

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported) April 22, 2020

AT&T INC.
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-08610
(Commission
File Number)

43-1301883
(IRS Employer
Identification No.)

208 S. Akard St., Dallas, Texas
(Address of Principal Executive Offices)

75202
(Zip Code)

Registrant's telephone number, including area code (210) 821-4105

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities Registered Pursuant to Section 12(b) of the Act

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Shares (Par Value \$1.00 Per Share)	T	New York Stock Exchange
Depository Shares, each representing a 1/1000th interest in a share of 5.000% Perpetual Preferred Stock, Series A	TPRA	New York Stock Exchange
Depository Shares, each representing a 1/1000th interest in a share of 4.750% Perpetual Preferred Stock, Series C	TPRC	New York Stock Exchange
AT&T Inc. Floating Rate Global Notes due August 3, 2020	T 20C	New York Stock Exchange
AT&T Inc. 1.875% Global Notes due December 4, 2020	T 20	New York Stock Exchange
AT&T Inc. 2.650% Global Notes due December 17, 2021	T 21B	New York Stock Exchange
AT&T Inc. 1.450% Global Notes due June 1, 2022	T 22B	New York Stock Exchange
AT&T Inc. 2.500% Global Notes due March 15, 2023	T 23	New York Stock Exchange
AT&T Inc. 2.750% Global Notes due May 19, 2023	T 23C	New York Stock Exchange

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
AT&T Inc. Floating Rate Global Notes due September 5, 2023	T 23D	New York Stock Exchange
AT&T Inc. 1.050% Global Notes due September 5, 2023	T 23E	New York Stock Exchange
AT&T Inc. 1.300% Global Notes due September 5, 2023	T 23A	New York Stock Exchange
AT&T Inc. 1.950% Global Notes due September 15, 2023	T 23F	New York Stock Exchange
AT&T Inc. 2.400% Global Notes due March 15, 2024	T 24A	New York Stock Exchange
AT&T Inc. 3.500% Global Notes due December 17, 2025	T 25	New York Stock Exchange
AT&T Inc. 0.250% Global Notes due March 4, 2026	T 26E	New York Stock Exchange
AT&T Inc. 1.800% Global Notes due September 5, 2026	T 26D	New York Stock Exchange
AT&T Inc. 2.900% Global Notes due December 4, 2026	T 26A	New York Stock Exchange
AT&T Inc. 2.350% Global Notes due September 5, 2029	T 29D	New York Stock Exchange
AT&T Inc. 4.375% Global Notes due September 14, 2029	T 29B	New York Stock Exchange
AT&T Inc. 2.600% Global Notes due December 17, 2029	T 29A	New York Stock Exchange
AT&T Inc. 0.800% Global Notes due March 4, 2030	T 30B	New York Stock Exchange
AT&T Inc. 3.550% Global Notes due December 17, 2032	T 32	New York Stock Exchange
AT&T Inc. 5.200% Global Notes due November 18, 2033	T 33	New York Stock Exchange
AT&T Inc. 3.375% Global Notes due March 15, 2034	T 34	New York Stock Exchange
AT&T Inc. 2.450% Global Notes due March 15, 2035	T 35	New York Stock Exchange
AT&T Inc. 3.150% Global Notes due September 4, 2036	T 36A	New York Stock Exchange
AT&T Inc. 1.800% Global Notes due September 14, 2039	T 39B	New York Stock Exchange
AT&T Inc. 7.000% Global Notes due April 30, 2040	T 40	New York Stock Exchange
AT&T Inc. 4.250% Global Notes due June 1, 2043	T 43	New York Stock Exchange
AT&T Inc. 4.875% Global Notes due June 1, 2044	T 44	New York Stock Exchange
AT&T Inc. 4.000% Global Notes due June 1, 2049	T 49A	New York Stock Exchange
AT&T Inc. 4.250% Global Notes due March 1, 2050	T 50	New York Stock Exchange
AT&T Inc. 5.350% Global Notes due November 1, 2066	TBB	New York Stock Exchange
AT&T Inc. 5.625% Global Notes due August 1, 2067	TBC	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

The registrant announced on April 22, 2020, its results of operations for the first quarter of 2020. The text of the press release and accompanying financial information are attached as exhibits and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are furnished as part of this report:

(d) Exhibits

[99.1](#) Press release dated April 22, 2020 reporting financial results for the first quarter ended March 31, 2020.

[99.2](#) AT&T Inc. selected financial statements and operating data.

[99.3](#) Discussion and reconciliation of non-GAAP measures.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AT&T INC.

Date: April 22, 2020

By: /s/ Debra L. Dial
Debra L. Dial
Senior Vice President and Controller



AT&T Reports First-Quarter Results

First-Quarter Consolidated Results

- **Diluted EPS** of \$0.63 as reported compared to \$0.56 in the year-ago quarter
- **Adjusted EPS** of \$0.84 (\$0.89 without COVID-19 impact) compared to \$0.86 in the year-ago quarter
- **Cash from operations** of \$8.9 billion
- **Capital expenditures** of \$5.0 billion
- **Free cash flow** of \$3.9 billion
- **Consolidated revenues** of \$42.8 billion

Note: AT&T's first-quarter earnings conference call will be webcast at 8:30 a.m. ET on Wednesday, April 22, 2020. The webcast and related materials will be available on AT&T's Investor Relations website at <https://investors.att.com>.

DALLAS, April 22, 2020 — **AT&T Inc. (NYSE:T)** reported first-quarter results that underscored the financial strength and ample liquidity of the business even with current economic conditions.

The strength and relevance of our core subscription businesses, our continued execution on our business transformation initiatives, and sizing of our operations to economic activity is expected to provide cash from operations to support investments in growth areas, dividend payments and debt retirement.

