

The New AT&T

A Heritage of Innovation and Service



The new AT&T is the latest chapter in a rich history of achievement and leadership in the evolution of communications. In fact, with the new AT&T, the brand associated with the invention of the telecommunications industry is now leading the reinvention of the communications and entertainment industry.

This heritage can be traced directly back to Alexander Graham Bell's genius and persistence. The journey that began with his invention of the telephone in March 1876 has led to extraordinary technological advancements and a culture of unwavering dedication to customer service.

Following are a few milestones from this more-than 120-year history.

A Tradition of Innovation

"I believe in the future, wires will unite the head offices of telephone companies in different cities, and a man in one part of the country may communicate by word of mouth with another in a distant place."

— Alexander Graham Bell, 1878

The new AT&T inherits a rich tradition of meaningful innovation from its predecessor companies, which combined have almost 6,700 patents issued or pending worldwide. Researchers and engineers at AT&T Laboratories, founded in 1925, have received seven Nobel Prizes and developed some of the world's major technological inventions, including the transistor, the solar cell and the communications satellite.

SBC Laboratories, established in 1988, has been an industry leader in the development of DSL and other broadband Internet transport and delivery systems, wireless data networks and new technologies and applications for networking and enterprise business needs.

The new AT&T's predecessor companies pioneered new technologies and developed promising new products and services in a wide range of areas, including:

- IP network management.
- Optical technology.
- Automatic speech recognition.
- Next-generation text-to-speech products.
- Voice over Internet Protocol technologies.

The New AT&T

A Heritage of Innovation and Service



Following is just a sampling of the innovations that are a part of the new AT&T's heritage:

- **Loading coils** (1899, AT&T), which reduce the rate at which telephone signals weaken along a line, enabling longer telephone lines.
- **Three-element vacuum tube** (1914, AT&T) as an amplifier, which enabled completion of the first transcontinental line.
- **Coaxial cable for broadband transmission** (1929, AT&T), patent filed by AT&T researchers.
- First **commercial, radio-based phone service** (1946, Southwestern Bell), the first in the country. AT&T developed the theory of cellular telephony soon after.
- The **transistor** (Bell Labs, 1947), invented by scientists John Bardeen, Walter Brattain and William Shockley who later shared the **Nobel Prize**. The transistor replaced vacuum tubes, serving as the foundation for the development of modern electronics and made possible the marriage of computers and communications.
- First **commercial modem** (1958, AT&T). AT&T began pioneering the laser the same year. When coupled later with hair-thin, ultrastrong glass fibers, this technology transmits billions of bits of information each second.
- First **call transmitted from space** (1962, AT&T), via Telstar I from AT&T Chairman Frederick Kappel to U.S. Vice President Lyndon Johnson.
- **Unix computer operating system** (Bell Labs, 1969), which later becomes the underlying language for the Internet, which was launched that year.
- First **commercial cellular service** (AT&T and Ameritech, 1983).

The creation of AT&T Laboratories continues this commitment to develop and deliver meaningful innovation across market segments, from residential to small-business to enterprise.

A Legacy of Service

"Answering the call of those in need."

— *Telecom Pioneers Credo*

The new AT&T also inherits a proud heritage of corporate citizenship that will continue to be an integral part of the company's future. AT&T and its employees are committed to enriching and strengthening the communities that they serve through financial support and volunteerism.

- Founded in 1911, the Telecom Pioneers is the world's largest industry-related, volunteer organization. With more than 625,000 members across the U.S., Canada and Mexico, the Pioneers contribute millions of volunteer hours to their communities every year, including books for children, services for the elderly, homes for the needy and packages for troops overseas.

The New AT&T

A Heritage of Innovation and Service



- From the blizzard of 1888 and the San Francisco earthquake of 1906, to Hurricanes Andrew in 1992 and Katrina in 2005, AT&T and SBC have responded to national disasters with emergency communications services and financial support.
- In 1930, Bell companies began teaching customers how to use new dial service with demonstrations at schools, meetings and other events. This tradition continues today with customer education for emerging technologies, as well as a public education program that delivers tips, guidance and tools for creating an emergency communications plan to help families maintain contact during uncertain times.
- While almost 70,000 Bell employees served in World War II, the telephone became an essential part of the war effort in 1914. Bell companies produced more than 1,200 defense projects and trained thousands of military communications people. Today, the new AT&T will continue its commitment to supporting our troops, providing phone cards and other telecommunications support.
- Since 1984, SBC Communications Inc. and the SBC Foundation have contributed more than \$1 billion to nonprofit organizations around the country. Likewise, the AT&T Foundation has been a significant supporter of education, civic causes, the arts and culture. With the creation of the new AT&T, the predecessor foundations will be combined and are expected to have approximately \$60 million available for charity and community-giving.
- Today, 250,000 employees and retirees of SBC Communications Inc. and AT&T Corp. serve their communities through the Telecom Pioneers. In 2005, SBC Pioneers donated 8.4 million hours to community outreach activities — more than \$140 million worth of time.

