restated.

³ Churn in prior periods have been restated to be consistent with AT&T calculation methodology.



Supplemental



Supplemental AT&T Mobility Results

AT&T Mobility

Dollars in millions

Unaudited

Three Months Ended

| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Operating Revenues | | | | | | | | |
| Service | \$ 15,387 | \$ 15,148 | \$ 15,423 | \$ 15,074 | \$ 14,812 | \$ 15,115 | \$ 15,095 | \$ 14,815 |
| Equipment | 2,479 | 2,782 | 2,914 | 4,785 | 3,374 | 3,189 | 3,234 | 4,071 |
| Total Operating Revenues | \$ 17,866 | \$ 17,930 | \$ 18,337 | \$ 19,859 | \$ 18,186 | \$ 18,304 | \$ 18,329 | \$ 18,886 |
| Operating Expenses | | | | | | | | |
| Operations and support | 10,865 | 11,473 | 11,683 | 14,327 | 11,472 | 10,973 | 10,865 | 12,479 |
| Depreciation and amortization | 1,903 | 1,973 | 1,909 | 1,959 | 2,005 | 2,031 | 2,046 | 2,031 |
| Total Operating Expenses | 12,768 | 13,446 | 13,592 | 16,286 | 13,477 | 13,004 | 12,911 | 14,510 |
| Operating Income | 5,098 | 4,484 | 4,745 | 3,573 | 4,709 | 5,300 | 5,418 | 4,376 |
| Equity in Net Income (Loss) of Affiliates | - | - | (1) | - | - | - | - | - |
| AT&T Mobility Income | \$ 5,098 | \$ 4,484 | \$ 4,744 | \$ 3,573 | \$ 4,709 | \$ 5,300 | \$ 5,418 | \$ 4,376 |

Volumes in thousands

AT&T Mobility Subscribers and Connections¹

| | | | | | | | | |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Subscribers and Connections | 116,014 | 116,634 | 118,650 | 120,554 | 121,772 | 123,902 | 126,406 | 128,640 |
| Postpaid | 73,291 | 74,332 | 75,105 | 75,770 | 76,175 | 76,541 | 76,671 | 77,105 |
| Prepaid ² | 10,411 | 10,082 | 10,026 | 9,965 | 10,037 | 10,438 | 10,988 | 11,548 |
| Reseller | 13,886 | 13,756 | 13,884 | 13,855 | 13,595 | 13,506 | 13,729 | 13,774 |
| Connected Devices | 18,426 | 18,464 | 19,635 | 20,964 | 21,965 | 23,417 | 25,018 | 26,213 |

Net Add Detail (Adjusted for M&A)¹

| | | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Net Customer Additions | 1,062 | 634 | 2,007 | 1,905 | 1,218 | 2,094 | 2,513 | 2,234 |
| Postpaid Net Adds | 625 | 1,026 | 785 | 854 | 441 | 410 | 289 | 526 |
| Prepaid Net Adds ² | 88 | (286) | (46) | (67) | 98 | 331 | 466 | 469 |
| Branded Net Adds | 713 | 740 | 739 | 787 | 539 | 741 | 755 | 995 |
| Reseller Net Adds | (206) | (162) | 87 | (65) | (266) | (95) | 156 | 50 |
| Connected Devices Net Adds | 555 | 56 | 1,182 | 1,183 | 945 | 1,448 | 1,602 | 1,189 |
| M&A, Partitioned Customers and/or Adjustments | 4,576 | (14) | 9 | (1) | - | 36 | (9) | - |

Phone Detail

| | | | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|
| Branded Phones | 78,191 | 78,417 | 78,619 | 78,208 | 77,953 | 78,032 | 77,737 | 77,955 |
| Branded Smartphones ⁴ | 55,796 | 57,904 | 60,294 | 62,443 | 64,047 | 65,243 | 66,233 | 67,200 |
| Postpaid Phones ³ | 67,780 | 68,335 | 68,593 | 68,243 | 67,916 | 67,594 | 66,749 | 66,407 |
| Postpaid Smartphones | 53,020 | 54,629 | 55,791 | 56,644 | 57,157 | 57,536 | 57,733 | 58,073 |
| Postpaid Feature Phones ³ | 14,061 | 12,962 | 12,036 | 10,840 | 10,011 | 9,324 | 8,290 | 7,615 |
| Postpaid Other Phones | 699 | 744 | 766 | 759 | 748 | 734 | 726 | 719 |
| Prepaid Phones | 10,411 | 10,082 | 10,026 | 9,965 | 10,037 | 10,438 | 10,988 | 11,548 |

