LSEG STREETEVENTS

EDITED TRANSCRIPT

T.N - AT&T Inc at JPMorgan Global Technology, Media and Communications Conference

EVENT DATE/TIME: MAY 19, 2026 / 12:00PM GMT

OVERVIEW:

Company Summary

CORPORATE PARTICIPANTS

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

CONFERENCE CALL PARTICIPANTS

Sebastiano Petti *JPMorgan Chase & Co - Analyst*

PRESENTATION

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Good morning, everyone. I'm Sebastiano Petti, and I cover the telecom, cable and satellite space for JPMorgan. I want to welcome John Stankey, Chairman and CEO of AT&T. John, thank you for joining us today.

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

Good morning. It's good to be with all of you. Before you get on to your next question. Can I just remind everybody we're in the quiet period for the FCC spectrum auction and also offer our Safe Harbor statement that some of the things I'm going to talk about today are forward-looking in nature and subject to risks and uncertainties. We may or may not update those prognostications, and if you want all kinds of transparent filings, you can go to the AT&T Investor Relations website.

QUESTIONS AND ANSWERS

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Great. With that out of the way, so John, your long-term guidance includes expectations for EBITDA growth to accelerate to 5% plus in 2028. Can you start by walking us through your key priorities and areas of focus for you and your management team?

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

Sure. Look, I mean, out of first quarter, I think you saw that what we've put together in terms of investment in the business to build a structural advantage to drive the growth of the business is, in fact, coming to pass, and we walked out with what I thought was a directionally correct first quarter for what we're ultimately going to do that you just alluded to, saw our best broadband advanced broadband and connectivity net additions that we've had in the first quarter.

So that's accelerating in, margins were really strong, improved, held together as that growth came in. So I look at the fundamentals of the business, we're confident that we said, look, our guidance is sound. You should expect the step-ups in the accelerations and EBITDA growth, and you should expect cash flow improvement as we move into the second quarter, consistent with what we put out there, reaffirmed all that.

And now you think about what that strategy was all about, which is increasing the footprint on which we can grow on. We've never had a year that we're going to have this year where we add 7 million passings of new fiber opportunity into our portfolio. And that is a foundation of where some of that growth comes from. In addition to that, a combination of the acquisition of the new spectrum that we picked up from EchoStar as well as what we've been doing to modernize the wireless network opens up additional footprint for us to sell converged in places where we may not have built fiber at this juncture.

And so those two things together give us this foundation and a base to sell into, which is the strength of that growth. It's going to deliver that accelerating dynamic that we just talked about of getting ourselves up to that 5% level. And we feel really good about it. All the things we're doing to increase the size of the build engine and do the things we need to do to make sure that, that footprint comes in at a clip at about 5 million homes a year as we get out past next year, that's another part of that equation.

Couple that with what we're doing on the cost side and the discipline we're putting around how we're restructuring the business, and I feel really good about our ability to generate the cash and the EBITDA growth. And if you kind of step back and think about what this business looks like as we exit this decade, it is a metropolitan fiber business with a top-class national wireless footprint. And if I were thinking about going in the next dawn of AI and what's required, that's exactly the asset base I'd want.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

And so pivoting a bit here. Last week, you announced a directed device JV. Can you discuss -- we've heard from some of your peers already, but would love to hear your thoughts on why this makes sense for AT&T? And more broadly, how do you see LEO-based satellite services factoring into the connectivity market across both wireless and --

---

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

Whatever they said. There's got to be some benefit to going one-third, right? No, look, first of all, the path that we've been on is still the path. We view satellite as very much a great complement to the existing products and services that we offer. We've been building scaled quality networks that work in the home and work on the go for many, many decades and investing over a long period of time to make that happen. And to my earlier point, I think we've got a set of assets that are structurally advantaged over time in how you handle networking and network loads.

And the next natural thing to do for our customers is to make sure that they don't drop off of networks, they don't go someplace where they can't get a text message or make a phone call. And so satellite is a great complement to the infrastructure that we've been building and the services that customers have gotten to know us for. And by bringing that into the portfolio is a natural extension of that relationship or a customer doesn't have to think about, do I need some other relationship, or do I need to buy from multiple providers, I believe, is the natural progression of convergence and where things are going to go.

