

Broadband Technology for Missouri



AT&T'S Investment in Missouri

'07-'09 Network Investment	\$1.8 billion
'09 Payroll	\$96.3 million
'09 Taxes	\$337.8 million
'09 Goods & Services	\$2.53 billion
'09 Giving	\$4.2 million
'09 Volunteer Hours	\$11.4 million
Total:	Nearly \$4.8 billion



Investing in Missouri's workforce

- AT&T employs more than **11,000 people** in Missouri and our payroll represented more than **\$96 million** in 2009.
- Many of those employees work in the **37 company-owned retail locations**.



AT&T and T-Mobile Acquisition

On March 20, 2011, AT&T announced plans to acquire T-Mobile USA from German-owned Deutsche Telekom, creating a world-class technology platform in mobile broadband and wireless services in the U.S.

The Acquisition Addresses America's Spectrum Exhaust Challenges

Driven by explosive growth for mobile broadband, the U.S. faces spectrum constraints

- **Spectrum** is the range of airwave frequencies that enable everything from broadcast television to cell phones to mobile broadband, and even baby monitors.
- The growth of airwave-dependent devices like smartphones and tablet computers has been unprecedented. According the FCC's staff. "mobile data demand will exceed available capacity by 2013.
- AT&T's mobile data traffic grew 8000% over the past four years, and by 2015 is expected to be 8-10 times what it was in 2010.

A fast, efficient and certain solution

The combination of T-Mobile's and AT&T's technologically compatible networks offers a **fast, efficient and certain solution to meet consumer demand for mobile broadband**, improve service, and help drive growth and investment in U.S. mobile broadband networks.

"I believe that the biggest threat to the future of mobile in America is the looming spectrum crisis."

Julius Genachowski, FCC Chairman



The Acquisition Will Create Significant Consumer Benefits

1. Expanded 4G LTE to over 97% of U.S. population

- 55 million more people will have access to AT&T's LTE service – more than the combined populations of New York and Texas
- 4G means that mobile devices can be as fast or faster than wired laptops
- Greater access, lower latency, and faster wireless broadband connection speeds to meet growing consumer demand for mobile broadband

2. An additional \$8 billion of private infrastructure investment

- New jobs will be created when the planned network expansion gets underway

3. Investment and better mobile broadband access in rural communities

- Billions invested in rural America that can improve economic competitiveness and stimulate additional investment and job creation

4. Voice and data service improvements

- Due to increased spectrum efficiencies and network capacity and output

5. Access for 34 million T-Mobile customers to nationwide, robust 4G LTE

- T-Mobile USA does not have a clear path to delivering 4G LTE

6. America's largest wireless unionized workforce

- AT&T is the only major U.S. wireless company with a union workforce, offering leading wages, benefits, training and development for employees.

"The real winner in this merger is the consumer."

Zack Christenson
American Consumer
Institute

"The parties have a surprisingly strong argument that their merger would allow better service, lower costs and more efficient use of existing spectrum without hurting consumers."

