



AT&T Inc. 2022 Annual Report

Connecting changes everything



Our purpose

Connecting people
to greater possibility —
with **expertise, simplicity**
and **inspiration**.

To our shareholders

2022 was a year of major change for AT&T, and we are proud to have ended the year in a stronger position. The realities of our industry, changing consumer expectations and an evolving macroeconomic environment dictated our need for a simplified operating model and sharp execution.

That's why we made the structural moves we did to reposition our company, including successfully completing the separation of WarnerMedia. **We have confidence there is a bright future for an AT&T that delivers the best in connectivity.**

Connectivity is ingrained in our legacy going back nearly 150 years. We have the assets, talent and experience to **connect people to greater possibility with simplicity, expertise and inspiration.** In 2022, we worked to fulfill this purpose in 3 ways:

1. We **grew customer relationships** at a near record-setting pace, taking full advantage of all-time-high levels of demand for strong, reliable connectivity.
2. We were **effective and efficient in our operations**, reaching more than \$5 billion of our 3-year, \$6 billion-plus run-rate cost transformation target.
3. Our **deliberate capital allocation strategy** enabled us to invest in 5G and fiber at historic levels, reduce our net debt by about \$24 billion and set up a structure we believe will drive better returns for you, our shareholders.¹ This includes continuing to provide an attractive dividend.

Consistency in operational excellence

Describing our go-to-market strategy is as simple as the strategy itself. Be consistent with our offers to our customers, and make it easy for them to do business with us.

Wireless

In U.S. wireless, we attracted nearly **2.9 million postpaid phone net additions in 2022**, marking our second-best annual results in more than a decade, behind only 2021. We also **grew wireless service revenues by more than 5%** year over year, representing a multi-year high. And we did this while continuing to concentrate on profitability, **increasing wireless EBITDA by nearly 4% and achieving our most profitable year on record.**² We are also a **leader in the Internet of Things (IoT)**. We added more than 12 million connected devices in 2022, becoming the first U.S. carrier to exceed 100 million connected devices.



John Stankey
Chief Executive Officer

Our wireless momentum was a direct result of our simplified value proposition, lower acquisition costs, distribution efficiencies and our ability to meet customers on their terms.

The **strength of our wireless network** played a large role in our success, with our recent spectrum investments performing even better than expected. In fact, we were efficient enough with our deployment of mid-band 5G spectrum that **we reached more than 150 million people, more than double our original year-end coverage target.** And we expect to hit 200 million people by the end of 2023. As a result, our already consistent download speeds increased materially, as recently recognized in the Root Metrics second-half 2022 results. This increased speed provided another significant benefit to our customers.

Our wireless network is also the heart of FirstNet®, public safety's dedicated, nationwide communications platform. The AT&T and FirstNet networks cover more than 99% of the population today,³ and FirstNet covers more first responders than any other network in America.⁴ It's an honor to serve and support them with prioritized connectivity and capacity plus dedicated spectrum. We ended the year with **about 4.4 million FirstNet connections across more than 24,000 agencies.**

Fiber

We delivered strong full-year results in **AT&T Fiber®** as well. Fiber is a durable, sustainable technology that connects people and businesses with each other and to the world. Fiber investments have a multi-decade lifespan, and we're investing heavily to build out our network. We believe that AT&T offers the best wired internet available. **Quite simply, where we build fiber, we win.**



AT&T has the ability to serve more than 22 million consumer and business locations with fiber.

2022 marked our **fifth straight year with 1 million or more net additions**, raising our AT&T Fiber subscriber base to more than 7 million. **We led the industry in bringing fiber to homes⁵** and closed the year with the ability to serve **more than 19 million consumer locations.** We also have the ability to serve **more than 3 million business locations.** We are on track to reach our previously announced goal of **30 million-plus total locations**, including consumer and business, by the end of 2025.

Our recently announced agreement to form a **joint venture with BlackRock Alternatives — Gigapower** — is an innovative new business model we are testing to dramatically increase the pace of fiber installation outside of our traditional wireline markets. We believe agile ventures like this open up new possibilities to connect underserved markets with fiber and can compete more effectively for the chance to co-invest with the U.S. government on our shared objectives of a better, connected America.

These results illustrate **our approach has delivered**, and while we'll remain agile as the industry and economy shift, we're confident in our ability to continue executing at a high level.

Corporate responsibility

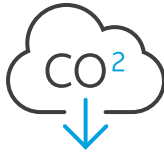
This **drive to connect people to greater possibility** includes doing our part to create a more connected society and provide underserved communities with the resources they need for education, employment, health care and economic opportunity.

Despite the growing availability of high-quality connectivity, **one-fifth of the U.S. population is still impacted by the digital divide**.⁶ We're passionate about addressing this issue because our country has a once-in-a-generation opportunity to close the broadband gap. Achieving this will give more Americans better opportunities to further their education and access online training to develop workforce skills, all of which helps foster greater economic equity. That's why we made a **3-year, \$2 billion commitment** in 2021 to help bridge the digital divide. With this commitment and AT&T's technology platforms for 5G and fiber deployment that are **affordable, sustainable and durable**, we have the expertise and scale to make a long-term difference. We're working to address 3 key components to the digital divide:



We have a once-in-a-generation opportunity to close the broadband gap.

