



AT&T Entertainment and Internet Services Integration Update & Business Outlook

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AT&T is the first scaled integrated U.S. carrier

		Comcast	Verizon	Sprint/ T-Mobile	Netflix
North American Mobile footprint ¹					
Pervasive broadband ¹					
Scale in content					
Respected brand ²					
World class distribution					

1. Wireless and BB assessment based on coverage

2. Forbes magazine – Top 100 most valuable brands

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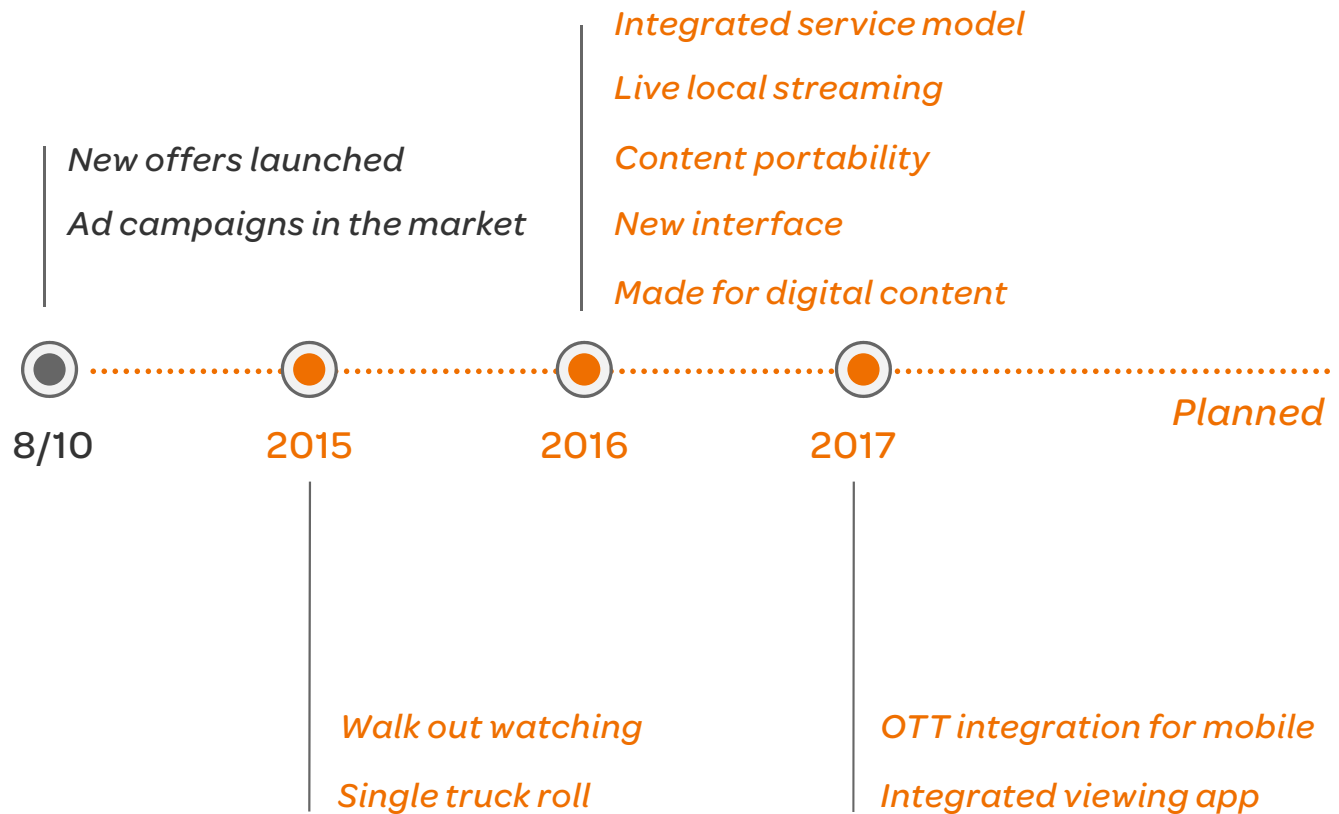