So that hasn't changed. I would also tell you that the path we've been on, we're very comfortable with. The path we've been on, given how the technology is maturing, is to make sure we can get the technology to work well on a direct-to-device basis so that customers can use it in a way they're accustomed to using it. And there's nothing different about a call that might have to complete over a satellite versus what they would do during the other 99.5% of the time they're using the network.

And we've had a great relationship with AST Space Mobile. The technology and the approach that they're using is unique for direct to device. And I think it's going to be a great path for the first product that comes out that is effectively a seamless and straightforward product for a consumer to use that extends the network. And we're going to continue on that path, and the JV will take some time to mature and ultimately come up to operating speed. We're still going to be pushing ahead to bring that product out to market to ensure our customers get access to it.

And we're really excited about what the second half of this year holds as a result of it. Now why do the JV? Well, as we've gone through this and we've learned about things, I think all three of us kind of stepped back and said, look, there are some things that need to be fixed here. It doesn't make sense for all of us to be lobbying for different priorities on the handset deck for spectrum capabilities. And if we get bifurcation on that, that's not going to be good for any of us. It doesn't make sense that you have IP that you've developed that allows applications to run more effectively in these heterogeneous networks that have to be integrated.

We've got a little bit, you've got a little bit, if we kind of get together into the software space and start putting out more standards around that, things can operate more effectively. There's a real good thing from a consumer perspective because to make these applications and the services work properly, spectrum is really necessary, frankly, a full portfolio spectrum, both low-band and mid-band.

Low-band spectrum is pretty scarce. If we did something together, we can get a service out there that makes more sense, that's available in more places, that works better. It will be better when it's paired with mid-band spectrum. We can engineer it better in that way. We can go and we can collectively figure out how that scarce license spectrum can be used most effectively with high utilization by aggregating our traffic. And one of the fundamental things you want the JV to do is to make sure that there's a robust wholesale market in satellite.

That means multiple constellations to buy from. And at the end of the day, that's a good thing because that means capacity will be out there that ultimately can be delivered to customers. It means a robust wholesale structure. We'll keep pricing in check, so there isn't a bottle neck of any particular single provider that can dictate what that pricing is, and that ultimately benefits the consumer because the product and service becomes more widely available.

And then finally, there's infrastructure that has to be built. And given that this is a small percentage of total traffic on a network, it is a very small percentage of total traffic on a network, building ground station infrastructure 3 times over, having to have different infrastructure for Satellite Provider A versus Satellite Provider B that doesn't make any sense, and the JV can be a very efficient way to go about building that ground station infrastructure, building at once and having to say the standards that all players work into that allow for delivery of that traffic into separate operating mobile cores. And that's really the foundation that --

---

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Well, glad you answered that for us. Any?

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

I'm sure it's the same thing everybody else said.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Pretty similar.

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

Pretty similar, good.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Any update in terms of timing, definitive agreement? I mean are we talking maybe inside of '26 or --

---

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

The definitive agreement will be pretty straightforward from my point of view because we have a very -- to get three of us together and do this in the way we wanted to do, we have a very definitive term sheet that we put together. So I think all the hard issues have been worked through to get to the term sheet, and I don't expect the definitive agreement is going to be a problem. We're all highly motivated, especially given there's dynamics in the spectrum market that need to be responded to and that JV needs to be an entity in which to do that with. So I don't worry about the definitive agreement coming together.

The regulatory process remains to be seen, and it's going to require approval. It's too early to tell after we file as to whether or not we'll be in the second request land with the DoJ. I expect that will probably be the case. And after we get that, probably have a better prognostication on what the timing of close might be.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Understood. Okay. And so now pivoting to as I described, the yield on the network and your updated go-to-market strategy, there's been some debate around AT&T's new go-to-market approach, particularly the strategy to target underpenetrated segments, which can dilute your postpaid phone ARPU. So while I agree that improving the yield on the network makes sense given some of your outsized investments and the lower penetration rates in some of these cohorts relative to competitors, some investors struggle with the trade-off. So why is this the right strategy for AT&T? And how does your asset mix and convergence strategy position you for success?

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

Yeah. It's interesting because I don't struggle with the notion that the most profitable and best returning networks are ones that are full. And I would tell you that from the dawn of time in this industry, when you look at the better performing assets, there's always been a mix of traffic on them.

