

LSEG STREETEVENTS

EDITED TRANSCRIPT

T.N - AT&T Inc at UBS Global Media and Communications Conference

EVENT DATE/TIME: DECEMBER 09, 2025 / 1:15PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

John Stankey *AT&T Inc - President, Chief Executive Officer, Director*

CONFERENCE CALL PARTICIPANTS

John Hodulik *UBS Securities LLC - Analyst*

PRESENTATION

John Hodulik - *UBS Securities LLC - Analyst*

We will get started. I'm John Hodulik, the media and telecom analyst here at UBS. And I'm pleased to announce our next speaker, John Stankey, the Chairman and CEO of AT&T. John, thanks for being here.

John Stankey - *AT&T Inc - President, Chief Executive Officer, Director*

Always good to be here. It's always the mark of the end of the year approaching, so kind of rite of passage. I enjoy it.

John Hodulik - *UBS Securities LLC - Analyst*

Yes. Great. We certainly have the Christmas weather for this week.

John Stankey - *AT&T Inc - President, Chief Executive Officer, Director*

Yes, we do. And maybe I can just quickly reference you to our safe harbor statement. I think we're going to talk about some things that are oriented toward the future this morning. Some of them are subject to risk and uncertainty. Results may vary materially from what we discuss. And if you'd like more information, there's a lot of scintillating reading on our Investor Relations website that you're welcome to go and look at and research.

QUESTIONS AND ANSWERS

John Hodulik - *UBS Securities LLC - Analyst*

Perfect. A little over a year ago, you hosted an Analyst and Investor Day where you and the team detailed the strategy and provided long-term targets and capital return plans. How would you rate your progress executing against that strategy over the past year?

John Stankey - *AT&T Inc - President, Chief Executive Officer, Director*

I'm really pleased, and I'm really pleased with what the team has done. I think it's been right on the mark and very consistent with what we laid out, not only in terms of what we set out on financial objectives for the business, but how the industry is taking shape and what we've seen happen and why we were doing the things we were doing to respond to kind of what we thought was an evolution in the communications sector. But if you went down and said where are we on our operating profits and revenues, you look at what we've done on cost control, all those things are very, very consistent with what we laid out. You go down each of the guidance indicators we gave, most notably we said EBITDA at 3% or better, it will be better. So feel real good about that.

And a lot of that is on the back of operating efficiency because we've had to compete more aggressively and do some things out in the market to maintain our growth, which I think we've done well. And the team has reacted incredibly well in terms of how we balance the portfolio, the things that we do to deliver on those results. Of course, where we are in cash, and we'll be doing very consistent with what we outlined on that.

So I would say from financial performance metrics, getting ourselves in a position where the balance sheet was where we said it was going to be at 2.5 times adjusted net debt to EBITDA range, starting our return of capital to shareholders, we'll finish \$4 billion of buybacks by the end of the year, which is probably a bit more accelerated than what we said at the Analyst Day, so I apologize for buying back more stock this year than we've kind of indicated we might do.

And look, I think some of the decisions we've made to position the company better, the decision to pick up the fiber assets from Lumen, what we did with EchoStar, those are all consistent with what we laid out at the Investor Day around what we would do if we had opportunity presented to us in capital. And I think we've executed them in a way that's consistent with the commitments we made back to the investor base to hold to the guidance and the direction that we set out while at the same time strengthening the business. So all in, I feel like it was a really good year for us and very consistent with what we laid out in terms of the direction of the company.

John Hodulik - UBS Securities LLC - Analyst

Great. That's a great overview. Why don't we start with wireless. There's some change in the wireless industry. We have two new CEOs in the space. How would you gauge the current sort of competitive operating environment? And just your thoughts on sort of Verizon's new focus on volume growth?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yes, it's competitive. And I don't know if I would characterize it, John, as there's a new focus on volume growth. I think most of the competitors in our space have been focused on volume growth. Maybe there's a desire to try some new tactics or approaches to see if they can get different results. But I think whether it's a new CEO or the old CEO or anybody else, teams have been intensely focused on doing well and competing in the markets. And we've responded to that, and over the course of my five-year tenure, a little over five years, there's been a number of different shifts and plays that have occurred, and we continue to adjust to those and you continue to see us deliver consistent performance.