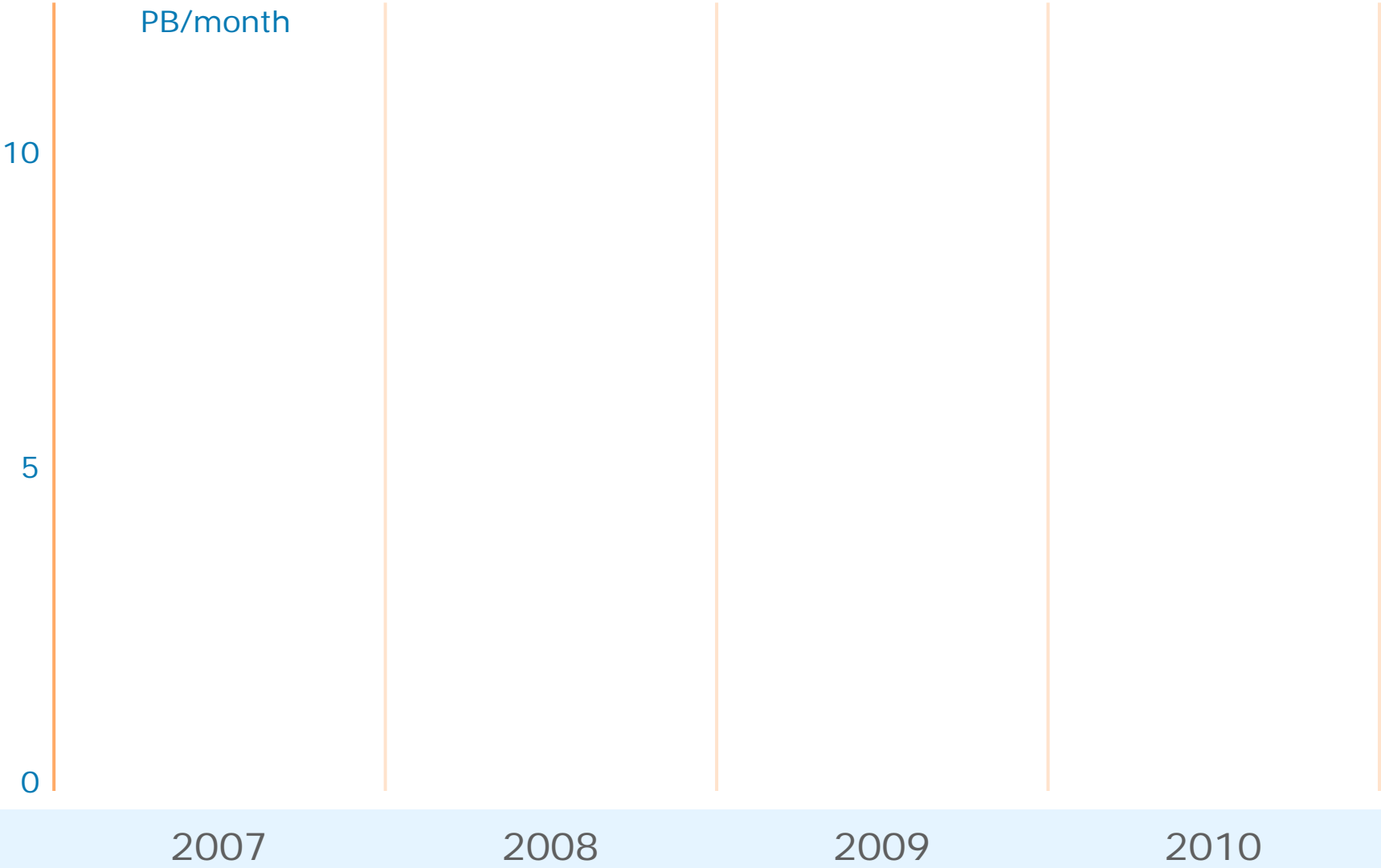
Holman Jenkins, Jr.
Wall Street Journal



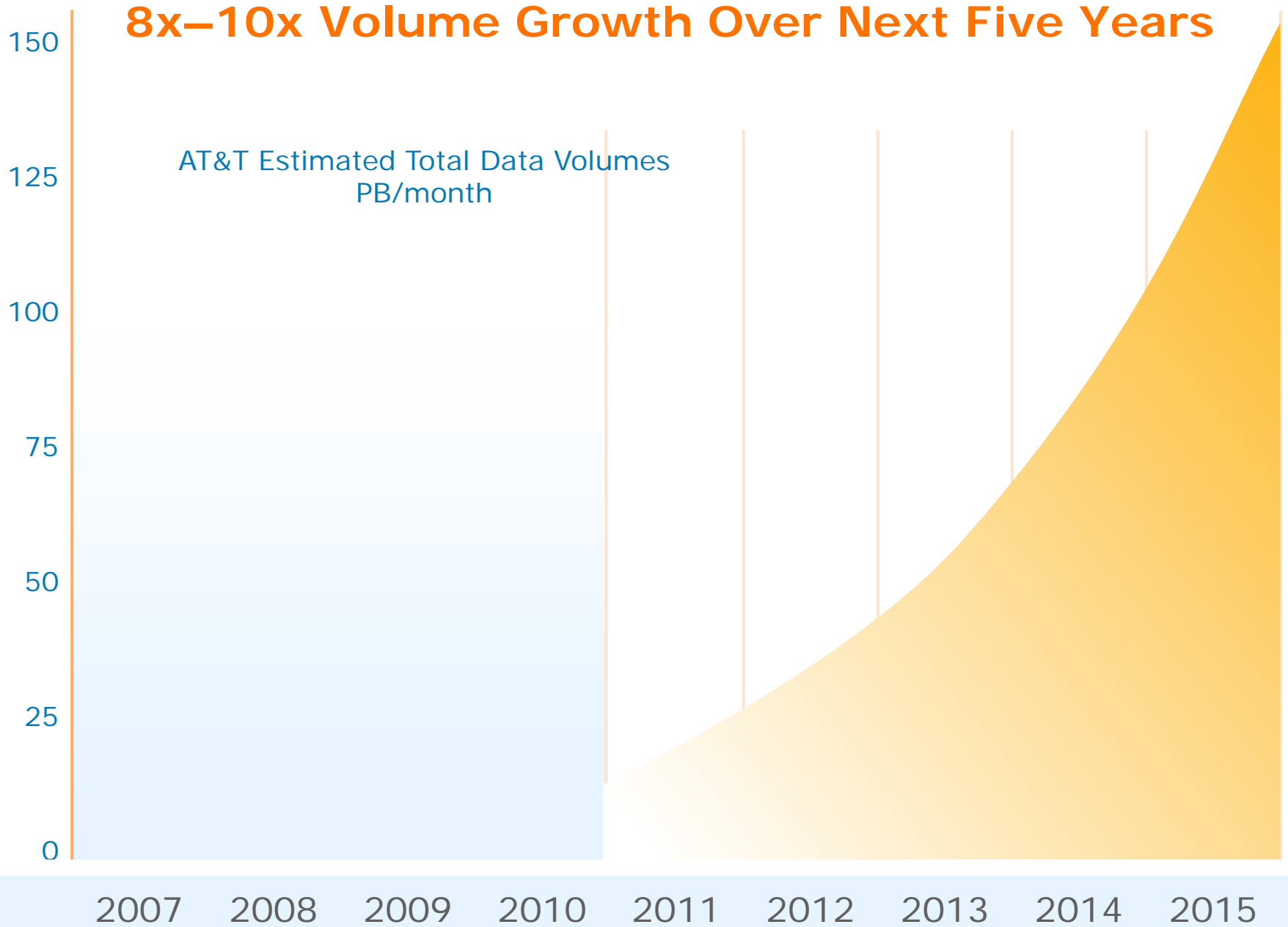