There's been a percentage of foundation that was wholesale, there's a percentage of foundation that's high value, highly lucrative, there's always some stuff that's a little more stripped down and sits in the middle, and I think our approach is no different than what historically that's been. And I believe one of the things that probably we haven't managed the business as effectively as we should over a period of years is we are probably a little bit light in the lower segment of the markets that are a little more price sensitive, and value driven.

There are still great customers. There's still customers that return. And the way I think about it is you shouldn't over-rotate on an individual price that's being charged for an individual product in the market. What we should think about is what's the value of the overall relationship, especially in a converged market. And sometimes to establish that relationship with the customer and allow them to grow over time, you do certain things to attract them in and then, like any customer, their circumstances change or the value of what you're selling them is perceived to be better or you innovate on the product that you add more capabilities in.

And as a result of that, they're willing to pay you more. And just because an entry level or initiation of an account comes in a particular level doesn't mean that over time, that can't be grown and to a profitable relationship. And the worst thing I think for a brand is to get pigeonhole as saying, it's only a brand that's accessible to those who hit a particular socioeconomic construct.

When you have these networks out there that're very robust and have a lot of capacity on it, in particular, the beauty of fiber is that it literally has infinite capacity. When you think about what we build to a customer's home and how we provision, there's all kinds of overcapacity in that network. And if you're smart about how you do that, you want to value discriminate, price discriminate with that value in a way that allows you to match the right offer into the right customer segment.

And when I start thinking about what's out in the market today, I would use fixed wireless as an example, it's very clear that there's price points in the fixed broadband market that people want to be someplace other than buying one gig or five gig service at $75 a month. There's a lot of people who want that. It's important to them. That's what they want in their household. But there's others that want to be someplace else.

And if your marginal cost is the lowest in the market. And once you put fiber in place, that's the position you're in, why would you walk away from that circumstance? And why wouldn't you build a product that allows you to address that, and you do it in a way that allows you to have a full portfolio, selling the account to entrant at a lower price point that might be dilutive to an over-indexed premium ARPU doesn't mean that you're not driving more value into the business.

It means that you're filling your network, getting better utilization and better return, and then as an investor, you only need to step back and ask yourself, are they smart enough to know how to do that and distinguish those products so that they're putting the right customer and the right value proposition and the right price point.

And I don't know, to me, that's not a huge leap of faith, Sebastiano. Because you go back and you look at the history of this business over time and how we manage the subscription base, it seems to me like we've done that pretty frequently. And we do that in a lot of different ways when we portray that value discretely depending on the market segment, and I think we can do that now.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Okay. Great. You made an interesting point on your last earnings call describing convergence and churn is just math and that the benefits start compounding once the customer base is large enough. When should investors expect to see these churn improvements from further growth in converged customer base. peers seem to be equally focused on retaining customers. Do you see this as a headwind to reaching that improvement, or just competition?

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

Look, It is -- it's going to take time for this to work through. And if I were to maybe go back and say, at least in the wireless space, we came out of the pandemic with historically low churn levels. I don't see us returning to those levels anytime soon. But do I see the deterioration that's gone on starting to plateau and flatten and then maybe work its way down slowly?

I'm more likely to see that scenario. The math is something like we know that when we converge a customer, we pick up a dramatic improvement in churn and longevity for that relationship. And so the math becomes as the footprint gets larger and you get more converged customers, then you get a higher percentage of your base influence to that, but you are in that process of that transition occurring.

And as I just spoke about, we don't hit 60 million footprint on fiber until 2030 as we get through 2030. And so we're adding new footprint. We're penetrating that base. We're converging those customers. And the math is, as you're doing that, you're still working through a churn dynamic is the base reorients around more converged services. We think we get a preferred position when the music stops and the deck chairs have all been rearranged because of the size of the footprint, the quality of the fixed connection married with a fantastic nationwide wireless business, but you do go through that transition.

And one of the things that was also propping up churner for a long period of time is before buyout offers came into the market, there was a little bit more resiliency on the stand-alone wireless side and a lot of that's gone now given there's a lot more portability to the customer. So we went through a year of seeing that work its way into the numbers. That's one of the reasons there's been this acceleration.

Now you get to better year-over-year compares as a result of that. I think that's kind of in the market at a particular level. That's partly what will contribute maybe to a little of that plateauing. And I do believe everybody is going to be really mindful of managing their base.

