Platforms for Innovation

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Introduction

Platforms for Innovation, Platforms of Innovation

- **AT&T's IP Platform**
- **IP Platforms as Platforms of Innovation**
- **Public Policy Implications**

AT&T's IP Platforms

Platforms for Innovation, Platforms of Innovation

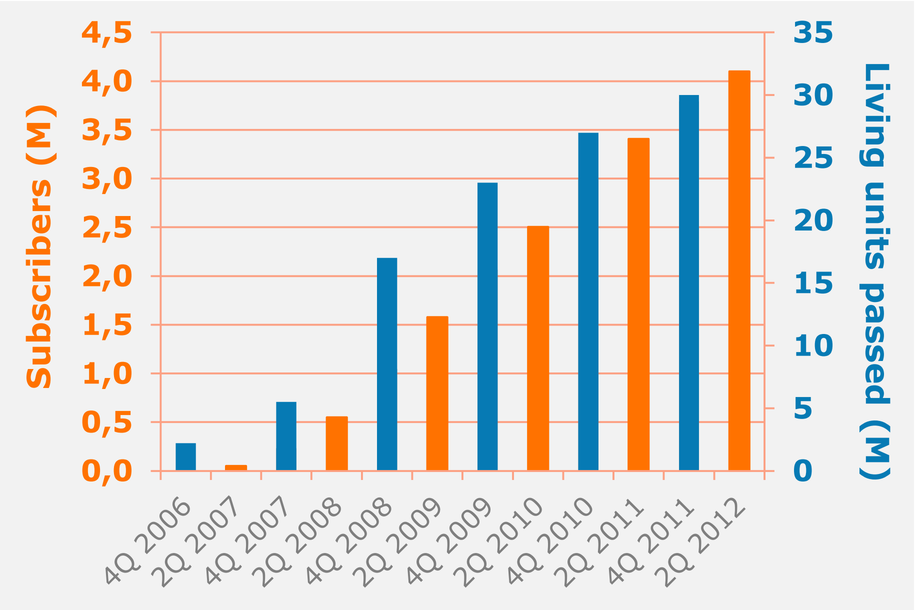
AT&T is leading the IP transition through network and service innovation.

AT&T U-verse®

The Basics

- **4.3M** U-verse® TV subscribers
- **Fastest growing** TV provider in the U.S.
- **138 markets** across 22 states
- **30M** living units passed with our advanced fiber network
- Integrated features, content across **multiple devices**
- More than **30 interactive TV apps** available… *with more launching*
- **7.1M** U-Verse High Speed Internet Customers
- Approximately **75%** of U-verse® TV subscribers have a triple or quad-play
- Enables up to **4** simultaneous high-definition TV streams, VoIP service, and up to **24Mbps** Internet access speeds

AT&T U-verse Subscriber and Deployment



All numbers based on Q3 2012 results

AT&T Mobility

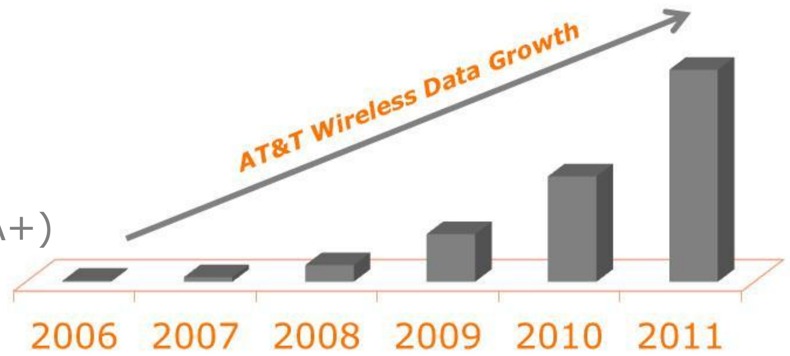
The Basics

- **105.9M** AT&T Wireless subscribers
- **44.5M** smartphone customers
- **More than 40%** of AT&T's smartphone customers use a 4G-capable device (HSPA+ and/or LTE postpaid)
- **13.7M** connected devices
- **6.4M** branded computing subscribers – tablets, tethering plans and other data-only devices
- **77** LTE markets launched
- **275M** people covered by 4G network (HSPA+)

