

## Risk Factors Comparison 2024-02-23 to 2023-02-13 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text Section**

In addition to the other information set forth in this document, including the matters contained under the caption “ Cautionary Language Concerning Forward- Looking Statements,” you should carefully read the matters described below. We believe that each of these matters could materially affect our business. ~~We recognize that most~~ **Most , if not all,** of these factors are beyond our ability to control ~~and therefore we cannot predict an outcome.~~ Macro- economic **Economic** Factors: Adverse changes in the U. S. securities markets, **increasing** interest rates, rising inflation and medical costs could materially increase our benefit plan costs and future funding requirements. Our costs to provide current benefits and funding for future benefits are subject to increases, primarily due to continuing increases in medical and prescription drug costs, in part due to inflation, and can be affected by lower returns on assets held by our pension and other benefit plans, which are reflected in our financial statements for that year. In calculating the recognized benefit costs, we have made certain assumptions regarding future investment returns, interest rates and medical costs. These assumptions could change significantly over time and could be materially different than originally projected. Lower than assumed investment returns, an increase in our benefit obligations, and higher than assumed medical and prescription drug costs will increase expenses. **AT & T Inc. Dollars in millions except per share amounts** The Financial Accounting Standards Board (FASB) requires companies to recognize the funded status of defined benefit pension and postretirement plans as an asset or liability in their statement of financial position and to recognize changes in that funded status in the year in which the changes occur. We have elected to reflect the annual adjustments to the funded status in our consolidated statement of income. Therefore, an increase in our costs or adverse market conditions will have a negative effect on our operating results. Significant adverse changes in capital markets could result in the deterioration of our defined benefit plans’ funded status. Inflationary pressures on costs, such as inputs for devices we sell and network components, labor and distribution costs may impact our network construction, our financial condition or results of operations. As a provider of telecommunications and technology services, we sell handsets, wireless data cards, wireless computing devices and customer premises equipment manufactured by various suppliers for use with our voice and data services and depend on suppliers to provide us, directly or through other suppliers, with items such as network equipment, customer premises equipment, and wireless- related equipment such as mobile hotspots, handsets, wirelessly enabled computers, wireless data cards and other connected devices for our customers. Beginning in 2021 and continuing through the early part of ~~2023~~ **2024**, the costs of these inputs and the costs of labor necessary to develop, deploy and maintain our networks and our products and services ~~rapidly~~ increased. In addition, many of these inputs are subject to price fluctuations from a number of factors, including, but not limited to, market conditions, demand for raw materials used in the production of these devices and network components, weather, climate change, energy costs, currency fluctuations, supplier capacities, governmental actions, import and export requirements (including tariffs), and other factors beyond our control. Inflationary and supply pressures may continue into the future and could have an adverse impact on our ability to source materials. Our attempts to offset these cost pressures, such as through increases in the selling prices of some of our products and services, may not be successful. Higher product prices may result in reductions in sales volume. Consumers may be less willing to pay a price differential for our products and may increasingly purchase lower- priced offerings, or may forego some purchases altogether, during a period of inflationary pressure or an economic downturn. To the extent that price increases are not sufficient to offset these increased costs adequately or in a timely manner, and / or if they result in significant decreases in sales volume, our business, financial condition or operating results may be adversely affected. Furthermore, we may not be able to offset any cost increases through productivity and cost- saving initiatives. ~~AT & T Inc. Dollars in millions except per share amounts~~ Adverse changes in global financial markets could limit our ability and our larger customers’ ~~and suppliers’~~ **and suppliers’** ability to access capital or increase the cost of capital needed to fund business operations. During ~~2022~~ **2023**, uncertainty surrounding global growth rates, inflation, ~~and~~ **and** an increasing interest rate environment ~~and the impact of the COVID- 19 pandemic~~ continued to produce volatility in the credit, currency and equity markets. Volatility may affect companies’ access to the credit markets, leading to higher borrowing costs, or, in some cases, the inability to fund ongoing operations. In addition, we contract with large financial institutions to support our own treasury operations, including contracts to hedge our exposure ~~on to~~ **on to** interest rates and foreign exchange and the funding of credit lines and other short- term debt obligations, including commercial paper. These financial institutions face stricter capital- related and other regulations in the United States and Europe, as well as ongoing legal and financial issues concerning their loan portfolios, which may hamper their ability to provide credit or raise the cost of providing such credit. ~~The U. K. Financial Conduct Authority, which regulates the London Interbank Offering Rate (LIBOR), has announced that it intends to phase out LIBOR in 2023. Although our securities and other debt obligations may provide for alternative methods of calculating the interest rate payable on such indebtedness, uncertainty as to the extent and manner of future changes may adversely affect the current trading market for LIBOR- based securities and the value of variable rate indebtedness in general.