

Digital Equity

Whereas: Internet access is essential for full participation in America's economy and democracy. McKinsey reports that the Internet is a "net job creator".

Yet today, 34 million Americans do not have fixed high-speed Internet. Those left out are more likely to be communities of color, poor people, elders or rural residents. Studies show that the biggest reason these Americans don't have broadband is cost.

AT&T's role in providing low-income communities with affordable broadband receives considerable public attention. There is concern, however, that AT&T is failing to live up to its commitments in this regard, exposing the Company to significant legal, financial and reputational risk.

The Federal Communications Commission concluded in 2016 that "broadband is not being deployed to all Americans in a reasonable and timely fashion." The Center for Public Integrity reported that the findings raise "the possibility the [FCC] may impose regulations to require providers to upgrade and expand their networks faster."

As a condition of AT&T's merger with DIRECTV, the FCC mandated that AT&T offer an affordable access program for low-income consumers. That program, "Access from AT&T," launched in April 2016.

However, hundreds of thousands of AT&T customers may not qualify for "Access from AT&T" because service in their neighborhoods is so slow that they fall outside merger conditions. The National Digital Inclusion Alliance cites FCC data showing "a high concentration" of those households lie in low-income areas of Detroit, Cleveland and other cities.

Telecommunications advocate Harold Feld has written that unequal service quality in low-income areas is an example of "the return of redlining on a massive scale." "This is a civil rights issue," said Bill Callahan, director of non-profit organization Connect Your Community.

AT&T has stated it is "working to expand the eligibility process of Access from AT&T." However, the Company has not disclosed a plan.

Also, AT&T has not committed to make the federal Lifeline Broadband program available in all service areas; Lifeline Broadband authorizes a subsidy to help low-income households pay for cellular data and home Internet.

Peer company Comcast offers "Internet Essentials," which serves more than 750,000 low-income families.

As AT&T considers new acquisitions, the Company's reputation for delivering on commitments will be weighed by regulators and the public. Investors question AT&T's commitment to serving low-income communities and realizing the accompanying business opportunities.

Resolved: Shareholders ask the Board to review and publicly report on (at reasonable cost, in a reasonable timeframe, and omitting proprietary and confidential information) AT&T's progress toward providing Internet service and products for low-income customers.

Supporting Statement: A report adequate for investors to assess AT&T's progress would consider: to what degree the Company has time-bound goals to enroll low-income broadband customers; participation in government subsidy programs aimed at potential customers; how many people currently participate in Access from AT&T and other low-income programs; and, how AT&T is reaching out to low-income communities where access is limited.