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PRESENTATION

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. All right, we're live here. So thanks, everyone, for joining us for our second session of the day. I'm really pleased to introduce Pascal Desroches, who's the Chief Financial Officer of AT&T. Pascal, welcome.

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Thank you for having me. It's a pleasure to be back 2 years in a row.

QUESTIONS AND ANSWERS

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

And maybe just talk with -- talk first about a high-level topic. I mean, I think both yourself and John Stankey started in your new role as the CEO and CFO in the second half of 2020. Can you just talk about the transformation that AT&T has undergone under John's and your tenure over the past 2.5 years? How the company has evolved and progressed since then?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. Look, at the outset, let me just say I couldn't be more proud of the organization for rallying around John's vision to reposition the company. Remember, when John took over in the middle of 2020, we were in the early days of the pandemic. We had one of the -- probably the highest debt loads in corporate America. We had businesses that needed to be reenergized in terms of growth. And we had a cost base that wasn't competitive. And a number of different businesses that probably didn't quite have the adjacencies and created a degree of complexity that wasn't helpful. And we also understood that we were at a point where we were about to embark on a significant investment cycle, whether it was spectrum, whether it was launching HBO Max globally, all problems that needed to be solved.

And during that time period, we reenergized growth by investing more in the business, including $37 billion in spectrum that we purchased. We've rolled out fiber to homes in our footprint at a faster pace than anybody. And we were already the largest fiber provider. And we had significantly simplified the company.

DIRECTV was separated, and it's an asset now that it continues to be optimized by a great management team. And also look, WarnerMedia was put in its own capital structure. And we've delevered in the process, resized the dividend.

And you now have a company that has a clear path to continuing to deleverage. And at the same time, last year, we grew customers, revenue, earnings. And this year, we've guided that we're going to continue to do just that and also grow free cash flow in addition to paying a really healthy dividend.

So when you think about AT&T, it's a company that, year in and year out, you should hold us accountable for continuing to grow both top line and bottom line and cash and continue over the next couple of years to delever. Because I still think, on balance, our leverage is a touch high relative to where we want to be aspirationally. But all in all, I couldn't be more proud.

As I look ahead, I mean, one of the things that I think is an enormous opportunity for us is to continue to take costs out and improve the operational excellence, operational execution of the organization. One of the things that we know we've been operating the last decade with a cost base that's probably at a bit of a disadvantage relative to some of our peers and makes it much harder for us to invest at the competitive levels that we need to. So that is part of the next iteration of the next evolution of the company over the next several years.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

And I guess maybe if you could talk about the major priorities for you and the management team this year. What are the major things that you're focused on?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

As I said, simply put, we're going to look to grow the business, revenues, earnings, take share, grow free cash flows and continue to delever. And as part of that, as I said, it's really important that we take our cost base, which is still burdened by a significant legacy copper footprint, and rationalize it over the next several years. We expect to rationalize our copper footprint by 50% between now and 2025. And with that comes significant fixed cost reductions that should come through and drive margin expansion.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

And maybe if I could just follow up on that for a second. The 50% reduction, how much of that is within the existing fiber footprint versus where you might have to build or find maybe a wireless solution to?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Look, it's all within our existing footprint, and we're going to reduce it by 50%, and that's going to come with -- the way to think about this is we have -- we are supporting, on the one hand, growth in -- through our fiber rollout but also have an existing copper infrastructure that's on different billing systems, that's on -- that has a different fixed cost profile, that we have to rationalize over the next several years. And we're going to do that and it's one that we've committed to a 50% reduction by 2025.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. And I guess maybe just to complete the topic of cost takeouts. I know it's been a recurring theme for you, as you mentioned. We hear a lot about cost initiatives from companies. And candidly, sometimes, we don't really see them show up in the numbers. Is this something that we're going to be able to tangibly see? Can you help us understand, beyond the copper retirement, where you expect to get them from? Any other areas?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. Sure thing. Look -- and I recognize it may be difficult to fully appreciate what we have done. Through the end of last year, we've taken out $5 billion of costs. The thing to keep in mind is you have different asset bases in each of the different -- you have in disc ops, some of it in continuing ops. You couple that with a significant inflationary environment and peak investment levels. So I understand how it may be difficult to see through.