Spectrum Crisis



AT&T Mobile Data Volumes Up 8,000% Over Four Years

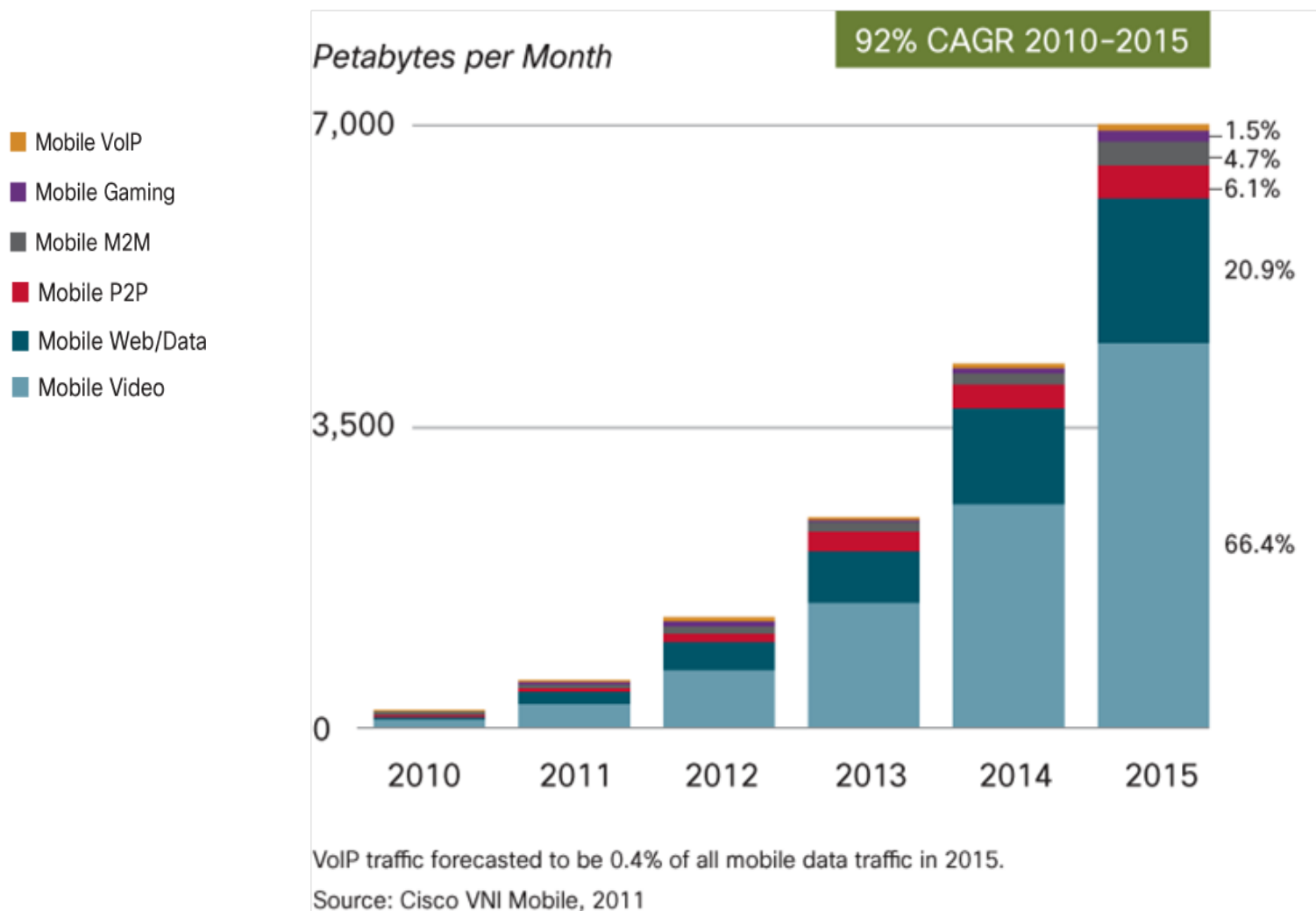