I think more than maybe at any other time in the industry, as competitive as it is, it's not one-dimensional competition. So you can't just walk out into the market and say, my message is, I've got this, the best network, or my message is this, I got lowest prices or what have you. It's now about what you do across a spectrum of things. And so the company that executes in a more balanced fashion is able to deliver on a variety of things, I think has the opportunity to do well in the market, and we've been focused on that as a company for the last five years in improving our service levels.

I've shared with you in previous sessions how there's been a steady uptick in us improving what we're doing with customers. We're still not where we need to be. We're not the best yet, but we have dramatically closed the gaps to some of our competitors, and in some cases, caught them. And so we'll continue on that march.

We have been doing things to make our network better in wireless. We made a demonstrative step in that direction here in the last couple of months with what we've done with EchoStar, and I think that's going to be the next big step that we're going to enjoy in 2026.

We have the best fixed broadband product out there, bar none, unequivocally, and we built that franchise in an incredibly strong way. We have gotten to be much more effective in our cost structure that allows us to promote, compete, and go after the right converged customers, and we're playing our strategy around that and starting to add benefits to a customer as to why they converge with AT&T.

And all those things together are what makes you effective in the market. And it's not, okay, this week, we decided we're going to go pull this lever and that's going to fix everything. It just doesn't work that way right now.

So I feel really comfortable with where we're at. And I don't necessarily see the CEO changes per se as being a catalyst. It's just another event that we're going to react to as we do every other time there's a competitive dynamic shift in the market.

John Hodulik - UBS Securities LLC - Analyst

It makes sense. I hate to ask about pulling those levers, but just -- we just came out of Black Friday, big holiday selling season starts. A lot of the adds in the quarter really start from sort of that selling period on. Just did you see anything that was unusual this season versus what we've seen in previous holiday?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Not really. I mean it was aggressive as we expected it would be. I don't think I saw anything that was dramatically out of pattern. It didn't cause us to go in and say, we picked the wrong strategy, or we had the wrong plan about how we were choosing to go to market during this period of time.

I think, on the margin, you can see in some of the offers that are out there, there's adjustments that have been made on eligibility and those types of things to try to maybe attack certain cohorts differently, but those are tweaks around the edges. They are not fundamental shifts.

You saw us affirm our guidance last night. I think you should take that as an indication that we're comfortable in our performance and what's going on is consistent with what we expected. Is it chippy? Yes, it's chippy. And is it causing us to have to be really focused on getting the right customers that matter to our business over the long haul, invest heavier in converged customers, those who can buy multiple products from us, and make sure that we're putting our best investments against that as opposed to a net add for net add's sake and maybe a low-value wireless customer that doesn't ultimately bring back return to us over their life cycle? Of course, it is. But I think the team is getting better and better at doing that every quarter, and I'm confident we've learned a few things from last year that made us better this year, and we'll learn a few things this year that will make us better next year.

John Hodulik - UBS Securities LLC - Analyst

Great. AT&T's competitive focus appears to be evolving with new emphasis on the value segment and SMB and also leaning in on conversions. Can you explain sort of what led to this next stage, and how that sort of alters the sort of price/volume sort of equation for AT&T?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yes. I said this on the call, I think I've used the phrase when we talked about last quarter earnings that it's a feature, not a bug that ARPU has moderated a bit. And that's partly because we have looked at particular cohorts of customers that we think we're underpenetrated in, including places where we can buy converged customers.

Senior community is a good example. They typically buy both a fixed connection and a mobile connection. Our share wasn't where we wanted it to be. And when we found that we either had an underlying fixed subscriber that we could move mobile or didn't have anything, we wanted to be a little bit more aggressive than that.

That decision, as an example, may drive a lower wireless ARPU. However, it may drive accretion and growth in the fixed component of the business. And I'm perfectly okay with that. And I think that's a good economic decision.

And so I think what everybody should think about in our business and what -- when we start talking about this shift to convergence, you want to look and say, all right, are we able to drive EBITDA and cash growth in the business? And are we able to do it with keeping the margin equation in check and be less focused on a discrete product number in this? And I believe that's going to be the play in this industry moving forward.

And in fact, I believe strongly enough that as we finish out this year and go into discussion of fourth quarter earnings and what we're going to do in '26, I think you should expect us to come back and start talking about some different disclosures around how we run and operate our business so that you have the transparency to see what's happening in that. Because I believe in this dynamic of what's occurring and in the product portfolio we have and the way the margin structure is stacking up as these businesses scale, that not all net adds are created equal, and that actually looking at the base of customers and the service revenues they generate and the margin structure that puts in place on a converged basis will be a more important dynamic than what we've ever looked at.

