

# The New AT&T

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# The New AT&T

**Wireless** with **57.3 million subscribers** through our 60 percent ownership of Cingular

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**Broadband** or high-speed Internet DSL, with **7.8 million lines in service**

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**IP-based services**, one of the **world's leading providers**

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# A World of Business

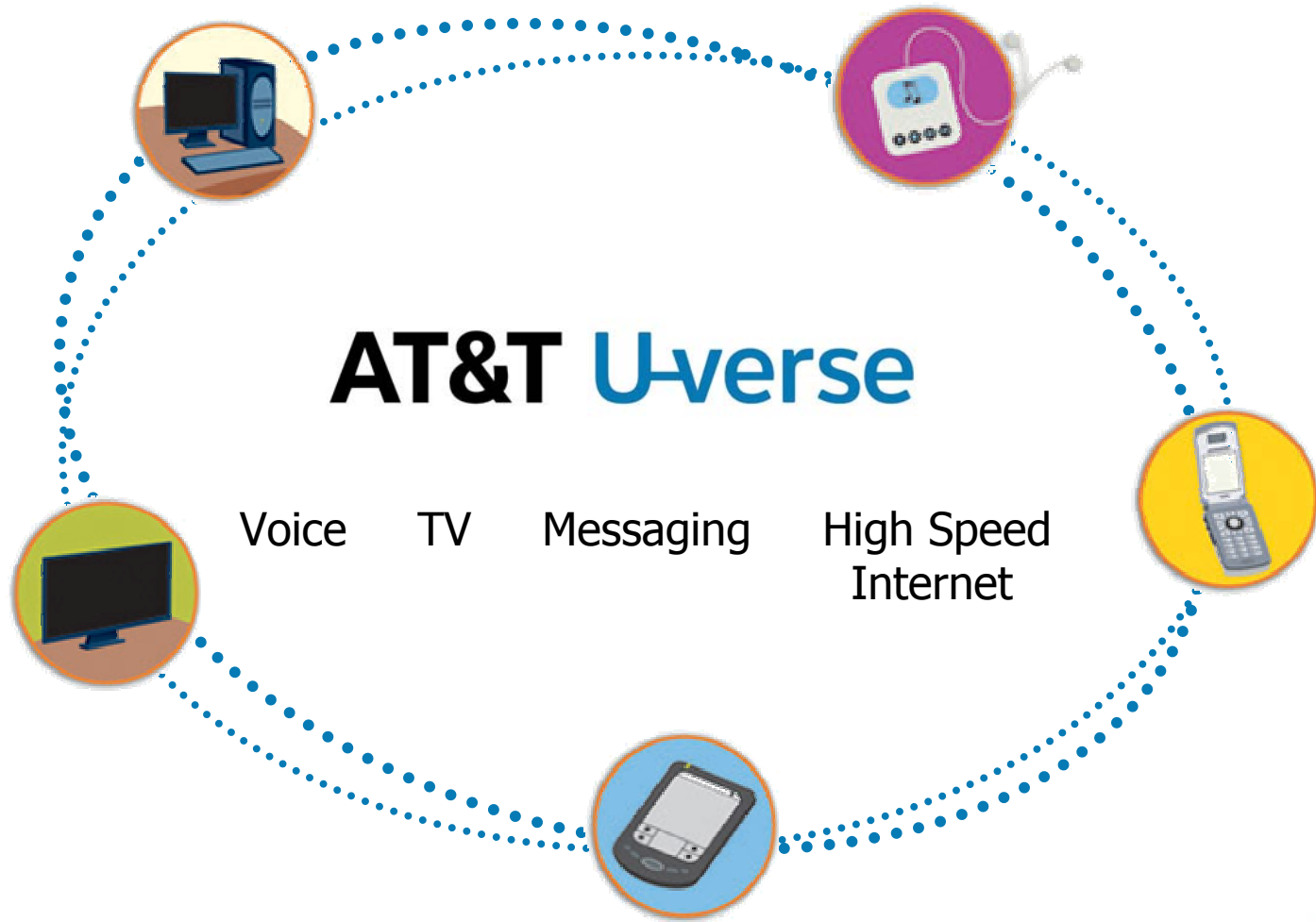
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we serve virtually all of the Fortune 1000 companies

