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EDITED TRANSCRIPT

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OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good morning and welcome to AT&T's fourth-quarter 2025 earnings call. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the conference call over to our host, Brett Feldman, Treasurer and Head of Investor Relations. Please go ahead.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thank you and good morning. Welcome to our fourth-quarter call. I'm Brett Feldman, Treasurer and Head of Investor Relations for AT&T. Joining me on the call today are John Stankey, our Chairman and CEO; and Pascal Desroches, our CFO.

Before we begin, I need to call your attention to our Safe Harbor statements. It says that some of our comments today may be forward-looking. As such, they are subject to risks and uncertainties described in AT&T's SEC filings, results may differ materially. Additional information, as well as our earnings materials are available on the Investor Relations website.

With that, I'll turn things over to John. Thank you. John?

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

Thanks, Brett. And happy New Year to everybody. I appreciate you joining us today. As you can see in our earnings materials, we have a lot to cover. So I'm going to quickly summarize a few highlights from our results and then spend most of my time discussing how our investments and differentiated position support our long-term outlook for improved growth and significant capital returns.

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After that, Pascal will provide a little more color on our fourth-quarter performance, plan changes to our segment reporting next quarter, and key drivers of our financial guidance through 2028. So our prepared comments are probably going to run a little bit longer than usual, but we'll allow a little extra time to take your questions.

During our Analyst and Investor Day at the end of 2024, we outlined our path to become the best advanced connectivity provider in America, and I believe our team executed well against the strategy in 2025. We met or exceeded all of our consolidated full-year financial guidance driven by another solid year of 5G and fiber subscriber growth. We reported over 1.5 million postpaid phone net ads for the fifth consecutive year and over 1 million AT&T fiber net ads for the eighth consecutive year.

We also accelerated the growth of AT&T Internet Air with 875,000 net ads, which more than doubled our customer base from where we began the year. The result of this operating momentum was the best year for consumer broadband subscriber growth in a decade. This strong growth is the result of over five years of executing a sustainable investment-led business model that centers on providing customers with all of their advanced connectivity needs from one trusted provider.

We also made progress on many of our capital allocation commitments in 2025. During the first half of the year, we achieved our target of net debt to adjusted EBITDA in the 2.5 times range and commenced a share repurchase program. Overall, we returned over $12 billion to our shareholders through dividends and buybacks, which was more than a 50% increase from 2024.

Our improved financial flexibility and confidence in our investment thesis also positioned us to make opportunistic strategic investments to benefit our customers and ultimately our shareholders. This includes our agreements to acquire spectrum licenses from EchoStar and fiber assets from Lumen. And we continue to expect both these transactions to close early this year. These transactions represent key building blocks that significantly expand the total addressable market for our advanced connectivity services in the years ahead.

Our investments in 5G and fiber, both organically and through our acquisitions, have positioned us to accelerate and scale the execution of our strategy in 2026. This includes the pace of our fiber expansion. Within our traditional operating region, we continue to expect that our annual pace of fiber construction will ramp from 3 million new locations in 2025 to a run rate of 4 million by the end of this year.

We also expect to accelerate the availability of our fiber internet services outside of these areas, following our acquisition of Lumen's fiber assets and build capabilities, including Gigapower and the fiber assets that we're acquiring from Lumen. We expect to reach over 40 million customer locations with our fiber services by the end of this year, up from 32 million at the end of 2025.

Beyond 2026, we plan to expand our fiber reach by approximately 5 million locations annually through the end of this decade. We expect this to drive rapid expansion of our opportunity to sell fiber and 5G together to both households and businesses at unmatched scale. The size and pace of our fiber deployment has positioned us to achieve these objectives with consistent execution and a high degree of capital efficiency.

Over the past two years, in an inflationary environment, our average deployment cost per fiber passing has increased by approximately 2% annually. And we expect a similar trend over the next three years. While our internet strategy will remain fiber first, our investments in wireless network modernization and spectrum materially expand our opportunity to offer our advanced internet services over fixed wireless to the right customers in areas where we do not reach with fiber.

Today, we're able to offer advanced internet services over fiber or 5G to over 90 million customer locations across the country. You can see the benefits of our scale and the improved growth of our advanced home internet connections. During each of the past two quarters, we've added over half a million combined AT&T fiber and Internet Air customers, which is nearly 30% growth in net ads versus the second half of 2024. Our convergence strategy is a winning play, both structurally and in the market.

During the fourth quarter, we once again saw acceleration in the portion of AT&T fiber customers that also have our wireless services. Our fiber convergence rate climbed 200 basis points year over year to 42%, which is our fastest annual increase since we began tracking this metric. This is further evidence that where we have fiber, we win, with fiber and 5G. The impact of this success on our wireless business is

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material. We estimate that our share of postpaid phone subscribers is 10 percentage-points higher in areas where we offer fiber than in areas where we don't.

The power of our converged offers is evident across our business. In areas where we offer converged services, we rank number one in brand love and number one in net promoter score with consumers and small businesses in both wireless and internet connectivity. And we're number one or number two with medium sized businesses and enterprises.

Scores for our converged offers are not simply better than our stand-alone services, they're improving in most categories. So it's no surprise that our converged customers remain our most valuable, lower churn and a propensity to take higher Internet speeds, attach more wireless lines and stay with us longer.

Our acquisition of Lumen fiber assets, which we expect to close in short order, is a key example of how we positioned AT&T to materially improve share in the home Internet and wireless. We're acquiring a fiber network with only 25% customer penetration, well below AT&T fiber penetration of 40%. We estimate that fewer than 20% of these customers also subscribe to our wireless services. This is less than half of the convergence rate we've achieved in our current fiber footprint.

We already have extensive wireless distribution in Lumen geographies. And soon, we'll have the network assets and deployment capabilities needed to offer customers a better choice for connectivity at home and on the go. When we complete our work at the fiber location, we believe we're able to offer that customer access to the Internet on a lower marginal cost structure than any competitor with industry-leading product performance.

We see this as a structural advantage that provides us with the flexibility to price and position our fiber services to reach customers in underserved categories and geographies, and ultimately achieve higher penetration. This includes value-conscious consumers who are currently being served by networks with lower capacity and higher marginal costs. Our ability to put the right offer in front of expanding customer opportunity positions AT&T to compete on performance, and value and not by leading with uneconomical device offers.