~~ A company’ s cost of borrowing is ~~also~~ affected by evaluations given by various credit rating agencies and these agencies have been applying tighter credit standards when evaluating debt levels and future growth prospects. While we have been successful in continuing to access the credit and fixed income markets when needed, adverse changes in the financial markets could render us either unable to access these markets or able to access these markets only at higher interest costs and with restrictive financial or other conditions, severely affecting our business operations. Additionally, downgrades of our credit rating by the major credit rating agencies could increase our cost of borrowing and also impact the collateral we would be required to post under certain agreements we have entered into with our derivative counterparties, which could negatively impact our liquidity. Further, valuation changes in

our derivative portfolio due to interest rates and foreign exchange rates could require us to post collateral and thus may negatively impact our liquidity. Our international operations increase our exposure to political instability, to changes in the international economy and to regulation on our business and these risks could offset our expected growth opportunities. We have international operations, particularly in Mexico, and other countries worldwide where we need to comply with a wide variety of complex local laws, regulations and treaties. In addition, we are exposed to, among other factors, fluctuations in currency values, changes in relationships between U. S. and foreign governments, war or other hostilities, and other regulations that may materially affect our earnings. Involvement with foreign firms also exposes us to the risk of being unable to control the actions of those firms and therefore exposes us to risks associated with our obligation to comply with the Foreign Corrupt Practices Act (FCPA). Violations of the FCPA could have a material adverse effect on our operating results. Industry-wide **Wide** Factors: ~~Our business is subject to risks related to the COVID-19 virus. The COVID-19 pandemic and resulting mitigation measures have caused, and may continue to cause, a negative effect on our operating results. These effects include, but are not limited to closure of retail stores; impact on our customers' ability to pay for our products and services; reduction in international roaming revenue; and reduced staffing levels in call centers and field operations. We may also incur significantly higher expenses attributable to infrastructure investments required to meet higher network utilization from more customers consuming bandwidth from changes in work from home trends; extended cancellation periods; and increased labor costs if the COVID-19 pandemic continues for an extended period. The COVID-19 pandemic and mitigation measures have caused, and may continue to cause, adverse impacts on global supply chains and economic conditions. These impacts could affect our network development, deployment and maintenance, and the demand for our products and services. The extent to which the COVID-19 pandemic impacts our business, results of operations, cash flows and financial condition will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning other strains of the virus and the actions to contain its impact.~~ Changes to federal, state and foreign government regulations and decisions in regulatory proceedings, as well as private litigation, could further increase our operating costs and / or alter customer perceptions of our operations, which could materially adversely affect us. Our subsidiaries providing wired services are subject to significant federal and state regulation while many of our competitors are not. In addition, our subsidiaries and affiliates operating outside the United States are also subject to the jurisdiction of national and supranational regulatory authorities in the market where service is provided. Our wireless subsidiaries are regulated to varying degrees by the FCC and in some instances, by state and local agencies. Adverse regulations and rulings by the FCC relating to broadband and wireless deployment, **including the proposed rules regarding net neutrality**, could impede our ability to manage our networks and recover costs and lessen incentives to invest in our networks. The continuing growth of IP- based services, especially when accessed by wireless devices, has created or potentially could create conflicting regulation between the FCC and various state and local authorities, which may involve lengthy litigation to resolve and may result in outcomes unfavorable to us. In addition, in response to the **Federal Aviation Administration ( FAA )** questioning whether **our 5G cell sites transmitting C- band launch spectrum** could impact radio altimeter equipment on airplanes, we voluntarily committed to **a series of temporary, precautionary measures near , in addition to deferring turning on a limited number of towers around certain airports through January 1, 2028, which may to allow the FAA more time to evaluate. These measures have limited been subsequently modified from time to time. The FAA's continued evaluation may impact impacts to deployments our planned 5G C- band- and services launch in certain areas.