Building Momentum



TRANSACTION CLOSE

Integrated roadmap
Market opportunities identified
Distribution enabled
Retail pilots launched
Leadership appointed



Cost Synergy Drivers

\$2.5B + expected by 2018



2018 Annualized Run Rate Cost Synergies



Monetize scale

Move to a new single video platform

Slow content cost growth

Supply Chain

Operations & GA

Content

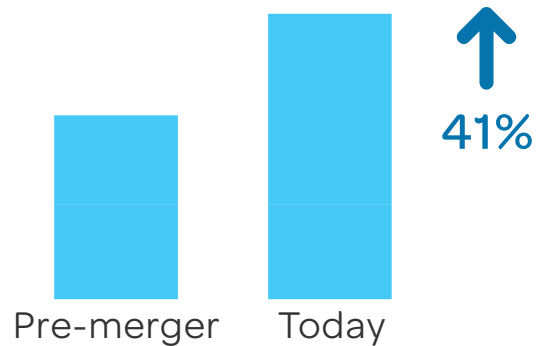
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Large distribution and cross-sell opportunity

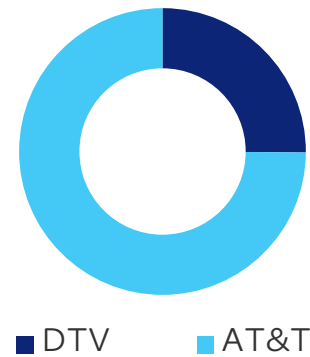
INCREASE IN VIDEO DISTRIBUTION

Retail locations



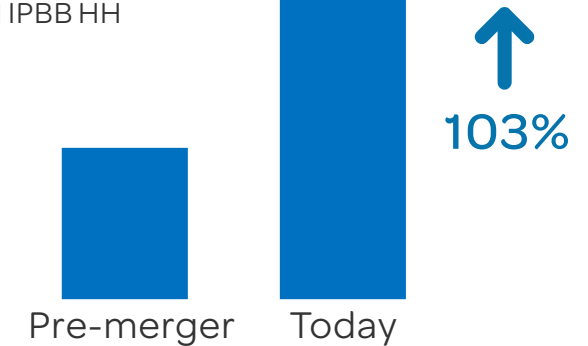
57M UNIQUE HOUSEHOLDS

Have AT&T or DTV



INCREASE IN DOUBLE PLAY OPPORTUNITIES

U-verse IPTV ELUs –
Total IPBB HH



CROSS-SELL OPPORTUNITIES

Millions of HH's



39M
Total Opportunity

All graph sources: AT&T

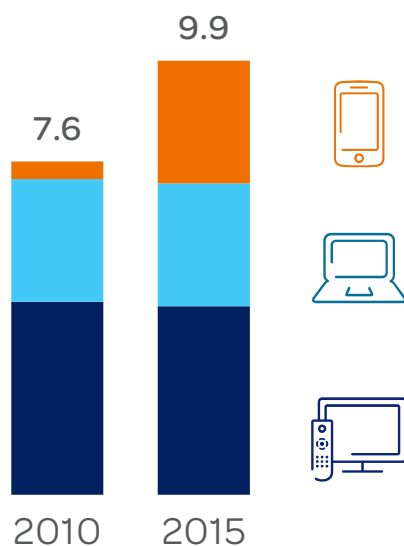
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Video industry is evolving

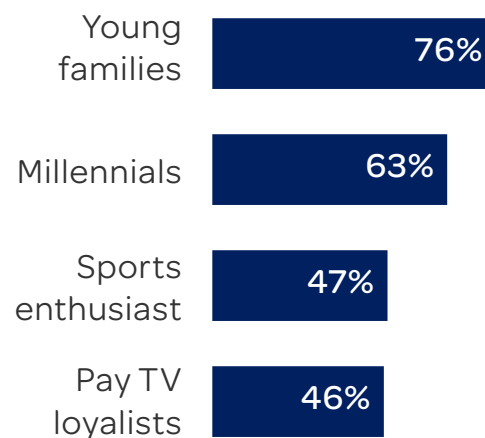
Content increasingly viewed on multiple platforms, more hours...