Phone Detail - Net Adds

| | | | | | | | | |
|-------------------------|-----|-------|------|-------|-------|-------|-------|-------|
| Branded Phone Net Adds | 160 | 274 | 233 | (218) | (186) | 55 | 83 | 213 |
| Postpaid Phone Net Adds | 72 | 560 | 279 | (151) | (284) | (276) | (383) | (256) |
| Prepaid Phone Net Adds | 88 | (286) | (46) | (67) | 98 | 331 | 466 | 469 |

¹ Prior-period subscribers and net adds were restated to conform to current-period reporting methodology, including the reclassification of session-based subscribers from Prepaid to Connected Devices.

² 1Q14 Prepaid Net Adds includes Leap Wireless net adds beginning March 14, 2014, following the completion of the Leap Wireless acquisition. End-of-period 1Q14 prepaid subscribers includes Leap Wireless subscribers. (As of the end of 1Q14, there were 4.5M Leap Wireless subscribers.)

³ Feature phones are basic phones that are primarily used for voice and text services. 3Q15 postpaid phones count includes a reclassification of 300k feature phones to non-tablet computing devices. Prior periods have not been restated.

⁴ Branded smartphones include postpaid and prepaid smartphones. Smartphones on the Cricket CDMA network are excluded.

Supplemental AT&T Mobility - Other Operating Statistics

AT&T Mobility

| Unaudited | Three Months Ended | | | | | | | |
|-----------------------------|--------------------|---------|---------|----------|---------|---------|---------|----------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Churn Detail | | | | | | | | |
| Total Churn ⁵ | 1.39% | 1.47% | 1.36% | 1.59% | 1.40% | 1.31% | 1.33% | 1.50% |
| Postpaid Churn ⁵ | 1.07% | 0.86% | 0.99% | 1.22% | 1.02% | 1.01% | 1.16% | 1.18% |

Other Operating Statistics¹

| | | | | | | | | |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Wireless Service ARPU ^{2, 3} | \$ 45.98 | \$ 43.41 | \$ 43.71 | \$ 42.04 | \$ 40.78 | \$ 41.07 | \$ 40.19 | \$ 38.78 |
| Postpaid Phone-Only ARPU ² | \$ 66.33 | \$ 62.28 | \$ 62.45 | \$ 61.00 | \$ 59.98 | \$ 61.26 | \$ 60.81 | \$ 59.76 |
| Postpaid ARPU ² | \$ 64.17 | \$ 59.76 | \$ 60.12 | \$ 58.43 | \$ 57.05 | \$ 57.84 | \$ 57.05 | \$ 55.58 |
| Postpaid Phone-Only ARPU + Next Billing ⁴ | \$ 67.39 | \$ 64.35 | \$ 65.63 | \$ 65.87 | \$ 66.14 | \$ 68.29 | \$ 68.82 | \$ 68.91 |

¹ Prior-period ARPU was restated to conform to current-period reporting methodology, including the reclassification of session-based subscribers from Prepaid to Connected Devices.

² ARPU is defined as Wireless service revenues during the period divided by average wireless subscribers during the period.

³ Wireless Service ARPU includes Leap subscribers beginning March 14, 2014.

⁴ ARPU + Next Billing is defined as Wireless service revenues and billings from Next (equipment installment plans) during the period divided by average wireless subscribers during the period.

⁵ Churn is calculated by dividing the aggregate number of wireless subscribers who canceled service during a period by the total number of wireless subscribers at the beginning of that period. The churn rate for the period is equal to the average of the churn rate for each month of that period.

