

Consolidated Statements of Income

	2019	2018	2017
Operating Revenues			
Service	\$ 163,499	\$ 152,345	\$ 145,597
Equipment	17,694	18,411	14,949
Total operating revenues	181,193	170,756	160,546
Operating Expenses			
Cost of revenues			
Equipment	18,653	19,786	18,709
Broadcast, programming and operations	31,132	26,727	21,159
Other cost of revenues (exclusive of depreciation and amortization shown separately below)	34,356	32,906	37,942
Selling, general and administrative	39,422	36,765	35,465
Asset abandonments and impairments	1,458	46	2,914
Depreciation and amortization	28,217	28,430	24,387
Total operating expenses	153,238	144,660	140,576
Operating Income	27,955	26,096	19,970
Other Income (Expense)			
Interest expense	(8,422)	(7,957)	(6,300)
Equity in net income (loss) of affiliates	6	(48)	(128)
Other income (expense) – net	(1,071)	6,782	1,597
Total other income (expense)	(9,487)	(1,223)	(4,831)
Income Before Income Taxes	18,468	24,873	15,139
Income tax (benefit) expense	3,493	4,920	(14,708)
Net Income	14,975	19,953	29,847
Less: Net Income Attributable to Noncontrolling Interest	(1,072)	(583)	(397)
Net Income Attributable to AT&T	\$ 13,903	\$ 19,370	\$ 29,450
Less: Preferred Stock Dividends	(3)	-	-
Net Income Attributable to Common Stock	\$ 13,900	\$ 19,370	\$ 29,450
Basic Earnings Per Share Attributable to Common Stock			
\$ 1.90	\$ 2.85	\$ 4.77	
Diluted Earnings Per Share Attributable to Common Stock			
\$ 1.89	\$ 2.85	\$ 4.76	

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

	2019	2018	2017
Net income	\$ 14,975	\$ 19,953	\$ 29,847
Other comprehensive income, net of tax:			
Foreign Currency:			
Translation adjustment (includes \$(9), \$(32) and \$(5) attributable to noncontrolling interest), net of taxes of \$18, \$(45) and \$123	19	(1,062)	15
Securities:			
Net unrealized gains (losses), net of taxes of \$17, \$(1) and \$109	50	(4)	187
Reclassification adjustment included in net income, net of taxes of \$0, \$0 and \$(117)	-	-	(185)
Derivative Instruments:			
Net unrealized gains (losses), net of taxes of \$(240), \$(156) and \$200	(900)	(597)	371
Reclassification adjustment included in net income, net of taxes of \$12, \$6 and \$21	45	13	39
Defined benefit postretirement plans:			
Net prior service credit arising during period, net of taxes of \$1,134, \$271 and \$675	3,457	830	1,083
Amortization of net prior service credit included in net income, net of taxes of \$(475), \$(431) and \$(604)	(1,459)	(1,322)	(988)
Other comprehensive income (loss)	1,212	(2,142)	522
Total comprehensive income	16,187	17,811	30,369
Less: Total comprehensive income attributable to noncontrolling interest	(1,063)	(551)	(392)
Total Comprehensive Income Attributable to AT&T	\$ 15,124	\$ 17,260	\$ 29,977