As we accelerate the expansion of our fiber availability, this is how we expect to go to market, with offers and marketing strategies that yield attractive returns by driving deeper fiber penetration and growth in high-value converged customer relationships. We're also making progress towards our goal of discontinuing legacy services in the large majority of our footprint by the end of 2029.

We stopped the sales of all targeted legacy copper-based services in 85% of our wire centers. The FCC has approved our applications to discontinue copper-based services in more than 30% of our wire centers by the end of 2026. We appreciate the FCC and Chairman Carr's continued recognition, the importance of modernizing communications infrastructure, and remain committed to supporting our customers every step of the way.

The transformation of our network and support infrastructure is also driving the transformation of our cost structure as we benefit from open technologies, simplify our business processes and deliver a better customer experience. Last year, we achieved over $1 billion of cost savings, and we plan to accelerate efficiency gains across the company by leveraging AI, moving more customer transactions to digital and achieving greater operating leverage as we grow our customer base.

We've been investing at the top of our industry for years, and we expect this to continue based on the capital investment outlook we provided through 2028. This outlook anticipates that our major capital projects will be substantially completed by the end of 2030 or sooner. As we complete these investments, we expect our capital intensity to decline from a high-teens percent of revenue to the mid-teens, driving higher durable long-term cash flow. But our shareholders will see the benefit much sooner.

We believe the nature of our sustained investments and execution against the priorities I just outlined position us to drive improved growth now. That's exactly what's reflected in our long-term outlook. Over the next three years, we expect to drive accelerated growth in adjusted EBITDA, double-digit adjusted EPS growth and strong free cash flow.

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We also expect to return $45 billion-plus to our shareholders over the next three years through our attractive dividend and consistent pace of share repurchases. This represents nearly 30% of our market cap and over 75% of our expected free cash flow. Over time, we expect that our improved growth, declining capital intensity, and higher free cash flow will provide us with even greater flexibility to support enhanced shareholder returns.

Over the past five years, we've evolved how we operate our business to be investment led, customer-centric and focused on being the best advanced connectivity company in America. This has changed how we talk about our company, and I think it reflects how we see industry assets reordering to compete with our success. So beginning with our first quarter results, we plan to adopt new segment reporting that aligns with this reality, the ongoing transformation of our company through the end of this decade.

Pascal will walk you through the details of our planned new segment reporting and long-term guidance in just a moment. At a high level, we'll begin reporting the growth in our domestic wireless and fiber-based businesses, which we refer to as advanced connectivity, separate from the results of our legacy operations. By separating the performance of our advanced connectivity business from our declining legacy segment, we believe investors will have greater transparency into the returns we're generating on our growth investments in 5G and fiber.

I'd like to close by reiterating a point that I made last quarter, which is that this is a great time to be in our industry. In my career, I've never seen federal policy this supportive of market-based investment in advanced networks. This welcome policy stance has been adopted at the front end of an AI revolution that we expect to increase the need for dense fiber networks and more symmetrical connectivity into and out of homes, businesses and devices.

We operate in a competitive marketplace. This is not new, and neither are the keys to success, which you're investing in best-in-class technologies at scale in order to provide customers with connectivity that they can depend on at a good value. This is a winning play. And by running it well, I'm confident that we'll lead our industry in advanced connectivity service revenue and adjusted EBITDA by the end of this decade.

With that, I'll turn it over to Pascal. Pascal?

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Thanks, John. We had a strong finish in the year and met or exceeded all of our 2025 financial guides. In my view, one of the key takeaways from our fourth quarter performance is that it demonstrates our continued success at driving profitable growth even in a competitive operating environment.

We achieved over 4% growth in consolidated adjusted EBITDA during the fourth quarter, while expanding adjusted EBITDA margins by 20 basis points. This reflects the margin gains we achieved from growth in 5G, fiber and fixed wireless service revenues, driven by gains in convergence relationships while taking cost out across the company. We are also winning with the right customers, with the right offers, and we believe that our investment-led convergence strategy positions us to sustain profitable growth over the next several years.

Before I cover our long-term outlook, I want to highlight a few items from our fourth quarter and full year results. Adjusted EPS grew by over 20% in the fourth quarter to $0.52 and nearly 9% for the year to $2.12. This was above our 2025 guidance for adjusted EPS at the higher end of the $1.97 to $2.07 range, with the upside primarily driven by a lower-than-expected effective tax rate and solid growth in adjusted EBITDA.

Full year free cash flow was $16.6 billion, which grew by over $1 billion and came in towards the higher end of our 2025 guidance in the low to mid $16 billion range. This includes cash taxes of $1.1 billion, excluding DIRECTV, which were below the low end of the expected range by approximately $400 million. However, this cash tax benefit was offset by a decision to accelerate our planned pension funding by a similar amount.

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So in the quarter, the combination of lower cash taxes and higher pension contributions were effectively neutral to free cash flow. We made a $1.15 billion cash contribution to our employee pension plan in 2025 and expect to contribute an additional $350 million this year. As a result, we remain on track to contribute $1.5 billion of cash tax savings from provisions in the One Big Beautiful Bill Act to our employee pension plan by the end of 2026.

Looking ahead, we expect annual cash taxes of approximately $1 billion to $1.5 billion through 2028. Our cash tax outlook primarily reflects further assessment of expected savings due to this legislation. Our goal is to put these savings to work over the next three years to fund working capital and growth initiatives.

As John discussed, we are planning to adopt new segment reporting beginning with our first quarter 2026 results. Our largest segment going forward will be called Advanced Connectivity, which primarily represents results for our domestic 5G and fiber services. In 2025, Advanced Connectivity drove about 90% of our revenues and over 95% of our adjusted EBITDA on a recast basis, and substantially all of our organic and inorganic investments to support growth in Advanced Connectivity.

Our Legacy segment represents results from our domestic services provided over our copper-based network. We have a goal of discontinuing a large majority of copper-based services by the end of 2029, and are managing our legacy segment to achieve this outcome.

