Innovation

Materiality Assessment Topic: Innovation

Issue Summary

We innovate to help connect our customers to the future.

Our Position

Innovation is part of everything we do. Our culture of innovation is aimed at creating a connected world for customers at home, work or play. We're working with innovators inside and outside AT&T to create unique personal, digital and mobile experiences that enrich and simplify their lives.

Data Highlights

2012 Key Performance Indicators

- Average number of patents (U.S. and foreign) received per day: **>3**
- Investment in ideas generated through The Innovation Pipeline — cumulative: **$35 million** committed for the development of **64 projects**
- Prototypes of apps developed at AT&T Hackathons: **>450**

Our Action

INNOVATING FOR TODAY & TOMORROW

With a heritage that spans 137 years of technology and has produced **eight** Nobel Prizes, we're a global leader in bringing new technologies to life.

To shape the technologies of tomorrow, we're building an innovation ecosystem today that is open and collaborative. We've opened access to the world's greatest network, and we're actively collaborating with innovators inside and outside AT&T to advance the possibilities of technology.

Our innovation initiatives help deliver new technologies and services to our customers faster than ever before. Through our innovation platforms, we're helping accelerate the cycle from idea to prototype to marketplace-ready product, app or service. As a result, our customers have access to technologies that can improve lives — from a Hackathon on technology to end texting and driving, to a cloud-based app that helps erase the language barrier, to an advanced wireless health sensor that may avert asthma attacks.

Examples of our innovation programs include:

AT&T Foundry Innovation Centers

At our AT&T Foundry innovation centers, we're fast-tracking collaborations with developers and

entrepreneurs to accelerate ideas to marketplace up to three times faster. The AT&T Foundry brings the expertise of AT&T innovators into a collaborative environment with key industry technology providers and developers. Project leads coming into the AT&T Foundry innovation centers get access to our network capabilities and test beds, as well as our technology experts and project coaches.

The Innovation Pipeline (TIP)

We believe that we have the world's largest corporate crowdsourcing site to unearth new and innovative ideas from our employees. We built TIP, a crowdsourcing and collaboration tool, to tap the collective imagination of our employees. Ideas grow, get refined and enhanced, and the best ideas get turned into real products, applications and services for our customers.

AT&T Labs

Our researchers at AT&T Labs are addressing the most complex technical challenges faced by AT&T and its customers. Some of the world's best innovators bring their expertise to the Labs to help shape the future of communications technologies, from the living room to the cloud.

Collaboration and Outreach

We're reaching out to find and work with entrepreneurs and innovators outside AT&T. Our efforts aim to quickly identify new collaborators, quickly engage in collaboration and accelerate projects to market as rapidly as possible.

For more on AT&T's innovation programs, visit att.com/innovation. Read Senior Executive Vice President — AT&T Technology and Network Operations John Donovan's blog at www.attinnovationspace.com.

CELEBRATING INNOVATION & COLLABORATION

Each year, we internally recognize the accomplishments of employees in the technical community by bestowing AT&T Fellows Honors and Science and Technology Medals. These medals honor individuals for their sustained, outstanding and unique contributions to the company and the world through their technical and scientific achievements.

Additionally, our researchers are recognized for demonstrating outstanding proficiency in their field.

2012 Fellows

- **Enrico Bocchieri**, for contributions to computational models for speech recognition
- **Ramon Caceres**, for contributions to mobile computing and communications

IEEE Fellow

- **Saeed Ghassemzadeh**, for contributions to measurement and modeling of broadband wireless channels and their applications to system design