



AT&T To Invest \$17 Billion

Investment to drive economic growth

For more than a decade, the expansion of wireless and wired broadband connectivity has transformed how we work and live, fostered dramatic new business opportunity and driven economic growth. The demand for connectivity remains strong and AT&T continues to invest billions in its wireless and wired broadband networks to expand this critical platform for growth.

We plan to invest \$17 billion to \$18 billion in 2009, in line with our 2007 capital expenditures of \$17.7 billion and expected to exceed the planned investment of any other U.S. telecom company.

Approximately two-thirds of our 2009 investment will extend and enhance our wireless and wired broadband networks to provide more coverage, speed and capacity. To support increased customer demand in mobility, broadband and video, we plan to add nearly 3,000 jobs in 2009. However, as previously announced, we expect to reduce jobs in other areas – primarily wireline – due to economic pressures, a more streamlined organizational structure and continued shift among residential customers from wired voice services to wireless and broadband.

“Demand for broadband continues to grow as new applications emerge and customers embrace them, leading to data traffic on our network growing more than 50 percent year over year on average,” said Randall Stephenson, AT&T chairman and chief executive officer. “We expect demand will only escalate when the larger economy rebounds, and AT&T’s continued strong network investment will help ensure that we’re fully ready to support the next wave of economic growth. We recognize the continuing importance of investing in critical network infrastructure, which plays a key role in driving commerce, innovation and job growth.”

As providers and developers increasingly focus on tapping the potential of the mobile Internet, AT&T’s broadband investment priorities include multiple projects designed to enhance its 3G network. With 3G services now available in nearly 350 U.S. metropolitan

areas, we will focus in 2009 on enhancing coverage and reliability across this footprint, including the planned addition of more than 2,100 new cell sites across the country. Additionally, we will expand 3G service to 20 new markets this year.

Highlights of other planned initiatives include:

- Expanding 3G service while nearly doubling the total network capacity in most markets via additional spectrum at 850 MHz, a frequency that can offer improvements to in-building coverage.
- Leveraging the capabilities of our GSM/HSPA network to further increase the nation's fastest 3G speeds, starting with trials of 7.2 Mbps peak downlink speeds and evolving to speeds as high as 20 Mbps.
- Customer trials leading toward general availability of AT&T 3G MicroCell offerings, which utilize femtocells and home broadband connections to enhance in-building wireless coverage.
- Continuing expansion of our leading Wi-Fi footprint and infrastructure, building from the 20,000 hotspot footprint created in 2008 with the acquisition of Wayport.

These wireless initiatives are complemented by the continued expansion of our wired broadband access and IP/MPLS backbone networks. We continue to build our AT&T U-verse footprint, with current plans calling for the network to pass 30 million living units in 2011, up from 17 million today. This aggressive deployment, combined with continued expansion of our DSL footprint, will help ensure that more and more Americans are able to tap into the benefits of affordable broadband and IP-based applications.

We will also continue to invest in our unsurpassed global IP backbone network, which carries wireless and wired broadband traffic from AT&T customers and others around the globe. In 2008, we completed the world's largest deployment of 40 Gigabit backbone technology. This year, we will invest in multiple new subsea fiber-optic cables to

maximize capacity and reliability of backbone connections, and will continue to expand the global reach of access solutions for enterprise customers.

These critical infrastructure investments will be matched by the creation of nearly 3,000 new jobs in growth areas of our business over the course of the year. These new jobs will bolster AT&T organizations responsible for building, maintaining and enhancing our wireless and wired networks, developing and delivering new applications that take advantage of IP connectivity and maintaining customer service capabilities crossing the AT&T portfolio of services and applications.

We also maintain a continuing strong commitment to innovation. AT&T Labs plays a leading industry role in the advancement of the next generation of broadband technologies and capabilities, including research in critical areas such as development of 4G Long-Term Evolution technology; advancement of 100 Gigabit backbone network technology; and development of a range of emerging IP applications.