1. **Access.** This primarily impacts areas of the country where deployment can be difficult or slow, but it's starting to pick up thanks to the more than \$48 billion allocated by Congress and the Biden administration to expand broadband infrastructure. Decisions on where to invest in that infrastructure have largely been vested in states, tribal governments and municipalities, and **we're working diligently to find the right opportunities for public-private partnerships that enable AT&T to help fund, build and maintain these networks.**
2. **Affordability.** AT&T is a voluntary participant in the FCC's Affordable Connectivity Program that subsidizes the cost of wireless or internet service for eligible households. When paired with our low-cost Access from AT&T offering, **qualified customers can receive internet speeds up to 100 Mbps for free.**
3. **Adoption.** We're providing communities, students and parents with **free digital literacy, online safety and digital learning tools** so they understand and feel comfortable with connectivity and can get the most out of their internet connections. These include our Connected Learning Centers housed within local community organizations. The centers provide students and families with computers, high-speed internet access and digital learning and literacy resources. We have 20 of these centers today and plan to reach 50 total locations by 2024.



By 2035, AT&T will be
carbon neutral.

Finally, AT&T is taking action to address climate change in ways relevant to our business and to prepare for its impacts on our operations, customers and communities. We've set meaningful goals for 2035, including to be carbon neutral across our global operations. We'll also help our business customers save a gigaton of greenhouse gas emissions through AT&T connectivity solutions. We're currently using cutting-edge climate projections to build a more climate resilient network, and we're sharing the modeled data publicly to help communities better prepare for extreme weather events.

Thank you

AT&T's resilience and strong performance are attributable to the perseverance of the people we have guiding and operating the business and serving our customers every day.

To our inspired employees: Thank you for working tirelessly to keep our customers connected, sometimes in the toughest conditions imaginable. Your deep expertise across the entire business serves and delights everyone from consumers to business customers to our government partners. Together, we're creating a "big tent" that nurtures and respects a broad spectrum of beliefs, identities and cultures. The strength of our diversity, equity and inclusion practices also informs how we, as a company, approach the big social issues facing us today. We start with you in mind as we support public policies that foster growth in our business and help you, your families, neighbors and friends to achieve your greatest possibilities.

To our customers: You're the reason we're here. We're committed to delivering a more connected future — one full of possibility — that improves your lives for the better. Thank you for the trust you place in us. In return, we work tirelessly to serve you and give our best every day.

And to our shareholders: Thank you for your confidence in AT&T. We believe we've made steady, consistent progress toward proving our strategy is the right one, and we're committed to continuing our focus on improving our returns to you.

Sincerely,

A handwritten signature in blue ink that reads 'John T. Stankey'. The signature is fluid and cursive.

John Stankey

Chief Executive Officer, AT&T Inc.

February 13, 2023

References

¹ Net Debt of \$132.2 billion at December 31, 2022 is calculated as Total Debt of \$135.9 billion less Cash and Cash Equivalents of \$3.7 billion. Net Debt of \$156.4 billion at December 31, 2021 is calculated as Total Debt of \$175.6 billion less Cash and Cash Equivalents of \$19.2 billion.

² Wireless EBITDA is the same as Mobility EBITDA. EBITDA is operating income before depreciation and amortization.

³ Based on overall coverage in the U.S. Coverage not available everywhere.

⁴ Coverage not available everywhere. Based upon AT&T analysis of third-party data.

⁵ Based on fiber to the home households using the latest publicly available data.

⁶ <https://ntia.gov/category/data-central>

Stockholder Information

Toll-Free Stockholder Hotline

Call us at **1-800-351-7221** between 8 a.m. and 7 p.m. Central Time, Monday through Friday (**TDD 1-888-403-9700**) for help with:

- Common stock account inquiries
- Requests for assistance with your common stock account, including stock transfers
- Information on The DirectSERVICE™ Investment Program for Stockholders of AT&T Inc. (sponsored and administered by Computershare Trust Company, N.A.)

Written Stockholder Requests

Please mail all account inquiries and other requests for assistance regarding your stock ownership to:

AT&T Inc.
c/o Computershare Trust
Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078

You may also reach the transfer agent for AT&T Inc. at att@computershare.com or visit the website at **computershare.com/att**

DirectSERVICE Investment Program

The DirectSERVICE Investment Program for Stockholders of AT&T Inc. is sponsored and administered by Computershare Trust Company, N.A. The program allows current stockholders to reinvest dividends or purchase additional AT&T Inc. stock. For more information, call **1-800-351-7221**

Stock Trading Information

AT&T Inc. is listed on the New York Stock Exchange. Ticker symbol: T

Information on the Internet

Information about AT&T Inc. is available on the internet at **about.att.com**

Annual Meeting

The 2023 Annual Meeting of Stockholders of AT&T Inc. will be conducted virtually on the internet at 3:30 p.m. Central Time, Thursday, May 18, 2023. There will be no in-person meeting. The meeting will be accessible at **meetnow.global/ATT2023**

SEC Filings

AT&T Inc.'s U.S. Securities and Exchange Commission filings, including the latest 10-K and proxy statement, are available on our website at **investors.att.com**

Investor Relations

Securities analysts and other members of the professional financial community may contact the Investor Relations staff as listed on our website at **investors.att.com**

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Corporate Offices and Non-Stockholder Inquiries

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