The AT&T Network carries **30.4 petabytes** of Data Traffic on an Average Business Day

(equivalent to 124 transmissions of the Library of Congress' total content)

20,000% wireless data growth over the last 5 years



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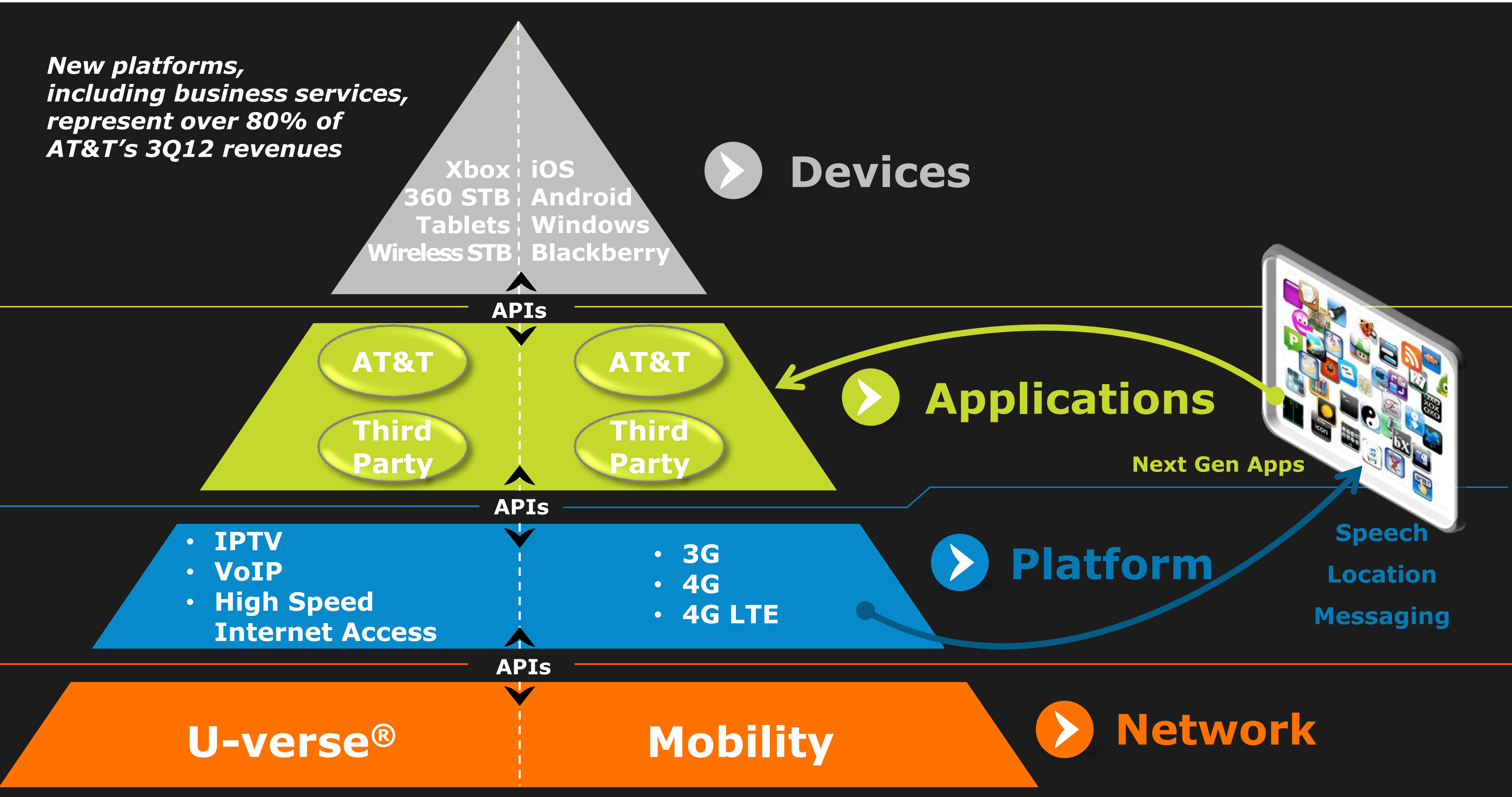
AT&T U-verse® and Mobility

