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# EDITED TRANSCRIPT

T.N - AT&T Inc at Morgan Stanley Technology, Media & Telecom Conference

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## OVERVIEW:

Company Summary

## CORPORATE PARTICIPANTS

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

## CONFERENCE CALL PARTICIPANTS

**Benjamin Swinburne** *Morgan Stanley - Analyst*

## PRESENTATION

**Benjamin Swinburne** - *Morgan Stanley - Analyst*

We are good to get started. I have to read these disclosures again. For important disclosures, please see the Morgan Stanley research disclosure website at [morganstanley.com](https://morganstanley.com), and if you have any questions, please reach out to your Morgan Stanley sales representative.

Very excited to welcome to the conference, John Stankey, Chairman and CEO of AT&T. John, it's great to see you. Thank you for being here.

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

It's good to be with you, Ben, and I'll do my disclosure. So if you all reference our Safe Harbor statement. As you know, some of the things we're going to talk about this morning are forward-looking, and they're based on information that may or may not come to pass. Please make sure that you look at our website for any additional information and clarity of what's going on. I appreciate it. Thank you.

## QUESTIONS AND ANSWERS

**Benjamin Swinburne** - *Morgan Stanley - Analyst*

Great. I've tried to learn a lot from Simon Flannery over the years, but it was very helpful to come down to your Investor Day back in December and spend time with you and the team. Maybe you could talk a little bit about the work, the foundational work, that has been done at AT&T that sort of put you in a position to kind of guide to what you guided to and deliver the kind of growth that you've now set for expectations for us.

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

Yeah, it's maybe appropriate. I'm following David up here. I mean, the foundational work, of course started when his foundational work began. And we've been trying to simplify the business. We've been trying to refocus it.

And I think actually being a juxtaposition to what he just talked about, you start thinking about the number of issues that he has to manage to transition his business and put it in a place where it's going to be successful for the next decade. It was a conclusion that I drew that we needed the very same thing in the communications business, and it was going to require a lot of time, attention, and financial capacity to do that. And we decided at the forefront we needed to simplify the business. We needed to focus on building an extensive fiber infrastructure that could be the platform of which we run a great wireless business and a great broadband business.

We needed to get focused on our customers and ensure that we were delivering products that they embraced, loved, and wanted to have, and that was going to be absolutely essential. And we needed to make sure that while we were doing that, we were re-engineering our cost structure, frankly, getting rid of technology products capability that served us well for many decades, figuring out how to shut those down so that when we arrived at this new place, we had a sustainable and effective business. And we spent a better part of four years doing that, and I think we've done it, to the team's credit, quite well.

They haven't been easy decisions. We're by no means done with what we need to do. But the path is pretty clear right now, and at the investor conference you alluded to, I talked about four things. I said that I believe that there was going to be continued demand for high-capacity, high-performing networks. I felt like fiber was the absolute best technology to deal with that.

We felt very, very strong belief that converged networks were going to be critical over time. Customer buying behavior was going to be dramatically different as we go forward in the next decade. And finally, in a scale business like network, whoever had the most endpoints, whoever had the most places that they could go and terminate a network, ultimately was going to have an advantage in scale and marginal cost structure, and that our goal was to stay ahead in that race. So those four foundational issues are what have really driven us, and I think we've done well across all four of them.

We're not done, but we have laid out in front of the market a very attractive approach that we can continue to grow the broadband business, and we can do that. We're doing it in consumer today. We're making the pivot in business. We still have some work to do there, and we're getting a stronger and stronger wireless business every year.

And as we finish our investments and standardizing our underlying technology in wireless, we get the footprint that we want. We feel very, very good about our growth prospects there as well. So that work has been meaningful. We've done a lot of progress. We were confident enough that we came out and gave you three-year estimates on what we're going to do and feel really good about that. The team is behind that, and all we need to do right now is continue our solid execution.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

It's always interesting when a company gives long-term guidance. Obviously then, every quarter we have to sort of mark the market, and when you give segment guidance, I always wonder what the response is internally because now your business leaders have publicly committed estimates that they've got to work towards. What has been the response inside of AT&T? And are you seeing kind of broad buy in to this?

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

Well, I think everybody should share the joy personally. There's no reason why I should be the only one carrying something around with them every day, and I think that's important for any team. And I will tell you the buy in, I believe, is very, very strong. And at the same time we did that, then we -- we've done a lot on compensation.