Operating Volumes - Supplemental

Wireline Volumes¹

| In thousands Unaudited | Three Months Ended | | | | | | | |
|---|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 3/31/14 | 6/30/14 | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Video | | | | | | | | |
| DIRECTV | - | - | - | - | - | - | 19,570 | 19,784 |
| U-verse | 5,661 | 5,851 | 6,067 | 5,943 | 5,993 | 5,971 | 5,880 | 5,640 |
| Total Video Connections | 5,661 | 5,851 | 6,067 | 5,943 | 5,993 | 5,971 | 25,450 | 25,424 |
| Broadband | | | | | | | | |
| IP | 11,009 | 11,497 | 12,098 | 12,205 | 12,644 | 12,885 | 13,076 | 13,268 |
| DSL | 5,493 | 4,949 | 4,386 | 3,821 | 3,451 | 3,077 | 2,756 | 2,510 |
| Total Wireline Broadband Connections² | 16,503 | 16,448 | 16,486 | 16,028 | 16,097 | 15,961 | 15,832 | 15,778 |
| Voice | | | | | | | | |
| Total Wireline Voice Connections | 27,716 | 26,958 | 26,220 | 24,778 | 24,149 | 23,497 | 22,795 | 22,123 |
| Net Adds³ | | | | | | | | |
| Video | | | | | | | | |
| DIRECTV | - | - | - | - | - | - | 26 | 214 |
| U-verse | 201 | 190 | 215 | 73 | 50 | (22) | (91) | (240) |
| Video | 201 | 190 | 215 | 73 | 50 | (22) | (65) | (26) |
| Broadband | | | | | | | | |
| IP | 634 | 488 | 601 | 405 | 439 | 240 | 192 | 192 |
| DSL | (555) | (543) | (563) | (456) | (370) | (374) | (321) | (246) |
| Broadband | 79 | (55) | 38 | (51) | 69 | (134) | (129) | (54) |

¹ Volumes include subscribers from the reportable segments "Entertainment Group" and "Business Solutions" and other lines of businesses included in Corporate and Other. Prior-period amounts restated to conform to current-period reporting methodology.

² Periods prior to 6/30/2015 include Satellite broadband subscribers.

³ Net Adds for 4Q14 exclude the change in connections due to the divestiture of the Connecticut Wireline Properties.

Supplemental Results - Corporate & Other

Corporate & Other¹

Dollars in millions

Unaudited

Three Months Ended

| | 9/30/14 | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
|------------------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| Operating Revenues | | | | | | |
| Global Hubbing and Other Wholesale | \$ 199 | \$ 171 | \$ 133 | \$ 117 | \$ 112 | \$ 100 |
| National Mass Markets | 116 | 110 | 107 | 101 | 97 | 92 |
| Customer Information Services | 55 | 51 | 47 | 44 | 42 | 37 |
| Connecticut Wireline ² | 272 | 67 | - | - | - | - |
| Other | 67 | 196 | 58 | 61 | 65 | 84 |
| Total Operating Revenues | \$ 709 | \$ 595 | \$ 345 | \$ 323 | \$ 316 | \$ 313 |
| Operating Expenses | | | | | | |
| Operations and support | 791 | 444 | 234 | 236 | 315 | 272 |
| Depreciation and amortization | 24 | 28 | 20 | 24 | 3 | 17 |
| Total Operating Expenses | 815 | 472 | 254 | 260 | 318 | 289 |
| Operating Income (Loss) | \$ (106) | \$ 123 | \$ 91 | \$ 63 | \$ (2) | \$ 24 |

¹ Corporate and Other includes: (1) operations that are not considered reportable segments and that are no longer integral to our operations or which we no longer actively market, and (2) impacts of corporate-wide decisions for which the individual operating segments are not being evaluated, including interest costs and expected return on plan assets for our pension and postretirement benefit plans.

² Includes the operations of Connecticut wireline properties that were divested on October 24, 2014.



Non-GAAP Consolidated Reconciliations



Non-GAAP Consolidated Reconciliation

Capital Investment

AT&T Inc.

Dollars in millions

Unaudited

| | Three Months Ended December 31, 2015 | | Twelve Months Ended December 31, 2015 | |
|---|--|--|---|--|
| Reported construction and capital expenditures | \$ 6,093 | | \$ 20,015 | |
| Add: Vendor financing for capital investments in Mexico | 684 | | 684 | |
| Capital Investment | \$ 6,777 | | \$ 20,699 | |

Free Cash Flow

AT&T Inc.