But when I take a step back and what I'm able to see is, we've managed, on an organic basis, when you look through it all, have a cost base that is relatively flat despite significant inflationary headwinds and significant ramp-up in investments. Remember, we were being outspent in 2018 2:1 by our peers in terms of the level of dollars that we were putting out in investing on promotions for our customers. We caught up, and all of that has been funded as part of our overall cost takeout, and we're able to keep costs relatively flat.

As we move forward with -- as those investments have plateaued just like you saw in the back half of last year, once we started to lap those investments and they were no longer growing, you started to see margin expansion, you started to see acceleration of earnings growth. And that's really what we're holding ourselves accountable to, and we fully expect that to happen.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. Maybe we could talk about the mobility business for a bit. Revenue growth in wireless has been a pretty healthy balance of volume and ARPU over the past couple of years. How do you see that balance going forward in the context of the '23 guidance of 4%-plus wireless services revenue growth?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Look, I would expect pretty much more of the same as you saw last year. We are at a point where we expect our ARPU to grow. Remember, part of what had been suppressing it is the initial ramp-up of promotional investments that gets amortized against your top line service revenue. And we have now -- that investment has plateaued. And so as a result, we started to lap that, and that's coming -- that's driven -- the lapping of that slow growth, along with migrations to higher-price plans and a return to -- of international roaming.

The migration to higher-price line, we expect that to continue. We've been seeing it the last several years. That's expected to continue. We're not quite all the way back on international roaming. And you only need to see that the travel demands, understand that, that has a secular tailwind. That, coupled with -- we're going to continue to look for opportunities to, are there ways for us to drive additional value through our pricing, through different pricing mechanisms, if appropriate? So it's 1 that I think we have plenty of tools.

You add that on top of our transformation efforts, we feel really good about the future of the wireless business. You see, even though the industry's growth had normalized in the back part of last year, we still took more than our fair share.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Maybe that's a good segue to wireless volumes. Any insights you could share on how industry volumes are holding up so far this year? Could you talk about your expectations for industry volume in '23? And how should we think about your net add performance this year in that context?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Let's go back to '22 to just level-set. What we saw in '22 was the first half, a continuation of the activity, the elevated subscriber activity that you saw in '21. But as we made our way through the back half of last year, I'd say we definitely saw a moderation in industry demand, but we still performed really well. And sitting here today, I tell you the environment remains very healthy. Not at the elevated pace that we saw in the early days of the pandemic, but still really healthy.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes. And how about on the promotional environment? What are you seeing in terms of promotional intensity in the market today across the industry?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Look, this is an industry that has always been competitive. I don't expect it to be any less competitive. But in a 3-player market, I think we don't -- we have no intentions of degrading the economics of our business. And I would say, yes, it's competitive and there are promotions, but nothing out of the norm. It's a continuation of the environment that we've seen.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

And no increase in promotional intensity since last quarter?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

No, I wouldn't say there is. Yes.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. Can you -- I think you touched on it a little bit, but maybe just to go maybe a little bit deeper if you can. Can you talk about the moving pieces of postpaid phone ARPU growth this year when you think about mix shift to premium, promotional impacts, international roaming, et cetera?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

It is all those things. I think you -- a big piece of it is the continued migration to higher-price plans. Also, I think roaming will continue to be there and it will continue to grow.

And on top of that, look, this year, we're still benefiting from the price increases that we saw -- that we put in place in the middle of last year. So that's going to provide a tailwind -- a full year tailwind versus half a year last year. So all those things together give us every confidence that ARPU should grow.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes. Maybe if I could just follow up, too, on just the volume topic a bit. One of the things, I think, that has been talked about is the shift toward companies issuing devices. Moving away from bring your own device. Any sense for, just broad strokes, how early we are in that trend? Is that a multiyear secular trend that you think will continue to drive growth?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

I think so. Look, here is -- when you think about, increasingly, employers having to worry about security, information security, there is -- they want to be able to control the devices that they provide to employees.

And as a result, I think increasingly, there will be employees who want to have, in addition to their work device, a personal device so that they can have a degree of control. Because we know that once the device is provided by the employer, it's the employer's device and there are all sorts of restrictions that are imposed. So I do think this is a secular tailwind that I would expect to continue.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

No TikTok, right, on those devices?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

That's right.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Let's talk about margins in wireless. So wireless service margin, I think, ticked down slightly over the past couple of years even though EBITDA growth has still been solid. What are you expecting directionally for service margins in '23? And what are the dynamics underlying that margin trend?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. Look, we haven't provided specific guidance on margin, but here are the things that you have to keep in mind.