And right or wrong, KPIs is how you value our companies and how you talk about our companies were built during a period of time when regulatory structures effectively kept industries separate. Wireless was pure play, fixed was pure play for a very long time. And we're now at this point where intermodal competition is healthy, it's robust, it's happening every day, and it's probably time for us to look at some of those KPIs and ask how are they going to evolve and start to think about them a little bit differently.

So you're going to see some moderation in ARPU and wireless. You're going to see some of it is seasonal. The fourth quarter, there's always a seasonal slight moderation in ARPU and wireless. I don't expect that to be any different this year.

But what you want to look at is our profit margins are very stable. Our EBITDA is growing. I just said we're going to be better than 3%. And as a result of that, the equation is working the right way. And some of that accretion you're seeing on the broadband side, it's that mix.

The last thing I'd say about this is the lead product in our portfolio on a converged basis, the one that has the highest brand affinity, has the most sticky characteristics of keeping the customer in the fold, has the most discretion that has to go on when somebody decides they want to shift, is the fixed broadband component. It effectively has the highest value in the portfolio. We don't price and drive value that way today. And so kind of making sure we get that balance between those things right and making sure the value is on the highest-value product and that customers see it that way and it's consistent with how they look at it is a really important thing for us to run to over time to make sure we set ourselves up for good customer retention, good customer perception.

John Hodulik - UBS Securities LLC - Analyst

And at the end of the day, what you guys are driving for as you guys fine-tune the equation is EBITDA and free cash flow growth. And if whether the results are seen more evident in the wireless business or the residential business, it doesn't matter to you, as long as you're driving the EBITDA and free cash flow.

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Unless you're going to tell me that after all the years of following this industry and our company, that you're not going to care about cash anymore, the answer to that question is yes. (laughter)

John Hodulik - UBS Securities LLC - Analyst

Okay. Got it. Noted. All right. We'll be on the lookout for the new guidance. Maybe digitalization before we return to -- move to other parts of the business. That seems to be a new -- or not a new, but it's sort of a -- there's more emphasis on digitalization. And T-Mobile has this new sort of switching, make it easier to switch. Can you talk about AT&T's efforts on the -- in terms of digitalizing the wireless business?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yes. Apparently, the easier to switch part didn't work out too well on that. But I absolutely agree that the thrust and the direction that they were going with that is the right direction. It's consistent with what customers want to see and it's consistent with where the market is going and it's consistent with how we've kind of been trying to position ourselves over the last number of years as we've been retooling our distribution.

Early in my tenure, I would be out here, and we'd be talking a lot about what are we doing, what's causing some of the rebound and how the business is operating? And we talk about we're retooling distribution quite a bit, where shifting how we're doing distribution, what's company owned, what we're doing through third parties, the emphasis we are putting on alternate channels. So we've been kind of working this distribution dynamic for many years, getting ready for this reality that when industry matures a little bit more, you're not going to be set up in the distribution structure that you have been when you're growing at the rate the wireless industry was growing two decades ago. It's not going to support the kind of models that were out there at that point.

And look, as I've said before, customers impart on us their experiences with other industries and services. And they like having digital experiences. Most of you in this room, if I said, okay, it's time to go through your two-year cycle and get a new device, what's your choice? Do you want to sit at home and doing it -- or do it, and do you want to come into one of our stores, most of you would say, I'd rather stay at home. I don't relish going into the store to get that done. And there's no reason we shouldn't build processes to support that.

So what T-Mobile did is consistent with where we see the market is going, and we think it's consistent with what customers want. We're taking a little bit different attack as to how we're doing it. Some of that will start rolling out early next year. But we absolutely see this consistent trend that more and more of our transactions with customers will be fulfilled digitally and through a very well-integrated supply chain supporting that moving forward.

And that will give customers flexibility. It doesn't mean they won't have physical points to go and satisfy their needs if they choose to do that. They may be different in how they get those physical points of distribution, but they will have far more choices about how they do things digitally. And I think that's good for our business. It will take friction out of things. It will end up allowing customers to do things in a way that they imbue brand value back into the company, when we meet them on their grounds is to how they want things done. And frankly, it will allow us to do the things that, looking at data and the life cycle of a customer that we have probably more of on a converged basis than others, and how we really fine tune and customize the product life cycle, the service life cycle for a customer, because digitally, you can touch them all the time. You don't have to necessarily wait for them to walk into the store.