Dollars in millions

Unaudited

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|-----------------|-------------------------------------|------------------|
| | 2014 | 2015 | 2014 | 2015 |
| Net cash provided by operating activities | \$ 5,745 | \$ 9,185 | \$ 31,338 | \$ 35,880 |
| Less: Construction and capital expenditures | (4,426) | (6,093) | (21,433) | (20,015) |
| Free Cash Flow | \$ 1,319 | \$ 3,092 | \$ 9,905 | \$ 15,865 |

Free Cash Flow after Dividends

AT&T Inc.

Dollars in millions

Unaudited

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|---------------|-------------------------------------|-----------------|
| | 2014 | 2015 | 2014 | 2015 |
| Net cash provided by operating activities | \$ 5,745 | \$ 9,185 | \$ 31,338 | \$ 35,880 |
| Less: Construction and capital expenditures | (4,426) | (6,093) | (21,433) | (20,015) |
| Free Cash Flow | 1,319 | 3,092 | 9,905 | 15,865 |
| Less: Dividends paid | (2,382) | (2,889) | (9,552) | (10,200) |
| Free Cash Flow after Dividends | \$ (1,063) | \$ 203 | \$ 353 | \$ 5,665 |

Free Cash Flow Dividend Payout Ratio

96% **64%**

Capital Investment is a non-GAAP financial measure calculated by including long-term vendor financing arrangements for capital improvements of the wireless network in Mexico. These favorable payment terms are considered vendor financing arrangements and are reported as repayments of debt instead of capital expenditures. Management believes that Capital Investment provides relevant and useful information to investors and other users of our financial data in evaluating the investment in our business.

Free cash flow includes reimbursements of certain postretirement benefits paid.

Free cash flow is defined as cash from operations minus construction and capital expenditures. Free cash flow after dividends is defined as cash from operations minus construction, capital expenditures and dividends. Free cash flow dividend payout ratio is defined as the percentage of dividends paid to free cash flow. We believe these metrics provide useful information to our investors because management reviews free cash flow as an important indicator of how much cash is generated by normal 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.

Non-GAAP Consolidated Reconciliation

Pro Forma Annualized Net-Debt-to-Adjusted-EBITDA Ratio¹

AT&T Inc.

Dollars in millions

Unaudited

| | Three Months Ended | | | | | |
|--|--------------------|----------|----------|----------|------------|------|
| | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 | 2015 FY | |
| Pro Forma Net Income | \$ 3,580 | \$ 2,645 | \$ 2,985 | \$ 4,006 | \$ 13,216 | |
| Add Back: | | | | | | |
| Taxes | 1,577 | 2,193 | 1,653 | 2,221 | 7,644 | |
| Interest Expense, Equity In Net Income of Affiliates and Other Income (Expense) - net, and Noncontrolling Interest | 1,231 | 1,252 | 1,325 | 1,305 | 5,113 | |
| Depreciation and amortization | 6,245 | 5,762 | 6,678 | 6,477 | 25,162 | |
| Pro Forma Consolidated EBITDA | 12,633 | 11,852 | 12,641 | 14,009 | 51,135 | |
| Add Back: | | | | | | |
| Actuarial gain on benefit plans | | | | (2,152) | (2,152) | |
| Wireless merger integration costs ² | 209 | 215 | 142 | 79 | 645 | |
| Leap network decommissioning | - | 364 | 250 | 55 | 669 | |
| DIRECTV/Mexico merger integration items ³ | 89 | 116 | 303 | 249 | 757 | |
| Pension termination charges | 150 | - | - | - | 150 | |
| Other | - | - | 35 | - | 35 | |
| Impairment of Venezuela subsidiary (Pro Forma) ⁴ | - | 1,060 | - | - | 1,060 | |
| Integration expenses (Pro Forma) ⁵ | (72) | (90) | (20) | - | (182) | |
| Pro Forma Adjusted Consolidated EBITDA | 13,009 | 13,517 | 13,351 | 12,240 | 52,117 | |
| Pro Forma Annualized Adjusted Consolidated EBITDA | | | | | \$ 52,117 | |
| End-of-period current debt | | | | | 7,636 | |
| End-of-period long-term debt | | | | | 118,515 | |
| Total End-of-Period Debt | | | | | 126,151 | |
| Less Cash and Cash Equivalents | | | | | 5,121 | |
| Less Bank Securities – Certificates of Deposit & Time Deposits | | | | | 401 | |
| Net Debt Balance | | | | | \$ 120,629 | |
| Pro Forma Annualized Net-Debt-to-Adjusted-EBITDA Ratio | | | | | | 2.31 |

