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PRESENTATION

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Hello, everybody. If this is working the way it's supposed to be working, you're seeing me live from New York. I'm Dave Barden. I head up U.S. telecom services and communications infrastructure research for the bank based here in New York. Thank you all for joining us with the conversation. We're really pleased to have one of AT&T's most senior executives of one of their biggest business units, David McElfresh -- sorry, Jeff McElfresh from -- the CEO of the Communications unit of AT&T.

We've got over 350 people on the line to see us kind of have this conversation. I'd like to kind of just let everyone know that if you'd like to ask a question, there's a chat feature, so you can ask a question, I'll see it, and I can kind of aggregate those comments together. Or if you prefer, you could e-mail me at david.w.barden@bofa.com.

And I know, Jeff, you've got a disclaimer you need to read, so I'll hand it over to you.

Jeffery Scott McElfresh - *AT&T Inc. - CEO of AT&T Communications LLC*

Yes, you bet, David. Appreciate you having me here today and get a little housekeeping out of the way, be quick.

I want to call your attention to our safe harbor statement, which says some of my comments may be forward-looking, subject to risks and uncertainties. Results may differ materially, and you can find further information on our website or in our SEC filings.

And I also would like to remind everyone that we're in a quiet period for the FCC Spectrum Auction 105. And so while we're in that effect, I'm not going to be able to comment on that very particular topic here today.

With that, David, housekeeping set aside, I'm really pleased to join here.

QUESTIONS AND ANSWERS

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Thank you so much for doing this. We really do appreciate it. I think maybe the best place to start would be, Jeff, could you kind of share a little bit about where you sit in the AT&T organization? I know there's been some management movement in the last 6 months or so. Any kind of -- maybe start off there, and we'll kind of work down through the business units.

Jeffery Scott McElfresh - *AT&T Inc. - CEO of AT&T Communications LLC*

Yes, David, I'm happy to do that. Amidst all that we're dealing with in society and clearly with COVID-19 and the pandemic, as you cited, AT&T has gone through a bit of restructuring with the naming of John Stankey as our incoming CEO. I'm a member of John's team. My responsibilities encompass all of what most of your viewers and followers might think of as the classic, traditional parts of AT&T, all of the telecommunications



company, and that is inclusive of our consumer wireless, pay TV and broadband business as well as our enterprise operations under Anchal, serving enterprise customers with both fixed and mobility services, as well, sitting within the organization, our network organizations that invest significant capital to make this network shine as well as our technology spaces around our technology architecture, our research and development labs and our IT systems and platforms.

And so in a nutshell, I am responsible for what I'd like to think of as the connectivity business. Any way we can attach customers to our best network is what my sales teams, my marketing teams, my engineers focus on day in and day out. And now I have a peer in the WarnerMedia business in Jason Kilar, who's responsible for all of WarnerMedia, and that is inclusive of clearly our networks, Turner and CNN and, most recently, our HBO Max launch that we launched on the 27th of May, in addition to the studios themselves out of Warner Bros.

And so between the 2 of us, we represent telecommunications and the media franchise. And then Lori Lee, another peer, who is responsible for our Latin American operations, that encompasses Mexico and our video ATV business in Latin America. So currently, 3 key operating elements inside of AT&T as it's structured today.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. Great. I want to talk a little bit about COVID and kind of how that's impacted the business and kind of how we're going to be coming out of that. But before I do, I think it would be interesting to hear your perspective on Randall's strategy from the beginning was to try to create this modern media company. And the idea was that bringing media and telecommunications together would somehow make both of them stronger. Could you kind of elaborate a little bit about how sitting in your seat at the communications side, having the media business be part of your ecosystem maybe makes you a stronger competitor in the market either for wireline, wireless or both?

Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Yes. I'm happy to, David. As I sit here in this position as of October of last year, prior to that, I was responsible for our launch into the 5G space and our network organizations. I feel really good about the assets that we as AT&T have inside of what I like to think of as our bar.

And if you go back in time prior to the DIRECTV acquisition, our scale of fiber-based services were limited. Our pay TV subscriber base was limited. And as we've made our way through our transactions, we've generated substantial cash flow that's enabled us to invest aggressively into connectivity products like our fiber networks, which today serve more than 14 million households passed. And we just put away in the first quarter another 200,000, I think, 209,000 net subscriber additions inside of that fiber-based footprint. That has proven to be very competitive against the cable players in that space we compete with and, as well, brings with it a myriad of other products and services, such as our pay TV, our over-the-top SVOD offering as well as our wireless services.