John Hodulik - UBS Securities LLC - Analyst

Makes sense. All right. Now let's shift to broadband, maybe starting first with fixed wireless. As you said, greater emphasis on fixed wireless. And if you say that the Internet Air product is the best fixed wireless product in the market. Can you talk about sort of what's sort of driving the change? What should we expect maybe from a growth standpoint over the next year or two? And then maybe what the 3.45 spectrum, which I think you've launched in most major markets, does for that business?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

First, what hasn't changed is we're a fiber-first company, and we still are a fiber-first company, and that's our best broadband product and always will be the best broadband product in the market. And it's always going to perform better than any other broadband product in the market, until somebody else decides to go out and overbuild our fiber with fiber, if that ever happens. And that's a big question. But we'll have an entrenched position. The brand is doing incredibly well.

I'm not -- I never said that our Internet Air was the best in the market. I really don't have a way of benchmarking today where that is at this juncture, but it has certainly gotten dramatically better. We know -- I think we shared with you all publicly a couple of days ago, a couple of

weeks ago, that we expect the 3.45 deployment of spectrum is going to up our fixed wireless speeds by over 50%. And we think that's a really good thing.

And it will do even more for handsets. We'll probably be up in an 80% improvement speed range. And you've already seen the stuff flow in from, not my sourcing and information, but if you go and look at other third-party test results, you see it flowing in as a result of our rapid deployment of that across over 60% of our footprint.

Part of the growth in fixed wireless is not only a factor of having more 3.45, which gives us some depth to go and make it available in places where maybe we haven't. But as I've shared before, we have other modernization going on in our wireless network that has been a gating factor for us to sell into that footprint. We needed to get some of this rework done and lift other spectrum we have, including C-band spectrum, get the right radios in place, and not put ourselves in a position where we're going to be disrupting customers as we were doing a fairly substantial infrastructure change out on towers.

2025, as we shared with you in that work, was our peak investment year for that. So you should assume we've gotten through not only the peak of that, but we've gotten a lot of the really attractive locations done, not all of them, but many of them, because that's how you front-load a wireless modernization effort. And we're kind of now working through the downhill side.

So you take that work that's been completed, that's increased the footprint. You take the 3.45, which has increased it. You take the natural scaling of us bringing the product to market where we're moving through the learning curve and fine-tuning the product. All those things have helped us get better.

And finally, as I've said many times before, we love the product and business. We love the product and business for a number of ways, and I view it, its profitability, its longevity, its ability to satisfy customer needs in segments of the business market much more malleable, sustainable than it is in the consumer space.

And that's a distribution issue. And most of our distribution on fixed wireless has been owned and operated distribution. We need more third-party distribution, and we've been building that up. And so we're getting some lift as we're getting better in the business market. And that play has not completely evolved. So I don't think you're going to see this ever-growing volume on fixed wireless from where we are today. You're going to see us getting better. You're going to see us do more business. You're going to see us move it into the right customers.

But I'm not out here saying my goal is to double fixed wireless deployment in my footprint. That's not my goal. My goal is to be really good with fiber. My goal is to use AI to preload places where I'm going to build fiber. My goal is to use AI to get after business customers that are well suited to the product. And my goal is to converge the right consumer customers that have a chance to have sustainability with the product over the long haul with both mobile and fixed convergence in places where I don't have fiber.

John Hodulik - UBS Securities LLC - Analyst

Makes sense. Yes, let's shift to the fiber business and convergence. The way I think about convergence from a telco perspective is whether the fiber footprint drives wireless subscriber growth and share within the fiber footprint. So as we fast forward three years, you guys will be executing on the plan to hit 60 million-plus locations. Do you think your fiber footprint will have led to share gains on the wireless effort?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Absolutely. It's the bet we're making. That's what we shared with you at the Analyst Day. We told you that where we deploy fiber, our wireless share is 500 basis points higher than where it is in places where we don't. We've been giving you the march on convergence. We're approaching 42% converged in a wireless footprint and -- or excuse me, a fiber footprint.