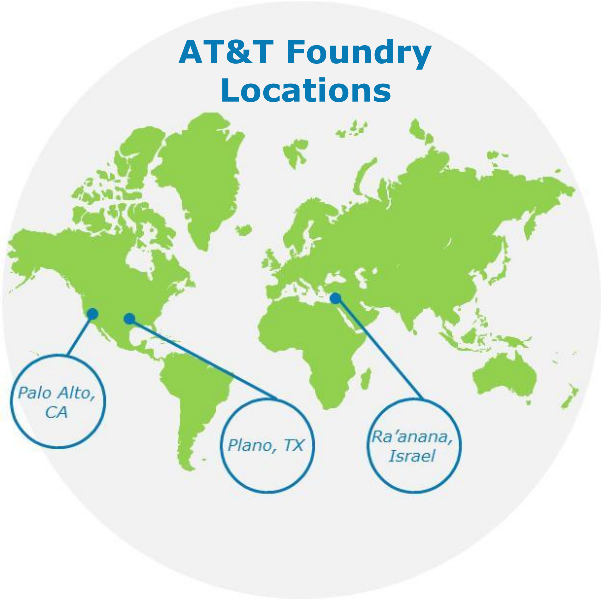
Platforms for Innovation



AT&T Foundry

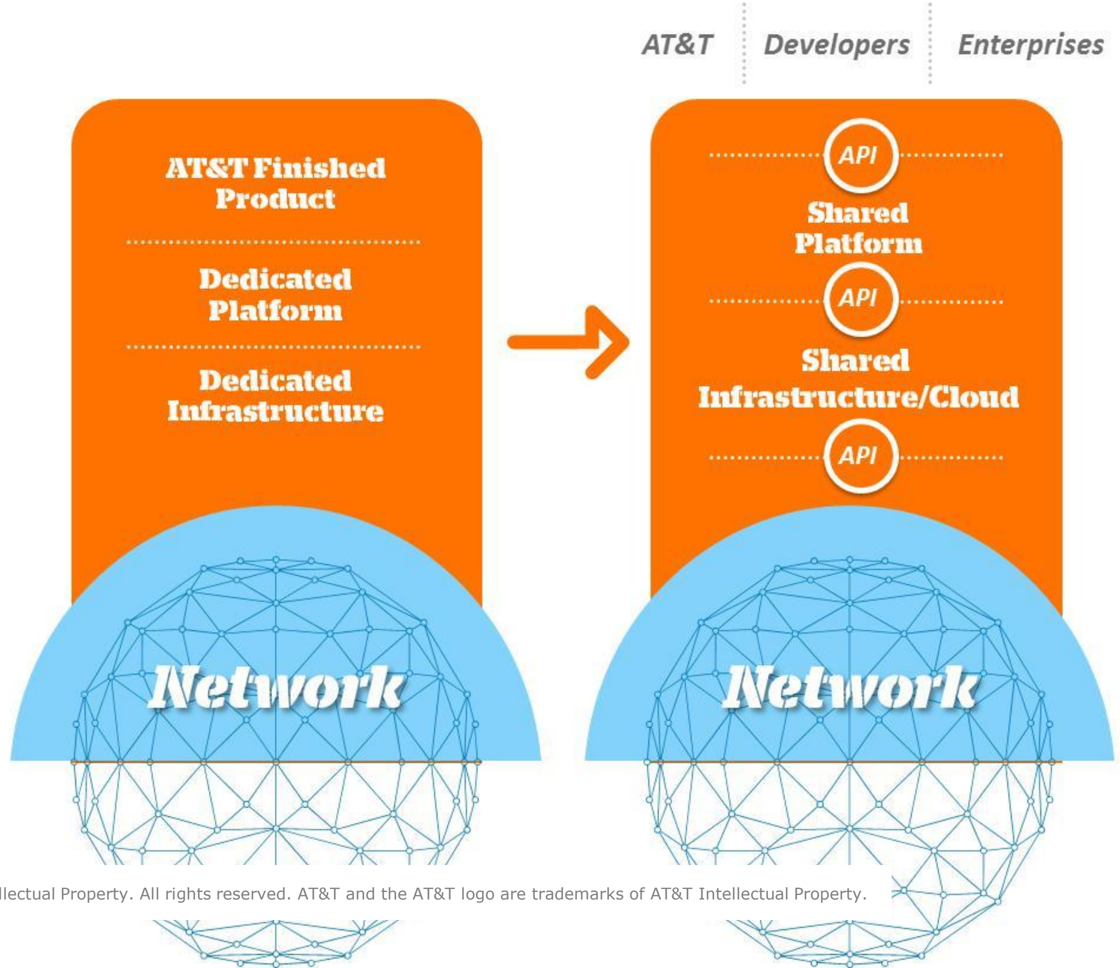
The Basics

- **$80M** investment by 6 strategic partners – Ericsson, Alcatel-Lucent, Amdocs, Microsoft, Cisco, Juniper
- Foundry locations in **California, Texas and Israel**
- **75+** developer events focusing on education, healthcare and open networks
- **2,000+** companies scouted
- Deploying APIs in the AT&T cloud for developers
  - 2009 – **300M** API calls/month
  - 2011 – **4.7B** API calls/month
- **14** projects launched
- **3xs** cycle time improvement
- The Innovation Pipeline (TIP)
  - **103,000+** employee members
  - **17,000+** ideas submitted since 2009 launch
  - **$27M** funding committed
  - **50+** projects funded



AT&T Foundry
Platform for Innovation

THE FORMULA: AT&T Developers Technology Suppliers **+** AT&T Foundry **=** Applications Products Prototypes