One, we do -- one of the things that had been contracting margins had been the investments that we made in catching up on promotions. But we are now at a point where that is more steady state.

Two, we expect ARPU and service revenues to grow on a cost base that is reasonably fixed. And you can do the math to see how -- what that implies in terms of overall margin trends, but we feel really good about the margin trajectory.

And all of that is also going to be helped by our transformation efforts. Remember, we continue to find ways to rationalize our cost base. Think things like customer self-service. You call up, you have a problem. And through automated technology, you're able to resolve it or to direct the call to the right place in order for it to be solved quickly. That's really helped reduce the amount of call volumes.

And so all those things together -- and also our digital channel, where a lot of our upgrade activity continues to come through. All those things will also help in driving margin expansion.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Let's talk about 5G and the network. What are you seeing in the emerging 5G enterprise segment of the market? Have edge compute and private networks been slower to materialize than you expected? And what are your expectations for when 5G enterprise could start to become material to revenue growth?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. Look, it's -- let me start by saying that we are -- this is happening exactly at the pace we thought it would. We never expected those advanced networking services to be meaningful in the next 2 to 3 years. We don't, and our plans are not based on that.

We do, however, based on the product development work that we're doing with a number of different enterprises, we are confident that it will develop, but it's just going to be over an extended time frame. But that is consistent with what we thought all along.

And we feel really good about the services that are going to be unleashed by that. Think about some of the wearable devices and then the importance of very low-latency. Remote medical procedures. All things that are going to be enabled by advanced networking solutions. But we are in the early days of that evolution.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Maybe shift to fiber and consumer business for a bit. Your fiber to the home build-out now passes 24 million residential and business locations. That's relative to the target of at least 30 million by the end of '25.

How successful have you been in penetrating newly passed homes and businesses? How do the ARPU and churn profiles compare to non fiber to the home Internet access subscriber base you have? And it feels like you pulled back on the cadence of your fiber build. Just wanted to ask you what has really changed there. And what are your thoughts on the build trend going forward?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Look, if I don't answer all your questions...

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

I'll remind you. Sorry, a lot in there.

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

So first, overall, we had always guided to 30 million-plus homes by 2025. That remains our guidance. And if you were to do the rough math, that would imply 2 million to 2.5 million new homes passed over the next 3 years.

And in terms of the characteristics, I think it's fair to say that it's probably costing us more than we thought when we started. So the costs have gone up. But we're also penetrating much faster than we thought. And nearly twice the level of penetration in the first year that we have seen historically. So we're really pleased with how we are driving penetration on the build.

And also, the ARPU is at a higher rate than we had assumed. So on balance, the returns are actually a little bit better than we thought. But you take a step back, look, this is a product that is durable, that -- the maintenance associated with it is much more attractive than our copper footprint. So all are really positive tailwinds, but it just takes a while. But it's something that we are more excited today than we've ever been about the opportunity.

And all of that doesn't include the money that we expect to secure from the government as part of the overall broadband infrastructure bill. And it didn't include the 1.5 million we've already announced in our Gigapower partnership with BlackRock. And in success, I would expect that to also be something we expand upon if it proves out as we expect.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes, I think you hit all the points there. Good job.

Let's talk about consumer wireline revenue growth. Your consumer wireline business is now seeing consistent revenue growth and even stronger EBITDA growth. Do you think that revenue growth and margin expansion can continue on the back of the build out that we were just talking about?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Absolutely. If you -- we're at a point, and we reached this last year, where the absolute quantum of fiber revenue exceeds the copper-based revenue, and it's growing much faster. So mathematically, we should continue to see revenue growth.

Also importantly, and I said this, but I think it's worth underscoring, a big attraction to fiber is not only its effectiveness but the maintenance characteristics are very attractive. There are much fewer dispatches for repair versus copper. It's one that -- weather events are -- fiber tends to be less impacted by weather events. All those things make it not only attractive but very profitable long term.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

And just I guess maybe on the fiber side. Can you shed any light on how much of your gross adds are typically existing AT&T Internet access subscribers that are upgrading from a legacy service? Versus customers that are coming, say, directly from competitors that are new to AT&T?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

I think here's what we have said publicly. Think about it as roughly half are new to AT&T. They're in our footprint that they -- half. So the other half are upgrades with existing customers. But look, I view both of those are really attractive because the nature of the legacy services are, they're going to be a future churn event if you don't catch them. So it's one that -- I'd say it's about 50-50.