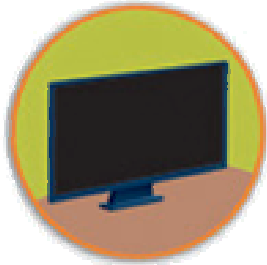
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- AT&T has one of the world's most powerful and advanced IP "backbone" networks
  - **525,000** fiber-route miles
  - **30 Internet data centers** on four continents
  - **Customer care** 24/7 service
  - **Employees** in every **U.S. state** and in more than **60 countries**

# Platform for the Future



# Platform for the Future



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## Three “screens”

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**AT&T will make IP networks function together across these screens:** the TV, the personal computer and the cell phone

# Integration Opportunities

Interactive content

Electronic  
sell-through



**Broadband**

On-screen  
info

Remote-access DVR



**Wireless**

Remote-access  
parental controls

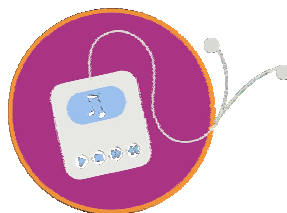
Mobile video

**Voice**



Caller ID  
on the TV

**Gaming/Music**



Gaming portal

Shared music  
account

- Play video Clip

# Policy Implications

The current regulatory framework needs to be re-formulated based on the following assumptions...

- Regulating future technologies based on yesterday's communications landscape does not work
- Active oversight, not active intervention
  - The market works, monopolies are not the norm
  - Broader view, lighter touch
  - Bad actors, not bad networks
- Investment, innovation and competition define a consumer driven marketplace
  - Regulation must foster growth in these areas



# Net Neutrality

- Net Neutrality is an elusive concept
  - Initial concerns were about blocking or degrading customer access to Internet web sites
  - Debate has shifted to one that deals with network providers' ability to enhance their broadband networks and under what terms those enhancements should be made available to others
- AT&T wants to preserve Internet freedom and allow the Internet to develop through commercial agreements, not government regulation

# AT&T Will Not Block or Degrade Internet Applications, Websites or Content

- AT&T has demonstrated commitment to enhancing and expanding Internet access
- Customers demand robust broadband Internet access product
  - If not, customers will look to other competitors
- Not a regulatory vacuum today -- FCC oversight already exists
  - Broadband Policy Statement ensures active monitoring of the marketplace
  - Targeted enforcement against clear violators

# Network Flexibility, Not Neutrality

- Performance optimization on the Internet already exists
  - E.g., Content distribution enablers such as Akamai
- Internet applications are evolving and will continue to evolve
  - More websites streaming video and audio
  - End users not just content consumers, but content producers
  - Household appliances, not just PCs, will be connected
- Loss of flexibility a problem
  - Less broadband investment from existing providers
  - Less broadband investment from new providers
  - Less customer choice

# Today's Commercial Reality

- Different levels of service at different prices are a fixture of everyday life:
  - The price of wireless phone service depends on the number of minutes purchased.
  - Premium TV channels like HBO are available only at an extra charge.
  - The cost of shipping is dependent on a range of factors.
- This is likewise true on the Internet:
  - On-line retailers like Amazon.com do not expect UPS to deliver their goods to consumers for free, or to deliver a package overnight at the 7-day rate.
  - Web sites charged for premium content, e.g., the *New York Times* now charges for columnists' content and ESPN charges for fantasy-baseball advice.
  - Search engines like Google prioritize results based on commercial factors, such as advertising fees.
  - Consumers understand and accept these variations because. They would, for instance, rather pay only for the shipping they need, rather than being forced to buy a higher one-size-fits-all shipping service. In short, consumers have many choices that allow them to match precisely their needs and demands with their own pocketbooks.
  - Consumers benefit when they can purchase services that meet their needs, rather than paying more for one-size-fits-all services.