There's -- you can obviously look and see what's going on with the five most senior individuals in the business. But if you look down below the non-reported stuff in the proxy, I think you'd be pleased to know that the management team is very much aligned on the performance of the equity of AT&T. And as we've laid out these plans, moving into this moment, we did some things to motivate the team to deliver on what they've delivered on that I think has restored a degree of credibility and confidence in the markets in our equity.

But as importantly, as we announced the three-year guidance, we did some special things with the leadership as well to make sure that they understand exactly what that plan is and they know that that's how that's tied back to their well-being and their success. And these are things that I would say are a bit out of pattern to maybe the history of what the business has done. But that's how you make sure that everybody understands what we've committed to our shareholders and why it's important.

And while I'd always like to see us get crisper and better on communications broadly to 130,000 people in the company, and I'd love to be able to walk down to every technician and ask that question and know that they look back at you and answer it exactly the way I would answer it, I would say that the leadership has done a good job getting the messages consistently communicated as I've seen in my recent leadership experiences. And I think some of that gets back to the first point that I discussed. When you're focused on doing one thing consistently, which is being a great communications company, you get a lot better at these kinds of things.

The messages don't get blurred. Employees aren't being whipsawed in terms of how you're communicating what's important to your company. The things you're working on stay the same year after year. You just get better as a result of that.

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**Benjamin Swinburne** - *Morgan Stanley - Analyst*

Yeah. Talking about sharing the joy, it has been joyful so far. Stock is acting well. But there are obviously risks, and you're operating in a very competitive environment. And I mean, the macro backdrop, we talked about this a bit last night, is quite volatile.

So what do you worry about? What are the big risks in your mind that you have to make sure you guys navigate and get right to deliver on the three-year guide?

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

I think there's a lot going on in the world right now. Ironically, if I step back and think about what is my frame of mind when I get up in the morning maybe compared to four years ago, I'm more buoyant right now than I was four years ago in general, and I'm not making light of other issues that are going on around the globe. I think those are important, and they're meaningful, but relative to our industry and how I think about AT&T and what AT&T can do, net-net, I kind of think we're in a more positive state than maybe what I had expected in the circumstances of the last administration.

And I was just reading this morning Chairman Carr's comments over at Mobile World Congress earlier today, and those are reasons why, one of the reasons why. When he talks about a recognition that the United States needs to be in a much better position competitively from a spectrum perspective, I absolutely agree with him. And he's not only saying it, we've seen in the first several weeks of this administration that he means it in terms of how he's spending his time, how he's convening meetings, and people that are decision makers on this and what he's doing around it.

And I think that will be good for American competitiveness. I think it will be good for the consumer because it's how we ensure that there's innovation and technology, and I think it's good for AT&T.

He also made comments about the fact that he believes that there's too much burdensome regulation that is inhibiting things like what I talked about a few minutes ago, getting out of old technology and investing in new, and that there's still too many structures around to prevent that from happening on a consistent level again to have competitive American infrastructure. And so he is focused on things that they can do that are more than just on the margin from a policy perspective to start accelerating turnaround of obligations under decades old constructs of voice regulation, common carrier constructs, et cetera. Things have changed dramatically.

I mean, just think about the last significant piece of legislation that was passed for telecommunications in 1996. I mean, none of us were using the internet then. That's the last time we've legislated on telecommunications' competitiveness and policy. There has got to be something we can do that can better position this country, and he sees that.

Look, if something happens on taxes, which is different than what we've expected and how we've given you guidance for our business over the next three years, we've assumed the law of the land as it stands today is, in fact, going to take place, and we'll see the expiry of the original Trump tax cuts. If there is some progress made on that front, I think that's not only good for AT&T, but it's good for the country because there is an incredible amount of pro-investment constructs in what Congress is debating. And in my case, roughly speaking, tax builds up by billions as these accelerated depreciation and the R&D credits have expired, and that impact on cash flow impacts how much I invest in this country and what we return to shareholders. So I'm somewhat optimistic that we've got a Congress right now that's going to look at some of these things and move them through, and I think that that can be good.

What am I concerned about? I want a good, balanced economic policy, right? I think it is good that we make government smaller. We don't want government crowding out the private sector and the debt markets.

I'd like it to be done in an orderly and effective fashion so that most businesses can understand what's going to occur. We're not left guessing. And certainly, we want a low inflation environment and how we execute around this issue of -- I believe our markets should be fair.