But when you walk into the market with a superior product and service, when you have the portfolio of offers that we're putting in place, as you've seen at the top with One Connect coming out and the simplicity that, that brings at the top end of the market for the customer that wants to bundle everything in their house, we've got fantastic plans in the middle, and I think you'll see us be doing a little bit more in the value segment that you're going to see, I see how that portfolio hangs together on the best product set. I feel really good that we're going to be able to continue to grow and take our share.

And as I said earlier, when the footprint gets bigger and we expose more places we can go introduce that superior product set, we're going to get our growth out of it.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

I think good segue there. And so just thinking about the fiber network, as cable continues to try and mitigate more broadband losses and steps up their brand marketing, do you see a meaningful change in cable competition coming out of the quarter? I guess where do you see some of the most pressure?

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

Clearly saw Comcast run plays to work on retaining the base and that's causing us to adjust and do some things a little differently. I saw less of it from some of the other competitors. It doesn't mean they won't adjust and drive those tactics. But as I said, in the end, we have been accelerating our growth. We came off our best first quarter on advanced connectivity net adds in broadband while they were doing that. So while we saw their tactics change, we've still been able to get a fair share.

And I think the other thing that I will keep reminding everybody of if you compare our performance today versus two or three years ago, we're not living off a base transition at this juncture because we don't have a base to transition from to speak of right now. We've been shutting down a lot of our old copper infrastructure. There really isn't a base of DSL customers to harvest. We built the most attractive markets with fiber in the footprint right now first where a lot of those folks are clustered.

And so this growth that you're seeing and the step-ups in it is coming from transition from other competitors. And we know how to do this, we'll continue to do it, and I feel really good about the value proposition in the market and don't worry about that. And I think we're also seeing signs that their wireless base is maybe going to require a little bit more maintenance at this juncture of their life cycle and whether or not they can step up to that remains to be seen. And that -- if they don't do that well, that just more opportunity for us.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

And then pivoting to fixed wireless, you stated AT&T's Internet strategy remains a fiber-first strategy. However, you've made significant investments in both wireless network modernization and more recently, the expanded spectrum capacity. So how should we think about the long-term growth trajectory of FWA, and where do you see the biggest opportunity in that product?

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

Yes. Look, I've said all along, our strategy is the right product to the right customer in the right place and that hasn't changed. And I've stressed one of the things that I'm really energized about in the fixed wireless space is what it means in the business market. We're growing our volumes and business and I love that. And I'll grow fixed wireless in business subscribers all day long.

Usage characteristics are different. Oftentimes, those customers come with more bodies, which means there's an opportunity in the account to sell more wireless than you might get in a typical household. So the value of the portfolio with that customer is greater. Many of those customers have more than one location. The beauty of fixed wireless and combined with fiber allows us to meet them where they need to be met with both technologies and provide them with national solutions.

So some of this growth that you're seeing in fixed wireless is because we're getting better in business. And I will take that all day long, and I'll do that all day and there's also great applications for fixed wireless as back up and a lot of our other customers, we drive volumes off of that's good stuff.

In consumer, as I've said, I'm really happy selling fixed wireless is one in places where I can pre penetrate prior to fiber or save embedded customers that ultimately will be converted to fiber. So if I've got some small portions of our DSL base that I can pick up on fixed wireless is a holding strategy because it's better than DSL until fiber shows up. That's a good decision to make. If it's a place, I can precede customers as we're going to build, such as in the Lumen footprint, that's a good place to do it because you roll a consolidated account at some point.

And then in places where I'm not going to be building, there are segments of the consumer base that are well tuned to fixed wireless. It's not the four-bedroom household with five people in it, but it may well be the studio apartment where it may well be the value segment play. And those are okay places to be with it as well, and I think it has more sustainability.

And if we do that well as a business, if we tailor our selling in that construct well, we'll drive value. If we don't sell to the right places, then two years from now, I'm going to be talking to you about higher churn on the fixed wireless product that we couldn't sustain. And I don't want to see us in that position. And I think we're trying to manage in that regard.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

As you think about the source of FWA on the consumer side, is that coming from the existing T base? Or is that new as you guys would describe It?