Historical Milestones

- **1876** Alexander Graham Bell's (a Scottish immigrant fascinated with sound since childhood) curiosity and growing expertise in speech and sound lead him to experiment with telegraphy. He is experimenting with a liquid transmitter in March 1876, when his message to his electrical assistant, Thomas Watson, revolutionizes the world. In another room, Watson clearly hears Bell's voice transmitted over the wire as he says, "Mr. Watson, come here. I want you."
- **1877** Alexander Graham Bell and two financial associates form Bell Telephone Company. There are 778 phones in operation and one employee — Thomas Watson, paid \$3 a day and a one-tenth interest in the company.

The New AT&T

A Heritage of Innovation and Service



- **1885** AT&T is formed as a subsidiary of the American Bell Telephone Company. Its mission: Build the first long distance network.
- **1894** Alexander Graham Bell's patents expire. Within 10 years, 6,000 independent telephone companies open across the country.
- **1899** AT&T acquires the assets of American Bell Telephone to become the parent of the Bell System. By 1899, there are 1,322,000 phones and 45,553 Bell employees.
- **1927** AT&T begins transatlantic telephone service between the United States and London via radio.
- **1935** AT&T completes the first around-the-world call.
- **1977** AT&T opens its first Network Operations Center in Bedminster, N.J.
- **1983** In Chicago, AT&T and Ameritech (the name for the new parent for the Bell companies in Illinois, Wisconsin, Michigan, Indiana and Ohio) launch the first commercial cellular service in the country.
- **1984** The Bell System ceases to exist in the settlement of an antitrust suit requiring AT&T to divest itself of local phone service, creating seven regional bell operating companies.
- **1995** As the holding company for the Bell companies in Missouri, Kansas, Oklahoma, Arkansas and Texas, Southwestern Bell Corp. changes its name to SBC Communications Inc.
- **1996** AT&T moves through a modern transformation by restructuring into three separate companies: AT&T, the services provider; Lucent Technologies, the equipment company; and NCR, the computer company.
- **1997** In its first acquisition since the Telecommunications Act of 1996, SBC Communications Inc. expands its capabilities by acquiring Pacific Telesis Group, the parent company of Pacific Bell and Nevada Bell, for \$16.5 billion.
- **1998** SBC Communications Inc. acquires SNET for \$6.5 billion, tracing its heritage to the world's first commercial telephone exchange.

The New AT&T

A Heritage of Innovation and Service



- **1999** In the largest telecom acquisition in American history, SBC acquires Ameritech for \$75 billion and builds a wireline footprint now covering 13 states.

Focused on data transmission, SBC begins offering business customers new network options, announces the largest rollout of DSL service in the industry, and adds TV to its lineup through a strategic agreement with an industry-leading satellite television provider.

AT&T acquires TCI, which becomes AT&T Broadband and acquires MediaOne the next year to become the country's largest cable company. Accelerating the competition between cable and traditional telecommunications, AT&T Corp. redefines its role as an agent of telecommunications transformation.

- **2000** A joint venture between SBC Communications Inc. and BellSouth Corp. creates Cingular Wireless.

AT&T Corp. begins a reorganization that focuses on leadership in the expanding networking field — just as data traffic on its network exceeds voice traffic for the first time. Over the next two years, the company creates and spins off AT&T Wireless and AT&T Broadband.

- **2001** SBC enters a strategic alliance with Yahoo! to provide co-branded, premium DSL and dial-up Internet access.
- **2002** SBC moves to a single national brand to reflect its position as a national telecommunications leader.

Adopting the slogan, "The world's networking company," AT&T deploys a nationwide, intelligent optical network and continues to move from a consumer-oriented voice company to an enterprise-focused network company.

- **2003** SBC completes its move into long distance service in all 13 of its states. SBC expands services to business customers with next-generation voice and data networking with a portfolio of managed Internet Protocol products, including Voice over IP.
- **2004** Cingular acquires AT&T Wireless to create the nation's largest wireless provider, the strongest spectrum position in the country and a presence in the nation's top 100 markets.

AT&T introduces extensive VoIP service — CallVantage — and commits to entering the top 100 markets this year. The company also announces a withdrawal from the consumer market to focus on business networking and VoIP. AT&T Internet Data Centers will increase

The New AT&T

A Heritage of Innovation and Service



to 25 with new ones in Frankfurt, Paris, Tokyo and London, further expanding its international network.

- **2005** SBC and AT&T announce a \$16 billion agreement to merge and create the industry's premier provider of next-generation integrated communications and entertainment through leadership in Internet Protocol, integrated wireless/wireline services and increased competitiveness in the enterprise business market.

SBC announces that it will adopt the AT&T, Inc. name following approval of its acquisition of AT&T.

SBC/AT&T merger is finalized; the combined companies form AT&T Inc.