And if -- customers that are coming in new also give us an opportunity, if they are not wireless subscribers, to get them to be wireless subscribers because how attractive that service is. The NPS scores for fiber are really attractive. And generally, what you will find is we have a pretty meaningful uptick in our wireless penetration when we have fiber. So all those things make us excited about the opportunity.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. And maybe talk about just bundling for a second. Fixed broadband is obviously a great business on its own. But I'm curious to know how much of your strategy is motivated by wireless-wireline convergence. It would be great just to hear your overall perspective on how you think that market evolves from here.

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

If you look across broadband and wireless in general, everybody is trying to create some version of a bundle. We are the only company that is able to do so organically, we're using our own network. And also, look, fiber, I think, is something that when you look at the NPS scores, when you look at where it is priced relative to cable, we have an opportunity. It's a better product at a lower price point. We have an opportunity to grow that price. And all of that is before the ability to add additional customer lifetime value through deeper penetration of our wireless footprint. So all things really, really good. And fortunately, we're in the very early innings of this.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes. And then you mentioned the Gigapower JV with BlackRock. How do you expect, I guess, first off, the BEAD beat government subsidy program and the JV with BlackRock to contribute to your fiber strategy? Are they likely to be material to the premises count over the next 5 years?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Just to make sure it's level set in terms of why we did the BEAD -- why we did the JV. We are committed to continuing to build, over the next several years in our footprint, 30 million-plus homes. Plus, this is an opportunity when timing is of the essence to accelerate that build by partnering with someone for parts, for footprint that is outside of our traditional footprint. It's a very light capital investment.

And so you're able to do that, expand your TAM at a time where a lot of government subsidy is going to come to the market. So you're, in effect, whether it's through the Gigapower JV or through on our own, we're going to be able to capitalize on that money coming into the marketplace over the next several years at an accelerated pace, versus if we had just done it ourselves, because we are committed to continuing to delever our balance sheet over the next several years. So this is a capital-light way to accelerate that build.

I mean, if you think about it, this JV is going to be leveraged, and we and BlackRock are each going to put in half of the equity. And so look, we're really excited about it, and we're going to be able to bundle our wireless relationships through the sales of the service.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

So Gigapower allows you to play offense in gaining fiber outside of your traditional LEC footprint; and b, it can help you to fund the build-out of the less dense areas within footprint, is kind of the way to think about it?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. That's right, that's right. And b, it could potentially expand the TAM of the Gigapower build as well.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Let's touch on fixed wireless. I understand you're in the process of reinventing your fixed wireless access product. What do you hope to achieve with the new version? How does fixed wireless fit into your strategy? Is it just about geography? Or is it also about demographics and affordability challenges of FTTH for middle and lower income subs?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

It's one that, I think unlike some of our wireless peers, our view is this. Look, fixed wireless, in certain cases, it's kind of nice. It's a nice catch product, where we have a copper customer that we're going to get to in the next 12 to 24 months. But long term, it's not a solution you want to -- we want to put a lot of resources behind.

Why? It's because it's not a great product, and the customer ultimately is going to reject it. I mean, at its core, that is our belief. When you look at the amount of bandwidth that is consumed in the home, over time, the customer's experience is going to degrade. And we don't think it's a product that we want to spend a lot of resources on.

Two, when you start to factor in, okay, what is the service being offered at in the marketplace? What is the customer acquisition cost? What is truly the expected lifetime of that customer? You start to pencil out some rough math, it's really hard to say that this is a product that's going to be -- that's going to grow like gangbusters and provide really attractive returns.

And we are -- candidly, we'd much rather take our resources, focus on deploying more fiber. And then also, look, I think our spectrum long term, we think, provides us with a great opportunity to continue to experiment and ultimately roll out a new class of service. Let's not get distracted by chasing empty calories in the near term.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

And maybe to shift to the macro environment. What are you seeing across your businesses as far as impacts right now from the macroeconomic environment? Are you seeing any impacts as they relate to volumes, pricing, bad debt collections, inflationary pressures? Just anything. Very open-ended question, but...