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

It's mostly new. But there is, we're actively using the product in places where we are shutting down copper infrastructure to clean out the last remaining three DSL customers here, the five over here. And so we're actively using the product in that regard, but it is not the bulk of our volume by any stretch of imagination.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Yeah. But great attach rates to your wireless space because you can correct disclose that. Great. So shifting gears a little bit here, sticking with the business angle, but hyperscalers are making massive investments in data centers to support AI tools and applications that consumers and businesses will access through both wireless and fixed internet connections. How do you see AT&T positioned as a provider of this connectivity or as a provider of edge infrastructure for AI workloads? Is this a material opportunity? Do you need to make incremental investments or new partnerships?

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

I think about this in -- maybe in three pieces before you kind of get to the edge compute dynamic or as part of it. The first piece is you've got to have great strategic access. You got to get people on the network. We've invested heavily to do that. That's what our fiber investments in play was about, which is get more fiber to more businesses and more customers because at the end of the day, for heavy workloads, it is the best, lowest marginal cost technology with the best future proofing that you can invest in.

And then secondly, make sure you have a great wireless network, and part of our strategy on wireless is to make sure that upstream capabilities in that wireless network are superior, hence, the EchoStar transaction, the deployment of the 600 that allows us to get more symmetrical low-band spectrum that will allow us to engineer that in a way that we can have a higher performing network in the upstream than what historically wireless has delivered with our preferred low-band positioning.

So preferred access is the first thing. Once you get the network -- the traffic on the network, you got to deliver it into the infrastructure that people want to use, whether it's an LLM or somebody's cloud infrastructure. And so it's important that you have a great metropolitan aggregation network and ultimately, the right backbone to deliver that traffic to the right place around the country.

And when you're delivering those packets, you can see it from your access whether they're fixed or mobile and track it all the way back to the handoff and then deliver it back so that you know exactly what the performance of that packet is especially when you're in demanding workloads like inference that maybe require shorter latency.

And so we've been actively in the data center market and actively working with hyperscalers to ensure that we're building shared infrastructure into their access points and have the right relationships through a combination of dark and lit fiber that ensures that our backbone and our aggregation networks can deliver those packets that we get off of our preferred access into their infrastructure, and I have visibility as I hand it into the infrastructure and receive it back and deliver it to the end points.

And that's the fundamental approach we're using in how we architect the network. And we've been actively playing in that. We're not maybe as vocal about it as some because we see it as only a part of our strategy to complement our access where the real value is. And I think part of the reason you should assume that the improved performance is occurring in our business market segment is related to what we've been able to do to sell on top of that value proposition and that infrastructure.

Now the third part of the stool that has to be evaluated is, in that value chain of delivering that traffic is it makes sense to insert some compute capabilities someplace in where we have advantage points of presence out closer to the edge. And the answer is it may, don't know, still watching what those workloads are that are developing.

I can certainly come up with some that I think might require that. I think a lot of it will depend on where those data centers from the various hyperscalers and those that own the AI infrastructure will be. My point of view is the large vertical players will probably be present in virtually every metro in the United States.

And so then the question is, what is the latency to deliver off that high-performing access network we're building into that metro, and will it require something faster than that extra couple of miles to get from the edge of our network into the metro and back. And I think that remains to be seen.

We're prepared to do something if we think it makes sense to do that. I can't tell you that I'm convinced that the network itself isn't going to solve that problem as this matures over time, but we're watching it carefully.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Okay. You've talked about a reordering of assets for a while now, and you executed on this with some of your recent transactions, but peers are also seem to be following suit to some degree. Do you -- how do you know this is enough? Do you still feel like you have all the assets you need? Or does it make sense to maybe pursue more acquisitions, particularly on the fiber side?

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

We have enough to keep ourselves busy right now, and we have enough to deliver the guidance and the plan that we put in front of you that we see a really advantaged structural position as we exit 2030. I'm going to answer the same way I've always answered it. I pay attention to assets in the industry, and I like to be opportunistic if there's something out there that creates value. I think Lumen was a classic example of that. It was something we evaluated for a long period of time.

Originally, we couldn't get the asset in a way that we thought made sense for our business. We are patient. We ultimately got in a way that I think made a lot of sense, which was a fiber -- set of fiber assets in great metropolitan areas at a very fair value. And our execution on that since closing is exactly on pace to what we expected to occur.

If something like that were to pop up again that could drive the same kind of value under the same construct, would I be open to deploying shareholder capital to go after that and drive the kind of upside that I think we're going to get out of the Lumen transaction, of course, I'd be open to doing something like that. Do I think there's knowing the market that's out there right now? It's pretty fragmented. There isn't probably another 5 million, 6 million home opportunity that shows up.