First-Quarter Results

Communications

- **Mobility:**
 - o Service revenues up 2.5%
 - o Operating income up 9.0% with EBITDA of \$7.8 billion, up 7.0%
 - o Postpaid phone churn of 0.86%, a 6 basis point improvement
 - o 163,000 postpaid phone net adds¹
 - o Named nation's best network and, for the 5th quarter in a row, the fastest network²
-



- Entertainment Group:
 - Solid video and broadband ARPU gains
 - AT&T TV national launch; video subs impacted by focus on long-term value customer base:
 - 18.6 million premium TV subscribers – 897,000 net loss
 - 209,000 AT&T Fiber net adds; IP broadband revenue growth of nearly 2%

WarnerMedia Highlights

- HBO Max launch set for May 27
- Cancellation of the 2020 NCAA Division I Men's Basketball Tournament
- Warner Bros. television and film production on hiatus during pandemic

“The COVID pandemic had a 5 cents per share impact on our first quarter. Without it, the quarter was about what we expected — strong wireless numbers that covered the HBO Max investment, and produced stable EBITDA and EBITDA margins,” said Randall Stephenson, AT&T Chairman and CEO.

“We have a strong cash position, a strong balance sheet, and our core businesses are solid and continue to generate good free cash flow — even in today’s environment. In light of the pandemic’s economic impact, we’ve already adjusted our capital allocation plans and suspended all share retirements,” Stephenson said. “As a result, we’re able to continue investing in critical growth areas like 5G, broadband and HBO Max, while maintaining our dividend commitment and paying down debt.”

Consolidated Financial Results

AT&T's consolidated revenues for the first quarter totaled \$42.8 billion versus \$44.8 billion in the year-ago quarter. Growth in domestic wireless service revenues and strategic and managed business services revenues partially offset declines in revenues from WarnerMedia, domestic video, legacy wireline services, domestic wireless equipment and Vrio.

Operating expenses were \$35.3 billion versus \$37.6 billion in the year-ago quarter, down 6.1% due to a one-time spectrum gain, lower Entertainment Group costs, lower WarnerMedia costs primarily associated with lower revenues, lower domestic wireless equipment costs and cost efficiencies. Merger-amortization was stable year-over-year and includes amortization of orbital slots licenses which commenced in the current quarter.



Operating income was \$7.5 billion versus \$7.2 billion in the year-ago quarter, with operating expense reductions outpacing revenue declines. Operating income margin was 17.5% versus 16.1% in the year-ago quarter. When adjusting for amortization, a one-time spectrum gain, merger- and integration-related expenses and other items, operating income was \$9.1 billion versus \$9.6 billion in the year-ago quarter, and operating income margin was 21.2% versus 21.4% in the year-ago quarter.

First-quarter net income attributable to common stock was \$4.6 billion, or \$0.63 per diluted common share, versus \$4.1 billion, or \$0.56 per diluted common share, in the year-ago quarter. Adjusting for \$0.21, which includes merger-amortization costs, a one-time spectrum gain, merger- and integration-related expenses and other items, earnings per diluted common share was \$0.84 compared to an adjusted \$0.86 in the year-ago quarter. The company did not adjust for COVID-19 costs of about \$0.05 in the quarter, with more than half of those costs expected to have only short-term impacts.

Cash from operating activities was \$8.9 billion, and capital expenditures were \$5.0 billion. Capital investment – which consists of capital expenditures plus cash payments for vendor financing – totaled \$5.8 billion, which includes about \$800 million of cash payments for vendor financing. Free cash flow – cash from operating activities minus capital expenditures – was \$3.9 billion for the quarter. Net-debt-to-adjusted EBITDA at the end of the first quarter was about 2.6x³.

In addition to its investments to further improve and expand operations, AT&T used its cash to return substantial value to shareholders through dividends and share repurchases. In the first quarter, dividends paid for common shares totaled \$3.7 billion and the company repurchased 142 million of its common shares.

Guidance

Due to the lack of visibility related to COVID-19 pandemic and recovery, the Company has withdrawn financial guidance at this time.

¹All subscriber counts exclude customers who we have agreed not to terminate service under the FCC's "Keep Americans Connected Pledge". For reporting purposes, the company counts these subscribers as if they had disconnected service.

²America's Best Network based on GWS OneScore Sept. 2019; Nation's fastest network based on analysis by Ookla® of Speedtest Intelligence® data median download speeds for Q1 2020. Ookla trademarks used under license and reprinted with permission.

³Net Debt to adjusted EBITDA ratios are non-GAAP financial measures that are frequently used by investors and credit rating agencies to provide relevant and useful information. 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.



***About AT&T**

AT&T Inc. (NYSE:T) is a diversified, global leader in telecommunications, media and entertainment, and technology. It executes in the market under four operating units. WarnerMedia is a leading media and entertainment company that creates and distributes premium and popular content to global audiences through its consumer brands, including: HBO, HBO Max, Warner Bros., TNT, TBS, truTV, CNN, DC Entertainment, New Line, Cartoon Network, Adult Swim and Turner Classic Movies. AT&T Communications provides more than 100 million U.S. consumers with entertainment and communications experiences across TV, mobile and broadband. Plus, it serves high-speed, highly secure connectivity and smart solutions to nearly 3 million business customers. AT&T Latin America provides pay-TV services across 11 countries and territories in Latin America and the Caribbean and wireless services to consumers and businesses in Mexico, where it is the fastest-growing wireless provider. Xandr provides marketers with innovative and relevant advertising solutions for consumers around premium video content and digital advertising through its platform.

AT&T products and services are provided or offered by subsidiaries and affiliates of AT&T Inc. under the AT&T brand and not by AT&T Inc. Additional information is available at about.att.com. © 2020 AT&T Intellectual Property. All rights reserved. AT&T, the Globe logo and other marks are trademarks and service marks of AT&T Intellectual Property and/or AT&T affiliated companies. All other marks contained herein are the property of their respective owners.