** In addition, increased public focus on a variety of issues related to our operations, such as privacy issues, government requests or orders for customer data, and concerns about global climate changes, have led to proposals or new legislation at state, federal and foreign government levels to change or increase regulation on our operations. Enactment of new privacy laws and regulations could, among other things, adversely affect our ability to collect **data** and offer targeted advertisements or result in additional costs of compliance or litigation. Should customers decide that our competitors offer a more customer- friendly environment, our competitive position, results of operations or financial condition could be materially adversely affected. Effects of climate change may impose risk of damage to our infrastructure, our ability to provide services, and may cause changes in federal, state and foreign government regulation, all of which may result in potential adverse impact to our financial results. Extreme weather events precipitated by long- term climate change have the potential to directly damage network facilities or disrupt our ability to build and maintain portions of our network and could potentially disrupt suppliers' ability to provide products and services required to provide reliable network coverage. Any such disruption could delay network deployment plans, interrupt service for our customers, increase our costs and have a negative effect on our operating results. The potential physical effects of climate change, such as increased frequency and severity of storms, floods, fires, freezing conditions, sea- level rise and other climate- related events, could adversely affect our operations, infrastructure and financial results. Operational impacts resulting from the potential physical effects of climate change, such as damage to our network infrastructure, could result in increased costs and loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate such physical effects of climate change. ~~We are~~ **While we currently do not believe able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change will be material, it is difficult to accurately and precisely calculate the future impacts of the physical effects of climate change given the dynamic nature of climate change' s impacts on the environment .** Further, customers, consumers, investors, **governments** and other stakeholders are increasingly focusing on environmental issues, including climate change, water use, deforestation, plastic waste and other sustainability concerns. Concern over climate change or other environmental, social and governance (ESG) matters may result in new or increased legal and regulatory requirements to reduce or mitigate impacts to the environment and reduce the impact of our business on climate change. Further, climate change regulations may require us to alter our proposed business plans or increase our operating costs due to increased regulation or environmental considerations, and could adversely affect our business and reputation. Continuing growth in and the converging nature of wireless and broadband services will require us to deploy significant amounts of capital and require

ongoing access to spectrum in order to provide attractive services to customers. Wireless and broadband services are undergoing rapid and significant technological changes and a dramatic increase in usage, including, in particular, the demand for faster and seamless usage of data, including video, across mobile and fixed devices. The COVID- 19 pandemic has accelerated these changes and also resulted in higher network utilization, as more customers consume bandwidth from changes in work and learn from home trends. We must continually invest in our networks in order to improve our wireless and broadband services to meet this increasing demand and changes in customer expectations while remaining competitive. Improvements in these services depend on many factors, including continued access to and deployment of adequate spectrum and the capital needed to expand our wireline network to support transport of these services. In order to stem broadband subscriber losses to cable competitors in our non- fiber wireline areas, we have been expanding our all- fiber wireline network. We must maintain and expand our network capacity and coverage for transport of data, including video, and voice between cell and fixed landline sites. To this end, we participate in spectrum auctions and continue to deploy software and other technology advancements in order to efficiently invest in our network. We have spent, and plan to continue spending, significant capital and other resources on the ongoing development and deployment of our 5G and fiber wireline networks. This deployment and other network service enhancements and product launches may not occur as scheduled or at the cost expected due to many factors, including unexpected inflation, delays in determining equipment and wireless handset operating standards, supplier delays, software