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Consolidated Balance Sheets

	December 31,	
	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 12,130	\$ 5,204
Accounts receivable - net of allowances for doubtful accounts of \$1,235 and \$907	22,636	26,472
Prepaid expenses	1,631	2,047
Other current assets	18,364	17,704
Total current assets	54,761	51,427
Noncurrent inventories and theatrical film and television production costs	12,434	7,713
Property, Plant and Equipment – Net	130,128	131,473
Goodwill	146,241	146,370
Licenses – Net	97,907	96,144
Trademarks and Trade Names – Net	23,567	24,345
Distribution Networks – Net	15,345	17,069
Other Intangible Assets – Net	20,798	26,269
Investments in and Advances to Equity Affiliates	3,695	6,245
Operating lease right-of-use assets	24,039	-
Other Assets	22,754	24,809
Total Assets	\$ 551,669	\$ 531,864
Liabilities and Stockholders' Equity		
Current Liabilities		
Debt maturing within one year	\$ 11,838	\$ 10,255
Accounts payable and accrued liabilities	45,956	43,184
Advanced billings and customer deposits	6,124	5,948
Accrued taxes	1,212	1,179
Dividends payable	3,781	3,854
Total current liabilities	68,911	64,420
Long-Term Debt	151,309	166,250
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	59,502	57,859
Postemployment benefit obligation	18,788	19,218
Operating lease liabilities	21,804	-
Other noncurrent liabilities	29,421	30,233
Total deferred credits and other noncurrent liabilities	129,515	107,310
Stockholders' Equity		
Preferred stock (\$1 par value, 5% cumulative, 10,000,000 authorized, 48,000 shares issued and outstanding at December 31, 2019 and 0 issued and outstanding at December 31, 2018)	-	-
Common stock (\$1 par value, 14,000,000,000 authorized at December 31, 2019 and December 31, 2018: issued 7,620,748,598 at December 31, 2019 and at December 31, 2018)	7,621	7,621
Additional paid-in capital	126,279	125,525
Retained earnings	57,936	58,753
Treasury stock (366,193,458 at December 31, 2019 and 339,120,073 at December 31, 2018, at cost)	(13,085)	(12,059)
Accumulated other comprehensive income	5,470	4,249
Noncontrolling interest	17,713	9,795
Total stockholders' equity	201,934	193,884
Total Liabilities and Stockholders' Equity	\$ 551,669	\$ 531,864

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

	2019	2018	2017
Operating Activities			
Net income	\$ 14,975	\$ 19,953	\$ 29,847
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	28,217	28,430	24,387
Amortization of film and television costs	9,587	3,772	-
Undistributed earnings from investments in equity affiliates	295	292	174
Provision for uncollectible accounts	2,575	1,791	1,642
Deferred income tax expense (benefit)	1,806	4,931	(15,265)
Net (gain) loss from sale of investments, net of impairments	(1,218)	(739)	(282)
Pension and postretirement benefit expense (credit)	(2,002)	(1,148)	(1,031)
Actuarial (gain) loss on pension and postretirement benefits	5,171	(3,412)	1,258
Asset abandonments and impairments	1,458	46	2,914
Changes in operating assets and liabilities:			
Receivables	2,812	(1,580)	(986)
Other current assets, inventories and theatrical film and television production costs	(12,852)	(6,442)	(778)
Accounts payable and other accrued liabilities	(1,524)	1,602	816
Equipment installment receivables and related sales	548	(490)	(1,239)
Deferred customer contract acquisition and fulfillment costs	(910)	(3,458)	(1,422)
Postretirement claims and contributions	(1,008)	(936)	(2,064)
Other – net	738	990	39
Total adjustments	33,693	23,649	8,163
Net Cash Provided by Operating Activities	48,668	43,602	38,010
Investing Activities			
Capital expenditures:			
Purchase of property and equipment	(19,435)	(20,758)	(20,647)
Interest during construction	(200)	(493)	(903)
Acquisitions, net of cash acquired	(1,809)	(43,309)	1,123
Dispositions	4,684	2,148	59
(Purchases), sales and settlement of securities and investments, net	435	(183)	449
Advances to and investments in equity affiliates	(365)	(1,050)	-
Cash collections of deferred purchase price	-	500	976
Net Cash Used in Investing Activities	(16,690)	(63,145)	(18,943)
Financing Activities			
Net change in short-term borrowings with original maturities of three months or less	(276)	(821)	(2)
Issuance of other short-term borrowings	4,012	4,898	-
Repayment of other short-term borrowings	(6,904)	(2,098)	-
Issuance of long-term debt	17,039	41,875	48,793
Repayment of long-term debt	(27,592)	(52,643)	(12,339)
Payment of vendor financing	(3,050)	(560)	(572)
Issuance of preferred stock	1,164	-	-
Purchase of treasury stock	(2,417)	(609)	(463)
Issuance of treasury stock	631	745	33
Issuance of preferred interests in subsidiary	7,876	-	-
Dividends paid	(14,888)	(13,410)	(12,038)
Other	(678)	(3,366)	2,518
Net Cash (Used in) Provided by Financing Activities	(25,083)	(25,989)	25,930
Net increase (decrease) in cash and cash equivalents and restricted cash	6,895	(45,532)	44,997
Cash and cash equivalents and restricted cash beginning of year	5,400	50,932	5,935