I believe there are certain countries that take advantage of selling into the US markets, but we've got to be very, very careful and precise about how we administer things like tariffs and get tariffs and get the incentives appropriately structured because if you do that, then you can have good economic trade and you avoid the inflation dynamic, which is just not good for the American consumer.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

Yeah. And all those things are obviously going to impact the wireless history. Why don't we talk about 2025 a bit? So you guided to mobility service revenue growth at the upper end of 2% to 3% and EBITDA 3% to 4% higher end of 3% to 4%, which assumes a healthy wireless industry but also further normalization of net adds. And I wonder if you could talk a little bit about the industry backdrop that you see today in the marketplace, and how we should think about kind of promotional intensity here in '25 versus what you operated in last year?

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

Yeah. I don't think anything has changed. I still feel very confident about what we've said we can do in our performance. And our guidance, I think, still stands around what we've seen and what we expect to occur this year. To your point, we do expect to grow in our mobility space. We expect to grow through a combination of things.

It's not just one issue. We're going to grow customers. We're going to manage our base more effectively, and we'll have some improvement in yield from our existing customers either through ARPU increases because of repricing and what we can do as well as moving people up to higher value plans. We expect some very reasonable and modest improvement in what we do in what I would call more the value segment of the market and some of the areas where we have traditionally underperformed.

And when you kind of mix all those things together, that's what yields the guidance you just talked about, probably at the higher end of the 2% to 3% range for service revenue improvement, but 3% to 4% on EBITDA because we're able to manage the cost structure more effectively. Like you get into any plan here, there's always things that move one way or another, and you adjust to them accordingly. We had a stronger fourth quarter than I think most people had expected in our postpaid voice category.

I think we had shared with all of you that we, in fact, expected the maturities on our existing contract base were going to get back to kind of normal levels after several quarters of being below normal levels. That certainly has helped our churn. We frankly overperformed in the fourth quarter when we thought that that trend was going to start to result in some higher churn.

Well, it showed up in January a bit. So it came a little bit later than what we expected, and we gave back in January a little bit of that higher growth that we saw in the fourth quarter. We saw it exactly in the cohort that was the maturing cohort. We did a lot of things as we were rolling out the AT&T guarantee publicly as we started to layer in how we position that with our offers in the market.

And as we did that, February is right back to where we expected February to be. So January is a little bit rocky. It was -- it's typically a lower net add month in the year anyway, but February was right back to where we are. And we look at March, and we feel really good about what's occurring. The promotional levels are, again, we've used a lot of data science and a lot to know how to manage our base effectively.

When we saw the dynamic occurring in January, we were pretty quick to address exactly where it was occurring. We've been able to go right back into the market to do the right things for those customers that we have to address. We saw it manifest itself in our improved performance for the month. We feel really good about that. We don't see anything going on in the market today that I can't explain from a value perspective.

It's still incredibly competitive. However, values of customers have improved over the last couple of years as margins have improved, ARPU's are up, churn is down. The fundamental value of a customer is higher. And so do we see promotions tweaked up a bit because of that and ratio to that value of the customer improving? Yes.

But is that out of bounds for what I'd expect the competitive market to do? No, I think it's still exactly what we've been experiencing over the last several years. And we know how to execute and perform in that market.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

Got it. So this sort of Q1, so after January back in February, so fits within the full year outlook?

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

Still really comfortable with where we are in the guidance and nothing that's out of pattern to what we would expect to react to.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

Okay. That's great to hear. So we had Charter yesterday here, and Brian is coming up a little bit later this morning. We were chatting about this last night. I mean, the cable operators have been a bit on the back foot to put it succinctly around the convergence.

Any concern as they react and sort of get more aggressive, particularly Comcast, I think has been a little bit more I don't know, measured in their converged offers so far as they've been in the wireless space, but signaling that they're going to turn it up. Those on the webcast (inaudible)

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

I'm glad that they're ones that have to react, and it's nice to have them in that position. And I feel really good about what we're able to do. And I don't mean to sound like a broken record because I've been saying it over and over again, but we have a better broadband product, which is what they're trying to defend.

It's tough to be the highest priced service in a market with a product that isn't the best product in the market, and I believe that is the position they're in when they compete against our fiber. And so as a result of that, I feel very, very comfortable that we can hold our own in those circumstances.

