Network Reliability

Materiality Assessment Topics: Customer satisfaction; Network reliability

Issue Summary

Global communications networks revolutionized the way we live, work and play. Increased access to and adoption of mobile Internet services have the potential to help us transition to a more efficient economy. The proliferation of advanced smartphones allows more Americans to connect with family and friends, surf the Web and watch and share videos while on the go. This explosion in mobile Internet has also led to unprecedented increases in wireless data traffic.

Our Position

Combating wireless network congestion is a challenge that we and our industry peers face every day as customer demand continues to skyrocket. Mobile data traffic on our national wireless network has increased more than 30,000 percent from January 2007 through December 2012. It is important that we continue to take proactive measures to meet exploding customer demand. The raw material needed to support all that traffic is a scarce resource — wireless spectrum. AT&T and the industry as a whole need new spectrum to meet customer demand. As the FCC itself has acknowledged, "if we don't act, the costs of not addressing the spectrum crunch — dropped connection, congested airways, lousy service and rising prices for data — will get higher every day."

Data Highlights

Key Performance Indicators
• Investment in wired and wireless networks: Nearly **$20B**

Our Action

Within current spectrum constraints, we continue to invest in and enhance our network to drive service improvements.

- AT&T has invested nearly **$98 billion** in the U.S. economy over the past five years (2008-2012), more than any other public company. We expect to invest in the $21 billion range in 2013.
- To support growing customer demand, AT&T has launched Project VIP, a three-year (2013-2015), **$14 billion** initiative to significantly expand and enhance our wireless and wireline IP broadband networks. As part of the initiative, we plan to deploy more than 10,000 macro cells, more than 1,000 distributed antenna systems and more than 40,000 small cells by year-end 2015.

- We plan to expand our 4G LTE network to cover more than **300 million** people in the U.S. by year-end 2014, to expand our wired IP network to cover approximately **75 percent** of customer locations in our 22-state wireline service area by yearend 2015 and to expand our fiber network to reach 1 million additional business customer locations by year-end 2015.
- AT&T operates the nation's largest Wi-Fi network including more than 33,000 AT&T Wi-Fi Hot Spots at popular restaurants, hotels, bookstores and retailers and provides access to more than 402,000 hotspots globally through roaming agreements.[1]
- AT&T is an industry leader in alternative capacity techniques, such as deploying Self-Optimizing Networks to manage parameters in real time, but these measures are not sufficient to solve the impending spectrum crunch.

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[1] A Wi-Fi enabled device required. Other restrictions apply. See www.attwifi.com for details and locations.

AT&T Investment Drives Service Improvements

AT&T has invested nearly $98 billion to improve and expand its wireless and wireline networks over the past five years. We expect to invest in the range of $21 billion in 2013.

2012 Network Improvements

In 2012, we invested nearly $20 billion in our wired and wireless networks, including more than 160,000 wireless network improvements.

766,000 Square Miles of additional 4G coverage *and* — 4G LTE now covers *over 170 Million people*

Installed 849 Distributed Antenna Systems* *public and enterprise* *and* — Deployed **81,000** new antennas

Grew to *more than* **33,000** AT&T Wi-Fi Hot Spots in service

90% *Over 90%* of traffic riding over enhanced backhaul

Our investment is paying off in better service

Faster 4G LTE average download speeds than any competitors – PC World*
....

LTE up to *10x faster* than 3G
....

AT&T's national dropped call rate *improved 32% in 2012*
....

iPhone 5 *downloads fastest on AT&T's 4G network*
....

AT&T recognized for *best wireless network strategy* for the second year in a row by Frost & Sullivan

And Project VIP is bringing even better things to come ...

To expand access to high-speed Internet service and new mobile services to customers, AT&T launched Project VIP, an initiative to deploy more than 10,000 macro sites, 1,000 distributed antenna systems and 40,000 small cells. We plan to:

Expand 4G LTE to cover over 300M people in U.S. by YE 2014
....

Expand wired IP network to 57M customer locations, covering 75% of locations in wired service area by YE 2015
....

Expand fiber network to reach 1M new business locations by YE 2015

*Most recent PC World speed tests, conducted in 13 U.S. markets. Limited 4G LTE availability in select markets. 4G speeds delivered by LTE, or HSPA+ with enhanced backhaul, where available. Deployment ongoing. Compatible device and data plan required. LTE is a trademark of ETSI. Learn more at att.com/network