As John noted, the separation of our Advanced Connectivity results from our domestic legacy operations should provide investors with a better framework for assessing the returns on our investments in 5G and fiber. For example, over the past two years, our consolidated adjusted EBITDA grew by over 3% annually, while EBITDA from Advanced Connectivity grew considerably faster at an average of more than 6% annually.

We also expanded EBITDA margin in this segment each in the past two years, which highlights how we are achieving profitable growth across 5G and fiber services to both consumers and businesses, even in periods of increased competitive activity and while making significant investments to scale our growing fiber and fixed wireless footprint. We've posted materials to our Investor Relations website that recasts our results over the past three years under our planned new segments. We also intend to provide results for our Mobility business as a supplemental disclosure for a transitional period.

Now let's talk about where our business is headed. In our earnings release, we provided long-term guidance through 2028 that anticipates improved growth in consolidated financial performance, driven by investments in our Advanced Connectivity segment. Here's how we expect to achieve that growth across our primary service categories. We expect total wireless service revenue growth in the 2% to 3% range annually over the next three years. The primary driver of this outlook is growth in consumer and business customer relationships as we continue to gain wireless subscriber share through convergence in areas where we offer fiber and fixed wireless Internet services.

Our outlook assumes a relatively stable trend in postpaid phone ARPU as our consistent disciplined approach to pricing is balanced by gains in underpenetrated categories such as value-focused customers as well as growth in converged customer relationships who enjoy a service discount that typically more than offset over time through lower churn and the purchase of additional services.

We also continue to plan for an operating environment with elevated levels of new and existing customers that are eligible for device offers. While this has no impact on our service pricing, it does impact the calculation of ARPU as we amortize a portion of our device offers through our wireless service revenue. This was approximately a 90 basis points headwind to our reported postpaid phone ARPU growth in 2025, and our outlook anticipates a similar headwind this year.

We expect our advanced home Internet service revenues to grow organically by 20%-plus annually through 2028, which is consistent with the annual growth we have achieved in these revenues over the past two years. The primary driver of this outlook is growth in customer relationships as we expand the reach of AT&T Fiber and the availability of Internet Air as we complete our 5G network modernization and continue to deploy spectrum from our EchoStar transaction.

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Our long-term outlook assumes a lower contribution from ARPU growth than we have seen over the past few years. Similar to our approach in wireless, we intend to maintain a consistent approach to home Internet pricing balanced by gains in underpenetrated customer categories at different price points as we materially expand the availability of home Internet services.

Our outlook also factors in the portion of our convergence discount that we allocate to Internet services as we grow our converged customer base. We continue to expect that we will close our acquisition of fiber assets from Lumen during the first quarter, which will add approximately $900 million of annualized fiber revenues. So we expect that our reported growth in advanced home Internet revenues in 2026 will exceed 30%.

Our business customers continue to utilize a range of fixed connectivity services at different stages in their life cycles. Over the past few years, growth in our business fiber and advanced connectivity services, which includes fixed wireless, has been more than offset by declines in business transitional and other services, which includes mature product categories such as VPN.

Our outlook anticipate that service revenues from business customers across wireless, fiber, and fixed wireless will accelerate over the next several years and more than offset expected continued declines in transitional and other services. Altogether, we expect that total business service revenues within the Advanced Connectivity segment will grow at a low single-digit CAGR through 2028.

We also intend to maintain our cost transformation initiatives across the business. We achieved over $1 billion of cost savings in 2025 and expect to achieve an additional $4 billion annual cost savings by the end of 2028. We expect these savings will be driven by the operating efficiencies John discussed earlier, along with reductions in legacy operations and support costs. Our long-term outlook does not anticipate any material contribution to EBITDA growth from our pending acquisitions until 2028, which is also when we expect these investments to become accretive to adjusted EPS.

Putting this all together, we expect to achieve growth in consolidated adjusted EBITDA in the 3% to 4% range in 2026, improving to 5% or better in 2028. We expect adjusted EPS to be in the $2.25 to $2.35 range in 2026 with a double-digit three year CAGR through 2028. For 2026, our outlook for adjusted EPS includes approximately $0.05 of dilution from stand-up costs and higher interest expense related to our transactions with Lumen and EchoStar and an effective tax rate in the 22% range.

We also expect depreciation and amortization expense of about $20 billion annually through 2028 as incremental depreciation from our growth investments is offset by the roll-off of depreciated assets that have reached the end of their useful lives. For 2026, we expect free cash flows of $18 billion-plus, reflecting primarily growth in adjusted EBITDA, lower pension contributions and lower legal settlements, partially offset by higher capital investments and cash interest. We expect free cash flows to grow by $1 billion-plus in 2027 and approximately $2 billion in 2028, driven primarily by growth in adjusted EBITDA.

As John discussed, we have plans to accelerate and scale the execution of our strategy this year, and we expect some upfront investments to drive this outcome will be reflected in our first quarter results. This includes incremental spending as we prepare to integrate and scale the retail operations we've agreed to acquire from Lumen and investments to drive acceleration in the pace of our fiber deployment.

We are also lapping approximately $100 million of onetime benefits we disclosed in the first quarter of last year. So in the first quarter of this year, we expect adjusted EBITDA growth to be below the run rate we expect for the full year, with free cash flows in the $2 billion to $2.5 billion range.

Before we take your questions, I want to cover our outlook for capital allocation and capital returns. We ended 2025 with net debt to adjusted EBITDA of 2.53 times and cash and cash equivalents of $18.2 billion. During the fourth quarter, we closed on a $17.5 billion delayed draw term facility. Based on our strong balance sheet, ability to draw on this facility and our outlook for $18 billion-plus of free cash flow in 2026, we are in excellent liquidity position as we plan to close our acquisition of assets from Lumen and EchoStar early this year.

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Immediately following the closing of these transactions, we expect our net debt to adjusted EBITDA to increase to approximately 3.2 times and then to decline to approximately 3 times by year-end as we grow adjusted EBITDA and free cash flow. We also expect to receive cash from an equity partner that will also co-invest in the acquired Lumen fiber assets.

We continue to expect that our net leverage will return to a level consistent with our target in the 2.5 times range within approximately three years following the closing of these acquisitions. And we continue to expect that we can achieve our deleveraging objectives by maintaining a consistent approach to capital returns.