So connectivity has proven to be really core and central to the cash flow performance of the company. And our strategy that Randall architected from the beginning has put us in a really strong position to be best-in-class in these areas, to invest in continuing our fiber deployments, to invest in the spectrum that's been needed, to fulfill the nation's best network. And so collectively, all together, I feel really solid about the position that we're in.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. Great. So recognizing its strength, I think we've heard from a number of companies that, with respect to the kind of shutdown and social distancing and such that we've experienced with COVID over the last few months, that kind of April was more or less the bottom. We were kind of heading into it in March and kind of maybe coming out of it in May. Could you talk a little bit about kind of the effect that COVID had on the business in 2Q and kind of what the trajectory of this business coming out of 2Q is as we think about it in the back part of the year?

Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Yes. Sure. I think -- at a high level, I think it's probably too early for anybody to predict what the recovery is going to look like. I mean it's one of the reasons why we, along with many others, pulled our guidance for 2020. I mean having precision on the economy over the next 2 to 3 quarters is really a challenge, I must admit.

As such, our company, as we shifted into our operating posture for COVID, we did a really nice job. Our network performed incredibly well. The demands for products and services, such as broadband connectivity and wireless, really flourished as you saw in our first quarter results. And we continue to see a demand from enterprise customers as their employee base shifts from the office, like where I'm sitting in here today. I'm one of but a small number of employees back to the workplace here at AT&T. As their employees have shifted to a work-from-home environment, demand for broadband services and security and connectivity back into their enterprise continues to be very strong.

I would also highlight that our FirstNet program really shined during the COVID response, and we continue to see high adoption of baseline circuits, such as fiber and VPN connectivity, to health care providers and professionals in support of this pandemic.

Having said all that, looking at the trends as we come out of this, I think you got to look at it state by state, city by city. We've got different gradations of recoveries or shelter-in-place rules and regulations. And so one of the exciting things, I think, that we've all lived through is we've really accelerated this work from home, being able to operate a large-scale business remotely as opposed to doing so from your traditional workplace settings. And in doing that, we were able to pivot not only our management team, but also our retail presence and our mobility business.

You recall there at the tail end of the first quarter, we had reduced our retail footprint down to, what I call, a minimum viable service footprint, which was about 20 to 30 radial miles around each of our store locations. And we maintained those minimum number of locations open to support first responders, teachers, nurses that needed wireless connectivity to conduct their business or their mission. And that, in turn, was supported by a really interesting shift to the consumer behavior of consuming more products and services via digital and online channels.

And I'm really proud of the AT&T team for not only continuing to maintain a high-quality network that performed really well, but also our ability to adjust how we serve the marketplace and the shifting dynamics that we saw from consumers. David, that includes things like ordering online and picking up in store, picking up curbside, or ordering online and our couriers deliver to your doorstep in a socially distanced arrangement. We really saw high NPS, a high affinity from subscribers who really appreciated AT&T's operating adjustments to support them during this time.

And so I just -- I suggest to you that, as we have been through this now, we are seeing new opportunity, and we're seeing new ways in which we can accelerate some of our transformation activities that we announced late last year that gets after some cost, but also serves for driving a bit more market momentum in key segments, like our wireless business, in key markets. And I think you should expect AT&T will phase in and phase out many of these plays, market by market, as commerce begins to recover, shoppers begin to make their way back out on the streets and just not a one size fits all. I think it's going to be a very dynamic and local market aspect that we've got to pay attention to.

David William Barden - BofA Merrill Lynch, Research Division - MD

And so are you seeing that on the ground today? Are you seeing actual significant differences in business level activity in more open states like Texas versus, say, Connecticut, for instance?

Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Yes. I think it's logical, I think, and somewhat a bit of common sense that -- in that when there is retail traffic that's recovering generally speaking in the industry, we're seeing slightly higher traffic trends in the doors that we have returned to being -- to present online and open. Having said that, though, I don't expect that we will turn up and reopen all of the same physical bricks-and-mortar real estate that we operated prior to COVID. That's an example of what I mean by getting out in front, accelerating our transformation of our distribution elements as part of our multiyear plan. We're kind of getting the kickstart on that and some confidence that we can maintain volumes.