Cautionary Language Concerning Forward-Looking Statements

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

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

For more information, contact:

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AT&T Inc.
Financial Data

Consolidated Statements of Income				
Dollars in millions except per share amounts				
Unaudited	First Quarter		Percent	
	2020	2019	Change	
Operating Revenues				
Service	\$ 38,883	\$ 40,684	(4.4) %	
Equipment	3,896	4,143	(6.0) %	
Total Operating Revenues	42,779	44,827	(4.6) %	
Operating Expenses				
Cost of revenues				
Equipment	4,092	4,502	(9.1) %	
Broadcast, programming and operations	6,847	7,652	(10.5) %	
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	8,342	8,585	(2.8) %	
Selling, general and administrative	8,790	9,649	(8.9) %	
Depreciation and amortization	7,222	7,206	0.2 %	
Total Operating Expenses	35,293	37,594	(6.1) %	
Operating Income	7,486	7,233	3.5 %	
Interest Expense	2,018	2,141	(5.7) %	
Equity in Net Income (Loss) of Affiliates	(6)	(7)	14.3 %	
Other Income (Expense) - Net	803	286	- %	
Income Before Income Taxes	6,265	5,371	16.6 %	
Income Tax Expense	1,302	1,023	27.3 %	
Net Income	4,963	4,348	14.1 %	
Less: Net Income Attributable to Noncontrolling Interest	(353)	(252)	(40.1) %	
Net Income Attributable to AT&T	\$ 4,610	\$ 4,096	12.5 %	
Less: Preferred Stock Dividends	(32)	-	- %	
Net Income Attributable to Common Stock	\$ 4,578	\$ 4,096	11.8 %	
Basic Earnings Per Share Attributable to Common Stock				
	\$ 0.63	\$ 0.56	12.5 %	
Weighted Average Common Shares Outstanding (000,000)	7,187	7,313	(1.7) %	
Diluted Earnings Per Share Attributable to Common Stock				
	\$ 0.63	\$ 0.56	12.5 %	
Weighted Average Common Shares Outstanding with Dilution (000,000)	7,214	7,342	(1.7) %	

AT&T Inc.
Financial Data

Consolidated Balance Sheets		
<i>Dollars in millions</i>		
<i>Unaudited</i>	Mar. 31, 2020	Dec. 31, 2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 9,955	\$ 12,130
Accounts receivable - net of allowances for doubtful accounts of \$1,651 and \$1,235	19,908	22,636
Prepaid expenses	1,600	1,631
Other current assets	21,241	18,364
Total current assets	52,704	54,761
Noncurrent Inventories and Theatrical Film and Television Production Costs	13,276	12,434
Property, Plant and Equipment – Net	128,921	130,128
Goodwill	145,546	146,241
Licenses – Net	96,662	97,907
Trademarks and Trade Names – Net	23,293	23,567
Distribution Networks – Net	14,886	15,345
Other Intangible Assets – Net	19,623	20,798
Investments in and Advances to Equity Affiliates	3,606	3,695
Operating Lease Right-of-Use Assets	24,008	24,039
Other Assets	22,829	22,754
Total Assets	\$ 545,354	\$ 551,669
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	\$ 17,067	\$ 11,838
Accounts payable and accrued liabilities	40,771	45,956
Advanced billings and customer deposits	5,960	6,124
Accrued taxes	2,169	1,212
Dividends payable	3,737	3,781
Total current liabilities	69,704	68,911
Long-Term Debt	147,202	151,309
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	58,491	59,502
Postemployment benefit obligation	18,324	18,788
Operating lease liabilities	21,584	21,804
Other noncurrent liabilities	34,600	29,421
Total deferred credits and other noncurrent liabilities	132,999	129,515
Stockholders' Equity		
Preferred stock	-	-
Common stock	7,621	7,621
Additional paid-in capital	129,966	126,279
Retained earnings	58,534	57,936
Treasury stock	(17,957)	(13,085)
Accumulated other comprehensive income	(385)	5,470
Noncontrolling interest	17,670	17,713

Total stockholders' equity	195,449	201,934
Total Liabilities and Stockholders' Equity	\$ 545,354	\$ 551,669

AT&T Inc.
Financial Data

Consolidated Statements of Cash Flows			
<i>Dollars in millions</i>			
<i>Unaudited</i>			
	First Quarter		
	2020	2019	
Operating Activities			
Net income	\$ 4,963	\$ 4,348	
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7,222	7,206	
Amortization of film and television costs	2,269	2,497	
Undistributed earnings from investments in equity affiliates	39	112	
Provision for uncollectible accounts	780	592	
Deferred income tax expense (benefit)	259	753	
Net (gain) loss on investments, net of impairments	(646)	(175)	
Pension and postretirement benefit expense (credit)	(748)	(369)	
Actuarial (gain) loss on pension and postretirement benefits	-	432	
Changes in operating assets and liabilities:			
Receivables	1,695	2,125	
Other current assets, inventories and theatrical film and television production costs	(3,267)	(2,510)	
Accounts payable and other accrued liabilities	(3,884)	(3,686)	
Equipment installment receivables and related sales	535	652	
Deferred customer contract acquisition and fulfillment costs	105	(375)	
Postretirement claims and contributions	(111)	(193)	
Other - net	(345)	(357)	
Total adjustments	3,903	6,704	
Net Cash Provided by Operating Activities	8,866	11,052	
Investing Activities			
Capital expenditures:			
Purchase of property and equipment	(4,938)	(5,121)	
Interest during construction	(28)	(61)	
Acquisitions, net of cash acquired	(100)	(117)	
Dispositions	118	10	
(Purchases), sales and settlement of securities and investments, net	(6)	(1)	
Advances to and investments in equity affiliates, net	(68)	(111)	
Net Cash Used in Investing Activities	(5,022)	(5,401)	
Financing Activities			
Net change in short-term borrowings with original maturities of three months or less	1,742	(256)	
Issuance of other short-term borrowings	1,390	296	
Repayment of other short-term borrowings	-	(176)	
Issuance of long-term debt	4,357	9,182	
Repayment of long-term debt	(4,422)	(9,840)	
Payment of vendor financing	(791)	(819)	
Issuance of preferred stock	3,869	-	
Purchase of treasury stock	(5,463)	(189)	
Issuance of treasury stock	58	167	
Dividends paid	(3,737)	(3,714)	
Other	(3,102)	928	
Net Cash Used in Financing Activities	(6,099)	(4,421)	
Net (decrease) increase in cash and cash equivalents and restricted cash	(2,255)	1,230	
Cash and cash equivalents and restricted cash beginning of year	12,295	5,400	
Cash and Cash Equivalents and Restricted Cash End of Period	\$ 10,040	\$ 6,630	

