

**2009 North American Consumer Communications Service Product of the Year  
Award****AT&T**

Frost & Sullivan is pleased to recognize AT&T with the prestigious Product of the Year Award in Consumer Communications Services for AT&T U-verse. AT&T U-verse is the product name for a family of consumer communications services delivered over AT&T's advanced fiber-to-the-node and fiber-to-the-premises network. U-verse services include AT&T U-verse TV, AT&T U-verse High Speed Internet, and AT&T U-verse Voice.

U-verse TV is a multichannel video programming distribution (MVPD) service that competes with cable, satellite, and terrestrial broadcast television (TV). AT&T is the only national provider to offer a 100-percent Internet Protocol (IP)-based video service, AT&T U-verse TV. When AT&T launched U-verse TV in San Antonio in June 2006, skeptics claimed that the service would not scale. By the end of 2008, AT&T had approximately 1 million subscribers. Clearly the critics were wrong.

Stratecast (A Division of Frost & Sullivan) predicts that AT&T U-verse TV will reach 10 million subscribers by 2013, which will make AT&T larger in terms of video Revenue Generating Units (RGUs) than the 3<sup>rd</sup> and 4<sup>th</sup> largest cable companies, Cox Communications and Charter Communications combined, assuming neither company makes acquisitions that materially increase subscriber counts. Frost & Sullivan notes that virtually all cable companies are facing steady erosion in the number of video RGUs (not unlike the steady erosion of POTS for the telcos). AT&T's growth trajectory for U-verse TV is based on an organic as opposed to an acquisition growth profile. This industry-leading organic growth rate correlates directly to the quality of the product and the value delivered to consumers.

AT&T has consistently improved U-verse TV by adding more HD content, and by adding and upgrading features. U-verse TV customers can receive and record up to four simultaneous video streams, including up to two simultaneous HD streams. AT&T U-verse TV customers also enjoy Total Home DVR, whereby a single DVR can serve an entire household, enabling consumers to watch recorded content from any of the networked TVs. AT&T currently offers more than 75 HD channels and thousands of hours of VOD content, including over 1,000 full-length movies. The VOD library includes a growing catalog of HD content.

In January 2008 AT&T began commercial roll-out of U-verse Voice. U-verse Voice is the first commercially deployed and scaled IP Multimedia Subsystem (IMS) application, using converged network infrastructure to deliver voice as an application over IP. AT&T's strategic choice of the IMS architecture enables AT&T to offer truly converged services because not only data but also video and voice are transported over IP. AT&T has exploited the cross-platform application integration capabilities inherent to the IMS architecture to implement U-verse Voice features in the TV domain. U-verse Voice subscribers can click-to-call and access their call logs from the TV screen, with the remote control. They can also view call logs, check a combined wireline-wireless voice mailbox, manage contacts, and set call preferences online.

U-verse High Speed Internet is also a very compelling component of the product offering. AT&T now offers U-verse High Speed Internet Max 18. Internet subscribers get speeds of up to 18 Mbps downstream. U-verse Max 18 subscribers also get access to over 17,000 AT&T Wi-Fi Hot Spots at no additional cost.

AT&T is recognized with the Frost & Sullivan Product of the Year Award in Consumer Communications Services for AT&T U-verse because of the industry-leading growth rate for the product, the pace and scale of innovation, and the tremendous value the product represents within AT&T's portfolio. U-verse will not only generate substantial incremental revenue and deliver great value and a cutting-edge experience to millions of consumers, but U-verse will also be the force that mitigates AT&T access line loss, and differentiates AT&T's other consumer services.

### Award Description

The Frost & Sullivan Award for Product of the Year is presented each year to the company that has demonstrated excellence in new product development and launch within its industry. The recipient company has shown innovation by launching a broad line of emerging products and technologies.

### Research Methodology

To choose the recipient of this Award, the analyst team tracks all new product launches, R&D spending, products in development, and new product features and modifications. This is accomplished through interviews with market participants, and extensive secondary and technology research. All new product launches and new products in development in each company are compared and evaluated based on degree of innovation and customer satisfaction. Frost & Sullivan then presents the Award to the company ranked number one in overall product success.

## Measurement Criteria

In addition to the methodology described above, there are specific criteria used to determine final competitor rankings in this industry. The recipient of this Award has excelled based on one or more of the following criteria:

- Significance of new product(s) in its industry
- Competitive advantage of new product(s) in its industry
- Product innovation in terms of unique or revolutionary technology
- Product acceptance in the marketplace
- New product value-added services provided to customers
- Number of competitors with similar product(s)

### About Best Practices

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

### About Frost & Sullivan

Frost & Sullivan, the Growth Consulting Company, partners with clients to accelerate their growth. The company's Growth Partnership Services, Growth Consulting and Career Best Practices empower clients to create a growth focused culture that generates, evaluates and implements effective growth strategies. Frost & Sullivan employs over 45 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from more than 30 offices on six continents. For more information about Frost & Sullivan's Growth Partnerships, visit <http://www.frost.com>.

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