issues, increases in network and handset component costs, regulatory permitting delays for tower sites or enhancements, or labor- related delays. Deployment of new technology also may adversely affect the performance of the network for existing services. If we cannot acquire needed spectrum, our 5G and fiber offerings fail to gain acceptance in the marketplace or we otherwise fail to deploy the services customers desire on a timely basis with acceptable quality and at reasonable costs, then our ability to attract and retain customers, and, therefore, maintain and improve our operating margins, could be materially adversely affected. Increasing competition for wireless customers could materially adversely affect our operating results. We have multiple wireless competitors in each of our service areas and compete for customers based principally on service / device offerings, price, network quality, coverage area and customer service. In addition, we are facing growing competition from providers offering services using advanced wireless technologies and IP- based networks. We expect market saturation to continue to ~~to~~ **which may** cause the wireless industry' s customer growth rate to moderate in comparison with historical growth rates, leading to increased competition for customers. Our share of industry sales could be reduced due to aggressive pricing or promotional strategies pursued by competitors. We also expect that our customers' growing demand for high- speed video and data services will place constraints on our network capacity. These competition and capacity constraints will continue to put pressure on pricing and margins as companies compete for potential customers. **Additionally, we may not be able to accurately predict future consumer demands or the success of new services in markets.** Our ability to ~~respond~~ **address these issues** will depend, among other things, on continued improvement in network quality and customer service and our ability to price our products and services competitively as well as effective marketing of attractive products and services. These efforts will involve significant expenses and require strategic management decisions on, and timely implementation of, equipment choices, network deployment and service offerings. Intellectual property rights may be inadequate to take advantage of business opportunities, which may materially adversely affect our operations. ~~Effective intellectual property protection may not be available in every country where we operate.~~ We may need to spend significant amounts of money to protect our **intellectual property** rights. Any impairment of our intellectual property rights, including due to changes in U. S. or foreign intellectual property laws or the absence of effective legal protections or enforcement measures, could materially adversely impact our operations. Incidents **or public assertions** leading to damage to our reputation **or questions about our business conduct**, and any resulting lawsuits, claims or other legal proceedings, could have a material adverse effect on our business. We believe that our brand image, awareness and reputation strengthen our relationship with consumers and contribute significantly to the success of our business. ~~We strive to create a culture in which our colleagues act with integrity and respect and feel comfortable speaking up to report instances of misconduct or other concerns.~~ Our ability to attract and retain employees is highly dependent upon our commitment to a diverse and inclusive workplace, ethical business practices and other qualities. Acts of misconduct by any employee, and particularly by senior management, could erode trust and confidence and damage our reputation. Negative public opinion **and increased regulatory scrutiny or litigation** could result from actual or alleged conduct by us or those currently or formerly associated with us, and from any number of activities or circumstances, including operations, employment- related offenses (such as sexual harassment and discrimination), regulatory compliance and actions taken by regulators or others in response to such conduct. ~~Any damage to our reputation or payments of significant amounts, even if reserved, could materially and adversely affect our business, reputation, financial condition, results of operations and cash flows.~~ We currently are, and may in the future be, named as a defendant in lawsuits, claims and other legal proceedings that arise in the ordinary course of our business based on alleged acts of misconduct by employees. These actions seek, among other things, compensation for alleged personal injury (including claims for loss of life), workers' compensation, employment discrimination, sexual harassment, workplace misconduct, wage and hour claims and other employment- related damages, compensation for breach of contract, statutory or regulatory claims, negligence or gross negligence, punitive damages, consequential damages, and civil penalties or other losses or injunctive or declaratory relief. The outcome of any allegations, lawsuits, claims or legal proceedings is inherently uncertain and could result in significant costs, damage to our brands or reputation and diversion of management' s attention from our business. **In 2023, The Wall Street Journal published a series of articles alleging that lead- clad telecommunications cables are a public- health hazard or may pose environmental risks. We are currently subject to litigation and have received inquiries from government authorities as a result of these assertions. We may be subject to additional litigation, government investigations and potentially new regulation or legislation relating to lead- clad cables. Any damage to our reputation or payments of significant amounts as a result of any of these issues, even if reserved, could materially and adversely affect our business, ability to serve customers, reputation, financial condition, results of**