And as we've talked about before, our franchise in wireless is built on the affinity in many instances of group and family dynamics, and those go beyond one- and two-line constructs. There's a finite part of the market that is the single line and two-line customer base. And it's a lot harder just to compete on a lower price when you're refreshing families and cohorts of customers that are very attached to the device that they're using in their network experience.

I think we have a better mousetrap to that. We've talked all along that our growth has been very balanced as a company. We get a lot of our net add performance right now out of what we've been doing to improve in our business segment, what we've been doing with FirstNet and government accounts. That's a really hard place for cable to go because they don't have the presence in many of those business customers.

They don't have the capabilities to differentiate the product in a way that we're able to do, for example, with FirstNet. So look, I feel really good about what we have and what we can pull on as a company to be competitive in the market and run those plays. My point of view is it feels like I've got tailwinds over time because, one, I've got a better product; two, I got an improving cost structure; three, customers like our service better than their service.

I'm doing things to take the brand up to another level right now with AT&T Guarantee which is intended to be a platform for us to distinguish ourselves even further than what we've already done. We've already tried to be very straightforward and transparent with our customers, with no exploding offers and no introductory pricing and all those things that they hate. That matters in terms of the feedback we get from customers, and now we're backing it up with the performance once they buy the product from us.

And that just feels very, very different than kind of the rest of the market. And that feels like something that we get to execute on. We get to execute on what we do every day to drive that message home with our customers. We get to execute on our continued build to get to a footprint that is going to be the largest fiber footprint in the United States that will rival the size of the infrastructure that they have today in their current configuration. And we have demonstrated that we can drive accretion into the business as we go on that journey, and I don't see that changing.

And frankly, to their credit, they've had a couple of good decades. I would like this to be our decade.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

Right. Now let's stay on the fiber theme, John. So you've been building fiber in AT&T for many years. Can you talk about the penetration curves and returns you see today as you look at sort of new cohorts versus what you've built in the past? Are the economics of fiber changing at all inside of AT&T over time?

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

Yeah. This is -- I'm obviously intimate with it. I spent my time at my desk consuming these things and out in the field talking to our employees. And so there's the -- well, are you building too much? Are you going to dilute returns as you move through the next \$15 million organic build households that you attack? And then I'll go out to a garage, and I'll get technicians to say we're not building enough. We need to build to more homes.

And the answer is we're building to the exact right number of homes. You could probably debate rate and pace, and that's something that, as I've said, calibrate that on the competitive dynamics that occur in markets and what's occurring. We think we've got the right rate and pace. That may change over the course of three or four years. Markets change, dynamics change, we'll adjust to it as we have in the past.

But we're not building to non-accretive locations. We're building the places where we can return on our capital. And it's not like we're stretching the return on our capital. These are solid classic market returns that we feel incredibly comfortable with. And so this notion that somehow only the best ones have been built and everything that gets built from now on is going to be dilutive because density is dropping up, just patently wrong.

We are managing all the things that we manage when we do large infrastructure builds. And we have a lot of experience doing those things, and we're pretty good at squeezing breakage out of the system. And sometimes when vendors want to do a lot of business with you, they need to take a little bit of pain in places that are less economically attractive in order to have the right to get benefits elsewhere and average pricing and things like that to drive in. And innovation and design on lowering costs for your design and how you do things, that comes into play.

Incentives, as you work with local municipalities and areas that are interested in having new infrastructure put in place, are ways that you go in. The net of it is, yes, we have built some of the more attractive lower-cost households early on. But the stuff that we have planned on the way out, it's not like we're looking at saying how the hell are we going to do that given what we know to be the cost per household?

We've used a lot of data. We have a lot of experience. We buy from every construction market in every metropolitan area in our footprint. We're not making up costs to do things. We have experience doing that.

And we will continue to return and return as effectively. And in fact, typically speaking, we're not opening up new markets. We're adding into existing markets that we have already built. We're going into adjacent geographies.

And that's only good because when you walk in and you do your first 10% of a market, that's when it's the hardest. There's no recognition, there's no word of mouth. There's no scale. There tends to be a little bit of Swiss cheesing. You can't go in and use mass media to drive awareness because you can't afford to pay when you're only offering to 10% of the market, when you come in and you start working on adjacency and you're moving from 50% of the footprint to 60% to 70% to 80%, all those dynamics change, and you get more effective and you get more efficient.