Cash and Cash Equivalents and Restricted Cash End of Year	\$	12,295	\$	5,400	\$	50,932
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The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
Preferred Stock						
Balance at beginning of year	-	\$ -	-	\$ -	-	\$ -
Issuance of stock	-	-	-	-	-	-
Balance at end of year	-	\$ -	-	\$ -	-	\$ -
Common Stock						
Balance at beginning of year	7,621	\$ 7,621	6,495	\$ 6,495	6,495	\$ 6,495
Issuance of stock	-	-	1,126	1,126	-	-
Balance at end of year	7,621	\$ 7,621	7,621	\$ 7,621	6,495	\$ 6,495
Additional Paid-In Capital						
Balance at beginning of year		\$ 125,525		\$ 89,563		\$ 89,604
Issuance of preferred stock		1,164		-		-
Issuance of common stock		-		35,473		-
Issuance of treasury stock		(125)		(115)		2
Share-based payments		(271)		604		(43)
Changes related to acquisition of interests held by noncontrolling owners		(14)		-		-
Balance at end of year		\$ 126,279		\$ 125,525		\$ 89,563
Retained Earnings						
Balance at beginning of year		\$ 58,753		\$ 50,500		\$ 34,734
Net income attributable to AT&T (\$1.89, \$2.85 and \$4.76 per diluted share)		13,903		19,370		29,450
Preferred stock dividends		(8)		-		-
Common stock dividends (\$2.05, \$2.01 and \$1.97 per share)		(15,028)		(14,117)		(12,157)
Cumulative effect of accounting changes and other adjustments		316		3,000		(1,527)
Balance at end of year		\$ 57,936		\$ 58,753		\$ 50,500
Treasury Stock						
Balance at beginning of year	(339)	\$ (12,059)	(356)	\$ (12,714)	(356)	\$ (12,659)
Repurchase and acquisition of common stock	(67)	(2,492)	(20)	(692)	(14)	(551)
Issuance of treasury stock	40	1,466	37	1,347	14	496
Balance at end of year	(366)	\$ (13,085)	(339)	\$ (12,059)	(356)	\$ (12,714)

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Consolidated Statements of Changes in Stockholders' Equity - continued

	2019		2018		2017	
	Shares	Amount	Shares	Amount	Shares	Amount
<i>Accumulated Other Comprehensive Income</i>						
<i>Attributable to AT&T, net of tax:</i>						
Balance at beginning of year		\$ 4,249		\$ 7,017		\$ 4,961
Other comprehensive income (loss) attributable to AT&T		1,221		(2,110)		527
Cumulative effect of accounting changes and other adjustments		-		(658)		1,529
Balance at end of year		\$ 5,470		\$ 4,249		\$ 7,017
<i>Noncontrolling Interest:</i>						
Balance at beginning of year		\$ 9,795		\$ 1,146		\$ 975
Net income attributable to noncontrolling interest		1,072		583		397
Interest acquired by noncontrolling owners		7,876		8,803		-
Acquisitions of noncontrolling interests		5		1		140
Distributions		(1,055)		(732)		(361)
Acquisition of interests held by noncontrolling owners		-		(9)		-
Translation adjustments attributable to noncontrolling interest, net of taxes		(9)		(32)		(5)
Cumulative effect of accounting changes and other adjustments		29		35		-
Balance at end of year		\$ 17,713		\$ 9,795		\$ 1,146
Total Stockholders' Equity at beginning of year		\$ 193,884		\$ 142,007		\$ 124,110
Total Stockholders' Equity at end of year		\$ 201,934		\$ 193,884		\$ 142,007

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