**operations and cash flows. Our business is subject to risks related to public health crises. Public health crises and resulting mitigation measures have in the past, and may in the future, cause a negative effect on our operating results. These effects include, but are not limited to, closure of retail stores; impact on our customers' ability to pay for our products and services; reduction in international roaming revenue; and reduced staffing levels in call centers and field operations. We also have in the past, and may in the future, incur significantly higher expenses attributable to infrastructure investments and increased labor costs.**

Company- Specific Financial Factors: Customer adoption of new software- based technologies may require higher quality services from us, and meeting these demands could create supply chain issues and could increase capital costs. The communications industry has experienced rapid changes in the past several years. An increasing number of our customers are using mobile devices as their primary means of viewing video. In addition, businesses and government bodies are broadly shifting to wireless- based services for homes and infrastructure to improve services to their respective customers and constituencies. We have spent, and continue to spend, significant capital to shift our wired network to software- based technology ~~to manage this demand~~ and are expanding 5G wireless technology to address these ~~consumer~~ demands. We are entering into a significant number of software licensing agreements and working with software developers to provide network functions in lieu of installing switches or other physical network equipment in order to respond to rapid developments in wireless demand. While software- based functionality can be changed much more quickly than, for example, physical switches, the rapid pace of development means that we may increasingly need to rely on single- source and software solutions that have not previously been deployed in production environments. Should this software not function as intended or our license agreements provide inadequate protection from intellectual property infringement claims, we could be forced to either substitute (if available) or else spend time to develop alternative technologies at a much higher cost and incur harm to our reputation for reliability, and, as a result, our ability to remain competitive could be materially adversely affected. We depend on various suppliers to provide equipment to operate our business and satisfy customer demand and interruption or delay in supply can adversely impact our operating results. We depend on suppliers to provide us, directly or through other suppliers, with items such as network equipment, customer premises equipment and wireless- related equipment such as mobile hotspots, handsets, wirelessly enabled computers, wireless data cards and other connected devices for our customers. **In some instances, we depend on key single- source suppliers to provide important inputs where there are few alternative suppliers available.** These suppliers could fail to provide equipment on a timely or cost effective basis, or fail to meet our performance expectations, for a number of reasons, including difficulties in obtaining export licenses for certain technologies, inflationary pressures, inability to secure component parts, general business disruption, natural disasters, safety issues, economic and political instability, including the outbreak of war and other hostilities, and public health emergencies ~~such as the COVID-19 pandemic~~. These factors have caused, and may again cause, delays in the development, manufacturing (including the sourcing of key components) and shipment of products to the extent that we or our suppliers are impacted. In certain limited circumstances, suppliers have been unable to supply products in a timely fashion, affecting our ability to provide products and services precisely as and when requested by our customers. It is possible that, in some circumstances, we could be forced to switch to a different key supplier or be unable to meet customer demand for certain products or services. Because of the cost and time lag that can be associated with transitioning from one supplier to another, our business could be substantially disrupted if we were required to, or chose to, replace the products of one or more key suppliers with products from another source, especially if the replacement became necessary on short notice. Any such disruption could increase our costs, decrease our operating efficiencies and have a negative effect on our operating results. Increasing costs to provide services and failure to renew agreements on favorable terms, or at all, could adversely affect operating margins. Our operating costs, including customer acquisition and retention costs, could continue to put pressure on margins and customer retention levels. A number of our competitors offering comparable legacy services that rely on alternative technologies and business models are typically subject to less regulation, and therefore are able to operate with lower costs. These competitors generally can focus on discrete customer segments since they do not