In 2025, we returned over $12 billion to shareholders, including over $8 billion in dividends and over $4 billion in share repurchases. As we outlined in our earnings release, we expect to return $45 billion-plus to shareholders during 2026 to 2028. Under this capital return plan, we expect to maintain our current common stock dividend with a consistent pace of share repurchases through 2028, including approximately $8 billion of buybacks in 2026.

Our Board has authorized an additional $10 billion of share repurchases after we complete buybacks under the current authorization. This means we have the necessary Board approvals to execute our planned share repurchases through approximately the end of next year. To wrap up, we executed well in 2025 and we're confident that we're positioned to drive improved growth and strong capital returns over the next three years.

Thanks for listening to our extended presentation. Brett, we're now ready for the Q&A.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thank you, Pascal. Operator, we're ready to take the first question.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now begin the question-and-answer session. (Operator Instructions)

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

And while you're assembling that, I want to point out to Jeff McElfresh, our Chief Operating Officer, is joining us for the Q&A portion of the call. Thanks, Rocco.

Operator

John Hodulik, UBS.

John Hodulik - *UBS AG - Analyst*

Great. Good morning, guys. Two questions, if I could. First, on the fiber convergence rate, 42%, and increased by 200 basis points. John, where do you expect this level to get to over time, maybe over the course of the decade? And do you expect the sort of rate of penetration to continue to improve from here? And then a follow-up to that, do you think you can play catch-up in the Lumen territory and get to those numbers?

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And then second, Consumer Wireline revenue growth looks like it slowed in the quarter. Could you just talk about some of the drivers of that slowdown? I think Pascal, you mentioned some of the discounting going on that side and just how you expect that to progress as we look through '26? Thanks.

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

Morning John. So first of all, I do expect the convergence rate to continue to improve. And we've, I think, shared that we have an objective when we were talking to you in our investor call -- on our investor conference last December that right now, we've got plans in place and we're going to drive that to 50% and feel very comfortable with that. I don't expect it to stop there.

You've heard me say many times that I think we're in a structural realignment of the industry. And ultimately, this is going to be an industry of converged providers that operate assets that allow for consolidated services to businesses. And if I think back, looking in the rearview mirror on history and you look at what bundle rates were when there were other compelling bundles in the market, we approach periods of time where 80% of consumers were bundling, and certainly I would expect that at some point in time, over the long haul, you might see something similar to that occur. Whether it's 75% or 80% or 70%, I don't know where it settles in, but our expectation is that you're going to continue to see improvement in that rate ratably over time.

And in fact, that's the realignment that we're dealing with here, which is as churn goes up on unbundled customers by a bit, we're dealing with that problem right now. Ultimately, the fix to that is to get to more consolidated customers that give us a better churn rate. And that realignment is what we're betting on in our financials moving forward.

And simply put, if we finish this year at 32 -- finish 2025 at 32 million fiber passings and we're going to finish this year at 40 million, just do the math on it, and that's how we're basically driving our revenue growth and our share and controlling our service revenues and what we're doing moving forward.

In terms of our out of -- what I'll call traditional out-of-region footprint, I'll throw Lumen into that right now. We have, traditionally, just like we did with Gigapower, have been more conservative in our business case expectations as to how we perform in those footprints. As I've shared with you previously, we started the Gigapower construct that way.

And actually, we see ourselves in the early quarters of Gigapower performing very similarly what we do in region. And whether or not we can hold that dynamic all the way through the life cycle over three and four years remains to be seen, but I'm really optimistic right now that we've seen better performance than what we might have assumed as we kind of do our traditional financial modeling.

We expect Lumen to be derated a bit, in what I would call terminal penetration, when it's all said and done. But if it's not and we actually perform equal to what we do within our current footprint, that's going to be upside in terms of our business case and our financial modeling and how we think about our future projections that we shared with you in our guidance.

So that one will play out over the course of the next couple of years. And I'm confident the team's demonstrated that they can be pretty fluid and creative in how they approach these things. And I'm sure we'll learn some new things and new tactics in how we operate in those markets and allow us to continue to get better.

On the Consumer Wireline side, we were -- I think part of it is if you kind of look at how we've ratably dealt with pricing over the year and try to be clear and -- as I've said, look for opportunities where we can add value when we do price adjustments, so we manage the customer base effectively. That certainly has been one of the reasons that we've seen a little bit of a slowing on a comparative year-over-year basis. That doesn't mean that I think we're done with taking price opportunity. I think we're just being very careful and strategic when we do it in an intensely competitive market, and we'll continue to be that way.

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LSEG DATA & ANALYTICS

Pascal in his comments clearly indicated to you, as we bundle more customers, we are making the decision at the front end to provide some better economics to customers to do that. We think that plays out effectively over time through the form of lower churn. But when you do that, you tend to slow some of your growth on ARPU at the front end as you're adding the second product into the household.

Again, as I said on the call, I think last quarter, that's more of a feature, not a buck, and we're being pretty deliberate about it. And when you hear us being able to continue to improve margin structure, even though you're seeing some ARPU dynamics soften a bit, look that's a good combination, and I'll take that, and I think we can continue to run the business that way given our opportunities for managing through the cost structure.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

John, one other thing that I would add is, when you think about just the cadence of the quarter, there were some pricing adjustments made probably in the November time frame that didn't have a full quarter effect that will have a full year effect going into 2026. And more importantly, we gave you our forward guide for our expectations of growth in advanced home internet.

That's the combination of both our fiber and our fixed wireless products. We expect those to grow organically 20%-plus, and that's all before the positive impact of the Lumen territories, which should bring it over 30%. So we feel really good about how we're performing there, and it is right in line with our strategy.

John Hodulik - *UBS AG - Analyst*

Great, thanks for the color guys.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks, we'll take the next question, please.

Operator

Benjamin Swinburne, Morgan Stanley.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Thank you. Good morning. I guess two questions around your long-term outlook. One is whether you guys are saving any capacity for meaningful spectrum investments. There's a potential for a lot -- several auctions over the next couple of years under the current FCC. I know you guys obviously have the EchoStar transaction getting ready to close. But just any envelope for additional spectrum investments or just your view on any needs there would be helpful.