¹ The pro forma financials reflect the combined results of operations of the combined company based on the historical financial statements of AT&T and DIRECTV, after giving effect to the merger and certain adjustments, and are intended to reflect the impact of the DIRECTV acquisition on AT&T. Adjustments to derive Pro Forma Net Income are consistent with the adjustments described in the "Notes to Unaudited Pro Forma Condensed Combined Financial Statements" included in the Form 8-K/A dated July 24, 2015. Calculations include the historical results for AT&T for the year ended December 31, 2015 and the results from DIRECTV for the period from January 1, 2015 through July 24, 2015, the date of its acquisition by AT&T.

² Adjustments include Operations and Support expenses for domestic wireless integration costs.

³ Adjustments include DIRECTV merger and integration items and Operations and Support expenses for international wireless integration costs. Approximately \$166 of DIRECTV merger costs were included in Pro Forma Net Income.

⁴ Adjustment includes pre-tax charge related to the remeasurement of the net monetary assets at the SIMADI rate and the associated impairment of the fixed assets of DIRECTV's Venezuelan subsidiary.

⁵ Adjustment to eliminate AT&T's merger costs in the pro forma net income as those costs are included in the line "DIRECTV/Mexico merger integration items" above.

Net-Debt-to-EBITDA ratios are non-GAAP financial measures frequently used by investors and credit rating agencies. Management believes these measures provide relevant and useful information to investors and other users of our financial data. 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. The Net-Debt-to-EBITDA ratio is calculated by dividing the Net Debt by annualized EBITDA. Annualized EBITDA is calculated by annualizing the year-to-date EBITDA.

Our calculation of EBITDA, as presented, may differ from similarly titled measures reported by other companies.

Non-GAAP Consolidated Reconciliation

Adjusted Diluted EPS¹

AT&T Inc.

Unaudited

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|---|------------------------------------|----------------|-------------------------------------|----------------|
| | 2014 | 2015 | 2014 | 2015 |
| Reported Diluted EPS | \$ (0.77) | \$ 0.65 | \$ 1.24 | \$ 2.37 |
| Adjustments: | | | | |
| Actuarial (gain)/loss on benefit plans | 0.94 | (0.22) | 0.94 | (0.24) |
| Amortization of intangible assets | 0.01 | 0.14 | 0.02 | 0.30 |
| Merger and integration items ² | 0.05 | 0.04 | 0.10 | 0.18 |
| Leap network decommissioning | - | 0.01 | - | 0.08 |
| Employee separation costs | - | - | - | 0.04 |
| Abandonment of network assets | 0.25 | - | 0.25 | - |
| Early debt redemption costs | - | - | 0.02 | - |
| America Movil - Gain on AMX shares sale | - | - | (0.08) | - |
| Other ³ | 0.08 | 0.01 | 0.07 | (0.02) |
| Adjusted Diluted EPS | \$ 0.56 | \$ 0.63 | \$ 2.56 | \$ 2.71 |
| <i>Year-over-year growth - Adjusted</i> | | 12.5% | | 5.9% |
| Weighted Average Common Shares Outstanding with Dilution (000,000) | 5,214 | 6,187 | 5,221 | 5,646 |

¹ 2014 Adjusted Diluted EPS has been restated to reflect the change in accounting for customer set-up and installation costs.

² Adjustments include DIRECTV merger and integration items, domestic and international wireless merger and integration costs, and interest expense incurred on debt issued in May 2015 to fund the cash consideration of the DIRECTV merger.

³ Includes the loss on divestiture of Connecticut Wireline Properties and other asset write-off costs.

Adjusted Diluted EPS is a non-GAAP financial measure calculated by excluding from operating revenues, operating expenses, interest expense, and income taxes certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs. Management believes that this measure provides 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 Diluted EPS should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. Our calculation of Adjusted Diluted EPS, as presented, may differ from similarly titled measures reported by other companies.

Sum of components may not tie due to rounding.

Non-GAAP Consolidated Reconciliation

Adjusted Operating Revenues, Adjusted Operating Income and Margin¹

AT&T Inc.

