

# AT&T Warns of \$10B Charge Ahead of 4Q Earnings

Andrew Berg

Shares of AT&T had stabilized Friday after news of a \$10 billion charge, as well as the impacts of smartphone subsidies, and Superstorm Sandy sent shares lower.

The carrier said in a [filing](#) [1] with the Securities and Exchange Commission that it expects a non-cash, pre-tax charge of approximately \$10 billion related to actuarial gains and losses on pension and postemployment benefit plans.

AT&T also lowered its assumed discount rate to 4.3 percent, resulting in an actuarial loss of approximately \$12.0 billion. The losses were partially offset by asset gain of \$1.9 billion.

AT&T also said that previously announced fourth-quarter total smartphone sales of 10.2 million devices came at a price. Due to the high subsidies on these devices, the carrier expects a near-term pressure on operating income, margins, and earnings per share in the fourth quarter of 2012.

Superstorm Sandy also left an impact. AT&T expects reduction in fourth-quarter 2012 operating income as a result of storms approximately \$175 million, which primarily impacts AT&T Mobility.

Shares of AT&T had recovered some in early trading Friday to \$33.17.

AT&T can take comfort in knowing that its largest competitor, Verizon Wireless, also recently reported some bad news ahead of Q4 earnings.

While Verizon had a record fourth quarter, adding 2.1 million net subscribers, Verizon also said it would be writing down a total of \$9 to \$10 billion in one-time charges, related to everything from refinancing costs to superstorm Sandy.

AT&T is scheduled to report its fourth quarter earnings on Jan. 24.

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<http://www.wirelessweek.com/news/2013/01/t-warns-10b-charge-ahead-4q-earnings>

**Links:**

[1] <http://www.sec.gov/Archives/edgar/data/732717/000073271713000004/january>

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