

# The Transformation of the New AT&T:

Leading a New Era of Integrated Communications and Entertainment



## Twenty Years of Unprecedented Change

In 1984, "communications" for most meant a desktop phone, envelopes and postage stamps. For many, video entertainment meant three major networks and an occasional trip to the theater. But all that was about to dramatically change. With the divestiture of AT&T, 1984 marked the start of a telecommunications revolution – an unprecedented series of fundamental changes in the way we work, communicate and enjoy life.

The Telecommunications Act of 1996 triggered a second wave of changes in the regulatory arena, but the evolution of technology would have a more lasting impact, as the rise of the Internet and wireless services changed forever the way we communicate.

Today, communications customers take advantage of a host of services, such as e-mail, Web browsing and conferencing services. In addition to customers' traditional wireline connections, wireless phones have become nearly

ubiquitous, and wireless data devices aren't far behind. Increasingly, customers are trading dial-up Internet access for lightning-fast broadband DSL. And, for many, entertainment options have expanded to hundreds of channels of television. Today, people communicate more often, from more places, in more ways, with different networks, devices and technologies than ever before.

While these communications advances have dramatically enhanced users' ability to work more efficiently and take advantage of new entertainment options, they have also created new challenges. As users are more and more dependent on communications services, they are increasingly powerless when they don't have access to a given device or network at a given place or time. And, even when users have access to a full range of communications services, just keeping track of multiple services and inboxes can quickly lead to information overload.

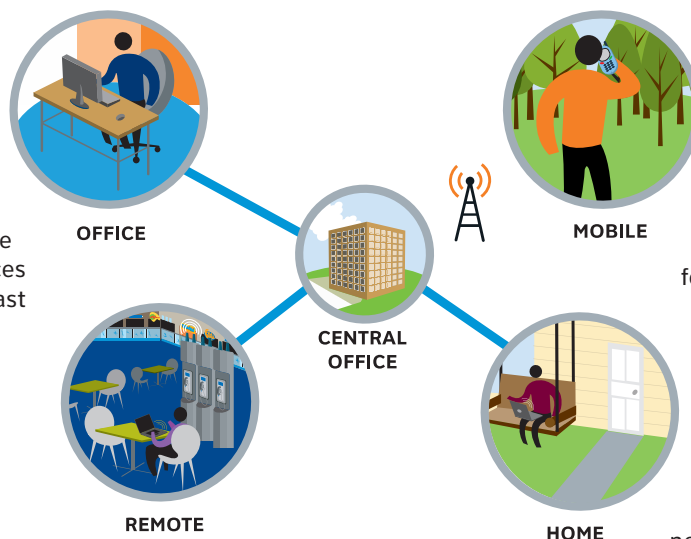
## Twenty years of extraordinary change: But it was only the beginning.

### IP Changes Everything

Even with the dramatic developments of the past two decades, the telecommunications industry's biggest technology shift is just emerging today. The advent of IP-based communications will dramatically change how communications and entertainment services are delivered, and how users can take advantage of them.

IP, or Internet Protocol, is the core language of the Internet, and it offers the potential to bring together the disparate networks and services that have evolved over the past 20 years. This technological capability simply didn't exist 10 or even five years ago. Today, the IP revolution is already well underway.

IP is like no other communications technology before it. It is a global standard. It is flexible enough to carry traffic from any number of applications, on land line or wireless networks. And it can be utilized by any number of devices, from wireless phones to PDAs to PCs to digital TVs.