Where we have both fiber and wireless together, I just told you when we're doing promotions as we're moving through the holiday season, we're doing a lot more and giving a lot more to customers who put two together than those that are buying one alone. And we get a lot more swings at the plate right now when we have a nationwide internet network that we can pitch where people are coming in, and it gives us a chance to pitch what we have to them and actually work them through the right product set to do that.

So we will do that, and we have other tailwinds moving in the direction on this. One is we've got the Lumen transaction, which is going to dramatically increase the size of our footprint. One ready-made the day we closed that footprint as an underpenetrated footprint that has 25% penetration on it, which is way below what we are able and have demonstrated that we can do in our own operating constructs with our own distribution. So we can walk into that ready-made footprint and get some growth out of just penetrating what's there, while we're ramping to growing probably another 1 million footprint per year in those territories that we're picking up. And in doing that, you're going to increase the size.

In addition, we told you we're redirecting investment in our traditional operating footprint, that will have us up another 1 million a year by the time we get into 2027. So we're going to have an expanding footprint of new fiber coming in that's dramatically bigger than what we have today. Maybe it's 2.5 million a year today, and now you start thinking about -- I just gave you two numbers, and you take that up above 4 million a year and you go to the converged dynamic, I think you're underestimating exactly where some of that newfound revenue and customers are coming from, and that's what we built our Analyst Day dynamic on that we shared with you why we had confidence in that three-year view. And we have built that foundation to make that happen. So we are orienting the business to doing that, being aggressive around that, being the first to do that, getting the most substantial best-performing footprint at 60 million plus with fiber. That is fundamental and foundational to this business.

John Hodulik - UBS Securities LLC - Analyst

And what should that -- while we are talking about the Lumen deal, what does that do to the -- maybe talk about your wireless business in that -- what did we -- [Bhati] and I think of it as the US West segment. I mean, where is it now? And how could that -- would -- could trend in that part of the country change with the Lumen transaction?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Look, the places that we picked up fiber footprint in, in Washington, in Colorado, in Arizona, in Utah, in Minnesota, they all happen to be our lowest penetration wireless markets. Why? Because we don't have the brand exposure and the foundational good experience of another product to kind of market to on. So we think this is probably the most underappreciated aspect of what we're doing.

When we execute well against the fiber strategy here, and we bring the AT&T branding on top of it, and we bring the AT&T experience on top of it, and we bring the combined distribution on top of it, we're going to move both products. And this is really fundamental when we go into our discussions next year, early part of next year.

I told you as we get close to closing, which we expect to happen early part of next year, we're going to sit down and have an extended session with you, and we're going to outline, not only because of the Lumen, but also what we've done with EchoStar, that you should expect to see some growth changes in our business. If we're going to invest this money, we're going to do these things and take this capital and put it in, we should be able to grow at a little better rate than what we're doing today. And so we'll lay that out for you, we'll explain to you how that happens, but we fully expect the dynamics in these markets to change. And we expect to have a better brand and a better position in those markets as a result of what we're doing there.

John Hodulik - UBS Securities LLC - Analyst

Okay. Maybe lastly on fiber. Can we talk a little bit about build costs? I think there's a view out there that the sort of first layer of build-outs is the most efficient, maybe it's aerial, it's more dense. And then as we go into the sort of second cohort, third cohort, and wherever we are

now, that build costs automatically go up. Just what are you seeing in terms of your cost per home pass? And maybe just in general, the general economics of the fiber-to-the-home business?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

I'd say that that's generally correct, but it's not absolutely correct. We still have places in California, we have places in Chicago that are low-cost builds that are aerial, that for whatever reason, we haven't worked through those yet. Sometimes it's permitting, sometimes it's other issues. So it's not like we're out of lower-cost homes to go build in places. But have we done more lower-cost homes than we've done higher cost homes? Yes. And as I've said many times up here before, but that's the plan.

And the plan is to go invest more as we, I hope, gain confidence with all of you that when we build this infrastructure that we can get to 40% penetration pretty quickly, maybe we get to 50% in the next year or two around it. You're seeing the returns and what it does and the profit margin improvement as we scale the business.

And so you can all look at that and say, well, are they going to invest another \$200 per passing to pick up some of these other areas that are actually even more attractive demographic areas than the ones they've built? And you go and say, well, of course, you would. And if you can bring wireless share on top of it, you'd say, well, of course, you would. So the economic return is there even though those builds are a little bit more.