have regulatory obligations to provide universal service. Also, these competitors have cost advantages compared to us, due in part to operating on newer, more technically advanced and lower- cost networks with a nonunionized workforce, lower employee benefits and fewer retirees. We are transitioning services from our ~~old~~ copper- based network and seeking regulatory approvals, where needed, at both the state and federal levels. If we do not obtain regulatory approvals for our network transition or obtain approvals with onerous conditions, we could experience significant cost and competitive disadvantages. We may not realize or sustain the expected benefits from our business transformation initiatives and these efforts could have a materially adverse effect on our business, operations, financial condition, results of operations and competitive position. We have been and will be undertaking certain transformation initiatives, including the WarnerMedia / Discovery Transaction, which are designed to reduce costs, **enable legacy rationalization**, streamline and modernize distribution and customer service, remove redundancies and simplify and improve processes and support functions. Our focus is on supporting added customer value with an improved customer experience. We intend for these efficiencies to enable increased investments in our strategic areas of focus, which consist of improving broadband connectivity (for example, fiber and 5G). We also expect these initiatives to drive efficiencies and improved margins. If we do not successfully manage and execute these initiatives, or if they are inadequate or ineffective, we may fail to meet our financial goals and achieve anticipated benefits, improvements may be delayed, not sustained or not realized, and our business, operations and competitive position could be adversely affected. **Further, we intend to use artificial intelligence (AI)- driven efficiencies in our network design, software development and customer support services. The models used in those products, particularly generative AI models, may produce output or take action that is incorrect, release private or confidential information, reflect biases included in the data on which they are trained, infringe on the intellectual property rights of others, or be otherwise harmful. Any of these risks could expose us to liability or adverse legal or regulatory consequences and harm our reputation and the public perception of our business or the effectiveness of our security measures.** Unfavorable litigation

or governmental investigation results could require us to pay significant amounts or lead to onerous operating procedures. We are subject to a number of lawsuits both in the United States and in foreign countries, including, at any particular time, claims relating to antitrust, patent infringement, wage and hour, personal injury, **environmental**, customer privacy violations, **cyberattacks**, regulatory proceedings, breach of contract, and selling and collection practices. We also spend substantial resources complying with various government standards, which may entail related investigations and litigation. In the wireless **and wireline** area, we also face current and potential litigation relating to alleged adverse health effects on customers or employees who use such technologies including, for example, wireless devices. We may incur significant expenses defending such suits or government charges and may be required to pay amounts or otherwise change our operations in ways that could materially adversely affect our operations or financial results. Cyberattacks impacting our networks or systems may have a material adverse ~~effect~~ **effect** on our operations. Cyberattacks ~~;~~ **;** including through the use of malware, computer viruses, distributed denial of services attacks, ransomware attacks, credential harvesting, social engineering and other means for obtaining unauthorized access to or disrupting the operation of our networks and systems and those of our suppliers, vendors and other service providers, ~~;~~ **;** could have a material adverse effect on our operations. Cyberattacks can cause equipment or network failures, loss of information, including sensitive personal information of customers or employees or proprietary information, as well as disruptions to our or our customers', suppliers' or vendors' operations, which could result in significant expenses, potential investigations and legal liability, a loss of current or future customers and reputational damage. ~~Our wired network~~ **As our network networks in particular is evolve, they are** becoming increasingly reliant on software ~~as it evolves~~ to handle growing demands for ~~video transmission~~ **data consumption**. Cyberattacks against companies, including the Company and its suppliers and vendors, have occurred and will continue to occur and have increased in frequency, scope and potential harm in recent years. ~~The~~ **Further, the use of artificial intelligence and machine learning by cybercriminals may increase the frequency and severity of cybersecurity attacks against us or our suppliers, vendors and other service providers. Additionally, as cyberattacks become increasingly sophisticated, a post- attack investigation may not be able to ascertain the entire scope of the attack' s impact. Extensive and costly efforts are undertaken to development ~~development~~ ~~develop~~ ~~and test~~ ~~maintenance of~~ ~~systems~~ **before deployment and to conduct ongoing monitoring and updating** to prevent ~~and withstand~~ such attacks ~~is~~ ~~costly