Time spent on screens (hours/day, USA)



Source: Mary Meeker Internet Trends 2015 Report

...supporting the percent of people by segment interested in more portability

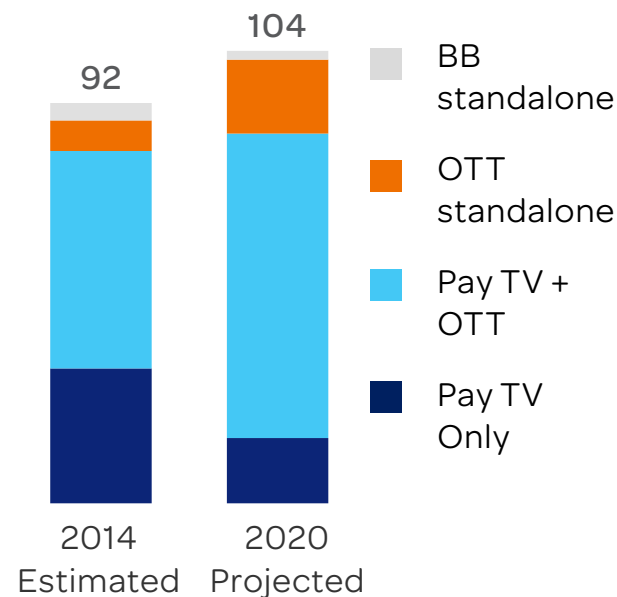


Mobile video CAGR of 66% by 2020

Source: AT&T/Bain Survey, 2014; (n=5,011), based on location not access technology; Source: Cisco VNI, 2015; represents global traffic

...driving shift in video industry models...

(Millions of HH's)

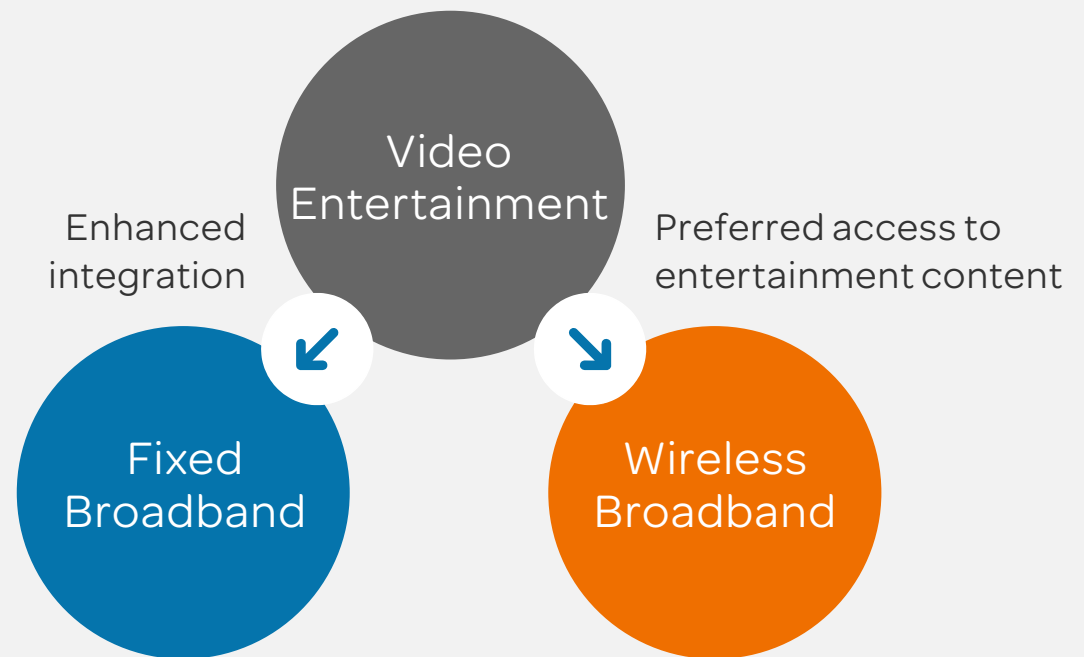


Source: 2015 SNL Kagan; AT&T Analysis
2014 Excludes 21M, 2020 Excludes 16M - Pay TV homes without HSD