As you saw what we did in the first quarter, we're very proud of the performance. We posted 163,000 postpaid net adds. And while that number to some might not be a large number, for us, that's the best performance we had in a quarter in 10 years. And so we have really nice market momentum leading into COVID-19, and we maintained momentum during this event and are going to come out of this with a head start, I would say, on some of these cost initiatives and the curation of our distribution elements.

And so the team is very, very bullish on how we're performing today. I just like -- I couldn't tell you specifically what 2Q, 3Q or 4Q is going to look like because we don't know what unemployment really means to the purchasing power. We don't know what the stimulus package is that the government has passed and how that trickles actually into commerce. But I can tell you, our cash flow generation is strong. The resiliency of our wireless and our broadband products remain healthy, and that's why you've heard us recommit. We are committed to investing against our capital program here in 2020 with the rollout of 5G, continuing the investments in our network and then being ready as the balance of the year unfolds.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Got it, got it. So we're starting to get some questions coming in. I guess the first one, I think this was pretty much in your sweet spot is talking about kind of what it means to have 3 players in the market now instead of 4. Have we seen gross add activity drop? It's probably not easy to make general statements given we haven't been in a very normal environment, but any kind of, I guess, commentary you'd make about being in a 3-player market versus a 4-player market, what that means for competitive intensity in the marketplace.

Jeffery Scott McElfresh - *AT&T Inc. - CEO of AT&T Communications LLC*

David, generally speaking, my perspective on this is our wireless industry in the U.S. has been the trademark, most competitive wireless marketplace anywhere I've ever operated a business. And I can tell you, I've operated in multiple countries, not only wireless, but also pay TV and broadband businesses, predominantly in Latin America. And so I approach this from a perspective of I never viewed our wireless industry as noncompetitive with 3 players or 4 players. There's clearly nice ARPUs. It's a healthy business. And I, for one, would look forward to a marketplace that continues to generate handsome returns for investors that choose to put their dollars to it.

I do not expect there to be any softening of the competitiveness in the wireless market. I do believe that there will become a -- there will be a shift in what consumers over the next 2 to 3 to 4 years actually value most when they choose their wireless service provider. And maybe in the past, it was all about coverage. It was all about speeds. And I think you're going to see with the heavy investments that at least, I mean, we've made consistently year in and year out, we're achieving throughput speeds, even with 4G technology that rivals a lot of terrestrial broadband options that are available to consumers today. I think you're going to see speeds and bandwidth continue to improve across the networks in the U.S. One way, shape or form, that's been a turn, a decision matrix for a consumer, not so much indexed on coverage and speed, but what else, what else can I do with that service. And I think we're going to see competition shift from the classic models into what other services do you offer me to maintain my relationship with you as a service provider or a customer.

And I think that's where you're going to see competition heat up, as each of the wireless players have marked off how they want to compete in this industry. And we're not really following one another. We're each competing with a slightly different angle. And I for one, I like the angle that we're taking. I like the results that we're seeing early, and we've just begun. But I don't believe you're going to see any softening of the wireless competitive dynamic.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Got it. Well -- and so this is probably related to this question, which is kind of on a net basis, there's kind of 2 forces at work, as we think about the end of the year. There was this sense that the 5G iPhone would be this pretty significant switching upgrade event. I mean I think you guys have specifically spoken about that is historically being one of your revenue drivers. On the flip side, we've got the issue of recession and store closings and maybe not being fully reopened. So I guess the question is really trying to predict what is the stronger force. Is it going to be more competitive than normal or less competitive than normal you think in the back part of the year?



Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Yes. I -- that is a wonderful question that I think most people are trying to wrestle with. You don't know how much affordability and budget tightening in a household is going to influence how much money a home or a consumer wants to invest in the next generation of a particular handset. Having said that, we've got a roadmap to deploy 15 5G devices this year. Our network will be nationwide. We're in 160 million POPs covered today with our low-band 5G network. That's roughly over [350] markets. It's live in today, but we won't go national until we've got -- we won't go loud about that until we've got a nationwide coverage footprint, which we're on track to do towards the end of the year.