AT&T Inc.
Consolidated Supplementary Data

Supplementary Financial Data				
<i>Dollars in millions except per share amounts</i>				
<i>Unaudited</i>				
	First Quarter		Percent	
	2020	2019	Change	
Capital expenditures				
Purchase of property and equipment	\$ 4,938	\$ 5,121	(3.6)	%
Interest during construction	28	61	(54.1)	%
Total Capital Expenditures	\$ 4,966	\$ 5,182	(4.2)	%
Dividends Declared per Common Share	\$ 0.52	\$ 0.51	2.0	%
End of Period Common Shares Outstanding (000,000)	7,125	7,297	(2.4)	%
Debt Ratio	45.7 %	47.4 %	(170)	BP
Total Employees	244,490	262,290	(6.8)	%

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	March 31,		Percent	
	2020	2019	Change	
Broadband Connections				
IP	14,627	14,852	(1.5)	%
DSL	688	885	(22.3)	%
Total Broadband Connections	15,315	15,737	(2.7)	%
Voice Connections				
Network Access Lines	8,160	9,587	(14.9)	%
U-verse VoIP Connections	4,213	4,935	(14.6)	%
Total Retail Voice Connections	12,373	14,522	(14.8)	%
	First Quarter		Percent	
	2020	2019	Change	
Broadband Net Additions				
IP	(32)	100	-	%
DSL	(42)	(64)	34.4	%
Total Broadband Net Additions	(74)	36	-	%

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				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	First Quarter		Percent Change	
	2020	2019		
Segment Operating Revenues				
Mobility	\$ 17,402	\$ 17,363	0.2	%
Entertainment Group	10,515	11,328	(7.2)	%
Business Wireline	6,332	6,478	(2.3)	%
Total Segment Operating Revenues	34,249	35,169	(2.6)	%
Segment Operating Contribution				
Mobility	5,788	5,309	9.0	%
Entertainment Group	1,335	1,478	(9.7)	%
Business Wireline	1,080	1,224	(11.8)	%
Total Segment Operating Contribution	\$ 8,203	\$ 8,011	2.4	%

Mobility

Mobility provides nationwide wireless service and equipment.

Mobility Results				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	First Quarter		Percent Change	
	2020	2019		
Operating Revenues				
Service	\$ 13,968	\$ 13,629	2.5	%
Equipment	3,434	3,734	(8.0)	%
Total Operating Revenues	17,402	17,363	0.2	%
Operating Expenses				
Operations and support	9,569	10,041	(4.7)	%
Depreciation and amortization	2,045	2,013	1.6	%
Total Operating Expenses	11,614	12,054	(3.7)	%
Operating Income	5,788	5,309	9.0	%
Equity in Net Income (Loss) of Affiliates	-	-	-	%
Operating Contribution	\$ 5,788	\$ 5,309	9.0	%
Operating Income Margin	33.3 %	30.6 %	270	BP
Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	March 31,		Percent Change	
	2020	2019		
Mobility Subscribers				
Postpaid	75,148	75,737	(0.8)	%
Prepaid	17,808	17,012	4.7	%
Reseller	6,736	7,495	(10.1)	%
Connected Devices	69,506	54,426	27.7	%
Total Mobility Subscribers	169,198	154,670	9.4	%
Postpaid Phone Subscribers	63,105	62,830	0.4	%
Total Phone Subscribers	79,792	78,887	1.1	%
	First Quarter		Percent Change	
	2020	2019		
Mobility Net Additions				
Postpaid	27	(207)	-	%
Prepaid	(45)	101	-	%
Reseller	(190)	(242)	21.5	%
Connected Devices	3,518	3,088	13.9	%
Total Mobility Net Additions	3,310	2,740	20.8	%
Postpaid Phone Net Additions	163	79	-	%
Total Phone Net Additions	120	168	(28.6)	%
Postpaid Churn	1.08 %	1.16 %	(8)	BP
Postpaid Phone-Only Churn	0.86 %	0.92 %	(6)	BP

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				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	First Quarter		Percent Change	
	2020	2019		
Operating Revenues				
Video entertainment	\$ 7,395	\$ 8,074	(8.4)	%
High-speed internet	2,109	2,070	1.9	%
Legacy voice and data services	581	683	(14.9)	%
Other service and equipment	430	501	(14.2)	%
Total Operating Revenues	10,515	11,328	(7.2)	%
Operating Expenses				
Operations and support	7,891	8,527	(7.5)	%
Depreciation and amortization	1,289	1,323	(2.6)	%
Total Operating Expenses	9,180	9,850	(6.8)	%
Operating Income	1,335	1,478	(9.7)	%
Equity in Net Income (Loss) of Affiliates	-	-	-	%
Operating Contribution	\$ 1,335	\$ 1,478	(9.7)	%
Operating Income Margin	12.7 %	13.0 %	(30)	BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	March 31,		Percent Change	
	2020	2019		
Video Connections				
Premium TV	18,576	22,359	(16.9)	%
AT&T TV Now	788	1,508	(47.7)	%
Total Video Connections	19,364	23,867	(18.9)	%
Broadband Connections				
IP	13,554	13,822	(1.9)	%
DSL	492	632	(22.2)	%
Total Broadband Connections	14,046	14,454	(2.8)	%
Fiber Broadband Connections (included in IP)	4,096	3,060	33.9	%
Voice Connections				
Retail Consumer Switched Access Lines	3,196	3,787	(15.6)	%
U-verse Consumer VoIP Connections	3,630	4,393	(17.4)	%
Total Retail Consumer Voice Connections	6,826	8,180	(16.6)	%
	First Quarter		Percent Change	
	2020	2019		
Video Net Additions				
Premium TV	(897)	(544)	(64.9)	%
AT&T TV Now	(138)	(83)	(66.3)	%
Total Video Net Additions	(1,035)	(627)	(65.1)	%
Broadband Net Additions				
IP	(44)	93	-	%
DSL	(29)	(48)	39.6	%
Total Broadband Net Additions	(73)	45	-	%
Fiber Broadband Net Additions (included in IP)	209	297	(29.6)	%