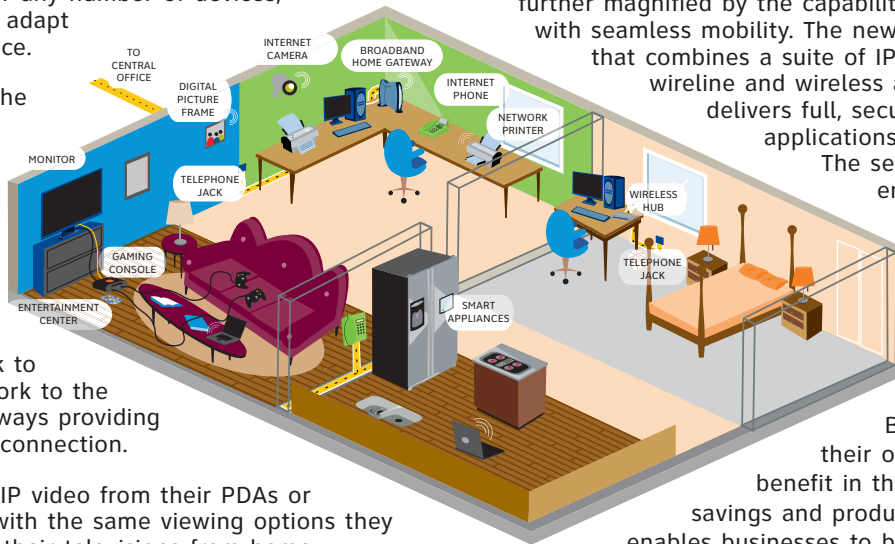
This convergence of applications, networks and devices has far-reaching implications for users. For businesses, IP communications offers a much more efficient, cost-effective network infrastructure for voice and data communications. For business and residential users alike, convergence enables anytime, anywhere access to applications, on any device. IP will enable users to more effectively utilize and manage communications, and to communicate in ways never before possible.

# Communications Transformation

## Consumer & Small Business Benefits

For consumers and small business, the IP transformation means evolving from today's bundles that bring together voice, broadband and video services, to tomorrow's fully integrated IP-based offerings that deliver anytime, anywhere access to applications. Services will switch from wired to wireless connections. Users will be able to tap into multiple services over any number of devices, and applications will adapt to the device of choice.

- Start a call from the office, walk to the car, drive home, and walk into the house. As the user's location changes, the call seamlessly switches from the office network to the wireless network to the home network, always providing the best possible connection.
- View high-quality IP video from their PDAs or wireless phones, with the same viewing options they would enjoy from their televisions from home.
- Access e-mail and voice mail from a single inbox.



fiber-optic connections closer to customers and enable a new portfolio of IP-based voice, data and video services – all to be marketed under the U-verse brand.

## Business Transformation

For businesses, the same end-user benefits of IP transformation apply. The impact of these benefits is further magnified by the capability to provide employees with seamless mobility. The new AT&T envisions a future that combines a suite of IP-based services with both wireline and wireless access technologies that delivers full, secure access to all business applications and data nearly anywhere. The seamless integration enables employees to access applications like their Outlook Calendars and e-mail from their offices, homes, remote locations, or even while walking in the park.

Businesses that maintain their own networks will also benefit in the form of dramatic cost savings and productivity improvements. IP enables businesses to build and maintain a single network for all communications, rather than managing multiple networks for voice and data. Additionally, employee moves and other changes are simplified with IP services, reducing demands on in-house IT personnel. Simply put, IP enables companies to operate more competitively.

## Project Lightspeed

The linchpin of the new AT&T's consumer and small business transformation effort is Project Lightspeed. This project is an evolutionary initiative to drive powerful

# The New AT&T: Driving the Communications Transformation

AT&T is setting the standard for driving the industry to next-generation IP networks and services. The new company has the right assets to deliver a new era of integrated IP-based communications – voice, data and video, over wireline and wireless connections, to any IP-enabled device. The company's vision is to make IP applications as ubiquitous as dial tone is today.

The transition to IP was a key strategy behind the merger that created the new AT&T. The merger combines two companies that have focused heavily on IP, with SBC's

strength in local broadband and wireless capabilities, and the new AT&T's industry-leading MPLS-enabled IP network that provides customers with a high-performing infrastructure so they can deliver and manage diverse applications in a secure, reliable way. That network is backed by years of investment in process improvements and customer service tools.

With the wireless assets of Cingular, the new AT&T is uniquely positioned to develop and deliver fully integrated IP communications services.