And I would suggest that underpinning the volume question is what are consumers attracted to. And what we're seeing since we launched our new unlimited rate plans back in November of last year is we're seeing really nice adoption of our existing base of customers upgrading their rate plans to these new Unlimited Elite rate plans that we put into the marketplace. We're encouraged by this movement. It not only is an ARPU driver for our business. It's helping us improve our churn performance and, clearly, the loyalty with the base add that we care for in our wireless franchise.

Now I will cite that our rate plan structure has been thoughtfully put together with the highest-end unlimited plan comes with it access included to our HBO Max product that we offered in May. And while I'm not going to announce kind of any results here today, I can tell you that I am pleased with the adoption that I'm seeing. I can also tell you that consumers, as they're upgrading to this Unlimited Elite plan, they're not just getting more data or access to a SVOD streaming service. They're actually gaining access to a unique tier of speed and quality on our network, such that they can enjoy video conferencing with high-quality, 1080p video resolution. They can consume SVOD and entertainment services at 1080p resolution. And when their friends who do not have access to that speed tier are trying to send out a Snapchat, video link or some social media post and they want to send something, they kind of get a little faster network responsiveness.

And so these are some of the trademarks or capabilities, I think, our consumers sign, that they appreciate more with those unlimited plans, and we're seeing nice motion there -- or nice movement there, I would say. We expect that will continue through the course of the year. Will it accelerate when we get to the traditional heavy season here at the end of the year in the wireless industry? Will there be an iconic phone that's available that brings with it through 5G new radio capabilities in it? And how much will consumers be willing to invest in that first edition? It's to be seen. There's just too many variables today to call it, but we're planning for it, and we will be there to compete.

I can assure you that we will continue to invest in our wireless network. We will continue to invest in feeding that network with lots of fiber, and we will invest for market momentum market by market in this wireless business. David, I think you know very well, this wireless business is a -- it's not a small business, and it accounts for a very large percentage of the cash flows and the profit pools of AT&T. And we will nurture that accurately and as necessary.

David William Barden - BofA Merrill Lynch, Research Division - MD

So you mentioned investing in the network. There was a couple of questions along those lines. It's not just fiber, obviously, that's necessary. It's spectrum. And so with -- there a couple of pools of spectrum, obviously, we can't talk about the CBRS right now, but how important would the ability -- well, there's a lot of questions here to ask. I guess, how important is C-band? Is Ligado spectrum interesting and relevant because it's very complementary with C-band? And/or would you be open to doing some sort of leasing deal with DISH potentially to kind of augment capacity in the near term, while you wait for C-band to show up? Lots of questions in there.

Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Yes, lots of questions, some of which I might be able to address, and others you know I will probably shy away from. But let's -- you've got to ask it, and I'm going to answer to the best of my ability. So I started in this business, David, 25 years ago, converting what was once our analog cellular network, the very first digital standards back in the day, TDMA when Verizon went the CDMA route. So I have been in this wireless business from the -- from day 1 of my career with the company. And I can tell you a couple of things that are known truths. It takes a lot of fiber and a lot of physical site locations with high densification in order to realize the full potential of the spectrum that you are making available to the market or to make a full realization of the performance of what 3G, 4G, 5G and, at some point, 6G will bring to the industry. So there are heavy investments. They are

not overnight investments that are required to build out the right network fabric, to position whatever spectrum you own, to be most competitive and effective for consumers.

Also, we have not figured out as an industry how to break physics. And the laws of physics are pretty firm, and that is you need not only spectrum that travels for coverage, but you also need chunks of it broad enough, so that you can fulfill a throughput promise that gets you into those approaching gigabit speeds.

And so any additional spectrum that you add on top of the spectrum portfolio, if it's complementary and can be leveraged using DSS, dynamic spectrum sharing, and/or it's complementary and can be aggregated with carrier aggregation capabilities in the handset, you can get really nice quality improvements and speed improvements. And you've seen us prove that with our FirstNet deployment program of Band 14 and all of the features that we have been putting up in each of our towers over the last 2.5 years. In that time frame, we've increased AT&T spectrum capacity that's made available to the marketplace by 70%. And you've seen our speeds of our network skyrocket to being best-in-class among the players as of today.