Business Wireline

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

Business Wireline Results					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent Change	
	2020	2019			
Operating Revenues					
Strategic and managed services	\$ 3,879	\$ 3,779		2.6	%
Legacy voice and data services	2,129	2,397		(11.2)	%
Other service and equipment	324	302		7.3	%
Total Operating Revenues	6,332	6,478		(2.3)	%
Operating Expenses					
Operations and support	3,951	4,032		(2.0)	%
Depreciation and amortization	1,301	1,222		6.5	%
Total Operating Expenses	5,252	5,254		-	%
Operating Income	1,080	1,224		(11.8)	%
Equity in Net Income (Loss) of Affiliates	-	-		-	%
Operating Contribution	\$ 1,080	\$ 1,224		(11.8)	%
Operating Income Margin	17.1 %	18.9 %		(180)	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					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent Change	
	2020	2019			
Operating Revenues					
Wireless service	\$ 1,949	\$ 1,777		9.7	%
Strategic and managed services	3,879	3,779		2.6	%
Legacy voice and data services	2,129	2,397		(11.2)	%
Other service and equipment	324	302		7.3	%
Wireless equipment	710	590		20.3	%
Total Operating Revenues	8,991	8,845		1.7	%
Operating Expenses					
Operations and support	5,710	5,614		1.7	%
Depreciation and amortization	1,625	1,525		6.6	%
Total Operating Expenses	7,335	7,139		2.7	%
Operating Income	1,656	1,706		(2.9)	%
Equity in Net Income (Loss) of Affiliates	-	-		-	%
Operating Contribution	\$ 1,656	\$ 1,706		(2.9)	%
Operating Income Margin	18.4 %	19.3 %		(90)	BP

WARNERMEDIA SEGMENT

The WarnerMedia segment develops, produces and distributes feature films, television, gaming and other content in various physical and digital formats globally. Results from Turner, Home Box Office and Warner Bros. businesses are combined with AT&T's Regional Sports Network (RSN) and Otter Media Holdings in the WarnerMedia segment.

Segment Results				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	First Quarter		Percent	
	2020	2019	Change	
Segment Operating Revenues				
Turner	\$ 3,162	\$ 3,443	(8.2)	%
HBO	1,497	1,510	(0.9)	%
Warner Bros.	3,240	3,518	(7.9)	%
Eliminations and other	(540)	(92)	-	%
Total Segment Operating Revenues	7,359	8,379	(12.2)	%
Cost of revenues				
Turner	1,320	1,680	(21.4)	%
HBO	816	670	21.8	%
Warner Bros.	2,346	2,430	(3.5)	%
Selling, general and administrative	1,354	1,284	5.5	%
Eliminations and other	(319)	(71)	-	%
Depreciation and amortization	143	143	-	%
Total Operating Expenses	5,660	6,136	(7.8)	%
Operating Income	1,699	2,243	(24.3)	%
Equity in Net Income of Affiliates	15	67	(77.6)	%
Total Segment Operating Contribution	\$ 1,714	\$ 2,310	(25.8)	%

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					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter		Percent		
	2020	2019	Change		
Operating Revenues					
Subscription	\$ 2,049	\$ 1,965	4.3	% %	
Advertising	957	1,261	(24.1)	% %	
Content and other	156	217	(28.1)	% %	
Total Operating Revenues	3,162	3,443	(8.2)	% %	
Operating Expenses					
Cost of revenues	1,320	1,680	(21.4)	% %	
Selling, general and administrative	390	456	(14.5)	% %	
Depreciation and amortization	69	60	15.0	% %	
Total Operating Expenses	1,779	2,196	(19.0)	% %	
Operating Income	1,383	1,247	10.9	% %	
Equity in Net Income of Affiliates	6	25	(76.0)	% %	
Operating Contribution	\$ 1,389	\$ 1,272	9.2	% %	
Operating Income Margin	43.7	36.2	750	% BP	

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					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent Change	
	2020	2019			
Operating Revenues					
Subscription	\$ 1,338	\$ 1,334		0.3	%
Content and other	159	176		(9.7)	%
Total Operating Revenues	1,497	1,510		(0.9)	%
Operating Expenses					
Cost of revenues	816	670		21.8	%
Selling, general and administrative	237	251		(5.6)	%
Depreciation and amortization	21	22		(4.5)	%
Total Operating Expenses	1,074	943		13.9	%
Operating Income	423	567		(25.4)	%
Equity in Net Income of Affiliates	20	15		33.3	%
Operating Contribution	\$ 443	\$ 582		(23.9)	%
Operating Income Margin	28.3 %	37.5 %		(920)	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					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent Change	
	2020	2019			
Operating Revenues					
Theatrical product	\$ 1,106	\$ 1,506		(26.6)	%
Television product	1,769	1,613		9.7	%
Video games and other	365	399		(8.5)	%
Total Operating Revenues	3,240	3,518		(7.9)	%
Operating Expenses					
Cost of revenues	2,346	2,430		(3.5)	%
Selling, general and administrative	604	489		23.5	%
Depreciation and amortization	41	52		(21.2)	%
Total Operating Expenses	2,991	2,971		0.7	%
Operating Income	249	547		(54.5)	%
Equity in Net Income (Loss) of Affiliates	(8)	6		-	%
Operating Contribution	\$ 241	\$ 553		(56.4)	%
Operating Income Margin	7.7 %	15.5 %		(780)	BP

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					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent	
	2020	2019		Change	
Segment Operating Revenues					
Vrio	\$ 887	\$ 1,067	(16.9)	%	
Mexico	703	651	8.0	%	
Total Segment Operating Revenues	1,590	1,718	(7.5)	%	
Segment Operating Contribution					
Vrio	(39)	32	-	%	
Mexico	(145)	(205)	29.3	%	
Total Segment Operating Contribution	\$ (184)	\$ (173)	(6.4)	%	

Mexico

Mexico provides wireless services and equipment to customers in Mexico.