8x–10x Volume Growth Over Next Five Years



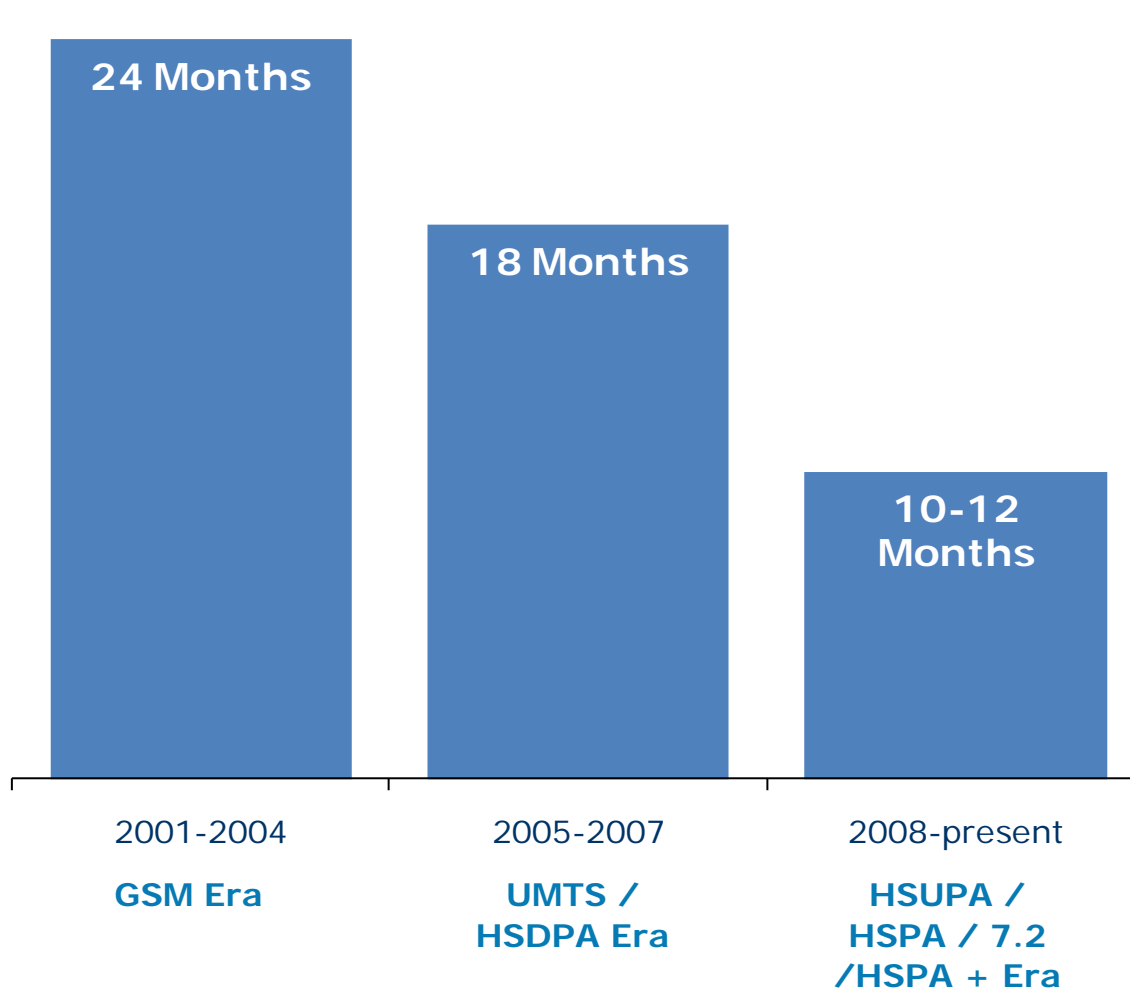
Cisco Analysis: Increase in Mobile Data Traffic