Going forward, if you want to provide gigabit-type speeds on a wireless network, it requires mid-band spectrum and lots of it in a clean, unencumbered approach. And so therefore, we at AT&T are certainly evaluating all options that might be available to the industry, and C-band inclusive in our scan of what we might be interested in. And I will tell you, we are encouraging the FCC to bring that spectrum to auction on their time table. And you should expect that AT&T is clearly interested in that because there's no other spectrum that's available with that kind of bandwidth. The big question will be, is it going to be unencumbered and can it be put to use in an orderly fashion and enough time to fulfill market demand. And from that point of view, our spectrum position at AT&T today is very solid. I as an RF engineer coming up in the company, right, I'm just very appreciative of all of the assets that we have. And our low-band and mid-band spectrum position is really strong. We've got the capacity in our current networks that are performing better than others. So we have room to grow, short of needing any internal spectrum that might come available. So timing for us might be a little bit less urgent. However, for the -- thinking long term, C-band will be a good spectrum addition to the industry for 5G.

David William Barden - BofA Merrill Lynch, Research Division - MD

One of the questions I've got from the investors is kind of on this topic is do you have the balance sheet capacity to bid competitively for a multi, multibillion-dollar amount of incremental spectrum. And how do you -- given your kind of gross to debt balance, people wonder how you navigate that process.

Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

I think we have, at the helm of our financial balance sheet structure, a very talented and experienced CFO, John Stephens. And I've got confidence that investing in our wireless franchise is never in question. We are committed to remaining competitive. We're committed to keeping our network assets best-in-class and to go drive market momentum in each market. And I'll let you unpack that in your maybe discussions with John. But as the CEO of this business, I'm confident we've got the balance sheet support to go make it happen.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. Great. So another question here. Shifting gears a little bit over to the Entertainment Group. A couple questions. One is, could you comment on the trends in the advertising business that you're seeing? I would imagine, I guess, it's on DIRECTV. Maybe if you got some insight into the kind of as under Turner, or other sides of the advertising business. That's question number one. And then question number two is kind of what has the impact from the lockdowns and such been on the satellite TV business. Has it accelerated the churn? Or has it decelerated it because people stay home more and consume more entertainment? I guess people just don't know what's happening out there.



Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Yes. First, I'm going to take your question in reverse order maybe. First, I'd like to share with you what our video strategy is because, David, you and I have been spending a lot of time together, and I imagine that's probably a question that's out there from some of your investors or follow us here.

First and foremost, where there is quality broadband that's available to a consumer, whether it's our broadband in our footprint or provided by somebody else, our lead offer as of the start of COVID when we launched AT&T TV is our software-delivered video products, AT&T TV and HBO Max. Why is this important? Because as we curate our product offerings in the video space, be it a linear package, a linear service or a streaming than in live service, I want our investors to understand our future growth exists on software-delivered, capital-light, wide addressable market product sense, and that for us is AT&T TV plus HBO Max.

Where there's not competitive broadband available for a household or consumer, our lead offer was, is and will be our DIRECTV satellite offer. It is the best alternative option because the broadband is not available in the rural parts of the states and, in some cases, in some suburb areas. And so I want to make sure that we ground on our video strategy going forward is on those 2 primary objectives.

Underpinning that is our fiber network investment in our broadband business. So where we have -- in our network footprint, where we have fiber, we are driving penetration in that fiber network because consumers are really seeking broadband to begin with and then a service on top, and so we're leading with broadband. You noticed probably in the end of last year, we brought forth a fairly aggressive 1 gig offer on our fiber network for \$39.99, and we coupled that with our AT&T TV product that we launched here towards the beginning of the COVID-19 transition at \$39.99 as well. And we're seeing nice -- we're seeing a nice volume there.

Why is that important? Because it does not require a technician to visit the home to install AT&T TV. And so to your question about do we -- what trends do we see occurring, clearly, when we reoriented our operations to the COVID protocol, we prioritized service. We prioritized service referral over new installations. And as a result of that, we did see softening of gross add volumes in what I would classify as our traditional, more capital-intensive products like DIRECTV or U-verse offerings.

Well, also, consumers did not necessarily want technicians visiting the home as well. And so for their comfort and safety, we did not -- we obliged, if you will. Having said that, we've also seen that, yes, connectivity to video services in these homes remain very high. And while sports has not been available, news ratings have been growing and improving and increasing. And so ad sales revenues on the classic kind of sports-related channels are obviously down. And overall, we've seen pressure in ad sales, not only on our DIRECTV side of the franchise, but also in our Turner Networks with our family over under Kilar's operation.