Mexico Results					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent	
	2020	2019		Change	
Operating Revenues					
Wireless service	\$ 467	\$ 442	5.7	%	
Wireless equipment	236	209	12.9	%	
Total Operating Revenues	703	651	8.0	%	
Operating Expenses					
Operations and support	714	725	(1.5)	%	
Depreciation and amortization	134	131	2.3	%	
Total Operating Expenses	848	856	(0.9)	%	
Operating Income (Loss)	(145)	(205)	29.3	%	
Equity in Net Income of Affiliates	-	-	-	%	
Operating Contribution	\$ (145)	\$ (205)	29.3	%	
Operating Income Margin					
	(20.6)%	(31.5) %	1,090	BP	

Supplementary Operating Data					
<i>Subscribers and connections in thousands</i>					
<i>Unaudited</i>					
	March 31,			Percent	
	2020	2019		Change	
Mexico Wireless Subscribers					
Postpaid	4,962	5,642	(12.1)	%	
Prepaid	13,692	11,779	16.2	%	
Reseller	504	301	67.4	%	
Total Mexico Wireless Subscribers	19,158	17,722	8.1	%	
Mexico Wireless Net Additions					
Postpaid	(141)	(69)	-	%	
Prepaid	108	114	(5.3)	%	
Reseller	32	48	(33.3)	%	
Total Mexico Wireless Net Subscriber Additions	(1)	93	-	%	

Vrio

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

Vrio Results				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	First Quarter		Percent Change	
	2020	2019		
Operating Revenues	\$ 887	\$ 1,067	(16.9)	%
Operating Expenses				
Operations and support	783	866	(9.6)	%
Depreciation and amortization	147	169	(13.0)	%
Total Operating Expenses	930	1,035	(10.1)	%
Operating Income	(43)	32	-	%
Equity in Net Income of Affiliates	4	-	-	%
Operating Contribution	\$ (39)	\$ 32	-	%
Operating Income Margin	(4.8)%	3.0 %	(780)	BP

Supplementary Operating Data				
<i>Subscribers and connections in thousands</i>				
<i>Unaudited</i>				
	March 31,		Percent Change	
	2020	2019		
Vrio Video Subscribers	13,217	13,584	(2.7)	%
	First Quarter		Percent Change	
	2020	2019		
Vrio Video Net Subscriber Additions	(114)	(32)	-	%

XANDR SEGMENT

The Xandr segment provides advertising services. These services utilize data insights to develop higher value targeted advertising. Certain revenues in this segment are also reported by the Communications segment and are eliminated upon consolidation.

Segment Operating Results				
<i>Dollars in millions</i>				
<i>Unaudited</i>				
	First Quarter		Percent Change	
	2020	2019		
Segment Operating Revenues	\$ 489	\$ 426	14.8	%
Segment Operating Expenses				
Operations and support	170	160	6.3	%
Depreciation and amortization	20	13	53.8	%
Total Segment Operating Expenses	190	173	9.8	%
Operating Income	299	253	18.2	%
Equity in Net Income of Affiliates	-	-	-	%
Segment Operating Contribution	\$ 299	\$ 253	18.2	%
Segment Operating Income Margin	61.1 %	59.4 %	170	BP

Supplemental AT&T Advertising Revenues

As a supplemental presentation to our Xandr segment operating results, 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 and represents a significant strategic initiative and growth opportunity for AT&T.

Advertising Revenues					
<i>Dollars in millions</i>					
<i>Unaudited</i>					
	First Quarter			Percent	
	2020	2019		Change	
Operating Revenues					
WarnerMedia	\$ 979	\$ 1,279		(23.5)	%
Communications	489	417		17.3	%
Xandr	489	426		14.8	%
Eliminations	(413)	(350)		(18.0)	%
Total Advertising Revenues	\$ 1,544	\$ 1,772		(12.9)	%

SUPPLEMENTAL SEGMENT RECONCILIATION

Three Months Ended									
<i>Dollars in millions</i>									
<i>Unaudited</i>									
<i>March 31, 2020</i>									
	Revenues		Operations and Support Expenses		EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications									
Mobility	\$	17,402	\$	9,569	\$ 7,833	\$ 2,045	\$ 5,788	\$ -	\$ 5,788
Entertainment Group		10,515		7,891	2,624	1,289	1,335	-	1,335
Business Wireline		6,332		3,951	2,381	1,301	1,080	-	1,080
Total Communications		34,249		21,411	12,838	4,635	8,203	-	8,203
WarnerMedia									
Turner		3,162		1,710	1,452	69	1,383	6	1,389
Home Box Office		1,497		1,053	444	21	423	20	443
Warner Bros.		3,240		2,950	290	41	249	(8)	241
Eliminations and other		(540)		(196)	(344)	12	(356)	(3)	(359)
Total WarnerMedia		7,359		5,517	1,842	143	1,699	15	1,714
Latin America									
Vrio		887		783	104	147	(43)	4	(39)
Mexico		703		714	(11)	134	(145)	-	(145)
Total Latin America		1,590		1,497	93	281	(188)	4	(184)
Xandr		489		170	319	20	299	-	299
Segment Total		43,687		28,595	15,092	5,079	10,013	\$ 19	\$ 10,032
Corporate and Other									
Corporate		388		874	(486)	87	(573)		
Acquisition-related items		-		182	(182)	2,056	(2,238)		
Certain significant items		-		(658)	658	-	658		
Eliminations and consolidations		(1,296)		(922)	(374)	-	(374)		
AT&T Inc.	\$	42,779	\$	28,071	\$ 14,708	\$ 7,222	\$ 7,486		
<i>March 31, 2019</i>									
	Revenues		Operations and Support Expenses		EBITDA	Depreciation and Amortization	Operating Income (Loss)	Equity in Net Income (Loss) of Affiliates	Segment Contribution
Communications									
Mobility	\$	17,363	\$	10,041	\$ 7,322	\$ 2,013	\$ 5,309	\$ -	\$ 5,309
Entertainment Group		11,328		8,527	2,801	1,323	1,478	-	1,478
Business Wireline		6,478		4,032	2,446	1,222	1,224	-	1,224
Total Communications		35,169		22,600	12,569	4,558	8,011	-	8,011
WarnerMedia									
Turner		3,443		2,136	1,307	60	1,247	25	1,272
Home Box Office		1,510		921	589	22	567	15	582
Warner Bros.		3,518		2,919	599	52	547	6	553
Eliminations and other		(92)		17	(109)	9	(118)	21	(97)
Total WarnerMedia		8,379		5,993	2,386	143	2,243	67	2,310
Latin America									
Vrio		1,067		866	201	169	32	-	32
Mexico		651		725	(74)	131	(205)	-	(205)
Total Latin America		1,718		1,591	127	300	(173)	-	(173)
Xandr		426		160	266	13	253	-	253
Segment Total		45,692		30,344	15,348	5,014	10,334	\$ 67	\$ 10,401
Corporate and Other									