And because we're scaling, I just told you we're talking about building another 1 million homes in our footprint. We're going to go and we're going to build more in the Lumen footprint. We already have the preferred position in the supply chain for this stuff.

When we decide to build more, that doesn't come for free. It doesn't come for free to us because we've got to pay to invest to do it. But the vendors we work with, because they're going to get more business from us, are going to become more aggressive around what they do as we scale those things to get more volume. And so we manage some of the cost increases and the dynamics are occurring by using that scale, that heavier build, that consistent investment in our supply chain base to manage those things.

And finally, let's not just obsess on one aspect of the cost of running a fiber network. Let's look at the life cycle of running the fiber network. And so we're investing at the front end to put a superior technology and I'll acknowledge that. But customer acquisition costs, because of the preferred position in the market, are improving. The life cycle costs about supporting that customer are dramatically improving.

I used to do a lot of modeling earlier in my career, what it would look like to operate an all-fiber network? There was a lot of impressive numbers. They were theoretical at the time because there wasn't that much fiber deployed and it really hadn't been deployed in local loops for consumer customers. Well, we have that at scale now, and we are seeing that happen. And if you can drop long-term operating costs, and if you can leave broadband into a home where you don't have to dispatch a truck when that second and third service goes into a location over time, you got a really clean operating model. And so the profitability, the return on those assets over time operating long term, that's what drives it. And we shouldn't just obsess on one thing, which is the first build cost.

John Hodulik - UBS Securities LLC - Analyst

Right. And since you touched on it, you guys have laid out the opportunity of saving sort of \$6 billion in the copper decom, converting from sort of legacy networks to fiber. I think you guys are sort of really starting to gain some momentum with that initiative. What can you tell us in terms of the timing, which we'll see the savings, where we'll see it, and how much of it drops to the bottom line? And what -- in general, what it does for the business?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yes, broadly speaking, I mean, by the end of the decade, I'd like out of that legacy TDM business in all shapes and forms. And we may have some stragglers that carry through, but there was a USA Today article today, I know there's media stuff out and people are like saying, well, AT&T says they're going to be out of the POTs business in this state by 2027. And the answer is yes, we are.

And we've had our first complete office closure where we write down to the last service, not just the POT service, they're typically easier to get out right down to the last data circuit that's TDM, they're gone. Office is gone. It's finished. And now we got about 4,999 to go. But we are on a pace right now.

As you've seen with our filings at the FCC that we have a process in place to do this. And generally, what happens with -- we file, once we file, we stop selling. During that period of time that we stop selling, we take a year to notice and ultimately transition customers and then we shut down. We have about a third of our offices right now in that process. And we have a plan, a very deliberate plan of when the next third and the next third to come. And some of it will require a little bit of development and work to be done. And we've got to finish building fiber to migrate some customers in places. We have to have some catch products in places in areas where we're not building fiber and supplement the wireless network with capacity and better transmission and those kinds of things to pick up certain services, but all those plans are underway.

And we told you there's about \$6 billion of cost left in these areas where we've got to shut down these legacy services. We told you about 40% of it is variable, 60% of it is largely fixed and shared. That 60% is harder to get at. It tends to come out at the end because you got to get rid of the last office, the last computer system, the last shared piece of infrastructure. But we are marching down that path right now, and it's happening.

And as we get out of this copper, the other thing we'll be doing is -- I don't know how many of you pay attention to copper prices, I actually do. And that copper has value, and that copper is going to help us basically offset and neutralize all these migration costs to do these as we harvest it, take it out, and sell in the secondary market.

So this ecosystem of getting out of this business, we've created it. We've set up a regulatory structure. We've been successful in virtually all of our states, California still has work to do. And I feel really proud about the progress the team has made around that. And frankly, I see a lot in the industry starting to come behind and follow.

John Hodulik - UBS Securities LLC - Analyst

Makes sense. Lastly, on broadband, there's a fair amount of angst in the market, given recent activity by some of the LEO providers, the LEO systems, especially with the acquisition of mobile spectrum. Do you see LEO infrastructure as a complement or a substitute to terrestrial networks? And how do you expect that -- the business model of the LEO providers to evolve over time? And does it -- is it something that we should worry about as mobile -- terrestrial mobile investors?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

I think I'd continue to watch it. I view it as a complement, largely a complement in the near to midterm. There's some places where if I was in the IoT space, that satellite might do a better job of picking up certain types of traffic at certain times than a terrestrial network will over time. And so I think, in the IoT space, it's going to open up probably growth and opportunity for perpetual connection in some places where maybe it does a better job. In the global nature of satellite, when you have assets that move all over the globe, like container ships and things like that, it might be a better way for certain things to get done.