And then, I guess, similar kind of question, more near term, definitely getting more questions from investors about a foldable iPhone and what that might mean in terms of consumer demand and upgrade rates. Just curious if the '26 guidance incorporates any view at AT&T on sort of what that might mean for the business and the competitive environment? Thanks guys.

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

Yeah, Ben, let me maybe start and then I can have Jeff give you a little bit more color on the device. Yes, we have reserved capacity for other strategic options. My point of view on spectrum is -- I think I indicated this when we did the EchoStar transaction that by doing this

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transaction, I viewed it as preemptive and opportunistic for us, that allowed us to be a lot more strategic and judicious about what we do moving forward. And I still believe that's going to be the case.

My point of view right now is that the industry is lining up where there's particular spectrum bands that are most useful to particular players in the industry. And we should see a dynamic moving forward where it's less of a buffet rush with everybody moving for the exact same bands all at the same time. I think that, that could be good over time. And I think we can all pick our moments when it's appropriate to go visit the buffet. And that may not require us to be as aggressive all the time.

And I also believe part of the reason that we're so bullish on fiber and why we're investing the way we are is we are getting to a point where networks are densifying and the technology is getting a lot better at price points and how we radiate more deeply in the networks. And we get dynamics of how we offload as we pick up more our combined customers. We have market share dynamics that play out.

One should conclude that given the depth of the networks that are out there today, when we're all hanging 300 megahertz off of the cell tower. This isn't the days where we're growing 10 megahertz at a time on these networks. We've put large swatches of capacity out there. We have a lot more flexibility in how we manage things. And that means that you maybe don't need to think it the same nationally about how you invest in spectrum assets as maybe you have done in the past, and that has a bit of an opportunity for you to think differently about returns in markets and investments as you move forward. But we'll be in a position to do what we need to do to sustain the business.

You've heard me talk about how important the spectrum is to this company and our business model, and we pay a lot of attention to it and try to make sure we have the degrees of freedom. On the foldable iPhone, I just offer a perspective and Jeff can maybe go into a little more color. There are foldable devices in the market today, and they are very capable devices, some really impressive ones. And if you look at the user base who is -- has a strong affinity for those manufacturers and you look at the conversion rate of those that have left nonfoldable devices to foldable, it's pretty predictable as to who sees a foldable device being a good form factor for them.

And I think that's a good indicator that if you were to apply those same kind of acceptance factors and put it in and just say just because there's a different manufacturer making them is everybody suddenly going to be more in tune or desirous of a foldable device, the indications in the market would be that, that's not a broadly applicable form factor. It certainly has its place and there's a utility that it brings. But I don't think this is going to be the kind of thing where 80% of the base as they need that form factor.

I have to move to it. Jeff, do you have a point of view?

Jeffery McElfresh - *AT&T Inc - Chief Operating Officer*

Not much to add to that, John, other than you should expect that AT&T will remain focused on the acquisition of quality customers. We're very disciplined in offering the right value proposition to the right customer segment. And then we're not anticipating any significant elevation, one way or another, as John just described.

Benjamin Swinburne - *Morgan Stanley - Analyst*

Thank you.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks, Ben. We'll take the next question, please.

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LSEG DATA & ANALYTICS

Operator

Peter Sapino, Wolfe Research.

Peter Supino - *Wolfe Research LLC - Equity Analyst*

Hi, good morning everybody. Two, if I may. The first -- both on broadband actually. First, regarding your comments on fiber ARPU. I think we all appreciated your point about mix and promotions and how those are accounted for in ARPU.

At the same time, Comcast and Charter are behaving differently in terms of the way they price existing customer broadband rates. And so I'm wondering how you're thinking about the price of fiber for your existing subs, your retail rate outlook?

And then a question about FWA growth. Looking out two years, it looks like your DSL base will be gone if we just extrapolate the recent decline rates. And I wonder in that scenario, should we expect FWA sales to hold up? And if so, should we worry about a supply-demand problem in high-capacity broadband if that DSL demand goes away and three powerful carriers continue to try to grow DSL? Thank you.

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

Hi Peter. Look, I've said it before, I think we're in a distinctly different place than cable. One is we currently sit under their pricing umbrella. We're not at their levels. So we have a lot more degrees of freedom in how we manage our ARPUs and our various offers in the market that they have. So it's one thing. I understand why they're having to make the changes they're making. They're priced higher and their product is inferior. And so they're the ones that's having to readjust to the market, not us. We've got the better product and we're priced lower. And that's why this is a problem for them.

And as a result of that, I think we've got all the actions we need. When you think about the fact that we have owner's economics on both our products, we can play with the value across and we don't have to run one product to zero to make the other one worthwhile to somebody. I just think we're in a great place for us to be able to manage our value to the customer and what we bring out to them. And when you're doing it on the foundation of a better product, that's a good thing.

I made the point I made in my comments for a reason. How do we continue to win and grow and share. We continue to grow our footprint, 32 million fiber passings at the end of 2025, 40 million at the end of this year. That's a growth rate that is -- we've never had that. And it's going to be 5 million a year thereafter.

And when we work on that base and you have a product that people love, they love it. It's number one. I said that for a reason. It's priced competitively in the market. It performs better. You put a great wireless product with it. You have all the tailwinds you need to be able to continue to do the right things in the market. And there's a structural advantage on how that technology works and performs as well as the cost of operating it once it's in service and what you do with it.

And then, yeah, the DSL base is going to go away. That's by design and the plan. It probably can't happen fast enough. We're working really hard to try to make that done -- get that done in a graceful fashion. The fact that we have access to the EchoStar spectrum has helped us tremendously in managing a lot of those customers into the right place and allows us to preposition a bridge product in some cases before we have fiber deployed under this aggressive rate and pace that we're working through.

And I don't worry about a supplier demand problem. Market really isn't growing too much today, and it's pretty staged given the lack of home movement. So it's a tough environment right now. It probably won't stay that way. At some point, I expect home switching to probably increase at some point, and that's going to be to our advantage when that happens because it will open up a whole bunch of choices and jump balls that don't occur today that we're going to win more than our fair share on.