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. Look, and it's one, obviously, given the breadth of our consumer relationship, I get asked all the time. And here's the way I would say it, like, the consumer has recently -- it remains very resilient. Is demand as high as it was in the first half of '22? No. But it's basically at the same volumes that we've seen historically.

Two, in terms of credit losses. Since the spring of last year, we said that we saw an uptick in bad debt, but it really got us back to pre-pandemic levels, maybe a little slightly worse. But that has not degraded at all over the course of the back half of 2024 -- 2022 collections. We saw a normalization of the collection cycle last year, but that has basically remained at around the same level that -- where we saw the uptick, and maybe go into normalization last year.

So although I'd say, demand is solid. Bad debt and collections are basically at pre-pandemic levels. So customer continues to hang in there.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Yes, wow. And maybe just talk about the balance sheet and free cash flow. That regarding the '23 free cash flow guidance, I think a few factors below the EBITDA line caused you to lower free cash flow guide in '22 by $2 billion to $14 billion.

Why did the 2023 guidance decline by $4 billion to $16 billion? What are the factors that reduced the previous '23 expectations for the amount of free cash flow growth you'd have? Really reduced it by 50%, from $4 billion to $2 billion?

And I think on the 4Q '22 earnings call, you mentioned that there is some level of seasonality associated with cash flow. Can you just help us understand that seasonality? And is that a function of being more dedicated -- being a more dedicated connectivity provider?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes. Overall, headlines on free cash flow for 2023. Relative to 2022, we expect to grow $2 billion or better. The piece parts are: We expect EBITDA growth, we expect lower interest costs. A big part of our expense for 2023 that we anticipate is amortization of the prior year promotions that we gave, that's so -- the cash was spent so that's in amortization. So that's going to create $2 billion of noncash benefits. Those are the 3 big pieces. Going the other way, we would anticipate DIRECTV to be about $1 billion less and cash taxes to be about $1 billion more.

And so in terms of relative to the original guidance that we gave, I think the big pieces are this. One, business wireline has performed worse than we anticipated. There's no hiding behind that. I also think that inflation has been more than we thought. And we've quoted like $1 billion-plus on our original expectation. And also, look, the normalization of the collection cycle. We said last year that, that cost us about $1 billion. So you kind of put all those pieces together, it should give you a sense for why we're off relative to the original guide.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. And on the seasonality piece of it, just...

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Yes, in terms of seasonality, here's the thing to think about in the first quarter. One, you have the biggest absolute level of device spend because you pay in Q1 for September through December device sales. So that's -- so every year, that's going to be a factor that you are spending your most on device in Q1.

Two, that's when we pay our annual incentive comp. Last year was a record CapEx build, and there is an amount of payable at the end of the year related to that build that kind of hits in Q1.

Also, look, we don't talk a lot about this, but our headcount sequentially in the quarter is down 7,000. I mean, 7,000 employees, and that comes with a certain amount of severance. So all those things are going to hit Q1 and depress it relative to what you would normally expect.

Also look, I'd be remiss, we had an extra payroll relative to 2022, just way the calendar falls. So all those things are -- will make Q1 the lowest quarter of the year, but we feel really good about our full year guidance.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Okay. And maybe before we wrap up, just to talk about capital investment. You've guided to flat CapEx this year, followed by a significant decrease in 2024. Is there any risk to that decline next year not materializing as expected? And is the difference all related to the completion of the C-band deployment? Or are there other factors involved?

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

I think the -- one, we did -- we expect and we will moderate CapEx once beyond 2023. We are at record capital intensity. And over time, we would expect our capital intensity to be in the mid-teens. Last year, we were about 20%, not acceptable long term. I think we're going to be largely complete with the C-band deployment. There's still going to be some, but it will be largely done. Also, we've been investing significantly in transformation and some of the transformation work we've been doing to automate some of our systems, implement AI, all things that are producing returns.

But we've been at peak investment levels the last 2 years, including this year, and you should see that moderate as you make your way beyond 2023.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

All right. Great. Well, thanks so much for joining us today, Pascal. Really appreciate it.

Pascal Desroches - *AT&T Inc. - Senior EVP & CFO*

Well, thank you, everybody.

Bryan D. Kraft - *Deutsche Bank AG, Research Division - Senior Analyst*

Thank you, all.

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