But in terms of replacing the bulk of what happens on your handset every day, it's a tough putt. I've shared before, we invest a significant amount of our infrastructure inside buildings, not outside. And satellite doesn't do a good job of getting inside stadiums and inside office buildings and inside hospitals and inside schools. And there's a lot of traffic in those places, and you have to build infrastructure to get there.

It does an adequate job of getting to traffic that you have good line of sight in with no tree obstructions and things like that outside, but it also has other limitations.

And as, for example, upstream bandwidth becomes more important in the AI dynamic, it's inherently going to be a more fragile upstream uplink than what you're going to get in a terrestrial network that gets on fiber really quickly. The faster you can get something on fiber, the more robust that upstream uplink is going to be. And the more low-band spectrum you have to do that, the more robust that upstream link is going to be. Satellite doesn't have those things.

And then you've got the pure engineering of it. We have typically over 300 megahertz on a particular stick that we have out there at cell site. And that's 300 megahertz times three carriers in a market. So if you think about it, you get 80 megahertz that you get to put on a spot beam that has a radius that is dramatically larger than a cell site, 2.5 miles, 2 miles for a cell site. You're talking about a spot beam right now, that's probably close to 20 miles. And you're taking 80 megahertz and you're putting over that period, you have a weaker uplink, that's a hard putt to be a like-for-like replacement.

And then finally, I'd say if you're building the business model in a constellation, wouldn't the best thing be to attract traffic from everybody out there, not just have your own provider do it? And I think a wholesale model for them to be able to resell that capacity into people who have a lot of relationships with customers is probably fundamentally a better business model than going out trying to be a carrier do a like-for-like replacement and build an interior network and an outside network and have enough capacity to do all those.

John Hodulik - UBS Securities LLC - Analyst

That makes sense. All right. Just to wrap up here, bringing it back to where we started. You currently have heightened capital investment levels. How does this sort of evolve over time? Maybe talk about the \$4 billion in repurchases you've done. Can you remind us of the steps to get to the next \$10 billion and sort of how that whole capital return model comes together?

John Stankey - AT&T Inc - President, Chief Executive Officer, Director

Yes. We run the business and we grow it and we continue to manage costs on the trajectory we've been doing for the last several years that we laid out in December of last year for everybody is how we get to the next \$10 billion. And we're doing that, and we feel really good and really confident about doing that.

And I've already said we've got multiple large investment programs. We kind of hit peak on wireless. We're not going to hit peak on fiber yet for another year or two. But we will -- once we're done building fiber, we won't be reinvesting that money somewhere else. That's the whole business case around it.

And so we do start to get to a different capital profile after we finish building this infrastructure that's going to be great for the next 30 years. And it's been a little bit challenging and painful going to the front end of it. I've asked a lot of the investment base to stay with us as we go through it. But you are seeing the results of what this business looks like and what that franchise could look like. And it is a superior product. And everybody else who's competing against it now has some hard decisions to make. The good thing about those hard decisions is; one, they're hard decisions; and two, they don't happen overnight. And so I feel like we're in a great position and a lead on it.

And we will see as we start to get through that peak investment and we get to the latter part of this decade, and we start to ramp ourselves back down to mid-10s as a percent of capital invested in this business, that cash becomes available. That cash becomes available to return to investors, reinvest in the business, and we will do what is responsible at that point based on what's in front of us when that occurs. And that's why I'm so bullish on this business. We're building a franchise for the converged industry that is coming, that is going to be incredibly well positioned with fantastic wireless assets, fantastic fixed assets, and a customer base that will be unparalleled.

John Hodulik - *UBS Securities LLC - Analyst*

Perfect. That's a great way to end it. John, thanks for being here.

John Stankey - *AT&T Inc - President, Chief Executive Officer, Director*

Thanks for having me on, John.

DISCLAIMER

LSEG reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES LSEG OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2025, LSEG. All Rights Reserved.