Corporate	433	661	(228)	204	(432)
Acquisition-related items	(42)	73	(115)	1,988	(2,103)
Certain significant items	-	248	(248)	-	(248)
Eliminations and consolidations	(1,256)	(938)	(318)	-	(318)
AT&T Inc.	\$ 44,827	\$ 30,388	\$ 14,439	\$ 7,206	\$ 7,233

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 shares. Free cash flow dividend payout ratio is defined as the percentage of dividends paid on common 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			
<i>Dollars in millions</i>			
		First Quarter	
		2020	2019
Net cash provided by operating activities	\$	8,866	\$ 11,052
Less: Capital expenditures		(4,966)	(5,182)
Free Cash Flow		3,900	5,870
Less: Dividends paid		(3,737)	(3,714)
Free Cash Flow after Dividends	\$	163	\$ 2,156
Free Cash Flow Dividend Payout Ratio		95.8%	63.3%

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			
<i>Dollars in millions</i>			
		First Quarter	
		2020	2019
Capital Expenditures	\$	(4,966)	\$ (5,182)
Cash paid for vendor financing		(791)	(819)
Cash paid for Capital Investment	\$	(5,757)	\$ (6,001)

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 U.S. generally accepted accounting principles (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			
<i>Dollars in millions</i>			
	First Quarter		
	2020	2019	
Net Income	\$ 4,963	\$ 4,348	
Additions:			
Income Tax Expense	1,302	1,023	
Interest Expense	2,018	2,141	
Equity in Net (Income) Loss of Affiliates	6	7	
Other (Income) Expense - Net	(803)	(286)	
Depreciation and amortization	7,222	7,206	
EBITDA	14,708	14,439	
Total Operating Revenues	42,779	44,827	
Service Revenues	38,883	40,684	
EBITDA Margin	34.4%	32.2%	
EBITDA Service Margin	37.8%	35.5%	

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin			
<i>Dollars in millions</i>			
		First Quarter	
		2020	2019
Communications Segment			
Operating Contribution	\$	8,203	\$ 8,011
Additions:			
Depreciation and amortization		4,635	4,558
EBITDA		12,838	12,569
Total Operating Revenues		34,249	35,169
Operating Income Margin		24.0%	22.8%
EBITDA Margin		37.5%	35.7%
<i>Mobility</i>			
Operating Contribution	\$	5,788	\$ 5,309
Additions:			
Depreciation and amortization		2,045	2,013
EBITDA		7,833	7,322
Total Operating Revenues		17,402	17,363
Service Revenues		13,968	13,629
Operating Income Margin		33.3%	30.6%
EBITDA Margin		45.0%	42.2%
EBITDA Service Margin		56.1%	53.7%
<i>Entertainment Group</i>			
Operating Contribution	\$	1,335	\$ 1,478
Additions:			
Depreciation and amortization		1,289	1,323
EBITDA		2,624	2,801
Total Operating Revenues		10,515	11,328
Operating Income Margin		12.7%	13.0%
EBITDA Margin		25.0%	24.7%
<i>Business Wireline</i>			
Operating Contribution	\$	1,080	\$ 1,224
Additions:			
Depreciation and amortization		1,301	1,222
EBITDA		2,381	2,446
Total Operating Revenues		6,332	6,478
Operating Income Margin		17.1%	18.9%
EBITDA Margin		37.6%	37.8%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin		
<i>Dollars in millions</i>		
	First Quarter	
	2020	2019
WarnerMedia Segment		
Operating Contribution	\$ 1,714	\$ 2,310
Additions:		
Equity in Net (Income) of Affiliates	(15)	(67)
Depreciation and amortization	143	143
EBITDA	1,842	2,386
Total Operating Revenues	7,359	8,379
Operating Income Margin	23.1%	26.8%
EBITDA Margin	25.0%	28.5%

Segment and Business Unit EBITDA, EBITDA Margin and EBITDA Service Margin		
<i>Dollars in millions</i>		
	First Quarter	
	2020	2019
Latin America Segment		
Operating Contribution	\$ (184)	\$ (173)
Additions:		
Equity in Net (Income) of Affiliates	(4)	-
Depreciation and amortization	281	300
EBITDA	93	127
Total Operating Revenues	1,590	1,718
Operating Income Margin	-11.8%	-10.1%
EBITDA Margin	5.8%	7.4%

Vrio		
Operating Contribution	\$ (39)	\$ 32
Additions:		
Equity in Net (Income) of Affiliates	(4)	-
Depreciation and amortization	147	169
EBITDA	104	201
Total Operating Revenues	887	1,067
Operating Income Margin	-4.8%	3.0%
EBITDA Margin	11.7%	18.8%

Mexico		
Operating Contribution	\$ (145)	\$ (205)
Additions:		
Equity in Net (Income) Loss of Affiliates	-	-
Depreciation and amortization	134	131
EBITDA	(11)	(74)
Total Operating Revenues	703	651
Operating Income Margin	-20.6%	-31.5%
EBITDA Margin	-1.6%	-11.4%

Segment EBITDA, EBITDA Margin and EBITDA Service Margin		
<i>Dollars in millions</i>		
	First Quarter	
	2020	2019
Xandr		
Operating Contribution	\$ 299	\$ 253
Additions:		
Equity in Net (Income) of Affiliates	-	-
Depreciation and amortization	20	13
EBITDA	319	266

Total Operating Revenues	489	426
Operating Income Margin	61.1%	59.4%
EBITDA Margin	65.2%	62.4%

[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

	First Quarter	
	2020	2019
Operating Revenues		
Time Warner merger adjustment	\$ -	\$ 42
Adjustments to Operating Revenues	-	42
Operating Expenses		
Time Warner and other merger costs	182	73
Employee separation costs and benefit-related losses ¹	119	248
Impairments	123	-
Gain on spectrum transaction	(900)	-
Adjustments to Operations and Support Expenses	(476)	321
Amortization of intangible assets ³	2,056	1,989
Adjustments to Operating Expenses	1,580	2,310
Other		
Special termination charges, debt redemption costs and other adjustments	114	211
Employee benefit related losses ^{1,2}	203	432
Adjustments to Income Before Income Taxes	1,897	2,995
Tax impact of adjustments	394	649
Tax-related items	-	141
Adjustments to Net Income	\$ 1,503	\$ 2,205

¹ Total holding losses on benefit-related investments were approximately \$300 million in the first quarter of 2020.