Cisco Forecasts 6.3 Exabytes per Month of Mobile Data Traffic by 2015



AT&T Spectrum Consumption Trends

In some major metro areas, AT&T is now burning through 10 MHz of spectrum every 10-12 months



→ AT&T and T-Mobile are both facing impending spectrum exhaust challenges in major markets



Competition



The U.S. wireless landscape is fiercely competitive

AT&T / T-Mobile

4G LTE commitment to more than **97% of U.S. population**

Verizon Wireless

Deploying 4G LTE network **to vast majority of U.S.**

Sprint / Clearwire

Number 1 spectrum position

MetroPCS, Leap Wireless

Together MetroPCS and Leap serve **22 of the top 25 markets**, have nationwide service plans, and offer advanced devices, services and features

LightSquared

In 2015, LightSquared **expects to cover 260 million people** in the U.S. with its wireless broadband network

US Cellular, Cellular South

Super regional players, including US Cellular, Cellular South and others, hold strong positions in many of their service areas, **creating intense competition**



Consumers in Missouri Choose Between 5 or More Wireless Providers

St. Louis
AT&T
Leap/Cricket
Sprint
T-Mobile
US Cellular
Verizon
At Least Six Competitors

Kansas City
AT&T
Leap/Cricket
Sprint
T-Mobile
Verizon
At Least Five Competitors

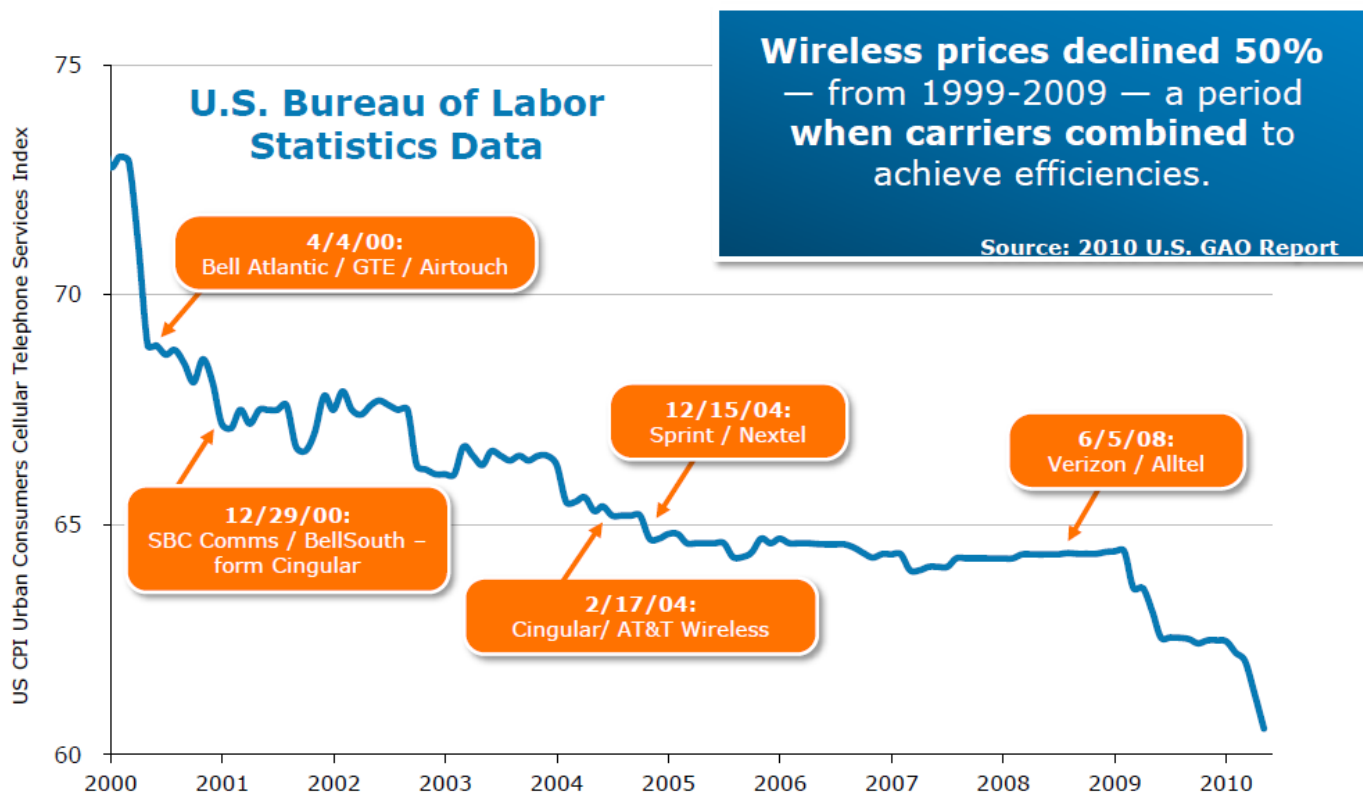
Columbia, MO
AT&T
US Cellular
Sprint
T-Mobile
Verizon
Five Competitors