and requires ongoing monitoring and updating~~. While, to date, we have not been subject to cyberattacks that, individually or in the aggregate, have been material to our operations or financial condition, the preventive actions we take to reduce the risks associated with cyberattacks may be insufficient to repel or mitigate the effects of a major cyberattack in the future. Natural disasters, extreme weather conditions or terrorist or other hostile acts could cause damage to our infrastructure and result in significant disruptions to our operations. Our business operations could be subject to interruption by equipment failures, power outages, terrorist or other hostile acts, **including acts of war**, and natural disasters, such as flooding, hurricanes and forest fires, whether caused by discrete severe weather events and / or precipitated by long- term climate change. Such events could cause significant damage to the infrastructure upon which our business operations rely, resulting in degradation or disruption of service to our customers, as well as significant recovery time and expenditures to resume operations. Our system redundancy and other measures we take to protect our infrastructure and operations from the impacts of such events may be ineffective or inadequate to sustain our operations through all such events. Any of these occurrences could result in lost revenues from business interruption, damage to our reputation and reduced profits. Increases in our debt levels to fund spectrum purchases, or other strategic decisions could adversely affect our ability to finance future debt at attractive rates and reduce our ability to respond to competition and adverse economic trends. We have incurred debt to fund significant acquisitions, as well as spectrum purchases needed to compete in our industry. While we believe such decisions were prudent and necessary to take advantage of both growth opportunities and respond to industry developments, we did experience credit- rating downgrades from historical levels. Banks and potential purchasers of our publicly traded debt may decide that these strategic decisions and similar actions we may take in the future, as well as expected trends in the industry, will continue to increase the risk of investing in our debt and may demand a higher rate of interest, impose restrictive covenants or otherwise limit the amount of potential borrowing. Additionally, our capital allocation plan is focused on, among other things, managing our debt level going forward. Any failure to successfully execute this plan could adversely affect our cost of funds, liquidity, competitive position and access to capital markets. Our business may be impacted by changes in tax laws and regulations, judicial interpretations of the same or administrative actions by federal, state, local and foreign taxing authorities. Tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. In many cases, the application of existing, newly enacted or amended tax laws (such as the U. S. Tax Cuts and Jobs Act of 2017 and the Inflation Reduction Act of 2022) may be uncertain and subject to differing interpretations, especially when evaluated against ever ~~;~~ **;** changing products and services provided by our global telecommunications and technology businesses. In addition, tax legislation has been introduced or is being considered in various jurisdictions that could significantly impact our tax rate, tax liabilities, and carrying value of deferred tax assets or deferred tax liabilities. Any of these changes could materially impact our financial performance and our tax provision, net income and cash flows. We are also subject to ongoing examinations by taxing authorities in various jurisdictions. Although we regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of provisions for taxes, there can be no assurance as to the outcome of these examinations. In the event that we have not accurately or fully described, disclosed or determined, calculated or remitted amounts that were due to taxing authorities or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, we could be subject to additional taxes, penalties and interest, which could materially impact our business, financial condition and operating results. If the distribution of WarnerMedia, together with certain related transactions, were to fail to qualify for non-recognition treatment for U. S. federal income tax purposes under audit, then we could be subject to significant tax liability. In connection with the WarnerMedia / Discovery Transaction, AT & T received a favorable Private Letter Ruling from the **Internal Revenue Service ( IRS )**. Nonetheless, the IRS or another applicable tax authority could determine on audit that the**

distribution by us of WarnerMedia to our stockholders and certain related transactions should be treated as taxable transactions if it determines that any of the facts, representations or undertakings made in connection with the request for the ruling were incorrect or are violated. We may be entitled to indemnification from Warner Bros. Discovery (Warner Bros.) in the case of certain breaches of representations or undertakings by Warner Bros. under the tax matters agreement related to the WarnerMedia / Discovery Transaction. However, we could potentially be required to pay such tax prior to reimbursement from Warner Bros., and such indemnification is subject to Warner Bros.' credit risk. If the IRS or another tax authority were to so conclude, there could be a material adverse impact on our business, financial condition, results of operations and cash flows.