Dollars in millions

Unaudited

| | Three Months Ended | | Twelve Months Ended | |
|--|--------------------|-----------|---------------------|------------|
| | December 31, | | December 31, | |
| | 2014 | 2015 | 2014 | 2015 |
| Reported Operating Revenues | \$ 34,439 | \$ 42,119 | \$ 132,447 | \$ 146,801 |
| Adjustment: | | | | |
| DIRECTV deferred revenue ⁴ | - | - | - | 85 |
| Adjusted Operating Revenues | \$ 34,439 | \$ 42,119 | \$ 132,447 | \$ 146,886 |
| Reported Operating Income (Loss) | \$ (5,469) | \$ 7,532 | \$ 12,212 | \$ 24,785 |
| Adjustments: | | | | |
| Actuarial (gain)/loss on benefit plans | 7,869 | (2,152) | 7,869 | (2,152) |
| Amortization of intangible assets | 38 | 1,273 | 135 | 2,557 |
| Wireless merger integration costs ² | 299 | 79 | 648 | 645 |
| Leap network decommissioning | - | 55 | - | 669 |
| DIRECTV/Mexico merger integration items ³ | 89 | 249 | 131 | 757 |
| Employee separation costs | - | 36 | - | 375 |
| Abandonment of network assets | 2,120 | - | 2,120 | - |
| Other | 34 | - | 34 | 35 |
| Adjusted Operating Income | \$ 4,980 | \$ 7,072 | \$ 23,149 | \$ 27,671 |
| Adjusted Operating Income Margin* | 14.5% | 16.8% | 17.5% | 18.8% |

¹ 2014 Adjusted Operating Income and Margin have been restated to reflect the change in accounting for customer set-up and installation costs.

² Adjustments include Operations and Support expenses for domestic wireless integration costs.

³ Adjustments include DIRECTV merger integration items and Operations and Support expenses for international wireless integration costs.

⁴ Adjustments include DIRECTV deferred revenue not recognized due to purchase accounting fair value adjustment.

Adjusted Operating Revenue and Adjusted Operating Income and Margin are non-GAAP financial measures calculated by excluding from operating revenues and operating expenses significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs. 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 Income and Margin exclude all actuarial gains or losses (\$2.2 billion gain in 2015) associated with our pension and postemployment benefit plans, which we immediately recognize in the income statement, pursuant to our accounting policy for the recognition of actuarial gains/losses. As a result, Adjusted Operating Income and Margin reflect an expected return on plan assets of \$3.7 billion (based on an average expected return on plan assets of 7.75% for our pension trust and 5.75% for our VEBA trusts), rather than the actual return on plan assets of \$3.1 billion (actual pension return of 1.1% and VEBA return of 0.9%), as included in the GAAP measure of income.

Adjusted Operating Revenue and Adjusted Operating Income and Margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. Our calculation of Adjusted Operating Income and Margin, as presented, may differ from similarly titled measures reported by other companies.

*Adjusted Operating Income Margin is calculated by dividing Adjusted Operating Income by Adjusted Operating Revenues.

Non-GAAP Consolidated Reconciliation

Adjusted Operating Revenues and Adjusted Consolidated EBITDA¹

AT&T Inc.

Dollars in millions

Unaudited

| | Three Months Ended December 31, | | Twelve Months Ended December 31, | |
|--|------------------------------------|-----------|-------------------------------------|------------|
| | 2014 | 2015 | 2014 | 2015 |
| Reported Operating Revenues | \$ 34,439 | \$ 42,119 | \$ 132,447 | \$ 146,801 |
| Adjustment: | | | | |
| DIRECTV deferred revenue ⁵ | - | - | - | 85 |
| Adjusted Operating Revenues | \$ 34,439 | \$ 42,119 | \$ 132,447 | \$ 146,886 |
| Reported Operating Income (Loss) | \$ (5,469) | \$ 7,532 | \$ 12,212 | \$ 24,785 |
| Plus: Depreciation and Amortization | 4,567 | 6,477 | 18,273 | 22,016 |
| EBITDA² | \$ (902) | \$ 14,009 | \$ 30,485 | \$ 46,801 |
| Adjustments: | | | | |
| Actuarial (gain)/loss on benefit plans | 7,869 | (2,152) | 7,869 | (2,152) |
| Wireless merger integration costs ³ | 299 | 79 | 648 | 645 |
| Leap network decommissioning | - | 55 | - | 669 |
| DIRECTV/Mexico merger integration items ⁴ | 89 | 249 | 131 | 757 |
| Employee separation costs | - | 36 | - | 375 |
| Abandonment of network assets | 2,120 | - | 2,120 | - |
| Other | 8 | - | 8 | 35 |
| Adjusted EBITDA | \$ 9,483 | \$ 12,276 | \$ 41,261 | \$ 47,130 |
| Adjusted EBITDA Margin* | 27.5% | 29.1% | 31.2% | 32.1% |