Price



Historically, during periods when carriers combined to achieve efficiencies, U.S. wireless prices fell



Note: U.S. CPI Urban Consumers Cellular Telephone Services Index began with a base of 100 on 12/31/97. Information updated on a monthly basis
Source: U.S. Bureau of Labor Statistics via Bloomberg (as of March 4, 2011)



Merger Critics Said Prices Would Rise - They Were Wrong



Wireless Industry
Effective Price per Message
(1Q05 - 4Q10)



84% DECLINE
in Effective Price per Message

Wireless Industry
Voice Revenue per Month
(4Q05 - 4Q10)



30% DECLINE
in Voice Revenue per Month

Wireless Industry
Effective Price per MB
(3Q08 - 4Q10)



89% DECLINE
in Effective Price per MB

2004

2005

2006

2007

2008

2009

2010

2011

2/17/04 (Cingular/AT&T Wireless) "This merger will have a devastating impact on consumers, who may have to pay more..." Consumer Federation of America

12/15/04 (Sprint/Nextel) "[Merger] would chill competition in wireless..." Consumer Federation of America


07/30/07 (Verizon Wireless/Rural Cellular Corporation) "The acquisition... would have anti-competitive and anti-consumer effects..."
Coalition of various consumer groups

06/05/08 (Verizon Wireless/Alltel) "This deal will speed the unfortunate trend of giving consumers fewer, rather than more, choices."
Public Knowledge

03/20/11 (AT&T/T-Mobile) "We know the result of arrangements like this: higher prices and fewer choices, less innovation, and the loss of American jobs."
Public Knowledge

Sources: Recon Analytics, Nielsen Customer Value Metrics

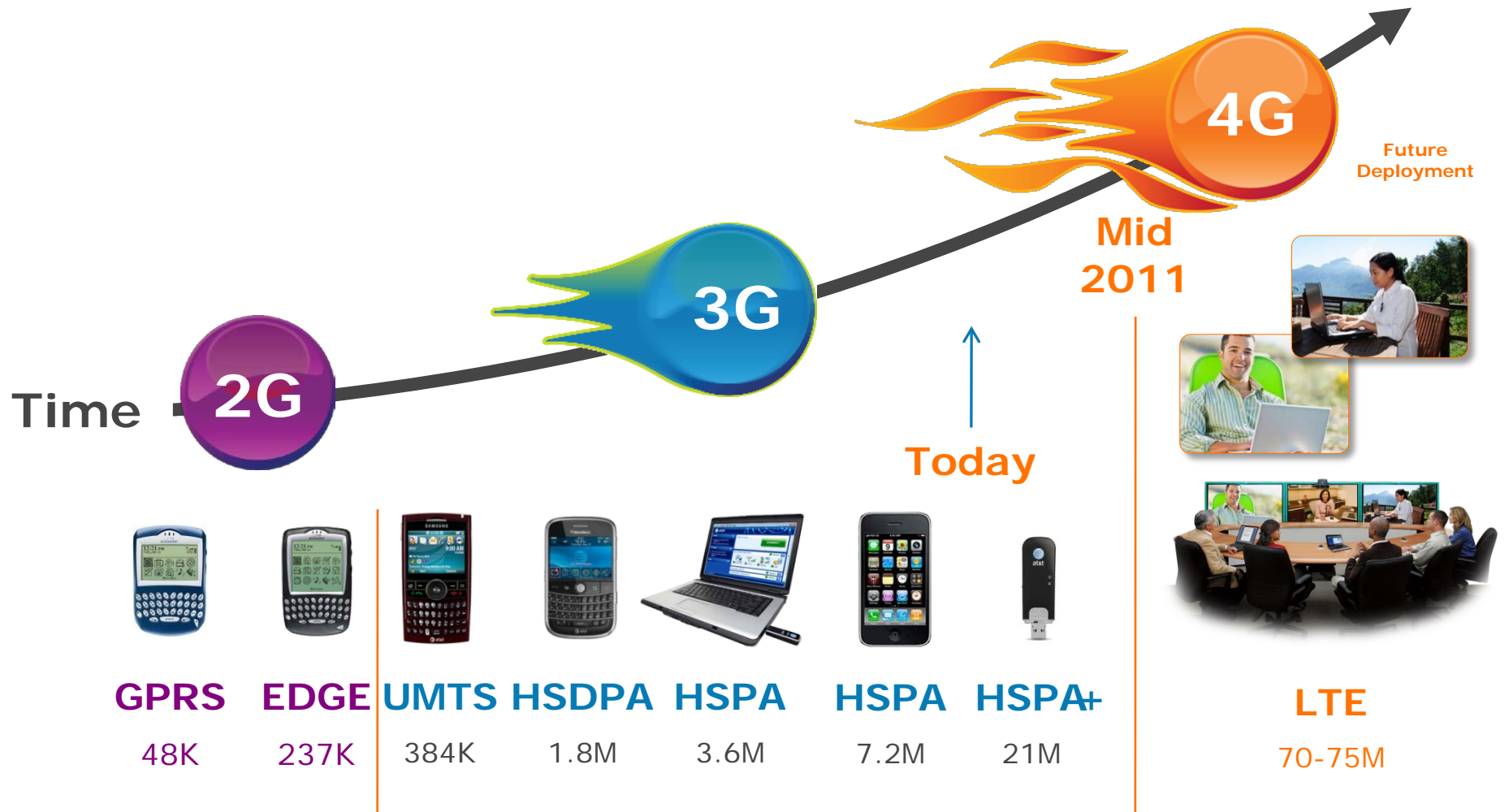
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Rethink Possible™ 