Our direction is to link entertainment to
all forms of connectivity

Broadband
+
Entertainment



SIMPLE – ALL INCLUSIVE – VALUE



Broadband is the foundation

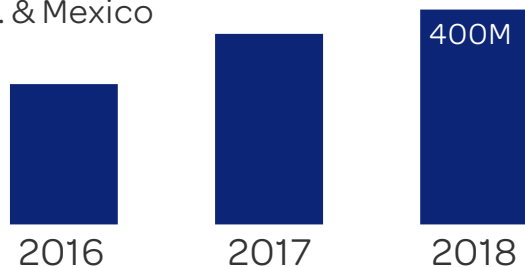
LEADER IN MOBILE BROADBAND

Strongest 4G LTE network¹

Best experience – JD Power²

Covering **400M** POPs in U.S. and Mexico by end of year 2018

LTE POP Coverage
U.S. & Mexico



EXCEPTIONAL BROADBAND

NPS is **2.5x** better than cable

~57M U-verse customer locations with **~13M** in-service

~50% market share when higher speeds & TV available

EXPANDING GIGAPOWER

Expand fiber to **14M+** locations

DENSIFICATION ADDS VALUE

Demand driven build

Mobility and business halo benefit

Increased MDU mix drives cost benefits

¹Claim based only on avg. LTE signal strength for national carriers. ²AT&T received the highest numerical score among full service wireless providers in the proprietary J.D. Power 2015 Full Service Wireless Purchase Experience StudySM – Vol. 1. Study based on responses from 10,246 consumers measuring 4 full service wireless providers and measures opinions of consumers who purchased a wireless device or service within the past six months. Proprietary study results are based on experiences and perceptions of consumers surveyed July-December 2014. Your experiences may vary. Visit jdpower.com

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Unique capabilities to deliver what customers demand