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And when I step back and think about the supply and demand, we win because we have a better product. And I'll take share as a result of that. And so no, I don't worry about it. We have -- if you've noticed, our conversion rate on our fiber customers have been dropping like rock. Most of our growth right now is in new accounts. So we know how to play in this market. We're giving you volume today, and we're going to continue to do it.

Jeff, you want to add anything?

Jeffery McElfresh - *AT&T Inc - Chief Operating Officer*

No. You've nailed it.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks for the questions, Peter, we're going to go to the next one, operator.

Operator

Michael Rollins, Citi.

Michael Rollins - *Citibank Cameroon SA (Douala Branch) - Analyst*

Thanks and good morning. A couple of questions on wireless. So first, can you discuss the macro factors that you may be seeing that can influence postpaid phone growth for AT&T in 2026, whether it's population growth, including immigration, demographics, business and the prepaid to postpaid transfers?

And then second, how is AT&T responding to the promotional changes from your competitors to sustain your financial performance? And within this context, AT&T maintained the annual wireless service revenue growth guide of 2% to 3%. And as you look into that, I'm curious if there's different contributing factors with respect to price and volume relative to what you anticipated when you established the target during the Analyst Day. Thanks.

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

Jeff, you want to pick that up? I want to take a sip of tea.

Jeffery McElfresh - *AT&T Inc - Chief Operating Officer*

Yeah, happy to. Thanks for the question, Mike. At a macro level, it's no surprise that the wireless industry itself is penetrated and very mature. And so you do see a lot of switching activity that's occurring between competitors. Are there macro factors that are slowing incremental new entrants into the traditional postpaid voice?

Certainly, there is some aspect to that. But from our perspective, the plays that we've been running in this competitive environment have delivered not only growth in our margins, but overall growth in customers. And so we're able to withstand some of the competitive dynamics.

As we mentioned before, and John has alluded to earlier in his remarks, we still see incremental opportunity in underpenetrated segments for AT&T. And those segments are being served at a growing accelerated rate for us with the plays that we're running around convergence. We still don't have the share we aspire to have in some value-conscious price-sensitive segments, I think 55+, one to two line accounts and

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as well in the small and medium business segment, both of which we're seeing some success, and interestingly enough, we're seeing success in those segments as a result of our go-to-market convergence strategy.

John kind of alluded to this a second ago, the actual number of accounts that we see that we're growing, it's not just adding wireless customers to existing fiber accounts, but we're actually pulling existing wireless counts adding fiber and the new accounts that we're establishing in the market are from many of these growth segments. So from that perspective, we plan for the competitive intensity to continue. It's not as though it's going to abate. And the playbook that we have proof points that we're winning in, we're going to continue to execute that.

John mentioned this expansion of growth opportunity. The funnel is going to grow incredibly here in 2026. A couple of points that he called out in his prepared remarks. We've got (inaudible) rates and fiber inside the Lumen footprint at 20%, 25% and we've got attach rates of AT&T Mobility services in that base by our estimate, somewhere around 20%. So there's immediate opportunity for AT&T to continue to grow, to continue to provide value to customers with a superior set of products, and all of that is factored into the guidance that we've offered.

Michael Rollins - *Citibank Cameroon SA (Douala Branch) - Analyst*

Thanks.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks, Mike. We'll go to the next question, please.

Operator

Sebastiano Petti, JP Morgan.

Sebastiano Petti - *JPMorgan Chase & Co - Analyst*

Hi, thank you for taking the question. I guess, Pascal, one quick clarification question. Does the year-end leverage target, does that assume some level of cash inflows from the Lumen JV and just, I guess, monetizing a portion of that with a network partner?

And then I guess second question for Jeff and or John, just helping us think about -- as I think about the shape of the fiber build taste, John, you talked about going from 32 million to 40 million exiting the year, can you help us think about what does that mean from a seasonality perspective as we think about FWA and fiber over -- net additions over the course of the year?

I mean, similar to prior years is one half. Look, the second half higher than first half in terms of net additions there. And then I guess, what, if any, distribution changes should we be thinking about as it relates to fiber and FWA, whether its may be training the stores, opening up distribution channels? Just help us maybe think about the shaping there as well. Thank you.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Hey, Sebastiano. A couple of points I noted in my remarks. We expect to close on an equity partner later on this year, which will bring us some proceeds associated with the percentage of the assets that they acquire. And we also expect to grow our EBITDA during the course of the year, which should also help in our overall leverage target. So we feel really good about our ability to do both.

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

Hi Sebastiano, I expect there's going to continue to be seasonality in our broadband dynamic. And I think that the consumer part of it, which is the bigger part, we'll probably always have that to some degree. And yes, there'll be better volumes in the second half of the year than the first half of the year. Third quarter will be better than fourth quarter.

And as I -- I think I tried to share all -- with all of you when I was at one of the conferences late in the fourth quarter that there would be some down seasonality in fixed wireless that would occur in the fourth quarter, but none of you listened in your estimate changes. But -- so I do think that's just going to be part of the dynamic that we're all going to work through. And that's perfectly okay.

Now offsetting some of that seasonality as we have footprint expansion. And so we have -- even though there's seasonality to it, when you have an opportunity to sell that increases, you're going to have some volume that comes in as a result of that. And that's going to be really hard for all of you to estimate this year because not only do you have footprint increases, but we have a ramping dynamic we're going to be working through.

We have closed the Lumen transaction in a record time or we will close it in a record time, I'm projecting. And as a result of that, that means we've had a more compressed time to be able to do the preplanning you would normally do at the day of close, to be able to operationally turn up those assets and move forward. And we have some things that we're going to have to continue to finish up and ramp and scale to get to be our best self.

We're going to execute on this asset in a way that we are normalizing products between the two operating companies. You're going to do all the things that you should do when you do a transaction like this, which is rationalize your information technology infrastructure, standardize positions on brands in the market, go to common ways of driving the supply chains and engineering and putting data into databases and all those things.

And that's some hard and challenging stuff. We have all that planned out. In many cases, we're in pretty good shape. But I know that for the first quarter or two, we're going to be on a learning curve on some of that stuff with people from a different company having to learn some new processes and new ways of doing things. So that ramp dynamic on that footprint is going to take a little bit of time. And that will factor into clouding quote-on-quote seasonality as you think about those things.