Benefits of 4G LTE Expansion



AT&T Network Technology Path

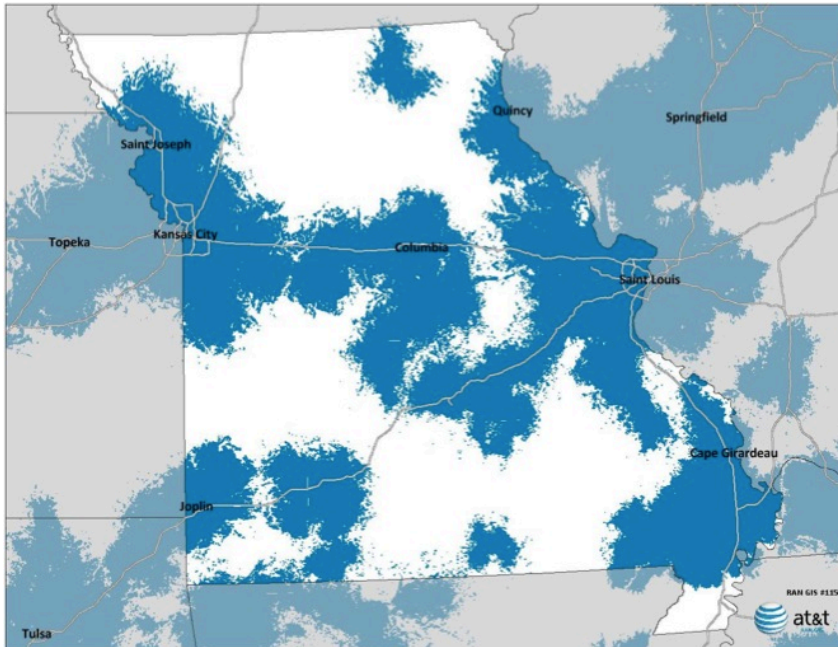


Based on theoretical peak speeds. Actual speed experienced will be less.