And that doesn't even account for the fact that when we start talking about our margins improving in that business, which we have no reason we shouldn't be able to operate at margins that are consistent with others that are in that segment, and I believe that over time, when you start thinking about the dynamic that occurs today because we are a new entrant and we are building, and there is a cost to connect to home for the first time.

Everybody needs to remember, the longer we're in this business, the more homes we have permanently connected. And you get benefits as a result of that that not only drive down incidence of failure in the network as you're not touching the plant, but your first cost to put the customer back on, and we shared some of this with you at Investor Day, we talked about the percentage of customers that are now coming in, and they're self-installing.

They're plugging in a device, and they're ready to go because it's there and it's ready to go. And that dynamic moving into this franchise, that annuity stream that comes, that's golden when you get into that kind of situation in a network business, and that's where we intend to get.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

And I would imagine all of this underpins the consumer wireline EBITDA guidance for this year, which I think it was high single to low double digits and consumer fiber revenue growth in the mid-teens.

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

That is what underpins it. And as you've seen from the last several years, that's what we're delivering, and that's what we intend to deliver.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

I would imagine -- I mean, I look at your consumer wireline margins, and it would seem like without a video business, that's actually an advantage for you from a profitability point of view because you got out of video, can you talk a little bit more about the legacy costs that are in that segment and the timeline to sort of extract those and get this business to where it could go from a margin perspective?

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

Yeah. So as we shared in December, our intent is to have the bulk of our legacy footprint done and turned down by '29 -- the end of '29. We have -- as I think you recently saw, we talked about at the quarterly earnings call filed for 1,300 wire center sunsets at the FCC. This gets back to my earlier comments about Chairman Carr wanting to understand how to put policy in place to move through this structure.

That 1,300 is roughly about 25% of our wire centers. It's a meaningful test case. It's not everything, but it's in front of the SEC now a set of actions that can be taken that puts a framework in place for what we just talked about, which is how do we get the approval and the path to sunset that infrastructure, turn it down, stop powering it, stop cooling it, get footprints down to what we need to basically do fiber cross-connects, ultimately pull down the carrying cost of that infrastructure and associated dynamics around it.

That is the path that we've been working at at a local level consistently, rigorously for multiple years, and you're seeing the results of that now. Sometimes -- we started talking about it in December a little bit more overtly, people come up and go, well, why doesn't everybody else just get started on that? Well, they should get started on it. But the problem is there had to be a lot of work down at the state level to get state legislation



passed that allow for ultimate turn down. And all that has been going on for a number of years, and we're now positioned to actually start turning the screwdriver and pounding the nails to get that work done.

And so that's what will drive that cost structure change that we've given you some visibility on for the next three years. And that cost structure change is what helps that margin accretion that directly goes into helping our consumer business and our business wireline business. And we've got to execute on it.

I was in a meeting a couple of weeks ago, the internal dynamic on this, I think, it will sum it up. And it was an interdepartmental team. We were sitting down looking at where we were on the program. And the regulatory folks were gleefully sitting in the room smiling saying, we have now passed the long pole in the tent to the operators. And the truth is that is exactly what has happened.

The regulatory folks have set up a foundation of which this work can now be done. We have pretty much all the tools we need in our toolbox to get it done. And they're gleefully looking at the operator saying, it is now your time to go get the work done. And internally, to your point, is everybody aligned on that? Everybody understands that now, and the baton has been passed.

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**Benjamin Swinburne** - Morgan Stanley - Analyst

Got it. You just mentioned business wireline, I want to make sure we hit that. So that is still a segment in decline. You guys guided to mid-teens declines in EBITDA this year. It's about \$18 billion in service revenues last year.

You've said repeatedly, John, you're confident you can get this segment back to growth. So what can you do to kind of unpack that revenue base and help us think about when the inflection comes?

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

So I get asked this question. I'll wander into meetings or bankers come and visit, why don't you just get rid of the business, you'd look a lot better. The answer is, we shouldn't because it's a good business, and there's no reason why we shouldn't be successful in it. And I think I probably started doing studies on this about 2012 at some point in my career, and I've revisited this multiple times since then.

And I've not just done them myself. I've done them with independent parties that have come in and critiqued where we are in the business and what's going on. And I absolutely believe we can be successful in the business segment. I believe we have to be a different company to do it. We have to change our distribution.