¹ 2014 Adjusted Consolidated EBITDA has been restated to reflect the change in accounting for customer set-up and installation costs.

² EBITDA is defined as operating income before depreciation and amortization.

³ Adjustments include Operations and Support expenses for domestic wireless integration costs.

⁴ Adjustments include DIRECTV merger integration items and Operations and Support expenses for international wireless integration costs.

⁵ Adjustment includes DIRECTV deferred revenue not recognized due to purchase accounting fair value adjustment.

Adjusted Operating Revenues and Adjusted EBITDA are non-GAAP financial measures calculated by excluding from operating revenues and operating expenses certain significant items that are non-operational or non-recurring in nature, including dispositions and merger integration and transaction costs. Adjusted EBITDA also excludes net actuarial gains or losses associated with our pension and postemployment benefit plans. 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 and Adjusted EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP. Our calculation of Adjusted EBITDA, as presented, may differ from similarly titled measures reported by other companies.

*Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by Adjusted Operating Revenues.



Non-GAAP
Reconciliations-
Segments and
Supplemental



Non-GAAP Segment Reconciliation

AT&T Inc.

Dollars in millions

Unaudited

Business Solutions Segment EBITDA

| | Three Months Ended | | | | |
|---|--------------------|-----------|-----------|-----------|-----------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | |
| Total Segment Operating Revenues | \$ 18,729 | \$ 17,557 | \$ 17,664 | \$ 17,692 | \$ 18,214 |
| Segment Operating Income | 3,393 | 4,142 | 4,232 | 4,297 | 3,721 |
| Segment Operating Income Margin | 18.1% | 23.6% | 24.0% | 24.3% | 20.4% |
| Plus: Depreciation and amortization | 2,346 | 2,342 | 2,460 | 2,474 | 2,513 |
| EBITDA¹ | \$ 5,739 | \$ 6,484 | \$ 6,692 | \$ 6,771 | \$ 6,234 |
| EBITDA as a % of Revenues | 30.6% | 36.9% | 37.9% | 38.3% | 34.2% |

Entertainment Group Segment EBITDA

| | Three Months Ended | | | | |
|---|--------------------|----------|----------|-----------|-----------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | |
| Total Segment Operating Revenues | \$ 5,593 | \$ 5,660 | \$ 5,782 | \$ 10,858 | \$ 12,994 |
| Segment Operating Income (Loss) | (294) | (264) | (196) | 1,019 | 1,445 |
| Segment Operating Income Margin | -5.3% | -4.7% | -3.4% | 9.4% | 11.1% |
| Plus: Depreciation and amortization | 1,077 | 1,065 | 1,065 | 1,389 | 1,426 |
| EBITDA¹ | \$ 783 | \$ 801 | \$ 869 | \$ 2,408 | \$ 2,871 |
| EBITDA as a % of Revenues | 14.0% | 14.2% | 15.0% | 22.2% | 22.1% |

¹For AT&T, EBITDA is defined as operating income before depreciation and amortization. EBITDA differs from Segment Operating Income (Loss), as calculated in accordance with U.S. generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. 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. Our calculation of EBITDA, as presented, may differ from similarly titled measures reported by other companies.

Non-GAAP Segment Reconciliation

AT&T Inc.