**CAUTIONARY LANGUAGE CONCERNING FORWARD- LOOKING STATEMENTS** Information set forth in this report contains forward- looking statements that are subject to risks and uncertainties, and actual results could differ materially. Many of these factors are discussed in more detail in the " Risk Factors " section. We claim the protection of the safe harbor for forward- looking statements provided by the Private Securities Litigation Reform Act of 1995. The following factors could cause our future results to differ materially from those expressed in the forward- looking statements:

- **The severity, magnitude and duration of the COVID-19 pandemic and containment, mitigation and other measures taken in response, including the potential impacts of these matters on our business and operations.**
- **Our inability to predict the extent to which the COVID-19 pandemic and related impacts will continue to impact our business operations, financial performance and results of operations.**
- **Adverse economic, and political and/or capital access changes or, including inflation and rising interest rates, war or other hostilities in the markets served by us, and public health emergencies, and or our in countries in which we have investments and/or operations, including inflationary pressures, the impact on customer demand and our ability and our suppliers' ability to access financial markets at favorable rates and terms.**
- **Increases in our benefit plans' costs, including increases due to adverse changes in the United States and foreign securities markets, resulting in worse- than- assumed investment returns and discount rates, adverse changes in mortality assumptions, adverse medical cost trends, and unfavorable or delayed implementation or repeal of healthcare legislation, laws or regulations or related court decisions.**
- **The final outcome of FCC and other federal, state or foreign government agency proceedings (including judicial review, if any, of such proceedings) and legislative and regulatory efforts involving issues that are important to our business, including, without limitation, pending Notices of Apparent Liability; the transition from legacy technologies to IP- based infrastructure, including the withdrawal of legacy TDM- based services; universal service; broadband deployment; wireless equipment siting regulations and, in particular, siting for 5G service; E911 services; rules concerning digital discrimination; competition policy; privacy; net neutrality; copyright protection; availability of new spectrum on fair and balanced terms; and wireless and satellite license awards and renewals, and our response to such legislative and regulatory efforts.**
- **Enactment of additional or changes to state, local, federal and/or foreign regulatory and tax laws and regulations, or changes to existing standards and actions by tax agencies and judicial authorities including that reduce our incentive to invest in our networks, and the resolution of disputes with any taxing jurisdictions, pertaining to our subsidiaries and foreign investments, including laws and regulations that reduce our incentive to invest in our networks, resulting in lower revenue growth and/or higher operating costs.**
- **U. S. and foreign laws and regulations regarding intellectual property rights protection and privacy, personal data protection and user consent, which are complex and rapidly evolving and could result in adverse impacts to our business plans, increased costs, or claims against us that may harm our reputation.**
- **Our ability to compete in an increasingly competitive industry and against competitors that can offer product / service offerings at lower prices due to lower cost structures and regulatory and legislative actions adverse to us, including non- regulation of comparable alternative technologies and / or government- owned or subsidized networks, and our response to such competition and emerging technologies.**
- **Disruption in our supply chain for a number of reasons, including, difficulties in obtaining export licenses for certain technology, inability to secure component parts, lack of suppliers, general business disruption, workforce shortage, natural disasters, safety issues, vendor fraud, economic and political instability, including disruptions in the capital markets, the outbreak of war or other hostilities, and public health emergencies.**
- **The continued development and delivery of attractive and profitable wireless, and broadband offerings and devices, including our ability to match speeds offered by competitors, the impact of extent to which regulatory and build- out requirements apply to our offerings, our ability to match speeds offered by our competitors, and the availability, cost and / or reliability of the various technologies and/or content required to provide such offerings.**
- **Our The availability and cost and our ability to adequately fund additional wireless spectrum and network development, deployment and maintenance; and regulations and conditions relating to spectrum use, licensing, obtaining additional spectrum, technical standards and deployment and usage, including network management rules.**
- **Our ability to manage growth in wireless data services, including network quality and acquisition of adequate spectrum at reasonable costs and terms.**
- **The outcome of pending, threatened or potential litigation and (which includes arbitrations- arbitration), including, without limitation, patent and product safety claims by or against third parties or claims based on alleged misconduct by employees.**
- **The impact from major equipment or software failures on our networks or cyber incidents; the effect of security breaches related to the network or customer information; our inability to obtain handsets, equipment / software or have handsets, equipment / software serviced in a timely and cost- effective manner from suppliers; or severe weather conditions or other climate related events including flooding and hurricanes, natural disasters including earthquakes and forest fires, pandemics- public health emergencies, energy shortages, wars or terrorist attacks.**
- **The issuance by the FASB or other accounting oversight bodies of new or revised accounting standards or changes to existing standards.**
- **Our response to competition and regulatory, legislative and technological developments.**
- **The uncertainty surrounding further congressional action regarding spending and taxation, which may result in changes in government spending and affect the ability and willingness of businesses and consumers to spend in general.**
- **Our ability to realize or sustain the expected benefits of our business transformation initiatives, which are designed to reduce costs, enable legacy rationalization, streamline distribution, remove redundancies and simplify and improve processes and support functions.**
- **Our ability to successfully complete divestitures, as well as achieve our expectations regarding the financial impact of the completed and / or pending**

transactions. Readers are cautioned that other factors discussed in this report, although not enumerated here, also could materially affect our future earnings. 14