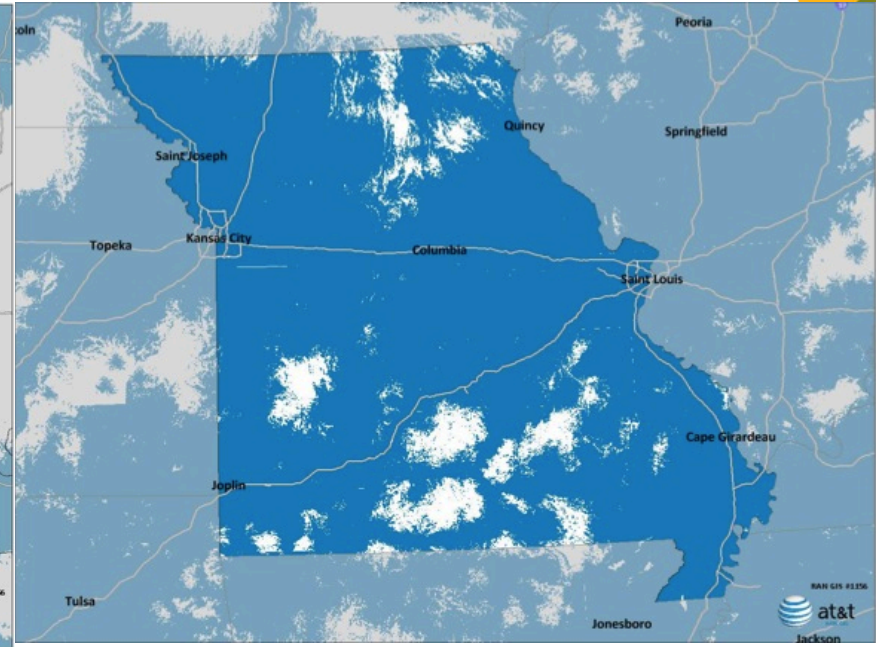


Expanded 4G LTE in Missouri

Current Plan



With Merger



Map depicts estimated coverage based on current information and modeling assumptions as of April 21, 2011. Additional information obtained post-closing may alter estimated coverage. Actual coverage provided may differ.



AT&T and T-Mobile Acquisition: Helps Achieve U.S. Policy Goals

“Within the next five years, we’ll make it possible for businesses to deploy the next generation of high-speed wireless coverage to 98% of all Americans. This isn’t about faster Internet or fewer dropped calls, it’s about connecting every part of America to the digital age.”

**President
Barack Obama**

State of the Union, January 25, 2011

“Like electricity a century ago, broadband is a foundation for economic growth, job creation, global competitiveness and a better way of life.”

**NATIONAL
BROADBAND PLAN**
CONNECTING AMERICA



A 4G Nation: Innovation, Economic Growth & Jobs

Driving Economic Growth and Investment

- More than \$8 Billion in infrastructure spending by AT&T over seven years, enabling the economy to innovate and grow.

One job in the communications industry is associated with 2.52 indirect jobs

Phoenix Center Policy Bulletin No. 25, October 2010

- Accelerated broadband deployment that creates jobs across all industries.

Every one percentage-point increase in broadband penetration is accompanied by an increase in employment of 0.2 percent to 0.3 percent per year *Brookings Institution, Issues in Economic Policy, July 2007*

- 4G LTE network in more areas can spur additional growth and hiring from small businesses that rely on broadband to compete globally and levels the playing field for innovation

For example: By 2013, over 20 billion downloads from mobile app stores are expected to drive a \$30 billion industry — an industry that didn't exist in 2008



A 4G Nation: Bridging the Digital Divide

- Expanded 4G LTE to more than 97% of Americans means access to faster technologies for **many more residents**
- Mobile devices can be less expensive and more accessible than PCs and laptops
 - The Pew Research Center found low-income groups in the U.S. are now **the fastest adopters of mobile Web devices** (Mobile Access 2010, 7/2010)
- Robust competition in the wireless market keeps mobile broadband affordable
 - The average price for wireless service in 2009 was approximately **50 percent of the price in 1999.**

*Pg. 24, United States Government Accountability Office, Report to Congressional Requesters on Telecommunications, July 2010



AT&T: Investing in Our Workforce

AT&T has a long-standing cooperative relationship with our unions — primarily the **Communications Workers of America** and the **International Brotherhood of Electrical Workers**.

- The **only** major wireless workforce to be union-represented.
- Nearly **57 percent** of our 260,000 employees union-represented.
 - More full-time bargained-for jobs than **any other** private company in America.

“The acquisition of T-Mobile USA by AT&T is good news for everyone who realizes that the United States needs to catch up to the rest of the world when it comes to broadband speed and buildout.”

Larry Cohen, President
Communication Workers of
America



A 4G Nation: Broadband in Rural Communities



"The proposed merger of AT&T and T-Mobile gives great hope to residents in rural communities across America that are currently lacking access to advanced wireless broadband connections by expanding wireless coverage into previously uncovered areas."

Ed Luttrell, President of the National Grange
The nation's oldest national agricultural organization

Examples:

Health

- Telemedicine can bring specialized practices to rural communities to provide better health care
- Apps for heart disease, diabetes and other illnesses can let physicians manage health remotely

Economic Opportunity

- Increased broadband access allows rural businesses to compete globally
- Access to a 4G network can attract new businesses that require fast broadband speeds and want the benefits of a rural location

Education

- Increased access to broadband can give children access to enriched educational opportunities
- Increased access to broadband can provide more higher learning opportunities



AT&T and T-Mobile Acquisition

- Expands 4G LTE to over 97% of U.S. population
- Addresses America's spectrum exhaust challenges
- Maintains a fiercely competitive wireless market with declining prices
- Creates significant consumer benefits
- Adds \$8 billion of private infrastructure investment that creates jobs
- Deploys broadband access in rural communities
- Improves voice and data service
- Bridges the digital divide
- Encourages innovation, economic growth and jobs creation
- Helps achieve U.S. policy goals