You've got to ramp dynamics, you've got seasonality. You've got a larger footprint. You have offers that are going to be moved in the market training that has to be done for individuals that are going to be distributing and selling those products. So I think it's going to be a little bit challenging for all of you to kind of just go back and look in the rearview mirror and come up with the dynamic around it, and we'll give you some updates. But you should expect we're going to be on probably a solid two-quarter ramp here of getting ourselves up the learning curve and getting more effective.

And Jeff, why don't you make some comments on some of the distribution changes we have lined up?

Jeffery McElfresh - *AT&T Inc - Chief Operating Officer*

Yeah. And so our distribution assets that are in the Lumen footprint and territory are already there, and we've got a solid position just as we did with our Gigapower experiences in the markets out of footprint that we were building. And as you should expect that our product offers and our ability to service that base will be available in short order, akin to the commentary that John made.

I mean, the pace at which the team is moving to get this transaction closed is record setting. It's akin to the speed at which we lifted the initial tranche of the 3.45 EchoStar spectrum up on our wireless network. That, too, in terms of fixed wireless, we expect to sell more this year than we did last year. The ramping of that will occur nationwide as our AT&T Internet advertising and messaging to build top of funnel awareness hits the marketplace in full force, and you should expect that to continue to ramp as the year goes by.

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At the end, we are focused on building a durable long-term sustainable build engine inside of the Lumen footprint just like we are in our organic footprint, and the distribution changes that we have to support activating that network in each of the footprints is a play that we know how to run. We don't anticipate many changes to our go-to-market distribution strategy from what's already proven to be a winning play.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks for the question, Sebastiano. We're going to go take the next one now.

Operator

Michael Ng, Goldman Sachs.

Michael Ng - *Goldman Sachs Group Inc - Analyst*

Hi, good morning. Thank you for the question. I just have two. First, I was just wondering if you could talk a little bit more about the EBITDA growth inflection to 5%-plus in 2028. What are the key drivers? Is it more on advanced EBITDA growth accelerating or the legacy declines improving? And then any thoughts on 2027 and just the linearity as we think about the next three years? Thank you, and I just have a quick follow-up.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Sure thing, Michael. Here's the thing to think about that we are going through. This year, we're bringing in the Lumen assets. We're going to incur a pretty significant acquisition -- initial cost to integrate those assets and to build this -- and to add to the distribution behind them. We expect those to moderate as you look out the next two, three years.

Plus, we've mentioned to you, those assets haven't been fully penetrated. And over time, more and more of those assets will become penetrated contributing to earnings growth. That, coupled with the fact that each year that goes by, you have less and less of a contribution or dilution from our legacy footprint. Those things in combination gives us great confidence we're going to be able to drive an acceleration of EBITDA growth as you work your way through each year of the plan.

Michael Ng - *Goldman Sachs Group Inc - Analyst*

Perfect. Thank you Pascal. And just my follow-up. Yeah, just on mobility service margins, really strong in the quarter. I think the fourth quarter was the first time this year it was up on a year-over-year basis, which seems positive just given all the concerns around competition. I was just wondering if there's anything you would call out from a cost perspective that may have been particularly impactful this quarter relative to the rest of 2025 and maybe some of the key cost initiatives as we go over time. You guys talked about AI and digital transactions, but just would love to hear about anything notable for the quarter and the next year. Thank you.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Mike, look, across the board, we continue to do a really good job of managing all the costs that are not geared towards customer growth. This -- in 2025, we incurred a pretty significant step-up in customer acquisition costs along with advertising. And those -- if you strip those out and you look at the underlying business, it was pretty substantial cost savings. You can see some of those dynamics in our trending schedules, and it's across the board.

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You look at where we -- what we are doing, whether it's in AI, shuttering legacy footprint and the underlying infrastructure, all those things are contributing. And we expect that to continue. In fact, we expect the next three years to say $4 billion -- more than $4 billion in cost, and it's a muscle we have built, and I feel really good about our ability to do so as you look ahead.

Michael Ng - *Goldman Sachs Group Inc - Analyst*

Great. That's very clear. Thank you, Pascal.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks Mike. We promised we'd give you a little extra time because we went a little long on the prepared remarks. So operator, you can go ahead and take one more question here.

Operator

Sam McHugh, BNP.

Sam McHugh - *Exane Bnp Paribas - Analyst*

Yeah, thank you guys. Two questions, if I can. First, on bad debt. I think it steps up a little bit in this quarter. I don't know if you could give us some color on what you're seeing amongst consumers at the moment?

And then secondly, the guidance and cost cutting and accelerated EBITDA growth. What are we thinking about in terms of cost reduction? Obviously, you've kind of stepped back from giving color on cost reductions. I don't know if you could talk about what you're seeing over the next few years and whether they just accelerate as we decommission copper through the outlook period? Thank you.

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Sam, a couple of things. On bad debt, what I would tell you is this. It's really -- we haven't seen any discernible changes in consumer payment patterns. The increase in bad debt is a function of the higher equipment sales that we have that come -- that often comes with long-term receivables and along with just higher service revenues. That's really what's driving the overall dynamics in bad debt.

And as it relates to our overall cost plan, as I mentioned in my commentary is we expect about over $4 billion over the next three years of cost savings. And I would tell you, it is across the board. Yes, legacy decommissioning will contribute pretty significantly to it. But other areas, we are garnering productivity gains through the use of digital, through the use of AI, and we expect that to continue. And it's a muscle we have built over the last several years and have a high degree of confidence we're going to be able to continue to execute on that.

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

Yeah. I maybe add something to think about here, Sam, in terms of what we've been doing. We are investing at high levels, and I acknowledge that we're doing that. And we expect that we need to demonstrate returns and improvement as a result of those decisions to invest at a higher level. We talk a lot about what we're doing on the network side and how that's driving revenues and share and opportunity there. We haven't spent a lot of time.