Dollars in millions

Unaudited

Consumer Mobility Segment EBITDA

| | Three Months Ended | | | | |
|---|--------------------|----------|----------|----------|----------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | |
| Total Segment Operating Revenues | \$ 9,522 | \$ 8,778 | \$ 8,755 | \$ 8,784 | \$ 8,749 |
| Segment Operating Income | 1,823 | 2,235 | 2,618 | 2,743 | 2,141 |
| Segment Operating Income Margin | 19.1% | 25.5% | 29.9% | 31.2% | 24.5% |
| Plus: Depreciation and amortization | 981 | 1,002 | 934 | 976 | 939 |
| EBITDA¹ | \$ 2,804 | \$ 3,237 | \$ 3,552 | \$ 3,719 | \$ 3,080 |
| EBITDA as a % of Revenues | 29.4% | 36.9% | 40.6% | 42.3% | 35.2% |

International Segment EBITDA

| | Three Months Ended | | | | |
|---|--------------------|---------|---------|----------|----------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Segment Operating Revenues | | | | | |
| Total Segment Operating Revenues | \$ - | \$ 236 | \$ 491 | \$ 1,526 | \$ 1,849 |
| Segment Operating Income (Loss) | - | (10) | (131) | (83) | (259) |
| Segment Operating Income Margin | | -4.2% | -26.7% | -5.4% | -14.0% |
| Plus: Depreciation and amortization | - | 28 | 93 | 225 | 309 |
| EBITDA¹ | \$ - | \$ 18 | \$ (38) | \$ 142 | \$ 50 |
| EBITDA as a % of Revenues | | 7.6% | -7.7% | 9.3% | 2.7% |

¹For AT&T, EBITDA is defined as operating income before depreciation and amortization. EBITDA differs from Segment Operating Income (Loss), as calculated in accordance with U.S. generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. 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. Our calculation of EBITDA, as presented, may differ from similarly titled measures reported by other companies.

Non-GAAP Reconciliation - Supplemental

AT&T Inc.

Dollars in millions

Unaudited

AT&T Mobility EBITDA

| | Three Months Ended | | | | |
|--|--------------------|------------------|------------------|------------------|------------------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Operating Revenues | | | | | |
| Service Revenues | \$ 15,074 | \$ 14,812 | \$ 15,115 | \$ 15,095 | \$ 14,815 |
| Equipment Revenues | 4,785 | 3,374 | 3,189 | 3,234 | 4,071 |
| Total Operating Revenues | \$ 19,859 | \$ 18,186 | \$ 18,304 | \$ 18,329 | \$ 18,886 |
| Operating Income | 3,573 | 4,710 | 5,298 | 5,418 | 4,376 |
| Operating Income Margin | 18.0% | 25.9% | 28.9% | 29.6% | 23.2% |
| Plus: Depreciation and amortization | 1,959 | 2,005 | 2,031 | 2,046 | 2,031 |
| EBITDA¹ | \$ 5,532 | \$ 6,715 | \$ 7,329 | \$ 7,464 | \$ 6,407 |
| YoY Growth | | | | | 15.8% |
| EBITDA as a % of Revenues | 27.9% | 36.9% | 40.0% | 40.7% | 33.9% |
| EBITDA as a % of Service Revenues | 36.7% | 45.3% | 48.5% | 49.4% | 43.2% |

Mexico EBITDA

| | Three Months Ended | | | | |
|-------------------------------------|--------------------|--------------|----------------|----------------|-----------------|
| | 12/31/14 | 3/31/15 | 6/30/15 | 9/30/15 | 12/31/15 |
| Operating Revenues | | | | | |
| Total Operating Revenues | \$ - | \$ 236 | \$ 491 | \$ 581 | \$ 643 |
| Operating Income (Loss) | - | (10) | (131) | (134) | (258) |
| Operating Income Margin | | -4.2% | -26.7% | -23.1% | -40.1% |
| Plus: Depreciation and amortization | - | 28 | 93 | 67 | 89 |
| EBITDA¹ | \$ - | \$ 18 | \$ (38) | \$ (67) | \$ (169) |
| EBITDA as a % of Revenues | | 7.6% | -7.7% | -11.5% | -26.3% |

¹For AT&T, EBITDA is defined as operating income before depreciation and amortization. EBITDA service margin is calculated as EBITDA divided by service revenues. EBITDA differs from Segment Operating Income (Loss), as calculated in accordance with U.S. generally accepted accounting principles (GAAP), in that it excludes depreciation and amortization. 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. Our calculation of EBITDA, as presented, may differ from similarly titled measures reported by other companies.