One thing that I don't think overbuilders and people who have been in this space really understand is you can't build 30,000 here and 20,000 there and 40,000 here and have a scaled business, and this is a scale business. And so I'm not interested in picking up postage stamps, little pieces here and there. I would obviously pay attention to what made sense within the broader footprint.

But if the right thing popped up or if there were assets that were mismanaged, it had to be cleansed in bankruptcy or something like that, would I possibly be an aggregator of it, we'd, of course, look at it and understand, and we do it with the same eye to making sure we sustain the returns we promised shareholders up to this point in time and doing it in a way where we could stand up to those commitments and drive the value back.

But right now, we've got great organic investment, if you didn't get that from my opening comments, to drive the kind of growth we're talking about, and that's play number 1, and this team really needs to execute around that. And when we do execute around that, your confidence in the management team and what we're able to do and how we're able to deploy capital will only get greater because part of delivering on that guidance is taking assets like what we picked up with Lumen and actually driving value out of them. And you're going to say that play works, that makes sense, and I like what they do, and you will trust us to do that if it were to happen.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Yes. And I think just a quick follow-up on Lumen. Because the integration is in flight there, but as we think about shovels in the ground, executing against the ramping fiber build you talked about, how many passing do you expect to add this year or the pace that you expect to get to exiting 2026? Still on track there?

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

Yes, there's two parts of it. There's the, how do you sell into the existing assets you picked up and that's fast a foot right now, and it's going well, including we've turned the first markets over to the AT&T fiber conversion, which means you pull the old brand out of the market, all the technology that goes into a customer's house and all the customer support, the branding and everything becomes AT&T and the methodologies become AT&T.

And that's good because those are the best in the country, and they drive the highest customer satisfaction. We did our first market a couple of weeks ago. We turned the second one yesterday, and we have a rolling schedule here in the next 1.5 month, two months where we get them all converted, it's going well. And as a result of that, volumes inbound on that embedded base are very much in line, if not better than what we expected. So the sales opportunity is largely being gated by our ability to staff right now, and we're ramping on that and getting better.

Second part is the build engine. And that's a harder thing to do, candidly, to grow that in. We've got multiple states where that has to expand. We feel very comfortable with our ramp in many of those states. There's a couple where as usual and as to be expected different municipalities have different expectations on permitting and some are smart and they like to welcome investment, make it easy, and other's view it is the high jacking and that's not new in this business, and that's not new to AT&T. We know how to deal with these things, and we don't like to get hijack.

So sometimes you adjust where you're going to go build and deploy that capital where you can get return and move quickest, and we're doing those adjustments to the build plan. But I believe as we get out, it's a long game, I believe as we get out of a year, we're going to have a portfolio of things that can get us the volumes we want. If not, having a little bit of choppiness in the quarters building up to that, as I've said, don't look at this in the 90-day segment, look at this over the course of the year, 1.5 years as do we grow. And I'm very confident that we're going to deliver on.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

And then the quick follow-up here to close this out. Just thinking about capital intensity. I mean, do you need to pull back on any of your spending to remain -- stay competitive in the marketplace? Do you think your capital allocation framework, is this the right level?

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

Pull back to stay competitive, is that like pull back to be competitive with the underspending of my peer? Or is that to pull back to stay competitive to be successful in the market?

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Both.

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

Both. No, I don't need to pull back to be -- our value proposition, what I've articulated is the direction of the company. And we believe this exits 2030 with a structural, sustained advantage in the business, and it's the right place to go for us to have the best product in the market that can compete on a consolidated basis. And I'm very confident in that, and we do that.

Now, do we tweak because of opportunity on economic conditions with out of mind to get to that North Star and watch pace? We're always adjusting that, but am I going to come back out and say, we are wrong, we don't need to build that fiber infrastructure, or do it the way we're doing. That's not in the cards at least under this administration.

And I'm asking investors to underwrite the fact that I think we exit with the structural advantage and a different growth profile that is the premier company that has consolidated fiber assets in metropolitan areas in the United States that serve both consumer and business with a rip in wireless network to go to and that we integrate all the other technologies that come in and do it better than anybody else. And that's what's going to set us apart.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Awesome, great place to end it. Thanks again, John.

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

Thanks, Sebastiano. It's good to be with you.