² Includes holding losses on benefit-related investments in 2020 and an actuarial loss on our pension plan in 2019.

³ Includes \$386 million amortization of orbital slot licenses which commenced in the first quarter 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. 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.

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

Dollars in millions

	First Quarter	
	2020	2019
Operating Income	\$ 7,486	\$ 7,233
Adjustments to Operating Revenues	-	42
Adjustments to Operating Expenses	1,580	2,310
Adjusted Operating Income	9,066	9,585
EBITDA	14,708	14,439
Adjustments to Operating Revenues	-	42
Adjustments to Operations and Support Expenses	(476)	321
Adjusted EBITDA	14,232	14,802
Total Operating Revenues	42,779	44,827
Adjustments to Operating Revenues	-	42
Total Adjusted Operating Revenue	42,779	44,869
Service Revenues	38,883	40,684
Adjustments to Service Revenues	-	42
Adjusted Service Revenue	38,883	40,726
Operating Income Margin	17.5%	16.1%
Adjusted Operating Income Margin	21.2%	21.4%
Adjusted EBITDA Margin	33.3%	33.0%
Adjusted EBITDA Service Margin	36.6%	36.3%

Adjusted Diluted EPS

	First Quarter	
	2020	2019
Diluted Earnings Per Share (EPS)	\$ 0.63	\$ 0.56
Amortization of intangible assets	0.23	0.21
Merger integration items	0.02	0.01
(Gain) loss on sale of assets, impairments and other adjustments	(0.04)	0.05
Actuarial (gain) loss	-	0.05
Tax-related items	-	(0.02)
Adjusted EPS	\$ 0.84	\$ 0.86
<i>Year-over-year growth - Adjusted</i>	-2.3%	
Weighted Average Common Shares Outstanding with Dilution (000,000)	7,214	7,342

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, 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

<i>Dollars in millions</i>			
	First Quarter		
	2020	2019	
AT&T Inc.			
Total Operating Revenues	\$	42,779	\$ 44,827
Exclude Venezuela		(6)	(3)
Impact of foreign exchange translation		299	-
Operating Revenues on Constant Currency Basis		43,072	44,824
<i>Year-over-year growth</i>		-3.9%	
Adjusted EBITDA		14,232	14,802
Exclude Venezuela		(2)	(2)
Impact of foreign exchange translation		119	-
Adjusted EBITDA on Constant Currency Basis		14,349	14,800
<i>Year-over-year growth</i>		-3.0%	
WarnerMedia Segment			
Total Operating Revenues	\$	7,359	\$ 8,379
Impact of foreign exchange translation		66	-
Warner Media Operating Revenues on Constant Currency Basis		7,425	8,379
<i>Year-over-year growth</i>		-11.4%	
EBITDA		1,842	2,386
Impact of foreign exchange translation		24	-
Warner Media EBITDA on Constant Currency Basis		1,866	2,386
<i>Year-over-year growth</i>		-21.8%	
Latin America Segment			
Total Operating Revenues	\$	1,590	\$ 1,718
Exclude Venezuela		(6)	(3)
Impact of foreign exchange translation		233	-
Latin America Operating Revenues on Constant Currency Basis		1,817	1,715
<i>Year-over-year growth</i>		5.9%	

EBITDA	93	127
Exclude Venezuela	(2)	(2)
Impact of foreign exchange translation	95	-
Latin America EBITDA on Constant Currency Basis	186	125
<i>Year-over-year growth</i>	48.8%	

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					
<i>Dollars in millions</i>					
	Three Months Ended				
	June 30, 2019 ¹	Sept. 30, 2019 ¹	Dec. 31, 2019 ¹	March 31, 2020	Four Quarters
Adjusted EBITDA ²	\$ 15,041	\$ 15,079	\$ 14,365	\$ 14,232	\$ 58,717
End-of-period current debt					17,067
End-of-period long-term debt					147,202
Total End-of-Period Debt					164,269
Less: Cash and Cash Equivalents					9,955
Net Debt Balance					154,314
Annualized Net Debt to Adjusted EBITDA Ratio					2.628

¹ As reported in AT&T's Form 8-K filed July 24, 2019, October 28, 2019, and January 29, 2020.

² Includes the purchase accounting reclassification of released content amortization of \$112 million, \$108 million, \$102 million and \$69 million in the four quarters presented, respectively.

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								
First Quarter								
March 31, 2020					March 31, 2019			
	Mobility	Business Wireline	Adjustments ¹	Business Solutions	Mobility	Business Wireline	Adjustments ¹	Business Solutions
Operating Revenues								
Wireless service	\$ 13,968	\$ -	\$ (12,019)	\$ 1,949	\$ 13,629	\$ -	\$ (11,852)	\$ 1,777
Strategic and managed services	-	3,879	-	3,879	-	3,779	-	3,779
Legacy voice and data services	-	2,129	-	2,129	-	2,397	-	2,397
Other services and equipment	-	324	-	324	-	302	-	302
Wireless equipment	3,434	-	(2,724)	710	3,734	-	(3,144)	590
Total Operating Revenues	17,402	6,332	(14,743)	8,991	17,363	6,478	(14,996)	8,845
Operating Expenses								
Operations and support	9,569	3,951	(7,810)	5,710	10,041	4,032	(8,459)	5,614
EBITDA	7,833	2,381	(6,933)	3,281	7,322	2,446	(6,537)	3,231
Depreciation and amortization	2,045	1,301	(1,721)	1,625	2,013	1,222	(1,710)	1,525
Total Operating Expenses	11,614	5,252	(9,531)	7,335	12,054	5,254	(10,169)	7,139
Operating Income	5,788	1,080	(5,212)	1,656	5,309	1,224	(4,827)	1,706
Equity in Net Income (Loss) of Affiliates	-	-	-	-	-	-	-	-
Operating Contribution	\$ 5,788	\$ 1,080	\$ (5,212)	\$ 1,656	\$ 5,309	\$ 1,224	\$ (4,827)	\$ 1,706

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.