I would expect that, that will recover in due time as some of the content comes back available on the platforms and some of the leads determine how they want to restart their product offering into the market. You'll see some leads probably lead a little bit quicker than others, but we're ready to kind of handle that restart on that front.

David William Barden - BofA Merrill Lynch, Research Division - MD

Okay. We've got about 5 minutes left. I just want to share that Dave -- Jeff, this is my single largest ever meeting. We've got now over 520 people that are watching our -- this conversation, so that's kind of great. So congratulations, you win the award. You beat Stephens hands down.

So the next question, Jeff, is given deployment cost savings of pairing C-band and L-band, is it safe to assume that you are taking a hard look at Ligado now that the spectrum has been freed up by the FCC?

Jeffery Scott McElfresh - AT&T Inc. - CEO of AT&T Communications LLC

Probably not something I'm comfortable commenting on. Just understand that we will actively review all available spectrum. And it's not just -- not all spectrum is created equal and not all spectrum is -- work through the broad ecosystem and chipset suppliers, handset, infrastructure players.

The integration of putting spectrum to service in a market, it's a multifaceted approach and a -- not an overnight event. And so our teams are really skilled at this. We will continue to evaluate all available options.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Okay. Awesome. And then the next one, we're doing the speed round here, sorry, Jeff.

Jeffery Scott McElfresh - *AT&T Inc. - CEO of AT&T Communications LLC*

Yes.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

So you and John Stankey have both been vocal advocates of fiber to the home. How are you thinking about potentially accelerating this fiber connectivity and maybe expanding the fiber build at the margin now? Or are you kind of set on your path of the kind of million fiber home target this year?

Jeffery Scott McElfresh - *AT&T Inc. - CEO of AT&T Communications LLC*

Yes. So if I could, I'd like to share, number one, as an operator, and that's kind of how I've been raised in this business, there are transformation initiatives that we have underway we classically talked about as cost improvement. And it's as important, we start this comment or conversation about fiber from this point of view. Many -- we've actually come out and explained over the next 3 years with this transformation initiative, we're going to reduce our cost structure. We're going to force a more refined approach around the product sets that we offer across consumer and enterprise. We're going to work through the back-end systems to alleviate some of the technical debt. And it's easy to very quickly think about all of that as an EBITDA improvement initiative or cost takeout. But I must say, David, as much as we are focused on cost improvement, we are also focused on market momentum and our service levels we're offering our customers. We are laser-like focused on finding the most efficient path to expanding the footprint of our fiber offerings. And therefore, when you look at how we've arrived where we are today, we've got multiple fiber networks. We've got one that supports the nation's best network. We've got fiber networks that support enterprise clients. Your bank is one, for example. And we also have a residential broadband fiber network that we've been talking about that serves many neighborhoods around the nation.

And as we drive deeper fiber penetration in our wireless expansion and as we string out more C-RAN or small cells to densify our signal throughout our key markets, we passed a ton of small businesses. We passed a ton of houses. And what might have been in the past have thought about a consumer-based residential broadband offering and a business case and investment plan, now today is viewed as one integrated network. One set of fiber strands that serve enterprise dedicated and shared, residential shared, backhaul, front haul for our cellular network and even up to wholesale offerings. And it's with this integrated planning approach that we have put in place since last October that gives us a really good efficient spend on an ability to expand further our fiber footprint.

I can tell you, densification of our wireless network and an increased footprint expansion of our fiber offerings is in the making for AT&T over the next several years. It's a great business. It's got great margins. It's got great returns. There's nothing not to like about it, and we're going to lean into it.

David William Barden - *BofA Merrill Lynch, Research Division - MD*

Well, I think that, that's a great place to end. Jeff, thank you so much, CEO of AT&T Communications. Thank you for being here and doing this, and thank you for all of you on the presentation. We appreciate your attendance. And we, of course, we would always appreciate your support in the



ballot, which I have to say. But thank you so much. And hopefully, you'll be able to join us in another 10 minutes for our Verizon fireside chat. So thank you so much, guys. We appreciate it.

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