We have to change how we go to market, and we've been working on that. But all the things that we're talking about in our success in wireless and our success in consumer, when I talk about having pervasive fiber and how that's important from an ongoing perspective to manage marginal costs, those things are enablers to the business market segment. Being the lowest marginal cost provider in telecommunications requires you to have market coverage across the entire footprint.

And I believe strategically being relevant in business is important to do that. We are now seeing signs of that pivot occurring. We're now starting to see growth in our connectivity-based fiber products in business that is stronger than what we've ever seen. Now to get there, we've had to start reshaping distribution.

Am I happy with where we are there? No. Are there more partners that we need and more enablement we need for those partners to be effective in that space? Yes. Are we now starting to see a steady set of data points ramping into that? I feel better than where we were a year ago as a result of that.

Are we going to turn the revenue equation this year given the legacy drag that's on it? No. Is it going to turn next year? Probably not next year. But is it going to continue to get smaller and smaller as we work through it and ultimately get to that inflection? Yes.

And I also want to remind you that we don't -- we report these segments separately, right? Our wireless is separate from what we do with our fixed line business. You need to look at how well we do in our wireless business segment and understand it's oftentimes those exact same account teams calling on those same businesses. And some of the growth and outperformance we've seen in wireless is an artifact of that.

And I think the simplest way to think about it is you don't ever want to throw the baby out with the bathwater.

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**Benjamin Swinburne** - *Morgan Stanley - Analyst*

Got it. In the time we have left, I want to make sure we talk about kind of capital priorities, including M&A. So I think the market -- my sense has reacted quite positively to the decision to go into a share repurchase approach later this year. I mean, historically, AT&T has been a dividend-driven stockholding for a lot of investors.

What led you and the Board to shift not away from dividend growth, I'm sure over the long term, that's something you guys will think about. But what was behind the logic to focus on share repurchase versus growing the dividend now?

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

Well, first of all, we'll look at the dividend yield dynamic as it progresses, and there's nothing better than an increase in stock price to change your perspective on dividend at some point in time. I mean, I think for the first time in 20 years, we were trading below the 10-year treasury yield. That's a dramatic change from the day I walked into the job and the Board will continue to observe that.

But to answer your question in the near term, we issued a lot of shares of stock to do some transactions that aren't part of the company more. I'd like to see the flow of the stock be smaller, frankly, and I think when we believe we have in front of us the kind of performance that we think we can eke out of this company, we still think we're undervalued relative to what the asset base can produce.

We've given you three-year visibility on it. We obviously have confidence in that three-year visibility. But internally, I'd like to see us do better. I'd like to see us push further. And if you believe the things that we have in front of us, then I'm at a point right now where I look at the stock price and say, there's no reason why the stock can't accrete more.

And so it makes sense in this case that we start looking at allocating some capital into share buyback. We'll continue to evaluate it, Ben. I mean, that's what the Board does. And trust me, to get to this moment and get to this plan that we all are in lockstep on and everybody is comfortable with, there was a lot of work done by the management team, by the Board.

We feel this is the right plan to keep the management team locked in on for three years. Again, back to that focus, don't change the game quickly. Make sure everybody understands what we're doing. And as we go through, we'll calibrate on that. I've been really clear.

Capital allocation. We've got a lot of organic opportunities in our business. That's why we're investing at the top of the industry.

We're investing at the top of the industry to seize those organic opportunities and to make the business perform better, and that making the business more efficient and perform better is what I believe is that value we can drive that suggests to me that the share price is still a deal, and we can push that through.

So I think that's where we are right now. We have, in my view, a lot of flexibility that we didn't have four years ago. We need to execute most of all, importantly, internally. But as assets pop up, if there was something that allowed me to be a little more capital light and drive some new revenues and I found a nice tuck-in or something that was what I would call a good transactional deal that was within that context of that \$10 billion that we set aside to do some additional work, would I consider doing something? Of course, I would.

But the bulk of our leverage right now, the bulk of our operating leverage is going to come from our organic execution.

**Benjamin Swinburne** - Morgan Stanley - Analyst

That's great. Well, we're out of time. Anything you want to wrap up with as we close it out?

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

Just really pleased to be with you and I appreciate everybody taking your time to listen to our story and what's going on. So thanks for having us in Ben.

**Benjamin Swinburne** - Morgan Stanley - Analyst

Okay. Thanks, John. Thanks, everybody.

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