

## Consolidated Statements of Income

Dollars in millions except per share amounts

	2019	2018	2017
<b>Operating Revenues</b>			
Service	\$163,499	\$152,345	\$145,597
Equipment	17,694	18,411	14,949
Total operating revenues	181,193	170,756	160,546
<b>Operating Expenses</b>			
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
<b>Operating Income</b>	27,955	26,096	19,970
<b>Other Income (Expense)</b>			
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)
<b>Income Before Income Taxes</b>	18,468	24,873	15,139
Income tax (benefit) expense	3,493	4,920	(14,708)
<b>Net Income</b>	14,975	19,953	29,847
<b>Less: Net Income Attributable to Noncontrolling Interest</b>	(1,072)	(583)	(397)
<b>Net Income Attributable to AT&amp;T</b>	\$ 13,903	\$ 19,370	\$ 29,450
<b>Less: Preferred Stock Dividends</b>	(3)	—	—
<b>Net Income Attributable to Common Stock</b>	\$ 13,900	\$ 19,370	\$ 29,450
<b>Basic Earnings Per Share Attributable to Common Stock</b>	\$ 1.90	\$ 2.85	\$ 4.77
<b>Diluted Earnings Per Share Attributable to Common Stock</b>	\$ 1.89	\$ 2.85	\$ 4.76

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

## Consolidated Balance Sheets

Dollars in millions except per share amounts

	December 31,	
	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
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
<b>Noncurrent inventories and theatrical film and television production costs</b>	12,434	7,713
<b>Property, Plant and Equipment – Net</b>	130,128	131,473
<b>Goodwill</b>	146,241	146,370
<b>Licenses – Net</b>	97,907	96,144
<b>Trademarks and Trade Names – Net</b>	23,567	24,345
<b>Distribution Networks – Net</b>	15,345	17,069
<b>Other Intangible Assets – Net</b>	20,798	26,269
<b>Investments in and Advances to Equity Affiliates</b>	3,695	6,245
<b>Operating lease right-of-use assets</b>	24,039	—
<b>Other Assets</b>	22,754	24,809
<b>Total Assets</b>	<b>\$551,669</b>	<b>\$531,864</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
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
<b>Long-Term Debt</b>	<b>151,309</b>	<b>166,250</b>
<b>Deferred Credits and Other Noncurrent Liabilities</b>		
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
<b>Stockholders' Equity</b>		
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
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$551,669</b>	<b>\$531,864</b>

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

## Consolidated Statements of Cash Flows

Dollars in millions

	2019	2018	2017
<b>Operating Activities</b>			
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
<b>Net Cash Provided by Operating Activities</b>	<b>48,668</b>	<b>43,602</b>	<b>38,010</b>
<b>Investing Activities</b>			
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
<b>Net Cash Used in Investing Activities</b>	<b>(16,690)</b>	<b>(63,145)</b>	<b>(18,943)</b>
<b>Financing Activities</b>			
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
<b>Net Cash (Used in) Provided by Financing Activities</b>	<b>(25,083)</b>	<b>(25,989)</b>	<b>25,930</b>
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
<b>Cash and Cash Equivalents and Restricted Cash End of Year</b>	<b>\$ 12,295</b>	<b>\$ 5,400</b>	<b>\$ 50,932</b>

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