We're investing at high levels in our software technology base in this business to improve our ability to face off against customers be more agile in the market, take advantage of some of the things that Pascal just talked about from a digital perspective that I think you're going to

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see a lot of movement on this year. But what's important to understand is we're investing at pretty high levels there. We're getting very large increases in our productivity for the software we're developing and writing right now.

So we haven't pulled back our investment because of the effectiveness or efficiency savings. We're getting more done and we intend to get more done because there's a lot of good opportunities to apply improvements in software and how we change our processes than what we've traditionally been able to fit through the funnel. And as a result of that increased capacity and improvements and effectiveness, we can see a lot more of these projects now start to drop through.

And so we did a nice job this year in managing our cost structure and business as an example, and I will tell you that, that's an artifact of us having been able to do some more work on software to improve our labor cost structure in that area than what we probably would have guessed we could have done 24 months ago.

And so we kept investment levels up. We use that extra capacity to go do a few more things. We get benefits from cost on it. And I guess the good news is, and I think my team's tired of me hearing about it is, I keep turning over rocks and seeing more opportunities to go after things, and we go after things. And I'm not worried about running out of rocks to turn over. So I think it's just a matter of us executing around it.

Brett Feldman - *AT&T Inc - Senior Vice President - Treasurer and Investor Relations*

Thanks for the question, Sam. Operator, we'll take one last question, and then we'll turn it back to John for a few final thoughts.

Operator

Michael Funk, Bank of America.

Michael Funk - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

Yeah, great. Thank you all for fitting me in. John, a quick one for you and a quick follow-up for Pascal, if I could. So looking at your national advertising right now, the converged offering, very little differentiation provided between fiber and fixed wireless. So just wondering how you're thinking about maybe we're rifle shot targeting FWA for the remainder of 2026 and your view on the market opportunity there.

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

Hi Mike, we didn't just fit you in. We had a plan to make sure you could be in. So it's good to hear from you.

We spent a lot of time paying attention to where customers' understanding are of our products and our perceptions, and that's discrete for consumer and business. And we believe, and we've done a lot of AV testing on this and we know this, that actually we have more to gain right now from a broader, I'll call it, a generic Internet message than at the national level, a targeted message.

We want to build awareness that AT&T is a capable national Internet provider across consumers and business broadly, and we have a lot of upside in the customer base to do that and our tracking of our advertising, our approach on that would suggest we've made some really good calls around that, and it's helping.

What we then do is we come underneath that with, as you refer to with the targeted rifle shot. There are other ways to go put the targeted rifle shot in front of the right customer in the right place. And this is fundamental and core to our strategy, which is right product, right customer, right place. And you can use digital means and you can use information on our customer base and third-party information to go

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and put the right offer in front of the right customer that matches up to the technology that we have in the particular geography that then comes in and builds and extends on that national message that you're referring to.

So we track a lot of things, as you might guess, and we're looking at -- do people have an awareness of AT&T as a leading fiber provider? Where are we -- where does it not match up against where we got inventory to go sell? You can do things on that given it's a very geographic and regionally centric business to do things below the national level to bolster those kinds of things that you may not see based on where your home residents is and what you do, and you should want us to do it that way because at the end of the day, capabilities like fiber are local, and you want to be very, very discreet about how you do things.

Now having said that, when you get up to 60 million fiber footprint, your decisions on where you do certain things in the funnel are going to change than when you're at 30 million. So you'll see an evolution of this over time. I hope that gives you enough context on it.

Okay. And with that, I'd -- go ahead.

Michael Funk - *Bofa Merrill Lynch Asset Holdings Inc - Analyst*

I'm sorry. Pascal, can I ask one of you as well. You mentioned you expect handset amortization to basically be flat year-over-year, I think, in 2026. Just curious what that says about your view of wireless competition in the marketplace or AT&T's willingness to compete?

Pascal Desroches - *AT&T Inc - Chief Financial Officer, Senior Executive Vice President*

Yeah. A couple of things, Michael, to keep in mind. One, my commentary was that we expect about the same level of headwinds that we saw this year on a percentage basis. Overall, I think, John, laid this out in his remarks, our basis of competition is going to be a bit different than our peers. Ours is about using our broadening base of fiber customers to drive additional converged relationships.

That's our priority when we are looking at our investment spend. And that -- we will be much more disciplined outside of those areas. Therefore, I think on balance, we are confident in our ability to manage the overall ARPU dynamic despite having to incur the additional promotional costs.

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

All right. With that, I really appreciate you all joining us this morning and maybe spending a few extra minutes, given we wanted to kind of refresh guidance and give you a little insight into what we're going to be doing after we bring on some of these additional assets. So we've now kind of shared that plan with you. And I think what we've outlined is a view of the future of how we're not only going to report in this business, but how we're going to operate it.

And I appreciate your patience and understanding in our segment adjustments. I know it's more work for all of you. We didn't take this lightly. We're going to try to assist you through it and make sure that we can get you through it in a way where you view it as being completely transparent and more insightful for how we're operating the business.

But look, I think the numbers speak for themselves when we start to talk to you about how we're generating profits in this business and how we're investing. The time has come for us to look at things differently. And the shift that's occurring in this industry is pretty significant. And as a result of that, it's time for us to adjust and make these changes.

We have the right assets in hand after we close these transactions in front of us, in my view. And frankly, it's up to us and it's entirely in our control as to how we deliver on this plan that we just laid out for you and shared with you today. And I feel really good about that. And I feel like we're entering the fund cycle here in what's been a bit of a slog over the last couple of years to get us in a position to do these kinds of things.

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I believe that we have the right regulatory environment for us to operate this business in. I think the incentives to invest in this industry are strong and good right now. I think AT&T has put forward the right technical and technology direction, and our foundation in that regard sets us up with an ability to differentiate. I think we have the right position structurally in this industry as things are changing fairly dramatically and as we start to approach what's going to be a very, very clear increase in importance and connectivity with the dawn of AI.

And I believe strongly, we've got the right team in place to do this that is clear on their mission and their charter. And the combination of those things, I think, should give you a lot of confidence that we can deliver on this plan moving forward. And we look forward to coming back and reporting with you on our progress. So thank you very much for your time.

Operator

Thank you. That concludes today's conference call. We thank you all for attending today's presentation. You may now disconnect your lines and have a wonderful day.

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