Opening AT&T's network for collaboration and speed

IP Platforms

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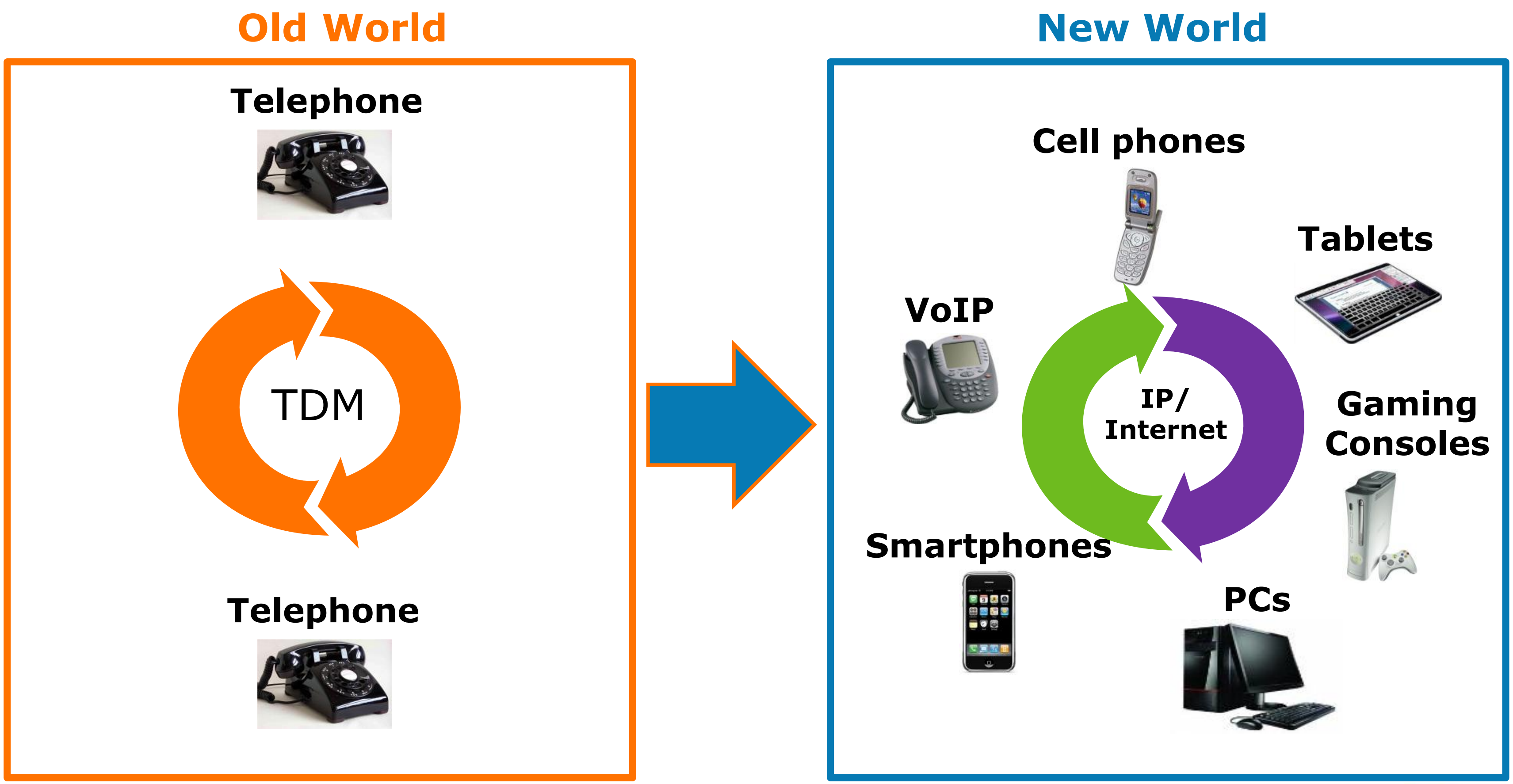
IP-based networks are fundamentally different from traditional network platforms, such as the telephone network.

IP Transition

Legacy regulation is based on 20th Century single provider markets and single purpose networks and is not compatible with today's robustly competitive marketplace.



IP Transition

The evolution of technology and consumer behaviour has created an ecosystem with a large number of market players unencumbered by legacy regulation.

Public Policy Implications

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What does this mean from a policy perspective?

IP Interconnection

The success of the ecosystem is attributable to market-driven commercial negotiations

- Commercially negotiated interconnection agreements – mostly handshakes (i.e. no paper contract)
- Process has proven to be flexible and adaptable to constant change in marketplace and exponential growth.
- Fully competitive:
  - Providers have many choices for connectivity – direct and indirect
  - Transit prices consistently in decline
- Accommodates multiple business models – backbone, CDN, ISP etc.

Yet, some are calling for extension of old world regulation to the new world.

Policy Framework

Looking Ahead

- Recognizes multi-layered ecosystem of providers.
- Provides proper incentives for investment.
- Facilitates migration from legacy TDM technology to IP.
- Encourages convergence and network efficiency and discourages operation of separate voice and data networks
- Understands the need to accommodate social objectives - e.g. disability access, emergency access etc.
- Ensures that broadband is widely available – no one gets left behind.
- Limits economic regulation to case-by-case basis based on factual evidence of market failure and not predictive judgments.

Rethink Possible®