FUTURE STATE OF HOME

Single CPE environment

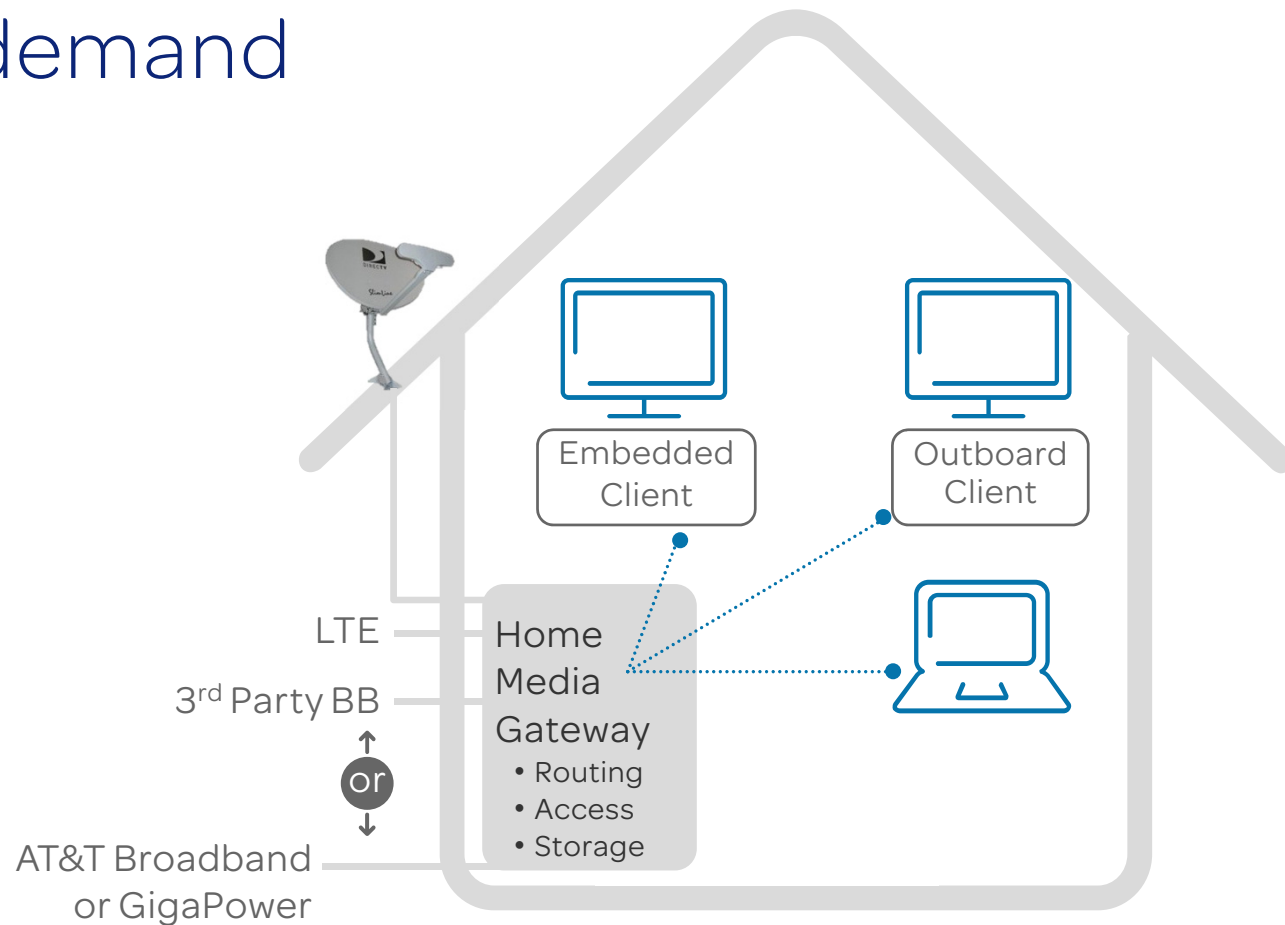
Managed and unmanaged content delivery

LTE access

Local cache and storage

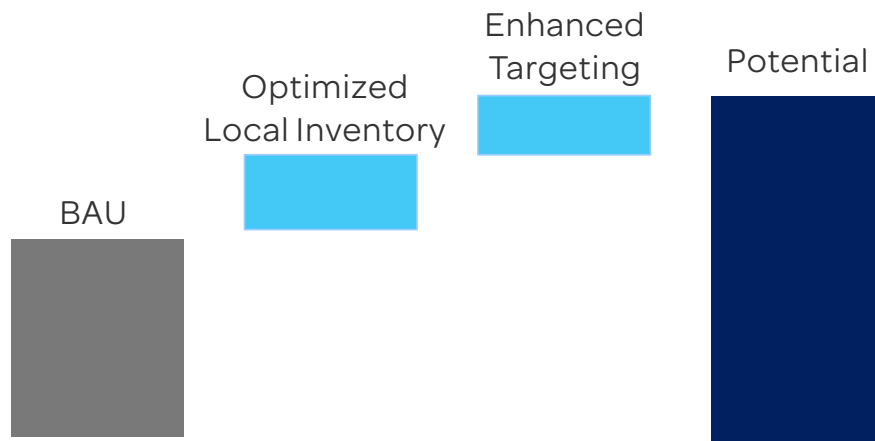
Improved customer experience with personalization and controls

Better security and protection



Video scale expands advertising opportunities

AT&T POTENTIAL ADVERTISING REVENUE



Optimized local inventory - improve yield from national to local

Enhanced targeting - opportunities to collaborate and enhance targeting & pricing

Sources: AT&T

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LATAM opportunity

Active position in emerging growth markets
with low penetration of advanced services

- Premier brand in the largest economies
- Untapped opportunities to invest and streamline
- Diversifies growth profile

Investment in Mexico brings improved
operations and innovation

- Invest to build quality network
- Deliver the North American footprint
- Platform to extend growth and business models

